BBVA

Creating Opportunities

Individual Report 2022

Shaping a More **Sustainable** Future Together

General Coordinator's Office

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In 2022, we experienced substantial economic growth, yet observed a deceleration towards its conclusion. Within the global setting, the growth rate has been progressively declining since the latter half of 2022. The global economy is believed to have increased by 3.3 % in 2022, following a 6.2 % expansion in 2021. Raw material prices and supply chain bottlenecks are easing, but in Europe, gas prices have skyrocketed due to Russia's supply cuts and remain at very high levels.

On the other hand, inflation remains very high despite some signs of moderation, leading central banks to tighten monetary conditions more quickly and aggressively than anticipated, increasing financial volatility and reinforcing recession fears that, although expected to be short and shallow, would consolidate in Europe and the United States in 2023.

Economic activity in Colombia also experienced a gradual slowdown from the second half of the year, marked by exceptional private consumption and investment in machinery and equipment.

This performance was driven by the strong recovery of labor income, the rebound in exports, high levels of public spending, and the reduction of household savings. The latter, in particular, fell significantly and even turned negative during some periods of the year, reflecting the need to reduce private spending and achieve a healthier growth profile, even at lower levels during 2023.

In fact, the external deficit, although sufficiently financed, remains very high and closed the year above 6 % of GDP. The fiscal deficit, in turn, was materially reduced from 7.1 % of GDP in 2021 to an estimated 5.5 % in 2022, but it remains at a high level.

Similar to the global scenario, the increase in prices remains the central concern in Colombia. Year-end inflation reached 13.1 %, marked by soaring food inflation (28 %) and a consecutive rise in core inflation (to 10 %), impacting payment capacity and contributing to the deceleration of household spending.

In response, the Central Bank of Colombia has raised its intervention rate to 12.75 % to anchor inflation expectations and aim to return to its target in the medium-term. Lending and deposit interest rates of the financial system and public debt also rose sharply. The latter responded with high volatility not only to monetary decisions but also to increased global uncertainty, higher risk premiums, elevated external and fiscal deficits, and other domestic factors.

Ultimately, driven by the same factors, the exchange rate demonstrated significant volatility and continued to devalue. By the end of the year, both public debt market interest rates and the exchange rate recovered part of the value they lost up to October.

As I have reiterated on past occasions, banks are a reflection of the economy, and thus, when the country and its productive apparatus are doing well, lending activity also responds with positive results.

In terms of our activity in 2022, the total portfolio had a 20 % annual growth, where the decisive support we gave to companies during the previous year stood out, which led us to grow by 35 % the financing we gave to this segment. On the other hand, consumer loans and credit cards also recorded a significant dynamic by growing 17 %. Mortgage lending comes in third, with our portfolio experiencing a 5 % growth, and we hope to continue supporting Colombians in their dream of acquiring their own home. Despite the growth in activity, the rapid increase in our funding costs negatively affected our customer spread, especially our long-term fixed-rate portfolio of payroll loans and mortgages.

In light of this dynamic activity, we were able to close 2022 with profits of COP 933,514 million, representing a 4 % increase over 2021 and thus, a record figure.

Another aspect worth noting is our significant investments in business transformation and digital advancements to continue increasing our competitive capacity; we ended 2022 with close to two million digital customers, of which 1.3 million only use their cell phone to interact with us.

Additionally, we are pleased to say that more than 50 % of our retail sales are now made through digital channels, a figure we hope to keep growing with our cutting-edge mobile applications. We unveiled a new mobile app designed for businesses in 2022, and from early 2023, we have been rolling out a new mobile app tailored for individuals.

Achieving these results requires a motivated team that feels part of a successful project. Thus, to speak a little about our workforce, I am pleased to share that, as of December 2022, our workforce numbered 5,253 people, of which 57 % are women. The workforce of the BBVA team in Colombia reflects an important generational diversity, with the participation of Millennials and Generation X standing out.

Likewise, during 2022, we took significant steps in our commitment to becoming an increasingly diverse and inclusive entity. We created the Diversity Committee, an initiative through which we seek to promote actions to boost gender equality, greater participation of ethnic groups, respect for the LGBT+ community, as well as increased intergenerational inclusion and inclusion of people with disabilities, along with efforts for work-life balance.

Additionally, we made progress in our commitment to a more sustainable and inclusive society. As a result, by the end of 2022, we supported over 3,000 customers with disbursements of COP 3.3 trillion in resources aimed at sustainable projects, of which COP 2.23 trillion were directed toward mitigating climate impact and COP 1.15 trillion toward improving health, education, and public service infrastructure, and developing social interest housing projects.

In this instance, I want to emphasize our commitment to inclusive growth and the improvement of social conditions for Colombians, and as evidence of this, in 2022, we disbursed nearly COP 72 billion to 1,100 families for the acquisition of their first home. Furthermore, we allocated COP 232 billion for builders of social interest housing projects - VIS, accounting for 2,300 residences in nine cities nationwide.

These actions reinforce our commitment to the communities that need it the most. That's why I am proud to share that in 2022, we reached over 365,000 Colombians with our social initiatives, which represented investments of more than COP 8.5 billion, with 50 % of the actions focused on supporting education, as this is the primary driver of our Entity's investment in the community.

Likewise, aware that in times of difficulty, the true character of individuals and organizations is revealed, we joined forces with the Bogotá Food Bank at the end of the previous year to reach more than 22,500 families across the country with food aid, in response to the emergency situation caused by the terrible winter wave, seeking to alleviate the food needs of thousands of families affected by the heavy rains. Through this aid, we alleviated the circumstances of over 90,000 Colombians and positioned BBVA as the foremost financial contributor to the Bogotá Food Bank in 2022.

In summary, we are proud of the financial, strategic and sustainability results achieved in 2022 and for 2023, being aware of the enormous challenges of the global and local environment, we are optimistic and eager to work hand in hand with our customers, to ensure that Colombia moves towards becoming an increasingly egalitarian, inclusive and supportive country.

Mario Pardo Bayona

Chief Executive Officer

BBVA Colombia

1. General Contents

1.1 About this Report

This report covers the period between January 1 and December 31, 2022, and includes our operations in Colombia. The main business figures, the management framework governing our main results and achievements, as well as the Bank's consolidated financial statements are presented.

This document was prepared in accordance with the GRI (Global Reporting Initiative) standard guidelines; we present the outcomes of our economic, environmental, and social management, identifying our advancements in sustainability, materiality analysis, and the significance of our stakeholders.

BBVA is always attentive to changes in the environment in order to be at the forefront.

1.2 About BBVA

Description of Economic Activity

BBVA Colombia S.A. (the "Issuer") is a corporation with its main office located in the city of Bogotá. In compliance with its corporate purpose, the Issuer Colombia may conduct or execute all operations, acts, and contracts legally permitted for banking institutions, in accordance with legal provisions.

In Colombia, the BBVA Group is present through Banco Bilbao Vizcaya Argentaria Colombia S.A. - BBVA Colombia, with its subsidiaries BBVA Asset Management S.A. Sociedad Fiduciaria and BBVA Valores Colombia S.A. Comisionista de Bolsa; and also through BBVA Seguros Colombia S.A. and BBVA Seguros de Vida Colombia S.A.

It was originated in Colombia through the former Banco Ganadero, which was established in April 1956 as part of the framework of the First Agricultural Exhibition Fair and with the support of the country's livestock farmers. At the time, Law 26/1959 defined the Bank's legal nature as a mixed economy, with capital from the public and private sectors, holding 20% and 80% in shares, respectively. In 1992, its legal nature changed, and from then, on it has carried out its activities as a business corporation.

In 1996, Banco Bilbao Vizcaya (BBV) acquired 34.70% of the share capital, by means of an auction and direct subscription of shares. In 1998, BBV increased its share to 49.14% through an Initial Public Offering (IPO); in the same year, it changed its name to BBV Banco Ganadero and in 2000 to BBVA Banco Ganadero. In 2001, a simultaneous takeover bid for Banco Ganadero shares was conducted in the US and Colombia, by virtue of which BBVA acquired common and preferred dividend shares, increasing its share to 94.16% of the Bank's capital. In 2004, the brand name was changed from BBVA Banco Ganadero S.A. to its current name Banco Bilbao Vizcaya Argentaria Colombia S.A. "BBVA Colombia."

Currently, BBVA has a responsible banking model focused on seeking profitability adjusted to ethical principles, compliance with the law, good practices, providing solutions for its customers, and creating long-term value for all its stakeholders. At year-end 2022, the BBVA Group has a 95.43 % share in BBVA Colombia.

1.3
The Organization and its Reporting Practices

GRI 2-1 - Organization Details

a. Legal name of the company	Banco Bilbao Vizcaya Argentaria Colombia S.A – BBVA Colombia.
b. Nature of ownership and legal form	In Colombia, the BBVA Group is present through Banco Bilbao Vizcaya Argentaria Colombia S.A. - BBVA Colombia, with its subsidiaries BBVA Asset Management S.A. Sociedad Fiduciaria and BBVA Valores Colombia S.A. Comisionista de Bolsa; and also through BBVA Seguros Colombia S.A. and BBVA Seguros de Vida Colombia S.A.
c. Location of the main office	Cra. 9 No. 72 - 21 Bogotá, Colombia.
d. Countries in which it operates.	BBVA Group currently operates in 32 countries, including Colombia.

GRI 2-2, 2-3

This report refers to the entities of BBVA Colombia, BBVA Asset Management and BBVA Valores. The report is prepared annually for the period from January 1 to December 31, 2022, and will be published on March 27, 2023. The entities mentioned in this report correspond to those included in the Bank's financial reports. This report is prepared in accordance with the standards of the Global Reporting Initiative, in its most recent version (2021).

For further information regarding the report or the presented data, please refer to the following contacts:

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GRI 2-4 and 2-5 Information Update and External Verification

BBVA Colombia has several instruments to ensure the quality of the information reported to its stakeholders:

- First and foremost, during the reporting processes, different departments participate in providing information and are subject to the customary overseeing, verification, and auditing practices at the Bank. Within these departments, roles are designated for supplying and approving information, with the purpose of implementing a dual-review process.
- The sustainability information consolidation and reporting process is notified to the Senior Management through the Management Committee.
- BBVA Colombia has incorporated into its reporting practices the annual verification (under limited assurance) of the Sustainability Report, conducted by an independent external party.
- Once the sustainability report has been submitted, reviewed, and consolidated, it is submitted to the Board of Directors for approval.
- Finally, the Annual Sustainability Report is submitted to the General Meeting of Shareholders, which approves the final version for publication and communication to stakeholders.

For the 2022 period, there are no updates to the information previously reported.

In order to disclose transparent and quality information to our stakeholders and the general public, this report was verified by a third party who reviewed its adjustment with the GRI sustainability reporting standard.

1.4
Activities and Employees

GRI 2-6,2-7, 2-8, 2-30 and 204-1

Organizational Chart and Structure

BBVA Colombia's organizational structure is divided into strategic units comprised of eight Executive Vice Presidencies: "Client Solutions," "Corporate & Investment Banking," "Network Management," "Finance," "Engineering," "Risks," "Legal Services and General Secretariat," "Talent & Culture," and the CEO areas: "Internal Audit," "Communication and Image," "BBVA Research" and "Internal Control & Compliance." All of them report directly to the Bank's CEO. The following is a description of each and their contribution to BBVA:

Client Solutions: a relevant unit for the Bank's digital transformation, it is responsible for:

- Designing and leading the execution of the digital sales strategy, aiming to deliver on strategic priorities, with emphasis on global and local digitization and sales objectives, supporting the focus of marketing.
- Maximizing the delivery of constant value to customers, making the transformation of the BBVA Group in Colombia a reality, through the proposition and prioritization of initiatives that favorably impact the Bank's strategic indicators, the conceptualization and design of solutions focused on customer experience, and project planning and execution.
- Emphasizing product and customer strategy by directing, managing and controlling activities aimed at research, design, development, innovation, implementation and monitoring of banking strategy, products and services for the customer segment, thereby contributing to the experience and satisfaction of customer needs.
- Defining new management models for the network to ensure that the customer experience at BBVA is satisfactory and meets the levels defined by the Organization.

Corporate & Investment Banking: this is the global unit in charge of directing, planning and executing commercial, financial and operational strategies for corporate customers, generating added value in each of its business units through the execution of such strategies, which enable the fulfillment of the proposed objectives, as well as the delivery of comprehensive solutions to the needs of companies and industries.

Network Management: this unit encompasses the implementation of distribution strategies. It manages and handles segment, product, and channel variables to create a value proposition for the customer, thereby seeking to enhance and contribute to structured businesses (enrollment, strengthening, retention, transactionality and profitability) in order to compete in the new environment. Its main responsibilities are:

- Ensuring the execution, business development, income statement and smooth operation of the Network.
- Establishing priorities for action for the entire network and dependent areas, as part of the framework of the guidelines defined by the Business Committee.
- Ensuring the complete application of the management schemes defined by BBVA Colombia for its offices.

Financial: this unit focuses on ensuring the correct, timely and proper control of financial management, as well as the permanent monitoring of financial information systems, leveraging strategic priorities to improve the profitability and sustainability of the business.

It is also the unit in charge of leading the single investment agenda for the Bank's projects. Likewise, it coordinates the implementation of strategies to maintain the proper structure of the Bank's balance sheet, in order to achieve the proposed objectives, through the management of the structural risks of the Bank's balance sheet and liquidity.

Engineering: includes aspects as relevant as the definition, development and implementation of technological solutions that support business processes, ensuring their correct and efficient operation. It also contributes to the transformation of the customer experience, both in digital and traditional channels. Its main responsibilities include:

- Managing and controlling the operational and preventive processes that support the business units and their continuous improvement, in order to deliver better services to both internal and external customers.

- Managing the installed technology infrastructure, in accordance with business and Bank guidelines, setting trends and solutions that are at the forefront and respond to the required needs.

- Strengthening the data governance model; building the necessary capabilities with the different areas that develop data-based products and solutions; creating and spreading a data culture in the Group, accelerating the transformation process towards a data-driven Organization, that is, towards a business culture of a digitized environment, which uses data to improve its performance, operation and services.

- Defining and strengthening the strategy and procedures, protocols and methodologies to ensure the optimal functioning of the information security processes.

- Ensuring the definition and methodology to be followed in the implementation of processes in the different areas, seeking their optimization and efficiency.

- Ensuring the delivery of strategic projects with continuous integration practices, DevOps (integration of development and operations, as well as the union of people, processes and technology), which improve our customers' experience and offer value, both in products and services.

Risks: this unit focuses on preserving the Bank's solvency, supporting the strategic lines and ensuring the development of the business, through the efficient management and control of the credit, market, liquidity and structural interest risks of BBVA Colombia, by means of the proper implementation of processes, structure, circuits, methodologies, policies, applications and tools. It also develops the administrative management of risk recovery, directing all efforts toward achieving the greatest recovery in the shortest possible time.

Legal Services and General Secretariat: focuses on providing optimum legal advice so that BBVA Colombia can carry out its activities in accordance with legal requirements. Likewise, it defends BBVA Colombia's interests in a timely and efficient manner, and achieves the proper hedging of legal risk.

Talent & Culture: its focal point is BBVA's strategy, as well as the definition and orientation of appropriate people policies, which incorporate the legal labor framework and facilitate the comprehensive management of our employees. T&C ensures that BBVA has the right organization in terms of structure, size, roles, responsibilities and relationship model. In addition, it promotes diversity and equity in the attraction, development, retention and management of people, ensuring the accompaniment of the Group's strategy and transformation, thus leveraging the new ways of doing things and the mindset within the Organization.

Similarly, ensuring that BBVA Colombia and other Group companies in Colombia have the necessary goods and services for their management, as well as those required for external customers, supporting the Bank's income statement; developing an optimal physical infrastructure and certifying that the procurement of general services maintains a high level of quality and timeliness.

CEO Staff Areas:

- **BBVA Research:** is the unit responsible for the economic research service and for promoting and developing institutional relations, forecasting key variables of the Colombian economy, so as to foresee opportunities and risks for BBVA Colombia's business and balance sheet.

- **Internal Audit:** is based on the orientation and execution of independent audits that contribute to satisfy the Entity's needs and shareholders' expectations with value added services.

- **Communication and Image:** focuses on planning and implementing the development of communication and institutional relations of BBVA Colombia with the different stakeholders. It plans and executes Corporate Responsibility and institutional sponsorship programs, in accordance with the Bank's principles and strategic priorities.

- **Internal Control and Compliance:** unit responsible for the internal control model at BBVA Colombia; it achieves a cross-cutting role in all areas that allows for the more effective mitigation of non-financial risks. It also leads the second line of defense and drives the global model for managing and controlling non-financial risks in the jurisdiction.

Refer to the Organizational Chart of Executive Vice Presidents and Staff Departments in section 5.10 Senior Management.

General Employee Information

As of December 31, 2022, the workforce consisted of 5,253 employees. 56.7% of which were women.

All employees under contract with the Bank have indefinite term contracts. There are no employees hired directly on fixed-term or temporary contracts.

Non-Employee Workers

As of December 31, 2022, BBVA had 711 workers on assignment (645 women and 66 men) who primarily support the branch network by covering absences due to vacations, disabilities, leaves, and other reasons, thus ensuring proper customer service and support for the rest of the Organization in carrying out occasional operational projects.

City	Number of full-time employees		Number of part-time employees		Total
	Men	Women	Men	Women	
BOGOTÁ D.C.	1,610	1,598	10	39	3,257
CALI	66	125	0	0	191
MEDELLÍN	106	164	0	1	271
BARRANQUILLA	59	115	0	1	175
OTHER CITIES	419	936	2	2	1,359
Overall Total	**2,260**	**2,938**	**12**	**43**	**5,253**

Collective Agreements

Of the 5,253 Bank employees, 100 % are covered by collective agreements, specifically, pact and collective conventions. For the year 2022, there was no change in the collective agreements, as they expire on December 31, 2023, in accordance with the term agreed therein. For 2022, only updates related to the values of recognized benefits were performed, based on the percentages and values previously established.

Activities, Value Chain, and Other Business Relationships

BBVA Colombia is a banking entity that is part of a global financial group, with a diversified business that offers financial services in more than 25 countries to 87.4 million customers.

BBVA is one of the major banks in the Eurozone in terms of profitability and efficiency; it is the leading financial entity in Mexico and also has a solid position in Spain and leading franchises in South America. It is also present in Asia, with relevant positions in Turkey, through the alliance with Garanti Bank.

With a history spanning over 60 years in the financial sector, BBVA in Colombia stands out as an entity committed to the economic and social development of the country. With a presence in more than 120 municipalities throughout the country, with a network of 348 branches, 31 agencies, 28 branch extensions, 86 inhouses, 7 service centers, 1,498 ATMs, and 36,449 banking correspondents.

BBVA Colombia tailors its products and services to cater to both individual and corporate customers, which are further divided into distinct segments to classify customers and their needs according to the Bank's current product offering.

Customer Classification and Product Offering

Among the segments that make up the individual customers are the following:

- Commercial Banking
- Private Banking or Wealth Banking
- Personal Banking
- Builder

Within the portfolio of products and services that BBVA Colombia offers to its individual customers are:

- Consumer: loans with fixed-rate and fixed-term for any purpose, which provide a financing solution for any personal needs such as consumer loans with physical CD guarantee, payroll advance, portfolio purchase, educational loans, revolving credit, free investment, pre-approved loans.
- Payroll loans: for any purpose, with payment through a fixed payroll deduction.
- Vehicle: loans designed for financing new or used vehicles for private and public service, as well as financing motorcycles.
- Housing loans: they are intended to help people with a medium or long-term loan for the purchase, expansion, renovation, or construction of a home.
- Universal products: credit cards and debit cards.
- Portfolio purchase: transfer of the total or partial balance from another financial entity, with special benefits.

In addition to different services for its customers, such as:

- National money orders
- International money orders
- PagAtiempo
- Personalization of channels and services
- SMS, email and BBVA Mobile alerts and notifications
- Interbank debit
- Consultations to support Leasing and Foreign Trade operations

Legal entity customers are grouped as follows:

- Business Banking
- Corporate Banking
- SME Banking
- Government Banking

Among the products designed for legal entities are the different lines of financing:

- Business cards
- Commercial
- Agrocredit
- Builder
- Financial leases
- Foreign trade
- Rediscount
- Factoring

BBVA offers its customers different transactional and digital channels, among which the following stand out:

- Branch network
- ATM network
- Banking Correspondents
- BBVA Mobile
- BBVA Net
- BBVA Net Cash
- BBVA Line

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Responsible Purchasing

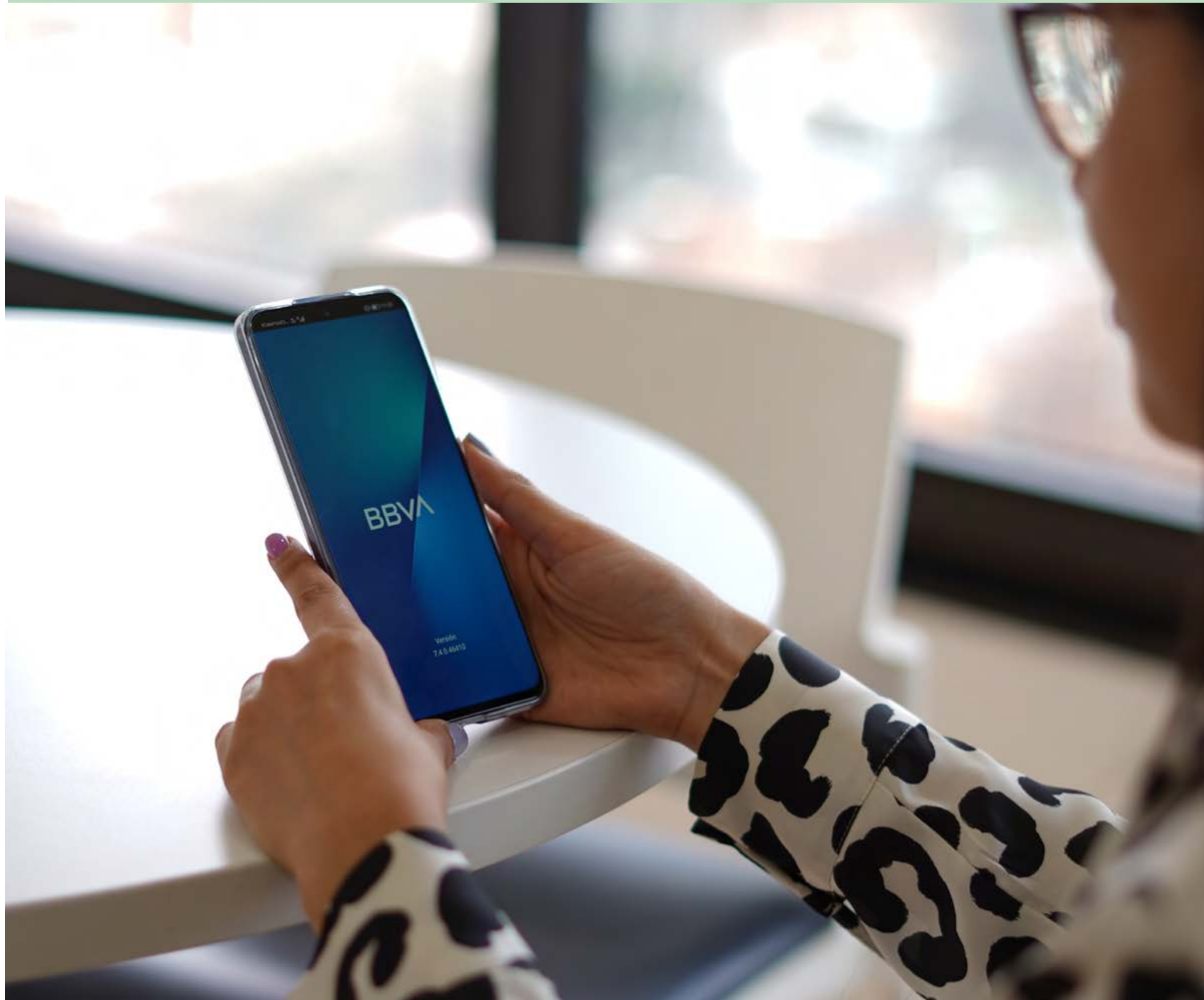
Responsible purchasing is the framework that regulates the acquisition of goods and contracting of services by BBVA Colombia and its subsidiaries. The scope of application refers to the procurement of marketable investments and expenses, always respecting, in all cases, the provisions of the Code of Conduct and the Anti-Corruption Policy.

In the course of 2022, BBVA consistently reinforced its supplier relationships, grounded in respect. Consequently, the Entity neither discriminates nor permits discrimination against any supplier (whether during evaluation, selection, adjudication, or contracting) based on gender, race, age, nationality, religion, sexual orientation, disability, family origin, language, political ideology, political or union affiliation, or any other characteristic that is not related to the terms and conditions of the contracting contest or whose consideration for these purposes is prohibited by applicable legislation.

The procurement processes, which involve the participation of local and foreign suppliers and belong to various sectors of the economy, such as Commerce, Real Estate, Construction, Education, and Health, among others, are assessed through the Vendor Risk Management (VRM) model, which is the framework that governs the Supplier Evaluation Process, and aims to assess the Risk Level of the Suppliers with which BBVA entities in Colombia are currently operating and, of course, of all those with whom a relationship is to be established.

Within this framework, there is a corporate scheme for assessing the Risk Level, which establishes common criteria for BBVA entities in Colombia, which ensure that they are within the Risk Appetite Level that can be assumed by BBVA in each of the relevant disciplines for these purposes.

Renowned for its dynamic and forward-thinking approach, BBVA Colombia consistently demonstrates a strong focus on leadership and innovation, securing its position as a leading entity in the Colombian financial sector.



The following risk modules are those contemplated within the Vendor Risk Management (VRM):

- Anti-Corruption & AML (Anti Money Laundry)
- Reputational
- Concentration and Country Risk
- Financial
- Legal
- Fiscal
- Labor
- Personal Data Protection
- Customer Protection
- ESG (Environmental, Social y Governance) *

In the process of implementation.

On the other hand, the Kaizen Project was completed, which was led by Corporate and locally from the Finance department. This project allows us to have greater control, traceability and visibility of the status of the pre-approval and negotiation processes, automatic updating of company information and online management of orders by the user areas, as well as the acceptance of the goods and/or services delivered. In this project, all the Bank's departments involved in contracting outside the Procurement perimeter were involved, mainly meeting the following objectives:

- Reduce "non-standard contracting": strengthen the control mechanisms over the processes of negotiable financial invoices, receipt of goods and acceptance of services and over the Delegated Acquiring Units (UDAs, for the Spanish original).

- Improve and extend the Vendor Rating process.

Procurement Practices and Suppliers

204-1 Proportion of Spending on Local Suppliers.

Item	2020	2021	2022
Percentage of payment to local suppliers*	74.03%	79.46%	72.8%

* Individuals or legal entities that supply goods, products or services and are legally incorporated in Colombia.

Supplier information

Item	2022	2021
Number of online negotiations with ADQUIRA (1)	92	118
Number of petitions registered by GPS (2) (3)	1,702	1,051
Suppliers approved/evaluated by the end of the year (4)	1,001	723

1 Number of online negotiations with ADQUIRA. Colombia and Corporate processes are reported for all of 2022.

2 Number of petitions registered by GPS. Actual petitions are reported. Petitions that have been rejected and those being created by the user areas are dismissed.

3 Percentage increase in requests registered in GPS. A variation is reported for the year 2022 since the attributions that the departments had for purchasing through the UDA (Delegated Acquiring Unit) were eliminated, which led to all requests being routed through the procurement circuit.

4 Increase in the percentage of evaluated suppliers. A variation is reported for the year 2022, since the standard requires that 100 % of contracts over EUR 2,000 must have the supplier approved both for items that fall within the procurement perimeter and those that are classified as outside the procurement perimeter.

2. Strategy

GRI 2-22

2.1
Purpose, Values and Strategic Priorities

The world in 2022 confronted a context characterized by uncertainty stemming from growing geopolitical risks, Ukraine's invasion, intense inflationary pressures, and escalating interest rates, all of which have hindered the anticipated growth after the COVID-19 pandemic. Nonetheless, amidst this context, the global trends underpinning BBVA Group's strategy have reaffirmed their crucial part in the economy's transformation: Digitalization, innovation, and decarbonization.

- On the one hand, the conclusion of the pandemic has not slowed down digitalization. The behavior of individuals keeps moving not just toward digital and mobile channels, but also toward the significant value ecosystems provided by major tech companies with a distinct customer experience.

- Ranking second among trends is innovation. Although markets have not been impervious to this new context, featuring adjustments in the assessments of sectors leveraged on innovation, the role of emerging technologies persists in playing a crucial role in the economic transformation, greatly affecting growth and productivity. A true age of opportunities due to the new potential brought forth by technologies like artificial intelligence, quantum computing, cloud computing, blockchain technology, etc.

- Additionally, decarbonization is evidently a distinct trend in today's context and the largest disruption in history because of its substantial effect on the competitive dynamics across a multitude of sectors. The decarbonization process relies heavily on innovation, a challenge that calls for major investments in new carbon emission-free technologies in every sector, extending beyond energy. The challenge of high-energy dependence proves to be a major vulnerability in today's context. Energy independence has become a priority beyond the fight against climate change.

All these trends reaffirm BBVA Group's strategy. Which revolves around a single Purpose: **"Making the opportunities of this new era available to everyone."**

Thanks to innovation and technology, BBVA seeks to positively impact the lives of individuals and companies, providing access to products, advice, and solutions that enable its customers to make better decisions about their finances and achieve their life and business purposes.

The Group is also based on solid values: **the customer comes first, we think big and we are a single team.**

The values of BBVA and related behaviors are incorporated into key models and levers promoting the Group's transformation and the global people management processes: from new employee selection, role assignment, assessment, personal development, and training; to incentives for achieving annual goals.

These values, together with the Purpose and the strategic priorities, act as a roadmap for all decision-making and are embedded in the DNA of individuals within the BBVA Group.

Driven by its Purpose and values, the strategy of BBVA revolves around six key strategic priorities:

*1. Improve the **financial health** of our customers*

BBVA aspires to be the trusted financial partner of its customers to help them improve their financial health, through personalized advice, by virtue of technology and the use of data.

Money management is one of people's biggest concerns. BBVA wants to help its customers improve their financial health from two angles:

- On one hand, by supporting customers in the day-to-day management of their finances, helping them to have a better understanding and comprehension of their income and expenses, management of future needs, ability to save, etc.
- On the other hand, assisting customers in making the best financial decisions to achieve their medium and long-term life and business goals through personalized advice.

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2. Assist our customers in their transition to a sustainable future

Decarbonizing the economy will affect every industry and how people travel, consume, or modify their homes, necessitating substantial investments extending over the coming decades.

Additionally, the Bank has an opportunity in fostering inclusive growth. Today's highly digitalized and data-driven environment allows for efficient service delivery and enhanced comprehension of customer behavior. This environment enables the development of new business opportunities that promote inclusive economic growth, supporting disadvantaged sectors and inclusive infrastructures, as well as massive banking adoption leveraged on digital channels and new relationship models.

3. Growth in **customers**

Scale is increasingly critical in the banking business. BBVA aims to accelerate profitable growth, relying on its own channels, and wherever customers are (in third-party channels).

In this regard, BBVA has identified key levers for profitable growth, including payment activities, insurance, asset management, and cross-border business for companies, as well as high-value segments of small and medium-sized enterprises (SMEs) and private banking.

Climate change is an urgent challenge that needs to be addressed, but it also represents a significant opportunity for the financial sector to support society in the process of energy transition

The key role of innovation in BBVA's growth involves the Group's strong commitment to new business models, such as neobanks and the creation of BBVA Spark, which offers a comprehensive financial services proposition to accompany innovative companies in their various growth stages.

4. Pursuit of **operational excellence**

BBVA is committed to providing the best customer experience and is transforming its relationship model to adapt to changing customer behavior. To do so, it enables access to its products and services through simple processes. The role of the commercial network is increasingly focused on higher value-added operations for the customer, redirecting lower value-added interactions to self-service channels, thus reducing unit cost and achieving higher productivity.

The transformation of the relationship model is accompanied by a change in the operating model, which focuses on process reengineering, seeking greater automation and better productivity, as well as speed to market in the delivery of new products and functionalities.

Operational excellence includes discipline in risk management, both financial and non-financial, and optimization of the use of capital, key factors in achieving recurring profitability above the cost of capital.

5. The best and most **committed** *team*

A successful strategy heavily relies on the team. A diverse and empowered team, with a differential culture, guided by BBVA's purpose and values and driven by a talent development model that provides growth opportunities for everyone.

BBVA works to promote the growth and development of the people within the Group, ensuring they possess the necessary skills, knowledge, and experience to achieve strategic objectives efficiently and effectively, while also ensuring employees embody the Group's values and behaviors. Individuals are drawn to companies inspired by a purpose, boasting an appealing culture and values that promote diversity, inclusion, equality, social impact, and work recognition.

6. **Data** *and* **Technology**

Data and technology serve as undeniable catalysts for the strategy. The commitment to developing advanced data analytics capabilities, along with secure and reliable technology, enables the creation of differentiated solutions that help build competitive advantages.

The use of data and new technologies also facilitates increasingly global processes, which can be utilized across different geographies and easily scaled, reducing unit processing costs.

BBVA continues to make progress in developing an increasingly robust security and privacy model (cybersecurity, business processes, fraud, and data security).

In order to monitor advancements in the implementation of strategic priorities, an array of metrics or strategic Key Performance Indicators (KPIs) has been established.

The strategic KPIs encompass financial indicators like those connected to earnings attributable to tangible net equity per share (TBV) or efficiency ratios, along with non-financial metrics, which involve customer satisfaction (NPS), sustainable financing mobilization, and digital sales.

They are integrated into various Group management processes, such as planning and budgeting, prioritizing resources and investments, and variable compensation systems.

2.2 Our Objectives

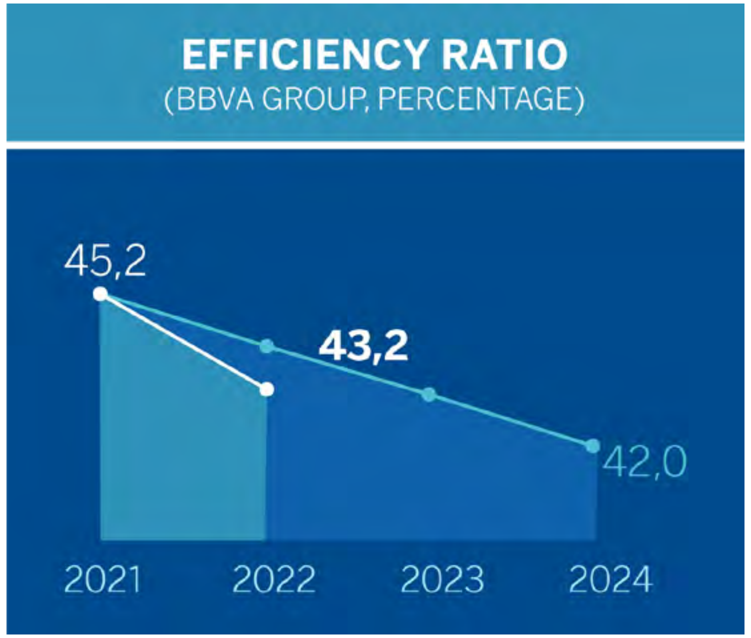
Through the implementation of this strategy, BBVA aims to:

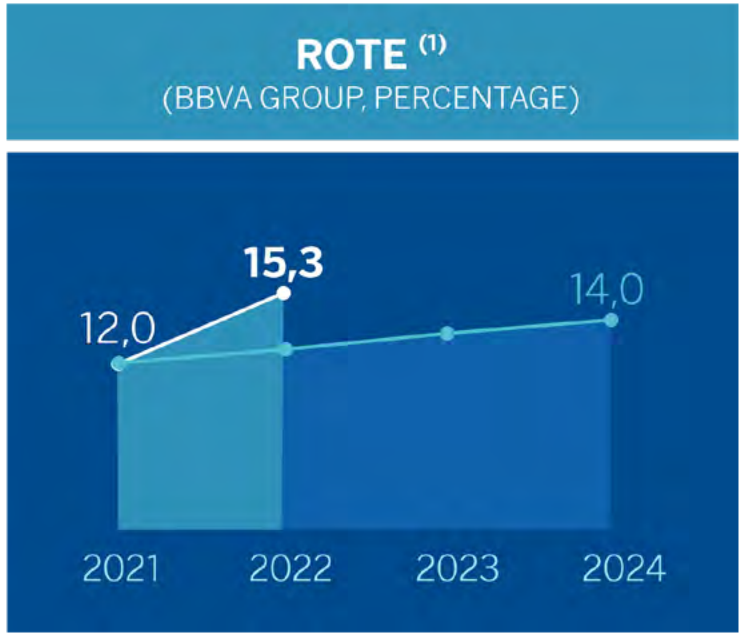
- Be a larger-scale and more profitable bank.
- Become a unique bank distinguished by its differentiated value proposition.
- Continue to lead in efficiency.

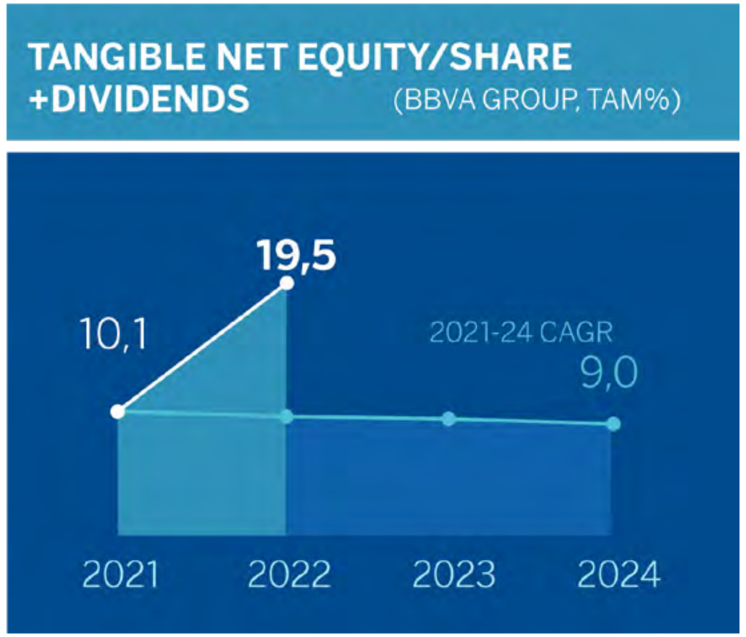
In line with strategic priorities and to closely monitor progress in their execution, BBVA defined ambitious financial and business objectives for the coming years in terms of efficiency, profitability, shareholder value creation, customer growth, and sustainable business channeling. These objectives were disclosed during the *Investor Day* held in November 2021.

In October 2022, BBVA again raised the sustainable business channeling goal to EUR 300 billion for the 2018-2025 period, tripling the initial commitment. This figure is a tangible example of the Bank's commitment to sustainability.

Throughout 2022, BBVA made strides toward accomplishing these long-term objectives, exhibiting a remarkable extent of progress.







(1) Excluding discontinued operations and non-recurring income.

(2) Target customers are those customers with whom the Bank wants to grow and whom it wishes to retain, considering them of high value, either due to their level of assets, liabilities, or transactional engagement with BBVA.

2.3
Main advances in the implementation of the strategy

A larger-scale and more profitable bank

BBVA aims to grow by positioning itself wherever its customers are. To this end, the Group pays special attention to customer acquisition, both through its own channels or through channels and agreements with third parties. While maintaining an emphasis on profitable growth, targeting the most relevant product verticals and value segments. Similarly, BBVA persistently progresses in its dedication to expanding through new business models.

Over the course of 2022, the Group gained 11.2 million new customers via its own channels. Due to enhanced digital abilities, customer acquisition through these channels has consistently risen in the past few years, and, in 2022, it broke yet another historical record, totaling over 6.2 million, accounting for 55 % of all new customers (+163 % since 2019). Concurrently, the number of mobile customers has increased by 65 % since December 2019, amounting to 47.4 million, which constitutes 70 % of the overall total. Digital sales currently represent 78 % of all units sold[1].

[1] Data excluding Venezuela

Furthermore, it is worth noting that customer acquisition is leading to increased cross-selling and greater customer engagement. For instance, in Spain, over 70 % of new customers transition into target customers within a six-month period. Target customers are identified as customers that the Group aims to expand and retain, as they are regarded as high-value customers, based on their assets, liabilities, or transactional activity with BBVA.

In pursuit of profitable growth, BBVA focuses on acquiring customers in high-value segments and relevant product verticals, which enable it to drive the Group's results:

- **Small and Medium-sized Enterprises (hereinafter, SMEs)**

  In 2022, the income produced in the SME sector contributed 13.4 % of BBVA's gross margin, solidifying its status as a crucial segment. The Group is working on developing a global value proposition that seeks to improve customer segmentation and experience. In particular, advancements are being made in expanding our scope, developing new risk models, and enhancing remote and digital capabilities. These efforts have yielded tangible outcomes, such as 100 % digital credit solutions connected to Point of Sale (POS) systems that experienced a 58 % growth, as well as a 60% rise in pre-approved offers.

- **International Enterprise Banking**

  A year ago, BBVA Pivot was introduced to enhance the International Enterprise Banking sector, providing an ecosystem of solutions and channels for managing company treasuries and revamping the service offerings with a digital tool that streamlines the daily management of their operations. The solutions provided include: payments, collections, account details, cost reconciliation, expense settlement, supply chain financing, and information on bilateral and syndicated loans, all accessible through customers' preferred channels: direct channels, web, and app.

  This ecosystem operates centrally in the 14 countries where BBVA is present and in 7 countries via partnerships with other banks. Businesses utilizing these services streamline their treasury management processes and capitalize on BBVA's global presence, fostering synergies between operations in various countries and establishing a solid connection with BBVA. This represents one of the most significant growth levers across several indicators: the gross margin and fees associated with treasury management have increased by 70 % compared to 2021. These figures account for 37 % of total commissions from cross-border CIB and Corporate & Business Banking customers. On the other hand, transaction volumes have exceeded EUR 665 billion, growing by 48 % compared to the previous year.

- **Payments**

  The Payments sector is a strategic area for BBVA, given its role in driving income growth and acting as a vital component for fostering and expanding financial relationships with customers, both for merchants via the acquiring business and for individuals through card-based and other payment options.

  In the acquiring business, BBVA aspires to become the partner of reference for businesses by providing both in-store and digital/electronic payment solutions. Besides conventional payment products, BBVA provides high-value solutions like point-of-sale financing (BNPL - Buy Now Pay Later) and financing tied to POS billing. In Mexico, BBVA features Openpay, a business payment services platform already established in Colombia, Peru, and Argentina, making it a crucial payment services provider in Latin America. Due to the emphasis on the acquiring sector, BBVA experienced a 26 % growth in attracting new businesses in 2022.

  In the realm of individuals, BBVA persists in developing its Aqua card strategy, introducing a new generation of cards without printed numbers and featuring dynamic CVVs, providing a unique experience and enhanced security compared to conventional cards. Aqua has become a reality across several regions where the Group operates, with the card count climbing to 22 million by December 2022, tripling the 2021 figure, and substantially decreasing e-commerce fraud (i.e. the ratio of fraud to sales is 2 times lower in Spain, 5.5 times in Mexico and 7 times in Peru). BBVA attains a leading position in adopting mobile payments in Peru and Colombia, joining the group of banks that initially embraced Apple Pay.

Insurance

Insurance sector serves as a crucial product in providing comprehensive advice to customers, and influencing their financial health. BBVA persistently develops its insurance business, experiencing notable growth in activity and income, capitalizing on technical expertise in life insurance and executing agreements with third parties in the non-life insurance sector established in 2021 across select markets. This success is due to the introduction of contemporary, groundbreaking products in line with industry trends and best practices, such as auto and SME insurance in Spain, health insurance in Mexico and Turkey, and household insurance in Colombia, Peru, and Argentina.

Moreover, BBVA keeps evolving its life insurance business by offering modular and tailored solutions to accommodate customer needs across all regions, as well as introducing new savings products in the main markets. BBVA is also innovating in the deployment of advanced data analytics models that enable the provision of offers tailored to their customers' specific needs at any given time through its different channels. Altogether, BBVA succeeded in elevating its annual premium growth by 17 % relative to 2021.

Private Banking and Asset Management

Throughout 2022, BBVA consistently advanced in providing its Private Banking customers with more personalized, all-inclusive, and specialized advice. Over the last year, this advising expanded to over 25,000 new customers in Spain and 11,000 in Mexico, supported by an increased number of Private Banking advisors who were granted remote capabilities to enhance customer convenience. Furthermore, strides were made in offering customers more in-depth information regarding their investment portfolios. The business in Colombia and Peru was also strengthened, with a growth in the number of bankers and an improvement in the value offer.

Owing to its progress towards an increasingly global model for customers with cutting-edge solutions, BBVA was awarded the best private bank globally for digital solutions for its customers in 2022, according to Global Finance.

Furthermore, due to its leadership in sustainability, BBVA was, once again, honored with the award for the best private bank globally for responsible investments by Global Finance. It is worth noting that all of the Group's private bankers have undergone specialized training on ESG matters.

Innovation serves as a crucial element in BBVA's strategy for profitable expansion. A case in point is the Group's encouragement of strategic investments in digital banking solutions, aiming to expand into new and appealing markets, including investments in purely digital banks through the shares in Atom in the UK, Solaris in Europe, and Neon in Brazil. Likewise, the initiation of the entirely digital venture in Italy has proven successful, exceeding expectations with more than 160,000 customers since its inception, bolstered by the infrastructure and mobile app of BBVA in Spain.

In 2022, BBVA advanced its unwavering dedication to innovation by establishing BBVA Spark, designed to be the bank for trailblazing enterprises shaping the future. Companies possessing a scalable, innovative business model centered on technology and exhibiting significant growth rates.

Through BBVA Spark, the Group provides a comprehensive range of financial services to support these companies across their diverse growth phases. Consequently, a global unit has been established, which is currently active in Spain and Mexico, and will extend to other countries where the Group is present, with the goal of expanding and capturing new customers from the most innovative and high-growth potential enterprises.

The market conditions within the technology sector during the latter half of 2022 have facilitated the establishment of a unit such as BBVA Spark, enabling BBVA to garner significant support within the entrepreneurial ecosystem. This can also be attributed to a differential value proposition for these companies and other actors, like venture capital funds, which relies on three pillars:

1. A tailored relationship model involving a team of bankers and financing specialists who possess in-depth knowledge of the businesses and requirements of these customers.
2. A comprehensive range of financial products: From the most basic solutions such as payment solutions, cards, payroll, insurance, and online banking, to more advanced financing-related options. Particularly, with products like venture debt or loans for financing general growth.
3. A strong connection with the ecosystem due to the vast expertise of the Open Innovation department and a team committed to overseeing investments in venture capital funds, allowing BBVA to maintain a close relationship with the investment ecosystem and enjoys significant reach among prominent global investors.

Investment in venture capital funds constitutes a crucial component of the Group's approach to exploring new technologies while generating business and yield, return. Thus, in 2022, the Group increased its investments in innovation, through funds such as Propel, specialized in fintech, or Sinovation Ventures, a leading fund in China. And also with two new verticals:

- The first one is focused on investments related to technologies addressing the significant challenge of decarbonization. Throughout 2022, BBVA has joined funds like Hy24, targeting investments in industrial projects that scale up commercial solutions based on green hydrogen; Lowercarbon, which invests in companies that create technologies for directly capturing carbon from the atmosphere; and Fifth Wall Climate, a front-runner in proptech featuring a fund focused on decarbonizing the construction and real estate's value chain.

- The second vertical is aimed at investing in innovative companies with high-growth potential within the markets where BBVA operates. Altogether, agreements have been established with seven funds across Mexico and Spain, highlighting Leadwind as the premier fund targeting scale-ups[2] within the Iberian Peninsula and Latin America.

2 Companies with a high technological component in an accelerated growth phase.

BBVA Spark unifies the synergies with the global entrepreneurial ecosystem that the BBVA Group maintains in both banking operations and investments, enabling these companies to address all their financial requirements in a single location and benefit from tailored financing products.

A Distinctive Bank for Our Customers with a Unique Value Proposition

BBVA provides its customers with a unique value proposition, offering advice to make the best financial decisions and assisting them in their transition towards a more sustainable future. This value proposition provides a differential experience, which has a direct impact on customer satisfaction.

Consequently, BBVA occupies leading positions in NPS[3] across its main markets, as evidenced by retention figures that indicate a favorable progression in customer churn (for both retail and SMEs) and heightened engagement from digital customers, who experience a 42 % lower churn rate compared to non-digital customers.

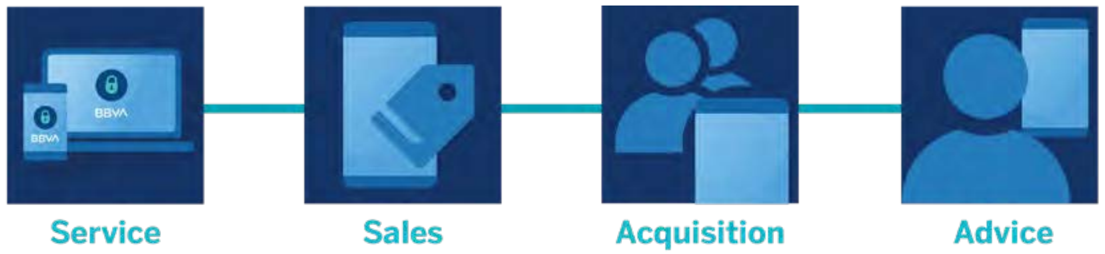
3 The internationally recognized Net Promoter Score (NPS, Net Recommendation Index or IReNe, for the Spanish original) methodology provides information on the degree of recommendation and, therefore, the degree of satisfaction of BBVA customers for the different products, channels and services. This index is based on a survey that measures, on a scale of 0 to 10, whether a bank's customers are promoters (score of 9 or 10), neutrals (score of 7 or 8) or detractors (score of 0 to 6) when asked if they would recommend their bank, the use of a certain channel or a particular costumer journey to a family member or friend. This information is of vital importance to validate the alignment between customer needs and expectations and the initiatives implemented; to establish plans that eliminate the gaps detected; and to provide the best experiences.

As of December 31, 2022, BBVA maintained its leadership in the Individuals NPS indicator in Spain and Mexico. In the remaining countries, BBVA ranked second, with Turkey, Colombia, Peru, and Uruguay maintaining their positions compared to 2021, along with Argentina, whose action plans allowed it to regain the second place in the ranking.

During 2022, BBVA prioritized assisting SMEs and companies in their ongoing recovery from the effects of the pandemic. A close and personalized service model, accompanied by enhancements in technology channels, established BBVA as the leader in the business sector in Mexico, Turkey, Colombia, Peru, and Uruguay, with Spain and Argentina ranking second. Additionally, BBVA led the SME market in Turkey, Colombia, and Peru, while Spain, Mexico, and Argentina secured second place, and Uruguay took the third spot.

At the Forefront of Digitalization

For more than a decade, digitalization has served as a cornerstone of BBVA's strategy, and its value proposition has evolved throughout this period. Initially, the Group focused on improving customer service through digital channels to provide self-service systems that allowed them to perform operations and contract products easily and quickly with a single click. Subsequently, the Group focused on developing the capabilities needed to increase digital sales and new customer acquisition through remote channels. Ultimately, the Bank aims to advise its customers, through data and artificial intelligence, in order for them to make the best financial decisions.



Consequently, in 2022, BBVA worked to further create global solutions centered on financial health, yielding outstanding results. Presently, six out of ten customers connecting through mobile engage with financial health features.

BBVA approaches financial health from two angles: day-to-day management and the achievement of medium and long-term objectives:

1. Firstly, assisting customers in their daily financial management, helping them better understand and comprehend their income and expenses, with personalized solutions (for example, "Mi día a día" (My day-to-day), a comprehensive tool that enables expense categorization, prediction, and even financial equity forecasting), and proactive notifications of relevant events that, as much as possible, allow for greater control of their savings (over 40 notifications available by the end of 2022, for example: initiating a transfer from another account in case of predicting a possible overdraft due to credit card payment or an unusually high charge).
2. Secondly, advising customers on achieving medium and long-term goals. Individuals' needs change over time: from buying a home to saving for their children's university education or planning for retirement, these long-term objectives necessitate continued assistance in order to be accomplished. The advice to reach these goals is also encompassed within the realm of financial health. One example is "Mis metas" (My goals), a service where customers can create savings goals, set the required amount, and establish a timeframe to achieve them.

BBVA's customers greatly appreciate this proactive and personalized approach, which is evident in an improved Net Promoter Score (NPS) among users of the financial health features. In Spain, during the final quarter of the year, the NPS for users of these features was nearly 10 percentage points higher than for other customers. Similarly, these financial advisory features have played a critical role in product contracting. In Spain, they contributed to 37 % of all investment fund contracts, 22 % of mortgage contracts, and 5 % of car loan contracts in 2022.

Furthermore, this distinctive way of supporting customers through digital channels has positioned BBVA as a leader in both innovation and digital experience. The market has acknowledged this leadership by bestowing awards in 2022, including "the most innovative bank" in Europe and Latin America by The Banker and "the best digital bank" in Europe as granted by Euromoney. In addition, the capacity to provide these products and experiences on a global scale has enabled BBVA to become "the best global bank in the world," according to The Banker.

Pioneers in Sustainability

Sustainability has a lengthy track record at BBVA, dating back to its involvement in the first issue of a green bond in 2007.

Currently, sustainability is a key element of BBVA's strategy, being one of its six strategic priorities: to assist customers in transitioning towards a sustainable future.

The sustainability strategy of BBVA encompasses a roadmap featuring three goals:

1. Increase the Group's business growth through sustainability.
2. Achieve greenhouse gas emissions neutrality.
3. Promote integrity in our relationships with stakeholders.

1. Increase the Group's business growth through sustainability

Climate change stands as one of the most significant challenges confronting humanity, requiring substantial investment. Decarbonization worldwide is projected to require USD 275 trillion in investments by 2050, accounting for over 8 % of the annual global GDP, dedicated to clean energy, novel materials, infrastructure, agricultural technologies, carbon capture, and storage, among others.[4]

The role of the financial sector in general, and BBVA in particular, is fundamental in accompanying customers in their transition to a sustainable future, developing specific products for customers, and financing this profitable investment.

In order to seize this opportunity, efforts are concentrated on five growth lines:

- Corporate customer sector strategy: Centered on low-carbon technologies and high-emission sectors to assist in their decarbonization. Sector plans are being formulated to actively tackle the reduction of carbon footprints from loans provided by BBVA to its customers (portfolio alignment), while reinforcing teams specializing in sustainability.
- Business expansion push: Creating products focused on six key areas (automotive, real estate, agriculture, supply chain, energy, and inclusive growth), capitalizing on the Bank's expertise with corporate customers, and establishing specialized teams across all regions.
- Initiating endeavors for swift retail business expansion utilizing the Bank's digital edge: This approach allows for the development of a groundbreaking and disruptive value proposition within particular industries, forming specialized teams to devise new solutions in energy self-efficiency and carbon markets.
- Funding novel sustainable technologies: Which are presently non-bankable through conventional financing frameworks (hydrogen, batteries, carbon capture, storage, and usage technologies, etc.), enabling BBVA to serve as a benchmark in the ecosystem.
- Development of sustainability risk management capabilities: Achieving superior risk management capabilities is a key element to fostering growth. Emphasis lies in integrating sustainability across the entire risk value chain, ranging from the risk appetite framework to the loan approval procedure. The development of specific tools is a priority as a key element in decision-making.

Consistent with this approach, BBVA established an initial goal of channeling EUR 100 billion in sustainable business for the 2018-2025 period (2025 Objective). In 2021, this objective was doubled, amounting to EUR 200 billion. It was further increased in 2022, reaching EUR 300 billion, which is triple the original goal established in 2018.

4 Source: "The net-zero transition: What it would cost, what it could bring", McKinsey & Company, 2022

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From 2018 to 2022, BBVA channeled[5] a total of EUR 135,871 billion into sustainable ventures[6].

2. Achieve greenhouse gas emission neutrality

As a founding member of the Net Zero Banking Alliance, BBVA is committed to achieving carbon neutrality ("Net Zero") by the year 2050. To accomplish this objective, the Bank is implementing a strategy of aligning its portfolio and overseeing indirect emissions.

- In terms of risk management and portfolio alignment, significant progress has been made in recent years:
  - Setting intermediate decarbonization targets for 2030 in six sectors: power generation, automotive, steel, cement, coal, and oil and gas (the latter target was set in 2022). Decarbonization targets for the Asset Management portfolio were also set in 2022.
  - Specific tools have been developed to measure customers' transition to a low-carbon economy and are integrated into credit policies. For instance, the Transition Risk Indicator, a combination of two metrics (climate change awareness and customer transition path assessment), provides a comprehensive assessment of each customer's transition when combined with credit policies.
  - A governance model is being implemented to ensure the execution and monitoring of objectives.

For BBVA, sustainability serves as a growth lever, embracing a comprehensive strategy that concentrates on climate action, inclusive growth, and encompasses all segments.

5 The 2025 Objective encompasses sustainable business channeled by entities within the BBVA Group as of December 31, 2022, and also includes the Fundación Microfinanzas BBVA.

6 For the purposes of the 2025 Objective, channeling is considered to be any mobilization of financial flows, cumulatively, towards activities or customers considered sustainable in accordance with existing regulations, internal standards inspired by existing regulations, market standards such as the Green Bond Principles, the Social Bond Principles and the Sustainability Linked Bond Principles of the International Capital Markets Association, as well as the Green Loan Principles, Social Loan Principles and Sustainability Linked Loan Principles of the Loan Market Association and best market practices. The aforesaid is comprehended notwithstanding that the mobilization, either at the outset or subsequently, might not be registered in the balance sheet. For determining the channeled sustainable business amounts, internal criteria based on both internal and external information are utilized, whether public, supplied by customers, or from a third party (mainly data providers and independent specialists). BBVA assumes no responsibility for the opinions expressed by third parties, or for any errors or omissions in the information from external sources.

- In terms of direct impact:

  - From 2020 onwards, BBVA achieved carbon neutrality in direct emissions (covering Scope 1, 2, and a portion of Scope 3), which include waste, business travel emissions, and commutes of central service employees.

  - Simultaneously, BBVA maintains its commitment to lowering its own emissions. Consequently, the Entity aims to reach 100 % renewable energy utilization in its operations by 2030, decrease Scope 1 and 2 CO_2 emissions by 68 % relative to 2015 levels by 2025, and broaden the measurement scope of CO_2 emissions to encompass additional Scope 3 activities.

3. Promote integrity in our relationship with stakeholders

Through the 2025 Community Commitment, BBVA and its foundations will allocate EUR 550 million to social initiatives supporting inclusive growth in the countries it operates in during the 2021-2025 period. These initiatives are projected to impact 100 million individuals within the specified timeframe. It represents the most far-reaching social endeavor undertaken by BBVA so far.

Additionally, the Bank is committed to generating a positive impact through the exercise of its own activities. To this end, we are developing action plans:

- With employees: BBVA is committed to being a values-based organization that nurtures talent, with a diverse and inclusive team. Currently, the focus is on:

  - Equality: BBVA has taken a further step towards gender equality and established in 2022 a goal of 35 % presence of women in management positions by 2024. At the end of 2022, this percentage stood at 33.5 %.

  - Employee awareness and engagement actions on sustainability issues.

  - Sustainability products for employees.

  - Sustainability training.

- With customers: BBVA promotes an integral relationship with customers based on transparency and responsibility.

- With transparency: BBVA is dedicated to constantly enhancing its sustainability reporting, as demonstrated by the TCFDs (Task Force on Climate-related Financial Disclosures) and NFIS published by the Group to date.

Global Benchmark

In 2022, for the third consecutive year, BBVA obtained the highest score (86 points) among European banks and the second globally in the latest Dow Jones Sustainability Index (DJSI). Its Corporate Sustainability Assessment (CSA) measures the performance of the largest companies by market capitalization in economic, environmental and social matters. The Group obtained the highest score (100 points) in the areas of financial inclusion, environmental and social reporting, materiality, tax strategy, crime prevention, public influence or lobbying and human rights.

BBVA was also included for the fifth consecutive year in the Bloomberg Gender-Equality Index 2022, in recognition of its commitment to creating trustworthy work environments that guarantee professional development and equal opportunities for all employees, regardless of their gender. The Bank's firm commitment to diversity and inclusion enabled it to improve its score by five percentage points compared to the previous edition. Garanti BBVA, the Group's subsidiary in Turkey, is also included in the index.

BBVA is a member of the major sustainability indexes:

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

86 points / 100
Members of DJSI World and DJSI Europe
1st Bank in Europe and Among Peers

MSCI ESG RATINGS AA

AAA Rating
Members of MSCI ESG Leaders Indexes (1)

FTSE4Good

ESG Rating 4,6 / 5
Member of FTSE4 Good Index Series

Moody's Analytics

ESG Score 57 / 100 (Robust)

Rated Morningstar Sustainalytics

ESG Risk Rating 22.5 (Medium Risk) (December 2022) (2)

Bloomberg Gender-Equality Index 2021

82,42 points / 100
Member of Bloomberg Gender-Equality Index

CDP Driving Sustainable Economies

Score B

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Additionally, since 2020, the Bank has been part of the Nasdaq Sustainable Bond Network (NSBN), a platform that brings together the various sustainable debt issuers in the world and a clear reference for socially responsible investment.

Continue to Lead in Efficiency

BBVA is working to optimize its customer relationship and acquisition model, with the aim of growing its customer base efficiently. In this regard, the Group seeks to provide its customers with a self-service model that is always accessible and thus respond to the change in consumer habits, which are increasingly digital. Proof of this is that digital transactions increased by 26 % compared to 2021, while office transactions declined by 2 %.

This new reality means serving more customers, and generating more growth, optimizing the cost structure, with a direct positive impact on network productivity and efficiency. As a result, during the 2022 financial year, the ratio of active customers per network employee has increased by 40 % and sales per network employee by 36 % compared to 2019.

In addition, the Agile methodology, which has been gradually implemented in the Group in recent years, allows the creation of better products and services for customers in a faster and more efficient manner. Thus, the features placed in the hands of customers on the Spain mobile app have increased 3-fold since 2016. Another example is the 50 % reduction in the number of days needed to design and implement a feature in Mexico. This way of banking results in more productive and committed teams.

In addition, BBVA aims to leverage on globalization to develop more efficient products and solutions that provide answers to customers' needs. To achieve this, the Group has industrialized and standardized the construction of digital channel software across all banks that are part of BBVA, allowing for a solution created in one country to be quickly exported to others, significantly improving time to market, solution quality, efficiency (built once for all countries), and providing customers with the same capabilities and experience in all geographies where the Entity operates.

Two examples are the mobile app for retail customers in which 81 % of the programming code has been reused or the mobile app for companies, which has been developed in less than a year, reusing 80 % of the components. In fact, it started by launching in Spain and the same leading app is now available in Mexico, Peru, Argentina, Colombia, and Uruguay.

Conversely, the Group maintains its dedication to employing more efficient and scalable technologies like cloud technologies, already accounting for over 50 % of total transactions in Spain, Mexico, Peru, and Colombia.

The use of these technologies is making it possible to contain the cost of processing when transaction volume is growing exponentially (it has doubled in the last 4 years) as a result of digitalization and greater interaction of customers with BBVA's channels.

This focus on operational excellence has led the Group to consolidate its leading position in terms of efficiency for yet another year. BBVA's efficiency ratio stood at 43.2 % at the end of 2022 (277 basis points better than in 2021, in constant terms), while the average for European competitors stood at 62.8 % at the end of September 2022 (latest available data).

Optimal capital allocation is another key component of operational excellence. To this end, BBVA prioritizes the allocation of capital to the most profitable business opportunities. In addition, the Bank has a model that links a dynamic pricing system to the allocation of capital per individual transaction. Thus, for each loan granted by the Group, the transaction must exceed the minimum capital return thresholds set in advance.

This differential way of banking, where the search for profitability is present in every transaction, has an immediate effect on the Bank's financial figures. Specifically, the risk-weighted return on assets (hereinafter, RORWA) at year-end 2022 stood at 2.14 %, 13 basis points higher than at the end of the previous year.

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3.

Our Stakeholders

GRI 2-6, 2-29

BBVA seeks to have a positive impact on the lives of individuals, businesses, and society as a whole through its activities. For this reason, it has a responsible banking model and is committed to creating long-term value for different stakeholder groups (customers, employees, shareholders, investors, suppliers, regulators, and supervisors) in various areas of action (in relation to the environment and social development, fiscal responsibility, prevention of conduct contrary to standards, human rights, and participation in international initiatives).

The Group will follow the subsequent general principles of action in terms of sustainability:

- Support customers in their transition to more sustainable business models, acting as a lever to enhance such behaviors or actions.
- Gradually incorporate sustainability opportunities and risks into its strategy, business, processes, and risk management.
- Ensure the direct and indirect environmental and social impact in the most relevant areas that its business and activities may generate, promoting positive impacts and reducing negative impacts.
- Respect the dignity of individuals and the human rights inherent to them, in accordance with various nationally or internationally recognized commitments to which it has adhered.
- Develop community investment programs and activities to address the most relevant challenges of the communities in which the Group is present, with the aspiration to create opportunities for everyone.
- Engage as a social change agent alongside other stakeholder groups (employees, shareholders, suppliers, or society in general), with the aspiration to create opportunities for all, and dedicate its expertise, knowledge, capabilities, and resources for this purpose.

The approach to ensuring stakeholder engagement is described in the following chapter (Materiality Analysis).

Creating Opportunities

4.

Double Materiality Analysis

GRI 3-1, 3-2, 3-3

BBVA conducts regular materiality analyses to pinpoint the most pertinent environmental, social, and governance matters for the Group and its stakeholders. In 2022, this analysis has been carried out following the new GRI requirements (December 2021 version) and the proposition of the new European Corporate Sustainability Reporting Directive (CSRD), which involved incorporating the double materiality approach that examines both the impact of BBVA's activity on the environment and its stakeholders (impact materiality) and the impact of the environment and its stakeholders on BBVA's activity (financial materiality).

The scope of this analysis includes the main geographical areas in which BBVA operates (Spain, Mexico, Turkey, Argentina, Colombia, and Peru) and takes into account short, medium, and long-term time frames.

4.1 Material Topics

The double materiality matrix for BBVA Colombia is presented below:

As a result of the double materiality analysis for the fiscal year 2022, the most outstanding material issues for BBVA Colombia are:

- **Climate change:** stakeholders have climate change among their main concerns and expect BBVA to contribute to an orderly transition to a low-emission economy. This requires the proper management of risks and opportunities.

- **Ease, agility, and self-service:** stakeholders expect BBVA to continue putting technology and digitalization at the service of customers and the business. Thus, it will be much simpler and more agile for customers to operate with the Bank at any time and in any place. In addition, new technologies will enable BBVA to be more efficient in its operations and create value for its shareholders.

- **Financial health and personalized advice to customers:** stakeholders expect the Bank to know its customers and propose personalized solutions and recommendations to better manage their finances and achieve their life goals. All achieved proactively and with growing automation.

- **Inclusive growth:** stakeholders expect the Bank's business model to support the financial inclusion of people in the countries in which it operates, entrepreneurs, and the development of inclusive infrastructures.

It should be highlighted that, in relation to the materiality analysis released in 2021, thirteen issues continue to be identified; however, the "COVID-19" issue has been excluded, and "Natural Capital" has been added.

Additionally, a change in the prioritized issues for BBVA Colombia is identified compared to the previous period, no longer prioritizing the "Solvency and Financial Results" issue and incorporating "Inclusive Growth."

These issues materialize in three of the Group's six strategic priorities: "improving customers' financial health," "assisting our customers in their transition to a sustainable future," and "pursuing operational excellence," as well as in ambitious objectives in terms of efficiency, profitability, shareholder value creation, customer growth, and channeling sustainable business for the coming years.

Information on the performance of these material issues and the other issues identified for BBVA in 2022 is developed in the different chapters of this report.

4.2 Methodology for Determining Material Issues

The analysis was carried out during the 2022 financial year in three phases:

1. Identification of the material issues that are relevant for stakeholders and BBVA.
2. Identification of potential positive and negative impacts, as well as risks and opportunities for the identified material issues.
3. Assignment of importance and prioritization of the material issues.

Phase 1 - Identification of material issues

The identification of material issues was mainly carried out from various internal and external sources:

Internal sources:

- BBVA's list of material issues from previous materialities.
- Human Rights due diligence conducted by BBVA in 2021.
- Portfolio Impact Analysis Tool for Banks UNEP-FI.

- Stakeholder consultations:
  - Customers, with a total of 1,192 surveys conducted in six countries (Argentina, Colombia, Spain, Mexico, Peru, and Turkey);
  - Non-customers, with a total of 1,140 surveys conducted in six countries (Argentina, Colombia, Spain, Mexico, Peru, and Turkey);
  - Employees, with a total of 9,243 surveys conducted in eight countries (Argentina, Colombia, Spain, Mexico, Peru, Turkey, Uruguay, and Venezuela);
  - Investors and shareholders.
- Reports published by BBVA (such as the BBVA Group Annual Report 2021 and the Climate Report (TCFD).
- Media mentions, with more than 155 media outlets and 17,792 news items analyzed; and mentions in social media (RRSS).

External sources:

As external sources, sustainability reporting frameworks such as: SASB, GRI, World Economic Forum Stakeholder Capitalism Metrics; leading ESG analysts and regulation (Law 11/2018 and European Taxonomy Regulation) as well as other sources (UNEP-FI, analysts, indexes, and benchmark studies); context reports and trends in the financial sector, and NGO reports of international relevance.

Phase 2 - Identification of impacts (positive and negative), as well as risks and opportunities

For each of these material issues, potential positive and negative impacts caused directly by BBVA or its value chain on the environment, as well as risks and opportunities that can cause financial effects, generating an impact on cash flows and, therefore, on BBVA's value in the short, medium, and long-term, have been identified. These aspects have been developed as a result of internal review and contrast with expert areas, as well as with different geographical areas.

In order to present the most relevant information, this report includes an analysis of impacts (positive and negative), risks, and opportunities, solely for the prioritized issues for BBVA Colombia.

Phase 3 - Assignment of importance and prioritization of material issues

To prioritize material issues based on BBVA's impact evaluation on the environment, the UNEP-FI Portfolio Impact Analysis Tool for Banks has been used as a base source for both Consumer Banking and Institutional Banking, resulting in the measurement and prioritization of potential positive and negative impacts. The results obtained have been complemented with other sources such as the TCFD report, the human rights due diligence process conducted in 2021, and the ENCORE tool (for natural capital issues) to assess the issues.

In order to prioritize the material issues based on the impact that the environment has on BBVA, various sources and analyses carried out by BBVA have been used from the perspective of risks and opportunities of the issues. The evaluation of risks has been carried out considering their impact and probability.

After identifying the associated risks and quantifying the risks from the different sources used, the aggregate of the risk measurement calculation is made with respect to the different issues.

Materiality Matrix

The connection established from the beginning between potential material issues with the impact materiality analysis (Y-axis) and financial materiality (X-axis) allows ordering these issues on two axes based on the impact of BBVA on the environment and the impact of the environment on BBVA. This allows for identifying the most relevant material issues, thereby prioritizing the focus and actions of the Entity when addressing potential impacts and opportunities. The results of this phase lead to the materiality matrix presented in Section 2.1 Material Issues.

BBVA Creating Opportunities

4.3 Prioritized Material Issues: Impacts, Risks, and Opportunities

Climate Change

The fight against climate change represents one of the greatest disruptions in history, with extraordinary economic consequences, to which all actors (governments, regulators, companies, consumers, and society in general) must adapt.

Climate change and the transition to a low-carbon economy have significant implications for the value chains of most productive sectors and may require significant investments in many industries. However, technological advances in energy efficiency, renewable energies, efficient mobility, and the circular economy are a source of new opportunities for everyone.

In particular, the Group wants to contribute to addressing major challenges such as climate change. The energy transition will especially call for substantial investments in the following decades to switch from fossil fuels to cleaner and more effective energy sources. This change will affect nearly every industry and how individuals travel, consume, or adapt their homes.

BBVA recognizes the significant role banking plays in transitioning toward a more sustainable world via its financial operations, along with the direct and indirect effects of its activities on the environment and society.

Furthermore, the challenge of achieving net-zero emissions by 2050 demands drastic changes in habits and behaviors and the deployment of carbon-free technologies across all sectors, beyond just energy.

In this context, this material issue refers to measures aimed at:

- Adjust to the impacts of climate change by implementing policies, detecting and handling climate-related risks and opportunities, setting decarbonization targets in line with the Paris Agreement objectives, and incorporating sustainability and climate change factors into the credit assessment of customer operations.
- Development of products that ensure responsible use of resources (energy, water, materials, etc.), and promotion of products and services with environmental content, aligned with proper waste management in accordance with the EU Taxonomy, contributing to the circular economy and avoiding pollution.
- Enhance the efficiency of resource utilization, raw materials (paper), water, energy consumption, and waste production to minimize the environmental and carbon footprint within our operations. Covers the steps taken to support the growth of a circular economy and the prevention and handling of waste.

Impacts, Risks, and Opportunities of the "Climate Change" Issue

Impact Materiality	**Positive Impacts**	■ Reduction of GHG emission levels and contribution to meeting the objectives set in the Paris Agreement through financing and supporting the transition of customers/sectors to a lower-carbon economy. ■ Reduction of GHG emission levels and contribution to meeting the objectives set in the Paris Agreement by directing and promoting financing toward more sustainable sectors and activities. ■ Reduction of pollution levels by directing and promoting financing toward more sustainable sectors and activities. ■ Reduction of waste generated by the Entity's own operations through management measures and circular economy strategies. ■ Reduction of resource consumption, mainly water, energy, and paper, from the Entity's own operations through management measures and efficiency.
	Negative Impacts	■ Financing of customers without transition strategies towards a lower carbon economy and lack of support in this transition, leading to non-compliance with the decarbonization objectives set by the Paris Agreement. ■ GHG emissions from the overall portfolio and from financing customers/sectors/operations with high GHG emissions that negatively contribute to climate change. ■ Negative environmental impacts of the portfolio due to general pollution and financing highly polluting customers/sectors/operations. ■ Negative environmental impacts resulting from waste produced by the Entity's own operations. ■ Negative environmental impacts resulting from resources consumed, primarily water, energy, and paper, in the Entity's operations.

Financial Materiality	**Risks**	■ Litigation related to non-compliance with climate change regulations, resulting from increased regulatory requirements. ■ Lack or slow adjustment of financial products to accommodate the impacts of climate change. ■ Inadequate portfolio adjustment (particularly in high-risk sectors) to the climate transition (transition risk). ■ Exposure of the portfolio to acute and chronic physical hazards (such as storms, floods, heat waves, among others). ■ Accelerated depreciation and premature withdrawal of existing assets (damages to property and assets in "high-risk" locations). ■ Greenwashing. ■ Decreased income from financing or not financing highly polluting products/sectors. ■ Decrease in the value of fixed assets (e.g., highly polluting assets). ■ Rising costs and declining demand for products and services due to fines and court rulings. ■ Lack or insufficient integration of an operational efficiency strategy. ■ Increased long-term costs of resources (circularity, energy, water).
	Opportunities	■ Financing of customers without transition strategies towards a lower carbon economy and lack of support in this transition, leading to non-compliance with the decarbonization objectives set by the Paris Agreement. – Biofuel and hydrogen transport, CP – CO_2 capture, LP – Renewable energy, CP – Green hydrogen, MP – Nuclear fusion, LP – Distribution of solar panels in construction and infrastructure, CP – Building renovation, CP – Adjustment infrastructure, CP – Low-emission electric transport, CP – Hydrogen transport, CP – Metals for electric vehicles, CP – Waste from agriculture as biogas, CP – Energy in agricultural plants, MP – Drought products, MP – Carbon credit markets, CP – Other sectors towards carbon neutrality, CP ■ Financing of sustainable activities, without controversies related to pollution. ■ Recognition for positioning as an environmentally efficient company. ■ Reducing costs by enhancing the efficiency of resource usage (water, energy, paper).

Policies and Commitments on the "Climate Change" Issue

At the end of 2019, the BBVA Group approved its current Strategic Plan, where one of the defined priorities is "Assisting our customers in their transition to a sustainable future." This is achieved through financing, advice, and innovative solutions focused primarily on two areas: climate action and inclusive growth. In the area of climate action, mobilizing timely resources to address the challenge of climate change.

The Group has established various policies and commitments to address this material issue, such as:

- Adhering to the UN-promoted Principles for Responsible Banking, the Katowice Commitment, and the Collective Commitment to Climate Action.
- Setting the 2025 Objective, defining the target for directing sustainable business, which has increased to EUR 300 billion in 2022.
- Committing to decrease emissions from the Oil and Gas portfolio by 30 % before 2030. BBVA will align its balance sheet in the Oil and Gas sector with the net-zero emissions scenario in 2050, following absolute emissions' metrics.
- Furthermore, BBVA has committed not to allocate financing directly linked to new exploration, drilling, and extraction projects in the sector. By taking this action in the crucial energy sector, the Bank advances in its objective of being carbon-neutral by 2050, encompassing not just its own operations, where it has been neutral since 2020, but also the activities of the customers it finances.
- The 2022 update of its General Sustainability Policy, adding the General Policy on Corporate Social Responsibility and updating the Group's sustainability objectives.
- In 2021, BBVA established a new Global Eco-Efficiency Plan (PGE, for the Spanish original) for the 2021-2025 period, setting more ambitious objectives aligned with its climate strategy, focused on reducing direct impacts, and achieving the 2025 Commitment.

At BBVA Colombia:

- The General Corporate Social Responsibility Policy was approved by the Boards of Directors of the BBVA entities in Colombia (for further information on this policy please refer to the section **"Commitments and Policies on Responsible Business Conduct", in the chapter "Annual Corporate Governance Report"**. In 2023, the General Sustainability Policy will be presented to the Board of Directors for local approval.
- In 2022, BBVA Colombia started the process for the creation and implementation of the Environmental and Social Risk Management System (SARAS, for the Spanish original).
- Since 2004, BBVA has adhered to the Equator Principles.

Our commitment to sustainability and climate change management is also reflected in training our workforce on environmental issues; that is why we have The Camp Sustainability platform where our employees can find educational resources and masterclasses with experts.

Additional information related to measures adopted to manage the issue, associated impacts, and monitoring the effectiveness of adopted measures is included in the **Social and Environmental Commitment** chapter.

BBVA aims to grow by positioning itself wherever its customers are. To this end, the Group pays special attention to customer acquisition, both through its own channels and through channels and agreements with third parties. Due to advancements in digital capabilities, customer acquisition via digital channels, mobile customers, and digital sales have consistently grown over the past few years.

Ease, agility, and self-service:

Digitization has been one of the pillars of BBVA's strategy for over a decade and has evolved in its value proposition over time. Initially, the Group focused on improving customer service through digital channels, aiming to provide self-service systems that allowed customers to conduct transactions and contract products easily and quickly with a single click. Subsequently, the Group focused on developing the capabilities needed to increase digital sales and new customer acquisition through remote channels.

Throughout its 165-year history, BBVA has been known for its commitment to innovation and its leadership in transforming the industry. The Bank has been a pioneer and global reference in the digitalization of the sector. BBVA is recognized for developing leading applications in virtually all geographies where it operates, thus contributing to improving customer experience through increasingly agile and straightforward services.

This prioritized material issue involves providing a positive experience for all customers, ensuring simplicity, agility, speed, and self-service, in addition to promoting innovation and digitalization of customer service and business: developing disruptive new technologies and consolidating *Big Tech*.

Impacts, Risks, and Opportunities of the "Ease, agility, and self-service" issue.

Impact Materiality	**Positive Impacts**	■ Contribution to the transformation towards a digital and connected economy. ■ Access to financing and financial services through promoting new digital channels, products, and services (indirect). ■ Access to financing and financial services by facilitating accessibility, simplicity, and agility in customer management (indirect).
	Negative Impacts	■ Indirect negative impacts on access to financing and financial services resulting from potential exclusions of some vulnerable groups who may not adapt to digitalization (e.g., senior citizens). ■ Exclusion of groups with lower adaptability to changes oriented to new technologies (e.g., elderly, rural areas).
Financial Materiality	**Risks**	■ Lack of adjustment or slow adjustment to expectations regarding digital transformation. ■ Loss of business to digital competitors providing financial services. ■ Costs associated with investments resulting from the approach and facilitation of services. ■ Implementation of solutions, products, or services perceived as inadequate.
	Opportunities	■ Development of innovative and digital new financial products and services. ■ Positioning and recognition by stakeholder groups, especially customers, as an innovative and digital company. ■ Positioning and recognition by stakeholder groups – especially customers – as a company that offers simple, agile, and fast service. ■ Positioning and recognition by stakeholders – especially customers – as a company that provides and facilitates access to its facilities for people from vulnerable groups (people with disabilities, senior citizens).

Policies and commitments of the "Ease, agility, and self-service" issue.

Within the BBVA Group's strategic priorities, three of them are most closely related to this material issue:

- Expanding customer base.
- Pursuing **operational excellence:** BBVA is committed to providing the best experience and is transforming its relationship model to adapt to changing customer behavior. To do so, it enables access to its products and services through simple processes.
- Data and technology: the commitment to developing advanced data analysis capabilities alongside secure and reliable technology to create high-quality differentiated solutions.

Among the policies related to this material issue are:

- General Policy on Customer Conduct and Product Governance.
- Code of Conduct.
- General Policy on Corporate Social Responsibility.

Our policies and commitments aimed at ensuring the best experience for our customers are also part of the management to ensure ease, agility, and self-service to our customers (Experience Plan, NPS methodology).

Additional information related to actions taken to manage the issue, the associated impacts, and the monitoring of the effectiveness of the actions taken is included in:

- The **"Strategic Priorities"** section of the "Strategy" chapter.
- The **"Commitment to Customers"** chapter.

Financial Health and Personalized Advice to Customers

Money management is one of people's biggest concerns. BBVA aspires to be the trusted financial partner of its customers to help them improve their financial health and make the best financial decisions, through personalized advice, thanks to technology and the use of data.

Regarding financial health, BBVA approaches it from two angles: firstly, accompanying customers in the daily management of their finances, helping them to have a better understanding and comprehension of their income and expenses; secondly, advising them in the achievement of medium and long-term objectives. BBVA customers highly appreciate the personalized advice, as evidenced by a better Net Promoter Score and an improvement in product acquisition indicators.

This material issue involves managing customer relations: channels for assessing customer satisfaction, complaint channel, offering personalized solutions and recommendations for enhancing financial health and reaching personal objectives.

Impacts, Risks, and Opportunities of the "Financial Health and Personalized Advice to Customers" Issue.

Impact Materiality	**Positive Impacts**	• Positively contributing to the economy's health by providing access to high-quality, personalized financial services. • Positively contributing to customers' financial health and well-being. • Positively contributing to consumer protection (indirectly). • Providing financial education to customers and the general public, with a specific focus on disadvantaged and/or vulnerable populations (indirectly). • Providing access to top-quality financial products and services.
	Negative Impacts	• Adverse impacts on the economy's health caused by insufficient quality and personalization of financial services. • Failing to contribute or negatively affecting customers' financial health and well-being. • Failing to contribute or negatively affecting consumer protection (indirectly).
Financial Materiality	**Risks**	• Improper product and service catalog design, lacking ESG-focused offerings, or the inclusion of ESG criteria in products and services, which leads to unfulfilled customer needs. • Poor handling of customer complaints and grievances.
	Opportunities	• Gaining customer trust and recognition by being a reliable company that addresses their needs.

Policies and Commitments

"**Improving our customers' financial health**" is one of our key strategic priorities.

Our policies and commitments to ensure the best customer experience are also part of the management to contribute to the improvement of our customer's financial health (Experience Plan, NPS methodology, attention to PQRs, personalized solutions, and recommendations for customers to improve financial health and achieve life goals).

The following commitments and policies also contribute to the management of this material issue:

- Consumer Care System, which ensures that personalized advice is maintained for the customer.
- General Policy on Customer Conduct and Product Governance.
- General Policy on Corporate Social Responsibility.

Additional information, related to measures taken to manage the issue, associated impacts, and monitoring of the effectiveness of the measures taken, can be found in:

- The "**Strategic Priorities**" section of the "Strategy" chapter.
- The "**Customer Commitment"** chapter.

Inclusive growth

The current environment allows for the development of new business opportunities that promote inclusive economic development, supporting disadvantaged sectors through financial inclusion, and inclusive infrastructures, as well as mass banking leveraged on digital channels and new relationship models.

BBVA aims to contribute to the inclusive growth of societies in which it operates through practices and initiatives that generate positive impacts and minimize negative impacts.

This material issue focuses on:

- Encouraging access to financing for low-income populations and small businesses/professionals with limited resources and opportunities.
- The creation of new products using new technologies to access markets previously unavailable due to risk, along with efforts to enhance customer financial education for well-informed decision-making.
- The Company's commitments to the community, people, and regions it serves, promote employment and local growth through philanthropic endeavors undertaken by the Company.

Impacts, Risks, and Opportunities of the "Inclusive Growth" Issue

Impact Materiality	**Positive Impacts**	• Providing access to financing and financial services in underserved areas (e.g., rural regions). • Delivering financing and financial services to underprivileged and vulnerable populations, both through general financing and targeted product offerings. • Financial education for customers and society in general, particularly targeting underprivileged and/or vulnerable communities. • Accessibility of financial products. • Targeted products for SMEs and self-employed professionals with constrained financing options and sustainable business models. • Positive impact on society and communities by promoting alliances.
	Negative Impacts	• Lack access to financing and financial services in underserved areas (e.g., rural regions). • Insufficient access to financing and financial services to underprivileged and vulnerable populations, both through general financing and targeted product offerings. • Deficiency in financial education for customers and society in general, particularly targeting underprivileged and/or vulnerable communities. • Inadequate accessibility of financial products. • Insufficient products for SMEs and self-employed professionals with constrained financing options and sustainable business models.
Financial Materiality	**Risks**	• Loss of reputation resulting from inadequate or lacking financial inclusion initiatives. • Reduced competitiveness and income resulting from an overemphasis on financial inclusion. • Reputational risk due to insufficient or inadequate contributions to social environment needs.
	Opportunities	• Acknowledgment and positioning among stakeholders, particularly customers, as an entity enabling financing access for vulnerable populations, underprivileged areas, and fostering local and regional economic growth. • Creation of innovative products and services targeting underprivileged and/or vulnerable populations or neglected regions. • Promotion of financing for SMEs and self-employed professionals with constrained financing options. • Acknowledgment and positioning among stakeholders as a philanthropic entity.

Policies and Commitments

A strategic priority for the BBVA Group is "Assisting our customers in their transition to a a sustainable future," encompassing an opportunity for promoting inclusive growth.

As part of its contribution to the development of communities in which the Group operates, BBVA established the Community Commitment 2025, dedicating EUR 550 million from 2021 to 2025 for social initiatives that foster inclusive growth in these communities. This commitment is structured around three major areas of action and seeks to contribute to the fulfillment of certain Sustainable Development Goals (SDGs):

- Reduce inequalities and promote entrepreneurship;
- Create opportunities for all through education and;
- Support research and culture.

Additionally, the 2025 Objective, which defines BBVA's sustainable business channeling target, includes financing "inclusive growth" activities, grouped into three areas: financial inclusion, inclusive infrastructure, and support for entrepreneurs.

Lastly, the General Corporate Social Responsibility Policy also establishes guidelines related to this material issue.

Further information about actions implemented to address the matter, related impacts, and monitoring the efficacy of these measures is included in the **Social and Environmental Commitment** section.

BBVA established the Community Commitment 2025, dedicating EUR 550 million from 2021 to 2025 to social initiatives that foster inclusive growth in these communities.

4.4
Objectives and Progress Level for Material Issues

This section outlines the objectives and progress of the indicators set by the BBVA Group for managing the most significant material issues, among which are those prioritized by BBVA Colombia. Additional details can be found in the activities, figures, and results presented in different sections of this report.

(1) For the 2025 Objective, the sustainable business channeled by entities that are part of the BBVA Group as of 12/31/2022, as well as the Fundación Microfinanzas BBVA, is included.

OBJECTIVES AND PROGRESS STATUS ON MATERIAL ISSUES FOR BBVA 2022			
Material issue	**Indicator**	**Objective**	**Progress - 2022**
Climate Change and Inclusive Growth	Sustainable business mobilization	EUR 300 billion between 2018-2025 (1)	EUR 136 billion accumulated 2018-2022 (2)
Climate Change	Indicators for portfolio alignment with the Paris Agreement	Intermediate decarbonization objectives have been set for 2030 in five industries (power generation, oil and gas, automotive, steel, and cement), and a coal phase-out by 2030 for developed nations and 2040 for other countries. Refer to the section "Identifying, Measuring, and Integrating Climate Change Risk in Risk Management" in the "Climate Change and Environmental Factors Risk Management" chapter for further details on objectives and progress relating to portfolio alignment with the Paris Agreement.	
	Renewable energy sources	70% in 2025 and 100% in 2030	92%
	CO_2 emissions (scopes 1 and 2)	Reduction of -68% in 2015-2025	-81%
Financial health and personalized advice to customers	Individuals NPS	Striving to be the top Bank across all regions in which BBVA is present.	As of December 31, 2022, BBVA maintained its leadership in the Individuals NPS indicator in Spain and Mexico. BBVA secured second place in Turkey, Colombia, Peru, Uruguay, and Argentina.
	NPS of customers using Advice tools in Spain.	NPS higher than customers who do not use Advice tools in Spain.	Customers using Advice tools in Spain have an NPS 31 % greater than those who don't.
	Customer churn rate for Advice tool users in Spain compared to non-users.	Reduced churn rate among customers not using Advice tools in Spain.	Customers who use Advice tools in Spain have a 44 % lower churn rate compared to those who don't.

OBJECTIVES AND PROGRESS STATUS ON MATERIAL ISSUES FOR BBVA 2022			
Material issue	**Indicator**	**Objective**	**Progress - 2022**
Solvency and financial results	Regulatory capital: fully-loaded CET1 ratio	2022: 11.5%-12%	12.61%
	2024 ROTE:	14%	15.3%
	TBV per share + Dividends	2024: 9%	7.8%
	Efficiency ratio	2024: 42%	43.2%
Corporate Governance	Percentage of women on the Board of Directors	40% of board members are women	40%
Ease, agility and self-service for customers	Expanding target customer base (3)	2021-2024: 10 million customers	6.2 million
	Percentage of digital sales (PRV) (4)	59.44%	61%
Diversity and work-life balance	Percentage of women in management positions	35 % of women in management positions by 2024	33.5%

(2) For the 2025 Objective, channeling is considered to be any mobilization of financial flows, cumulatively, towards activities or customers considered sustainable in accordance with existing regulations, internal standards inspired by existing regulations, market standards such as the Green Bond Principles, the Social Bond Principles and the Sustainability Linked Bond Principles of the International Capital Markets Association, as well as the Green Loan Principles, Social Loan Principles and Sustainability Linked Loan Principles of the Loan Market Association and best market practices. The aforesaid is comprehended notwithstanding that the mobilization, either at the outset or subsequently, might not be registered in the balance sheet. For determining the channeled sustainable business amounts, internal criteria based on both internal and external information are utilized, whether public, supplied by customers, or from a third party (mainly data providers and independent specialists). BBVA assumes no responsibility for the opinions expressed by third parties, or for any errors or omissions in the information from external sources.

(3) Target customers are those customers with whom the Bank wants to grow and whom it wishes to retain, considering them of high value, either due to their level of assets, liabilities, or transactional engagement with BBVA.

(4) Product Relative Value used as an indicator of the value of units sold.

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5. Annual Corporate Governance Report

5.1
Governance Structure and Corporate Governance Composition

GRI 2-9

BBVA Colombia's Corporate Governance System (hereinafter, the "System") is in line with international and corporate recommendations and trends. Its principles, elements and practices are contained in different instruments that guide the structure and roles of the corporate bodies, such as the Corporate Bylaws, the Corporate Governance Code, the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Board's Support Committees.

The System is also comprised by internal rules of conduct, included in BBVA's Code of Conduct, Code of Conduct in the Securities Market and Code of Conduct for the Prevention of Money Laundering and Terrorist Financing, which state the tenets that govern the actions of its executives, board members, managers and employees.

Additionally, BBVA Colombia's Corporate Governance is conceived as a dynamic process that is constantly under review, aimed at its improvement and adaptation to the new realities faced by the Bank and its subsidiaries, using as reference rules and standards of best corporate governance practices.

The following is the organizational structure of BBVA's Corporate Governance System:

Composition of the Board of Directors

The composition of the Board of Directors of BBVA Colombia is one of the key elements of its Corporate Governance System. According to the Policy on Selection, Appointment and Succession of the Board of Directors, the intention is to achieve an adequate balance in terms of the origin of the members of the Board of Directors (hereinafter, "members of the Board of Directors" or "Directors"), in which the shareholder and independent members make up a majority over executive members.

The make-up of the Board of Directors and its Support Committees should be adequate and diverse. To this effect, the members should have experience and knowledge about BBVA Group and its businesses and of the financial sector in general; and should also have education, skills, knowledge and experience related to environments and sectors so as to achieve an adequate balance in the composition and the optimal performance of their functions. In 2022, the Board of Directors was comprised by 5 Directors, of whom 3 were independent members, 1 shareholder members and 1 executive member, as follows:

Director	Origin	Position	Date of First Appointment	Date of Latest Reelection	Membership in other Boards of Directors
Carlos Eduardo Caballero Argáez	Independent	Chairman of the Board of Directors	March 17, 2005	March 16, 2022	Promigas
Xavier Queralt Blanch	Shareholder	First Vice-Chairman of the Board of Directors	May 30, 2018	March 16, 2022	Not applicable
Camila Escobar Corredor	Independent	Second Vice Chair of the Board of Directors	March 26, 2021	March 16, 2022	Procafecol, Corferias, and ANDI Sectional Cundinamarca and Boyacá.
Luis Julián Carranza Ugarte	Independent	Member of the Board of Directors	March 16, 2022	Not applicable	Not applicable
Mario Pardo Bayona	Executive	Member of the Board of Directors and Chief Executive Officer of the Bank.	February 28, 2020	March 16, 2022	Colombian Banking Association and Spanish Chamber of Commerce in Colombia.

Profiles of the Directors of the Board of Directors of BBVA Colombia

Carlos Eduardo Caballero Argáez

Chairman of the Board of Directors
Independent origin

Civil Engineer from Universidad de Los Andes, with Master's in Science from University of California and in Public Affairs from Princeton University, and Master's in History from Universidad de Los Andes. He has acted in the capacity of Director of Fedesarrollo, Advisor to the Monetary Board, Chairman of the Bankers' Association, Director of Proexpo, Chairman of Bancoldex, Chairman of the Bogotá Securities Exchange, Minister of Mines and Energy and Member of the Board of Directors of the Central Bank of Colombia. He is a columnist for El Tiempo and El Colombiano, writer, author of several books, business advisor, and member of the boards of Promigás and BBVA Colombia.

In 2006, he was appointed as the first director of the "Alberto Lleras Camargo" School of Government of Universidad de los Andes, a position he held until 2016. He is currently a Full Professor at the same university.

Camila Escobar Corredor

Second Vice President of the Board of Directors
Independent origin

Industrial Engineer from Universidad de los Andes with Master's in Business Administration from Harvard University.

She has over 15 years of professional experience, holding the following positions: Summer Associate at Mckinsey & Company; Business Analyst at Mckinsey & Company; Risk Management Strategy Associate; Risk Management Analyst at the Colombian Coffee-growers' Association; Marketing and Business Intelligence Manager at Belcorp; currently CEO of Procafecol (Juan Valdez Café).

She is a member of the Boards of Directors of Corferias, and ANDI Sectional Cundinamarca and Boyacá.

Profiles of the Directors of the Board of Directors of BBVA Colombia

Luis Julián Martin Carranza Ugarte

Member of the Board of Directors
Independent origin

Professional in Economics from the Pontificia Universidad Católica del Perú; Master's Degree and Doctorate from the University of Minnesota.

He has served as Manager of Economic Studies of BBVA Banco Continental - Peru; Vice Minister of Finance and member of the Board of Directors of the Central Bank of Peru; Chief Economist for Latin America and Emerging Countries BBVA; Minister of Economy and Finance of Peru; Director of BBVA Chile; Director of Sigma Capital and Chief Executive Officer of CAF - Development Bank of Latin America.

Xavier Queralt Blanch

First Vice-Chairman of the Board of Directors
Shareholder's origin

Professional in Law from Universidad Central de Barcelona with studies in the Executive Program on Strategy of the Financial Sector of the London School of Business, and in Leadership programs at Axialent and INSEAD.

At BBVA S.A., he has held management positions in Corporate Banking in Spain and Portugal; Director of Productivity, Organization and Compliance, and Territorial Director of Catalonia. He has also held Deputy Advisor positions at UNNIM Banc and Banco Catalunya Caixa. He chaired the Board of Directors of the insurance companies UNNIM Vida and CX Vida.

Mario Pardo Bayona

Chief Executive Office
Executive origin

Refer to the complete profile in section 5.10 Senior Management.

Board of Directors:

The complete profiles of the members of the Board of Directors of BBVA Colombia are published on the website, in the link:

https://www.bbva.com.co/personas/atencion-al-inversionista/gobierno-corporativo/junta-directiva.html

Functions of the Board of Directors

BBVA Colombia's Board of Directors is in charge of defining strategy, overseeing, governing, and controlling the Organization's material issues.

It has the authority to approve the general policies that guide the Entity's activity, such as the strategic plan, financial and investment policies, and policies related to corporate governance, among others.

The Board of Directors is responsible for appointing key personnel and additional executives to whom the Bank's Registered Agent is entrusted. Moreover, it oversees and manages aspects concerning SARLAFT, risk management, conflicts of interest, and standards for economic dealings with related parties.

The Rules of Procedure of the Board of Directors detailing the functions can be found on the Bank's website under the Investor Assistance/ Corporate Governance / Board of Directors link.

The following was the composition of the Support Committees of the Board of Directors in 2022:

Committees	Director					
	Mario Pardo Bayona	Carlos Caballero Argáez	Camila Escobar Corredor	Antonio del Campo de los Santos (*)	Luis Julián Carranza Ugarte (**)	Xavier Queralt Blanch
Audit (Quarterly)		CHAIR	√	√	√	
Comprehensive Risk (Quarterly)		CHAIR		√	√	√
Corporate Governance, Sustainability, and Social Responsibility (Quarterly)		CHAIR	√	√	√	√
Diversity, Appointments, and Compensation (Quarterly)			CHAIR	√	√	√

CHAIR: Chair
(*) Until March 16, 2022 (**) From March 16, 2022 onwards

Composition of the Support Committees of the Board of Directors

1. Audit Committee: ensures the Entity complies with relevant laws and regulations, and maintains effective controls against employee conflicts of interest and fraud in business operations.

2. Comprehensive Risk Committee: assists the Board of Directors in fulfilling its risk control and management responsibilities; analyzes and evaluates strategies and corporate policies for each risk type.

3. Corporate Governance, Sustainability, and Social Responsibility Committee: the committee's schedule involves quarterly monitoring of the Bank's management and policies concerning sustainability and corporate social responsibility.

4. Diversity, Appointments, and Compensation Committee: aids the Board of Directors in overseeing and providing guidance on talent management processes, fostering diversity in culture, gender, abilities, sexual orientation, and beyond.

Activities of the Committees of the Board of Directors

To optimize their management and control functions and ensure a proper decision-making process, the Board of Directors has constituted four committees with functions designated in their rules of procedures. These committees aid the Board in areas of their expertise and possess broad authority and complete autonomy in their operations.

Possessing broad authority and complete autonomy, the committees can call meetings as necessary, contribute to agenda development, enlist the support of external experts when suitable, and maintain direct access to the Bank's executives, who recurrently report to both the Committees and the Board of Directors.

In this way, BBVA Colombia's Corporate Governance System allows Directors to control proposals, implementation, and development of matters approved by the Board, fundamentally relying on the work carried out in the Committees.

In compliance with their respective Rules of Procedures, the Committees prepare their annual reports, which include the activities carried out during the year.

5.2

Appointment and Selection of the Highest Governing Body

GRI 2-10

Director Appointment Process

BBVA Colombia has a Policy on the Selection, Appointment and Succession of the Board of Directors, which was approved by the General Meeting of Shareholders at the ordinary meeting held on March 17, 2016.

This Policy establishes that the Board of Directors shall be comprised by a number of Directors determined by the General Meeting of Shareholders, within the framework established by law and the Corporate Bylaws. The appointment corresponds to the highest administrative body, and the proposed candidates must meet the necessary suitability requirements to hold the position, possess appropriate knowledge and experience for their functions, avoid conflict of interest situations, and comply with incompatibility and limitation regulations.

BBVA Colombia encourages the participation of shareholders in submitting lists to the consideration of the General Meeting of Shareholders, and ensures that the selection process of the members of the Board of Directors is carried out in accordance with the Law, the policies and strategies of BBVA Colombia.

The proposals of appointment or reelection of Directors and any nominations made to cover vacancies are submitted to the consideration of the Corporate Governance, Sustainability and Social Responsibility Committee, which supports and advises the Board of Directors in performance of its decision-making functions related to the appointment and remuneration of the members of the Board of Directors.

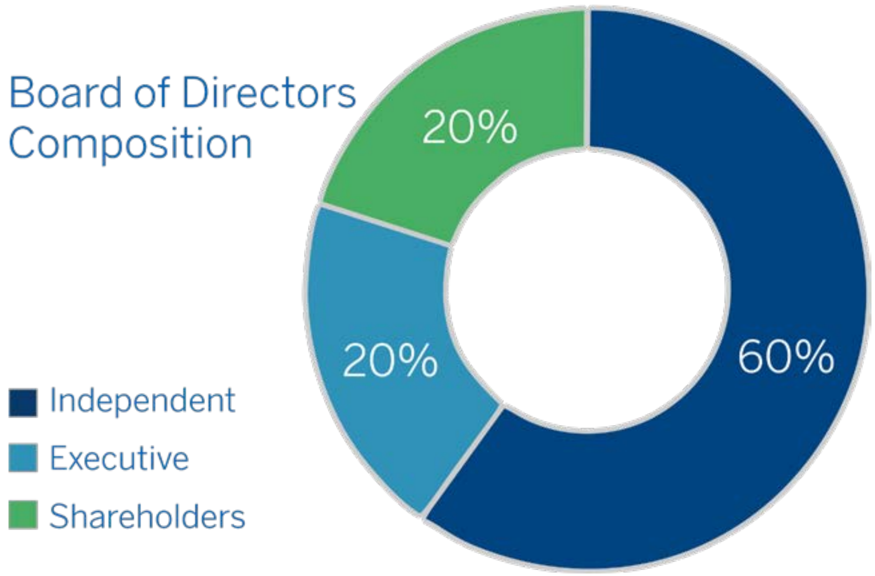
This Committee evaluates the balance of knowledge, skills and experience in the Board of Directors, as well as the qualifications that must be fulfilled by the candidates to cover any vacancies, and assesses the time dedication that is deemed necessary to adequately perform their duties as members of the Board of Directors.

In performing its functions, said committee may engage external services for the selection of candidates, if deemed necessary or convenient to do so. The Committee may also take into consideration requests made by members of the Board of Directors and shareholders regarding potential candidates to cover any vacancies.

The information related to the candidates, and the report prepared to these effects by the Corporate Governance, Sustainability and Social Responsibility Committee, which includes a review of any legal incompatibilities or disqualification and the fulfillment of the requirements to become a Board member, must be made available to shareholders before the General Meeting of Shareholders is held, along with all the necessary materials (information on the personal qualifications, suitability, track record and experience of the candidates) to facilitate making informed decision at the time of the vote.

The Directors are elected using the electoral quotient system, pursuant to the Law and the Corporate Bylaws, and the election shall be made by the General Meeting of Shareholders in a single vote, as long as the lists that are submitted have the minimum number of Directors of independent origin required by Law. Otherwise, two votes must be held, one to elect the independent directors required by law, and another to elect the remaining Directors.

The following criteria are used to designate and select members of the highest governing body, taking into account factors such as independence, suitability, and diversity:



Main Characteristics of the Composition of the Board of Directors

Independence

Law 964/2005 stipulates that at least 25 % of Directors must be independent.

Consequently, Section 6 of the Rules of Procedure of the Board of Directors of BBVA Colombia establishes that in determining the independence of members, in addition to compliance with the requirements set forth in Law 964/2005 (or any provision that amends or replaces it), an assessment is made of the relations or links of any type of the candidate to become an independent member with controlling or significant shareholders and their related parties, both local and international, requiring to this effect two statements of independence:

1. Regarding the candidate's relationship with the Company, its shareholders, and Senior Management, as demonstrated through their acceptance letter,
2. and the Board of Directors' evaluation of the candidate's independence.

This high level of independence is favorable for the adequate performance of their functions related to management, oversight and control of the Corporate bodies, ensuring their objectivity and independence of judgment in decision-making.

Director	Gender	Nationality	Profession
Carlos Eduardo Caballero Argáez	Male	Colombian	Civil Engineer
Xavier Queralt Blanch	Male	Spanish	Professional in Law
Camila Escobar Corredor	Female	Colombian	Industrial Engineer
Luis Julián Carranza Ugarte	Male	Peruvian	Professional in Economics
Mario Pardo Bayona	Male	Spanish	Professional in Economics and Business Sciences

Diversity

Another element that characterizes the composition of the Board of Directors of BBVA Colombia is its diversity. In this regard, the collegiate body's diverse composition includes profiles with experience and knowledge of the Bank and its subsidiaries, their businesses and the financial sector in general, and profiles with business experience and knowledge of the local environment and market.

Currently, the Board of Directors of BBVA Colombia is diverse in terms of gender, nationality and profession, as indicated below:

Suitability

The Board of Directors, pursuant to the provisions of its Rules of Procedure and applicable regulations, requires, as a general principle, that its members must have the suitability necessary for the position.

BBVA Colombia ensures that both the members of the Board of Directors and of the Support Committees have broad experience, professional experience and the suitability required to adequately perform their duties and to ensure good governance at the Entity.

The Corporate Governance, Sustainability, and Social Responsibility Committee is responsible for ensuring that the selection requirements and procedures for Board members are met at all times, evaluating their competencies, disqualifications, limitations, professional and academic backgrounds, and conducting a general suitability study of candidates and individuals occupying the position of members of this governing body.

During 2022, there were no reports of any circumstance that affects the suitability of the Directors for performing their positions.

Changes in the Board of Directors during 2022

On March 16, 2022, the Promigás ordinary General Meeting of Shareholders approved the designation of Luis Julián Martin Carranza Ugarte as an independent board member, replacing Antonio del Campo de los Santos. The appointment was authorized by the Appointments Committee of the Financial Superintendence of Colombia in session held on April 21, 2022. Pursuant to the provisions of Article 32 of the Corporate Bylaws, the Board of Directors elected by the ordinary General Meeting of Shareholders took office at a meeting held on April 27, 2022, for the statutory period from March 2022 to March 2024.

The Directors of BBVA Colombia are not members of the Boards of Directors and do not hold executive positions at the subsidiaries.

Attendance and Quorum of Board of Directors Meetings

During 2022, the Board of Directors held 14 meetings, as set out in the schedule established at the beginning of the year. The following is a list of Directors' attendance at Board and Committee meetings during the year 2022:

Pursuant to its Rules of Procedure, the Board of Directors may validly deliberate and decide with the presence and vote of the majority of its members.

Governing Body/ Director	Board of Directors	Audit Committee	Comprehensive Risk Committee	Corporate Governance, Sustainability and Social Responsibility Committee	Diversity, Appointments, and Compensation Committee
Carlos Eduardo Caballero Argáez	93%	100%	100%	100%	100%
Xavier Queralt Blanch	100%	100%	100%	100%	100%
Camila Escobar Corredor	100%	100%	100%	100%	100%
Luis Julián Martin Carranza Ugarte	100%	100%	100%	100%	100%
Mario Pardo Bayona	100%	100%	100%	100%	100%

5.3 Chairman of the Highest Governing Body

GRI 2-11

The highest governing body's Chairman is not a top executive within the Organization; the Board of Directors' Chairman is independent.

The Board members took office at the meeting of the Board of Directors held on April 27, 2022, during which they elected dignitaries and named Carlos Caballero Argáez as Chairman. The functions of the Chairman of the Board of Directors and his responsibilities are included in the Corporate Bylaws - Article 43 and in the Internal Rules of Procedure of the Board of Directors, Section 11A; these documents can be consulted on the Bank's website through the following links:

Corporate Bylaws:

https://www.bbva.com.co/meta/atencion-al-inversionista/estatutos-sociales/

Rules of Procedure of the Board of Directors: https://www.bbva.com.co/content/dam/public-web/colombia/documents/home/body/inversionista/espanol/gobierno-corporativo/junta-directiva/Reglamento-de-la-Junta-Directiva.pdf

Secretary of the Board of Directors (key functions and topics)

According to Article 43 Bis of the Corporate Bylaws, the Bank has an employee in the position of Legal Services Executive Vice President, who is appointed by the Board of Directors and who also acts in the capacity of General Secretary.

In this regard, the meeting of the Board of Directors held on April 27, 2022, reelected Ulises Canosa Suárez, Legal Services Executive Vice President and General Secretary, as Secretary of the Board of Directors of BBVA Colombia.

The Secretary's responsibilities are detailed in the Board of Directors' Internal Rules of Procedure in Section 11B, available on the Bank's website at the following link:https://www.bbva.com.co/content/dam/public-web/colombia/documents/home/body/inversionista/espanol/gobierno-corporativo/junta-directiva/Reglamento-de-la-Junta-Directiva.pdf

Relationship of the Board of Directors with the Statutory Auditor

During fiscal year 2022, the Board of Directors and the Audit Committee established a channel of interaction with the Statutory Auditor, Ernst & Young Audit S.A.S., elected at the General Meeting of Shareholders held on March 16, 2022, in which direct information has been provided to these management bodies in all meetings.
The Audit Committee reviewed and approved the Statutory Audit's 2022 Work Plan and continued the development of ongoing work, recommendations made, and the plans adopted by the Entity for implementation.

Handling of Information of the Board of Directors

In order to adequately perform their duties, and pursuant to the provisions of Section 10.4 of the Internal Rules of Procedure of the Board of Directors, the Directors have access to the information related to the meetings, which should be made available at least five (5) calendar days in advance from each meeting.

The information is made available to the Directors through Google Drive with restricted access, enabling secure and adequate handling of confidential information, and which is accessible for the Directors from any place and device by means of an assigned user name and password. Having permanent and timely access to the reports enables the Directors to make informed decisions.

BBVA
Creating Opportunities

5.4
Role of the Board of Directors in the Management of Impacts and Sustainability Reporting

GRI 2-12 Role of the Board of Directors in overseeing the management of impacts

The Sustainability Department reports progress on the strategy and the proposal of new KPIs to the Corporate Governance, Sustainability, and Social Responsibility Committee on a quarterly basis. The Management Committee, composed of Senior Management, monitors the adherence to KPIs on a monthly basis.

The Bank's Board of Directors is in charge of overseeing and controlling the Entity, with responsibilities including periodic control of the Bank's business performance, monitoring the strategic plan, liquidity levels, and managing risks faced by the Entity based on its nature and functions. The Board is also responsible for approving policies concerning investment, communication with shareholders, and other related issues. Thus, material issues affecting the economy, environment, and individuals are subject to consideration, discussion, and approval by the Board of Directors.

The Board of Directors conducts monthly monitoring on material issues presented to them in accordance with the described and statutorily assigned functions.

GRI 2-13 Delegation of responsibility for managing impacts

The Board of Directors has delegated the responsibility for managing green and social business and ensuring communication between all vice-presidencies and areas participating in the 14 strategic sustainability workstreams in the group to the Sustainability Department, which is under the Client Solutions Vice-Presidency:

- Corporate Area
- Retail and SMEs
- Enterprise
- Social
- Data & Technology
- Proceedings
- Risks
- Marketing
- Direct impact
- Public Engagement
- Talent & Culture
- Asset Management
- Reporting and Transparency
- Standard

In managing impacts on people, with an internal focus, referring to the Entity's employees, the Bank has a diversity, equity and inclusion policy which follows the purpose "making the opportunities of this new era available to everyone"

The Corporate Governance, Sustainability, and Social Responsibility Committee oversees the agenda, work plans, and goal achievement related to sustainability and responsible business.

Additionally, within the management of impacts on people, with an internal focus, referring to the Bank's employees, the Bank has a diversity, equity and inclusion policy which follows the purpose "making the opportunities of this new era available to everyone", an objective that implies actions to promote a culture of respect for equity, diversity, inclusion and equality for all employees. This implies the development of actions focused on equal opportunities for employees of different ethnic origins, or belonging to different races, thereby seeking the elimination of barriers or biases arising from the multiculturalism of our country.

Monitoring compliance and enforcement of this Policy is examined on the agenda of (i) the Diversity, Appointments, and Compensation Committee - composed of Board members, (ii) the Diversity, Equity, and Inclusion Committee - comprised of Senior Management members, and (iii) the internal Diversity, Equity, and Inclusion Committee - consisting of Talent & Culture Vice Presidency members.

The management of the Entity's economic impacts is presented and analyzed in the Board of Directors' ordinary meetings once a month, through the economic situation report and the CEO's report. Impacts on the environment and people are reported quarterly to the Corporate Governance, Sustainability, and Social Responsibility Committee and the Diversity, Appointments, and Compensation Committee, the latter being in charge of impacts related to the Bank's employees.

GRI 2-14 Role of the highest governing body in sustainability reporting.

This Annual Report, encompassing the sustainability report, is examined and endorsed by the Board of Directors before being presented to the General Meeting of Shareholders.

Regarding material issues, the materiality analysis is conducted at the Holding level until 2022. In 2023, we will conduct this analysis in Colombia for the following reasons: 1) to contrast the Group's results; 2) to engage with our stakeholders; and 3) to include recommendations arising from the Holding's materiality assessment. The results of this assessment will be shared with the Board of Directors during 2023.

Issues of Sustainability and Responsible Business are addressed by the Corporate Governance, Sustainability, and Social Responsibility Committee, which assists the Board of Directors in overseeing the agenda, work plans, and the accomplishment of goals set by the Entity in these areas, while debating the management's results and encouraging ongoing efforts and actions towards realizing the Entity's strategic priority of aiding our customers in transitioning to a sustainable future.

5.5 Conflicts of Interest

GRI 2-15

The Board of Directors' Rules of Procedure, found in Chapter II, feature Section 4 - Conflicts of Interest, which emphasizes the responsibility of directors to prevent conflict of interest situations and outlines a process that includes provisions about actions or transactions from which Board Members should abstain, whether directly or with related parties.

Additionally, BBVA Colombia adheres to the Internal Conduct Rules of Procedure within the Securities Market, addressing conflict of interest situations in Section 5. The objective is to manage potential Conflicts of Interest by applying these regulations to Subject Persons, which includes Board Members.

Lastly, Article 67 of the Corporate Bylaws establishes the prevention, management, and disclosure mechanism for conflicts of interest, indicating that the Bank's managers and executives must report possible conflicts of interest arising from their duties and refrain from making decisions, conducting transactions, or participating in operations unless authorized according to the established procedure.

The Corporate Governance Report, included within the Annual Report, reveals if any significant conflict of interest situations arose, obligating a Board member to abstain from voting during the meeting. The Annual Report is published on the Bank's website.

5.6
Communication of Critical Concerns

GRI 2-16

Critical concerns are communicated directly to the Board of Directors by Senior Management members through monthly reports if they are topics presented in the periodic reports considered and deliberated by the Board. If not, these concerns are communicated by requesting the topic's inclusion in the Board of Directors meeting or by having the Support Committees for the Board of Directors address the issue during their quarterly agenda.

Throughout 2022, the Board of Directors was informed of 8 critical concerns pertaining to operational risk, comprehensive risk management, financing, liquidity, compliance with orders from authorities, and portfolio provisioning.

5.7
Collective Knowledge of the Highest Governing Body

GRI 2-17

The Entity's purpose is: "Making opportunities of this new era available to everyone", aiming to positively affect the lives of people, businesses, and society overall. Thus, BBVA's commitment to sustainability is one of the clearest ways to materialize this goal and help its customers transition to a sustainable future. One strategy to achieve this is to consolidate the governing body's knowledge in this regard, which will be strengthened through various lines of action.

One strategy to achieve this goal is to consolidate the governing body's knowledge in this regard. In 2022, the Board of Directors received quarterly updates on the working plans and strategy monitoring in the areas of sustainability, responsible business, community investment, and corporate governance through the Corporate Governance, Sustainability, and Social Responsibility Committee. Moreover, the Diversity, Appointments, and Compensation Committee monitored matters related to diversity and inclusion. Through the examination of these reports, Board members engage and enhance their understanding of ESG (Environmental, Social, and Governance) matters.

The governing body's expertise will be strengthened in 2023 through different action lines, encompassing sustainability-related training.

5.8
Evaluation of the Highest Governance Body

GRI 2-18

Information on Performance of Assessments of the Board of Directors

Self-assessment of the Board of Directors

Pursuant to Article 38, Section 7 of the Corporate Bylaws of BBVA Colombia, the Board of Directors is responsible for organizing the annual assessment of the Board, in accordance with generally accepted self-assessment or assessment methodologies, which may involve the participation of external advisors.

In 2022, the Board of Directors approved the implementation of the self-assessment methodology, which consists of a questionnaire that enables learning about the Directors' perceptions on the operation of the Board of Directors and its Support Committees, as collegiate bodies, and the Directors individually considered, among other aspects.

The self-assessments were filled out by each Director, based on which the Corporate Governance, Sustainability and Social Responsibility Committee, in the framework of its functions, prepared the respective report in order to review the results of the process and make suggestions to improve the operation of the Board of Directors.

The questionnaire was structured as follows:

The assessed matters were graded on a five-point scale, where "5" means totally agree and "1" means totally disagree.

The result of the 2022 assessment was positive and enabled demonstrating that the Board of Directors has performed its duties in an adequate manner.

It highlights that the committees supported decision-making by the Board of Directors and that the meetings covered all the topics within their purview, dedicating the appropriate amount of time to debating the matters included in the agenda of each meeting and extraordinary items that were raised.

The assessment of the Board of Directors takes place in the form of an annual self-assessment.

In line with the recommendations requested by the Board members during the annual assessment, the Bank's Senior Management prepared the information for members to deliberate in the sessions more promptly. The agenda of the Support Committees for the Board of Directors was strengthened by monitoring the objectives and advancements of the plan concerning Sustainability, Social Responsibility, Corporate Governance, and Diversity.

5.9
Remuneration Policies and Processes

GRI 2-19 Remuneration Policies

Board of Directors

BBVA Colombia has a Policy on the Remuneration of the Board of Directors, approved by the ordinary General Meeting of Shareholders held on March 17, 2016. This policy establishes a distinction between the remuneration system for executive and non-executive directors, as follows:

The remuneration of the executive director, i.e., of the person who is the registered agent and who manages the ordinary course of business at the Bank and who is at the same time a member of the Board of Directors, is ruled by the same principles that apply to all Senior Management employees whose professional activities have significant incidence on the Group's risk profile or who perform control functions.

BBVA uses the following criteria to set the remuneration of Senior Management: i) the level of responsibility of his/her functions; and ii) the remuneration must be competitive in relation to his/her peers with equivalent functions at financial institutions in the local market. Consequently, the Director of executive origin does not receive any additional remuneration to that he/she receives as an employee of BBVA Colombia.

Regarding the non-executive directors, i.e., the independent and shareholder directors, the remuneration system is based on the criteria of responsibility, dedication, disqualifications and incompatibilities inherent to the position they hold.

This system includes:

1. Fixed monthly compensation in cash for belonging to and attending meetings of the Board of Directors and of the differed Support Committees of the Board, and
2. In-kind remuneration includes insurance premiums for directors and managers, life, and accident insurance.

In addition to the above, shareholder directors who live abroad receive the travel expenses and emoluments necessary to attend face-to-face meetings.

Regarding the Chairman of the Board of Directors, in view of the scope of his specific functions and the greater time dedication that is required, he may receive greater fixed compensation within the levels managed by peer financial institutions in the local market.

Lastly, pursuant to the Corporate Bylaws, the General Meeting of Shareholders is responsible for establishing the annual amount that the Bank must recognize to its Directors.

Senior Management

The remuneration policy fundamentally focuses on aligning with the group's strategy and promoting long-term value creation. To this end, the policy maintains a proper balance between fixed and variable remuneration components, ensuring prudent risk management, sustainability, and strength of the business model, as well as its solvent growth and profitability; it is executed through a set of indicators for calculating the annual variable compensation aligned with the Group's defined strategic priorities.

The purpose of this policy is to regulate the remuneration of BBVA employees and senior executives, based on the following principles:

- Creating long-term value;
- Achieving results through prudent and responsible risk-taking;
- Recruiting and retaining the best professionals;
- Rewarding the level of responsibility and career path;
- Upholding internal fairness and competitive positioning;
- Safeguarding pay equality between men and women, and
- Ensuring the transparency of the remuneration model.

Fixed compensation takes into account the level of responsibility, job functions, and career path of each employee, as well as the principles of internal equity and the value of the role in the market, making up a significant portion of the total compensation. The allocation and value of fixed compensation rely on pre-established, non-discretionary, and objective criteria.

Furthermore, employees can obtain additional fixed discounts or wage supplements as a component of their compensation package, set within the local regulatory context, usual market practices, and/or at BBVA or Group entities' discretion when considered suitable for attracting and retaining talent and/or incentivizing employees, with payment being made in cash or non-cash form.

Variable compensation will consist of additional payments or discounts to fixed compensation, whether monetary or not, based on variable parameters, and will include both the annual variable compensation (as detailed below) and, where applicable, multi-year variable compensation or other variable components that BBVA or the Group entities may grant to their staff or specific employee groups at any given time.

Additional forms of remuneration are not applicable, including hiring bonuses or incentive payments for hiring, contract termination indemnities, and/or reimbursements. It is worth mentioning that retirement benefits only apply to the pension scheme established by the country's general social security system.

The Strategic Plan at BBVA identifies sustainability as one of its strategic priorities, driving the integration of sustainability and the fight against climate change into the Group's daily business and activities, setting goals to facilitate their execution, and monitoring and overseeing their progress. In this context, each executive's individual goals are linked to the Bank and Group's strategic plan. The Bank is incorporating sustainability and "ESG" (Environmental, Social, Governance) risk metrics into the variable compensation schemes for its employees and BBVA's Senior Management.

Individual performance assessment is the main instrument for gauging the Bank's results contribution, while also considering the achievement of specified KPIs, enabling differentiation in exceptional contributions to objectives and values.

The Remuneration Policy for Board members is based on the principles of (i) attracting and retaining top professionals, (ii) rewarding responsibility level and career path, and (iii) ensuring transparency in its compensation policy. Additionally, the Policy considers gender impartiality by reflecting equal compensation for the same or equal-value roles and not establishing any differences or discrimination based on gender.

This is done to achieve the recurring generation of value for the Entity, which in turn implies that the goals set in relation to the Organization's impacts on the economy, environment, and people are being managed by highly qualified and committed Directors.

The Policy was analyzed and approved by the Board of Directors to ensure alignment with employees' and shareholders' interests, prudent risk management, and the development of the strategy defined by the Entity.

GRI 2-20 Process to determine remuneration

Remuneration of the Board of Directors and Senior Management

During the ordinary General Meeting of Shareholders on March 26, 2022, non-executive Board members' fees were approved at eight million five hundred thousand Colombian pesos (COP 8,500,000.00); the sum of ten million five hundred thousand Colombian pesos (COP 10,500,000.00) was set for the Chairman, Carlos Eduardo Caballero Argáez, taking into account his additional functions. The payment will be made monthly for fees related to membership, attendance, and participation in the Board of Directors' session and various support committees.

As a result, the General Meeting of Shareholders agreed to establish the approved fees for payment, as well as the budget and any additional expenses needed for the functioning of this governing body.

Based on the above, the Corporate Governance, Sustainability, and Social Responsibility Committee verified the compliance with the Board of Directors' Remuneration Policy, as well as the appropriations approved for 2022, determining that BBVA Colombia paid a total remuneration of four hundred seventy-seven million five hundred fifty-eight thousand nine hundred thirty-six pesos (COP 477,558,936) to the Board of Directors, broken down as follows:

Item	Total
Fixed compensation	COP 455,666,469
In-kind compensation (travel expenses)	COP 21,892,467
Total	COP 477,558,936

Additionally, Board members are covered by a global D&O policy, a Civil Liability insurance that covers the indemnities for which high-ranking Directors are legally responsible for damages allegedly caused to third parties in the performance of their duties and the legal fees for their defense.

Details on the remuneration received by the Directors are disclosed in the Notes to the Financial Statements under the heading "Transactions with Related Parties."

The remuneration proposal for the Board members was approved by the shareholders during the ordinary session of the Meeting held on March 16, 2022, with the following quorum present:

Total ordinary shares of the Bank

13,907,929,071

Total ordinary shares represented at the meeting

13,397,290,747

Percentage of ordinary shares represented at the meeting

96,328%

5.10
Senior Management

The Bank's Senior Management is headed by the CEO, vice presidents, and directors of the Bank's staff areas:

MARIO PARDO
Chief Executive Officer

EXECUTIVE VICE PRESIDENCIES

CARLOS A. RODRÍGUEZ
Corporate and Investment Banking

JORGE HERNÁNDEZ
Talent & Culture

GUILLERMO GONZÁLEZ
Client Solutions

ESTHER DAFAUCE
Finance

MIGUEL CHARRIA
Network Management

GREGORIO BLANCO
Engineering

ALFREDO LÓPEZ BACA
Risks

ULISES CANOSA
Legal Services and General Secretariat

STAFF

JUANA TÉLLEZ
BBVA Research

CARLOS TOLOSANA
Internal Audit

SANDRA MEZA
Internal Control and Compliance

CONSTANZA GARCÍA
Communication and Image

Profiles comprising Senior Management

Mario Pardo Bayona
Chief Executive Officer of
BBVA in Colombia

Professional in Economics and Business Sciences from ICADE. Joined BBVA in 2008 after working nine years for Goldman Sachs in London and Paris. Since his arrival at BBVA, he has held positions first in Spain in the Corporate & Investment Banking unit and subsequently globally as Head of Strategy & Transformation for CIB. In 2017, he took over as Global Head of Enterprise Clients, a position from which he led the development of investment banking, corporate, enterprise, and SME business. In February 2020, he was appointed Chief Executive Officer of BBVA in Colombia.

Carlos A. Rodríguez
Executive Vice President of Corporate & Investment Banking

An economist with a specialization in finance and a Master's in Economics from Universidad de Los Andes, and an MBA from INSEAD in Fontainebleau, France. With a wide range of professional experience, he has held positions such as Vice President of Corporate Finance at ISA, International Vice President at Bancolombia, and Vice President of Market Development at the Colombian Securities Exchange. Additionally, he served as the General Director of Public Credit and National Treasury within the Ministry of Finance and Public Credit. He currently serves as the Executive Vice President of Corporate & Investment Banking.

Jorge Hernández
Executive Vice President
of Talent & Culture

With more than 20 years of experience in the Financial Sector, he has been a board member at Credibanco - Visa and BBVA Insurance. At the Bank, he has held roles such as Branch Manager, Area Manager, Head of Business and Institutional Banking, Head of Marketing, and Territorial Manager. He is a Veterinarian from Universidad de La Salle, with a specialization in Business Management from the same university, and has completed diplomas and courses in Senior Management and Effective Leadership. He held the position of Executive Vice President of Talent & Culture in 2022.

Guillermo González
Executive Vice President, Client Solutions

An Industrial Engineer from the Universidad Nacional de Colombia, a Master's in Engineering from Universidad de Los Andes, with management studies from INALDE, IESE, and Wharton Business Schools, as well as diplomas in quality, projects, and finance. With over 15 years of experience in the financial sector, all at BBVA, he has held various positions in the areas of Organization, Quality, and Strategic Projects, and has been the Director of Strategic Planning and Commercial Development, as well as the Director of Business Execution. He is now the Executive Vice President of Client Solutions.

Esther Dafauce
Executive Vice President, Finance

Professional in Business Administration and Management from Universidad Complutense de Madrid, Esther Dafauce Velázquez has more than 20 years of international and Latin American experience. Between 2000 and 2009, she served as a Senior Auditor at KPMG in Spain and as an Audit Manager at KPMG in Calgary. She then joined the BBVA Group, taking on roles such as CFO for BBVA Provincial in Venezuela, Technical Secretary, and Finance Latam Coordinator in Caracas - Venezuela, and is now the Executive Vice President of Finance for BBVA Colombia.

Miguel Charria
Executive Vice President, Network Management

A professional in Finance and International Trade from Universidad Sergio Arboleda, Miguel Ángel Charria Liévano also specialized in Corporate Finance at CESA. Boasting 25 years of experience in both national and international financial sectors. He has occupied several roles in BBVA Colombia's Risk Department, served as the Director of Retail Risks and Global Risk Management for South America at BBVA Group in Spain, and later took on various responsibilities within the Fundación Microfinanzas BBVA. He held these positions until March 2017 when he returned to the country to assume the role of CEO at Bancamía S.A.

Gregorio Blanco
Executive Vice President, Engineering

Professional in Mathematics from Universidad de Sevilla, Gregorio Blanco has been affiliated with BBVA for more than ten years. He began as responsible for the new BBVA core banking project in the USA at Accenture, then joined the Group to lead the deployment of the new Nextgen platform for America, and later served as the Executive Director for Enterprise Digital Products as part of the Architecture team. He currently serves as the Executive Vice President of the Engineering Department.

Alfredo López Baca
Executive Vice President, Risk Management

With a degree in engineering from Universidad Panamericana in Mexico and an MBA from Ipade Business School, Alfredo López Baca has over 20 years of experience at BBVA, showcasing a notable track record and effective management in various roles within the Group's Risk Department. He was responsible for Wholesale Credit Risk at BBVA Bancomer. He now serves as the Executive Vice President of Risk Management.

Ulises Canosa
Executive Vice President of Legal Services and General Secretariat

A lawyer from Universidad Libre, Ulises Canosa has specialized in Financial Law and Procedural Law at Universidad del Rosario, Commercial Law at Universidad Externado de Colombia, and Constitutional Law at Universidad de Salamanca (Spain), among other studies. With vast experience in the financial sector, Ulises Canosa has held positions such as Deputy Legal Manager at Banco de Bogotá S.A., Vice President and Legal Manager at Bancolombia S.A., and Executive Vice President of Legal Services and General Secretary at BBVA Colombia S.A., a role he has fulfilled since 2001. Additionally, he has been a main member of the Board of Directors for different financial entities and a university lecturer.

Juana Téllez
BBVA Research

An economist from Universidad Javeriana, Juana Téllez also has a master's and a Ph.D. in Economics from Queen Mary University of London. With a wealth of experience in the financial sector, Juana Téllez has served as an Advisor to the General Management of the Central Bank of Colombia and has over 15 years of experience at BBVA Colombia, where she is currently the Chief Economist for BBVA Research in Colombia.

Carlos Tolosana
Internal Audit

Professional in Economic and Business Sciences from Universidad Complutense de Madrid, with a Master's in Quality and Process Management, Carlos Tolosana has over 20 years of experience in auditing activities and more than 17 years of experience at BBVA. He has held positions such as Senior Manager of the IT and Internal Audit Processes Department, Head of Digital Processes and IT for Spanish Internal Audit, and Manager of the Global Audit Solutions Development Program. He currently serves as the Director of Internal Audit at BBVA Colombia.

Sandra Meza
Internal Control and Compliance

Lawyer from Universidad Javeriana, with a specialization in Capital Markets (Financial Law and Securities Market) from the same university. More Than 4 Years' Experience as BBVA Colombia's Compliance Officer Extensive knowledge in financial and commercial law and risk management associated with the compliance function and non-financial risks. Currently serving as Executive Director of Internal Control and Compliance.

Constanza García
Communication and Image

Social communication and journalism graduate from Universidad de la Sabana, specialized in Economics from Universidad de Los Andes, with a master's degree in online reputation management and community manager from Universidad de Barcelona. With more than 10 years of experience at BBVA Colombia, she has worked as an External Communication Analyst, Head of Press, and now as the Director of Communication and Responsible Business.

5.11
Transactions with Related Parties

Regarding transactions with related parties, the Board of Directors performed monthly monitoring with support from the Comprehensive Risk Committee, determining that in all cases, for all effects and for all types of transactions, including transactions involving derivatives and other asset transactions with the parent company, subsidiaries or related parties, the transactions complied with all standards in effect on the date the transactions were approved, regarding credit limits, maximum debt levels and risk concentration.

Additionally, it confirmed that the transactions were made in general current market conditions for similar transactions with third parties, except in the case of loans made to Bank employees for health, education, housing and transport, which were made according to the Entity's policies, pursuant to that expressly permitted by the legal provisions that regulate the subject.

The details of transactions with related parties are available in the notes to the financial statements under the heading "Transactions with Related Parties."

Additionally, the Compliance Department monitored, by means of direct verification and considering the information received from the Board members, any activities and transactions made by members of the Board of Directors, on their own account, in the securities market, finding no incidents to report regarding privileged information or other aspects.

The Compliance Department remained attentive to any situations of conflicts of interest involving members of the Board of Directors and registered agents.

5.12
Risk Management System

The General Risk Management and Control Model, which includes the Risk Policy, its application and the materialization of risks, as well as the response plans and overseeing of the main risks, are described in detail in the Management Report, under the Risk Report heading.

The model and other aspects related to the Internal Control System are also described in detail in the Management Report under the Internal Control Model heading, as approved by the Board of Directors and published in the Bank's web page.

5.13
Shareholders Communications and Information

Fair Treatment of Shareholders and Investors

BBVA Colombia has regulations such as the Corporate Bylaws, the Corporate Governance Code, and the Shareholders' Meeting regulations, which are published on the Bank's website and outline the rights and obligations inherent to shareholders, stating that all shareholders and investors are entitled to receive fair treatment from the Bank's management and other executives, respecting their rights to information, inspection, and summons as established by law, in the bylaws, and in the Corporate Governance Code. The same document states that if a shareholder is given information that may provide an advantage, the information will be shared with the other shareholders via a publication on the Entity's website.

Additionally, through its website in the "Investor Relations" section, BBVA Colombia periodically publishes information regarding the Entity's Corporate Governance System, highlighting decisions made by the General Meeting of Shareholders, the composition of the Board of Directors, and the resumes of its members, the annual report including the management report for the previous year, outstanding ordinary and preferential shares, stock securities listing price, issuances, and relevant financial information.

In compliance with the guidelines established in Resolution 116/2002, issued by the Securities Superintendence, now the Financial Superintendence of Colombia, BBVA Colombia discloses in the "Relevant Information" section and communicates within the Entity the obligation to act with neutrality towards the different shareholders, in order to ensure equal treatment and guarantee the effective participation of all shareholders and the full exercise of their rights in the General Meeting of Shareholders.

The Bank also has a dedicated procedure that allows shareholders to engage with the corporation, access information, address information inquiries, utilize communication channels, and exercise inspection rights. As a result of this procedure, the Bank has established a Shareholder and Investor Relations Office, whose function is to provide clear and objective information related to the Bank, allowing them to make informed decisions as needed.

General Meeting of Shareholders

BBVA Colombia held the ordinary meeting of the General Meeting of Shareholders on March 16, 2022, which took place in a hybrid format (in-person and remote). Shareholders who chose to participate remotely connected via the Webex Events platform, in accordance with Article 422 of the Commercial Code, Article 19 of Law 222/1995, amended by Article 148 of Decree 019/2012, and Decree 398/2020; to participate in-person, shareholders attended the Bank's Headquarters located at Carrera 9 No. 72 – 21 - Floor 12 in the city of Bogotá.

Subject	Date
Publication of call to meeting	In the newspaper Portfolio, in the issue dated February 11, 2022 and on the Bank's website www.bbva.com.co.
Right to inspection	As of February 22.
Publication of the information listed in the agenda for the General Meeting	On the website of BBVA Colombia, 15 days before the meeting.
Quorum for deliberating and deciding	96.17%
Publication of the Meeting	The decisions were published on the website and the RNVE.
Copy of the minutes submitted to SFC	Thursday, April 07, 2022
Sent by the Statutory Auditor	Within 15 working days following the ordinary Meeting of Shareholders.
Publication of Financial Statements	In the month following the ordinary Meeting of Shareholders, the General Purpose Financial Statements were published on the Bank's website, compared to the same period of the previous year, including their notes and the Statutory Auditor's opinion.

Main Decisions Passed by the 2022 General Meeting of Shareholders

The following documents and proposals were submitted and approved at the meeting:

- Approve the 2021 fiscal year management report presented by the Board of Directors and the CEO to the shareholders, along with other regulatory reports.
- Approve the Separate and Consolidated Financial Statements as of December 31, 2021, with their respective notes.
- Approve the Profit Distribution Project for the 2021 fiscal year, proposed at the Meeting of Shareholders.

- Approve allocating the equivalent of 1 % of the 2021 fiscal year's profits to further the Bank's Corporate Responsibility Program in 2022.
- Appoint the BBVA Colombia Board of Directors for the 2022 - 2024 statutory period, with the following members: Carlos Caballero Argáez, Camila Escobar Corredor, Xavier Queralt Blanch, and Mario Pardo Bayona, who continue as members, and Luis Julián Martín Carranza Ugarte, who is joining the Board. Fees were also approved.
- Elect ERNST & YOUNG AUDIT S.A.S. as the Statutory Auditor for the Bank and its subsidiaries for the annual periods of 2022 and 2023; additionally, approve the fees and other necessary appropriations for an amount up to two billion six hundred ninety-three million three hundred ten thousand Colombian pesos (COP 2,693,310,000.00) plus VAT.
- Approve the re-election of Guillermo Enrique Dajud Fernández and Francisco Javier Perdomo Londoño as the main and alternate Financial Consumer Ombudsmen for BBVA Colombia, for the 2022-2024 period.

The Bank has an exclusive office available for assistance to shareholders, which also represents a link with the governance bodies, and whose purpose is to provide clear and objective information regarding the Bank and other topics of interest for making informed decisions.

Additionally, in compliance with Annex 49 of the Single Public Notice of the Colombian Securities Exchange, named "Accreditation of the Adoption of Best Practices of the IR Issuers Recognition Initiative," the Entity schedules a calendar of quarterly results events to present the Entity's results and business performance.

Código País Implementation Report for the 2022 Fiscal Year

BBVA Colombia completed and sent the Implementation Report on Best Corporate Practices-New Country Code for the 2022 fiscal year to the Financial Superintendence of Colombia (SFC, for the Spanish original) on January 27, 2023, which can be found on the Bank's website through the following link: https://www.bbva.com.co/personas/atencion-al-inversionista/gobierno-corporativo/encuesta-codigo-pais.html

The Report follows the same structure as Código País, which is divided into five areas: 1) Shareholder rights and equal treatment; 2) General Meeting of Shareholders; 3) Board of Directors; 4) Control Architecture, and 5) Financial and non-financial transparency and information. It lists 33 measures developed through 148 recommendations that can be adopted by issuers of securities.

The methodology for filling out the report is based on the principle of "comply or explain". Following this principle, the Bank replied "Yes" when the recommendation has been adopted, indicating the supporting documents that contain the respective recommendation, and replied "No" when the recommendation had not been implemented in fiscal year 2022, with the respective justification. For the reporting period, 145 measures were implemented.

5.14
Investor Relations (IR) Issuers Recognition[1]

BBVA Colombia once again was awarded the Investor Relations (IR) Issuer Recognition, granted by the Colombian Securities Exchange (BVC, for the Spanish original) to issuers that voluntarily adopt the highest standards of information disclosure, and certifies fulfillment of best practices related to: i) Investor Relations; ii) Disclosure of information to investors and the market in general, and iii) Corporate Governance. The study carried out by CESA and BVC found that during 2021 the Bank complied with 89.7% of the standard on disclosure of information and corporate governance practices.

This recognition indicates that BBVA Colombia has a direct communication channel with investors as a stakeholder group, allowing it to position itself as the leading foreign bank in the country and reaffirm its commitment to implementing good practices in information disclosure and corporate governance, strengthening security, trust, and credibility among the national and international investment community.

1 The IR Issuers Recognition granted by Bolsa de Valores de Colombia S.A. does not certify the quality of the listed securities nor the solvency of the issuer.

5.15
Capital and Ownership Structure of BBVA Colombia

BBVA Colombia's authorized capital amounts to COP 645,000,000,000, comprising 103,365,384,615 shares, with 88,977,695,544 shares in reserve and 14,387,689,071 shares outstanding.

Of the shares outstanding, 13,907,929,071 are ordinary and 479,760,000 are shares with preferred dividend.

At December 31, 2022 BBVA Colombia reported 65,121 shareholders.

BBVA Colombia has registered its group status and its control over its subsidiaries BBVA Asset Management S.A. Sociedad Fiduciaria and BBVA Valores Colombia S.A. Comisionista de Bolsa, and the following is its ownership structure:

BBVA Colombia Shareholder Composition

Name	Number of ordinary shares	Number of shares with preferred dividends	Percentage of participation
Banco Bilbao Vizcaya Argentaria S.A.	10,766,099,008	196,857,652	76.20%
BBV América SL.	2,511,124,962	256,150,000	19.23%
Others	630,705,101	26,752,348	4.57%
Total	**13,907,929,071**	**479,760,000**	**100.00%**

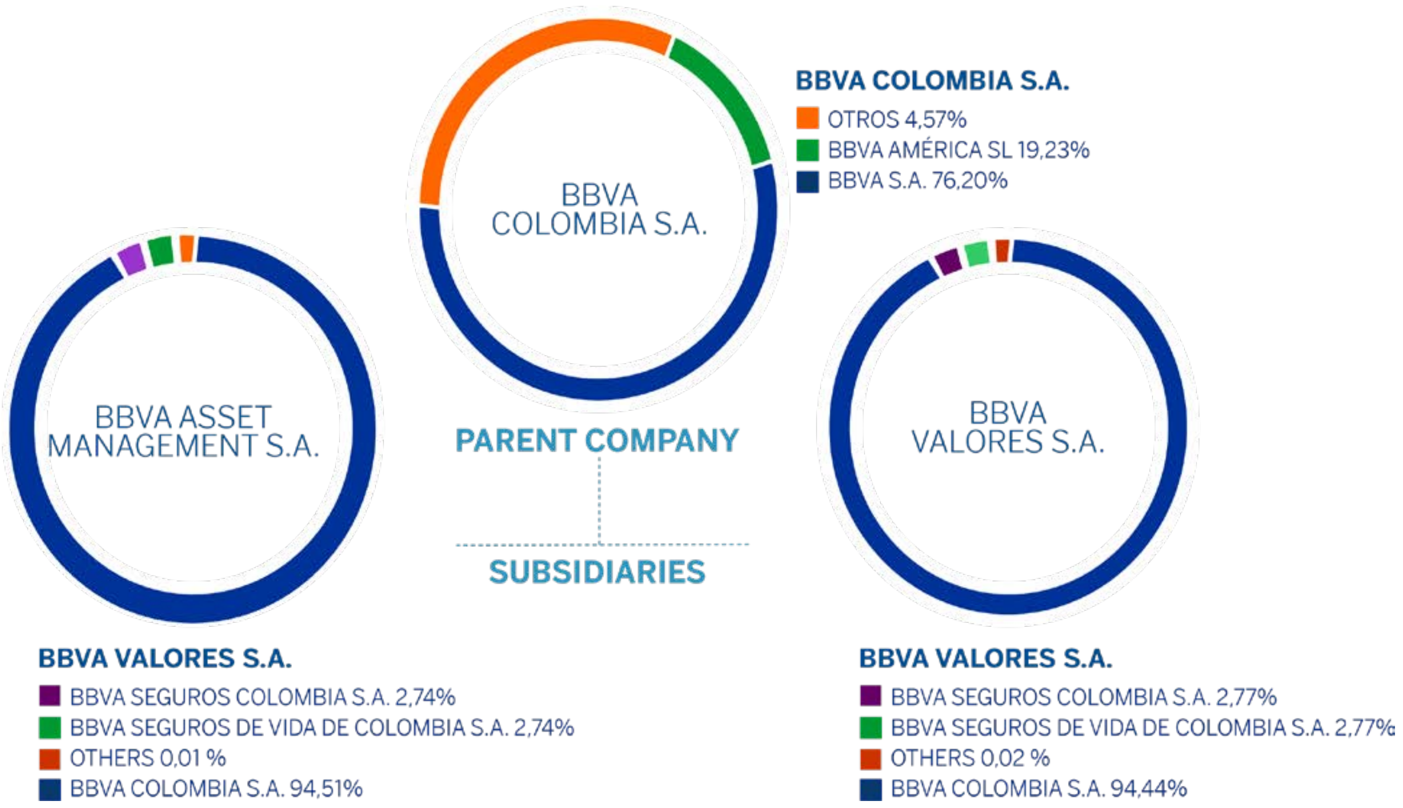
Distribution of share capital

Type of Shares	Number of shares	Number of shareholders	Percentage of participation
Ordinary shares	13,907,929,071	6,4831	96.67
Preferred dividend shares	479,760,000	290	3.33
Total	**14,387,689,071**	**6,5121**	**100**

BBVA COLOMBIA	
Shareholders	**Shareholdings**
BBVA S.A.	76.20%
BBVA AMERICA S.L.	19.23%
OTHERS	4.57%

BBVA ASSET MANAGEMENT S.A.	
Shareholders	**Shareholdings**
BBVA COLOMBIA	94.51%
BBVA SEGUROS COLOMBIA S.A.	2.74%
BBVA SEGUROS DE VIDA COLOMBIA S.A.	2.74%
OTHERS	0.01%

BBVA VALORES S.A.	
Shareholders	**Shareholdings**
BBVA COLOMBIA	94.44%
BBVA SEGUROS COLOMBIA S.A.	2.77%
BBVA SEGUROS DE VIDA COLOMBIA S.A.	2.77%
OTHERS	0.02%



Information on shares owned by members of the Board of Directors

The members of the Board of Directors do not own shares of BBVA Colombia.

Existing family, business, contractual or company relationships between owners of significant shareholdings and BBVA Colombia

The main shareholders of BBVA Colombia are Banco Bilbao Vizcaya Argentaria, S.A. and BBV América, SL. The details of the business and/or contractual relationships between these shareholders and the Bank are disclosed in the Note to the Financial Statements under the heading "Transactions with Related Parties."

Trading in shares owned by members of the Board of Directors and Senior Management

During 2022, no shares issued by BBVA Colombia were traded by members of Senior Management or by members of the Board of Directors.

Own shares held by BBVA Colombia

BBVA Colombia does not hold any of its own shares.

5.16
Other Corporate Governance Matters

GRI 2-27 Compliance with Laws and Regulations

During the 2022 period, there were no instances of legislative or regulatory non-compliance, and consequently, no related fines were imposed.

By Resolution No. 0716 on June 17, 2022, the Financial Superintendence of Colombia addressed the appeal against Resolution No. 0602 dated June 25, 2021, lowering the imposed fine from COP 450 million to COP 300 million. The penalty originates from non-compliance with provisions related to the obligation to maintain information on cost-free product and/or service packages in the branch network and regulations on charges for failed transactions due to reasons beyond the Bank's control.

GRI 2-21 Annual Total Compensation Ratio

Presented below are the compensation ratios for BBVA Colombia:

Compensation ratio table	Millions of Colombian pesos (COP)
Highest paid individual's annual total compensation	3,418,361,128
Median annual total compensation of all employees in the Organization, excluding the highest paid individual	1.1%
Ratio of the highest paid individual's annual total compensation	3.10

Table of percentage increase in annual total compensation ratio:	Unit	Income
Percentage increase in annual total compensation for the highest paid individual in the Organization	%	6.15%
Median percentage increase in annual total compensation for all employees in the Organization, excluding the highest paid individual	%	10%
Ratio of the percentage increase in annual total compensation	Ratio	0,615

Data Source: Salary compensation information for BBVA Colombia as of the end of 2022

Note: excluding the highest-paid individual

The ratio of the percentage increase in total annual salary remuneration was calculated based on the median increase in compensation for Bank employees at 6.15 % during 2022, while the highest-paid individual at BBVA Colombia recorded a 10 % increase in compensation.

The percentage calculation was based on the following:

- Base salary (Fixed Pay).
- Direct compensation, which is the sum of total cash compensation.

Commitments and policies for responsible business conduct

GRI 2-23 Commitments and Policies and 2-24 Embedding Commitments and Policies

BBVA has policies for responsible business conduct that provide behavioral guidelines in line with our corporate principles and values.

BBVA's entities in Colombia are firmly committed to legality and their principles, demanding the highest levels of honesty, prudence, integrity, and transparency in their actions. The actions of employees define BBVA and are reflected in their performance with customers, agents, intermediaries, suppliers, business partners, public or private institutions and other third parties.

BBVA possesses internal policies and a Code of Conduct designed to create mechanisms for preventing, detecting, and encouraging communication about corrupt practices, risky situations, or actions that may be against regulations or ethically dubious; along with defining specific behavioral guidelines in sensitive activities or areas, enabling the recognition of cases requiring special care, and offering proper guidance when in doubt.

General Corporate Social Responsibility Policy

BBVA understands corporate social responsibility as the responsibility the Bank has for the impact of its activities on the lives of individuals, businesses, and society as a whole.

BBVA incorporates the concerns of its stakeholder groups, including issues such as social, environmental, diversity, fiscal responsibility, human rights, and the prevention of corruption and illegal behavior, into its business operations and activities. BBVA's General Corporate Social Responsibility Policy in Colombia aims to create a reference framework to consider the impact of its activities in these areas within the policies, standards, and decision-making processes of BBVA entities in Colombia. Additionally, this Policy aims to promote the achievement of BBVA's strategic objectives through responsible practices.

The Policy sets forth:

1. The general principles for corporate social responsibility actions, including: a) Aiming to create a positive societal impact; b) Respecting the dignity of people and their inherent rights; c) Investing in the community; and d) Involvement as a catalyst for social change.
2. Provisions regarding the relationship with all stakeholder groups (employees, customers, shareholders and investors, suppliers, regulators and supervisors, community and society).
3. Provisions related to the different areas of action: a) Environment and inclusive and sustainable social development; b) Fiscal responsibility; c) Prevention of illegal conduct and corruption; d) Commitment to human rights; and e) Participation in international initiatives.

BBVA entities in Colombia shall adhere to the following general principles of action in matters of corporate social responsibility (hereinafter, the "Principles"):

1. Orientation towards creating a positive societal impact.
2. Respect for the dignity of people and their inherent rights.
3. Investment in the community.
4. Involvement as a catalyst for social change.

Concerning the second principle, BBVA entities in Colombia will act in compliance with different widely acknowledged national or international commitments they have joined, including the International Bill of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, or the fundamental conventions of the International Labor Organization, among others.

Furthermore, the Policy sets forth provisions concerning various areas of action, encompassing:

Commitment to Human Rights: BBVA will ensure compliance with all applicable laws and respect for internationally recognized human rights in all its relationships with employees, customers, shareholders, suppliers, and, in general, with the communities in which it conducts its businesses and activities.

- BBVA holds a commitment to human rights, with the objective of guaranteeing respect for the dignity of all people and their inherent rights, which is an essential requirement for its actions.
- This commitment is articulated around the stakeholders with which BBVA relates: employees, customers, shareholders, suppliers and society, in line with the three pillars on which the United Nations Guiding Principles on Business and Human Rights are based, which are:
- The obligation of states to protect;
- the accountability of companies to respect human rights; and
- the collective duty to establish mechanisms that guarantee the remedy of possible human rights abuses.

In order to comply with the aforementioned United Nations Guiding Principles, and with the aim of preventing, mitigating and remedying potential impacts on human rights, BBVA carries out due diligence processes that contribute to reinforcing the detection and assessment of risks from the perspective of human rights, and as a result of which action and improvement plans are established as deemed appropriate.

The Policy has been coordinated by the Communication and Image Department, in particular by its Corporate Responsibility unit, with the collaboration of the following departments: Internal Control and Regulatory Compliance, Client Solutions, Corporate and Investment Banking, Talent & Culture, Finance, Legal, and General Secretary's Office, within the scope of their respective competencies.

Furthermore, Corporate Responsibility takes charge of raising awareness of the principles, updating them as necessary or appropriate according to applicable regulations or national or international best practices on the matter, and providing guidance to the different executive departments responsible for integrating these principles into the Group's daily activities and the internal regulations that govern it, thus fostering their execution, integration into the business, and application in dealings with various stakeholder groups.

The Director of Communications, Image, and Responsible Business will be accountable, in the executive domain, for this Policy and will also handle its submission for approval, track its degree of adoption within the Group, and encourage its understanding by individuals subject to it and, if necessary, its extension to corresponding subsidiaries within the Group.

The Board of Directors, as the highest governing body, will carry out, directly or through the Permanent Delegate Commission, the oversight of the Policy's implementation, based on periodic or ad hoc reports received from the

Director of Communication and Image, the head of the Corporate Responsibility unit, or the different departments of BBVA entities in Colombia that will incorporate the Principles into their daily businesses and activities, and, if applicable, from the heads of the various existing control functions in BBVA.

Compliance monitoring of both this Policy and its development will be carried out according to the control model established within the Group, aimed at appropriate risk management, and articulated based on three independent lines of defense.

All departments will incorporate in their standards and procedures the necessary aspects for the achievement of the principles and objectives established in this Policy. Defined processes will be adjusted to include the necessary controls to ensure proper management, following the mitigation and control frameworks established by specialists, and detailing the roles and responsibilities of the various participants in the process, in accordance with the Group's control model.

Within the provisions of the Policy, in relation to stakeholders and other groups, it is described how the Policy applies to each of the stakeholders. The Policy's application to customers, shareholders, investors, and suppliers is described below.

BBVA entities in Colombia have defined standards of transparency, clarity and accountability to guide the processes of developing solutions, as well as the commercial relationship with customers.

- **Customers:** BBVA entities in Colombia place customers at the center of their activities, aiming to establish a responsible relationship with them, assisting them in achieving their personal and professional goals, and maintaining a transparent, clear, and accountable relationship. To fulfill this purpose, BBVA has adopted internal regulations, including the Customer Defense Regulation and the Code of Conduct, which aim to regulate the fundamental aspects of our relationship with customers.

BBVA entities in Colombia have defined standards of transparency, clarity and accountability to guide the processes of developing solutions, as well as the commercial relationship with customers. BBVA entities in Colombia also promote the development of products and services to improve customers' financial health, fostering financial inclusion and education with responsible access to financial services.

- **Shareholders and investors:** BBVA entities in Colombia continually engage in dialogue with shareholders and investors to facilitate understanding of material issues that may be of interest to them, enabling the proper exercise of voting rights and investment decision-making.

To achieve this, BBVA entities in Colombia publish information continuously, periodically, timely, and consistently over time. Furthermore, BBVA has a Communication and Contact Policy with Shareholders and Investors, which, among other matters, promotes transparency and accuracy in disseminating information to shareholders and investors, equal treatment among shareholders, and outlines communication channels, participation, and dialogue with shareholders and investors.

- **Suppliers:** BBVA integrates the principles of this Policy in its relationship with suppliers, providing comprehensive and transparent information in procurement processes, ensuring compliance with legal requirements in labor and environmental matters, respecting human rights, and stimulating the demand for socially responsible products and services.

These commitments are included in various internal regulations of BBVA entities in Colombia, defining the general principles of BBVA's procurement and the supplier's ethical code, which outlines the fundamental principles that all suppliers must respect when interacting with any company or entity within the BBVA Group.

General Policy for the Prevention of Money Laundering and Terrorist Financing

BBVA is fully aware of the pivotal role financial institutions play in preventing money laundering and terrorist financing. BBVA entities in Colombia conduct their activities in multiple social environments, committed to their well-being. Therefore, the prevention of money laundering and terrorist financing (hereinafter "AML") is fully integrated into BBVA's corporate culture, and its application is outlined in BBVA's Code of Conduct, the Compliance Function System and Statute, and BBVA's Risk Appetite Framework.

BBVA has adopted a model for managing the risk of money laundering and terrorist financing prevention (hereinafter, the "AML Model"), aimed at preventing the illicit use of the products and services it offers.

The design, implementation, and monitoring of the AML Model are framed within BBVA's Compliance Function, which constitutes one of the foundations upon which the Group strengthens its institutional commitment to conducting all its activities and businesses in strict compliance with the regulations in force at any given time, following strict ethical behavior standards and proactive risk management.

The Policy's purpose is to establish common criteria and the general framework of action that all BBVA entities must follow to identify, measure, and manage the risk of money laundering and terrorist financing, constituting the formalization of the AML Model and establishing a consistent framework for managing this risk within BBVA. This General Policy leads to a robust regulatory framework, with standards and procedures to prevent ML/TF risks. This Policy is not for public use.

Within the Policy provisions, BBVA commits to complying with international penalties and financial countermeasure programs aimed at combating, among others, terrorism and its financing, the proliferation of weapons of mass destruction and their financing, drug trafficking, and human rights violations and civil liberties.

The Policy also refers to the following AML regulations:

- Directive (EU) 2015/849 of the European Parliament and the Council, of May 20, 2015, on the prevention of the use of the financial system for money laundering or terrorist financing;
- Law 10/2010, of April 28, on the prevention of money laundering and terrorist financing (Spanish law);
- Royal Decree 304/2014, of May 5, approving the Regulations of Law 10/2010, of April 28, on the prevention of money laundering and terrorist financing;
- Delegated Regulation (EU) 2019/758 of the European Commission;
- Guidelines issued by the European Banking Authority (EBA);
- Guidelines issued by the Basel Committee on Banking Supervision (BIS);
- Recommendations of the Financial Action Task Force (FATF);
- Standards issued by the Wolfsberg Group for the prevention of money laundering.

At the local level:

- Basic Legal Circular (Part I Title IV Chapter IV) of the Financial Superintendence of Colombia,
- Organic Statute of the Colombian Financial System (EOSF, for the Spanish original) (Decree 663/1993)
- Other current regulations that add to or complement local regulation on the subject.

The Policy includes various provisions with guidelines for conducting due diligence, such as:

Customer identification:

Proper customer identification and knowledge is one of the processes with the greatest mitigating impact on ML risk. Business units will be responsible for carrying out the identification and knowledge process of customers with whom they maintain business relationships and for having sufficient technological infrastructure to comply with this obligation. Due diligence measures must be applied to customers:

- Through face-to-face or non-face-to-face means;
- Prior to establishing a new business relationship or executing an occasional transaction;
- To understand and, if applicable, verify the origin of their funds and the purpose of their business relationship with the Entity;
- Periodically, so that the available customer information is up-to-date.

Customer segmentation by risk level:

The Bank must define a procedure that allows segmenting its customers according to the ML risk level they present, consistently with the corporate AML Model and current local legislation.

Customer risk ratings must be continually updated as a result of ongoing monitoring of business relationships, which will determine the type and thoroughness of due diligence measures applied to the customer.

At the executive level:

Where it is established that the prevention of Money Laundering (ML) risk is the responsibility not only of AML technical units but also of business units, networks, and various lines of activity, as they define products and distribution channels, interact with customers, and apply due diligence measures to customers. Thus, they must be actively involved in the prevention function.

BBVA has a governance model for preventing money laundering and terrorist financing, with a clear assignment of roles and responsibilities throughout the Entity structured around three lines of defense, in accordance with BBVA's Internal Control Model described in BBVA's General Policy for Non-Financial Risk Management. This model establishes the main responsibilities assigned to BBVA's various corporate bodies and key stakeholders in the executive management of AML risk, including the functions of:

- The Board of Directors
- The Risk and Compliance Committee
- Corporate Assurance

- The Global Head of Regulation & Internal Control, as head of the Compliance Function in the Group
- The Holding Internal Control Body, composed of the different business and control departments of BBVA at corporate level
- The Global Head of Compliance
- The Local Head of Compliance
- The first line of defense, and
- The third line of defense

BBVA adopts appropriate measures to ensure that its employees receive the necessary training in the prevention of money laundering and terrorist financing. These measures include the approval of training and communication plans containing educational actions aimed at disseminating the content of applicable AML regulations, instructing on the detection of transactions that may be related to money laundering or terrorist financing, and providing necessary guidelines on how to proceed in these cases.

At the global level, the Policy has been approved by the Board of Directors of BBVA, after analysis by the Risk and Compliance Committee.

At the local level, the Policy was approved by the Boards of Directors of BBVA Colombia entities (Bank, Securities, Trust and Insurance Companies), as the highest governing body of the Entity.

With the approval of the Boards of Directors, the Policy and regulations applicable to the SARLAFT scope are published on the Internal Regulation Portal. Additionally, general guidelines on the subject are included in mandatory courses that each employee must complete upon joining, as well as in annual updates.

Furthermore, the guidelines are included in the training conducted by the Compliance Department for new employees of BBVA entities in Colombia and specific groups such as network employees. This is accompanied by communication materials sent to employees and available on the Banking Business Portal (accessible by the entire network).

The General Policy for the prevention of money laundering and terrorist financing applies to all BBVA Colombia entities and all relationships with customers, suppliers, and generally all commercial relationships BBVA has in Colombia with third parties. It is aimed at identifying and managing money laundering and terrorist financing risks.

At the operational level, the Code of Conduct, based on the provisions in Section 5.1, establishes the general parameters for the prevention of money laundering and terrorist financing, leading to the design of policies, standards, and procedures aimed at generating guidelines and standards applicable to risk prevention.

General Policy on Customer Conduct and Product Governance:

The General Policy on Customer Conduct and Product Governance defines and establishes the principles and provisions to be considered in properly addressing the interests of customers when providing services or offering products, through any distribution channel, while also considering the product or service life cycle.

This Policy includes the principles and provisions that BBVA entities in Colombia take into account to properly address the interests of customers during the offering, provision, and, if applicable, recommendation of products and services, as well as collective investment funds, through various distribution channels, and does not contain stipulations regarding due diligence from the SARLAFT scopes.

Intergovernmental instruments referenced by the General Policy of Conduct with Customers and Government include the following:

- Political Constitution of Colombia, Article 74.
- Basic Legal Notice of the Financial Superintendence of Colombia (C 029 of 2014).
- Law 1328/2009.
- Decree 663/1993.
- Decree 2555/2010.
- Law 964/2005.
- Public Notice 015/2010 from the Financial Superintendence of Colombia.
- Notice 019/2021 from the Financial Superintendence of Colombia, and
- Other current regulations that add to or complement local regulation on the subject.

The Policy expressly states that BBVA bases its activity on the following principles:

- Integrity.
- Prudent risk management.
- Transparency.
- Pursuit of a profitable and sustainable long-term business.
- Compliance with applicable legislation at all times.

Furthermore, the Policy outlines principles that apply in relations with customers

- Responsible and suitable offering of products and services.
- Transparency in advertising and information provided to customers about products and services.
- Management of potential conflict-of-interest situations identified that may impair customers' interests.
- Financial inclusion and accessibility for customers to products and services offered by BBVA, considering their personal circumstances and avoiding any unjustified discrimination.
- Prompt and diligent attention and resolution of customer inquiries, complaints, or claims.
- Proper training for personnel involved in product manufacturing and distribution and in providing services to customers.

At the global level, the Policy has been approved by BBVA's Board of Directors, and in Colombia, it was validated by the Boards of Directors of BBVA Colombia entities (Bank, Securities, Trust, and Insurance Companies) as the highest governing body of the Entity.

After the Boards of Directors' approval, the Policy is published on the Bank's Internal Regulation Portal and on FARO for each of the subsidiaries. Additionally, general guidelines on the matter are included in the mandatory courses that each employee must take upon joining and in the annual update. Moreover, the Compliance Department conducts training for new hires in BBVA entities in Colombia and for specific groups such as network employees.

The scope of the Policy states that it applies locally and across all BBVA entities in Colombia concerning the manufacturing and distribution of products to customers or in the provision of services, including the management of collective investment vehicles. The Policy applies to all commercial relationships with customers, is relevant to all stages of product governance, and integrates with the regulatory framework the Entity has in place for financial consumer protection, reinforcing principles to consider in customer conduct and product governance parameters.

The Code of Conduct establishes guidelines regarding customer conduct and emphasizes the importance of all employees or individuals acting on behalf of BBVA ensuring customer knowledge, compliance with transparency principles, fair treatment, and suitability. Additionally, consumer protection guidelines and directives are included in mandatory training, the SAC Manual, and best practice communications sent to employees. The Policy is an internal policy, not a publicly accessible one, and is available to all employees of BBVA entities in Colombia through the Internal Regulation Portal.

General Anti-corruption Policy

BBVA entities have a firm commitment to legality, and their principles require acting with the utmost honesty, integrity, and transparency, both within the Entity and with customers, agents, intermediaries, suppliers, business partners (including those who may interact on behalf or in the name of BBVA with Public Administrations), public or private institutions, and other third parties with whom the Entity interacts.

The General Anti-Corruption Policy originates from BBVA's Code of Conduct and forms the foundation of BBVA's Corruption Prevention Program, aiming to establish the framework for BBVA entities to prevent, detect, and promote the reporting of corrupt practices or risk situations, set specific guidelines for conduct in sensitive activities or departments, facilitate the recognition of cases requiring special caution, and provide appropriate guidance in case of doubt.

Intergovernmental instruments referenced by the Policy include the following:

- U.S. Foreign Corrupt Practices Act.
- UK Bribery Act.
- Locally: Colombian Penal Code and other applicable regulations in Colombia.
- Additionally, ISO 37001:2016 on Anti-Bribery Management Systems has been taken as a reference.

The Policy establishes general and specific guidelines for action and due diligence processes to be implemented to prevent corruption in various activities, such as:

- In the offering, delivery, and acceptance of gifts or personal benefits

- At promotional events
- In donations and sponsorships
- In relationships with suppliers, agents, intermediaries, and business partners (mergers, procurement, and Joint Ventures)
- Provisions on facilitation payments
- In hiring personnel
- Provisions related to expenses
- In accounting and recording of transactions

The Policy is mandatory for all managers, executives, and employees in all activities arising from their position or role within BBVA and can be extended to third parties or entities, as long as they maintain a business or professional connection with the Entity, and their actions represent a risk or liability for the Entity or may directly or indirectly affect its representation or good name. It applies to all relationships with customers, employees, suppliers, public authorities, and, in general, commercial relationships.

Head of the Global Regulation and Internal Control department will be responsible, at the executive level, for the Policy. Managers of departments affected by the Policy will facilitate, within their respective departments of responsibility and when appropriate, the provision of sufficient means, systems, and organization for compliance.

The person in charge of the Policy will be aware of its degree of application, relying on the information provided by the responsible parties of the departments to which it applies, and will adopt necessary measures in case it is not being applied properly, reporting accordingly.

The Compliance Department will address any inquiries that may arise regarding the subject matter regulated by the Policy, through the communication channels defined for that purpose.

Control over the degree of compliance with this Policy and its development will be carried out according to BBVA's three lines of defense internal control model:

- **First line of defense:** composed of Business and Support Departments, responsible for managing the operational risks inherent in their activities and for executing controls to mitigate them. Each department has a Risk Control Assurer, responsible for ensuring the proper management of operational risk within their department, monitoring its correct implementation and effectiveness.
- **Second line of defense**, composed of: 1. Non-Financial Risk departments, which design and maintain BBVA's operational risk. 2. Compliance Department and Risk Control Specialists define the mitigation, control, and monitoring framework for risks within their area of expertise and compare it with that implemented by the first line of defense.
- **Third line of defense**: internal audit carries out an independent review of the control model, verifying compliance and effectiveness of established corporate policies.

Board of Directors, as the highest supervisory body of the Company, will approve and oversee the implementation of the Policy, based on reports received from the Compliance Department, Internal Audit Department, and, where appropriate, from those responsible for the various control functions within BBVA.

To ensure awareness of this Policy and the internal regulations that develop it, an anti-corruption training program will be developed and implemented. Training on the subject matter is included in the annual mandatory training topics and is reinforced through communications directed to all BBVA employees in Colombia.

Code of Conduct

The values of the BBVA Group define our identity and set the attitudes that enable us to achieve our purpose: "Making the opportunities of this new era available to everyone."

Within our corporate culture, integrity must be at the center of everything we do, with principles of action that involve: living our values; acting responsibly, respectfully, and honestly in our relationships with customers, colleagues, society, and the Company itself; knowing and respecting limits by following laws and regulations in force at all times; and avoiding and acting against inappropriate behaviors.

Therefore, its objective is to establish the behavior guidelines to be followed by all individuals who are part of BBVA Group, applicable to relationships with customers, colleagues, the Company, suppliers, third parties, and society in general, to align conduct with the Group's values; that is, in an integral and responsible manner, respecting laws and applicable standards with prudence and professionalism, according to the social impact of financial activity and the trust that our customers and shareholders have placed in us.

Section 5.5 of the Code of Conduct specifically establishes BBVA's entity commitment in Colombia to human rights:

“Always act respecting the dignity of all individuals and the rights inherent to them, as established by one of the general principles of the BBVA Group's corporate social responsibility policy. This commitment takes as a reference the United Nations Guiding Principles on Business and Human Rights, as well as other international frameworks such as the Universal Declaration of Human Rights and the core conventions of the International Labor Organization.”

BBVA's Code of Conduct is applicable to all entities within the BBVA Group and, therefore, is mandatory for all its administrators, managers, and employees in all activities resulting from their position or role in BBVA and may be extended to third parties or entities, provided they maintain a business or professional connection with the Entity and their actions represent a risk or liability for the Entity or could directly or indirectly affect its representation or good reputation.

The Code of Conduct also applies to members of the BBVA Board of Directors and to members appointed at the proposal of BBVA in any company, as appropriate according to the nature of the functions performed in the Company and, in any case, respecting the provisions of the regulations applicable to them, including the rules or other documents governing their functions, rights, or obligations.

- All individuals who are part of the BBVA Group must apply the guidelines established in the Code in their individual conduct and promote its application throughout the Organization.
- Compliance Function's role is to independently and objectively promote and supervise that the BBVA Group acts with integrity.
- Compliance Unit must promote knowledge and application of the Code, as well as resolve any doubts about its interpretation and manage the Whistleblower Channel. The Whistleblower Channel is the means through which possible inappropriate behaviors can be securely (and, if desired, confidentially) reported, such as suspicious illegal activities or professionally unethical conduct, among others.
- The Corporate Integrity Management Committee is responsible for promoting integrity and ensuring the effective implementation of the Code.

At the global level, the Code has been approved by the BBVA Board of Directors, and in Colombia by the Boards of Directors of BBVA Colombia entities (Bank, Securities, Trust, and Insurance Companies), as the highest governing body of the Entity.

During the 2022 review of the Code of Conduct, principles and behavioral guidelines related to customers were reinforced in the departments of transparency, inclusion, financial accountability, confidentiality, data use, sustainability, and the whistleblower channel tool, to which any employee, customer, supplier or third party can confidentially report employee conduct that they consider to be contrary to the Code and/or current regulations.

The Code of Conduct is published on the BBVA website at the following link: https://www.bbva.com.co/content/dam/public-web/colombia/documents/home/body/inversionista/espanol/gobierno-corporativo/codigo-de-conducta/Codigo-de-conducta-bbva-3.pdf

GRI 2-25 Processes to remedy negative impacts

BBVA considers it essential to address and remedy any negative impacts it may cause, which is why it has various communication channels with its different stakeholders, as described below:

♦ Complaints and Claims

In BBVA, PQRs (complaints, claims, and requests) are channeled through three main sources:

1. **Rights of Petition received by the branch network**: in this case, employees, after applying mitigation protocols, register the request in the tool using a form. The validator team centrally receives these requests, reviews their typology and general information, and assigns them to an analyst to continue the process until completion.
2. **Requests for Petition or inquiries received by the Call Center**: agents apply first-contact resolution protocols, and if the issue remains unresolved, the PQR is registered through the tool. The validator team centrally receives these requests, reviews their typology and general information, and assigns them to an analyst to continue the process until completion.
3. **Control entities transfer**: these include the Financial Superintendence of Colombia and the Financial Consumer Ombudsman. These requests are centrally registered and assigned to the group of analysts according to their work group, to continue the process until completion. Each entity makes the responses available.

Events are centralized in the Salesforce tool for individuals and Khronos for legal entities.

The Bank's experience leaders, engineering process department, and PQR management are responsible for designing cross-functional action plans to ensure that the response process respects the rights of financial consumers to receive a final, clear, complete, comprehensible, and timely response. All plans are framed in work schedules measurable through strategic KPIs.

The customer service process at BBVA is outsourced, meaning that different providers are responsible for the process from registration to completion. Despite this, each work group has a Bank leader overseeing compliance and carrying out the activity's inherent controls.

Additionally, for certain PQR typologies, it is essential to have expert third-party opinions, attended by the Bank's central departments within the same tool, who make necessary escalations and alerts.

Senior management periodically monitors progress through Monitoring Committees, held weekly, biweekly, and monthly with different departments to measure PQR behavior, major impact issues, departments with higher concentration, response times, monetary effects, incidental events, etc.

Indicators of PQR or KPIs are used to measure: (I) Replicas, to assess the completeness of the initial response, its focus, and solution; (II) Extensions, to identify the type of management within the initial term and justified extension of deadlines; and (III) Quality, to ensure that responses provided are appropriate to the request, that TCR communication mechanisms are applied, and that databases have correct information.

Remediation of Impacts

Negative impacts that may be caused will be remediated as follows:

- When the Bank directly identifies a negative impact, it proactively resolves the issue through working groups led by the Complaints and Claims department, involving the departments affected by the reported incident, jointly developing attention and resolution protocols to be applied across different service channels.
- When it comes to customer-reported dissatisfaction through the submission of requests, complaints, or claims, these are addressed at the various levels the Bank has designed to provide agile and effective responses.
- Impacts identified in verbatims received from satisfaction survey responses (NPS) are managed through the closed-loop protocol, which is directly overseen by the branch manager responsible for the detractor ratings, aiming to rebuild the relationship with the customer.

Within our corporate culture, integrity must be at the heart of everything we do, involving principles of action such as:

- living our values,
- acting responsibly, respectfully, and honestly in our relationships with customers, colleagues, society, and the Company itself,
- knowing and respecting limits by following laws and regulations in place at all times, and
- avoiding and addressing inappropriate behaviors.

In addition to the above, the following are applied:

- Minor Amounts Protocol: the Bank has established amounts that can be refunded in cases where that is the object of the claim, subject to segment, temporality (if claims for the same concept have been filed within a certain period), claim typology, and claimed amount validations.
- First Contact Resolution Circuit: the Bank has identified certain typologies that can be addressed or resolved directly through service channels like branches and customer service lines, immediately or in a short time.
- Each department generates information sent via Notired (communication reaching the Bank's commercial network), providing instructions to the branch network for handling specific situations that may cause customer concerns or require additional information.
- When departments foresee potential customer impacts, the Bank (Marketing) sends communications detailing the anticipated situations that may require additional information from customers.

On a monthly basis, the Management Committee monitors the evolution of PQRs received through different reception channels, the Financial Consumer Ombudsman, the Financial Superintendence, and directly by the Bank, monitoring the behavior of high-impact typologies for the month and actions implemented for attention, prevention, and subsequent effects related to the same concept.

Employees

The second line of defense has established standards that develop the Code of Conduct's content regarding human rights protection and financial consumer rights in the performance of BBVA entities' activities in Colombia. During the 2022 review of the Code of Conduct, principles and behavioral guidelines related to customers were reinforced in the departments of transparency, inclusion, financial accountability, confidentiality, data use, sustainability, and the whistleblower channel tool, to which any employee, customer, supplier or third party can confidentially report employee conduct that they consider to be contrary to the Code and/or current regulations.

Concerning the conduct risk incorporated by the Financial Superintendence of Colombia through the White Paper, throughout 2022, efforts continued to strengthen compliance culture and principles of transparency, adequacy, and fair treatment towards financial consumers, in accordance with commitments to the OECD in human rights protection, conduct risk management with customers, and ESG activity promotion. These efforts included:

- Adoption of the Customer Conduct and Product Governance Policy, which provides a unique reference framework for customer conduct, establishing principles and provisions for properly addressing customer interests in the offering, provision, or recommendation of products and services.
- Approval of the Transparency Standard for Customer Information, with internal guidelines regarding the disclosure obligations that must be met throughout the product or service life cycle offered or distributed through BBVA entities in Colombia.
- Examining and adapting to the new guidelines of the Internal Regulation Framework for the General Policy on Conflicts of Interest. Including in the Financial Consumer Service System (SAC, for the Spanish original) Manual provisions aimed at preventing, identifying, and managing Conduct Risk and compliance with regulations issued by the Financial Superintendence of Colombia regarding advisory activities in the securities market, which must be managed in accordance with the guidelines established in the Code of Conduct, General Anti-Corruption Policy, Customer Conduct and Product Governance Policy, Internal Conduct Regulations in the securities market, General Policy on Conflicts of Interest, and other provisions developed within the Entity.
- Monitoring product governance indicators that enable the realization of the corporate principle "Customer comes first".

- Reporting to the Management Committee, Board of Directors, and Experience Committees on the evolution of complaints and claims received through various available channels for evaluating causes and defining corresponding action plans.

- Implementation of reporting to the Financial Superintendence through the technological development of Smartsupervision, allowing timely and updated information on the management of requests and claims filed by financial consumers within the Entity, the Financial Consumer Ombudsman, and the Superintendence.

GRI 2-26 Mechanisms for seeking advice and raising concerns

BBVA is committed to ensuring participation spaces for its stakeholders (internal and external), which are described below:

Financial consumer

The financial consumers at BBVA have their rights guaranteed within the framework of Law 1328/2009 and have access to information published on the website, available at https://www.bbva.com.co/personas/servicio-al-consumidor-financiero.html, which outlines, among other things, the mechanisms for submitting PQRs and includes information about the Financial Consumer Ombudsman, demonstrating the seriousness of the Bank's business conduct.

BBVA collaborators

BBVA entities in Colombia have access to the Inquiry Channel and the Complaint Channel, independent mechanisms that allow employees to request advice on the scope of provisions contained in the Code of Conduct, Anti-Corruption Policy, and other applicable regulations regarding conduct and Compliance culture, and to securely, confidentially, and, if desired, anonymously report inappropriate behaviors or actions that contravene internal or external regulations, disregard BBVA principles and values, or are considered professionally unethical.

Colombian BBVA entities are firmly committed to legality, and their principles require acting with the utmost honesty, prudence, integrity, and transparency. The actions of employees define BBVA and are reflected in their performance with customers, agents, intermediaries, suppliers, business partners, public or private institutions and other third parties.

BBVA upholds a Code of Conduct, Anti-Corruption Policy, and internal policies aimed at establishing mechanisms to prevent, detect, and promote communication of corrupt practices, risk situations, or actions deemed contrary to regulations or ethically questionable. The objectives include setting specific behavior guidelines for sensitive activities or departments, facilitating identification of situations requiring caution, and providing appropriate advice when in doubt.

To securely and confidentially communicate, BBVA entities in Colombia have a whistleblower channel as the primary mechanism for managing conduct risk at BBVA, available 24/7, 365 days a year, from any computer or mobile device, and is also accessible to third parties not affiliated with BBVA. The Whistleblower Channel allows for secure dialogue with the complaint manager while maintaining confidentiality and anonymity at all times.

The Compliance Department, focused on promoting and applying the guidelines established in the Code of Conduct, also offers a Consultation Channel through which employees can raise concerns or questions regarding the application of the Code and the department's internal regulations.

In the global context, Colombia maintained an outstanding performance in 2022, thanks to the dynamism of domestic demand and the progressive recovery of exports

Furthermore, ongoing communication campaigns are conducted to disseminate the whistleblowing and consultation channels, and information about them is included in mandatory training materials for all employees joining the entities, as well as in the annual update for the entire workforce.

In 2022, a review and modification process of the Code of Conduct was carried out, which was approved by the Boards of Directors of BBVA entities in Colombia. The purpose of this amendment was to introduce those improvements identified during its implementation period, adapt the Code to the best industry practices, and adapt it to the Internal Regulatory Framework.

As a result of the analysis, new topics related to responsibility in risk management, standards applicable to relations with public institutions and employees, guidelines on data quality and use, and commitment to the fight against fraud were included. Additionally, guidelines already covered in the Code of Conduct were updated, such as management styles, diversity and inclusion, acceptance or offering of personal gifts or benefits, free competition, commitment to sustainability, and the tools of the Code of Conduct's Whistleblower and Consultation Channel.

GRI 2-28 Membership in associations

BBVA Colombia continues to belong to the following associations: Asobancaria, Asobolsa, Asofiduciarias, Consejo Privado de Competitividad.

Creating Opportunities

6. Economic Performance

6.1 Macroeconomic Environment

The global economy faced strong and diverse shocks during 2022, which mostly resulted in unusually high inflation levels. At the start of the year, the conflict between Russia and Ukraine disrupted many major supply chains for food, fertilizers, fuels, and some metals, among others. This put upward pressure on raw material prices and drove further increases in global inflation.

China's COVID-19 policy, implemented amid still high global demand for products despite the slowdown, maintained bottlenecks in both the supply of industrial and agricultural products and maritime logistics. This delayed the normalization of logistics costs, which had been high since 2020, with consequences for rising global prices.

Subsequently, the disruption of Russia's gas supply to Europe further increased energy production prices and public utility costs on the continent, preventing European inflation from showing signs of moderation, as seen in the United States in the fourth quarter of the year. In the United States, the labor market remained dynamic, with low unemployment rates and a high number of job openings, leading to upward wage pressures that also implied an inflationary trend for most of the year. Finally, the central banks of Europe and the United States tightened monetary conditions, not only by increasing interest rates but also by reducing (or ceasing to increase) liquidity levels in the market.

The objective of monetary policy was to reduce the risks of de-anchoring inflation expectations and second round effects on price formation. Indeed, the tone characterizing the communication of these central banks was that they would not hesitate to take the necessary measures to control inflation in the medium and long-term.

The Federal Reserve's interest rate closed 2022 at 4.5 %, leaving the window open for further increases in 2023, although it is nearing the end of its rate hike cycle. Meanwhile, the European Central Bank, in a context of less robust demand and risk of financial fragmentation, set its interest rate at 2.5 % at the end of the year and appears to have more room than the Fed to continue raising its rates in 2023.

As a result of these shocks and the response of monetary policy, global GDP growth slowed to an estimated 3.3 %, down from the 6.2 % observed in 2021. In this moderation of global activity, the United States initially demonstrated resilience, not only due to the strength of its domestic spending, partly driven by the remarkable performance of the labor market, but also due to the increase in international trade. However, it was inevitable that economic indicators would begin to reflect a reduced capacity for expansion in the second half of the year, amid elevated inflation and interest rates. Overall, the previous year's GDP expanded by 2.1 %.

The objective of monetary policy was to reduce the risks of de-anchoring inflation expectations and second round effects on price formation.

On the other hand, the Eurozone economy, which performed remarkably in the first half of 2022, experienced a gradual slowdown due to higher production input costs, more persistent supply chain disruptions, significant deterioration in confidence, and tightening financial conditions. Therefore, the economy grew by around 3.5 %.

Finally, China's economy experienced an uneven recovery after the lifting of the Shanghai lockdown, as the "Covid Zero" policy continued to hinder consumption recovery, the real estate market significantly deteriorated, high temperatures reduced hydroelectric power production capacity, and monetary and fiscal stimulus were more cautious. Despite this, the 2022 GDP grew by 3.0 %, and the growth engine of this economy shifted from exports to manufacturing and infrastructure throughout the year.

Within the worldwide setting, Colombia sustained exceptional performance in 2022 due to the dynamism of domestic demand and the progressive recovery of exports. In the first case, private consumption and investment in machinery and equipment grew above GDP. Consumer spending was driven, among other things, by an increase in labor income and household disposable income, high levels of external remittances, increased coffee exports, credit expansion, and reduced household savings. Investment in machinery, in turn, was explained by the good performance of industrial sales in the domestic and external markets, the recovery of foreign direct investment, and improved raw material prices. In fact, throughout the year, exports of goods and services experienced a significant recovery, not only in mining-related goods and commodities, but also in non-traditional sectors of foreign trade.

Conversely, investment in construction lagged behind other GDP components, particularly due to the low execution of civil works and non-residential buildings, which remained below pre-pandemic levels despite showing a slow and progressive recovery. In the case of housing investment, although the number of units built exceeded those in 2019, the higher concentration of social interest housing in 2022, which has a lower sale value, reduced the added value the sector contributes to GDP.

Within the worldwide setting, Colombia sustained exceptional performance in 2022 due to the dynamism of domestic demand and the progressive recovery of exports.

Domestic demand dynamics led to a more than proportional increase in imports, mainly because durable goods consumption and machinery investment largely involve imported goods. As a result, the country experienced an external deficit for the second consecutive year, estimated at around 6 % of GDP, despite the significant increase in total exports and remittances. In the final stretch of 2022, thanks to the slowdown in domestic spending, the current account imbalance progressively decreased, but it still remains at high and demanding levels for obtaining equivalent external financing.

The slowdown in the economy primarily occurred in the goods market, rather than services: economic activities related to production generally showed a more pronounced moderation than sectors related to service provision. Mirroring this, when analyzing GDP by demand, household spending exhibited a less positive trajectory for semi-durable and durable goods, while spending on services and non-durable goods (food) proved more resilient.

This behavior has, at least, two explanations. Firstly, the increase in inflation and interest rates reduced households' (and businesses') purchasing power, especially for credit-financed goods such as durable goods (vehicles or machinery). Secondly, the expansion cycle for goods began earlier because, when the strictest pandemic-related lockdown restrictions ended, people who retained their income and accumulated savings largely dedicated them to acquiring goods. At that time, social interaction restrictions still prevented high spending on services, such as restaurants, hotels, and travel. These services were reactivated much later. Resulting in a shorter expansion cycle that took longer to reverse.

In total, 2022's GDP growth reached 7.5 %. This figure is explained by a 9.5 % expansion in private consumption, 11.8 % in fixed investment, and 1.4 % in public consumption, achieving a 10 % growth in domestic demand. Net external demand contributed negatively to growth, despite the strong performance of exports, due to the dynamic growth of imports.

On the other hand, inflation, like in the rest of the world, accelerated during 2022 as a result of several factors that combined. First, international price pressures were reflected in higher costs for agricultural and industrial inputs, primarily fertilizers and metals. Second, the depreciation of the exchange rate and the significant increase in imports amplified the transfer of external prices to domestic inflation. Third, the still vigorous demand from consumption and investment allowed for the higher costs to be passed on to the final prices of goods and services. Fourth, weather events reduced the agricultural supply of products, and together with the higher costs of raw materials, increased food prices. Fifth, the country's inflationary inertia, due to the indexing of some rates and prices, pushed up inflation at the beginning of the year and made its subsequent reversal more difficult. Consequently, consumer inflation ended the year at 13.12 %, with a very high food inflation rate (27.8 %) and an increasing trend in core inflation up to 9.99 % in December.

In response to inflationary pressures, consecutive surprises in inflation, the risk of de-anchoring inflation expectations, high economic growth, reduced savings, external imbalances, and the presence of some financial risks in households and businesses, the Central Bank continued to increase the intervention interest rate. In fact, it did so at an elevated pace during two of its monetary policy meetings the previous year, raising it by 150 basis points each month (meetings in June and July). This rate of increase was unprecedented since the Central Bank began using its interest rate as a monetary policy instrument. By the end of the previous year, the policy interest rate reached 12 %.

Moreover, Colombia was not immune to increases in international volatility. During 2022, emerging countries' risk premiums increased considerably, the dollar appreciated against almost all other currencies as a safe-haven asset, and emerging currencies depreciated despite the increase in raw material prices. The Colombian

The digitization of the financial system has consolidated in the past two years, after the significant surge experienced amid the most difficult periods of the lockdown. In 2022, with data available through the end of the first half, 72 % of financial transactions made by customers or users of financial institutions were conducted through digital channels.

peso depreciated by 21 % during the year, continuing the depreciation process that began in mid-2021 when the Colombian economy lost its investment-grade status, deepened by the high fiscal and external deficits that persisted since then and the uncertainty that escalated in the country during 2022. In fact, the country's risk premium, measured through the 5-year CDS, increased by 70 basis points this year.

Simultaneously, the cost of financing public debt continued to increase, both in the domestic and external markets. Specifically, the TES yield curve depreciated around 576 basis points in the 10-year reference term since May 2021, of which about 476 basis points were this year. In fact, this increase was even higher last October, since when markets began to reverse some of the losses they had throughout the year. The exchange rate also partially corrected since then.

In the midst of this more demanding scenario for external financing flows, Colombia managed to continue attracting capital from the rest of the world. Portfolio capital inflows, according to the foreign exchange balance, reached USD 2.377 billion, far above the mere USD 107 million that entered in 2021. Additionally, the government issued external bonds for USD 1.624 billion, maintaining an acceptable level of demand, albeit at a higher cost. Foreign direct investment reached around USD 15 billion, up from the USD 9.4 billion that entered the country a year earlier.

Digitalization and Changing Customer Behavior

The digitization of the financial system has consolidated in the past two years, after the significant surge experienced amid the most difficult periods of the lockdown. In 2022, with data as of the end of the first semester, 72 % of financial transactions by customers or users of financial institutions were carried out through digital channels, similar to the 73 % observed in the first semester of 2020, when mobility restrictions were at their highest, and to the 70 % of the same period in 2021. Before the pandemic, in the first semester of 2019, this share was 64 %. Mobile phones continue to be the main channel for customer transactions, accounting for 58 % of financial operations in the first semester of 2022, compared to 53 % observed in the same period in 2020. The Internet, on the other hand, is the channel through which the highest amounts are transacted, accounting for 46 % of the total (COP 5,329 trillion) of the amounts transacted by financial customers in the first semester of 2022.

Digitalization has also consolidated in the country, with high Internet access levels in 2022, with fixed Internet access that year being much higher than in 2020. As of June 2022, the total fixed Internet access was 16.21 per 100 inhabitants, significantly higher than the 14.87 in June 2020 and similar to the 16.26 in June 2021. Furthermore, the use of the Internet for banking transactions and other financial services has increased, with 24.5 % of people aged 5 or older using it for this purpose in 2021 (latest data available), compared to 19.2 % observed in 2020.

The process of financial inclusion continues to strengthen in the country. In June 2022, 91.8 % of adults had access to at least one formal financial product, meaning that 34.2 million adults were financially included. Compared to June 2021, financial inclusion increased by 2.4 percentage points and by 1.3 million adults.

Economic Outlook for 2023

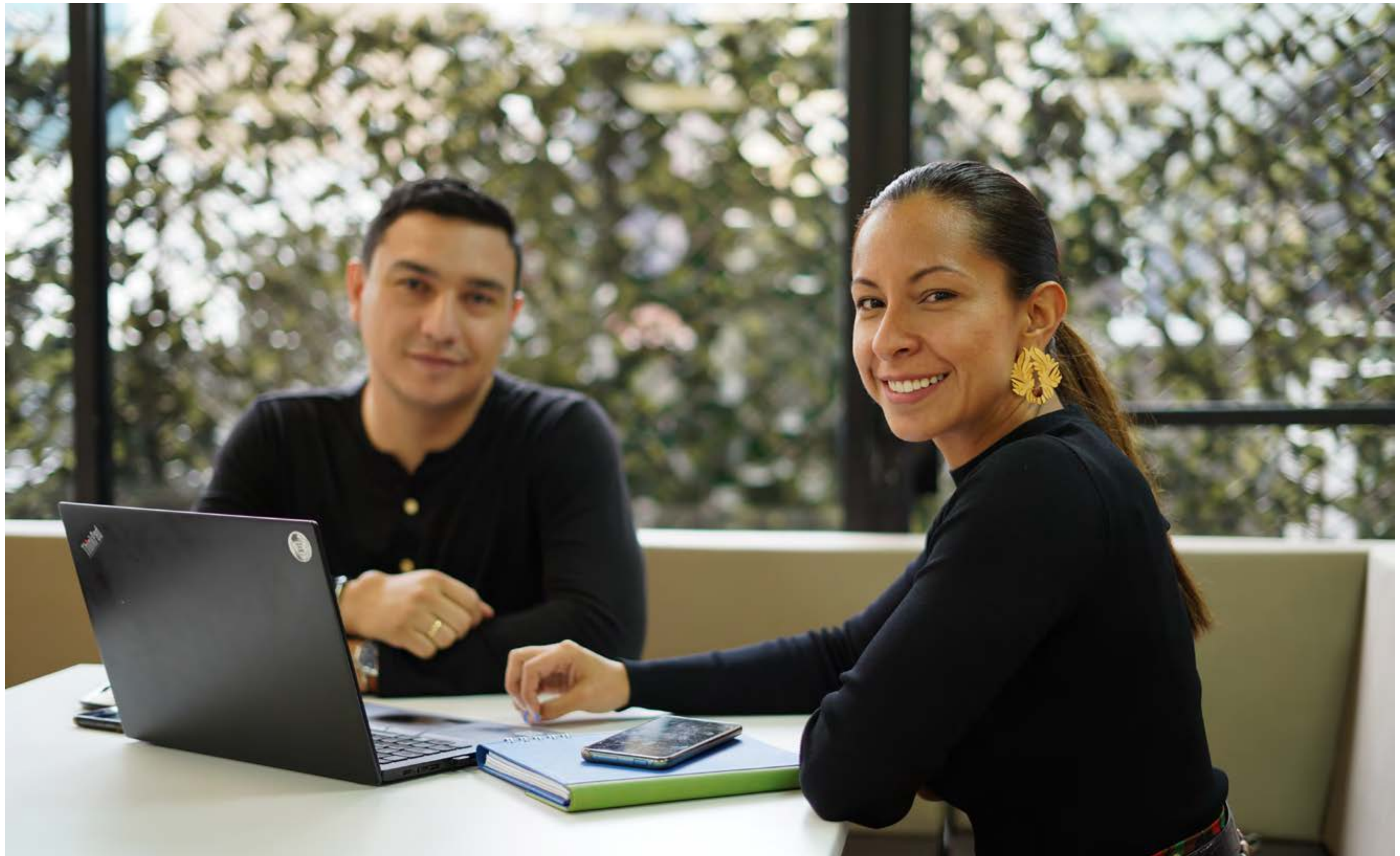
In 2023, the Colombian economy will deepen the slowdown that began in mid-2022. However, it will be from activity levels that are at their highest when compared to the pre-pandemic period or with other countries of similar or higher development levels. Moreover, this moderation is healthy for the financial balance of households, businesses, and the external sector.

Growth levels observed were not sustainable in the medium term, driving inflation beyond cost shocks, drastically reducing internal savings, and generating imbalances that demanded a strong effort in obtaining domestic and external financing. Thus, a more moderate growth rate could pave the way for a later, more balanced recovery.

In total, GDP is expected to grow 0.7 % this year, with the possibility of two consecutive quarters with negative inter-quarterly variation. A slow recovery process will begin at the end of 2023.

The main determinant of this new economic cycle stage will be private consumption, as household spending will shift from growing at double digits, on average, during 2021 and 2022, to falling 1.6 % this year. This moderation will primarily occur in durable and semi-durable goods, which have exhausted their expansion stage, partly due to higher interest rates. Conversely, private spending on non-durable goods and services will remain slightly growing.

Deterioration of the labor market, stagnation in the inflow of external remittances, and credit slowdown, among other factors, will explain private consumption behavior. Specifically, while 1.6 million jobs were created in 2022, employment will remain relatively stable this year. And not only that. While last year, a significant portion of new jobs were formal, this year informality will be the main characteristic. In fact, a decrease in the number of formal employees is expected during 2023.



On the other hand, exports will experience only a slight decline this year. Lower demand from developed countries—such as the United States and the Eurozone, which will have a mild and short recession in the middle of this year—will be almost offset by strong sales dynamics to countries in the region. These countries, like Colombia, are driven by still high raw material prices compared to historical levels that will occur this year.

Entrepreneurs will respond to this lower domestic and external demand by reducing private investment, amid a simultaneous decline in foreign direct investment from around 15 billion dollars in 2022 to about 11 billion dollars in 2023. Consequently, spending on machinery and equipment is expected to fall by more than 10 % this year, and housing construction growth will be stagnant over the next quarters. Overall, fixed investment will decrease by 2.5 % this year.

Lower consumer demand and investment reduction will result in a decline in imports. Consequently, after two years of negative contributions, this year net external demand will add to GDP growth. Likewise, it will help reduce the current account deficit from levels above 6 % of GDP in 2022 to just over 4 % this year.

Domestic demand behavior will result in economic sectors more closely tied to services remaining positive, while some productive sectors, such as industry and mining or those related to consumer goods like commerce, may experience minor declines in activity.

Meanwhile, construction will exhibit a heterogeneous performance; although private investment is expected to lag, the end of municipal and departmental governments ensures significant investment in civil works, as has been the case in the past. In fact, this activity will be the main driver of GDP in 2023.

Moreover, inflation will remain at elevated levels, although its trajectory is expected to decline as the year progresses. Inflation will average 11.7 %, while in December, it will be 8.7 %. Food inflation will lead this adjustment, as normalizing weather conditions from the second quarter of 2023 and reduced global bottlenecks will moderate price increases.

However, unlike previous food inflation cycles followed by rapid price drops, we do not expect such reductions this time, but rather a slowdown in inflation. This is due to ongoing restrictions in global supply chains and low agricultural production growth in 2023. Meanwhile, core inflation will continue to rise until mid-year, largely due to inflationary inertia and rate adjustments at the beginning of the period.

Regarding this, the government issued a decree linking these adjustments to the inflation level rather than the minimum wage value. However, the significant price increase at the end of 2022 is, in any case, demanding and indicative of major adjustments.

Finally, the Central Bank of Colombia will maintain the current intervention interest rate level until the third quarter. At that time, the economic slowdown, the inflation reduction trajectory, stronger inflation expectations anchoring, and smaller external imbalances will provide room to initiate the interest rate reduction cycle. This year, the rate is expected to close at 11.5 %, still a restrictive level for the economy. Better inflation results could provide room for further rate reductions.

In conclusion, this year, the economy will transition to a new stage of the economic cycle, characterized by slower growth, gradual inflation moderation, and still elevated interest rates. In this context, a slowdown in credit expansion and challenging conditions in financial markets are expected. Nevertheless, this new growth profile is necessary and healthy for improving economic balances and initiating the next recovery cycle with fewer internal and external imbalances.

6.2

Behavior of the Main Stock Market Indicators during 2022

In 2022, the COLCAP registered a negative variation of 9.1 % (having dropped 2.0 % in 2021). At the beginning of the year, during the first four months, the index showed positive performance, reaching its peak value on April 20. Following that, the index fell in May and, despite recovery in early June, continued to decline until early October, reaching its lowest value in the last week of September.

This index performance displayed a disconnect from the overall economic performance, which grew by an average of 9.4 % in the year up to September. Furthermore, global uncertainty (signs of recession in several countries and the Russia-Ukraine conflict), local presidential elections, and decisions by external monetary authorities may have been factors affecting stock prices on the Colombian Securities Exchange, preventing the positive company results from being absorbed by the financial market.

The COLCAP index closed the year at 1,286 points. Shares with the best performance within the indicator's basket were Bancolombia (+34.6%), Nutresa (+25.8%), Preferential Bancolombia (+25%), and Grupo Sura (+18.7%). Conversely, those with the lowest performance were Preferential Cementos Argos (-3.8%), Promigás (-3.3%), and Grupobol (-2.9%).

COLEQTY, COLIR, and COLSC indices displayed a similar performance and trend as the MSCI COLCAP. COLIR had the worst result with a negative variation of 13%, followed by COLEQTY (-12.7%) and COLSC (-5.72%).

Evolution of BBVA Colombia Share Prices

The Ordinary share price of BBVA Colombia closed at COP 350 in 2022, increasing by 9.37% considering the price on December 31, 2021, which was COP 320.

The Colombian Securities Exchange classifies the ordinary shares of BBVA Colombia under the modality of Continuous Instrument due to its presence in the stock market.

The same dynamic was present with the price of the non-voting preferred share with dividends, closing at COP 350 in 2022, decreasing in value by 9.09% considering the price on December 31, 2021, which was COP 385. These types of shares are considered Instrument by Auction.

The Bank's floating capital is 4.57% and is detailed below:

Floating Capital of the Bank

Type of shares	Number
Ordinary Shares	630,705,101
Non-voting Preferred Dividends	26,752,348

Stock market capitalization of BBVA Colombia (in millions of Colombian pesos)

Year	2019	2020	2021	2022
Market Capitalization Amount	5,386,273	4,440,533	4,635,244	5,035,691

Evolution of BBVA Colombia Share Prices

Year	2019	2020	2021	2022
Ordinary share - Closing price	374	306	320	350
Non-voting preferred share - Closing price	385	385	385	350

BBVA Colombia shares and stock market ratios

Item	December 31, 2020	December 31, 2021	December 31, 2022
Number of shareholders	65,169	65,182	65,121
Number of shares outstanding	14,387,689,071	14,387,689,071	14,387,689,071
Maximum price (ordinary share)	425	340	398
Closing price (ordinary share)	306	320	350
Minimum price (ordinary share)	281	286	320
Maximum price (non-voting preferred share)	385	385	390
Closing price (non-voting preferred share)	385	385	350
Minimum price (non-voting preferred share)	320	385	350
Carrying value per share	347.26	395.29	428.62
Stock market capitalization (millions of Colombian pesos)	4,440,533	4,635,244	5,035,691

During 2022, the performance of various stock indices experienced significant fluctuations.

Item	December 31, 2020	December 31, 2021	December 31, 2022
Price / Carrying value -- Ordinary share	0.881	0.810	0.817
Price / Carrying value– Preferred share	1.109	0.974	0.817
P/E (Price/earnings) -- Ordinary share	5.96	9.80	5.62
P/E (Price/earnings) -- Preferred share	7.50	11.79	5.62
Dividend profitability (Dividend / Price) Ordinary share	0.0839	0.0510	0.0886
Dividend profitability (Dividend / Price) Preferred share	0.0666	0.0424	0.0886
Dividends declared	25.66	16.32	31
Earnings per share	51.3195	32.6534	62.2227

Every year since 2007, the General Meeting of Shareholders has approved cash dividends for both types of shares, both the non-voting preferred dividend shares and the ordinary shares, and the payout has been 50%.

Dividends per share in 2022 totaled COP 31 payable in two installments, in June and October 2022.

6.3
Direct Economic Value Generated and Distributed

GRI 201-1

BBVA is committed to maximizing the creation of sustainable and shared value for its shareholders and society as a whole, through its Corporate Social Responsibility Policy. Sustainable and shared value, measured and detailed as economic value generated, distributed, and retained by BBVA Colombia according to the methodology established by the Global Reporting Initiative (GRI).

Economic value generated and distributed (COP millions)

Value Indicator	2022	2021	2020
Economic Value Generated (EVG)	COP 4,178,376	COP 3,682,433	COP 3,550,513
Interest margin	3,402,719	3,155,633	3,092,598
Net fees	509,136	428,547	324,976
Trading results	473,883	279.4 03	300,179
Other net gains or losses (1)	-COP 207,362	-COP 181,150	-COP 167,239
Economic Value Distributed (EVD)	COP 2,548,804	COP 2,071,506	COP 1,616,153
Dividends	COP 466,737	COP 425,635	COP 224,190
Results attributed to minority interest	COP 21,330	COP 20,383	COP 10,735
Suppliers and other administrative expenses (excluding wages and salaries)	COP 694,260	COP 531,440	COP 500,780
Taxes	COP 567,788	COP 490,695	COP 294,639
Personnel expenses	COP 798,689	COP 603,352	COP 585,809
Economic Value Retained (EVR=EVG-EVD)	COP 1,629,571	COP 1,610,928	COP 1,934,360
Reserves	COP 466,777	COP 449,224	COP 234,925
Provisions and amortizations (2)	COP 1,184,125	COP 1,158,819	COP 1,699,435

Tangible direct value creation: detail by stakeholder (COP millions)

Group	Value Indicator	2022	2021	2020	Growth Rate
Shareholders	Dividends	COP 465,086	COP 446,019	COP 234,925	4.3
Employees	Personnel Expense	COP 816,056	COP 648,650	COP 618,502	25.8
Customers	Interest and similar charges	COP 3,306,989	COP 1,382,468	COP 1,899,076	139.2
Suppliers	Other administrative expenses	COP 1,190,109	COP 981,319	COP 850,744	21.3
Companies	Contributions, taxes on earnings and other taxes	COP 625,319	COP 532,111	COP 335,026	17.5

6.4

Infrastructure Investments and Services Supported

GRI 203-1

BBVA incorporates sustainability into its daily operations, both in customer relationships and internal processes. Thus, the definition and execution of the strategy, which incorporates sustainability as one of its priorities, has a cross-functional nature throughout the Organization.

In this way, the Responsible Banking model leads BBVA, on one hand, to offer differentiated products and services for financing high social and environmental impact activities through sustainable business channels, which include climate action and inclusive growth. On the other hand, it relies on a solid Corporate Social Responsibility strategy that incorporates "Investment in the community" among its principles to address the most significant challenges faced by the communities where the Group operates, with the aim of creating opportunities for everyone.

In **climate action**, BBVA Colombia has channeled a total of COP 2.2 trillion in 2022, which includes significant activities and projects contributing to sustainable mobility, energy efficiency, deployment of renewable energy, circular economy, and ecosystem restoration.

Additionally, BBVA Colombia achieved a channeling of COP 1.1 trillion in **inclusive growth**, which includes financing for inclusive infrastructures in healthcare, housing, and education, as well as products and services for the financial inclusion of vulnerable communities.

Below is a table showing some of the main sustainable channeling projects financed in 2022, related to supported infrastructures and services.

Description	Type of investment	Amount (COP)
Infrastructure for the Integrated Public Transport System (Bogotá D.C)	Credit	COP 230,577 million
Sustainable housing	Mortgage credit and housing leasing	COP 281,979 million
Electrificadora de Santander	Credit	COP 56,000 million
Caldas hydroelectric power plan	Credit	COP 15,000 million
Solarpack: construction of photovoltaic power plants	Collateral	COP 177,527 million
Social interest housing - first home (individuals)	Credit	COP 71,765 million
Social housing builders	Credit	COP 232,219 million
Educational infrastructure	Credit	COP 110,764 million

Finally, in 2022, we **invested COP** 6 billion and impacted over **368,000 vulnerable Colombians through projects and actions focused on reducing social inequalities**, promoting inclusive growth, providing access to quality education, and other social initiatives aimed at boosting the country's economic and social development.

More information about these investments can be found in the "Social and Environmental Commitment" chapter.

6.5 Indirect Economic Impacts

203-2 Significant indirect economic impacts, BBVA Own-4, FS-8, FS-7

As a financial entity, BBVA has a direct impact on the environment and society through the use of natural resources and relationships with its stakeholders, and indirectly through its lending activities and the projects it finances.

BBVA's global strategy for reducing direct impacts revolves around four main pillars: (I) reducing consumption through energy efficiency initiatives; (II) using renewable energy sources; (III) raising awareness and involving employees and other stakeholders in the transition to a low-carbon economy; and (IV) offsetting its environmental footprint by purchasing credits from Voluntary Carbon Market projects to fulfill its 2020 commitment to be a carbon-neutral company.

Regarding indirect impacts, BBVA addresses environmental and social risks from a prevention and mitigation perspective. It employs tools such as the Environmental and Social Framework or the Equator Principles, which have an environmental and social focus. Managing the impacts that customers generate on the environment is part of the 2025 Objective related to sustainable business channeling.

More information on BBVA's management of its indirect impacts can be found in the "Social and Environmental Commitment" chapter.

BBVA
Creating Opportunities

7. Internal Control and Compliance

BBVA has a general risk management and control model tailored to its business model and Organization, allowing it to conduct its activities within the strategic framework and regulatory body while adapting to a changing economic and regulatory environment.

BBVA assumes the operational risk definition established by the Bank for International Settlements (BIS): "Operational risk refers to the potential for losses resulting from human errors, inadequate or flawed internal processes, system failures, and external events."

This definition includes legal, compliance, and conduct risk, as well as money laundering and terrorist financing risk; it excludes strategic and/or business risk and reputational risk. However, the management of reputational risk, entrusted to the Communication and Image unit, is carried out in coordination with operational risks to the extent that it occurs as a result of operational events.

BBVA has developed this operational risk definition to delimit its scope of management: "Operational risk materializes in losses caused as a result of human errors; inadequate or faulty internal processes; improper conduct towards customers, in markets, or against the Entity; money laundering and terrorist financing; failures, interruptions, or deficiencies in systems or communications; theft, loss, or misuse of information, as well as its quality degradation; internal or external fraud, including, in all cases, those derived from cyberattacks; theft or physical damage to assets or people; legal risks; risks arising from workforce management and occupational health; and inadequate service provided by suppliers, as well as damages resulting from extreme weather events, pandemics, and other natural disasters."

BBVA's operational risk management is supported by the Group's internal control model, which is structured in three (3) distinct lines of defense. These lines constitute the organizational structure of the Group's internal control model and aim to manage the risk lifecycle comprehensively, as described below.

7.1 Three Lines of Defense Model

The management model is structured into three lines of defense:

i) First line (1LoD): composed of the Business and Support Departments, responsible for managing operational risks in their products, activities, processes, and systems. They carry out the identification and assessment of operational risks, for which they must execute controls and mitigation plans for those residual risks that exceed acceptable levels. To support units in risk management and ensure a control environment within them, the Risk Control Assurer (RCA) role is in place.

ii) Second line (2LoD): led by the Internal Control and Compliance Department, which reports directly to the Chief Executive Officer and is composed of:

- Country Internal Control and Operational Risk: responsible for designing and maintaining the operational risk management model and assessing its application across different departments; and Risk Control Specialist Units (hereinafter, Risk Control Specialists - RCS) in the fields of compliance, risks, finance, processes, technological security, physical security, information and data security, legal, people, and third parties.
- Risk Control Specialists (RCS): define the Mitigation, Control, and Monitoring Framework within their area of expertise and compare it with the one implemented by the first line. They operate transversally, exercising their function over those departments where operational risks within their area of expertise may materialize.
- Communication and Image: responsible for managing Reputational Risk, in coordination with the internal control model in cases where Reputational Risk derives from operational events.

iii) Third line (3LoD): performed by Internal Audit, which carries out an independent review of the management model.

7.2 Operational Risk Governance Model

BBVA Colombia has a specific governance model for operational risk management, which is implemented through different committees:

i) Corporate Assurance Committee: its main function is to provide Senior Management with a comprehensive and consistent view of: a) the main non-financial risks, b) significant control environment situations, c) the result of the self-assessment of the main reputational risks, d) supervision of the Volcker Rule, and e) Data Security & Protection Committee activity. Knowing the above allows for agile and proactive decision-making to implement measures that mitigate these risks, or to accept them within the appetite thresholds defined by the Group.

In line with the relevance of the matters discussed and the scope of decisions, the forum consists of the Chief Executive Officer (CEO) and the Management Committee, with the assistance of the Internal Control and Country Operational Risk unit (Secretariat).

The primary non-financial risks and material issues faced by BBVA Colombia, called "issues," undergo a process of escalation and handling at previous stages (working groups) with the assistance of the three (3) lines of defense, allowing for anticipation of measures and action plans aimed at mitigating their effects.

The main responsibilities of this committee include:

- Analyzing the issues, approving the proposed action plan, assigning priority and designating the coordination lead, monitoring until risks are deemed mitigated, and approving the closure of the issues.
- Making decisions on risk assumption proposals presented.
- Monitoring compliance with the Volcker Rule and the activity of the Data Security & Protection Committee.
- Monitoring the Non-Financial Risks model.
- Monitoring critical and significant recommendations that are expired or soon to expire.
- Monitoring recommendations or material aspects from external auditors and supervisors that are presented.
- Monitoring risks in the implementation of the most relevant regulatory requirements.

ii) The Operational Risk Admission and Product Governance Committee (CARO&GP, for the Spanish original): aims to ensure the proper evaluation of initiatives with significant operational risk (new businesses, products, outsourcing, process transformation, new systems, among others) from an operational risk perspective and the approval of the proposed control framework. Likewise, it strives for compliance with the Product Governance Policy to protect the interests of customers and comply with consumer protection regulations for financial services across all BBVA Entities in Colombia.

The admission phase, a distinct stage of the operational risk lifecycle, has evolved holistically to support business processes and contribute to the sustained growth of the Group. In this regard, improvements have been made to optimize the admission flow, such as:

- Early identification of initiatives subject to the operational risk admission process.
- Formalization of controls to ensure the framework and defined control demands (conditions) are implemented prior to production and/or operation.

iii) The Internal Control and Operational Risk Committee for Departments: aims to ensure the proper implementation of the operational risk management model in the departments and promote its active management, making mitigation decisions in case of identified control weaknesses and monitoring them. Moreover, it monitors relevant internal and/or external regulations and/or policies, both in force and upcoming, that affect the processes of the departments, including the relationship with customers or their relationship with third parties, and consequently the control environment.

The committee should include the executive team of the unit with decision-making capacity during its meetings and the Risk Control Specialists covering the main risks presented.

7.3 Compliance Risk

BBVA Group maintains a Code of Conduct stating that "all of us who are part of BBVA must behave with respect for applicable laws and regulations, with integrity and transparency, and with the prudence and professionalism befitting the social impact of financial activity and the trust that our shareholders and customers have placed in us." Additionally, the Code asserts BBVA's commitment to acting with honesty, respect, and responsibility in its relationships with customers, employees, society, and the Company itself. It requires all members to know and respect limits, acting in accordance with the law, the Code of Conduct, and our internal regulation.

By putting this commitment into practice, BBVA relies on a control model that includes elements involved in managing non-financial risks, such as the **Compliance System**. This system comprises a set of policies, rules, and procedures (internal regulation), organizational structure, governance, tools, and technological solutions implemented to ensure that the Organization and its employees align with the Group's values.

This System aims to prevent, mitigate, and manage the so-called **Compliance and Conduct Risk**, **understood as the** "risk of significant financial or reputational loss that BBVA may suffer: (i) as a result of non-compliance with laws or regulations related to anti-money laundering, customer conduct, market conduct, or personal data protection; (ii) as a result of non-compliance with internal regulation standards; or (iii) as a result of behaviors attributable to the Entity that may adversely affect customers, employees, market integrity, or the Company itself."

In accordance with the definition of Compliance and Conduct Risk mentioned above, the following issues are considered part of compliance and conduct and are integrated into the prevention, mitigation, and management of such risk:

- **Anti-money laundering and terrorist financing prevention**, as well as compliance with sanctions and restrictions imposed by national and international law.
- Conduct in the securities market and prevention of **market abuse**, including the implementation of the Internal Code of Conduct in the Securities Market.
- **Protecting customers** in the creation or distribution of banking or financial products or in the provision of banking or investment services, including (i) transparency in the information provided, (ii) product suitability to their profile and needs, and (iii) fair treatment of customers.
- **Upholding the integrity of conduct** within BBVA, understood as the dissemination, promotion, application, and encouragement of its updated maintenance, the **Code of Conduct**, and its development regulations, including (i) corruption prevention, (ii) competition defense, and (iii) conflict of interest prevention.
- **Protection of personal data**, in accordance with the legislative and regulatory requirements applicable at any given time.
- Coordination and promotion of **Internal Regulation** standards within the Group.

Throughout 2022, we continued to strengthen the Compliance System to provide greater independence to the second line of defense functions, promoting an organizational level consistent with the internal control model.

Through an appropriate organizational structure and a clear assignment of roles and responsibilities, the Compliance Department in BBVA Colombia fully achieved its objectives, which focused on aspects such as: adequately managing and mitigating risks within its scope, and actively participating in the Operational Risk Admission Committee and Product Governance.

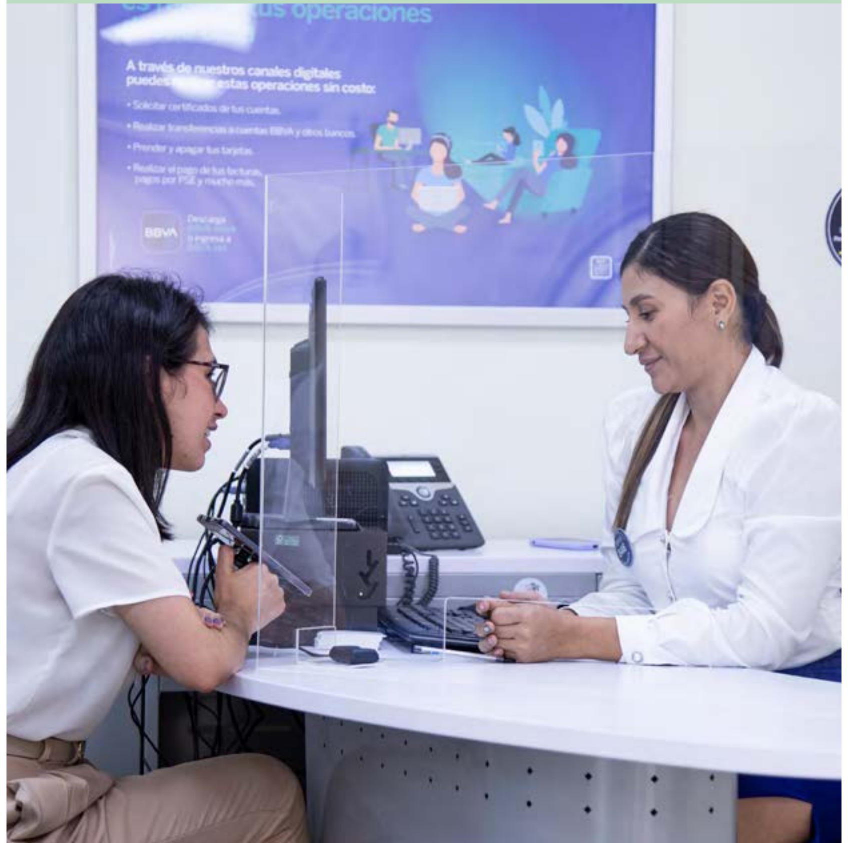
Such objectives also focused on providing support and accompaniment to BBVA's commercial management in Colombia, strictly submitting internal and external reports, promptly attending to the requirements of state control and surveillance entities, maintaining training and communication strategies on compliance topics to further strengthen the ethical culture within the Entity, and reviewing the content of policies, procedures, and manuals related to the function to verify the effectiveness of the proposed preventive measures, their validity, and effective compliance, making modifications as deemed appropriate in each case.

During the year, we participated in the preparation and implementation of the Internal Regulation Portal, where the internal regulations of BBVA entities in Colombia were made public, aiming to standardize the handling of principles and guidelines applicable to employees in their specific activities, within corporate parameters in accordance with the Internal Regulation Framework and the regulation that develops it.

As a result of implementing new hybrid, remote, and in-person work modalities, adjustments were necessary to ensure the continuity of the function, thus maintaining a control framework in line with the demands and compliance with regulations and local requirements.

Business Integrity

The year 2022 was important for BBVA Colombia in its ongoing commitment to integrity in business, maintaining its efforts for the continuous improvement of policies and practices to ensure a relationship with all stakeholders based on integrity and which is present in BBVA's values, leadership model, and Code of Conduct.



Throughout the year, we developed, among others, the following activities:

- Continued management efforts to monitor the implementation and assessment of the Anti-Corruption Program, in accordance with corporate guidelines and the BBVA Board of Directors, strengthening and documenting new and existing measures and controls that adequately mitigate corruption risks, as well as participating in promoting measures aimed at addressing improvement opportunities identified in audit exercises related to the matter.

- Continued management to the Whistleblower Channel in compliance with the principles established in the Code of Conduct related to protecting whistleblowers in good faith, the confidentiality of complaints and whistleblowers, as well as the objectivity and impartiality in procedures, and promoted training and ongoing communication to employees about the content of the Code and the use of the Channel.

  Also, considering the approval of the Code of Conduct by the Board of Directors in April 2022, we continued disseminating the contents of the Code and the Whistleblower Channel tool, applicable to all BBVA entities, based on updated parameters allowing registration, monitoring, and traceability of communications, ensuring the confidentiality and anonymity of complaints received in the Compliance Department.

- As a result of the changes to the Code of Conduct, we continued promoting the tool for Registering Gifts and Events to detect undue influences or third parties, conducting training campaigns, and monitoring indicators in the department at the Management Committee, Corporate Integrity Management Committee, and the Boards of Directors of BBVA entities in Colombia.

- Furthermore, we made progress in the design, implementation, and monitoring of individual and synthetic indicators for the prevention and detection of potential sales malpractices, non-compliance with regulations on financial consumer protection, and causal analysis of complaints filed by BBVA customers.

- We submitted the requested reports to the corporate office, related to: Code of Conduct, Whistleblower Channel, complaints, and applicable regulations on financial consumer protection, personal data protection, competition issues, White Paper, Smartsupervision, and Customer Compliance indicators.

- Continuing the process of integrating Personal Data Protection into the Business Integrity Management, the goal is to strengthen the functions that, as a second line of defense, were established to protect and ensure appropriate handling of personal information obtained by BBVA entities in Colombia from customers, shareholders, employees, administrators, suppliers, users, or any other person they relate to as a result of their business activities.

- We participated in the review of risks and controls aimed at updating the matrices for Corporate Compliance and Customer Compliance, adapting them according to corporate guidelines, and aligning them with methodological criteria, structures, and new tools implemented in the Entity.

- Ongoing review of the regulatory framework and risk matrix concerning Personal Data Protection seeks to ensure a consistent application of regulations that allows the adoption of standards and tools in BBVA entities in Colombia.

- Owing to continuous work and ongoing improvement of the function, and based on risk review and analysis, controls were reinforced and measures were established to strengthen the three lines of defense model, on the occasion of the area's risk assessment, participating in the design of action plans in line with the detected improvement opportunities.

- We conducted a review of the regulations applicable to Integrity areas and updated the contents and validity of the Internal Regulation Framework, as well as its publication on the Portal, as provided for such purpose by the Corporate.

Standards of Conduct

GRI-205-1, GRI-205-2

BBVA's Code of Conduct provides behavioral guidelines that align with our principles of prudence, honesty, transparency, and integrity, and with corporate values, seeking to ensure the customer comes first in the development of a team that thinks big and directs its actions in a coordinated manner towards achieving local and corporate goals under strict and high standards of conduct.

Both the Code of Conduct and the Anti-Corruption Policy establish the framework for BBVA entities to prevent, detect, and promote communication of corrupt practices or risk situations, set specific behavioral guidelines for sensitive activities or areas, facilitate the identification of assumptions requiring special caution, and provide appropriate advice when in doubt, as risks related to corruption are evaluated in all the Bank's processes.

The Anti-corruption Policy identifies activities that may be exposed to corruption risks, for which there is a clearly established and mandatory compliance guideline for all collaborators (administrators, directors, and employees) and may, in some cases, extend to third parties or entities that maintain a business or professional relationship with the Bank.

Some activities exposed to risk include:

- Offering, giving, and accepting gifts or personal favors.
- Promotional events.
- Donations and sponsorships.
- Relationships with suppliers, agents, intermediaries, and business partners (mergers, acquisitions, and Joint Ventures).
- Provisions on facilitation payments.
- In hiring personnel.
- Provisions related to expenses.
- In accounting and recording of transactions.

During 2022, the review and modification process of the Code of Conduct was carried out, which was approved by the Boards of Directors of BBVA Entities in Colombia. The purpose of this amendment was to introduce those improvements identified during its implementation period, adapt the Code to the best industry practices, and adapt it to the Internal Regulatory Framework.

As a result of the analysis, new topics related to responsibility in risk management, standards applicable to relations with public institutions and employees, guidelines on data quality and use, and commitment to the fight against fraud were included. Furthermore, the Code's existing guidelines were updated and strengthened, such as commitments to prevent corruption, promote transparency, diversity and inclusion, financial responsibility, acceptance or giving of gifts or personal favors, free competition, commitment to sustainability, and the tools of the Whistleblower and Consultation Channel of the Code of Conduct.

Additionally, BBVA has the following anti-corruption policies: customer and product governance conduct, conduct in the securities markets, competition, conflicts of interest, and the administration system for money laundering and terrorism financing risks, which develop the principles contained in the Code of Conduct, incorporate specific rules, and establish the guidelines for action expected from members of BBVA Entities in Colombia in each of these areas of operation.

Pursuant to Notice 019/2021 of the Financial Superintendence of Colombia and Public Notice 116/2021 of the Self-Regulator of the Securities Market, in 2022, we participated in sessions of the Committees responsible for monitoring the Duty of Advisory, promoting activities aimed at complying with the regulation and the work plan approved by the Board of Directors within the established terms and deadlines. Consequently, during the year, a robust regulatory framework was created, aiming to establish guidelines applicable in relations with customers, investors, and the development of advisory activities in the securities market.

Communication and training about anti-corruption policies and procedures

205-2

During 2022, BBVA continued communication and training activities for its employees and Board of Directors concerning anti-corruption policies and procedures. Thus, we sent the entire workforce, via email, communications related to the Code of Conduct, and 100 % of the employees enrolled in General Anti-Corruption Policy, Conflicts of Interest, and Code of Conduct training through the Campus platform. These mandatory trainings must be completed by all employees before the end of the year.

Additionally, we sent communications to all employees, including governing body members, reminding them of the guidelines established in the Code of Conduct via the AIDía mailbox and the channels designated for reporting evidence of behaviors contrary to these guidelines or raising questions regarding any provision of the Code of Conduct.

We provided training to all members of the BBVA Boards of Directors in Colombia on corruption matters, updating them on regulations.

In addition, The Anti-Corruption Policy establishes the firm commitment of all BBVA entities to legality, setting forth the principles required to act with the utmost honesty, integrity, and transparency, both within the Entity and with customers, agents, intermediaries, suppliers, business partners (including those who may interact on behalf or on account of BBVA with public administrations), public or private institutions, and other third parties with whom the Entity interacts.

In all contracts we sign with third parties, suppliers, partners, and companies considered "business partners," obligations regarding compliance with applicable Anti-Corruption regulations are established.

Likewise, each of the Boards of Directors of BBVA Entities in Colombia and the Joint Ventures in which they participate approved the Anti-Corruption Policy and promoted communication for the awareness of all instances and employees.

Whistleblower Channel

During 2022, the Compliance Department positioned the Whistleblower Channel as the main mechanism for managing conduct risk at BBVA, through the socialization of the tool designed for receiving reports, primarily through virtual training, where legal update contents were reviewed and reinforced through the "Legal Challenges" course, completed by 91 % of employees, and by sending communications with practical content and cases via the AIDía mailbox, supported by the Talent & Culture and Responsible Business departments.

Various campaigns highlighted how, through the Whistleblower Channel, BBVA employees, customers, and suppliers can report any non-compliance they observe or are informed of, reminding them of their obligation not to tolerate behaviors that deviate from the Code.

We reiterated the way communications can be submitted through the Whistleblower Channel tool at www.bkms-system.com/bbva.

The Compliance Department diligently and promptly processed the received reports, promoting their verification, and driving measures for their resolution, in accordance with the recently reviewed and updated Whistleblower Channel management procedures and by analyzing the information objectively, impartially, and confidentially.

Main aspects to be reported through the Whistleblower Channel:

Classification of Complaints

Respect for individuals

- Workplace environment
- Non-discrimination

Operations log

- Appropriations of collections
- Customer appropriations
- Credit concessions
- Appropriations of inactive accounts
- Accounting manipulation
- Favoring third-parties

Failure to comply with the law

- Laws, decrees
- Resolutions or notices issued by higher authorities

Market integrity

- Insider information
- Conflicts of interest
- Market manipulation

Anti-corruption and Other Aspects

GRI-205-3, 206-1

2022 was an important year for BBVA within the framework of the Global Integrity Plan, in an environment of challenges and innovation, where we continued our efforts to review, adopt, and disseminate the New Code of Conduct, designing training programs and updating its content in accordance with internationally recognized standards as best practices in anti-corruption and integrity, and monitoring the implementation of BBVA's Anti-Corruption Program.

In executing BBVA's Anti-Corruption Program, we strengthened existing controls and participated in the adoption and monitoring of commitments derived from audit actions carried out in relation to the subject.

We continued training sessions focused on new groups, reinforcing content aimed at mitigating risks in anti-corruption, consumer protection, conflicts of interest, prevention of money laundering and terrorist financing, market conduct, and optimizing the handling of petitions, complaints, and claims.

Additionally, the Compliance Department continued its advisory work and attention to inquiries received from different departments of BBVA Entities in Colombia, regarding the application of the Code of Conduct, mainly related to objectivity in selection, contracting and promotion, the development of other professional activities, the acceptance of gifts or personal favors, personal data processing, management of potential conflicts of interest, and personal assets management.

To address inquiries, we promoted the use of the Consultation Channel tool at www.bkms-system.com/consultas

In the area of customer protection, we adopted the Customer Conduct and Product Governance Policy, which establishes the principles BBVA must observe when evaluating the features and risks of products and services, as well as defining their distribution conditions and monitoring, ensuring that customer interests are considered at all times and guaranteeing compliance with applicable regulations while observing the principles of transparency, adequacy, and fair treatment.

During the year, we continued to request a properly completed compliance minimum checklist before issuing a Compliance evaluation for any outsourcing initiative or offering products and services aimed at the open market or BBVA customers.

Furthermore, we included a new section on Product Governance in the Operational Risk and Product Governance Admission Committee (CARO&GP) forum, related to investment products, in order to comply with the regulations on advisory activity, monitoring the target market, customer profiling, product classification, distribution strategy, training, indicators, conflicts of interest, among others.

During 2022, we continued the “SOY BBVA” (I AM BBVA) campaign focused on internal and external customer service, establishing general guidelines for customer service, service provision, and handling requests, complaints, and claims, including red lines regarding customer information, applying BBVA principles through ongoing communications to the entire workforce.

On the other hand, through the “Haz lo Correcto” (Do the Right Thing) campaign, we promoted the principles of integrity, honesty, and transparency, disseminating the importance of acting according to BBVA values in all participated activities through simple content from Senior Management.

During 2022, we continued the action plan generated based on improvement opportunities identified in the comprehensive evaluation of the Compliance Function conducted by Internal Audit, which concluded that the Function for BBVA Group Entities supervised by the Financial Superintendence of Colombia (SFC) has monitoring schemes aimed at ensuring compliance with legal provisions and identifying deviations to properly manage inherent risks.

Furthermore, we addressed the action plans led by the Compliance Department within the established timeframes and provided ongoing monitoring and support to other departments of the Entity in fulfilling their assumed commitments.

Likewise, we actively participated in committees and meetings across different entities and at various levels, issuing opinions involving aspects within our competence and in all those where we have a voice and vote given the nature of our inherent functions.

Finally, we promoted Compliance Plans for BBVA Entities in Colombia in accordance with the Compliance Function Statute approved by the Boards of Directors, with the aim of preventing, mitigating, and managing the so-called Compliance and Conduct Risk.

It should be highlighted that, during 2022, we were not made aware of any confirmed corruption cases and, therefore, there were no disciplinary measures, contract terminations, or legal proceedings related to this issue. Furthermore, no legal actions related to unfair competition were filed.

Securities and Derivatives - S&D

The expansion of activities related to Trade Surveillance in the securities and foreign exchange markets strengthened the active participation of the Securities & Derivatives discipline in 2022, which continued to be a reference point for BBVA Entities in Colombia. These advances are the result of efforts made in developing a regulatory framework adapted to the specificities of the business, the ongoing issuance of opinions, the strengthening of monitoring scenarios for generating effective alerts related to alleged Market Abuse behaviors, and the establishment of processes to mitigate S&D risks. In this context, management reports were presented to the Boards of Directors, and the following activities were carried out, among others:

> In terms of consumer protection, we adopted the Customer Conduct Policy and Product Governance, which establishes the principles that BBVA must observe when assessing the characteristics and risks of products and services.

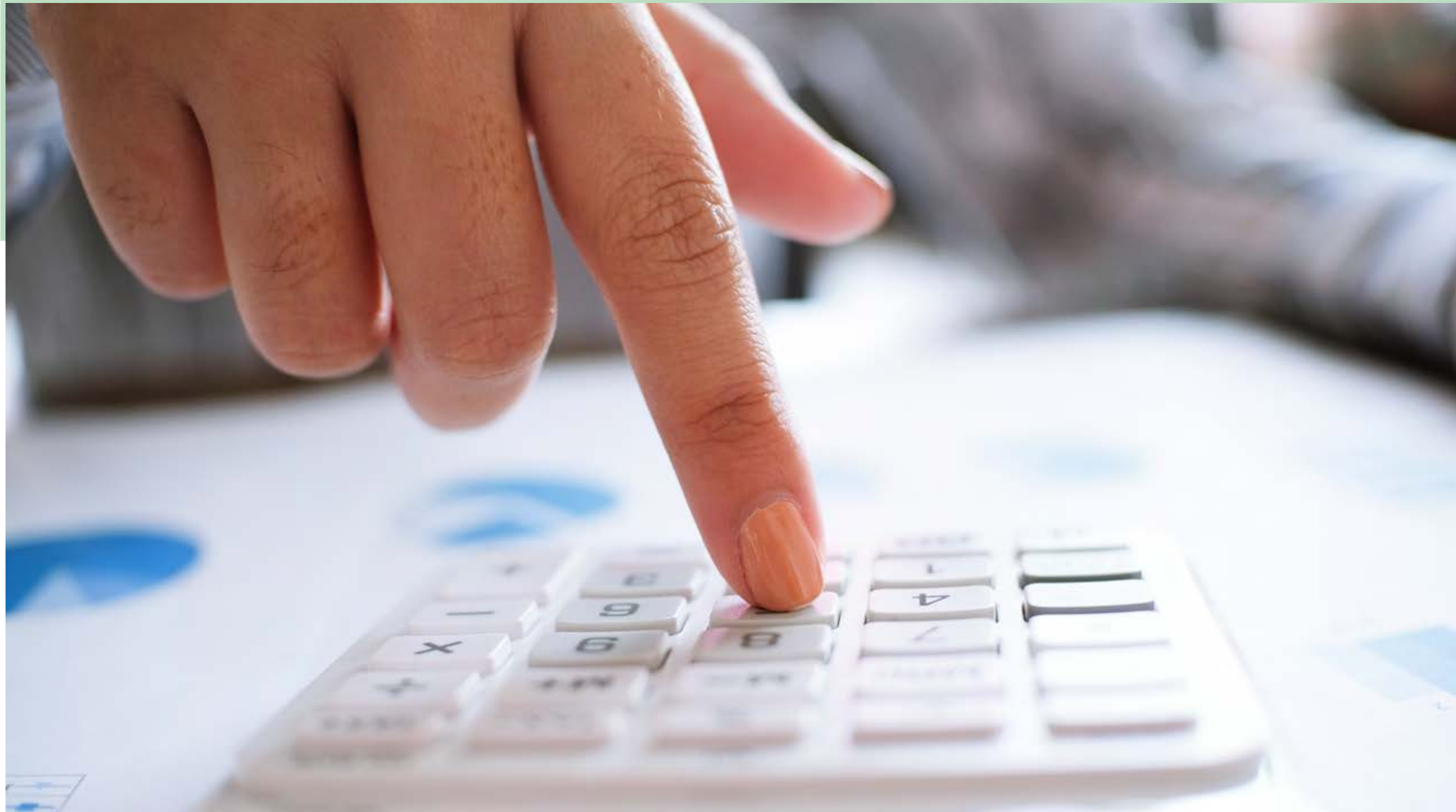
- We updated and approved the amendment of the Corporate Policy on Conduct in the Securities Markets and the Internal Conduct Regulations (ICR) by the Boards of Directors of BBVA Entities in Colombia.
- We continued providing training and communication of the Internal Conduct Regulations (ICR) content to subject individuals.
- We carried on with the design, structuring, implementation, and strengthening of monitoring scenarios through participation in technological infrastructure projects to prevent the execution of practices constituting market abuse under patterns associated with conflicts of interest in contributing to benchmark indices, complying with internal regulations.
- We participated in the development of the Guide for Establishing a Secure Remote Work Environment, a document created in collaboration with teams from Holding, Engineering, CIB, and Talent & Culture.
- We submitted the requested reports to the corporate office, related to: RIC, Proprietary Trading, Management Limits, Separate Areas, Market Abuse, and Special Measures generated in response to various work modalities.
- We took part in the design and reporting of Market Abuse indicators, as well as in the creation of controls inherent to the implementation of regulations concerning the advisory duty.
- We participated in the review of risks and controls aimed at updating the scope matrices and their adaptation, in accordance with corporate guidelines, with the purpose of aligning them with methodological criteria, structures, and tools implemented in the Entity.
- We performed a challenge of existing controls to prevent and mitigate the inherent risks of S&D.
- We managed the Insider Information Files and Special Confidential Projects to ensure compliance with

confidentiality obligations and mitigate the risk of improper use of privileged information by those in the know, while actively participating in the generation of concepts inherent to the areas in charge when initiatives required it.

- We also carried out a review of the regulations applicable to the Securities and Derivatives area, making the necessary adjustments in accordance with the Internal Regulation Standard and updating publications on the portal.
- We worked on the attention, consolidation, submission of information, and execution of action plans, as well as on the preparation of responses to regulators and control entities, as a result of the visits attended by Compliance related to Corporate Governance in matters of market abuse and the support required by the Compliance Department.
- We participated in the review of alerts and generation of reports inherent to market activity as part of the development of functions as a second line of Internal Control and Compliance.

Money Laundering Risk, Terrorism Financing, and Financing the Proliferation of Weapons of Mass Destruction.

Preventing money laundering, terrorism financing, and the financing of the proliferation of weapons of mass destruction (hereinafter, ML/FT) is, above all, a constant in the objectives that BBVA Colombia associates with its commitment to improve the various social environments in which it conducts its activities.



For BBVA Colombia, ensuring that its products and services are not used for criminal purposes is also an indispensable requirement to preserve corporate integrity and, with it, one of its main assets: the trust of the individuals and institutions with which it interacts daily (customers, employees, shareholders, suppliers, etc.).

To achieve this objective, BBVA Colombia, as part of a global financial group with branches and subsidiaries operating in numerous countries, has a corporate risk management model that encompasses all compliance matters.

The model not only considers Colombian regulation but also incorporates the best practices of the international financial industry in this area, as well as recommendations issued by international organizations such as FATF (Financial Action Task Force).

Furthermore, it is essential to highlight that the ML/TF risk management model is a constantly evolving model subject to ongoing independent review. In particular, the risk analyses carried out reinforce the controls and establish, where appropriate, additional mitigating measures to strengthen the model.

During 2022, BBVA Colombia has continued to strengthen the aforementioned model, executing significant actions focused on preventing illicit funds from accessing and using the financial system. As a result, in compliance with current regulations and in consideration of the recommendations issued by the Financial Superintendence of Colombia in various forums, we carried out the following activities:

- We gave continuity to the scheduled actions related to the stabilization process of PN 027/2020 and the monitoring of the implementation of Decree 830/2021.
- Continuously strengthening the internal processes management application within the department, automating sources and establishing controls in the tool to ensure integrity and traceability of management in each operational line.
- Promptly addressed the requirements of the Financial Superintendence of Colombia, state investigation agencies, and control entities.
- Advancing in the implementation of specific controls to identify and prevent potential transactions related to Virtual Currencies.
- Continuing with the study of ML/TF typologies applicable to the Entity's business, reviewing specific groups and local monitoring scenarios to apply the necessary adjustments and calibrations within the model to detect possible money laundering and terrorist financing operations.
- Participated in the Information Update Committee, which seeks to analyze and evaluate strategies and processes for obtaining and updating customer information through the office network and mass processes, with the aim of improving indicators of population, quality, and updating of customer information.
- Advanced management and monitoring regarding the population of the shareholder/final beneficiary database of corporate customers, from the Networks Department, achieving an acceptable percentage of database population.
- Carried out semi-annual control monitoring and the corresponding risk and control assessment.
- Participated in the Admission and Operational Risk and Product Governance Committee, providing input for new products and services to ensure compliance with applicable AML/CTF regulations.
- Adjusted and approved, by the Board of Directors, the new matrix for "ML/TF Risk Management," complementary to the existing ones for the management of other risks such as operational or typically financial.
- Established, according to the markets in which BBVA operates, the causes that may lead to ML/TF risks in BBVA Entities in Colombia, and submitted the modifications to the Financial Superintendence of Colombia within the framework of the on-site visit to assess, among other things, the performance of the Money Laundering and Terrorist Financing (ML/TF) Risk Management System.
- Designed an action plan to address improvement opportunities indicated by the supervisor in the visit report, which concluded that the Entity understands the threats that may lead it to be used for

ML/TF operations, has an effective Money Laundering and Terrorist Financing (ML/TF) Risk Management System, and a risk matrix in line with supervisory expectations that can be improved in relation to the identification of causes and the design and execution of controls for some risks.

- Adjusted and published, in the Portal provided for this purpose, the internal regulations of the ML/TF area, taking into account the Internal Regulation Standard and the new risk matrix.
- Continued with the review of monitoring scenarios and the automation of scoring for alert generation.

7.4 Internal Control and Country Operational Risk

Internal Control and Country Operational Risk is the unit responsible for defining the instruments, methodologies, and procedures that enable our Entity to effectively manage operational risks in accordance with the guidelines, stages, and elements provided for in local operational risk and internal control regulation, particularly those found in Chapter XXIII of the Basic Accounting and Financial Notice and in Part I, Title I, Chapter IV of the Basic Legal Notice.

It has one anticipatory and preventive approach (ex-ante) to the analysis of the causes for their mitigation and another, which measures the consequences (ex-post) through the effectiveness of the established controls, in order to define cross-cutting action plans and achieve the continuous improvement of the control environment.

This methodology allows for: i) identifying potential and real operational risks through process reviews, applying self-assessment techniques that are completed and contrasted with other relevant internal and external information, and by assessing current rules and regulations; ii) generating analyses to prioritize risks with the aim of distinguishing critical risks from non-critical ones; iii) identifying, documenting, and testing mitigating factors and controls that contribute to risk reduction and, based on their effectiveness, calculating residual risk.

Operational Risk Appetite

BBVA Colombia has an integrated Risk Appetite Framework within the General Control and Risk Management Model approved by the Board of Directors. It is the fundamental element in risk management and represents the level the Organization is willing to assume to achieve its objectives in terms of solvency. This framework is reviewed annually.

The management of operational risk is focused on identifying the root cause in order to prevent its occurrence and mitigate its potential consequences through the establishment of control and monitoring frameworks and the development of mitigation plans. The goal is to minimize economic losses, reputational consequences, and the impact on recurring results generation. For measuring this management, the following is used:

- The Operational Risk Appetite Indicator (ORI) shows the relationship between the amount of losses materialized by operational risk events and the gross margin. Its calculation and monitoring are performed monthly, and its limit is approved by the Board of Directors.
- Management Limits associated with relevant risks (digital and physical fraud, people management, transaction processing, technology, information security, compliance and conduct, legal contingencies, third parties and taxes) with monitoring in different control committees, executive committees, the Board of Directors and corporate bodies.

CARO & GP

During 2022, 79 initiatives passed through the admission process and were admitted in three instances:

- 52 in the CARO&GP forum (outsourcing: 26, product: 8, new services: 4, new channels: 1, process reengineering: 4, and inherent risks: 1). Additionally, 8 follow-ups of relevant initiatives were conducted.
- 11 were approved in 2LoD and presented in the WG forum, then approved by the CARO&GP Secretariat under the considerations of the RCSs (outsourcing: 7, process reengineering: 3, and inherent risks:1).
- 16 in 1LoD were presented in the WG forum and approved by the RCA under the considerations of the RCSs and the Secretariat's review (outsourcing: 3, product: 3, new services: 1, new channels: 3, process reengineering: 5 and technological changes: 1).

The development of this activity in 2022 resulted in the generation of 361 conditions by the Risk Control Specialists as necessary and mandatory considerations for the First Line (1LoD), which in turn help to guarantee, protect, and strengthen the initiatives against possible non-financial risks during their implementation.

High-Quality Event Logging

Public Notice 025, issued on July 7, 2020, by the Financial Superintendence regarding the Operational Risk Management System and specifically stated in Section 3.2.5.1, establishes that "...for operational risk management, all entities must have a high-quality operational risk event registry..." BBVA Colombia initiated a project in 2021 to implement changes in internal processes, supplement related regulations, develop software, and acquire IT solutions to achieve compliance with solvency.

Following the application process, working sessions, and support of internal policies and procedures, in July 2022, the Superintendence granted authorization for the Bank to use the operational risk loss event registry in calculating the loss component.

Upon obtaining the certification, the Bank uses the operational risk event registry to determine the loss component starting from August 2022 (required input for calculating "Operational Risk Exposure Value" VerRo, for the Spanish original).

Integrated Operational Risk Management Framework (MIGRO, for the Spanish original) Tool

With this tool, we maintained continuity and dedicated significant resources to the MIGRO global application implementation project throughout its planned phases. This facilitates the consistent development of the new risk management methodology called BowTie, based on the identification of the root cause, its controls and possible consequences, as well as the mitigation measures to prevent the escalation of a risk following its materialization.

Aiming to standardize risk identification, we implemented the concept of risk library, representing the set of risks existing in each theoretical process of the Group's process taxonomy. We made progress in various relevant milestones and modules related to operational risk admission, risk and control assessment, inherent risk calculator, weakness management, and reporting to support the integration of the three lines of defense control model with the new methodological components of risk management.

Operational Risk Culture

Regarding the culture of prevention, in collaboration with the Talent & Culture Department, we conducted training activities for our workforce. Employees have access to virtual and legal courses covering topics related to the Operational Risk Management System (ORMS) and Third-Party Management with a focus on outsourcing risk management. Training on ORMS for third-party outsourcing service providers was conducted through Asobancaria and concluded in October 2022, with participation from an expert trainer from the Entity.

Third-Party Risk Control Specialist

RCS's Third-Party function aims to ensure compliance with regulations in terms of control specialization and discipline, at a geographic level for all BBVA Entities in Colombia. Development of its framework of action for outsourcing, including Outsourcing, Vendors, and Third Parties.

The responsibility, as a control specialization, focuses on the creation of mitigation and control frameworks and challenging the implementation, providing greater support to units in order to minimize the materialization of risks arising from inadequate management of third-party relationships (interruptions and/or inadequate service levels, incorrect invoicing, financial losses, negative customer experiences, among others).

The discipline manages operational risk admission in the context of outsourcing, implementing defined policies and methodologies, and ensuring proper tool updates to guarantee monitoring and reporting to local and corporate levels by deploying best practices.

Implemented Regulatory Framework

In line with best practices for third-party risk management and to comply with regulatory requirements, we implemented the following:

- Local adaptation of the "Standard for the management of the outsourcing lifecycle," allowing us to develop an action, control, and mitigation framework better suited to the challenges and peculiarities of the geography.
- The Public Notice 025/2020 from the Financial Superintendence of Colombia, which expands the requirements for contracting natural and/or legal persons under the outsourcing modality, is also included.

Assurance Projects

In order to deploy the control framework for the specialization, we prioritize services based on their criticality, the technical assessment of the provider, and the relevance of outsourced processes to ensure they comply with SLA monitoring, billing verification, and have updated and accessible information in risk and control management tools.

Processes - Risk Control Specialist

This main objective is to promote the general mitigation and control framework defined for risks within its scope, for management and adaptation by the 1LoD, both in operational risk admission processes and the general risk model.

RCS Processes, as a control specialization, mainly covers risks related to:

- Fraud: External fraud committed by a third party in relation to a product or process in physical channels, presented through fraudulent documentation or identity theft, and internal fraud due to unauthorized activities carried out by employees or the use or disclosure of internal operational or business information.
- Transaction Processing: Deficiencies in product design, incorrect design and implementation of processes, models, and application parameterization; inadequate, incomplete, or untimely execution of processes and deficiencies in product delivery, customer service, or execution of customer instructions; errors in operational information communications and loss of documentation in face-to-face channels.
- Data Management: Risks due to deficiencies in data governance not related to technological aspects, encompassing dimensions such as lack of ownership, unfamiliarity with content, poor quality, and from a functional perspective, lack of integrity and risk of unavailability.

In order to reinforce the control elements linked to the procurement process of goods and services under the Kaizen Project, led by the Corporate Finance Department, we have advanced in the following lines of action:

- Monitoring on the implementation of master plans, ensuring the mapping of risks and controls to guarantee their future monitoring and follow-up by the control layers.
- Out-of-perimeter procurement (AFdP, for the Spanish original): monitoring and follow-up of procedures documentation, operationalization of management tools, support for business units and support in risk and control mapping (control framework).
- Follow-up on the assurance of the governance, organization, and control framework for GLGs, aimed at addressing improvement opportunities identified in the Third-Party Management Issue.

Risk Control Specialist - Internal Risk Control

The Internal Risk Control Department acts as a control unit in Risk area activities and, in general, those activities related to risk management and financial risk controls (credit, markets, and structural). Thus, it verifies that the regulatory framework and established management and control measures are sufficient and appropriate for each type of such risks.

Additionally, it monitors their application and functioning and confirms that Risk Department decisions are made independently of business lines. As a part of the implemented control model, it acts as a Risk Control Specialist (RCS), challenging the risks for which it is the owner. Finally, it operates transversally, exercising its function over departments in which operational risks within its department of expertise may materialize.

It has the following units:

- CIR Processes: Responsible for reviewing the functioning of control and financial risk management processes to ensure they are adequate and in compliance with regulations, detecting potential improvement opportunities. To accomplish this, it has an annual work plan and a primary work methodology through assessments framed in each risk typology (Credit, Issuer, Counterparty, Liquidity, IFRS 9, among others) with coverage in the Bank, Joint Venture, and Subsidiaries where these types of risks originate and are managed.
- Technical Secretariat (TS): Responsible for promoting the consistency and completeness of regulations; it coordinates the definition and structure of Risk committees, contrasts their application, and ensures proper functioning. With respect to this, the Risk Department's work is framed around eight (8) established committees for decision-making on financial risk management concerning: policies, processes, credit delegation, regulations, and customer credit admissions across all segments.
- Internal Validation (IV): Its main function is to perform an independent contrast of Risk department models to ensure their accuracy, robustness, and stability. To achieve this, an annual plan is established, aiming to cover models with a focus on regulatory and those of greater relevance and/or materiality. In any case, it is necessary to ensure total coverage of models according to materiality and outdated.

The synergies between the three units allow them to play the role in a robust manner, also highlighting attendance to Risk Department committees (as secretary or member) of the unit in order to anticipate additional potential risks or needs for reinforcement in the associated control environments.

During 2022, we focused on carrying out assurance work in financial risks through specific assessment methodologies, totaling fifteen (15) assessments to primarily evaluate: admission, delegations, and credit recovery management, compliance with risk appetite framework, market risk management, liquidity, and, in general, structural risks, committee governance compliance, internal regulatory management, Monitoring & Reporting, and Asset Allocation.

In terms of model validation, we performed assurance activities on 58 models related to: provisioning calculations, economic capital consumption, with a primary focus on closing gaps for previously unvalidated models, such as intrinsic value, behavioral models, EWS early warnings, Public Sector, among others.

We achieved 100 % of the planned activity, and initiated thirteen (13) action plans; five (5) significant and eight (8) moderate. Moreover, eight (8) issues have been resolved, the majority of which are related to retail credit risk and the new definition of default (nDoD). In total, as of the end of 2022, there are twelve (12) open plans, of which five (5) are overdue. However, they are continuously managed and pertain to: a) lack of updated ratings in the SME portfolio, b) incidents related to data integrity of IFRS 9

Throughout 2022, we focused on conducting assurance work on financial risks using a specific assessment methodology, totaling fifteen (15) assessments for individual portfolios without an associated model, and c) complete application of nDoD methodology to forced restructurings.

Besides, we have a “CIR Indicators” dashboard that, through a constant assessment of (31) indicators, provides us with a status on the performance of activities within Risks.

Based on the above, we can conclude that, in general terms, the performance has been adequate. However, some areas for improvement have been identified and are subject to ongoing assurance management.

Regarding the Technical Secretariat's tasks, objectives aimed at improving the efficiency of committees and structuring corporate standards applicable to geographies with more concise wording were achieved, as well as strict compliance with deadlines for adhesions/transpositions.

IT - Risk Control Specialist

The IT RCS Department manages Technology Security risks (covering risks from inadequate management of technological changes, IT system failures, availability and performance risks, integrity risks of IT systems, among others), Information & Data Security (including risks from unauthorized access, modification or destruction of infrastructure, risks from loss, theft or misuse of information, and cyberattacks affecting privacy/confidentiality, availability, and integrity of information), and Physical Security (risks from inadequate management of physical security of assets and people).

Throughout 2022, our management and challenge focused on the following main risk areas:

- Preventive management of technological risks in initiatives and outsourcing presented in the WG/CARO Admission Circuit. We conducted challenges on 53 projects during 2022, generating 173 conditions (12 % blocking for production passage and 88 % necessary for management during various project stages), with a 77 % implementation rate at the end of the year. Moreover, management of the implementation of control mitigation frameworks covered 18 % of new formal controls in the MIGRO tool with assurance testing to identify the proper mitigation of associated risk.
- Risk management of potential information leaks, lack of data integrity, and failures in information systems supporting operations, regarding technological assets not managed by the Engineering Vice Presidency ("Shadow IT"). We managed, with the support of the 1 LoD and the RCA of each domain for the Bank and Subsidiaries, the mitigation of technological assets with the highest risk - High Critical (95 %) and Critical (80 %).
- We strengthened technological risk management knowledge in the first line of defense through various mechanisms, such as: Risk culture campaigns, training for business employees, RCAs, and technical teams, sending "short lines" or "pills." In general, we reached more than 5,000 employees (1,800 technical employees, 1,200 subsidiary employees, and the remaining business teams of the Bank).
- Improving the satisfaction of our internal customer through the launch of the IT RCS website, we centralized essential information for online support to the first line of defense regarding the most frequent technological risks, admission circuits, technological risk heat maps, risk culture campaigns, and other topics of interest.

Finance - Risk Control Specialist

The Financial Risk Control specialty is primarily responsible for maintaining an appropriate mitigation and control environment related to the risk of inaccurate, incomplete, or untimely reporting, as well as risks arising from deficiencies in interpreting and applying accounting and tax criteria.

Among the main activities carried out in 2022 to improve and strengthen the financial risk control environment are:

- Implementation of new mitigation and control frameworks for processes such as the Volcker Rule, Liquidity (ALM), Software Activation, Corporate Responsibility, New Definition of Default (NDoD), and others.
- Assessment of the Fixed Assets management process within the Bank to evaluate the established internal control framework and validate its proper control and accounting record.

- Diagnosis conducted in the Financial Department to evaluate the state of the governance, control, and risk management model from 5 perspectives for each of the disciplines and departments in the area.
- Coordination of the SOX testing process by issuing respective instructions, schedules, and conclusion documentation, as well as ensuring the collection of evidence for the evaluation of design and functioning of controls performed by the RCA of the involved departments, and/or conducting direct testing on the controls of the affected processes.

People - Risk Control Specialist

Responsible for the People specialty is the cross-functional management throughout the Organization of risks arising from non-compliance with employees' labor rights; deficiencies in personnel management; and employee litigation (discrimination, harassment, forced admission, talent leakage, claims for compensation from former employees). In this regard, we define the general mitigation and control framework and supervise its adaptation.

During 2022, we carried out several assessments in the Bank and its subsidiaries, through which: i) we identified opportunities for improvement in some processes with escalation to the Corporate Assurance Committee, ii) promoted actions aimed at raising awareness of the relevance of People risks and the consequences that may arise from potential materialization, achieving a better understanding of risks and positioning of the function.

In addition, we participated in the development of projects: i) WorkDay, a core tool for Talent & Culture, ii) talent leakage (in the process of implementation), and iii) ensuring control of risks, driving the development of policies and procedures that guarantee compliance with current regulations.

Legal - Risk Control Specialist

The main objectives of the Legal specialty are:

- Lead the management of risks associated with the legal specialty, by defining the mitigation, control, and monitoring framework.
- Verify that the implemented mitigation, control, and monitoring environment operates according to the defined general framework and is effective in maintaining legal risks at a level consistent with the established appetite.
- Conduct periodic monitoring of the legal risk profile to ensure it remains within the management parameters defined in coordination with Internal Control and Country Operational Risk.
- Participate in Operational Risk Admission Committees, ensuring that the presented initiatives have an adequate identification of legal risks and the necessary mitigation, control, and monitoring framework.

In the actions carried out in 2022, we can highlight:

- PQR's Assessment: We completed the exercise, the conclusions of which were focused on seeking action plans to optimize the quality of PQR responses from existing suppliers.
- Ensuring the bank contracting process: We have achieved a significant reduction in conditions within CARO&GP tied to the drafting of outsourcing contracts, and have identified which contract clauses are linked to a specific risk specialty to be considered during contract negotiation.
- Training Plan: We carried out six training sessions, reaching over 300 attendees. During these sessions, RCAs from other departments learned about the scope of legal risk types, standard control frameworks (product and outsourcing) were discussed, among other topics of importance.
- Monitoring local legal risks: We completed the review of legal risks and controls within SSJJ Bank, reducing the number of controls from 57 to 25.

BBVA Creating Opportunities

8. Commitment to Our Workforce

Our employees are the cornerstone of our internal culture. Thanks to our team, our cultural values defined by the Group, principles, and practices, we have continued to advance the transformation that has allowed us to face global and market events impacting 2022.

The Talent and Culture (T&C) mobilizing levers continuously evolve to align with the Organization's and people's needs. Serving as a reference to articulate continuous improvement plans necessary to achieve our objectives. Based on this, we continue to thrive as an organization that fosters care for people and their families by supporting labor flexibility.

Organizational Transformation

During 2022, we launched initiatives that support strategic transformation projects for products and services at BBVA Colombia. For example, the restructuring of Commercial Banking through the New Office Model (NMO, for the Spanish original), which aims to be the best ally for our customers, enhancing our commercial focus, reducing the number of transactions in offices, and strengthening our digital channels. Likewise, in departments such as Client Solutions and Engineering, we created greater capacities focused on transformation and digitalization, leveraging the outlined strategy. Lastly, we aim to grow and work on sustainability-related topics, essential for positive impacts now and in the future.

Furthermore, through Organizational Structures, we continue to work on and deepen agile methodologies, enhancing teamwork around E2E Projects. We facilitate communication for those involved in the process and use visual management for decision-making. In addition, we work on leadership and empowerment of individuals through workshops focused on creating high-performance teams.

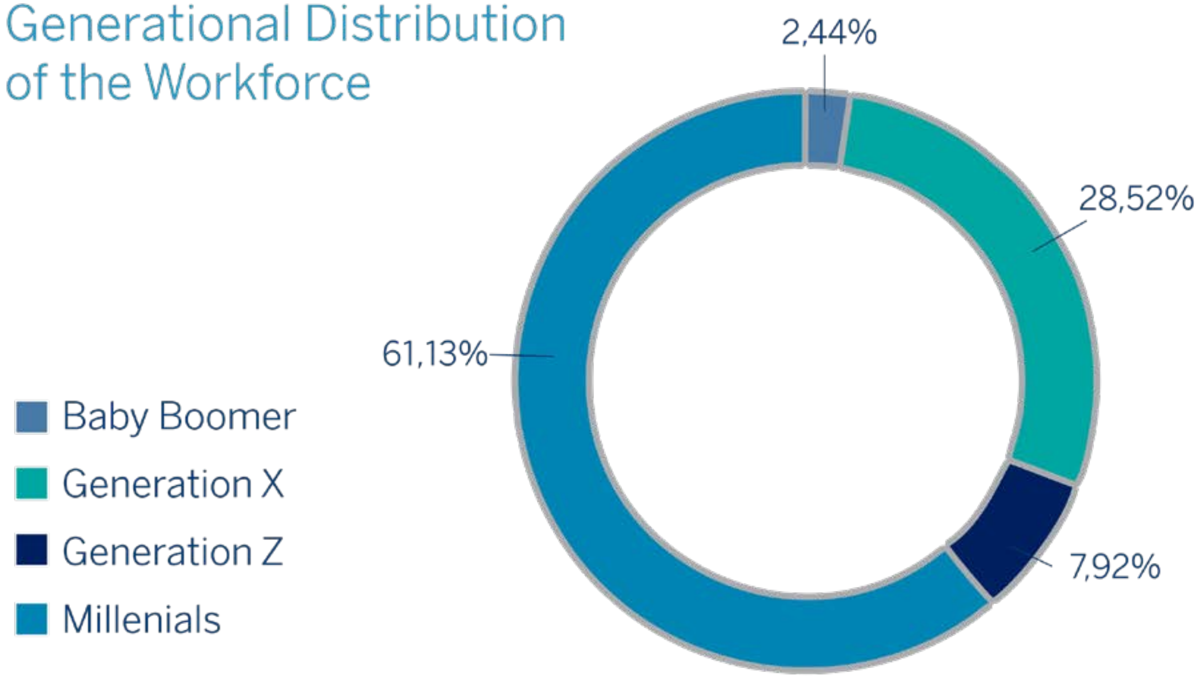
8.1 Employment

GRI-401-1 New employee hires and employee turnover,
GRI-401-2 Benefits for full-time employees not provided to part-time or temporary employees,
GRI 202-1 Ratio of standard entry-level wage by gender compared to local minimum wage.

As of December 31, 2022, the Bank's workforce comprised 5,253 employees, with 57 % being women. The Bank's workforce reflects significant generational diversity (see graph below), highlighting the substantial representation of Millennials and Generation X. This composition allows us to enhance team performance and boost employee engagement.

Supporting the transformation and implementation of the agile model, BBVA has nine Scrum Masters who provide coaching, mentoring, and facilitation to various teams. They also support digital transformation, strengthening BBVA Colombia's *new capabilities*. In total, 83.5 % of technology departments hires are distributed across three profiles (developers, support, and architects) that are currently the most competitive in the market.

Generational Distribution of the Workforce



New employee hires (entries)

Gender	Under 30	Between 30 and 50	Over 50	Total	New Hire Rate
Women	260	149	2	411	13.3%
Men	199	218	9	426	18.6%
Total	459	367	11	837	
New Hire Rate	36.00%	11.81%	1.28%		15.9%

Retired employees (departures)

Gender	Under 30	Between 30 and 50	Over 50	Total	Turnover Rate
Women	122	224	103	449	14.5%
Men	90	198	90	378	16.5%
Total	212	422	193	827	
Turnover Rate	16.63%	13.58%	22.42%		15.6%

The calculations for entries and departures are based on the annual average of employees, which corresponds to 2,296 men and 3,088 women.

In terms of compensation and benefits, the Bank's entry-level salary is 2.34 times the Colombian minimum wage. In addition, the Bank has employee benefits, among which the following stand out: extralegal, seniority and vacation bonuses, as well as eye care, educational, maternity, maternity and funeral benefits for the death of parents, siblings, spouse or children. Additional benefits for auxiliary positions include meals for employees working continuous hours and teller incentives.

Entry-level wage and minimum legal wage

Minimum salary BBVA Colombia 2022	Legal minimum salary (SMLV, for the Spanish original)	Salary Ratio
COP 2,349,584	COP 1,000,000	2.34

Social benefits for employees

Benefit	Amount Paid (Figures in Millions COP)
Meal Stipend	949.9
Eye Surgery Benefit	95.2
Death Benefit	96.6
Children's Educational Assistance	822.5
Educational Assistance for Disabled Children	28.8
Maternity Assistance	131.2
Eye Care Benefit	1937.6
Graduate Study Credit	1107.9
Undergraduate Study Credit	916.8
Teller Incentive	519.9
Seniority bonus	7466.5
Seniority Vacation Bonus	293.7
Vacation bonus	10381.9
Extralegal Bonus	76280.1

8.2
Diversity and Equal Opportunities

405-1 Diversity in governing bodies and employees, 405-2 Ratio of basic salary and remuneration of women to men, 406-1 Incidents of discrimination and corrective actions taken

As part of the transformation, we promote a culture of equity, equality, diversity, and inclusion. BBVA's Management Committee promotes actions that generate a positive impact on employees and customers, such as the following:

- **Gender equality:** We periodically review gender representation at all levels of the Organization, particularly in management positions, as we strive for internal equity. We develop training plans for women recognized as Top Talent based on their performance and evaluations, which help eliminate internal barriers in training and promote their career growth.

- **Ethnic inclusion:** For 2022, we maintained a training program with SENA, aimed at educating high school graduates in vulnerable conditions and belonging to ethnic groups such as Black, Afro-Colombian, Raizal, Rom, and Indigenous populations, to undergo a Software Developers program. In the first training phase, they achieved good academic results.

- **LGBT+**: We launched several internal manuals that promote respect for sexual identity differences. Additionally, we submitted our candidacy to the Diversity Chamber (formerly LGBT Business Chamber) and obtained the Friendly Biz certification, representing recognition for diversity and inclusion at BBVA Colombia.

- **Intergenerational inclusion**: We continue to develop initiatives for our younger employee population, seeking to improve their engagement at BBVA, with wellness, training, and psychosocial talks.

- Similarly, we support the action line focused on older individuals, working on training for job transitions and providing guidelines in the emotional, socio-familial, life project, and family finance areas.
- **People with disabilities:** We analyze the situation of our current employees and strive to improve their conditions and limit the different barriers that may arise in their inclusion. Additionally, we facilitate training environments with partners to internally better manage biases we may have towards people with disabilities.
- Lastly, we promote actions for work-life balance, disconnection from work, and respect for working hours, such as proper use of break time, meals, and other aspects, to protect family time.

Breakdown of workforce by employee category and age

Positions	Under 30	Between 30 and 50	Over 50	Total	%
Management Level II		6	4	10	0.19%
Management Level III	1	130	46	177	3.37%
Management Level IV	189	1,196	253	1,638	31.18%
Management Level V	637	1,267	223	2,127	40.49%
Management Level VI	448	514	339	1,301	24.77%
Overall Total	**1,275**	**3,113**	**865**	**5,253**	
%	**24.27%**	**59.26%**	**16.47%**		

Breakdown of workforce by employee category and gender

Positions	Women	Men	Total	%
Management Level II	2	8	10	0.19%
Management Level III	78	99	177	3.37%
Management Level IV	818	820	1,638	31.18%
Management Level V	1,278	849	2,127	40.49%
Management Level VI	806	495	1,301	24.77%
Overall Total	**2,982**	**2,271**	**5,253**	**100%**
%	**56.77%**	**43.23%**	**100%**	

Note: The above table includes employees with indefinite term contracts. Furthermore, as of December 2022, BBVA had 221 people contracted between SENA apprentices and interns (135 women and 86 men), and 711 outsourced workers (645 women and 66 men), primarily supporting the office network in covering absences due to vacations, disabilities, leaves, etc., ensuring proper customer service and carrying out projects or providing occasional operational support within the rest of the Organization.

Salary ratio by gender, broken down by professional category

Positions	Female	Male	Annual fixed income average	Female/male salary ratio
Management Level II	COP 1,153,869,032	COP 1,444,512,303	COP 1,386,383,649	0.80
Management Level III	COP 218,251,189	COP 273,978,726	COP 249,420,829	0.80
Management Level IV	COP 106,914,588	COP 124,899,837	COP 115,918,192	0.86
Management Level V	COP 67,234,981	COP 77,874,168	COP 71,483,650	0.86
Management Level VI	COP 53,877,020	COP 58,959,947	COP 55,810,954	0.91
Average salary at BBVA Colombia	**COP 79,192,020**	**COP 104,094,320**	**COP 89,959,942**	**0.76**

For 2022 in BBVA Colombia, one discrimination case was reported:

Incidents of discrimination and corrective actions taken

Incident	Status	Actions taken
1	Closed	We activated the Workplace Coexistence Committee.

8.3 Training and Development

404-1 Average hours of training per year per employee

Throughout 2022, BBVA Colombia employees received a total of 203,275 training hours. Adding the training hours for temporary employees, apprentices, and interns, the average was 34.49 training hours per person for the year 2022 (cumulative).

Training hours broken down by gender

Gender	Hours	Average
Women	115,654	33.96
Men	87,621	35.23
Total	**203,275**	**34.49**

Training hours broken down by employment category

Employee category	Hours	Average
G1 (Management Level I, II y III)	9,184	44.80
G2 (Management Level IV)	67,527	41.56
G3 (Management Level V)	73,262	33.29
G4 (Management Level VI)	53,302	28.63
Total	**203,275**	**34.49**

Note: Updated as of December 2022. Management Level I is included in the aggregated reporting data.

404-2 Programs to upgrade employee skills and transition assistance

Employee skill improvement programs and transition assistance programs: BBVA strategically prioritizes having "**the best and most committed teams**", which is why a professional development model has been structured to enable employees to take charge of their growth plans through the stages of Self-awareness, Improvement, and Exploration.

1. Know Yourself

This part of the professional development model provides tools that help each employee decide on their professional development focus. To do this, they must first understand their starting point. This way, employees can identify their areas for improvement and strengths to make the best professional decisions.

Performance expectations, people valuation, annual objectives, and individual performance assessment are some of the elements available to support them on this path of self-awareness.

Roles

The term "role" refers to the main functions, responsibilities, and skills required for proper performance in a position within the BBVA Group. Roles have been established homogeneously and objectively, according to different units and geographies, to set objective criteria and facilitate comparability.

Annual Valuation

Process through which people valuation, individual performance evaluation, and talent map calculation are carried out.

People Valuation

People valuation helps employees better understand themselves by comparing their professional profile with what is required in their role. This people valuation provides a 360-degree view from the manager, peers, collaborators, staffer/people leader, or project colleagues on the intrinsic skills based on the role, identifying the ability to continue growing professionally and take on new responsibilities.

Individual Performance

The individual performance level is determined by considering the extent to which the manager's set objectives for the year have been achieved and how the Group's values are lived, which will be reflected in the variable compensation on a scale of 1 to .

Talent Map

A management and development tool where, as a result of sustained performance and the valuation of people's intrinsic skills, talent is grouped into nine boxes. On the horizontal axis, the person's relative skill level is measured, comparing with others with roles of a similar required level; on the vertical axis, the sustained performance of recent years is represented. Each box is therefore defined as the result of the

Project Review

Project Review is a tool designed to facilitate the feedback and valuation process for teams working on projects.

The Project Review includes:

- Quarterly valuation cycles, in line with project execution cycles.
- Participation of Solution Development (projects) personnel assigned to projects approved by the Single Digital Agenda and personnel from other areas assigned to projects.
- Valuation of common objectives for the entire team.
- Valuation among team members, regarding their contribution to the project.
- Alignment of strategy with execution, through the bidirectional qualitative valuation between disciplines and team members involved in the project.

2. Improvement

It is the path to work on areas of refinement and reinforce the strengths using all the elements to enhance skills and abilities to properly perform different roles, focusing on continuous development to grow professionally in the current role. It also allows exploring other opportunities, focusing on them, and training in the skills required for those new roles.

Growth Plan

Growth plans are a useful tool for professional development. Before deciding what actions to take, it is necessary to go through a feedback process with leaders regarding possible development choices and jointly set objectives based on the role analysis and people valuation. Then, decide on the type of training to be carried out and add the defined actions

Campus BBVA

BBVA has an open LMS (Learning Management System) training platform that offers over 20,000 resources for professional development and training. This tool integrates the strategy related to Up and Re-Skilling processes through training paths incorporated in The Camp, a gamified experience that enhances the learning exercise, a second language learning school (English), and a marketplace that ensures access to training for the entire workforce without any restrictions for their development. Additionally, in accordance with our policies, leaders are encouraged to facilitate spaces within working hours to carry out required training activities for the development of their functions.
It is worth mentioning that no large-scale training activities are conducted outside of working hours.

Open Mentoring

BBVA has the Chronus platform, which offers the possibility of professional development for all its employees through a mentoring scheme on a platform designed to enhance communication and leadership skills, sharing knowledge and experience.

3. Explore

A set of tools that facilitate the process of searching for new paths of interest and areas for improvement, such as new disciplines, knowledge, and skills generated in this context of transformation.

For this purpose, elements are available that allow learning about the different roles within the Group, applying for job offers, viewing professional trajectories, and even creating the path to follow.

Mobility

All BBVA employees can apply for an internal role change in their country or even access a new role in another country, complying with internal mobility policies and principles, through a platform that communicates and enables the submission of candidates for all available positions globally.

404- 3 Percentage of employees receiving regular performance and career development reviews

In talent and culture, we create opportunities by consolidating the best and most committed teams, developing the necessary skills to make opportunities in this new era accessible to all. To that end, during 2022, we continued leveraging this strategic priority by consolidating the professional development model through increased interaction with departments, thanks to the reach provided by our front team and the fluid structure that has created greater proximity to each department's needs, deeper value propositions, and support for various work teams.

In 2022, we achieved a deeper understanding of the professional development model, its tools, and moved toward self-management and empowerment of leaders and members of various work teams at each of the stages of Self-awareness, Improvement, and Exploration, reaching milestones in each of these stages as follows:

Exploration: Challenges in 2022 were significant in this area as it is crucial for the development of strategic plans outlined by BBVA Colombia, due to the need to attract new talent in key departments, cover strategic positions with suitable profiles that generate value through the incorporation of new capabilities in a changing economic, technological, and societal context, ultimately impacting the labor market and creating greater competition for human talent.

Shares

1. **We strengthened the Mobility process**, which allowed us to identify internal talent and provide professional development opportunities. This was achieved through a change in endomarketing strategy, strengthening the selection team, improving the process, and reinforcing our ten internal mobility policies.

2. **We streamlined the process of attracting and searching for external talent**. This was one of the milestones with the greatest impact, due to the need to attract talent with specific skills and knowledge, linked to each of the Bank's strategic projects. In this regard, we continued the process of strengthening the selection team, improving the relationship with the user departments and hiring managers to obtain profiles that are better adjusted to the needs, implementing new employer branding strategies that allow us to focus on specific markets and continuing with the data-driven process, creating dashboards that facilitate the follow-up of vacant positions.

Self-awareness: This stage is the central input for employees to decide the focus of their professional development, identifying the starting point to achieve their proposed objectives, and thus, recognize their strengths and areas for improvement in order to make the best professional decisions.

For this reason, actions were centered on deepening the understanding of tools and improving the annual evaluation process to obtain results that provide value to each BBVA employee, through better knowledge of their performance and skill development.

Shares

We carried out the annual evaluation process starting in November, in which, with the support of T&C Advisors and Unit Partners, we developed personnel assessments and performance evaluations, which will serve as the basis for constructing the 2022 talent map, to be published from February 2023 onwards.

Percentage of employees receiving regular performance reviews

Employee category	Women	%	Men	%
G1 (Management Level I, II y III)	54	36.24%	95	63.76%
G2 (Management Level IV)	649	46.93%	734	53.07%
G3 (Management Level V)	1,544	60.48%	1,009	39.52%
G4 (Management Level VI)	865	64.99%	466	35.01%
Overall total	**3,112**	**57.46%**	**2,304**	**42.54%**

(*) Management Level I is included in the aggregated reporting data.

Improvement: Having the best and most committed teams is an action built on the evolution of employees' knowledge and skills, closing the gaps regarding their current or desired roles. For this reason, throughout 2022, actions related to growth plans and open mentoring were intensified, and progress was made in constructing differentiated training proposals for various departments based on BBVA's needs.

Shares

We created the "Conquistando la Cima, Managers por naturaleza" (Conquering the Summit, Managers by Nature) Program, which supports managers in becoming catalysts for change and owners of their team's development, so that they feel empowered, motivated, and inspired to take initiative and be accountable.

We promoted the platform The Camp, which is designed with gamification processes that allow employees to certify their knowledge in leadership, data, cybersecurity, behavioral economics, design thinking, operations, digital sales & marketing, agility, financial health, and sustainability. They can complete a series of specialized training elements in each of these areas and obtain certifications at valley (basic), mountain (intermediate), and summit (expert) levels. In this way, we promoted Up and Reskilling processes, necessary for acquiring core capabilities to create value at BBVA.

We generated certifications for Corporate Banking, Government Banking, Commercial Banking, and SMEs, which complement the training offering for the main roles in network management and facilitate a robust catalog of training elements that enable adaptation to different roles and reduce the learning curve. In this manner, we contributed to improving the experience of BBVA Colombia customers.

We continued the processes of growth plans, open mentoring, coaching, and sharing, which facilitate employee growth at BBVA.

We developed the Journey Program focused on preparing employees for retirement who are one year away from reaching their pension age.

Results:

1. Evolution of total training hours, from **419,880 in 2021 to 495,956 in 2022**, an increase of 18.33 %. This total number of hours includes 203,275 hours for BBVA employees, plus training hours for temporary employees, apprentices, and interns.
2. Conquistando la Cima Program, with a total of **3,858 training hours for Managers** of network management offices.
3. Job Certification Program - Network management: **2,197 certified employees (out of 2,573 enrolled)** for a total of **85.39 %** of employees certified in their positions.
4. **3,666** growth plans created by BBVA Colombia employees.
5. **562 of 805** leaders certified in Valley, equivalent to **69.81 %**, within the leadership training route.
6. **10,990** training hours on sustainability topics, supporting our employees in learning about social and environmental policies and procedures applicable to BBVA's business lines.
7. **240** hours of the Journey Program, with a total of **30** participants.

8.4
Occupational Health and Safety

403-9 Injuries due to work accidents, 403-10 Work-related illnesses, 403-4 Worker participation, consultation, and communication on occupational health and safety

At BBVA Colombia, we have implemented a comprehensive Occupational Health and Safety Management System in compliance with current legal regulations, ensuring a safe work environment for employees. Likewise, through the National Risk Prevention Strategy, we cover all the Organization's work centers located nationwide, managing various health and safety needs, as well as controlling and eliminating risks and hazards. In the same vein, we offer training focused on emergency response, self-care, prevention, healthy living habits, and other strategies aimed at positively contributing to ergonomic, psychosocial, and physical well-being.

We have a health case management program supported by a reintegration policy, which allows for the management and monitoring of employees with medical work recommendations or those returning to the workplace after prolonged disabilities.

The program includes validating the situation based on the occupational medical examination, sharing the medical opinion with the individual, their leader, and with T&C support, thus ensuring protective measures for individuals. For mental health cases, we include support from a professional psychologist from the Occupational Risk Administrator (ARL, for the Spanish original). From this information, we can determine:

Occupational Injuries

Item	BBVA 2022
Number and rate of fatalities resulting from occupational injuries.	Deaths: 0
The number and rate of work accident injuries with major consequences (excluding fatalities).	Accidents: 0
	Occupational injury rate: 0
The number and rate of recordable occupational injuries.	Accidents: 66
	Occupational injury rate: 6.39%
Main types of occupational injuries.	Blow, contusion or crushing are the main injuries that occur as a result of occupational accidents.
Number of hours worked.	10,316,440 hours per year.
Labor hazards that pose a risk of injury due to occupational accidents with major consequences.	In BBVA work environments, there are no hazards that could represent a risk of injury with significant consequences.
How are these hazards determined?	Through the National Risk Prevention Strategy, where all work centers are visited, the activity of updating the hazard identification matrices, risk assessment and control is carried out.
Which of these hazards have caused or contributed to high-consequence workplace injuries during the reporting period?	During 2021, no serious accidents were reported. However, the most relevant accident mechanism is identified as falls on the same level.
Measures taken or planned to eliminate such hazards and minimize risks through the hierarchy of control.	Recreational activity for all workers focused on preventing falls on the same level. Sending communication pieces with information related to fall prevention.

All employees (calculated rate x 1,000,000)

Accident rate

Types of accidents	With disability	Without disability	Total
Number	32	34	66
Accident frequency rate		1.25	
Absenteeism rate		2.65%	

Occupational Diseases and Illnesses

Item	BBVA 2022
The number of deaths resulting from an occupational disease or illness.	Deaths: 0
The number of cases of recordable occupational diseases and illnesses.	Cases: 5
Main types of occupational diseases and illnesses.	Occupational disease reported due to musculoskeletal and psychosocial injuries.
The measures taken or planned to eliminate such hazards and minimize risks through the hierarchy of control.	Continuation of active and cognitive break strategies. Delivery of ergonomic accessories (footrests - monitor stands), provision of money counting machines. Adjustments to workplace furniture. Development of Promotion and Prevention programs. Visits to all work centers at least three times a year with professionals specialized in Occupational Health and Safety where preventive activities are implemented in biomechanical risk, psychosocial risk and emergencies.

Our employees' participation in workplace safety and health issues is encouraged in the following ways:

Employee participation, consultation and communication on occupational health and safety

Item	BBVA 2022
Description of processes for employee participation and consultation in the development, implementation and evaluation of the occupational health and safety management system, as well as processes for the communication of relevant information.	Employees are involved in the different areas of the Occupational Health and Safety Management System as follows: 1. Representation in the Occupational Health and Safety Committee (COPASST, for the Spanish original). 2. Participation in different health and safety activities and strategies. 3. Reporting of the Occupational Health and Safety Management System (SGSST, for the Spanish original) to workers. 4. Delivery of results to Senior Management in accordance with current legal regulations.
Existence of a formal worker-company health and safety committee, a description of its responsibilities, the frequency of meetings, the decision-making authority, and whether workers are represented on this committee and, if not, the reason why this occurs.	BBVA Colombia has the Joint Committee on Occupational Health and Safety (COPASST), which is composed of 4 worker representatives and 4 employer representatives, along with their respective alternates. The Committee meets monthly or extraordinarily if required and addresses different matters focused on the Occupational Health and Safety Management System, including the promotion of employee health and safety, prevention of occupational accidents and occupational diseases, among others. During 2022, the committee election process for the 2022-2024 period was carried out through an open and public vote, ensuring the participation of all employees in choosing their representatives and, together with those appointed by BBVA, forming the COPASST. At each meeting, the matters are recorded in the minutes and decisions are generally made by consensus.

8.5
Buildings and Return Plan

With the lifting of pandemic-related distancing measures, we initiated the “Plan Retorno” (Return Plan) in 2022 for central departments, adopting a flexible and alternating model for roles that, supported by information systems and computer equipment, did not require 100 % on-site attendance. As a result, around 85 % of this workforce group embraced the supplementary teleworking model, allowing us to currently accommodate approximately 2,490 employees at the headquarters of the General Management for BBVA and its subsidiaries in Colombia.

We provided ergonomic chairs to employees who adopted the supplementary work model and assigned them a connectivity allowance as financial support.

With the initiation of the return plan on March 1, 2022, the Entity adopted a supplementary teleworking/hybrid model, allowing central departments employees to voluntarily and by mutual agreement work some days of the week from home or remote locations and others from BBVA facilities, prioritizing the use of information and communication technologies for remote work.

The main goal of this initiative was to reaffirm the Group's intention to create work-life balance schemes and to facilitate mobility for individuals given the challenges posed by existing transportation systems.

BBVA established that the number of weekly on-site attendance days for central departments would be 40 %, with the remaining 60 % at home or remote work locations.

When attending the main offices of central departments, employees must reserve their workspace in advance through the App Solicita, a corporate-designed tool that, in addition to optimizing spaces and controlling capacities, encourages employees to plan and coordinate their in-person attendance based on integration, collaborative work, and team cohesion.

With the new work modality (Supplementary Telework) and for space optimization, BBVA Seguros moved from the Venados office to the General Management office in August 2022, freeing up an area of 1,200 M^2 (206 workstations) and relocating them to 750 M^2, where the hybrid model has allowed the placement of 250 people in 116 workstations, benefiting from other services available at the General Management office such as EAT Zone (restaurant), Fit Zone (gym), more meeting rooms, parking lots, and other collaborative spaces in the building.

BBVA
Creating Opportunities

9. Customer Commitment

The Bank places them at the core of its operations, adopting a holistic view of customers, not just financial, and seeking to establish a responsible relationship, assisting them in making the best financial decisions to achieve their life and professional goals.

In this regard, there are fundamental pillars by which BBVA aims to be the trusted partner of its customers in both managing and controlling their finances, offering personalized advice to improve their financial health.

Information security is a critical pillar to ensure the operational resilience of any organization. As a result, the Group has established policies, procedures, and controls related to the security of global infrastructures, digital channels, and payment methods, adopting a holistic approach based on artificial intelligence to address current challenges.

We work to understand the needs that drive our customers to acquire a product.

9.1 Progress in Our Transformation and Digitization

Within the transformation process, the Bank has focused on strengthening its digital processes, consolidating the contracting of E2E products, and evolving products according to customer needs. We have enhanced the communication, automation, and personalization of campaigns and products to provide differentiated offerings for each Colombian. Highlighting the following milestones in digital sales operations:

- We strengthened the marketing tech stack by incorporating various personalization and experimentation technologies, allowing for agile creation of messages and creative content to reach all Colombians. Likewise, we are working to improve our knowledge of customers to prepare for a world without cookies, aligning ourselves with new marketing and digital sales models to continue with a successful operation. This has been achieved through the incorporation of proprietary technologies (datio) that allow the processing and storage of large volumes of both anonymous and known user data.
- Due to the outstanding interdisciplinary work of the Bank's various departments, we have managed to break product paradigms and achieve exponential growth in E2E digital sales. This is mainly evidenced in TDC aqua, where in 2021 we sold 8,000 cards and increased sales to over 100,000 cards in 2022, linking more than 20,000 new customers through this product. In addition, we achieved more than 128,000 customer acquisitions in 2022 through our 100 % digital Payroll account opening. Throughout the year, we focused on the product, evolving it and maintaining good sales levels.
- Given the Bank's commitment to digital sales and the operation on paid digital platforms, we managed to optimize the acquisition cost of various products and services, reducing acquisition costs by up to 44 %, always aligned with the profitability of different products.
- By leveraging digital sales experimentation tools and a dedicated team for monitoring and hypothesis testing, we identified shortcomings in processes and generated tests that allowed us to understand user frictions when contracting a product and, based on this, make systematic improvements.

Highlighted social influence experiments have improved interaction with digital channels and, consequently, product sales. Achieved a 19 % conversion rate improvement for one of our digital products. Over 30 experiments were carried out on various digital capabilities to optimize interaction for each channel.

- Implemented process automations and customer communications to keep them informed about security updates, product news, and payment due dates.

  Ensuring timely payments and preventing customer delinquency. Similarly, we advanced customer understanding to achieve personalized communications tailored to their preferences. More than 100 million personalized email messages were sent.

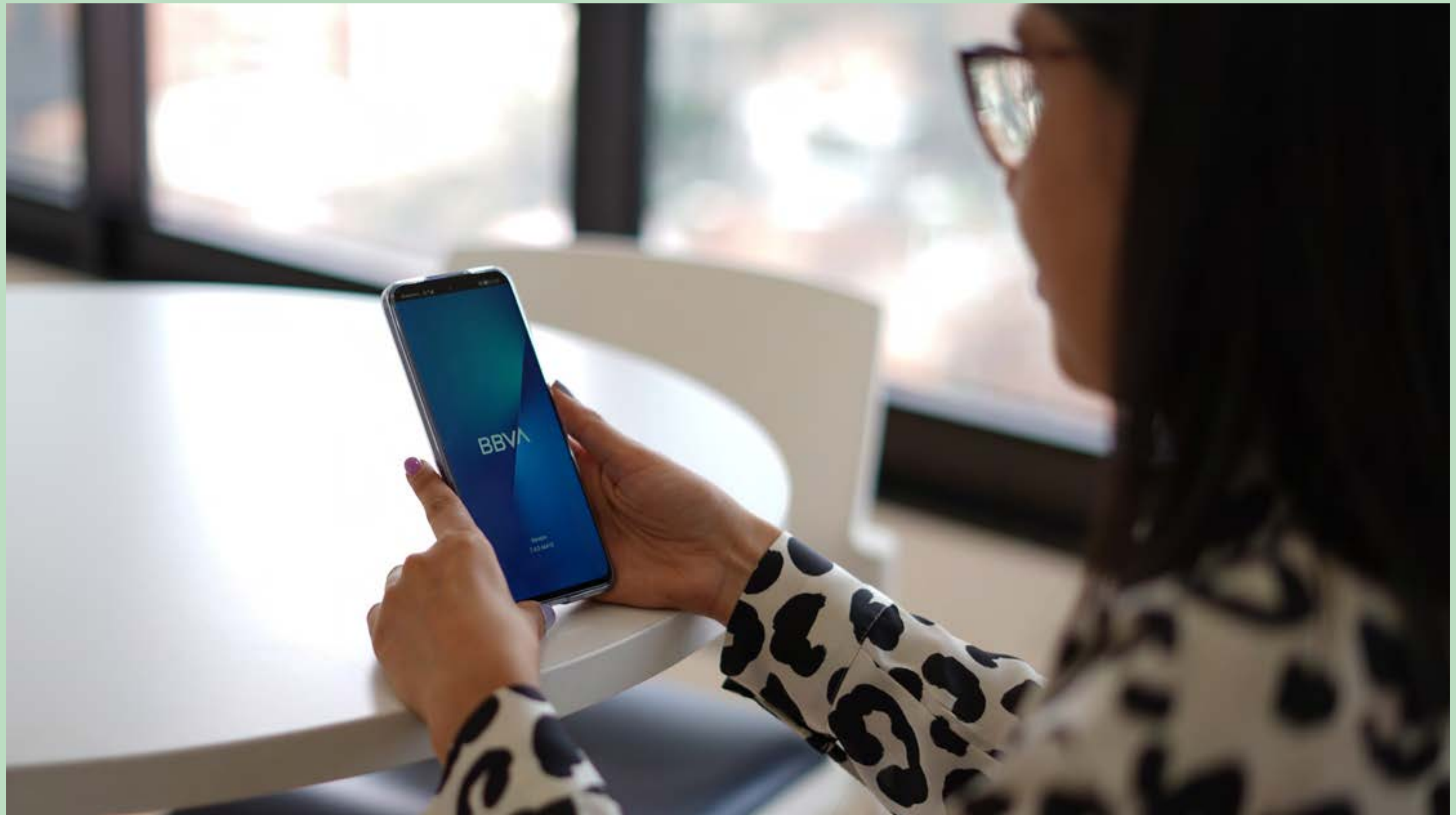
- Through digital analytics, we identified insights that revealed opportunities for process improvement and increased digital contract volume. The integration of digital tools into monitoring areas highlighted incidents in shorter timeframes, allowing for quicker response and resolution.

All these efforts led to the consolidation of internal digital sales operations, achieving a record figure in 2022, with 53 % of contracts conducted through digital channels, a 36 % increase compared to 2021. 2022 was a year of digitalization growth, with a 23 % increase compared to 2021, reaching over 1.6 million active digital mobile customers.

BBVA has implemented security measures to mitigate fraud and identity theft. Biometric processes were carried out on accounts to ensure proper user identification, and dynamic CVV was used in various payment methods, allowing secure purchases and mitigating fraud risks.

Strengthening our digital offering, we will migrate customers to our new and improved BBVA App in the first half of 2023, aiming to simplify product contracting processes and enable customers to self-manage through user-friendly and straightforward procedures.

In 2022, the new mobile app for businesses was launched, incorporating the Bank's best practices in this area. Additionally, in December, we began releasing the new mobile app for retail customers, which will be available in early 2023.



9.2 Relationship with customers

For the year 2022, the Consumer Service System (SAC, for the Spanish original), in its commitment to ensure continuity in the provision of financial services in an inclusive manner, renewed the contract for a virtual sign interpreter and interpreter guides so that all offices ensure adequate attention to deaf and deaf-blind financial consumers, respectively. During 2022, we attended a judicial inspection in Bucaramanga, which is still under review by the judge. As a bank, we ensured that all our offices in the area complied with the established protocol for assisting financial consumers with disabilities, and reinforced training accordingly.

With the Financial Consumer Ombudsman, BBVA maintains constant communication, receiving the annual management report for June, the summary of which was shared at the Board of Directors meeting in October 2022.

Finally, in terms of PQRs, the evolution of the KPIs has been satisfactory, driven by the decrease in stock that allowed us to comprehensively tackle all indicators. For the month of July, the Smart Supervision platform was launched by the regulator, and the project has been successful at a technical level and presented major management challenges, as well as response times and reporting.

In an effort to mitigate the impact, we implemented new controls that allowed us to ensure the daily sending and receiving of information. Despite this, management times were impacted by the new customer service model for requests received through the financial consumer ombudsman, given the priority of the ombudsman's decision to close the filed request.

Experience

We continue working to ensure the best experience for our customers. As part of the experience plan, through the NPS methodology, we measure customer satisfaction and recommendation for our channels and products offered in the segments of individual customers, SMEs, and companies.

We regularly measure customer satisfaction in the office channel and the relationship with the executives assigned to the preferential service of the Personal Banking, SME, and corporate segments, as well as measuring the perception of support processes provided by the Bank's central departments to the commercial network. Our objective is to develop action plans that commit us to delivering a service increasingly aligned with the needs of our customers.

Leveraging synergies established with responsible departments, we set the main KPIs for monthly monitoring, modulating tactical and strategic actions aligned with improving the main levers of neutral detractors.

During 2022, the experience plan focused on the following PQR typologies:

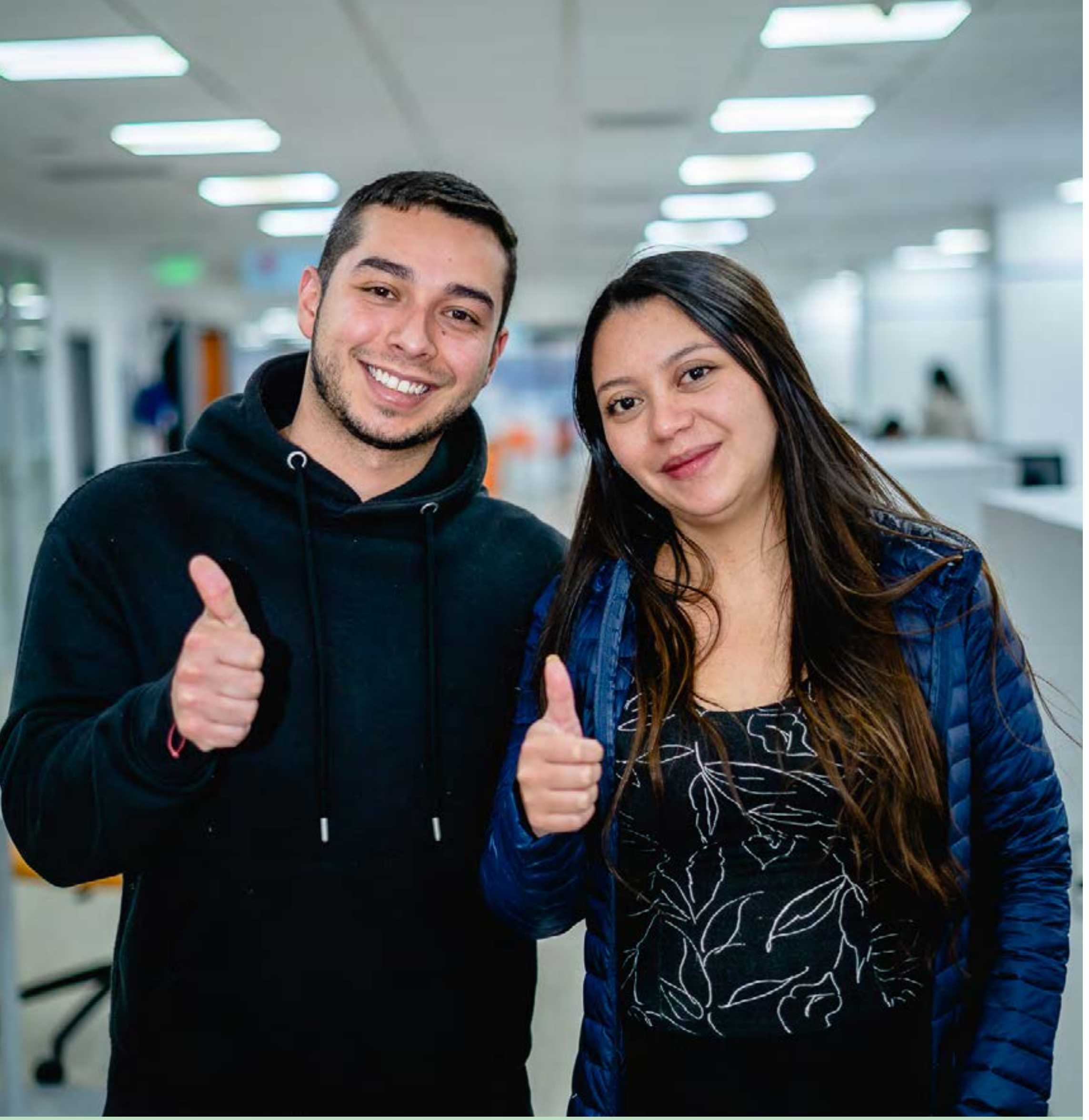
- Review and/or settlement.
- Transaction not recognized.
- Collection of fees.
- Other typologies.

We also established the PQR contingency plan to provide guidelines for the Requests, Complaints, and Claims circuit and its activation once a critical situation requiring action is determined, ensuring quality, timeliness, issuance, and delivery of responses to customers, external oversight and control entities, senior management, and value areas within BBVA Colombia in the face of unforeseen events.

As part of the cross-functional plans, we continued the Organizational Culture Plan - “Soy BBVA” (I am BBVA), emphasizing the Personal Banking segment within legal courses and attention to the red line protocol in integrity. Both “Ser y Parecer” (Being and Appearing) and “Yo aporto” (I Contribute)" experience plans were recognized by Global Corporate as best practices within the geographies.

Customer Security

416-1 Assessment of health and safety impacts of product or service categories, 416-2 Incidents of non-compliance related to health and safety impacts of product and service categories



Implemented process automations and customer communications to keep them informed about security updates, product news, and payment due dates.

In BBVA, we work to deliver value to our customers by providing a positive and secure experience with each solution we design for them.

Therefore, our security department covers and analyzes 100 % of the transactional channels through which BBVA makes financial products or services available to our customers: ATM, Wallet, Mobile Banking (Glomo), Net Enterprise - Web, Net Personal – Web, and Netcash Mobile.

During 2022, there were no cases of non-compliance related to health and safety impacts in product and service categories.

For more information, refer to the chapter on "Challenges in Technology and Innovation".

Marketing and Labeling

417-1 Requirements for product and service information and labeling, 417-2 Incidents of non-compliance related to product and service information and labeling, 417-3 Incidents of non-compliance related to marketing communications

Through various communication channels (emails, content, public website, etc.), we provide both customers and non-customers with knowledge, tools, and proactive recommendations to help them achieve a well-balanced present and future, ensuring a high quality of life, peace of mind, and security.

Furthermore, we ensure that our communications are transparent, clear, and responsible. Nothing is more important to us than having an informed and empowered customer who can make the best financial decisions.

Our *"Finanzas para el futuro" (Finance for the Future)* Program aims to provide everyone access to knowledge for proper money management, financial planning, short and long-term investments, saving habits, and banking security. We offer courses in: Savings, Credit Health, Housing, and Cybersecurity.

Finally, through "Líneas rojas" (Red Lines), a global integrity project aimed at mitigating potential transparency risks and uninformed decision-making, we evaluate our communications to prioritize our customer and their well-being.

During 2022, there were no incidents resulting from non-compliance related to the information and labeling of our products and services or marketing communication regulations, including advertising, promotion, and sponsorship.

Management of Complaints and Claims

BBVA-6 Claim resolution time. BBVA-7 Percentage of claims resolved in time, BBVA-8 Percentage of PQR managed by the FCR. 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

The management of Petitions, Complaints, and Claims (PQRs) came under the responsibility of the Vice Presidency of Engineering and Operations starting in March, reorganizing the governance for the last period of the year focused on three pillars: Anticipation Plan, Root Cause Identification Plan, and Transformation Plan approved by the Bank's Presidency for continuity in 2023.

In terms of PQR management, this year's challenges yielded excellent results. The reduction of the stock allowed for some mitigation of previous impacts and the high volume presented in specific typologies, such as unrecognized transactions with new fraud modalities detected through joint work with the security and fraud department. We implemented attention protocols to ensure compliance with response times.

Review and Resettlement typology was mainly impacted in the second half of the year due to the creation of new reporting formats before the National Tax and Customs Office (DIAN, for the Spanish original) and information centers; in the first case, due to the lack of prior preparation in the operations and tax area, and in the latter with greater force in the first three quarters of the year according to the enactment of the clean slate law, which, although sanctioned in October 2021, maintained a one-year grace period. The introduction of the Smart Supervision platform generated higher volume and backlog in response times due to the categorization of *express* complaints created by the SFC.

We continue on the path of reducing Complaints and Claims in high-impact typologies, contrasting industry best practices in service and management to achieve the best experience and recommendations from our customers.

In this manner, the Experience Committee continued its work, with the participation of the departments responsible for generating the main typologies of issues, in order to establish a work plan derived from the analysis of root causes evidenced in the pain points expressed by our customers through various service channels (PQR, Contact Center, RRSS, Channels). We monitor these causes through the work plan, determining the impact of established actions on reducing primary KPIs (Contact Center calls and the phone number of Complaints and Claims). During the last quarter, we focused on an improvement plan mainly aimed at reducing processing times.

The management of PQRs in 2022 allowed us to achieve excellent results.

Top 5 typologies and resolution times

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total cases
Tx not recognized													
#													
Managed	1,467	1,665	3,186	1,780	1,656	2,142	2,350	2,511	2,271	2,154	2,089	2,409	25,680
Managed on time	1,458	1,621	3,154	1,764	1,632	2,055	2,286	2,470	2,229	2,140	2,076	2,374	25,259
% timeliness	99.4%	97.4%	99.0%	99.1%	98.6%	95.9%	97.3%	99.4%	98.2%	99.4%	99.4%	98.5%	98.4%
Review and/or settlement													
#													
Managed	1,348	1,837	2,127	1,965	1,923	2,307	2,234	2,783	3,252	2,592	2,222	1,870	26,460
Managed on time	1,309	1,720	2,051	1,913	1,900	2,273	2,212	2,771	3,242	2,579	2,213	1,855	26,038
% timeliness	97.1%	93.6%	94.4%	97.4%	98.8%	98.5%	99.0%	99.6%	99.7%	99.5%	99.6%	99.2%	98.4%
ATM													
#													
Managed	557	660	820	940	617	891	1,093	1,055	1,043	951	882	1,404	10,913
Managed on time	554	654	811	933	616	890	1,092	1,050	1,041	951	881	1,403	10,876
% timeliness	99.5%	99.1%	98.9%	99.3%	99.8%	99.9%	99.9%	99.5%	99.8%	100.0%	99.9%	99.9%	99.7%

Central risk reports													
#													
Managed	730	724	828	720	787	656	520	670	575	551	548	417	7,726
Managed on time	708	673	812	711	776	654	520	669	575	549	548	415	7,610
% timeliness	97.0%	93.0%	98.1%	98.8%	98.6%	99.7%	100.0%	99.9%	100%	99.6%	100%	99.5%	98.5%
Charges, services, or fees													
#													
Managed	538	835	599	645	571	603	640	678	763	794	726	615	8,007
Managed on time	529	812	575	627	567	602	638	676	763	794	726	614	7,923
% timeliness	98.3%	97.2%	96.0%	97.2%	99.3%	99.8%	99.7%	99.7%	100%	100%	100%	99.8%	99.0%
Internet failures													
#													
Managed	297	357	390	360	381	367	426	445	386	433	372	460	4,674
Managed on time	291	350	373	352	375	364	421	441	385	431	364	455	4,602
% timeliness	98.0%	98.0%	95.6%	97.8%	98.4%	99.2%	98.8%	99.1%	99.7%	99.5%	97.8%	98.9%	98.5%

Regardless of the reported impacts, necessary actions were taken to achieve excellent results.

Our Claims Service Model aims to strengthen our Front Services team and generate quality in our products and services through the following steps:

- Identify: Priority in attention by channel and segment.
- Lead: Work team for attention, training in all products and channels Assessment.
- Align processes: Redefining minor amount policies, root cause analysis and action definition, SAC compliance.
- Orient and follow: Mitigation plan definition, quality indicator monitoring in responses, PQR's management reports.

Our PQR's channels have 2 levels of attention. **The first level** is attended by Teleperformance Call Center provider, where complaints are addressed immediately or within a maximum of 48 hours through defined protocols and attributions. **At the second level**, more complex complaints or those requiring support from other central departments are escalated.

To continuously improve our service channels, we execute a work plan divided into 3 phases:

1. **Phase I:** aims to reinforce comprehensive quality in responses and focuses on reducing replicas. The resolution group is in constant training, and response protocols are updated, along with controls, monitoring committees, and the Quality Tasting process, which consists of weekly result reports to the PQR's department for decision-making and feedback to the resolution team.

2. **Phase II:** aims at timeliness and promise fulfillment, focusing on creating more effective PQR's attention circuits, providing first-contact solutions, analyzing filings and replicas, and reinforcing offices with a higher concentration of claims.

3. **Phase III:** seeks immediate reimbursement in high-impact monetary typologies by reinforcing the accounting circuit and the attributions of the offices.

In light of the increased number of complaints regarding the implementation of consumer financial support programs during the first half of 2022, regulator requirements increased with reduced response times, which led to: (I) the reorganization of work teams, (II) collaborative efforts with various departments, and (III) the creation of squads with those responsible for the most demanding processes. This was done in order to manage cases with quality and speed.

Salesforce was further utilized for handling individual customer complaints (PQRs) to avoid duplicity in cases (for the corporate segment, Khronos continues to be used). At this time, the platform is stable, but with the implementation of *Smart Supervision*, several adjustments had to be made during the second half of 2022, such as the standardization of typologies and the inclusion of new fields, and further adjustments are expected in the application.

In terms of year-end figures, excellent results were achieved due to an 8.9 % reduction in complaints compared to 2021, a decrease in high-impact typologies, and support for the achievement of strategic KPIs (Extensions, Replicas, and Quality).

Claim Resolution Time

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2021													
Days	2.4	3.9	3.9	3.7	4.7	5.1	5.3	6.2	5.3	5.1	5.6	6.4	4.8
2022													
Days	4.0	6.2	8.2	8.0	6.6	6.2	5.8	5.2	5.7	5.1	5.6	5.7	6.1

*Only claims are taken into account for this calculation, not requests.

Average response time increased due to the impacts mentioned previously. The introduction of the Smart Supervision platform by the regulatory entity poses new process definitions with the customer ombudsman, which implies leaving complaints open until the ombudsman makes a decision through their pronouncement.

Percentage of Claims Resolved in Time

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2021													
Total managed	9,014	10,927	11,280	8,907	9,685	10,097	10,598	9,332	8,619	7,215	7,369	7,292	110,335
Total managed on time	8,954	10,766	11,111	8,740	9,489	9,805	10,300	9,093	8,417	7,043	7,117	7,075	107,910
Timeliness	**99.3%**	**98.5%**	**98.5%**	**98.1%**	**98.0%**	**97.1%**	**97.2%**	**97.4%**	**97.7%**	**97.6%**	**96.6%**	**97.0%**	**97.8%**
2022													
Total managed	6,406	8,178	10,751	9,260	8,668	9,878	10,563	11,027	11,675	10,276	11,992	10,119	11.8793
Total managed on time	6,246	7,715	10,342	9,002	8,550	9,701	104,440	10,983	11,587	10,231	11,907	10,036	116,740
Timeliness	**97.5%**	**94.3%**	**96.2%**	**97.2%**	**98.6%**	**98.2%**	**98.8%**	**99.6%**	**99.2%**	**99.6%**	**99.3%**	**99.2%**	**98.3%**

Despite the materialized events and initiated projects during 2022, necessary actions were taken to minimize impacts and avoid expiration, resulting in an increase in the percentage of resolved claims on time from 97.8 % in 2021 to 98.3 % in 2022.

Percentage of complaints and claims managed by FCR (first contact resolution)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2021													
FCR Claims Filed	7,849	8,417	8,247	6,740	7,521	7,433	6,341	4,656	4,182	3,713	3,676	3,583	72,358
FCR Claims Managed	2,061	2,427	2,294	1,653	2,381	2,049	2,745	2,454	2,485	2,263	2,366	2,283	27,461
FCR percentage	**26.3%**	**28.8%**	**27.8%**	**24.5%**	**31.7%**	**27.6%**	**43.3%**	**52.7%**	**59.4%**	**60.9%**	**64.4%**	**63.7%**	**38%**
2022													
FCR Claims Filed	3,336	3,600	4,294	3,543	3,442	4,372	4,358	4,364	5,235	6,617	3,877	3,871	50,909
FCR Claims Managed	2,261	2,733	3,287	3,547	2,785	3,682	3,746	4,234	3,749	3,594	4,268	4,086	41,972
FCR percentage	**68%**	**76%**	**77%**	**100%**	**81%**	**84%**	**86%**	**97%**	**72%**	**54%**	**110%**	**106%**	**82%**

Results achieved in First Contact Resolution (FCR), through structured collaboration with the Call Center, were one of the greatest accomplishments in providing more efficient customer service. This was achieved by granting more authority, designing new service protocols, and migrating more typologies to the first level, which increased the participation rate from 38 % in 2021 to 82 % in 2022 for all claims managed at the first contact (FCR).

Personal Data Protection Act

The following tables show the number of complaints received related to the Personal Data Protection Act.

Complaints received from third parties and corroborated by the Organization

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Cases
	2021												
Personal Data Protection Act	1	4	2	2	1	2	16	13	9	4	4	12	70
	2022												
Personal Data Protection Act	6	8	13	11	20	23	21	29	14	18	12	13	188

Complaints received from regulatory entities:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Cases
	2021												
Personal Data Protection Act				1						1			2
	2022												
Personal Data Protection Act		1	6	5	8	7	6	18	9	11	4	7	82

There was an increase in filings, mainly impacted by the Clean Slate Law, which generated customer expectations regarding reporting or removal of their data from information databases. This issue was mitigated by creating service protocols at the first levels, but customers with these expectations escalated directly to control entities.

9.3 Operations by Channels

BBVA-9

During 2022, transactionality in offices increased by 7 % compared to 2021 due to customer growth and their transactionality. On the other hand, in digital channels, our Mobile Banking app registered a 7.97 % growth, and Net Banking grew by 56.4 %, driven by customer usage mobilization.

Throughout 2022, we developed a marketing and communication plan that allowed us to be present and relevant to current and potential customers through a mix of media aimed at generating differentiation, relevance, and market awareness.

Our Hero campaigns reached nearly 17 million Colombians through television. Two of these campaigns promoted one of the main open-market products in our portfolio:

1. Aqua Credit Card | Security

By making our brand platform tangible, we connected market context and customer needs regarding security and offered our dynamic CVV as a digital, innovative, and secure way to shop online worry-free. This campaign was part of the leverage that allowed us to exponentially grow digital product sales by year-end.

2. BBVA Points | Loyalty Program

We have one of the most powerful loyalty programs, allowing customers to go beyond benefits; our points are worth more than others, making travel not only feasible but also affordable through our BBVA Travel platform. This campaign helped us become the country in the region with the highest conversion rate (10.84%) in BBVA Travel.

Boosting these campaigns and all efforts made through communication helped us achieve growth in Brand Power[1] that we hadn't experienced in recent years.

Simultaneously, we promoted sustainability initiatives and solutions as strategic cornerstones, providing support to our customers with the aim of guiding them towards improved financial health.

We continue to work on bringing our customers closer to physical channels more conveniently through ATMs and banking correspondents. By the end of 2022, we expanded our ATM network, reaching a total of 1,495 ATMs; throughout the year, we installed 60 Expansion ATMs, 48 Relocation ATMs, and 16 Renovation ATMs. Furthermore, thanks to our partnerships with cash transaction correspondents such as Gelsa PagaTodo, Supergiros, Apuestas Cúcuta - JJPita, we closed the year with 36,449 points, covering over 85 % of the country's municipalities. Banking correspondents allow us to access more businesses we could not serve without a physical channel for customers and play a crucial role in migrating transactions that congest offices. In this channel, 5,285,000 transactions were carried out for a total of COP 1,718 million, which is a transactional growth of +130% compared to the previous year.

1 Brand Power: A global KPI that defines how noticeable, relevant, and differentiating we are in the country compared to the competition.

Regarding the office network, the Property department intervened in the Personal Banking branch in Medellín, which required improvements and physical adjustments to provide greater comfort and enhance the workspaces and customer service areas. We carried out the relocation and expansion of the Tolemaida branch, addressing the commercial and service needs of our military forces. Additionally, we adapted 146 workstations nationwide to improve the spaces in business areas, in line with the commercial strategy.

We continue to strengthen our digital services aimed at business customers by facilitating digital credit card contracting and the click and pay button for payroll, supplier, tax, and/or short-term working capital payments through Net Cash and BBVA Mobile's payment link. In this same vein, we implemented the GEMA mobile app for businesses with features for inquiries, transfers, public service payments, and Mis Ventar (My Sales), offering over 600 collection agreements available to customers, supporting growth in the SME segment in the market.

As for portal contracting, we closed the year with 4,932 new portals (TAM 71 %) registered through the assisted contracting circuit, and the Net Cash Mobile App saw 3,613 new customers (TAM 42 %).

Percentage share of operations in each channel

Item	2021	2022
H2H	37.4%	37.5%
Own ATM	16.6%	13.4%
POS	19.3%	21.3%
Net Cash	7.1%	7.4%
Mobile Banking	11.5%	9.1%
Offices	3.2%	2.4%
Net	3.5%	4.9%
Non-banking Network	1.3%	2.7%

Source: In-house development (Channel Datastudio)

GRI FS-13

Our office network has coverage in 29 of the 32 departments of Colombia, and through our other physical channels (ATMs and banking correspondents), we are present in all departments of the country.

Distribution of BBVA Colombia by department in 2022

Department	ATM	CBs	Offices
Amazonas	4	8	1
Antioquia	167	1,861	59
Arauca	9	51	3
Archipiélago de San Andrés, Providencia and Santa Catalina	3	19	
Atlántico	70	2,700	18
Bogotá D.C.	371	12,121	109
Bolívar	53	2,493	12
Boyacá	28	575	8
Caldas	31	1,159	9
Caquetá	16	436	5
Casanare	20	149	5
Cauca	21	1,224	5
Cesar	35	1,147	10
Chocó	6	284	1
Córdoba	37	1,072	9
Cundinamarca	85	3,141	18
Guainía		3	
Guaviare	2	12	1
Huila	30	307	7
La Guajira	29	710	5
Magdalena	36	1,596	8
Meta	32	914	9
Nariño	24	783	6
Norte de Santander	36	592	8
Putumayo	14	26	4
Quindío	2	131	1
Risaralda	34	187	11
Santander	94	956	22
Sucre	20	81	4
Tolima	43	422	8
Valle del Cauca	139	1,276	40
Vaupés		2	
Vichada	4	11	1
Total	**1,495**	**36,449**	**407**

Banks

Individuals

Individual investment behavior in 2022 showed a positive growth curve of 11 % in balances, driven by the consumer and payroll loan portfolio, where we achieved a contribution of COP 3.4 billion to the balance. Our primary focus in achieving these results was deepening relationships with our consumer customers through personalized offers and payroll loans, expanding public sector involvement by including secondary payroll loans in our offerings, and strengthening the private sector, where we managed to connect more than 143 new companies to BBVA.

Resources from the individual segment for 2022 achieved growth of COP 2.1 trillion, primarily driven by the acquisition and stabilization of balances in stable products such as CDs, which experienced 82 % growth due to commercial focus, incentive adjustments, and competitive pricing offers. Our savings line focused on strengthening our value proposition for payroll and pensioner customers, improving our online account, promoting and optimizing our pension banking processes, which contributed approximately 18,000 pensioners with accounts and added 593,000 payroll customers this year.

Bancaseguros

During 2022, the Bancaseguros Department focused its efforts on obtaining better economic conditions for debtor insurance for its customers. As a result, we achieved an average decrease of 4 % in the life insurance placement rate for mortgage loans and residential lease transactions and a 12 % decrease in the fire insurance placement rate for the same portfolio.

In parallel, we worked on optimizing insurance subscription processes, strengthening insurability conditions, automatic coverage for insurance contracting, coverage, deductibles, and sublimits. Furthermore, we aimed to reduce response times for insurance subscription and contracting processes. As a result, we guaranteed insurance coverage for: 102,717 mortgage life insurance customers, 75,193 fire insurance guarantees, 710,887 consumer life insurance customers, and insured 914,968 credit cards against risks of Death and Total and Permanent Disability.

At the same time, we sought to strengthen the claim process in the event of a loss, jointly with insurance companies, addressing 188 mortgage life insurance claims valued at 12 billion, 100 fire insurance claims valued at 809 million, 2,138 consumer loan life insurance claims valued at 51 billion, and 2,199 credit card life insurance claims valued at 8 billion.

Finally, understanding the risks our customers face, we focused our efforts on marketing products that comprehensively protect our customers' interests. As a result, in 2022, 77,000 Credit Card Theft policies and 3.7 million ATM Theft policies were issued, and 7,269 claims were paid, totaling over COP 16 billion. Likewise, 15 cases resulting from the winter wave were addressed, amounting to 116 million.

Legal Entities

SME Customers

BBVA Own-2 Number of SME customers, BBVA Own-3 Number of SME customer financing

In 2022, SME Banking improved the experience of our micro, small, and medium-sized enterprise customers across our entire network of offices and channels. We also

positioned ourselves as market leaders, being the SME Segment Bank with the highest growth in market share.

As part of our plan for greater market penetration, we have the role of Junior SME Executive located in offices with the highest potential, aiming to connect and create a portfolio with new customers, and a training program for our commercial teams to reinforce the SME portfolio. During this year, we increased our specialized commercial force, and our total number of active customers rose to 98,968, of which 63,533 belong to legal entities and 32,435 to individuals. During 2022, our investments grew by COP 630 million (21.3 %), while our resources increased by COP 827 million (19.5 %).

We collaborated with the Risk Department on updating the portfolio purchasing policy, expanding working capital limits, maintaining a streamlined process for customers with sales below COP 2,000 million, and eliminating financial statements for the basic portfolio up to COP 80 million in business credit cards, Credipyme (SME Credit), working capital, and overdraft products. We simplified the admission process, reducing the annual income requirement for asset products.

In 2022, we had over 26,000 Pre-approved offers, with more than 3,400 contracts for COP 853 million in the following lines: working capital, leasing, repo, portfolio purchasing, virtual credit, and business credit card.

In digital offerings, the Formal Employment Support Program (PAEF, for the Spanish original) ended in 2021, but in 2022, the new employment generation program continued, with over 7,000 applications and remaining active until August 2023.

On the sustainability front, we maintained financing products like Green Leasing, Sustainable Agro-industry, Construction, and Working Capital, achieving a invoicing of COP 97,225 billion. In addition, new lines were launched, such as "Pyme Mujer" (Women's SME).

Throughout 2022, we participated in more than 10 events, strengthening our commercial relationships with business associations; additionally, we connected with 8,711 customers, achieving an 11 % growth compared to 2021.

From Data & Technology, we implemented pilot programs for customer analysis, such as the Attrition Model, which allows us to identify customers likely to leave our target, and the Product Recommender, which helps deepen customer relationships. We launched new tools for our customers' CRM, such as DWP, supporting SME Executives in focused commercial management.

Finally, we continue to hold the #5 position in SME market share nationwide, achieving the highest growth of 117 basis points compared to the previous year, surpassing Davivienda.

Corporate Banking

During 2022, corporate banking stood out by continuing to generate value for customers, providing financial solutions that supported their short and long-term strategic plans, gaining market share in both portfolios and deposits.

To support portfolio market share growth, we developed segmented plans based on company size and economic activity, identifying customers with high potential for deepening and short and long-term financing needs. This allowed us to diversify the credit investment portfolio and achieve historical growth in portfolio balances. Importantly, part of this growth aligns with one of BBVA Group's pillars, sustainable financing, which allocated over COP 770 billion to projects aimed at reducing environmental impact.

To attract liabilities, treasury solutions were offered to under-penetrated customers through the transactional portfolio, aiming to bring their operational resources. Products such as ACH collection, an expanded correspondent banking offering, and adjustments to the cash transportation product enabled us to increase the transactional penetration ratio.

Leveraging BBVA's corporate banking presence in various countries, we promoted the Cross Border Program, deepening relationships with Colombian customers operating in countries where BBVA is present and incorporating referred customers from other group geographies. It allowed us to address the financial needs of multinational companies more nimbly, both locally and globally. As a result, we achieved a 27 % growth in the gross margin of this business and provided over 230 global solutions to these customers.

Aiming to offer a comprehensive portfolio to customers, we collaborated with different Bank departments and group subsidiaries on products such as FX, hedging, insurance, and funds. Additionally, to engage and deepen relationships with our customers' employees, we implemented a special payroll and loan portfolio offering, resulting in a 9 % growth in payroll account stock and a 64 % increase in average payroll loan portfolio balances.

Government Banking

The year 2022 was characterized by the consolidation of the Government Banking management model, growth in market share, and the fulfillment of the main KPIs of the Banking sector.

Amid the economic and political climate, the new president of the Republic took office, changes were made in the National Order's executive positions, and the Republic's Congress session began, along with the processing of new legislative initiatives. Additionally, the state's economic recovery strategy was consolidated by providing resources to regions through Findeter, enabling this entity to manage credit operations as a first-tier bank.

The strategy focused on developing actions and specialized support for our customers and prospects, always seeking comprehensive management, generating value through an offering that reaches the Entity's employees and/or pensioners.

The Government Banking sector managed to rank first in departmental credit investments with a 27.9 % share and maintained the second position in municipalities with a 20.73 % share, in both cases gaining market share compared to the same period the previous year.

Regarding liabilities, the strategy focused on growing low-cost resources, decentralizing treasury peaks, and deepening transactional resources in new groups.

At the transactional level, the focus was on tax collection and migration to digital channels, aiming to offer a better user experience and relieve congestion in the banking hall.

Corporate and Investment Banking

Corporate and Investment Banking is the area responsible for providing financial solutions to the needs of the most relevant companies in the country, such as major corporations and financial institutions. From Corporate and Investment Banking, we offer our customers solutions through a diversified portfolio of high value-added products and services, differentiating ourselves both locally and internationally.

In 2022, global and local political and economic events occurred, generating high volatility regarding exchange rates and monetary policy rates. The Corporate and Investment Banking area significantly exceeded expectations, developing a resilient strategy to these conditions. Achieving record market share levels, we placed ourselves among the top-ranked in portfolio positioning with our local customers.

1. Improving customers' financial health

BBVA has stood out for its close support to our customers, responding to this strategic priority aimed at improving their financial health. Therefore, 2022 brought a series of opportunities that allowed the achievement of significant milestones for Corporate and Investment Banking, such as a historical high in portfolio balances, which enabled us to increase our market share and gain positioning.

2. Helping customers transition to a sustainable future

The objective at CIB is to make the sustainability angle a fundamental part of day-to-day operations and to generate value-added products that will continue to rank us as the best partner in sustainability issues for our customers. In 2022, we achieved remarkable transactions such as sustainable collateral and Social Bonds placements.

At BBVA, we are committed to a sustainable future and will continue dedicating efforts to help our customers grow in this purpose by participating in highly relevant and prominent businesses in the country with ESG (Environmental, Social, and Governance) products. We take pride in being pioneers in closing the first sustainability-linked IRS (Interest Rate Swap) in Colombia, innovating the sustainable investment instruments market with Colombina. Additionally, we were once again one of the main underwriters of green TES (Government Securities).

3. Growth in customers

In 2022, we implemented a strategy aimed at increasing Corporate and Investment Banking activity with under-penetrated customers and new customers. This allowed us to achieve significant growth in potential businesses, which led us to further diversify our investment portfolio in solid companies with very interesting prospects. In addition, we have continued to intensify synergies with other areas and segments, in products such as digital sales, payroll and payroll loans. Also, from Corporate and Investment Banking, we continue to promote innovation in products, services, and processes, to stand out through a value-added offering focused on digitalization, allowing us to keep growing our customer base.

4. Pursuing operational excellence

During 2022, BBVA implemented a hybrid work model across the Bank's different departments, complying with all biosafety requirements and ensuring successful and uninterrupted operations without technological incidents. In Corporate and Investment Banking, excellence is a pillar of our day-to-day management and our projects are aimed at pursuing a transformation to provide our customers with greater added value.

5. The best and most committed team

Through CIB, we consistently drive the attraction and retention of high-performing personnel, as well as their development, continuous training (BBVA Campus), and team promotion.

For the year 2022, it is important to highlight the fact that employees' perception of the Company's work environment remains at high levels, which makes them proud and gives them a greater sense of belonging, in a year with such important challenges for teamwork.

In Corporate and Investment Banking, we ensure that all members have the necessary tools for both hybrid work and their ongoing training plan. Additionally, we guaranteed that the team adhered to biosafety protocols for individual well-being and that of people in their surroundings.

6. Data and Technology

Following the pace of new market trends, we have focused our efforts on making data analytics an essential tool to find new business opportunities and thus create and enhance products to meet the needs of our customers.

Throughout 2022, thanks to data analytics, we consolidated a rigorous analysis of market trends across various products, enabling us to anticipate and provide better solutions to our customers. In addition, we have continued to identify opportunities in products such as factoring and confirming among the different customer segments, which enables us to continue devising and executing strategic commercial actions. Through CIB, we have also worked on the creation of new collection strategies through a detailed analysis of our customers, in order to provide them with more diversified and effective solutions for each of their needs.

BBVA Fiduciaria

BBVA Asset Management (hereinafter AM) ranks among the top 5 trust companies in the management of Collective Investment Funds (excluding private equity funds) with a differentiated product offering, acting as a strategic partner for our customers requiring trust structures.

BBVA AM's success lies in its team of people, the investment and global risk control processes they apply, the integral control in the structuring of trust businesses and their execution, and the pursuit of consistent performance over time for its customers.

2022 was a year full of challenges for the AM industry, due to local and global pressures on financial assets causing market volatility and affecting our portfolios. BBVA AM achieved effective resource management, closing with a peak balance of COP 5.31 trillion managed in collective investment funds, representing a 19 % increase compared to 2021 and a gain of +49 basis points in market share.

In terms of participants, the result was also positive with an annual variation of +7 %, closing at COP 88,570. Total assets under management amounted to COP 20.06 trillion (Trust Business and Investment Funds).

BBVA AM, in line with the group's strategic priorities and aiming to boost business profitability, established as a top priority the promotion of digital metrics, customer experience improvement, and the launch of new products, social initiatives, and Corporate Governance, with the goal of being a market leader and the best ally for our customers.

In 2022, BBVA AM has become a benchmark in the industry, positioning the brand among entities recommended by individual and corporate customers for collective investment funds and structured trust services. This is the result of the change in the business transformation thanks to the strategy developed by the Entity, whose main focus is the customer experience, improving customer service, quality of service and transparency.

BBVA Valores Colombia S.A.

A subsidiary of BBVA Colombia. It offers advisory, investment, and support services in the Colombian capital market, targeting customers from premium banking, corporate banking, private banking, and personal banking of BBVA in Colombia, as well as direct or international customers with interests in the fixed-income and local equity market. BBVA Valores, through its Investment Banking and Structured Finance team, provides strategic support and advice to companies in Colombia and the region.

BBVA Valores' strategic priorities for 2022 were developed as follows:

- Providing the customer with the best experience possible: Throughout 2022, BBVA Valores improved its relationship with customers by working closely with the Bank's network of bankers and offering personalized investment alternatives tailored to each customer's needs, achieving better internal group interaction and always striving to address and solve all customers' needs.

- Promoting digital sales, the Broker underwent a technological platform change to enhance customer experience and service. This platform change facilitated 360-degree visibility of all customer products within the Group on the Bank's platform, allowing for better resource management.
- New business models: Always considering customers' needs, BBVA Valores continues implementing its strategic plan initiated in 2020, aimed at deepening its three business lines that reinforce the Broker's work and complement the Group's efforts in Colombia. By delivering differentiated support and advice tailored to each business line, the goal is to convey to customers the full potential that a global group like BBVA can offer.
- Leadership in efficiency: Through teamwork and supporting the bankers and the Bank's network, BBVA Valores facilitated the offering of portfolio investment products and specific products such as bond intermediation, CDs and Tidis, stocks, and its Collective Investment Fund Money Market throughout the year. During the year, it expanded its services to provide execution to local and international institutional customers in the local fixed income and equity markets, building on BBVA's relationship with these customers locally and globally.

On the other hand, and as a result of its relationship with the Group, BBVA Valores has agreements with BBVA Colombia's providers, ensuring high-quality service delivery while optimizing costs through this group relationship.

The best team: BBVA Valores has a well-rounded and committed team that shares the Group's objectives, working as a single unit to create opportunities and provide excellent service to all customers. The Broker's internal departments work and cooperate continuously with all of the Group's subsidiaries in Colombia, always focused on achieving set goals and objectives, as well as providing the best possible service.

The culture of collaboration, entrepreneurship and transparency promoted by the Group in all areas is aimed at improving the customer experience, and will continue to be paramount.

BBVA Valores has a comprehensive and committed team of people working towards the Group's objectives.

9.4 Technology and Innovation Challenges

Below are the advancements, achievements, and challenges in technology and innovation for the year 2022.

Systems

We continued to strengthen our mobile applications. For GEMA corporate customers, we implemented over 40 features, expanding its usage to 32,000 active users and successfully shutting down the old application. For Glomo, we achieved our goal of closing 2022 with 22,000 migrated customers and a total of 173 operational features, delivering a mobile app with a better customer experience and aligning ourselves with BBVA's global experience model.

Within Netcash, we delivered two high-impact products for businesses: Advance Sales, an innovative product in the market (recognized by "The Innovators 2022" Global Finance) that has generated more than COP 12.3 billion in sales, and One-Click Virtual Credit with disbursements totaling COP 22.8 billion. This enables us to offer a robust portfolio of digital contracting products available on Netcash and soon on GEMA.

In the transactional realm, we implemented bulk payments and service domiciliation, introduced over 15 web services with our partners, and built the ACH Collection feature so that our agreements can be paid from any bank, making it easier for users to fulfill their obligations.

Factoring implemented the new Senior Plan platform to increase our competitiveness in the Vehicle business and reinforced the offerings in other invoice negotiation lines by integrating with the Colombian RADIAN system and automating tasks with significant impact on the process. We launched Green Leasing in record time, an initiative that is part of the Bank's Sustainability Plan.

In the CIB sphere, we successfully migrated from Murex 2 to Murex 3 within the stipulated timeframes, achieving a flawless merger with global teams and aligning with global solutions. Additionally, we implemented the PSE button in Netcash, enabling foreign currency sales using funds from other banks, expanding the coverage of the product's sales and increasing market share.

Our ATMs underwent improvements in application performance to provide a better customer experience in terms of time and cash dispensing, even standardizing new machines to enable deposit services for our customers. We also experienced a 77 % growth in correspondent banking, increasing from 9 to 12 partners and from 620,000 annual transactions to 1,100 million, enabling loan and credit card payment transactions to contribute to the transaction migration plan.

In January 2022, we began the evolution of IVR and remote management; in September, the operation commenced, where all customers are identified in the IVR. With an average abandonment rate of 6.9 %, we are now at 2.5 %, and from 93 % of answered calls, we are now at 97 %. The call is never suspended, and we provide access to a remote advisor for product sales.

Data

In Data Engineering, we are working on the following focal points in 2022:

- European Central Bank Standard (BCBS239)

  Work plans were launched to improve the compliance ratio of Tier I, Tier II, and Tier III processes prioritized for 2022 by Risk and Finance domains, increasing from 3.21/4 to 3.51/4. The global goal for 2024 is to have all our processes in Full Compliance according to European standards.

  For 2023, we will continue closing gaps according to Assessments and Reassessments conducted in 2022, focusing on FINREP and liquidity topics.

- We completed the shutdown of the Regional LAR application, keeping it active to ensure the closure of 2022. Starting from the end of January, we will work 100 % with the information generated from Datio, transforming processes related to segmentation, campaigns, and targeting of our customers.
- In 2022, we achieved 100 % of the first-level KPI Data Holding associated with DBB and KUC, with a target of 35.9 points and 39 points accomplished. (Pricing, Rating, and Pre-approvals).
- Local use cases in Client Solutions, C&B, Risk, and Finance domains have focused on Pricing topics (liabilities, mortgages, payroll loans, SMEs, and center of gravity), adjustments in Rating models, Consumer Behavior, and implementing regulatory engines in the global CDD model. Expectations for 2023 include.
- Supported by the DWP model for Businesses and Governments, we created models for SME Banking and Personal Banking delivered in the 4Q of 2022, serving as a support mechanism for managing our customers and their campaigns.

Infrastructure

During 2022, I&O worked on 3 main fronts:

- Decreasing technological obsolescence (HW and SW base) in 4 fronts: Local HW obsolescence, HUB HW obsolescence, Local SW base obsolescence, and HUB SW base obsolescence; the latter showing risk levels of 49 % at the beginning of 2022. We finished the year with a consolidated obsolescence of 25.01 % (down from 38.1 % in January 2022), and HUB SW obsolescence ended at 30.47 %. Plans are already in progress to bring the indicator down to 22 % in 2023. This is combined with the bolstering of processes, management policies, controls within the mitigation and control framework, and the strategy of service owners. A total of 27 projects were implemented to renew technology and migrate IT services to non-obsolete versions, reducing the risk of service unavailability.
- Strengthening monitoring mechanisms and event management through the implementation of advanced tools such as Dynatrace, Movizzon, and Nagios, improving communication and proactive response to incidents and issues, and reducing the average recovery time by 60 %.
- Consolidating the new incident and problem management process for the holding, unifying the different areas of technology use into a single management tool, providing a detailed view of production health through dashboards that have allowed for improvement actions, new ways of working, and agility in the operation of IT services.
- Finalizing the Business Impact Analysis (BIA) exercise, identifying the Bank's critical processes as a basis for continuity management, including BRS strategies, identification of single points of failure, health checks of relevant information systems, and customer-facing systems.
- Reducing vulnerabilities in our systems by 12 %, improving visibility of configuration components in vulnerability scanning tools, prioritizing critical vulnerabilities, and containing security incidents.
- Implementing PC Farms, enabling hybrid work for a greater number of employees.

Architecture

Following the transformation process driven by the Architecture Department and in line with the group's strategic priorities, in 2022, we enabled NextGen technological capabilities around global security mechanisms and the transformation of the CORE data model under a global vision, accelerating the implementation of strategic projects such as Glomo, Gema, and the deployment of features across different channels, paving the way for other geographies.

Likewise, the integration of NextGen capabilities led to a 10 % increase in the adoption of transformation across channels, closing the year with 55 % transformation adoption. Significant progress was achieved in migrating 41 % of the Bank's online transactionality to lower-cost, more efficient, and scalable technologies. Furthermore, efficiencies worth EUR 770,000 were recorded as a result of the transformation to NextGen and low-cost infrastructure, a figure exceeding the 2022 projected target by 92 %.

We updated the base software of the offices on the 650 servers of all branches in the country, addressing vulnerabilities and enabling technical capabilities that allow for growth in the integration of the office with the rest of the Bank's digital ecosystem.

Regarding the reliability of the infrastructure supporting the Bank's channels, a 16 % reduction in critical incidents was achieved compared to the previous year, thanks to a series of initiatives aimed at strengthening infrastructure through its main pillars: processes, technology, and people.

Closing a challenging year, the focus of optimization in 2022 was on strategic lines that continue into 2023, where the transformation of project management is the driving force for change and innovation. In this regard, we reduced document-related manual tasks by 25 %, simplifying processes by eliminating management channels and promoting the widespread use of JIRA as a single tool. Maintaining a focus on automation, we achieved our first experience in automatic testing, reducing the time per test case by 86 %. Applied to the main digital channels, this aims to increase productivity, time to market, and agile value delivery to our primary goal: the customer.

BPE

In 2022, BPE has contributed to transformation across various lines, achieving accomplishments that drive the evolution of distribution channels, operations, and management of central departments. Some highlights include:

Retail Segment: The transformation of the office network began in its first phase, focusing efforts on streamlining operations by eliminating unproductive tasks, manual processes, and centralizing operations. As a result, the role of the assistant manager has been redirected towards commercial management, strengthening the sales teams.

The harmonization of recycling ATMs has been completed, allowing us to migrate 60 % of Credit Card Payment transactions and 40 % of Cash deposit transactions to these ATMs. Moreover, we implemented a new customer onboarding process for liability products, saving 14 minutes per operation and freeing up 7,500 monthly hours of operational management for the network. Not stopping there, we adjusted our customer authentication process, reducing the number of biometric validations from three to one for new product registration. In line with sustainability efforts, we eliminated the printing of over 6 million cash receipts throughout the year.

SME Segment: We supported the transformation of processes related to operational customer support for these segments by reducing the use of network mailboxes for forwarding customer inquiries to central departments. Instead, we activated these inquiries to be handled directly by the Call Center (70 % of mailboxes eliminated in SME Banking with direct customer attention by the Call Center). Furthermore, we transformed the collateral establishment process by centralizing it and implementing controls.

Operational Transformation: The year concluded with 100 % control of the flow of initiatives impacting operations, mitigating the generation of new manual processes in 19 initiatives, adding 54 productive services in Wizard, increasing traceability in Leasing and asset management services by 85 %, reducing operational risk in their execution, and three execution Waves with 68 defined initiatives, 8 completed, and the remainder to be addressed in 2023 and 2024.

Transformation of central department processes: efforts were focused on four critical process lines. First, the incident response process transformation has allowed for reduced waiting times in calls to the Professional Support Center from 12 to 3 minutes on average, enabling 90 % of incoming calls to be answered.

In addition, Aranda was established as the sole channel for mass incident filing, ensuring that cases are prioritized based on criticality and Customer impact. Second, the CARO process analysis was completed locally, and 14 initiatives were established to be implemented in 2023 to reduce lead time by 50 %. The third focus involved the implementation of a robot for Finance (mass OPS loads) and two robots for Operations (triangular line and mass OPS loads for payment methods).

Fourth, an assessment was conducted for the transformation of the PQR process, defining three work lines (Anticipate PQR, identify root cause, and transform E2E PQR process), each with a defined KPI for 2023, and the establishment and implementation of governance to execute the work lines.

Finally, from the process architecture standpoint, support was maintained for teams from various vice presidencies, accompanying and training them in process culture, making 70 % of the documented process inventory available and defining 100 % of the responsible areas and process owners. This serves as a starting point for supporting transformation, optimization, and continuity of critical processes (BIA). Additionally, the implementation of a new corporate Internal Regulation tool was achieved, with 93.2 % of governing documents migrated and available by the end of 2022.

RCS (Risk Control Specialist)

IT Risk Control Management oversees risks related to Technology Security, Information & Data Security, and Physical Security. During 2022, our management and challenge focused on: i) proactive risk management for technology; ii) managing the risk of potential information leaks, lack of data integrity, and failures in information systems supporting operations; iii) strengthening knowledge of technological risk management in the first line of defense; and iv) improving internal customer satisfaction.

A comprehensive description of our management and achievements is detailed in *IT - Risk Control Specialist*, part of the Internal Control and Compliance chapter.

Operations

In addition to maintaining and managing the back office's operational functionality, various tactical and strategic actions were executed throughout 2022, contributing to continuous improvement and achieving specific plans:

- **UpTime ATMs:** By implementing over 40 initiatives, we managed to increase our ATM network's availability indicator by more than 4 percentage points, from 92 % to 96 %, and in the payroll segment by +8 points (from 88 to 96 %). We ranked among the most recognized channels by our customers (NPS), finishing the year as the number 1 channel in USAGE (85.28 %) and 2nd place in IRENE with 70.49 points. We increased the quota in over 40 % of the network, reduced the workload on the office network by +1,350 hours/month by removing E2E provisioning and reconciliation operations from 48 ATMs and leaving them in the responsibility of TdV, created predictive processes to identify module behavior, proactive maintenance, and changes, dynamic cash, and built bots for transaction deviation alerts, recurring novelty submissions, and warnings in cash.

- **Cash:** Throughout 2022, we maintained approximately COP 54B in cash funds and met our need for COP 47B, allocating ATM's (81 % / COP 39B), Offices (18 % / COP 8B), and customers and in-houses (1 % - COP 317 million). We ensured the highest quality and suitable cash for supplying our 1,200 level 7 ATMs. In the last two months of 2022, we increased our storage capacity by 40 % to prepare for the season and mitigated purchases from the Central Bank of Colombia after the exemption of commissions was removed (COP 21 charged for every COP 10,000).

- **Issuance of plastic cards:** By implementing various strategic sourcing actions and optimizing the delivery process, we increased effective deliveries from 50 % in 2021 to 83 % in 2022. We also led the pioneering project of immediate plastic card delivery in Colombia, enabling customers to contract the product and have an active card for use within minutes, increasing product profit margins and improving the customer experience. In 2023, we aim for a card delivery target of over 90 % within a maximum of 30 days.

- **Centralization of SME disbursements:** We created a specialized team for disbursing funds to companies, migrating operational workload from office to centralized Massive Factories teams, completing the SME contracting process through standardized validations and service-level agreements tailored to customer needs. In 2023, we will continue centralizing Rediscount disbursements, optimizing operations in terms of time, cost, and operational risk.

- **CAP Payroll Loan:** We continued supporting the migration of all sales forces to the CAP sales model for Payroll Loans, increasing CAP applications from 10 % in 2021 to 80 % in 2022, reducing the operational burden on sales forces and office networks. In 2023, we will continue supporting the transformational processes of selling financial products to individuals, strengthening the Payroll Loan product to become the #1 Payroll Loan bank in the country once again.

- **Operational Coverage:** During 2022, we continued the migration of key operational processes to the expert Operations team, receiving 100 % of the Complaints and Claims operation and the Professional Support Center for the network, generating internal synergies in teams supported by expert operational knowledge. This aims to reduce the number of claims from their root cause while providing technical and functional support to strengthen the CPA's knowledge base. In 2023, we aim to cover more operational processes, unloading the Office Network and other Central Departments.

- **Degree of Maturity:** We achieved progress in the operational excellence model designed by the Holding teams, reaching 65 % operational maturity, leveraging the adoption and maintenance of best practices in the main domains of Global Operations. This includes a documented service model, control of internal and external processes, continuous monitoring of activity, costs, service level agreements, training, and Agile practices. In 2023, our goal is to reach 75 % maturity by leveraging a comprehensive demand management model that enables us to meet new needs quickly, controlled, and efficiently.

- **Implementation of Quality Metrics:** Due to demonstrated best practices and a complex sourcing model, the Holding selected us to participate in defining and piloting the global quality metrics program, launched in 2023 for the rest of the geographies. This drives continuous improvement of internal and external customer service levels from compliance metrics, strategic KPIs, and satisfaction surveys in the main operational service lines. One of our corporate objectives for 2023 is to optimize 10 % of our Service Level Agreements (SLAs) in key services through ambitious operational transformation actions, among others.

Security

Our priority is to provide our customers with secure and reliable transactions through all physical and digital channels provided by the Bank. BBVA Colombia's security model is composed of different layers of protection that secure the technologies, processes and information involved in banking operations.

Thanks to this model, we have covered and analyzed 100 % of transactional channels through which BBVA makes financial products or services available to our customers:

- ATM
- Wallet
- Mobile Banking (Glomo)
- Net Enterprise – Web
- Net Individuals – Web
- Netcash Mobile

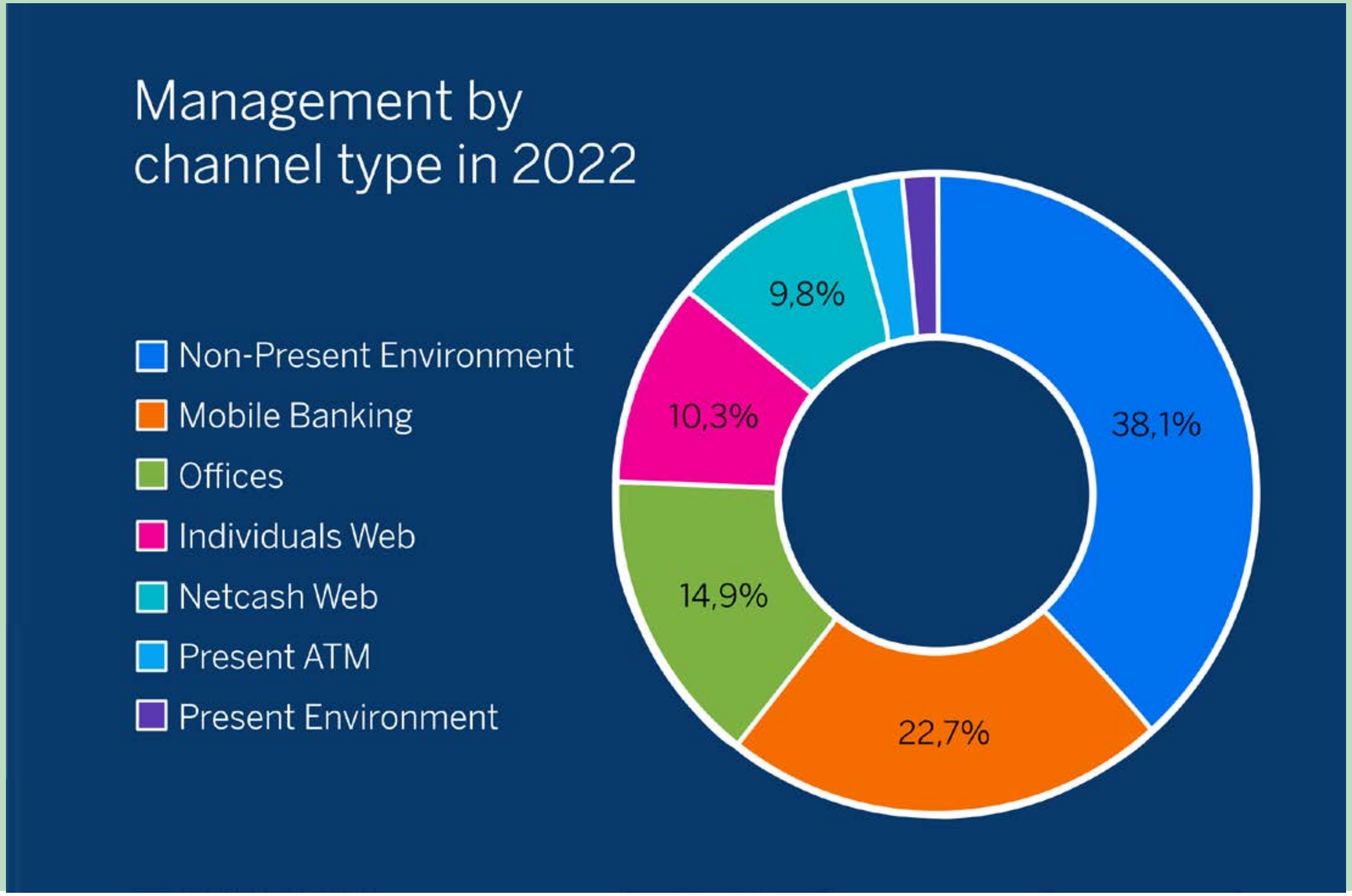
These security processes are carried out through Human Error (HE) adjustments and monitoring tool conditions of Fraud Monitor Plus. We carry out vulnerability scans and weakness detection, which can be corrected or optimized.

Should a channel adjustment require code changes, it is managed through BBVA's development cycle, which involves submitting a development request to the Systems department for resolution.

In the scenario where a security tool adjustment can be parameterized, such an adjustment is made while adhering to BBVA's productive adjustment cycle.

Creating and adjusting fraud rules from a security standpoint aims to protect customers on each channel. These rules mitigate social engineering, Sim swap, phishing, and other threats BBVA customers are exposed to.

In this regard, our main efforts have been in:



Cybersecurity: We are focused on the protection of our technological assets and the proper detection of cyber threats. During 2022, 100 use cases were implemented in the SOC (Security Operations Center) on the SIEM alerting tool, and 100 % of the monitoring of privileged users was completed through the Cyberark tool, coupling the monitoring operating system with the Global model.

The SOC and local cybersecurity team, supported by the global strategy, have enabled us to improve visibility, management, and investigation of security alerts and events, vulnerability management, and risk reduction in all aspects of cybersecurity.

The continuous improvement of our incident response model allows us to appropriately react to various operational lines, backed by new security projects like Neptuno, which aims to ensure complete navigation and protection for BBVA employees' devices, both internal and external.

Preventing fraud: Our work has focused on supporting business areas in launching new services and products, aiming to build trust with our customers and securing business products with a 360-degree vision and intensive data analytics, such as Dynamic CVV and Aqua cards.

Additionally, we support the implementation of best practices and features such as tokenization and transactional profile validation in risky operations. We also strive to ensure that fraud monitoring systems have the operational capacity to measure and respond to fraud risks.

Leveraging Next Gen technologies is another cornerstone of fraud prevention. During 2022, utilizing lessons learned from other geographies, we successfully implemented Feature Space on the NET channel in record time. This initiative will continue expanding coverage in 2023, giving us the ability to decline transactions to prevent the materialization of fraud.

In 2022, we were the first country to experience increased fraud through digital channels, necessitating the implementation of tactical and strategic plans to counteract fraud modalities such as SIM swap. Teamwork with other departments enabled us to implement processes for consulting SIM card changes with operators and containing the materialization of this fraud.

Protecting sensitive data: Our primary objective is focused on generating guidelines for projects, initiatives, and day-to-day processes to ensure the security of customer, employee, and BBVA's own information. This minimizes the risk of data leaks that could lead to fraud, penalties, lawsuits, and damage to the Bank's reputation.

An agreement has been reached with the Financial entity to implement and comply with established regulations and laws for information protection. This creates guidelines and best practices for accessing and using information for which BBVA is responsible, through an action plan with activities aiming to change the Bank's model and culture towards secure corporate solutions. These solutions enable business management, leveraged with security.

Additionally, we conduct ongoing training and awareness activities for employees and customers on various forms of fraud and theft of personal information, which is later used to commit fraud. This year, we initiated talks with legal customers (SMEs) and implemented the Data Privacy Security Model - DPSM on the Datio platform, addressing data classified as identifying and enabling fraud.

Physical security: We continue to prioritize the securitization of our customers' ATM operations, achieving a 38.6 % reduction in vandalism events compared to 2021. Strengthening security protocols in the Branch Network by understanding the different needs of the network based on firsthand information obtained from the 92 visits conducted. Beginning the technological renewal of the CCTV systems in the office network. Formalizing the physical security standard for In House, which contains the minimum requirements that must be ensured for the operation of these service points.

In fraud prevention, our work has focused on supporting departments in launching new services and products.

Crime Rates[2]

Based on the information obtained from the National Police, the most relevant crime rates are listed below:

Crimes referenced in 2021 and 2022

Crimes	2021	2022	% Var.
Homicides	13,873	13,442	-3.1%
Personal injuries	105,593	110,410	+0.5%
Theft against individuals	280,293	352,652	+25.8%
Theft against businesses	43,109	40,124	-6.9%
Extortion	8,021	8,745	+0.9%
Terrorism	203	508	+150%
Kidnapping	137	203	+48.2%

Homicides: A reduction of 3.1 % compared to 2021, with the departments of Antioquia and Valle having the highest number of homicides. In recent months, these departments have represented a significant concentration of criminal groups that have been responsible for spreading violence in the territory of the regions.

Theft against individuals: Remains one of the most impactful crimes in Colombia, with a 25.8 % increase in reported cases in 2022. This has affected citizens' perception of safety, as it occurs throughout the national territory. In major cities, it mainly involves the theft of personal belongings and often includes the use of firearms and traumatizing weapons.

Extortion: A crime that has persisted in its impact, is mainly characterized by intimidating phone calls. According to investigations by the GAULA group of the National Police, a significant percentage of these calls originate from the country's prisons. The unique aspect of this crime is the ease with which criminals can obtain the demanded money since digital platforms are used more easily than bank accounts.

Terrorism: Which increased by 150 % in 2022 compared to 2021, has been on the rise as many post-pandemic activities resumed. Departments such as Antioquia, Norte de Santander, and Chocó have been most affected, with explosive and incendiary devices being the primary means to cause these types of impacts.

Kidnapping: Incidents increased by 48.2 % in 2022 compared to 2021, with Antioquia, Norte de Santander, Valle, and Arauca departments experiencing the highest numbers. Extortion-based kidnapping had the most reported cases, and the regions with the highest incidence of these crimes also have the highest presence of armed groups operating outside the law, influencing the occurrence of these incidents.

Data Analytics for Security

Primarily aims to develop advanced analytical models that optimize decision-making and security layers to prevent security breaches and contribute to a better customer experience. In 2022, we implemented various analytical models to combat fraud, such as rule creation and physical security risk models.

We continuously strive to incorporate best practices from BBVA Group and the industry in all our areas of action, seeking excellence in security management.

Solutions Development

Has joined the E2E circuit of Single Development Agenda (SDA) projects to define security guidelines that SDA-based projects must meet, improving response times and security controls.

2 Information extracted on January 15, 2023 from: https://www.policia.gov.co/grupo-informacion-criminalidad/estadistica-delictiva

Creating Opportunities

10. Social and Environmental Commitment

BBVA is conscious of the significant role banks play in the transition to a more sustainable world through their financial activities. Consequently, it has adhered to the UN Principles for Responsible Banking, the Katowice Commitment, and the Collective Commitment to Climate Action, aiming to play a relevant role in assisting customers in their transition toward a sustainable future, as demanded by society.

As a financial institution, BBVA directly impacts the environment and society through the use of natural resources and its relationships with stakeholders. Indirectly, and more significantly, it affects these areas through its lending activities and the projects it finances.

Aiming to progressively align its activities with the Paris Agreement objectives, BBVA seeks to help its customers through financing, advisory services, and innovative solutions in their transition toward a more sustainable future inspired by the Sustainable Development Goals.

As a Group, BBVA wants to contribute to addressing challenges such as climate change and supporting inclusive growth. Helping customers in their transition also presents a significant opportunity, as unprecedented levels of investment are needed to innovate and deploy new technologies across all sectors of the economy.

Therefore, during 2022, the Group has increased its sustainable business target to EUR 300 billion. This new objective represents a 50 % increase from the goal announced in July 2021, when BBVA updated its sustainable financing roadmap. It also triples the initial goal, defined in February 2018.

BBVA seeks to support the energy sector in its transition and is committed to clean energy sources. Therefore, it has announced a 30 % reduction in emissions from its Oil and Gas portfolio by 2030.

BBVA will align its balance sheet in the Oil and Gas sector according to the net-zero emissions scenario by 2050, following the metric of absolute emissions. Furthermore, the Bank has committed not to allocate financing directly linked to new exploration, drilling, and extraction projects in the sector.

With this step in a key sector like energy, the Bank progresses toward its goal of becoming a carbon-neutral entity by 2050, not only through its own operations, where it has already achieved neutrality since 2020, but also through the activities of the customers it finances.

10.1
Policies with Specific Social and Environmental Components - Business Lines

FS-1

Environmental and Social Framework

In 2020, the Group approved the Environmental and Social Framework (hereinafter Framework) for the mining, agribusiness, energy, infrastructure, and defense sectors.

This Framework, which is reviewed annually, provides a series of provisions and exclusions regarding operations and customers covered by it, working in these five sectors, considering that they have a greater social and environmental impact. The Framework is public and is available on BBVA's shareholder and investor website.

To effectively implement the Framework, BBVA relies on the advice of an independent external expert, who conducts enhanced due diligence on customers covered by the Framework to mitigate risks associated with these sectors and contribute to the compliance with the Group's General Sustainability Policy.

Reviewing the Framework involves considering new market trends in this area, stakeholders' expectations, and strengthening implementation procedures.

In the latest review from October 2022, the main updates included the following:

- We removed exceptions to coal prohibitions for countries with high energy dependence and no viable alternatives. Nevertheless, restructurings and/or refinancings of pre-existing customers and/or projects will be possible when necessary to ensure their viability or debt repayment capacity.
- We introduced a new restriction in the energy sector, prohibiting financing for "new projects or expansions of existing exploration, drilling, and extraction projects for oil and gas (conventional and unconventional)."
- Additionally, a new restriction was created in the agribusiness sector, banning financing for "projects in key areas for biodiversity identified by the International Union for Conservation of Nature (IUCN), the Brazilian Amazon, and the Cerrado."
- We incorporated best practices regarding biodiversity and combating deforestation for customers, as benchmark standards.

BBVA continues its commitment, under the terms outlined in the Framework, to eliminate its exposure to coal customers (pledged in March 2021) by 2030 for developed countries and by 2040 globally, through dialogue with those customers and active monitoring of its portfolio.

SARAS

In line with the national agenda and best practices in the financial sector, led by initiatives such as Asobancaria's Green Protocol, BBVA Colombia worked on the process of creating and implementing the Environmental and Social Risk Management System (SARAS, for the Spanish original) during 2022.

This process began in collaboration with the International Finance Corporation (IFC), whose team provided an initial diagnosis of the maturity of our processes for assessing environmental and social risks in the credit analysis process through a consultancy, and additionally conducted a gap analysis for the subsequent implementation of SARAS.

In 2023, the Bank will implement and launch the system based on the results obtained from the study conducted in 2022. The goal is to strengthen all mechanisms associated with the environmental and social risk analysis of financed operations and complement them with other tools, such as the analysis of Equator Principles and compliance with BBVA's environmental and social framework. SARAS will be aligned with the standards, performance norms, and exclusion lists of the International Finance Corporation (IFC) and the standards of the Inter-American Development Bank's (IDB) Environmental and Social Policy Framework (ESPF).

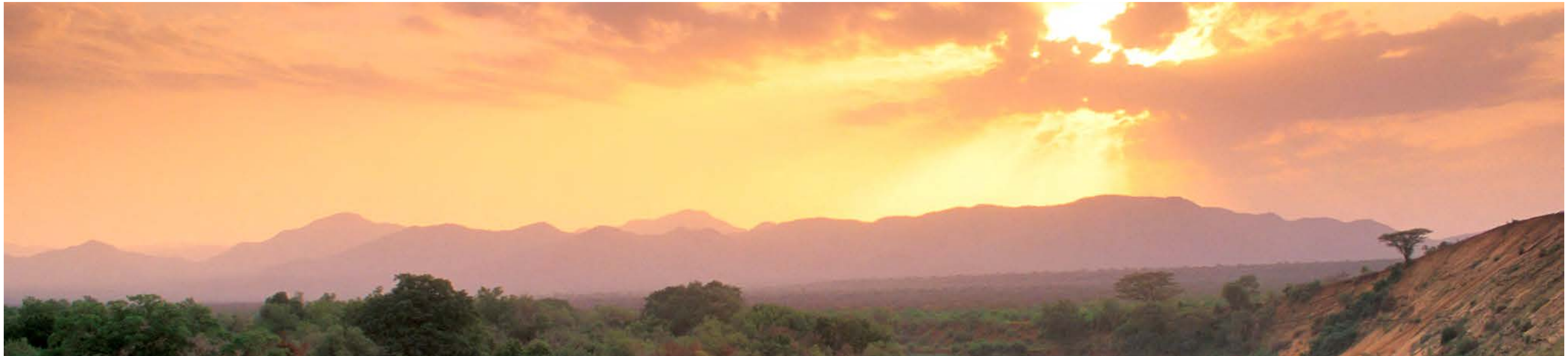
Ecuador Principles

Energy, transportation and social services infrastructures, which drive economic development and generate employment, can have impacts on the environment and society. BBVA, based on the Equator Principles, evaluates the financing of projects subject to these principles to reduce and try to avoid negative impacts, thereby enhancing their economic, social, and environmental value.

Financing decisions for projects consider profitability criteria adjusted to principles. This involves addressing stakeholder expectations, taking into account the social demand for combating climate change and respecting human rights.

Consistent with this, BBVA has adhered to the Equator Principles (EP) since 2004, which set a series of standards for managing environmental and social risks in project financing. The EPs were developed based on the International Finance Corporation's (IFC) Policy and Performance Standards on Social and Environmental Sustainability and the World Bank's General Environmental, Health, and Safety Guidelines. These principles have become the benchmark for responsible finance.

The analysis of projects involves subjecting each operation to an environmental and social due diligence process. The first step consists of assigning a category (A, B or C) to represent the risk level of the project. The review of the documentation provided by the customer and the independent consultants makes it possible to assess compliance with the requirements established in the EPs according to the category of the project. Financing contracts include the customer's environmental and social obligations. The application of the EPs at BBVA is integrated into the internal processes of structuring, admission, and monitoring of operations.



The analysis of Equator Principles is carried out for all operations constituted as project finance and is performed by the Sustainable Finance team at the holding level.

Integrating Natural Capital

The Group's General Sustainability Policy includes the protection of natural capital as one of its main focus areas in terms of sustainability. Specifically, BBVA acknowledges the need to protect ecosystem services and natural assets, as well as natural species and ecological processes. It considers biodiversity and natural capital in its relationship with customers, assisting them in transitioning toward a greener, more inclusive future, and managing nature-related risks.

Within the Environmental and Social Framework, a series of general exclusions and prohibited activities are included concerning biodiversity loss and combating deforestation (for example, projects that jeopardize UNESCO World Heritage sites and Ramsar-listed wetlands; projects involving the violation of rights of indigenous or vulnerable groups; in the agro-industry sector, activities that involve burning natural ecosystems for agricultural or livestock projects, removal of High Conservation Value Forests and high carbon content, and projects in key biodiversity areas of the International Union for Conservation of Nature (IUCN), among others).

If BBVA concludes that a project involves any of the circumstances described in the prohibited activities or general exclusions, it will not participate in said project.

As a member of the TNFD Forum (Task Force on Nature-related Financial Disclosures), BBVA is following the publication of the various versions of its beta framework for managing and disclosing risks and opportunities related to nature.

10.2 Sustainability Training

FS-4 Processes to improve workers' competence in implementing social and environmental policies and procedures applicable to business lines

BBVA Colombia has a series of tools to strengthen its employees in social and environmental matters, using The Camp Sustainability platform, which offers over 90 training resources and masterclass sessions with experts. The Bank's employees have acquired knowledge about sustainability, its importance, and the role of the financial sector, as well as BBVA's priority areas and initiatives in sustainability.

Students dedicated a total of 10,990 hours of training in Sustainability topics. Due to this, our workforce is increasingly knowledgeable about existing sustainable solutions to support our customers towards a greener and fairer transition and the challenges sustainability poses to our business.

10.3
Sustainable Business Channeling

203-2, BBVA-4, FS-8, FS-7

One of the strategic priorities of the responsible Banking model is related to sustainable business channeling, which is developed through financial products and services integrating distinctive social and environmental attributes.

In line with this purpose, the BBVA Group has again increased its sustainable business channeling target (2025 Objective), tripling its initial target and setting it at EUR 300 billion for the 2018-2025 period. Thus, BBVA Colombia doubles its efforts to contribute to achieving this goal through the development of products and financing of sustainable operations.

Sustainable business channeling refers to the mobilization of financial flows towards activities or customers considered sustainable according to existing regulations, BBVA Group's own standards (inspired by existing regulations, such as the European Union taxonomy for sustainable finance), Colombia's taxonomy issued by the Financial Superintendence of Colombia, and market standards. Moreover, we comply with the guidelines of the International Finance Corporation (IFC), a member of the World Bank Group, for the allocation of the USD 200 million sustainable line of credit funded by this entity. This is how we meet high standards when marking an operation as sustainable. Endorsed sustainability categories according to BBVA's standard are grouped as follows:

Climate action: **Mobilization of timely resources to address the challenge of climate change.**	**Inclusive growth:** **Mobilization of necessary investments to build inclusive infrastructure and support inclusive economic development in an equitable manner, leaving no one behind.**
Sustainable mobility. Energy efficiency. Renewable energy. Circular economy.	Inclusive health infrastructure. Inclusive housing infrastructure. Inclusive education infrastructure. Financial inclusion of vulnerable communities.

During 2022, we billed COP 2.2 trillion in climate action and COP 1.1 trillion in inclusive growth, distributed across different sectors as follows:

Banking	Climate action	Inclusive growth
Individuals	COP 172,628 million	COP 71,765 million
SME	COP 87,822 million	COP 31,286 million
Enterprise	COP 493,907 million	COP 68,499 million
Governance	COP 391,292 million	COP 259,130 million
Construction	COP 281,979 million	COP 232,219 million
CIB	COP 808,819 million	COP 487,102 million

*Figures expressed in COP

As for **mobility,** we highlight the financing of hybrid and electric vehicles for individual customers during 2022, as well as participation in SME and corporate banking for technology upgrades in more efficient combustion engines, in compliance with the current regulations in the country.

This year, we reached approximately COP 190,073 million in sustainable mobility. Additionally, we participated in the financing of Bogotá Capital District for COP 230,577 million for the Infrastructure project for the Integrated Public Transportation System, which includes the construction of aerial cable, bike lanes, public space, reconstruction and maintenance of main routes, among other activities, prioritizing sustainability and accessibility requirements.

In terms of **sustainable housing**, credits were approved for COP 281,979 million aimed at constructors of certified sustainable projects in 9 cities in the country. These houses achieved energy efficiency ratings over 20 %.

In order to contribute to the mobilization of necessary capital to **curb climate change**, in 2022 projects from Electrificadora de Santander were financed for COP 56,000 million and Central hydroelectric power plant of Caldas for COP 15,000 million.

These customers' main activity is the provision of public electricity services, generation, transmission, distribution, and marketing. Over the last five years, they have maintained an emission factor below 100 grams of CO_2eq/kWh. Likewise, the Bank provided a guarantee of COP 177,527 million to Solarpack, who will be responsible for two projects organized by Mining and Energy Planning Unit (UPME, for the Spanish original): the La Unión photovoltaic plant located in Montería, Córdoba, and La Mata, situated in the municipality of La Gloria, Cesar.

Regarding **circular economy**, BBVA Colombia focused on water projects in 2022, disbursing COP 90,000 million to the Cundinamarca Autonomous Regional Corporation, resources that will be used in the recovery of the Fúquene lagoon.

In 2022, BBVA Colombia provided financing for access to social goods and services, promoting inclusive growth. The Bank disbursed COP 71,765 million to individuals in Low-income Housing (LIH) (VIS, for the Spanish original) loans, which we can identify as first homes, with a total of 1,152 financed homes, and approved COP 232,219 million for VIS project constructors, financing the construction of 2,272 homes in 9 cities across the country. In the education sector, we generated impact by financing infrastructure for COP 110,764 million to universities and educational institutions. The Bank financed COP 13,846 million to 54 SMEs led by women. The Bank channeled COP 322 million to finance foundations whose main mission is to create employment or offer goods/services to vulnerable people; additionally, 2,625 million to customers generating financial inclusion for vulnerable populations. In the healthcare sector, medical equipment and infrastructure for hospitals and health centers were financed for COP 51,132 million.

FS-8 Products and services with environmental benefits

The Bank reported the following figures related to projects aimed at providing a specific environmental benefit:

Item	2022	2021	2020
Sustainable Mobility	COP 408,791 million	COP 119,808 million	COP 33,535 million
Energy Efficiency	COP 399,504 million	COP 219,192 million	COP 1,036 million
Renewable Energy	COP 254,009 million	0	0
Circular Economy	COP 308, 264 million	COP 28,397 million	0
BCORP[1]	COP 113,075 million	0	0

*Values in COP

FS-7 Products and Services with Social Benefits

In 2022, we began measuring and reporting the following figures related to projects aimed at providing a specific social benefit:

- Foundations: COP 322 million.
- Financial Inclusion: COP 2,625 million.
- Women SMEs: COP 13,846 million.
- Medical Infrastructure: COP 51,132 million.
- Inclusive Housing: COP 303,987 million

1 BCORP: Certified B Corporations (or BCORP) are a new type of business that balances purpose and profit. These businesses meet the highest verified standards of social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

10.4
Eco-efficiency.

This section includes the implemented eco-efficiency management and describes the results obtained in the Bank's operations for 2022, reflecting the commitment to reducing the carbon footprint and environmental impact. To achieve this, we executed the Global Eco-Efficiency Plan (PGE, for the Spanish original) 2021-2025, which seeks to continuously improve results and reduce direct impacts while maintaining a strategic position in the sector regarding climate change, projecting towards a greener future.

In the second year of execution and monitoring of the KPIs set for BBVA Colombia's PGE 2021-2025, the following progress was recorded at the end of 2022:

KPI PGE 2021-2025

Indicator	2019	Advances 2022		KPI
	Base Year	Indicator	%	Δ 22-25
% Energy from renewable sources	17%	100%	100%	30%
Electricity consumption per occupant (Kwh/FTE)	3.86	2.97	-25%	-5%
Water consumption per occupant (m^3/FTE)	30.39	36.57	20%	0%
Paper consumption per employee (kg/FTE)	38.04	36.75	-3%	-15%
Net Waste per Employee (ton/FTE)	6.54	3.38	-48%	-3%
CO_2e Emissions Scope 1 and 2 (ton CO_2e)	3,071.40	1,904.91	-38%	-4%
CO_2e Emissions Scope 3 (ton CO_2e)*	2,145.31	1,444.12	-31%	-4%
Certified Surface %	11%	12%	11%	30%

*Employee commuting data compared to 2021; in the base year 2019, it was not yet measured.

Materials

301-1 Materials Used by Weight or Volume

A significant factor in the Bank's sustainability strategy is the effort to reduce and/or mitigate environmental impacts, including the conscious and efficient use of paper. As part of this, the Bank achieved a consumption decrease of 7,359 kg in 2022, equivalent to a 3 % reduction compared to the base year 2019. The 7 % increase in consumption compared to 2021 is primarily due to the return to office work nationwide (see the Real Estate and Return Plan section in the Commitment to Our Workforcechapter).

Among the recorded advances, the Bank has achieved, together with our supplier, that 100 % of the paper used within the Bank is ECOLOGICAL PAPER, a type of paper that, due to its composition and manufacturing process, is environmentally friendly and contributes to the strategies established in the PGE.

The papers used in processes are made from sugarcane fiber, a byproduct of the sugar industry, considered an agro-industrial waste (sugarcane bagasse), with sugarcane being a renewable resource that is planted and harvested in short periods of time. These papers are considered recyclable, as they can be disintegrated in water under mechanical agitation.

301-2 Recycled Inputs

Paper Consumption

Year	2019	2020	2021	2022
Total Paper Consumption (kg)	259,286	204,384	232,180	251,927

*The Bank does not use recycled paper in its process; however, the consumed paper is recyclable and comes from agro-industrial waste, reducing the environmental impact.

In 2022, we recycled approximately 11 % of the total paper consumed, corresponding to 27,510 kg. BBVA continues to advance with actions that reduce paper consumption within our processes. Two of the projects being carried out are the "elimination of operation vouchers for 33 transactions," of which we implemented 24 by December 31st, saving a total of 3,728 kg of paper, and "Printing Tracking," initiatives that reduce paper use in transactions with our customers and our internal processes, contributing to environmental protection.

Energy

302-1 Energy Consumption Within the Organization

At BBVA Colombia, efficient energy management is an increasingly important commitment, a challenge that led to defining our energy model with goals related to direct operations around energy savings, cleaner energies with less environmental impact, such as:

- **Renewable Energy:** Since 2021, 100 % of the energy consumed in the Bank's facilities comes from clean energy sources, through the purchase of renewable energy certificates (IRECs) that guarantee zero emissions and the achievement of the renewable energy goal set in the PGE for 2025, anticipating the 2030 objective. In 2022, BBVA Colombia purchased clean energy certificates for 20,332 MW/h nationwide.

- **Energy Efficiency:** During 2022, through the public services management tool, energy consumption was continuously monitored in most offices nationwide; this facilitates the focus on actions to mitigate deviations, high consumption, identification of reactive energy, and maintenance needs to achieve the proposed goals.

Throughout 2022, the main initiatives implemented included:

- Investing in replacing obsolete or outdated equipment with more efficient alternatives.
- Office consumption monitoring and management through the public services management tool.
- Switching traditional light fixtures to LED light fixtures.

In 2022, the Bank replaced 32 air conditioners in the Office Network, with an estimated savings of 483,840 kWh, and changed equipment for ATMs in 60 air conditioners, with an estimated savings of 145,800 kWh for the year.

Annual internal energy consumption data per source and total are presented in kWh and GJ, and energy intensity calculation per employee in kWh/FTE.

Energy consumption

Year	2019	2020	2021	2022
Electricity Non-renewable (kW/h)	21,707,591	17,987,374	0	0*
Electricity Non-renewable (GJ)	7,8147.32	64,754.54	0	0*
Electricity Renewable (kW/h)*	4,602,026	4,379,277	20,588,757	20,332,508
Electricity Renewable (GJ)*	16,567.29	15,765.39	74,119.52	73,197.03
Total Electricity (kW/h)	26,309,617	22,366,651	20,588,757	20,332,508
Total Electricity GJ	94,714.62	80,519.94	74,119.52	73,197.03

* Energy consumed from clean energy sources through the purchase of renewable energy certificates (IRECs)

In pursuit of sustainability, BBVA Colombia implements various initiatives and actions to reduce electricity consumption in its facilities nationwide.

With respect to the baseline year 2019 and 2021, a 29 % and 1 % decrease in consumption occurred in 2022, respectively. Due to initiatives aimed at reducing electricity consumption. Additionally, the closure of some Bank branches that housed a large number of employees, such as the Venados office and Calle 71 building, and the hybrid work model implemented this year contribute to the reduction in consumption.

Water

303-5 – Water Consumption

To ensure efficient water usage, the Bank implemented technology for measuring water service, enabling periodic monitoring of consumption to detect leaks, excessive charges, and to implement corrective actions to prevent and reduce deviations and monetize savings in this service.

Water Consumption

Year	2019	2020	2021	2022
Total water consumption (m^3)	164,749	251,665	264,886	250,744
Total water consumption (ml)	164.75	251.67	264.89	250.74

With respect to 2019, water consumption increased due to the reporting methodology used, which relied on average rates from the most representative providers and accounting balances. In 2022, the management tool was introduced, allowing for the collection of real data.

The Bank managed to reduce water consumption by 14,142 m^3 in 2022 compared to 2021, thanks to the measures implemented with the public services management tool. Additionally, deep cleaning campaigns were suspended due to the lifting of the COVID-19 health alert and the closure of the previously mentioned branches, as well as the hybrid work model implemented for 2022.

Throughout 2022, the Bank made progress in continuously monitoring water consumption in most BBVA offices nationwide, with the help of our public services management tool and ongoing awareness campaigns for rationalization and proper use of water resources.

Emissions

305-1 Direct GHG Emissions (Scope 1)

In Scope 1, we report emissions from refrigerant consumption, diesel, and fuel for the Bank's own vehicle fleet. Emissions are calculated based on the 2006 emission factors (IPCC Guidelines for National Greenhouse Gas Inventories). To convert to CO_2e, we used the*IPCC Fifth Assessment Report* and the *IEA*[2]as sources. As of 2021, emissions from the use of vehicle fleets and refrigerant gas leaks at our facilities were included in this scope, applying *DEFRA*[3] emission factors for calculating CO_2e emissions.

305-2 Direct GHG Emissions from Energy Generation (Scope 2)

In relation to Scope 2, we report emissions from electricity consumption nationwide. As of 2021, with the purchase of IRECS certificates, we do not report emissions because our energy consumption is 100 % from renewable sources.

305-3 Other Indirect GHG Emissions (Scope 3)

In Scope 3, we report emissions from waste generated within the Bank, both recyclable and hazardous, emissions from air travel by our employees, and emissions from employee commutes to work locations.

For indirect emissions from business travel (air), waste management, and employee commutes, we used emission factors published by DEFRA in 2022. The increase in 2022 compared to 2021 is due to the lifting of restrictions on business travel following the pandemic and the return of employees to work locations in a hybrid model. Regarding emissions from our employees' commutes, only those from Central Departments employees were taken into account.

Carbon Footprint

2 IEA: International Energy Agency.

3 DEFRA: Department of Environment, Food, and Rural Affairs of the United Kingdom.

GHG Emissions	Base Year 2019	2020	2021	2022
Scope 1 (tonCO_2eq)	140.87	135.4	1,823.74	1,904.92
Scope 2 (tonCO_2eq)	2,930.52	2,899.56	0	0
Scope 3 (tonCO_2eq)	14,040.57	244.7	1,504.1	1,444.12
TOTALtonCO_2eq	17,111.97	3,279.67	3,327.84	3,347.04

- **Scope 1:** Direct emissions associated with fuel consumption in the Bank's facilities and vehicle fleet, as well as the use of refrigerants.
- **Scope 2:** Indirect emissions associated with purchased electricity.
- **Scope 3:** Emissions associated with business air travel and waste generation.

In 2022, our total emissions decreased by 80 % compared to 2019, with an emission of 3,347 tonCO_2eq and an increase of 1 % compared to 2021.

The decrease in total emissions compared to the base year 2019 was due to the reduction in business travel, the downsizing of our vehicle fleet, the offsetting of emissions generated by energy consumption in our facilities, and the change in work modality, contributing to the reduction of commutes to work locations.

Regarding 2021, we saw an increase in scopes due to the lifting of corporate flight restrictions, and in 2022, the number of these flights increased, as well as the consumption of diesel fuel and commutes in the Bank's own mobile fleet.

As part of its strategy to contribute to a zero-emissions economy, during 2022, we encouraged employees to adopt sustainable mobility by using bicycles, skateboards, and walking to work locations. In the General Management, we have more than 100 bicycle spaces and 16 charging stations for skateboards.

Waste Management

306-3, 306-4, 306-5

In 2022, along with strategic partners, the Bank managed a total of 45.8 tons of waste, of which 98 % corresponds to recyclable waste, contributing to the country's comprehensive waste management. We seek to strengthen the utilization of waste generated in our operations, ensuring that non-recyclable waste is managed correctly through proper final disposal or treatment according to its characteristics. With this, we contribute to the recovery of hazardous waste with potential for reuse, allowing it to re-enter the production chain.

Hazardous waste by type and disposal method

Hazardous Waste (Tons)	2019	2020	2021	2022
Recycling	NA	0.94	1.12	2.40
Recovery, including energy recovery	NA	0	0	0
Incineration (mass burn)	NA	0	0.18	0
Landfill	NA	0	0	0
Others (disposal cells)	NA	11.11*	0.01	0.17
Total	**NA****	**12.05**	**1.32**	**2.56**

* Detailed information on hazardous waste disposal methodology for 2020 is not available.
** NA: Data not available

In 2022, the total hazardous waste not designated for disposal was 2.4 tons, and the total waste disposed of was 0.17 tons.

Non-hazardous waste by type and disposal method

NON-HAZARDOUS WASTE (Tons)	2019	2020	2021	2022
Recycling	58.24	44.55	60.77	43.32
Others (specified by the Organization)*	0	0	0	0
Total	**58.24**	**44.55**	**60.77**	**43.32**

* Ordinary waste generated by the Bank was not considered in the methodology. Certified locations in ISO 14001 will begin measurement starting in 2023.

Total waste generated

Waste Type (Tons)	2019	2020	2021	2022
Non-hazardous waste	58.24	44.55	60.77	43.32
Hazardous waste	NA	12.05	1.32	2.56
Total	**58.24**	**56.60**	**62.10**	**45.89**

The information provided regarding the weight or units of waste is sourced from the supplier contracted by the Bank for collection and final disposal.

The waste generated by the Bank is managed by third parties outside the Organization, who certify their treatment according to current environmental regulations.

In relation to the compliance with Resolution 2184/2019, concerning waste separation according to the white, green, and black color code, we installed 512 eco-points and color-coded bags nationwide in the Office Network and central departments, in accordance with the established standard, to optimize the classification of waste generated nationwide. Furthermore, we have the support of a waste collection provider in central departments for proper waste classification and maximum utilization.

Furthermore, the Bank has incorporated monthly awareness campaigns in its management, focusing on environmental issues (water consumption, energy use, and environmental conservation) at its unique buildings and various activities for Sustainability Day. By reactivating the eco-traffic lights, we have been able to measure waste separation at the source, and with this, we have carried out awareness campaigns on related topics.

BBVA-10 Area of certified properties according to ISO 14001:2015

There are four buildings in Bogotá, Colombia, certified according to ISO 14001:2015, accrediting them as environmentally sustainable. The Bank continued its commitment, according to the PGE 2021-2025 validity, to environmentally certify 30 % of the total area of the Bank's properties, and in 2022, the following results were achieved:

Environmentally certified property area

Year	Certified m²	Total m²	% certified
2021	21,112	185,645	11%
2022	21,052.38	178,767	12%

10.5
Corporate Social Responsibility

FS-13 Accessibility in low population density areas or disadvantaged locations.

The Bank seeks to have a greater presence in areas where access to financial services is precarious, scarce, or non-existent. This is why, in 2022, they continue to expand their network of ATMs and banking correspondents, covering more than 85 % of the municipalities and 100 % of Colombia's departments. Likewise, they continue to strengthen their offerings and services on digital channels. To learn more, please refer to the "Operations by Channels" section in the "Customer Commitment" chapter.

Additionally, as part of the Group's commitment to financial inclusion, in 2007, we created the Fundación Microfinanzas BBVA to promote the sustainable development of vulnerable individuals engaged in productive activities. In Colombia, Fundación Microfinanzas operates through its entity, Banco de las Microfinanzas Bancamía, whose mission is to improve the quality of life of low-income families in urban and rural areas of the country who have difficulty accessing formal banking.

As of 2022, Bancamía served approximately 1.6 million people, of which 57 % are women. Among customers with loans, 43% live in rural areas, 38 % have primary education at most, and 87 % are vulnerable in terms of their income.

FS-14 Initiatives to improve access to financial services for disadvantaged individuals

BBVA Colombia aims for its financial services to be accessible to all customers, constantly working to eliminate barriers and adapt physical and digital channels for disadvantaged individuals.

Specifically, regarding access to facilities, adaptations are made to remove physical barriers, providing ramps or stair lifts for access to offices and ATMs when necessary, accommodating people in wheelchairs or with limited mobility. Double-leaf doors and spacious halls are in place, along with inclusive signage on doors, in the comprehensive service manager's cubicle, at the teller area (with Braille translations for visually impaired individuals), and evacuation route identification in case of an emergency.

As for service accessibility, the Bank offers a virtual interpreter service for financial consumers with hearing disabilities who speak Colombian sign language, allowing them to interact with our employees without language barriers at our office network. The Bank offers guide-interpreter services for individuals with hearing and visual disabilities (provided on-demand and with prior reservation).

The office segmentation project (which includes a call button) is being restructured within the new service model and will continue to provide suitable service for people with disabilities or visual impairment.

The percentage of offices with adequate wheelchair access conditions is 82 %, and they continue to work towards achieving 100 % wheelchair-accessible offices. The entire national office network undergoes regular interventions and inspections to ensure the implementation of the mentioned signage and service protocols for various disabilities, guaranteeing a good service experience.

The Bank has, in any case, protocols for priority attention at offices not only for people with disabilities but also for the elderly, short-statured individuals, pregnant women, and people carrying children in their arms.

By the end of 2022, assessments began to make applications (web and mobile) accessible for visually impaired individuals through content readers, which should be included within the Solution Development priority dashboard.

Community Investment and Financial Education

At BBVA Colombia, we create opportunities for Colombians, which is why in 2022, we invested COP 5.928 million in projects and initiatives that benefited over 368,000 vulnerable Colombians.

These actions focused on the reduction of social inequalities, inclusive growth, access to secondary and higher education, sustainability, financial education and other social actions aimed at boosting the country's economic and social development. Highlighting our commitment to education, as we believe it is one of the pillars of societal development.

Financial Education

BBVA-1 Number of beneficiaries of the Financial Education Program "Finanzas para el futuro" (Finance for the Future).

Through our "Finanzas para el futuro" financial education program, in 2022, we trained approximately 15,500 Colombians, of whom 18 % were students, 58 % were employees of partner companies, 10 % belonged to our Military Forces, and 14 % were vulnerable populations.

This program aims for everyone to access knowledge for proper money management, financial planning, short and long-term investments, saving habits, and banking security. For this purpose, we offer our courses in: Savings, Credit Health, Housing, and Cybersecurity.

Education for Everyone

BBVA-12 Number of people benefiting from education support programs

We believe in education as one of the main drivers of societal development and the primary tool for the future of our children and youth. In 2022, more than 50 % of the community investment budget was allocated to actions supporting education in the country. In 2022, we benefited more than 140,000 Colombians through our programs.

Creating Connections

We continue to advance our "Creando Conexiones" (Creating Connections) Program, which seeks to support the digitalization of the country's schools through information literacy training processes to strengthen reading, writing, and speaking practices in digital media, as well as financial education habits in educational communities. We do this through the training of school teachers and the provision of technological equipment, such as tablets.

The tablets come preloaded with a digital library containing more than 200 collections for teachers' use, who receive training and support to provide academic assistance and share tools and knowledge with their colleagues and students.

Through this initiative, we benefited 115 schools across 26 departments in the country, reaching over 209,000 students and training more than 7,400 teachers in digital skills.

Additionally, this initiative was recognized as a contribution to SDG 4 in the third edition of the "Reconocimiento a las Buenas Prácticas de Desarrollo Sostenible en Colombia" organized by the Global Compact, which aims to celebrate and recognize excellent practices by businesses and civil society in achieving the United Nations Sustainable Development Goals (SDGs).

Scholarships in Higher Education

We contributed more than COP 400 million in scholarships for access to higher education in partnership with universities and foundations such as Universidad del ICESI and the initiatives "2do Fondo Juventud y Paz" and "FrontEnd Pacífico" by Fundación Manos Visibles, supporting 110 young people.

In 2022, we held the third edition of our "Beca Transformando Realidades" (Beca Transforming realities)"scholarship program, which had awarded scholarships to 11 young children of Bancamía micro-entrepreneurs in its previous three years. This year, we increased our commitment with 10 more scholarships, reaching a total of 21 young people and raising tuition and living expenses by 58 %.

The ten winners (six of them women) of the 3rd edition of our "Transformando Realidades BBVA-Bancamía" scholarship are from the following cities/municipalities: Cúcuta, Corinto, Tierralta, La Unión, Turbo, Magangué, Fundación, Santa Rosa del Sur, and San Andrés de Sotavento.

School Kits

During the year, we distributed more than 13,000 school kits to children in schools across the country, covering schools from Amazonas to La Guajira, reaching 29 departments.

Other Social Responsibility Initiatives

Support for the Winter Wave

In partnership with Bogotá Food Bank, during 2022, we delivered over 22,500 food packages in response to the emergency situation caused by the Winter Wave in the country, aiming to alleviate the food needs of thousands of families affected by the rain phenomenon. With these efforts, we contributed to alleviating the situation for more than 90,000 Colombians.

Of these food packages, 20,000 were delivered in partnership with Bancamía to our customers, who were also offered additional support: Bancamía's aid targeted the country's micro-entrepreneurs, while BBVA focused on SME customers in the agricultural sector. With this initiative, we reached 22 departments in 100 municipalities across the country.

We launched the "Un sí por Colombia" (We Say Yes to Colombia) campaign, which our employees voluntarily joined, donating a day's salary to support Colombians affected by the Winter Wave. The campaign's resources were allocated to provide food assistance for the affected individuals.

Training for SME Entrepreneurs

This year, in collaboration with Universidad de los Andes, we conducted two editions of the "Líderes Globales" (Global Leaders) Program, aimed at helping SME entrepreneurs in the country develop their Business Management skills and acquire tools for the 4.0 era. During the first semester of the year, we trained 300 SME entrepreneurs, and in the second semester, we began training with 591 entrepreneurs.

BBVA
Creating Opportunities

Tree Planting

In 2022, we contributed to the environment by planting 3,550 trees in 8 cities and municipalities across the country, reaching Bogotá, Cali, Medellín, Pereira, Bucaramanga, Fusagasugá, and supporting Indigenous Communities in San José del Guaviare and the Parque Arqueológico Nacional de Tierradentro, a Colombian archaeological reserve declared a UNESCO World Heritage Site in 1995 for being an important reservoir of pre-Columbian culture. Of the total trees, 2,400 were planted by our BBVA Volunteers.

Volunteering

BBVA-11 Number of BBVA volunteers

Our employees also contributed their efforts to the social construction of the country through our BBVA Volunteers Program, which, in partnership with foundations, brought smiles to over 3,000 Colombians in vulnerable situations.

Partnerships with Foundations

In 2022, we made donations of over COP 350 million to foundations working with underprivileged communities, benefiting the following:

- Matamoros Foundation.
- CreeSer Foundation.
- World Vision.

Throughout our events, more than 980 volunteers participated, and together we:

Planted **2,400 trees** in Bogotá, Medellín, Cali, Bucaramanga, and Pereira with the Humedales Bogotá, Ariel Escuela para el Alma, and AlVerde Vivo foundations.

Sorted **1,000 food packages** for people in extreme poverty with the Bogotá Food Bank.

Provided **40 youths** from the Niños de Papel Foundation with digital libraries.

Trained **200 public school children** in negotiation and conflict resolution skills in collaboration with the Somos CaPAZes Foundation.

Benefited **41 Colombians and migrants** in extreme poverty by constructing 10 dignified homes.

Beautified an integrated center in Barranquilla with the Nu3 Foundation, benefiting **150 people**.

Held a sports day with **50 children** and **young people** from the PAN Foundation in Medellín.

Participated in a **recycling event** in Cartagena with the city's recycling associations.

Virtually planted **8,250 kilograms of basic food** basket products with SiembraCo to feed the families of the Pan de Vida CER Foundation.

Brought **smiles to children** and **the elderly** with the Doctora Clown Foundation, the Spanish Foundation for Health, and the CreeSer Foundation.

Gave **Christmas gifts** and **school kits** to children and young people from the La Cigarra Foundation.

Shared Christmas with the Ariel Escuela para el Alma Foundation, giving **gifts to boys and girls** in San José del Guaviare and La Calera.

Taught a **knitting workshop** for the elderly at the Ariel Foundation.

Held recreational and sports activities, and distributed **gifts to children** and **young people** from the Cóndor Portilla soccer school in Ciudad Bolívar.

Participated in an **animal protection event** with the Corazón Canino Foundation.

10.6
Fundación Microfinanzas BBVA

In line with our commitment to financial inclusion, the Fundación Microfinanzas BBVA (FMBBVA) was established in 2007 as a non-profit entity, aiming to promote the sustainable development of vulnerable individuals engaged in productive activities. Through Productive Finance, their specialty and methodology, the foundation seeks the development of individuals in five Latin American countries, offering personalized attention, bringing a comprehensive range of financial products and services to their home-based businesses, as well as training and advice on managing their small enterprises.

In 2022, FMBBVA continued its work with the over 2.8 million entrepreneurs served by its microfinance institutions, 57 % of whom are women, directly contributing to reducing gender inequality and extending its ongoing efforts to reach the most remote and needy geographical areas.

Since its incorporation, the entities of Fundación Microfinanzas BBVA have disbursed in Latin America an aggregate volume of more than USD 18,000 million to individuals with few resources for the development of their productive activities (2007-2022) and has thus become the largest private philanthropic initiative in the region.

Thanks to this work, Fundación Microfinanzas BBVA was once again recognized in 2022 as the top foundation contributing to development in Latin America and the second worldwide, according to data published by the Organization for Economic Cooperation and Development (OECD).

The Foundation publishes its annual Social Performance Report, which summarizes the social and economic impact of its activity on the lives of the entrepreneurs it serves and whose ultimate goal is to serve as a benchmark to improve the service and support it provides.

This social impact measurement system has been highlighted by the UN and has been consolidated as a benchmark for the sector. Moreover, FMBBVA is the first private sector entity to use the Oxford Multidimensional Poverty Index to measure its customers' deprivations, understanding the challenges faced by the over 2.8 million vulnerable entrepreneurs served by its microfinance institutions, and designing value propositions to improve their living conditions.

In Colombia, the Fundación Microfinanzas is present through Banco de las Microfinanzas Bancamía, whose mission is to improve the quality of life for low-income families in urban and rural areas of the country that have difficulty accessing formal banking. Bancamía offers them financial and non-financial products and services tailored to their needs, including micro-credits for productive activities, savings accounts, CDs, insurance (operated by third parties) or international money transfers, channels and services such as mobile banking and financial education. By the end of December 2022, Bancamía served approximately 1.6 million people (57% women), and among those with loans: 43 % live in rural areas, 38 % have primary education at most, and 87 % are vulnerable in terms of their incomes.

Its purpose and methodology have been recognized on several occasions by the United Nations for their contribution to the Sustainable Development Goals (SDGs) of the 2030 Agenda. In fact, they directly impact **SDG 1**, eradicating poverty; **SDG 2**, ending hunger and promoting sustainable agriculture; **SDG 3**, ensuring healthy lives and promoting well-being at all ages; **SDG 4**, promoting inclusive education; **SDG 5**, achieving gender equality; **SDG 6**, promoting access to water and sanitation; **SDG 8**, promoting sustainable and inclusive economic growth and decent work; **SDG 10**, reducing inequality; **SDG 11**, sustainable cities and communities; **SDG 12**, responsible production and consumption; **SDG 13**, taking action to combat climate change and its effects; **SDG 16**, promoting peace, and **SDG 17**, fostering partnerships to achieve the objectives.

In 2016, the United Nations Economic and Social Council (ECOSOC) granted the FMBBVA consultative status, a recognition of the Foundation's work in its field of action: microfinance for development. In this regard, FMBBVA participates in various meetings at the UN to recommend actions that contribute to sustainable development.

During 2022, these were some of the most notable activities of the Foundation:

H.M. Queen of Spain presided over the celebration of FMBBVA's 15th anniversary, giving voice to the protagonists of these achievements: the over 6 million entrepreneurs served during these fifteen years, with the premiere of the documentary 'After the Rain,' which tells the story of three families exemplifying resilience and courage, overcoming obstacles such as gender violence, rural environments' difficulties, and the Colombian conflict.

The Foundation organized the presentation of the FMBBVA 2021 Report in Colombia, Peru, the Dominican Republic, and Panama City.

Other events organized by FMBBVA included: the awarding of "Ponemos nuestra confianza en el futuro de tus hijos" (We Put Our Trust in Your Children's Future) scholarships (presented in Lima, in collaboration between FMBBVA and Financiera Confianza); the awarding of "Transformando Realidades" (Transforming Realities) scholarships (Bogotá, FMBBVA, Bancamía & BBVA event); the Accelerating Economic Autonomy and Digital Inclusion of Women Entrepreneurs event (Panama City; FMBBVA, Microserfin & UN Women); and the FMBBVA meeting with ambassadors from the Central American Integration System (SICA) countries (Madrid; FMBBVA & Embassy of the Dominican Republic).

At the 2022 Annual Meeting of the World Economic Forum in Davos, BBVA's CEO, Carlos Torres Vila, announced BBVA's commitment to the Edison Alliance and the Fundación Microfinanzas's pledge to contribute to the digital inclusion of vulnerable populations in Latin America. In addition, the United Nations-driven Digital Coalition, Partner2Connect, announced the FMBBVA's membership during the World Telecommunication Development Conference. The Foundation also joined the International Philanthropy Commitment on Climate Change and the philanthropy declaration for education presented during the Education Transformation Summit held in parallel with the United Nations General Assembly.

Committed to the education of the most vulnerable, BBVA Colombia and Bancamía doubled their efforts in education, awarding 10 new university scholarships to children of low-income micro-entrepreneurs served by Bancamía in a new edition of the "Transformando Realidades" scholarship. Almost 1,300 life stories and examples of entrepreneurs and their children were nominated from 325 municipalities across the country, a 30 % increase from the previous year. Of these, 72 % were female entrepreneurs, 84 % were in economically vulnerable conditions, 36 % lived in rural areas, and 38 % had primary education at most. The recognition covers the cost of university semesters, monthly living expenses, and study equipment such as computers.

FMBBVA's commitment to inclusive and sustainable development was awarded in 2022 by COFIDES (a public-private company managing state funds, part of the Ministry of Industry, Commerce, and Tourism of Spain) in their Internationalization and Development Awards, under the "Impact Investment" category. The initiative was also recognized as a case study in CITI GPS's report "Eliminating Poverty: The Importance of a Multidimensional Approach in Tackling SDG 1," prepared by SOPHIA Oxford of the University of Oxford. In addition, UN Women highlighted in its report "Finances for All: Innovative Experiences and Initiatives for Women's Financial Inclusion and Gender Lens Recovery in Latin America" the women's empowerment strategy, the social impact measurement system of the Fundación Microfinanzas BBVA (FMBBVA), and the financial inclusion best practices of its Colombian entity, Bancamía.

Bancamía was recognized as one of the top three institutions worldwide by the 2022 European Microfinance Award, considered the Nobel Prize of Microfinance. This edition focused on "Financial Inclusion Serving Women," distinguishing organizations with tangible and innovative strategic approaches addressing women's specific challenges and aspirations for personal and professional autonomy. Empropaz, its program serving entrepreneurs and micro-entrepreneurs in areas affected by violence and poverty, received the Asobancaria Award "Bringing Banking Closer to Colombians." In addition, Bancamía received the CODESPA Award in the "Social Innovation for Inclusive Business" category and the 2022 Interaction Awards in the "Best Customer Experience Strategy" category.

Bancamía was recognized as the first bank in Colombia to receive the Financial Education Quality Seal granted by the Financial Superintendence. In the Aequales Ranking Par Awards, it was highlighted for the best communication piece offering insurance for women, and Finagro, the Agricultural Sector Financing Fund, awarded the 2022 Recognition to Financial Intermediaries, in which Bancamía received five of these awards for supporting Rural Women, Small Producers, working in PDET municipalities affected by violence, and for having the highest growth in placements.

In 2023, the Foundation will continue to work to promote a sustainable and inclusive recovery. It will continue to deepen its scale and reach with an expanded value proposition for the progress of its entrepreneurs, using digitalization and impact measurement as tools for development.

11. Risk Management

General Risk Management and Control Model

BBVA Colombia has a General Risk Management and Control Model aligned with the BBVA Group's overall model and locally adapted to its business model and Organization. The Model allows it to carry out its activities within the framework of the strategy and risk management and control policies defined by the Board of Directors, specifically considering sustainability and adaptation to a changing economic and regulatory environment, managing risks globally and adapted to each situation.

The Model is applied comprehensively in BBVA Colombia and consists of the basic elements listed below:

- Governance and Organization.
- Risk Appetite Framework.
- Assessment, monitoring and reporting.
- Infrastructure.

BBVA Colombia promotes the development of a risk culture that ensures the consistent application of the risk management and control model, and ensures that the risk function is understood and internalized at all levels of the Organization.

Governance and Organization

The Risk Governance Model in BBVA Colombia is characterized by the significant involvement of the Board of Directors in both the establishment of risk strategy and the ongoing monitoring and supervision of its implementation.

In this way, the Board of Directors approves the risk strategy and general policies adapted for different risk types, with the Risk and Internal Control and Compliance departments responsible for their implementation and development, reporting to the Comprehensive Risk Committee and the Board of Directors.

Additionally, the Board of Directors is responsible for approving and monitoring the strategic plan, annual budget, Capital, Liquidity, and Financing Plans, as well as defining the other management objectives.

The Risk function features a decision-making process supported by a committee structure, including the Risk Management Committee (RMC) as the highest committee in this area. The RMC proposes, evaluates, and, if necessary, approves for consideration by the Board of Directors, among other things, the internal risk regulatory framework, procedures, and infrastructure needed to identify, assess, measure, and manage risks faced by BBVA Colombia in its business operations and risk limits by portfolios.

The Executive Vice President of Risks at BBVA Colombia, who is appointed by the Board of Directors as a member of Senior Management, is the highest-ranking officer in the Risk Department. In order to better fulfill its functions, the Executive Vice President of Risks is supported by a structure composed of specific units organized as follows: Market & Structural Risk, Portfolio Management Reporting & SD Risk, Recovery & Workout, Wholesale Credit, Retail Credit, SME Credit, RCA of Risks.

Likewise, the risk units have their own risk management committees, with objectives and contents similar to those of the corporate area, which perform their functions consistently and in line with corporate risk policies and standards, and whose decisions are recorded in the corresponding minutes.

Additionally, regarding non-financial risks and internal control, BBVA Colombia has an Internal Control and Compliance unit, independent of other units. The Executive Director of Internal Control and Compliance, also appointed by the Board of Directors, reports hierarchically to the Country Manager of BBVA Colombia, to whom they report on the development of their functions. This area is responsible for proposing and implementing policies related to non-financial risks and BBVA Colombia's Internal Control Model. It integrates, among others, Internal Control and Country Operational Risk, Compliance and Risk Internal Control, and Risk Control Specialists (RCS).

With this organizational structure, the Risk function ensures the integration and application of the risk strategy, regulatory framework, infrastructure and homogeneous risk controls, while benefiting from the knowledge of and close contact with the customer and communicating the existing corporate culture in this area to the different levels of BBVA Colombia. Furthermore, this organization allows the local Risk function to perform and report on the integrated monitoring and control of the risks of the entire Bank to the Board of Directors of BBVA Colombia.

Risk Appetite Framework

BBVA Colombia's Risk Appetite Framework approved by the Board of Directors determines the risks and their level that the Bank is willing to assume in order to achieve its objectives considering the organic evolution of business. These are expressed in terms of solvency, liquidity, financing and profitability, and recurrence of results, which are reviewed periodically and in the event of substantial changes in the Entity's business strategy or relevant corporate transactions.

The Risk Appetite Framework is stated through the following components:

Risk Appetite Statement: Captures the general principles of the Bank's risk strategy and the target risk profile.

Key statements and metrics: Based on the appetite statement, statements are established to specify the general principles of risk management in terms of solvency, liquidity, financing, profitability, and recurrence of results. Likewise, the key metrics reflect the principles and target risk profile in quantitative terms as set out in the Risk Appetite statement. Each of the key metrics has three thresholds ranging from business as usual to higher levels of impairment:

Management benchmark: A benchmark that determines a comfortable level of management for the Bank.

Maximum appetite: The highest level of risk the Bank is willing to accept in the normal course of its ordinary business.

Maximum capacity: The highest level of risk the Bank could assume, which, for some metrics, is associated with regulatory requirements.

Statements and metrics by risk type: Starting from the key metrics and their thresholds, a series of metrics are determined for each risk typology, which allows for compliance with the key metrics and the Bank's Risk Appetite statement. These metrics have a maximum appetite threshold.

Additionally, to this Framework, there is a level of management limits that are defined and managed by the areas responsible for managing each risk type, in order to ensure that proactive risk management respects this structure and, in general, the established Risk Appetite Framework.

BBVA Colombia has its own Risk Appetite Framework, composed of its local Risk Appetite statement, key statements and metrics, and metrics and statements by risk type, which must be consistent with those established at the Group level, but adapted to its reality and approved by the Board of Directors. This Appetite Framework is made up of a boundary structure in line and consistent with the above.

The corporate risk department works together with the various risk units of BBVA Colombia to define its Risk Appetite Framework, ensuring that it is coordinated and framed within the Group's framework, and ensuring that its profile aligns with the one defined. Also, for local monitoring purposes, the Risk Vice-Presidency reports the evolution of the Local Appetite Framework metrics periodically to the Board of Directors, as well as to the Risk Management Committee (RMC) of the Risk Department, following a scheme similar to that of the Group, in accordance with its own corporate governance systems.

Assessment, Monitoring and Reporting

AMR is a cross-cutting function of BBVA Colombia that provides the model with a dynamic and proactive vision that enables compliance with the Risk Appetite Framework approved by the Board of Directors, even in the face of adverse scenarios.

This process is integrated into the activity of the risk units, along with specialized non-financial risk units included in Internal Control and Compliance, to provide a comprehensive and unique view of the Bank's risk profile. It is developed in the following phases:

Monitoring of identified risk factors that may compromise the Bank's performance in relation to the defined risk thresholds.

Assessment of the impact of the materialization of risk factors on the metrics that define the Risk Appetite Framework based on different scenarios, including stress scenarios.

Response to undesirable situations and proposal of measures for redirection to the corresponding area, allowing the dynamic management of the situation even before it occurs.

Monitoring of the Bank's risk profile and the risk factors identified, through internal, competitor and market indicators, among others, which make it possible to anticipate their future evolution.

Reporting: Providing complete and reliable information on risk evolution to the Board of Directors and senior management, in accordance with the principles of accuracy, comprehensiveness, clarity, usefulness, frequency, appropriate distribution, and confidentiality. The principle of transparency governs all risk information reporting.

Infrastructure

In implementing the Risk Management and Control Model, the Bank has the necessary resources for effective risk management and supervision and for achieving its objectives. In this regard, BBVA Colombia's risk function:

1. Has sufficient means in terms of resources, structures and tools to carry out risk management in accordance with the corporate model.
2. Develops the appropriate methodologies and models for the measurement and management of the different risk factors, as well as the capital assessment necessary to assume them.
3. Provides technological systems that support the Risk Appetite Framework in its broadest definition, enable calculation and measurement of risk function variables and data, support risk management in accordance with this Model, and provide an environment for storage and exploitation of data necessary for risk management and reporting to oversight bodies.
4. Promotes appropriate data governance in accordance with governance principles, infrastructure, accuracy and integrity, completeness, promptness, and adaptability, following quality standards in line with internal regulations on this subject.

From all of the above, a report will be provided to the Board of Directors of BBVA Colombia so that it can ensure the Bank is equipped with the appropriate means, systems, structures, and resources.

Credit Risk

Credit risk management at BBVA Colombia is framed within a general model that includes guidelines and policies for each of the stages of risk management.

These internal sets of rules establish the framework for managing and controlling credit risk at BBVA Colombia, defining the respective standards and limits.

The Bank takes into account the necessary methodologies and models for adequate risk management.

The principles underlying credit risk management at BBVA Colombia are as follows:

- The risks assumed must conform to the general risk strategy established by the BBVA Group's Board of Directors and approved by BBVA Colombia's Board of Directors.
- The risks assumed must be proportional to the level of resources and recurring results generation, prioritizing risk diversification and avoiding significant concentrations.
- The risks assumed must be identified, measured and valued, and there must be procedures for their monitoring and management, as well as solid control and mitigation mechanisms.
- All risks must be managed in a prudent and integrated manner during their life cycle, with differentiated treatment according to their typology and active portfolio management based on a common measure (economic capital).
- Borrower's ability to pay, or the obligated party's ability to fulfill financial obligations in a timely manner from income generated by their business or regular income source without relying on guarantors, co-signers, or assets provided as collateral, is the primary criterion for granting credit risks.
- Improve our customers' financial health, assist them in decision-making and daily financial management through personalized advice.
- Help our customers transition towards a sustainable future, focusing on climate change and inclusive, sustainable social development.

Throughout 2022, as part of the prudential supervision activities carried out by the Financial Superintendence of Colombia, an active communication channel for risk management was maintained, including meetings with the regulator to present the Bank's risk strategy. Key topics addressed during the year include joint efforts with industry associations and various departments of the Bank to implement Law 2157, the "Clean Slate" Law, which concluded its transition period in October 2022.

Likewise, the Bank carried out the necessary activities to implement the Comprehensive Risk Management System, achieving 100 % compliance with the committed activities for 2022 and providing quarterly reports to the regulator.

Exposure to Credit Risk

Based on October 2022 figures, the latest available at the sector level, BBVA ranks as the fourth-largest competitor in the Colombian market, with a 10.6 % share in credit investment. Growth in investment from December to the reference cutoff was 15.9 %. In the portfolio mix, Commercial's share at the end of 2022 was 41 %, while Consumer was 38 %, and Mortgage was 21 %. During this period, the annual growth of the Commercial portfolio was +31.6 %, Consumer was +18.3 %, and Mortgage was +6.2 %.

From Retail Risk, the following changes in Admission and Product policies for Individuals are defined, aligned with the Global Risk Framework established by the Holding and national regulation. The main decisions are:

1. Increased credit bureau score requirements, adjustment in the effort rate, and a rise in income requirements to counteract the inflation observed throughout 2022 and the impact on basic expenses for Colombian households.

2. Implementation of new credit risk admission models for Consumer, Payroll Loan, Vehicle, and Credit Card products.

3. Support in implementing a digital front for sales with partners, dealers, constructors, and the Open Market for the following products: Web Consumer, Digital Payroll Loan, Digital Housing, and Web Vehicle, which will attract a larger number of customers.

The following guidelines are defined as a strategy and focal point to increase placement:

- Growth in Pre-approved Offers, with approved limits in the Proactive channel in 2022, accounting for 59 % of invoicing.
- Growth in the creation of payroll loan agreements with private sector companies. Implementation of the second payroll loan where the payer authorizes the second discount code.
- D+0 Credit Card, as a banking strategy, doubling the number of new accounts compared to 2021.
- Mortgage, with a greater focus on customers in the VIS segment, implementation of a mock-up for capturing self-employed income, and promoting placement through pre-offered campaigns for payroll customers.

The SME Risk Department continued with a strategy aligned with the economic situation of the country and the business behavior in each territory; the admission and product policies were kept in line with the Global Risk Framework defined by the Holding Company and the national regulatory notices. Main actions include:

1. The continuity of the Pre-approved strategy for resilient, high-value, and highly connected profiles.
2. Viability was maintained in sectors with stable and growing financial dynamics, offering financing propositions aligned with their working capital and investment needs.
3. Collateral allocation strategy continued to be leveraged on FNG and real guarantees with a structure tailored to the risk profile of each customer, financing term, and resource destination.

Ongoing improvements and efficiencies within the reactive circuit flow related to application, credit assessment, and information safeguarding play a key role in enhancing customer experience and increasing invoicing in the SME segment.

In 2022, the Wholesale Risk Department managed the admission and monitoring of risks in accordance with the guidelines of the credit risk framework defined by the Holding Company. The portfolio recorded a 38 % growth, highlighting an increase of COP 7 trillion in Corporate banking (74 % annual variation), COP 4 trillion in Business banking (21 % annual variation), COP 1.7 trillion, and COP 923 billion in Government banking (20.9 % annual variation).

Leveraging a strategy to anticipate portfolio impairment, efforts were focused on the early warning of customers active in more vulnerable economic sectors, with a decrease in their rating score and potential early defaults in BBVA and other financial sector entities, keeping the Emerge Plan active since the second half of 2020. This allowed the doubtful portfolio ratio to decrease from 1.52 % in December 2021 to 1.15 % in the same period of 2022.

Finally, at the end of 2022, the rating validation indicator was 99% in terms of amount and 83% in terms of number of customers.

The classification and rating by type of loan portfolio as of December 31, 2022 is as follows:

Loan portfolio	Capital	Interest	Others
Commercial:			
Category "A"	COP 27,594,044	COP 344,607	COP 18,617
Category "B"	903,481	19,928	4,089
Category "C"	383,257	13,926	2,557
Category "D"	73,683	2,662	2,639
Category "E"	473,495	24,339	27,456
Total commercial	**29,427,960**	**405,462**	**55,358**
Consumer:			
Category "A"	23,509,581	364,927	11,018
Category "B"	421,290	18,337	1,075
Category "C"	392,597	21,302	1,260
Category "D"	342,769	16,299	1,171
Category "E"	857,919	47,816	5,743
Total consumer	**25,524,156**	**468,681**	**20,267**
Micro-credit:			
Category "A"	-	-	-
Category "B"	-	-	-
Category "C"	-	-	-
Category "D"	-	-	-
Category "E"	2	-	-
Total micro-credit	**2**	**-**	**-**
Mortgage			
Category "A"	12,784.183	202,855	19,528
Category "B"	477,253	29,553	3,190
Category "C"	124,117	8,899	1,196
Category "D"	122,090	7,529	1,226
Category "E"	272,272	12,850	5,479
Total mortgage	**13,779,915**	**261,686**	**30,619**
Employee mortgage			
Category "A"	402,887	2,199	-
Category "B"	2019	113	-
Category "C"	191	8	-
Category "D"	407	11	-
Category "E"	271	11	-
Total employee mortgage	**405,775**	**2,342**	**-**
Employee consumer			
With other collateral			
Category "A"	123,968	853	-
Category "B"	316	6	-
Category "C"	326	4	-
Category "D"	302	5	-
Category "E"	486	19	-
Total employee consumer	**125,398**	**887**	**-**
General mortgage provision	-	-	-
General employees provision	-	-	-
General consumer provision	-	-	-
General commercial provision	-	-	-
Countercyclical individual commercial provision	-	-	-
Countercyclical individual consumer provision	-	-	-
Others	-	8.189	-
Total loan portfolio	**COP 69,263.206**	**COP 1,147,247**	**COP 106,244**

Credit Risk Mitigation, Collateral and Other Credit Enhancements

Maximum credit risk exposure, in most cases, is reduced by the existence of collateral, credit enhancements and other actions that mitigate the Bank's exposure. The Credit Risk Hedging and Mitigation Policy at BBVA Colombia stems from its conception of the banking business, which is highly focused on relationship banking. In this line, the requirement of collateral may be a necessary, but not sufficient instrument for risk concession, since assuming risks requires prior verification of the debtor's ability to pay or their ability to generate sufficient resources to allow for the amortization of the incurred risk, under the agreed-upon terms.

Consequently, BBVA Colombia's Credit Risk Assumption Policy is implemented at three levels:

- Analysis of the financial risk of the transaction, based on the borrower's ability to repay or generate funds.
- If applicable, the constitution of collateral appropriate to the risk assumed in any of the generally accepted forms: monetary, real, personal or hedging collateral.
- Assessment of the recovery risk (asset liquidity) of the collateral received.

BBVA Colombia's approach to risk assessment is based on the generation of resources and not on the collateral provided. In this regard, the Bank does not grant credit transactions based solely on collateral.

Considering Colombia's macroeconomic environment, which is going through indicators with a certain degree of impairment in specific sectors, the individual loan portfolio analysis and monitoring processes have been focused on detecting possible sources of impairment, mainly in lines of consumer loans, where reactions are based on the adjustment of policies and Admission tools focused on restricting profiles with higher probability of default.

The teamwork and cross-cutting strategy throughout the entire value chain, from the customer's request to the recovery of the loan, has allowed a much more efficient visualization of where to aim the efforts to achieve the risk balance as a main focus in the contribution thereof to the income statement.

Risk Concentration

Regarding the mitigation of credit risk concentration, BBVA Colombia keeps the maximum authorized concentration indexes, both individual and sectorial, up to date based on the different observable variables related to credit risk.

In turn, the Bank's financial presence or share in a specific customer is conditioned by its credit quality, the nature of the risks held with it and the Bank's presence in the market, in accordance with the following guidelines:

- We strive to balance our customer's financing needs (commercial/financial, short-term/long-term, etc.), as compatible as possible with the Bank's interests.
- We take into account any legal limits that may exist on risk concentration (the relationship between the risks held with a customer and the equity of the Entity assuming them), the market situation, the macroeconomic situation, etc.

The Bank's loan portfolio as of December 31, 2022, was distributed among debtors engaged in the following economic activities:

Activity	2022	2021
Association – education – health activities	1,803,786,00	1,663,476
Recreation activities – cultural activities	175,296,00	178,568
Real estate – companies – rental activities	2,054,836,00	1,461,232
Water collection - treatment - distribution	75,016,00	72,603
Wholesale trade – commission – contracting	2,818.871	2,242,152
Retail trade – non-specialized establishments	3,006,629	2,133,568
Construction – reconditioning – finishing	1,143,183	1,145,908
Mail and telecommunications	758,516	612,489
Production of food and beverage products	2,607,936	2,186,375
Exploration of public administration and defense	3,540,275	2,942,616
Exploitation of non-metallic minerals	12,538	11,158
Coal mining	89,555	4,022
Extraction of metallic minerals	1,504	1,365
Extraction of oil and gas – natural gas	141,022	232,441
Manufacturing paper - cardboard and their products	121,539	68,802
Manufacturing – refinement – petroleum – chemicals	1,469,235	889,749
Manufacturing non-metallic minerals	455,273	351,057
Manufacturing other manufacturing industries	81,242	56,207
Manufacturing metallic products – machinery	545,827	537,258
Manufacturing of textile products	393,887	335,766
Financing insurance plans	71,589	75,477
Power generation – gas – water	4,101,012	2,817,557

Activity	2022	2021
Hotels and restaurants	264,160	249,320
Industry – manufacturing – metals	141,419	83,979
Financial intermediation	3,372,194	1,950,710
Wage earners	36,812,977	32,088,505
Capital investors	303,061	325,656
Printing activities	61,154	45,847
Non-differentiated activities of individual households	4,181	1,545
Extraterritorial organizations and bodies	3,880	5,086
Other community service activities	635,051	833,969
Fish production fish hatchery - farm	31,995	27,521
Agricultural and livestock production	984,994	894,028
Sanitation and similar services	81,185	74,382
Forestry, wood extraction and services	32,264	33,624
Transformation– factory– basketwork	14,301	9,763
Transportation	1,051,823	988,440
Total	**COP 69,263,206**	**COP 57,632,221**

Credit Quality of Financial Assets that are Neither Past Due nor Impaired

BBVA Colombia has rating tools to classify the credit quality of its operations or customers based on an assessment and its correspondence with so-called probabilities of default ("PD"). In order to study how this probability varies, monitoring tools and historical databases are available to collect the information generated internally, which can basically be grouped into Scoring and Rating models.

Scoring

Scoring is a decision-making model that helps in the granting and management of retail loans: consumer, mortgages, credit cards for individuals. Scoring is the basic tool for deciding whether to grant a loan, the amount to be granted and the strategies that can help to fix the price of the loan, as it is based on an algorithm that ranks transactions according to their credit quality. This algorithm makes it possible to assign a score for each transaction requested by a customer, based on a series of objective characteristics that have been statistically proven to discriminate between the risk quality of this type of transaction. The advantage of this model lies in its simplicity and consistency: for each customer, all that is required is a series of objective data and these data are analyzed automatically, using an algorithm.

There are three types of scoring depending on the information used and its purpose:

- **Reactive Scoring:** measures the risk of a transaction requested by an individual using variables related to the transaction requested as well as socioeconomic data of the customer available at the time of the request. Based on the score thereof, a decision is made whether to grant or deny the new transaction.

- **Behavioral Scoring:** rates transactions of a certain product of a portfolio of live risk in the Entity, allowing it to monitoring on the credit quality and anticipate the customer's needs. To do so, it uses internally available transaction and customer variables. Specifically, these are variables that refer to the behavior of both the product and the customer.

- **Proactive scoring:** assigns a score at the customer level using variables of the individual's general behavior with the Entity, as well as their payment behavior in all contracted products. Its purpose is to monitor the customer's credit quality, being used to pre-approve new operations.

Rating

Rating, unlike scoring (which qualifies transactions), is a tool focused on the assessment of customers: companies, corporations, SMEs, public administrations, etc. A rating is an instrument that makes it possible to determine, based on a detailed financial analysis, a customer's ability to meet its financial obligations. Usually, the final rating is a combination of different types of factors: on the one hand, quantitative factors and, on the other, qualitative factors. It is a midpoint between individualized analysis and statistical analysis.

The fundamental difference with scoring is that scoring is used to assess retail products, while ratings use a wholesale banking customer approach. In addition, credit scores only include objective variables, while ratings include qualitative information. Similarly, although both are based on statistical studies and incorporate a business perspective, the development of rating tools places greater weight on business criteria than scoring tools.

In portfolios where the number of defaults is very small (sovereign, corporate, financial entities risks, etc.), internal information is complemented by benchmarking from external rating agencies (Moody's, Standard & Poor's and Fitch). Therefore, each year the PDs estimated by the rating agencies for each risk level are compared and an equivalence is obtained between the levels of the different agencies and those of the BBVA Master Scale.

Once the probability of default of the transactions or customers has been estimated, the so-called "cycle adjustment" is performed, since the aim is to establish a risk quality measure beyond the moment of its estimation, aiming to capture information representative of the behavior of the portfolios during a complete economic cycle. This probability is linked to the Master Scale developed by BBVA to facilitate the classification, in homogeneous terms, of its different risk portfolios.

Next, we present the reduced scale used to classify BBVA Colombia's live risks:

External ratings Standard & Poor's scale	Internal ratings Reduced scale (22 groups)	Probability of Default (basis points)		
		Average	Minimum from >=	Maximum
AAA	AAA	1	0	2
AA+	AA+	2	2	3
AA	AA	3	3	4
AA-	AA-	4	4	5
A+	A+	5	5	6
A	A	8	6	9
A-	A-	10	9	11
BBB+	BBB+	14	11	17
BBB	BBB	20	17	24
BBB-	BBB-	31	24	39
BB+	BB+	51	39	67
BB	BB	88	67	116
BB-	BB-	150	116	194
B+	B+	255	194	335
B	B	441	335	581
B-	B-	785	581	1,061
CCC+	CCC+	1,191	1,061	1,336
CCC	CCC	1,500	1,336	1,684
CCC-	CCC-	1,890	1,684	2,121
CC+	CC+	2,381	2,121	2,673
CC	CC	3,000	2,673	3,367
CC-	CC-	3,780	3,367	4,243

These different levels and their probability of default (PD) limits were determined taking the rating scales and default rates of external agencies Standard & Poor's and Moody's. In this way, we establish the probability of default levels of BBVA's Master Scale. Calibrations (mapping of scores to PD tranches/Master Scale levels) are performed by the tool for BBVA Colombia.

During 2022, the CoE of Risks addressed two noteworthy topics; first, providing functional support for the production implementation of reactive models for individual segments (Consumer, Credit Card) estimated in 2021, and secondly, the calibration of parameters under IFRS 9 standards and economic capital estimation under CORE methodology.

It is important to highlight that during 2022, the re-estimation of behavioral models for individuals and the early warning system (EWS) for the SMEs and Companies segment began. The re-estimation of models is developed using corporate methodologies in conjunction with Analytics holding teams, and the most relevant aspects considered in the re-estimation include:

- Non-traditional Machine Learning algorithms.
- Incorporation of non-traditional information sources.
- Opening of segments with greater granularity and in line with business reality.

Calibration of Parameters Based on IFRS 9 Standards

Parameters were calibrated for the calculation of expected loss under IFRS9, including for the first time the implementation for Colombia of expected loss estimation under CORE Economic methodology.

The incorporation of CORE Economic implies a new approach to capital calculation:

Among the advantages of CORE Economic, the following are identified:

- Synergy between IFRS9 estimation and economic capital calculation, ensuring periodic calibrations (From IFRS9 onwards).
- Facilitates the integration of capital calculation management, comparison, and interpretation in metrics anchored to provisions and capital (profitability, pricing, and solvency).

During this development, improvement points identified in previous calibrations were included, which served to obtain more robust estimates in line with the geography's reality.

Past Due and Unimpaired Risks

At BBVA Colombia, although there is a segmentation of past-due loans, which is understood as any loan transaction that has exceeded 30 days of default but is not yet delinquent, monitoring is focused on the non-performing loan portfolio.

Non-performing or Impaired Risks

When classifying a loan transaction as non-performing, the portfolio to which it belongs and the days outstanding in which it has incurred must be considered, as follows:

	Days of Default
Consumer	60 days
CC	60 days
Mortgage	120 days
Commercial	90 days

According to figures published by the regulator as of October 2022, BBVA's non-performing loan has seen an annual variation of -5.3%. The Sector variation is -4.2%.

Provisioning at the local level is carried out in accordance with the provisions established by the Financial Superintendence, in Annexes 3 and 5 of Chapter II of the Basic Accounting and Tax Notice, regarding the Commercial and Consumer Reference Model, with a more prudent management in the severity of the Consumer Portfolio.

Below is a breakdown of the provisions recorded in the balance sheets to cover estimated impairment losses as of December 31, 2022:

Loan portfolio	Principal Provision	Interest Provision	Other Provision	Collateral
Commercial:				
Category "A"	COP 246,711	COP 5,093	COP 326	COP 18,380,474
Category "B"	30,520	1,017	181	1,790,558
Category "C"	38,986	2,854	919	934,159
Category "D"	35,412	2,211	2,448	117,133
Category "E"	406,942	24,159	27,173	906,075
Total commercial	758,571	35,334	31,047	22,128,399
Consumer:				
Category "A"	383,930	9,014	235	1,009,995
Category "B"	33,032	2,638	159	30,976
Category "C"	47,755	9,345	531	46,297
Category "D"	285,782	16,061	1,150	11,330
Category "E"	844,354	47,814	5,754	75,592
Total consumer	1,594,853	84,872	7,829	1,174,190
Micro-credit:				
Category "A"	-	-	-	-
Category "B"	-	-	-	-
Category "C"	-	-	-	-
Category "D"	-	-	-	-
Category "E"	2	-	-	-
Total micro-credit	2	-	-	-
Mortgage:				
Category "A"	127,848	9,589	345	25,347,284
Category "B"	15,465	28,873	3,114	1,458,716
Category "C"	12,390	8,852	1,172	328,503
Category "D"	24,395	7,498	1,191	432,328
Category "E"	152,524	12,491	5,385	695,978
Total mortgage	332,622	67,303	11,207	28,262,809

Loan portfolio	Principal Provision	Interest Provision	Other Provision	Collateral
Employee mortgage:				
Category "A"	4,038	38	-	880,185
Category "B"	43	55	-	5,648
Category "C"	22	8	-	816
Category "D"	85	10	-	1,001
Category "E"	175	11	-	1,197
Total employee mortgage	4,363	122	-	888,847
Employee consumer				
With other collateral				
Category "A"	1,983	12	-	888
Category "B"	16	-	-	-
Category "C"	65	1	-	-
Category "D"	151	2	-	-
Category "E"	487	12	-	-
Total employee consumer	2,702	27	-	888
General mortgage provision	137,795	12,926	-	-
General employees provision	5,316	75	-	-
General consumer provision	175,989	7,624	-	-
General commercial provision	-	3,305	-	-
Countercyclical individual commercial provision	162,987	2,562	389	-
Countercyclical individual consumer provision	386,906	8,714	386	-
Others	-	-	-	-
Total loan portfolio	COP 3,562,106	COP 222,864	COP 50,858	COP 52,455,133

Recoveries

2022 was a year of significant challenges in economic and political terms, with an uncertain environment leading to the highest inflation of the decade, which had relevant repercussions on debtor payment behavior and an increase in defaults during the last five months of the year.

In this way, the Recovery department establishes different plans, focusing efforts and seeking to anticipate, contain, and mitigate a greater impact on defaults for the year, with the following initiatives representing the most relevant milestones:

- Collection Optimization Process (POC)

One of the pillars of portfolio recovery is the proper allocation of the portfolio to our different Collection Factories. We optimized the scheme from the second quarter of the year, mainly focusing on keeping the allocation stable for a period of 3 months, allowing collection channels to manage customers from the first day of the month. As a result, we have reduced management start times from 4 days to 0 days in two of the three months.

- Management - High Impact Groups

As a strategy for the recovery management of high-impact customers, the portfolio allocation is marked for customers categorized as Default according to the consolidated criteria, as well as Target customers, enabling collection channels to define strategies for focused management of these profiles.

- Collection Agencies Tender and Digital Collection Factory creation

During 2022, we moved forward with the tender for BBVA's collection management, closing the process with the top ten agencies that make up the Recovery Factory, as well as hiring two additional agencies to drive the Digital Collection Factory. With this, pilots are initiated to decentralize smaller balance contracts for a greater focus and dedication of the Recovery Factory to high-impact customers.

- Write-off Methodology

The write-off methodology is created, which allows us, from a recovery perspective, to determine the optimal customers for transfer to failed status as an alternative to divestment.

- Implementation of Workout Executives (EWOs)

A resizing of the Risk Anticipation Executives for SMEs (EAR Pyme) is carried out, and the Workout Executives (EWOs) scheme is created, which begins its management in the last quarter of the year. With this adjustment, each executive goes from managing 10 customers to an average of 150 customers with exclusive dedication, ensuring customer knowledge and offering tailored solutions.

The above initiatives allow a significant closing focused on containing the local doubtful loan portfolio with the challenge of having an average monthly exposure of COP 300 million for the year. Likewise, recoveries are achieved on the order of COP 75 million per month on average, with the main sources of recovery being the effective payment by customers, the recovery engine sweep, and to a lesser extent, restructurings.

Market Risk

Market Risk in Portfolios

Market risk is generated by movements in the market variables that affect the valuation of financial products and assets used for trading. The main risks generated can be categorized into the following clusters:

- **Interest rate risk:** arises as a consequence of exposure to movement in the different interest rate curves in which the Company is operating. Although the typical products that generate sensitivity to interest rate movements are money market products and traditional interest rate derivatives, in practice, all financial products are exposed to interest rate movements due to the effect on their valuation of the financial discount.

- **Exchange rate risk**: is caused by the movement in the exchange rates of the different foreign currencies in which the position is held. As in the case of equities, this risk is generated in foreign currency spot positions, as well as in any derivative product whose underlying asset is an exchange rate.

The metrics developed for monitoring and controlling market risk at BBVA Colombia are aligned with international best practices, positioning the Bank as a benchmark in the local market.

Measurement procedures are established considering how a negative evolution of market conditions, under ordinary circumstances, as well as in stressful situations, would impact BBVA Colombia's trading Colombia portfolio.

The standard metric for measuring Market Risk is Value at Risk (VaR), which indicates the maximum losses that can occur in portfolios at a given confidence level (99%) and time frame (one day). This statistical value, widely used in the market, has the advantage of summarizing in a single metric the inherent risks to trading activity, taking into account the existing relationships between them, and providing the prediction of losses that the trading portfolio could experience as a result of variations in interest rate and exchange rate market prices. Market risk analysis includes consideration of the following risks: basis between different instruments and correlation risk.

Most of the balance sheet items of BBVA Colombia that are subject to market risk are positions whose main metric for measuring their market risk is VaR.

The current management structure includes monitoring market risk limits consisting of a scheme of limits based on VaR (Value at Risk), economic capital (based on VaR measurements), and VaR sub-limits, as well as stop-loss for each of the Treasury's business units.

The VaR measurement methodology used by the Bank is based on historical simulation, in order to collect the negative impacts that the statements of income of the trading portfolio may undergo due to negative impacts generated by the history of risk factors on the Bank's current position. When historical data are used, the correlation between these data and their occurrence distributions is included naturally.

VaR figures are estimated following the VaR methodology without smoothing. From a sample of 2 years of simulated results, the fifth worst data is taken.

Likewise, following the guidelines established by European authorities, BBVA Colombia incorporates additional metrics to VaR to meet the regulatory requirements of the Bank of Spain for the calculation of own resources for the trading portfolio. Specifically, the measures incorporated at BBVA Colombia since February 2015 (which follow the guidelines established by Basel 2.5) are:

Target Average Economic Capital: (CEMO, for the Spanish original), a stressed VaR measurement is added to the VaR calculation, resulting in the final measurement being the maximum of the two (VaR and VaR Stress) for an average of 3 months. This way, more weight is given to the stress events of the current or past market. This measurement is rescaled by the multiplier set by Basel of three by the square root of ten to calculate the economic capital charge. The CEMO is consolidated together with the IRC as a management metric.

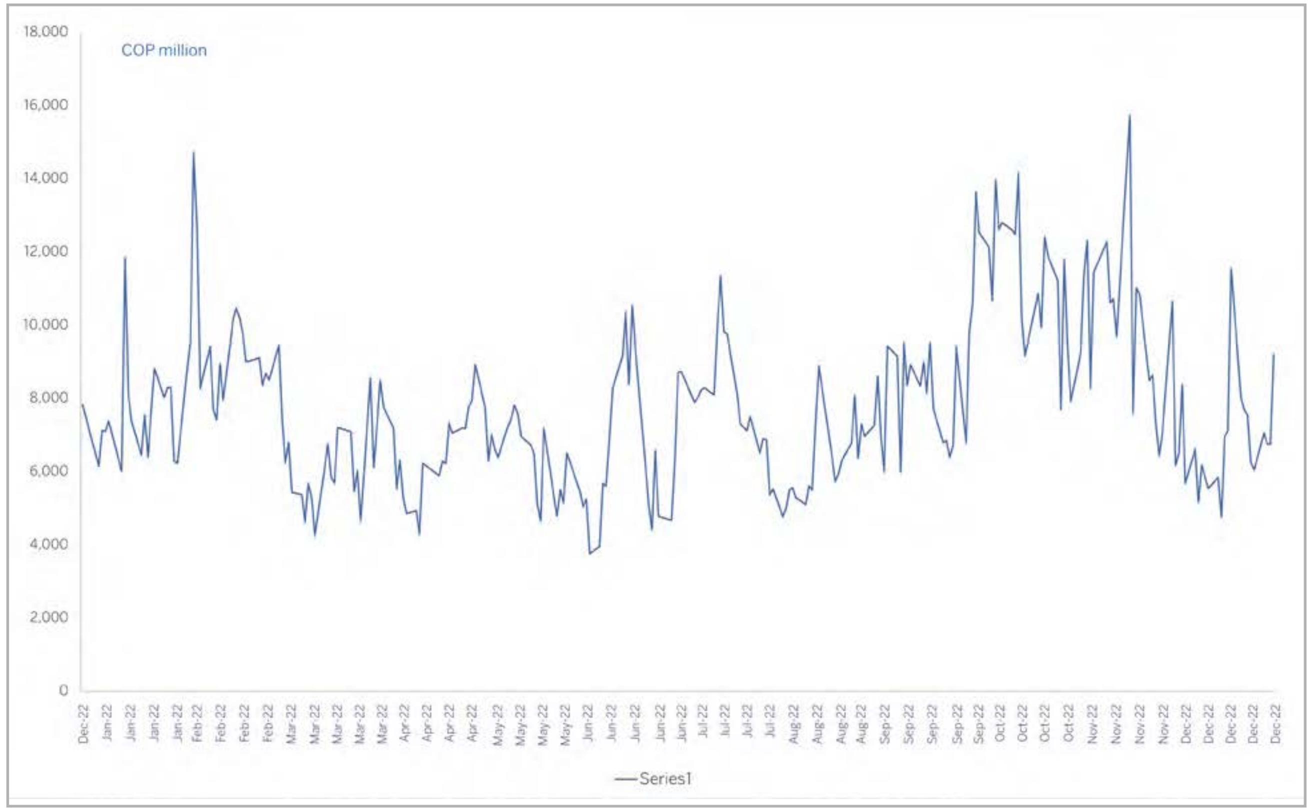
Specific Risk: Incremental Risk Capital (IRC). Quantification of default risks and downgrading of bond positions.

The incremental capital charge is determined based on the associated losses (at 99.9% over a 1-year horizon under the constant risk assumption) resulting from rating migration and/or default status by the asset issuer. Additionally, price risk in sovereign positions is included for the aforementioned concepts.

Validity testing is periodically carried out on the risk measurement models used by BBVA Colombia, which estimate the maximum loss that could have occurred in the positions considered with a determined level of probability (Back Testing), as well as measurements of extreme market movement impact on the risk positions held (Stress Testing).

Market Risk in 2022

BBVA Colombia's market risk remains at stable levels compared to 2021 risk levels. This is the result of most activity being carried out as franchise operations, leading to the assumption of low leverage risk in the proprietary position. During 2022, the average total VaR stood at COP 7.779 billion, with the highest level for the year reached on November 15, amounting to COP 15.733 billion. Below is the evolution of BBVA Colombia's market risk during 2022, measured in terms of VaR (without smoothing), with a confidence level of 99% and a 1-day horizon expressed in COP millions.



During the year, the fixed-income trading portfolio was characterized by a concentration of short-term positions, mainly holding TCOs, TES with maturities less than a year, and CDs. In turn, the derivatives portfolio maintained the composition by type of product; the main products are USD-COP forwards and IRS in IBR. In line with the portfolio composition, sensitivities are concentrated by type in local currency and US dollars. The portfolio characteristics described above keep the average VaR low, because short-term positions cause relatively low sensitivities and interest rate deltas had a conservative risk consumption throughout the period.

It is important to note that 2022 was marked by several international and national events that generated volatility in both exchange rates and interest rates that had to be managed in the portfolio. Among these events were the war between Russia and Ukraine, presidential elections, and speculations by offshore funds on the Colombian currency. This last scenario led to upward movements in the interest rate curve in some segments, up to 255 basis points, and the exchange rate reached levels of COP/USD$ 5,061.21 on November 5. This represents an increase of COP 1,080 compared to the 2021 closing and a devaluation of 27% year-to-date at that time.

In the end, 2022 closed with a monetary policy rate of 12%, which is an increase of 900 basis points compared to 2021, where the rate was 3%. Although there were alerts in market risk metrics, they were managed in such a way that the 2022 closing comfortably met the treasury budget, accompanied by risk levels that were within limits and without generating excesses.

As of December 31, 2022, and 2021, the VaR balance was COP 9.205 billion and COP 7.831 billion, respectively. These figures are broken down as follows:

	COP million		
VaR by Risk Factors	**Interest Risk**	**Exchange Risk**	**Total**
Year 2022			
Average VaR for the period	7,560	1,328	8,888
Maximum VaR for the period	14,745	15,385	30,130
Minimum VaR for the period	3,786	70	3,857
VaR at the end of the period	9,089	1,306	10,396
Year 2021			
Average VaR for the period	6,114	1,217	7,331
Maximum VaR for the period	15,240	6,837	22,077
Minimum VaR for the period	2,785	80	2,865
VaR at the end of the period	8,003	1,211	9,214

Model Validation

The Internal Market Risk Model is periodically validated through Backtesting. The objective of backtesting is to check the quality and accuracy of the internal model used by BBVA Colombia to estimate the maximum daily loss of a portfolio, for 99% confidence and a time frame of 250 days, by comparing the Bank's results and the risk measures generated by the model. These tests confirmed that BBVA Colombia's internal market risk models are adequate and accurate.

In backtesting, the daily VaR is compared to the clean results after subtracting both the results and the portfolio positions generated during the day. This way, the appropriateness of the market risk metric is validated, so that the VaR model used is properly capturing changes in the results of the trading portfolio.

Stress Test Analysis

Different stress test exercises are carried out on BBVA Colombia's trading portfolios. On one hand, both global and local historical scenarios are used to replicate the behavior of an extreme event in the past, such as the bankruptcy of Lehman Brothers. These stress exercises are complemented by simulated scenarios, where the aim is to generate scenarios that have a significant impact on the different portfolios, but without being anchored in any specific historical scenario.

Historical Scenarios

The Bank's historical stress scenario of reference is that of Lehman Brothers, whose abrupt bankruptcy in September 2008 had a significant impact on the behavior of financial markets worldwide. The most relevant effects of this historical scenario are highlighted as follows:

Increased volatility in most of the financial markets, resulting in a major variation in the prices of different assets (foreign currencies, equity, debt).

Liquidity shock in the financial systems, which was reflected in a strong movement of the interbank curves, especially in the shorter tranches of the euro and dollar curves.

Simulated Scenarios

Unlike the historical scenarios, which are fixed and therefore do not adapt to the composition of the portfolio's risks at any given time, the scenario used to perform the economic stress exercises is based on a resampling methodology.

This methodology is based on the use of dynamic scenarios that are periodically recalculated according to the main risks held in the trading portfolios. Over a data window wide enough to collect different stress periods (data are taken since June 1, 2008), a simulation exercise is performed by resampling the historical observations, generating a distribution of gains and losses that allows the analysis of more extreme events than those occurring in the chosen historical window. The advantage of this methodology is that the stress period is not pre-established, but depends on the portfolio held at any given time, and by running a large number of simulations (10,000 simulations), it allows expected shortfall analysis with a greater wealth of information than that available in the scenarios included in the VaR calculation.

Key features of this methodology include:

a. simulations generated respect the correlation structure of the data,

b. flexibility in incorporating new risk factors, and

c. allowing for high variability in simulations (desirable for considering extreme events).

Liquidity Risk

The management of liquidity and financing at BBVA Colombia promotes the financing of recurring growth of the banking business under appropriate term and cost conditions, through instruments that enable access to sources of financing, adhering to regulatory and corporate requirements.

Liquidity and financing management at BBVA Colombia is carried out autonomously with a corporate approach, which helps to prevent and mitigate the spread of crises that could affect just one or more of the Group's subsidiaries. For this reason, the Entity acts independently to cover its liquidity needs in the market in which it operates. This strategy ensures the proper transmission of liquidity and financing costs to the price formation process.

BBVA Colombia's financial soundness is based on the financing of the lending activity, mainly through stable customer funds; the Loan to Stable Customer Deposits (LtSCD) indicator measures the relationship between net loans and advances, and stable customer deposits. These stable deposits are computed by analyzing the behavior of the balances of the different customer segments identified as likely to provide stability to the financing structure, prioritizing loyalty and transactionality by applying higher haircuts to the financing lines of less stable customers.

In order to establish the target (maximum) LtSCD levels and provide a reference of optimal financing structure in terms of risk appetite, Market and Structural Risks identifies and consolidates some economic and financial variables that can be considered conditioning factors of the geography's financing structure. BBVA Colombia has maintained the soundness of its financing structure, reflected in the levels of self-financing with stable customer funds above the required level.

Loan to Stable Customer Deposits (LtSCD)	
December 2021	December 2022
106.9%	114.6%

A second focal point in the management of liquidity and financing risk is to achieve the proper diversification of the financing structure, avoiding heavy dependence on wholesale financing. To this end, a maximum level of short-term financing is established, which includes both wholesale financing and less stable customer funds.

In order to promote resilience of the short-term liquidity risk profile, ensuring that BBVA Colombia has sufficient collateral to face the risk of closure of wholesale markets, it establishes the Basic Capacity metric, a short-term liquidity risk management and control metric is defined as the ratio between available explicit assets and the maturities of wholesale liabilities and wholesale funds, at different time periods, with special relevance in 30 and 90-day maturities.

The table below shows the available liquidity by instruments, which are part of the collateral, as of December 30, 2022 for BBVA Colombia:

Dec-22	BBVA Colombia
Cash and cash equivalents	COP 8,096,047
Eligible fixed income	COP 5,083,876
TES	COP 4,197,235
Corporate and other bonds	COP 886,641
Collateral received as collateral	COP 695,327

The above metrics are complemented by a series of indicators on which thresholds are established to avoid concentration in wholesale funding by product, counterparty, markets and maturity. In addition, reference thresholds are established for a series of leading indicators that make it possible to anticipate situations of tension in the markets and, if necessary, take preventive action.

As part of the analysis of liquidity and funding risk management, stress analyses are a fundamental component of the monitoring scheme, since they make it possible to anticipate deviations with regard to the liquidity objectives and limits established in the appetite, and to establish tolerance ranges in different focal points of management. They also play a key role in the design of the Liquidity Contingency Plan and in the definition of specific measures to redirect the risk profile.

For each of the scenarios, it is tested whether the Bank has a sufficient stock of liquid assets to guarantee its capacity to meet its liquidity commitments/outflows in the different periods analyzed.

Four scenarios are considered in the analysis: one central and three crisis scenarios. Each scenario considers the following factors: existing market liquidity, customer behavior and funding sources, the impact of rating downgrades, market values of liquid assets and collateral, and the interaction between liquidity requirements and the evolution of the Bank's credit quality.

The stress tests conducted periodically show that BBVA Colombia maintains a buffer of liquid assets (stress buffer) that is sufficient to face the estimated liquidity outflows in a scenario resulting from the combination of a systemic crisis and a crisis of its own.

In addition to the main indicators mentioned above, BBVA Colombia reports the regulatory Liquidity Risk Indicator (LRI) to the Financial Superintendence of Colombia, using the regulatory weekly and monthly format, which contains the short-term contractual and non-contractual flows.

For each of the timeframes (7 and 30 days), the ratio between liquid assets adjusted according to market liquidity and exchange risk, and the total net liquidity requirement for the LRI must be at a level above 100%. Throughout 2022, the LRI level for BBVA Colombia has remained above 100%, at comfortable levels, indicating its solid position in terms of liquidity.

Since March 2020, the Net Stable Funding Ratio (NSFR) is reported, which relates the Available Stable Funding vs. Required Stable Funding, which must be above 90% by March 2021 and 100% by March 2022. As of November 2022, the ratio closed at 118.33% vs. 128.95% at the end of 2021, of this decrease 6.28% corresponds to adjustments due to Notice 021/2022, in any case, it is well above the regulatory limit.

Considering BBVA Colombia's participation in the BBVA Group, a level of compliance with the LCR and NSFR ratio is established in accordance with the criteria dictated by Basel and based on the highest requirement with regard to liquidity risk. The internal levels required are aimed at complying with the implementation of the 2022 regulatory requirement sufficiently in advance and efficiently; for the months of March and May, the LCR presented greater pressure due to the important rhythm in the placement of credit investment, which is much greater than the increase in customer funds; through term deposits (CD's), subordinated loans and funds from multilateral organizations, the indicator was at normal levels within the established limits.

In summary, during 2022, the Entity maintained a strong liquidity position, overcoming some tensions experienced in the second quarter, primarily due to significant credit growth.

Structural Risks

The Asset and Liability Committee (COAP, for the Spanish original) is the main body responsible for managing structural risks concerning liquidity, financing, interest rates, and currency for the Bank's balance. On a monthly basis and with representation from the COAP Financial Management, Research, Market and Structural Risks and Business Areas, this Committee monitors the aforementioned risks and submits management proposals for their approval.

These management proposals are made by the COAP Financial Management Area on a prospective basis, considering the risk appetite framework and aiming to ensure the recurrence of results and preserve the Entity's solvency.

In turn, Market and Structural Risks is responsible for identifying, measuring, monitoring and controlling structural risks and submitting them to the corresponding management bodies and committees.

Structural Interest Rate Risk

Structural Interest-Rate Risk (SIRR) refers to the potential impact caused by variations in market interest rates on the Entity's interest margins and equity value. In order to properly measure SIRR, BBVA Colombia considers the following as the main sources of SIRR generation: repricing risk, yield curve risk, optionality risk and basis risk, which are analyzed from two complementary perspectives: interest margin (short-term) and economic value (long-term).

The management objective is to promote the stability of interest margin and equity value in the face of market rate variations, respecting solvency and internal limits, in addition to complying with requirements to maintain interest rate risk within approved limits, according to regulatory requirements.

The control and monitoring of the management of BBVA Colombia's structural interest rate risk is based on a set of metrics and tools that allow the proper monitoring of the Entity's risk profile.

Other aspects include sensitivities to parallel movements when faced with different shocks, changes in slope and curvature. In addition, other probabilistic metrics based on statistical scenario simulation methods are evaluated, such as the Margin at Risk (“MaR”) and the Economic Risk Capital (“ERC”), defined as the maximum adverse deviations in the interest margin and in the economic value, respectively, for a given confidence level and time frame.

This is all done differently for each of the main foreign currencies to which the BBVA balance sheet is exposed, and subsequently considers the diversification effect between foreign currencies.

Exercises take into account both the analysis of unfavorable macroeconomic scenarios, specifically designed by BBVA Research, and a broad spectrum of potential scenarios aimed at identifying particularly harmful interest rate environments for the Entity. For this purpose, extreme scenarios of breaks in interest rate levels and historical correlations are generated, giving rise to abrupt changes in slopes and even inverted curves.

The model is necessarily based on an elaborate set of assumptions aimed at reproducing the behavior of the balance sheet as closely as possible to reality. Of particular relevance within these assumptions are those related to the behavior of “accounts without explicit maturity”, for which stability and remuneration assumptions are established in accordance with an appropriate segmentation by type of product and customer, and to prepayment estimates (implicit optionality).

During 2022, the prepayment model was updated, accounting for both total and partial prepayments for the commercial, consumer, and mortgage portfolio, aligning it with the methodology used by BBVA Group globally, which impacted asset duration, reducing value sensitivity.

Below are the average interest-rate risk levels in terms of sensitivity for the BBVA Colombia balance sheet during the 2022 fiscal year:

Aggregate Interest Rate Sensitivity Analysis	Interest Margin Impact		Economic Value Impact	
	100 Basis-point Increase	100 Basis-point Decrease	100 Basis-point Increase	100 Basis-point Decrease
January - December 2021	COP 41,409	-COP 36,444	-COP 239,601	COP 240,827
January - October 2022	COP 20,832	-COP 20,618	-COP 200,728	COP 192,994

During 2022, the portfolio placement reached COP 12 trillion despite increased uncertainty due to high inflation levels and exchange rate volatility, while customer resources increased by COP 9 trillion. This gap was covered by obtaining credit from multilateral entities with an average term of 4 years, as well as term deposits.

Structural Exchange Rate Risk

At BBVA Colombia, structural exchange rate risk arises from the structural balance sheet exposure to foreign currency positions and its impact on solvency.

COAP Financial Management designs and executes strategies to control the potential negative impacts of exchange rate fluctuations on capital ratios. In turn, Market and Structural Risks implements and develops structural exchange rate risk monitoring and controls. It also periodically controls and monitors the open exposures of the structural balance sheet.

The risk monitoring metrics covered are reported to the COAP Committee, and are complemented by additional indicators to evaluate the Bank's foreign currency operating position, to ensure regulatory compliance with foreign currency position limits and adequate risk management. During 2022, the exposure limit was modified, transitioning from a limit established in basis points to one measured as a percentage of the solvency ratio, set at 5.5%. BBVA Colombia's exposure to structural exchange rate risk is around 4.2% of the solvency ratio, considering a 25% variation in the Colombian peso.

During 2022, the exchange rate showed high dynamism, with a marked depreciation at the end of the year, standing at COP 829 above the 2021 closing rate. The balance sheet structure maintains limited foreign currency exposure, which allows for stability in terms of structural exchange rate risk, and a favorable impact on solvency ratios. In July, a USD 150 million subordinated loan was taken, positively impacting technical equity, and the structural exchange rate risk indicator increased by 1.1%.

Solvency sensitivity to variations in exchange rates.

Operational Risk Management

Operational Risk management is approached from two perspectives:

- The "ex ante" viewpoint, which involves identifying, assessing, and prioritizing potential operational risks for mitigation. From this perspective, anticipatory and preventive Operational Risk management is carried out by the Units responsible for supporting it.
- The "ex post" viewpoint involves assessing exposure to Operational Risk, measuring its consequences, identifying root causes, and verifying the effectiveness of defined controls to develop action plans aimed at achieving continuous improvement in the control environment.

Internal Control Model of Three Lines of Defense

The Operational Risk management is framed within the Group's control model, structured in three distinct levels, which form the organizational structure of the Group's internal control model, aimed at comprehensive management of the risk life cycle:

First line of defense: comprised of Business and Support Departments responsible for managing operational risks in their products, activities, processes, and systems.

Each department is responsible for managing the operational risks inherent in their activity. Additionally, a Risk Control Assurer (RCA) is assigned, responsible for ensuring proper operational risk management in their Department, extending the risk identification methodology, promoting the establishment of necessary mitigation measures and controls in all operational processes performed and outsourced by the Department, and monitoring their proper implementation and effectiveness.

Second line of defense, is comprised of:

The Internal Control and Compliance Unit is responsible for designing and maintaining the Operational Risk Management model and assessing the degree of implementation in different Departments.

Risk Control Specialists (RCS), both corporate and local, in the areas of compliance, risk, finance, processes, technological security, physical security, information and data security, legal, third parties, and talent & culture. RCS define the Mitigation, Control, and Monitoring Framework in their area of expertise and compare it to the one implemented by the first line.

Third line of defense: Internal Audit conducts an independent review of the control model, verifying compliance and effectiveness of established general policies.

Monitoring and Managing Operational Risk

Is an ongoing exercise throughout the year with the following main objectives:

Ensuring that the risk and control map of the unit is documented, reflecting the department's activity at all times, and preserving evidence of implemented controls and mitigants as well as action plans undertaken to mitigate identified weaknesses.

Assessing the proper execution of control processes embedded in the Unit's activities and contrasting the effectiveness of the control environment.

Anticipating situations of increased risk or impairment of the control environment before they result in operational events, allowing for the implementation of preventive measures.

Identifying operational events within the Unit, managing them to minimize their impact, and taking measures to prevent their recurrence, as well as ensuring the consistency of the Unit's risk map with the operational events it experiences.

Annually, the Risk and Control Self-Assessment (RCSA) is conducted, which involves a comprehensive review of the unit's risk and control map, with the aim of ensuring its validity, detecting control weaknesses, and promoting their resolution.

Creating Opportunities

12. Internal Audit

Internal Audit is firmly committed to the sustainability and inclusion objectives of the Group. Therefore, we created a specialized team in this area to support BBVA Group at a global level in its transformation.

One more year in which the Department's production exceeded the commitments made to the Holding's Board of Directors and the Audit Committee. Proactive monitoring of the recommendations made by Internal Audit, combined with the strong commitment of the audited departments to their resolution, allowed for the closing of the year with only one overdue recommendation.

Likewise, Internal Audit made significant progress in implementing the initiatives that make up the department's 2020-2024 Strategic Plan, with the goal of achieving a transformation aimed at making this BBVA department a benchmark in the sector and a trusted partner for all our stakeholders.

These initiatives include, among others, supporting the deployment of the Group's internal control model, intensive use of data as a lever to improve the quality and efficiency of our work, seeking solutions that provide greater and better coverage of our auditable universe, and designing a comprehensive plan for talent management.

Internal Audit reports directly through the CAE to the Board of Directors (Holding Company), as well as to the Local Audit Committee. This report includes the significant work carried out in Colombia. This reporting line ensures a high level of independence of the function and the proper escalation of the results of the reviews and associated weaknesses.

Our agile structure, more resilient and flexible, allows, despite the decentralization resulting from new ways of conducting our work, to maintain the production and value contribution of the department, directly supporting the administration of management and the regulator to achieve a consolidated and efficient organization.

Following is a description of our agile structure:

Colombia IA:

Head / Audit Partners are responsible for establishing relationships with each department of the Organization, assuming responsibilities in continuous risk assessment, recommendation monitoring, and reporting to Government bodies and Regulators.

Solutions Development:

People: In charge of talent management and the people who are part of Internal Audit. Among their functions is the allocation of Solutions Development Team resources (Pool of auditors) to the projects that make up the department's portfolio, in accordance with the policies defined by Talent & Culture.

Program Managers (PMs): Supported by Team Leaders and Team Members (auditors from the Pool), are responsible for the execution of a program (a set of projects of a specialty). PMs define the execution strategy and lead the various teams, ensuring the quality and time-to-market of the projects.

Agile Transformation (holding): Assumes the responsibility of driving and ensuring the transformation of the department towards a fully Agile scheme, both from a cultural standpoint and in terms of work methods.

The year 2022 was marked by a process of recovery to normality after overcoming the COVID-19 health emergency. A year in which Internal Audit contributed value to the Group in Colombia, establishing a review scheme focused on oversight concerns and risks of greater relevance and impact.

Our 2022 internal audit plan included quarterly prioritization ceremonies, as well as the integration of unplanned Intra Q tasks, where Audit Partners were responsible for assessing the needs presented by management and the regulator. Likewise, Assurance 2022 tasks complied with the Agile archetype defined by the Audit Department. Supporting the Bank's strategy and its subsidiaries, we present the activities that, due to their significant results, were closely monitored by senior management and the Audit Committee.

Technological Risk:

Technological risk refers to the possibility of negative financial, business, capital or reputational impacts to the Entity arising from systems and data performance and availability issues, and/or unauthorized access to systems and data.

The technological risk profile continues to be very sensitive to the technological evolution of the Group, which is why Internal Audit has an important focus on the contribution that the function can make to this risk. For this reason, evaluations associated with the "productive cycle of applications" were developed, presenting management with opportunities in the governance of the information used in previous environments, as well as the establishment of procedures focused on the prevention of internal fraud. Similarly, we conducted an evaluation of "availability metrics in channels," where actions were recommended concerning the incident cataloging process, based on the defined methodology.

At the end of the exercise, an evaluation of "IT Assets" was carried out to validate obsolescence levels and possible adjustments that could be generated by the type of managed asset, resulting in a short-term action for management, aimed at ensuring proper asset management.

Likewise, as part of the activities carried out in subsidiaries, we conducted an evaluation of the "Al cuadrado" (Squared) application, a software for managing operations, on which the administration is developing action plans to align the tool with the Group's security provisions.

Credit Risk:

As part of the post-Covid plan and the resilience demonstrated by BBVA's loan portfolio, along with the results obtained in the audits conducted in 2021 and the management's monitoring of this sensitive asset for the Bank, Internal Audit developed activities with a special focus. One example was the "collateral valuation", which contributed to improving the registration process, lifecycle, association, and collateral valuation, directly impacting the income statement through provisions.

Similarly, as part of the activities related to the portfolio, a quality assessment was conducted on the retail and consumer health care sector, where adjustments were made to the provisions of some customers that we considered had additional situations that should be considered as part of the quality assessments to be developed by management.

Operational Risk:

Operational risk is related to the potential adverse financial, reputational, and/or business impact resulting from a failure or inadequate management of processes, data, people, as well as factors derived from exogenous factors.

In 2022, we developed impactful activities in the Bank's strategy management, such as the review of "Bank Correspondents," allowing management to define actions for improving the process in aspects related to the Onboarding of Correspondents and alignment of risks associated with the process. Likewise, an evaluation of the "marketing of Bancaseguros products" was carried out, enabling management to identify actions on insurance coverage levels for some credits.

Financial Risk:

In accordance with our Internal Audit plan, we conducted the verification of "manual accounting entries," establishing the need to manage the incidents of applications that impact the accounting records of the Entity.

Risk Management Systems were evaluated according to the regulations and periodicity defined by the regulator, drawing attention to the Anti-Money Laundering and Terrorist Financing Risk Management System, where we identified opportunities for management focused on improving PCA indicators, and the Fraud Risk Management System, where there are activities related to strengthening the issuance process of collateral and sureties.

In cases where the regulator has required it, we provide the corresponding assurance support. Likewise, it is appropriate to indicate that during 2022, reviews were conducted on risks associated with the business model, structural, capital, internal governance, legal, compliance, extended enterprise, and market, without identifying situations additional to those commented to the Audit Committee or to the oversight and control bodies.

Finally, Internal Audit has a Quality Assurance and Improvement Program (QAIP) that covers all its activities. This model has been designed to ensure that the department performs its work in accordance with international internal auditing standards and that the defined internal methodology is complied with. Likewise, the holding team has carried out end-to-end reviews of the work in accordance with established samples, together with follow-up on the implementation of actions as part of the commitment to quality management.

13. GRI Indicators

GRI Standard	GRI Indicator	Comment	Page	Impacted SDG	External Audit
General Contents					
The Organization and its Reporting Practices	2-1 Organization details	Refer to the General Contents chapter	14	8	TRUE
	2-2 Entities included in sustainability reports	BBVA Colombia, BBVA Asset Management, and BBVA Valores.	14	8	TRUE
	2-3 Reporting period, frequency, and contact point	January 1 to December 31, 2022	14	8	TRUE
	2-4 Restatement of information	For the 2022 period, there are no updates to the information previously reported.	14	8	TRUE
	2-5 External verification	The report was verified by a third party	14	8	TRUE
Activities and Employees	2- 6 Activities, value chain, and other business relationships	Refer to the "Activities and Employees" in the "General Contents" chapter. Refer to the "Our Stakeholders" chapter	14, 41	8 and 12	TRUE
	2-7 Employees	As of December 31, 2022, the workforce consisted of 5,253 people	133	8 and 5	TRUE
	2-8 Non-employee workers	As of December 31, 2022, BBVA had 711 outsourced workers	133	8 and 5	TRUE
Corporate governance	2-9 Structure and composition of corporate governance	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-10 Appointment and selection of the highest governing body	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-11 Chairman of the highest governing body	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-12 Role of the highest governing body in overseeing the management of impacts	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-13 Delegation of responsibilities for impact management	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-14 Role of the highest governing body in presenting sustainability reports.	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-15 Conflicts of interest	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE

GRI Standard	GRI Indicator	Comment	Page	Impacted SDG	External Audit
	2-16 Communication of critical concerns	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-17 Collective knowledge of the highest governing body	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-18 Assessment of the highest governing body's performance	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-19 Remuneration policies	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-20 Process for determining remuneration	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-21 Annual total compensation ratio	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
Strategy, Policies, and Practices	2-22 Statement on sustainable development strategy	Refer to the Chairman's letter and Strategy	9, 23	2, 3, 4, 8, 9, 10, 11, 13	TRUE
	2-23 Policy commitments	BBVA has policies for responsible business conduct that provide behavior guidelines in line with our corporate principles and values, which include: - General Corporate Social Responsibility Policy - General Policy for the Prevention of Money Laundering and Terrorist Financing - General Policy on Customer Conduct and Product Governance - General Anti-Corruption Policy - Code of Conduct - Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-24 Incorporation of policy commitments	Refer to the Annual Corporate Governance Report included in this document	59	8 and 16	TRUE
	2-25 Processes to remedy negative impacts	BBVA Colombia has different communication channels with its stakeholders to address and remedy the negative impacts it may cause, which are described in this report. Refer to the Annual Corporate Governance Report included in this report	59	8 and 16	TRUE
	2-26 Mechanisms for seeking advice and raising concerns	Refer to the Annual Corporate Governance Report	59	8 and 16	TRUE

GRI Standard	GRI Indicator	Comment	Page	Impacted SDG	External Audit
	2-27 Compliance with laws and regulations	During the 2022 period, there were no instances of legislative or regulatory non-compliance, and consequently, no related fines were imposed.	59	8 and 16	TRUE
	2-28 Membership in associations	BBVA Colombia continues to belong to the following associations: Asobancaria, Asobolsa, Asofiduciarias, Consejo Privado de Competitividad	59	8, 16 and 17	TRUE
Commitment to Stakeholder Groups	2-29 Approach to stakeholder engagement	Refer to the Our Stakeholders chapter	40	8 and 16	TRUE
	2-30 Collective bargaining agreements	Of the 5,253 bank employees, 100 % are covered by collective bargaining agreements, specifically, pact and collective conventions.	40	8 and 16	TRUE
Material Issues	3-1 Process for determining material issues	Refer to the Double Materiality Analysis chapter	42	8 and 16	TRUE
	3-2 List of material issues	Refer to the Double Materiality Analysis chapter	42	8 and 16	TRUE
	3-3 Management of material issues	Refer to the Double Materiality Analysis chapter	42	8 and 16	TRUE
Specific Contents					
Economic Performance	201-1 Direct economic value generated and distributed	Refer to the Economic Performance chapter	102	8	TRUE
Market Presence	203-1 Investments in infrastructure and supported services	Refer to the Economic Performance and Social and Environmental Commitment chapters	102, 174	4, 6, 7, 8, 9, 10, 11, 13.15	
Indirect economic impacts	203-2 Significant indirect economic impacts. (BBVA's impact on the environment)	Refer to the Economic Performance and Social and Environmental Commitment chapters	102.174	4, 6, 7, 8, 9, 10, 11, 13.15	TRUE
Procurement practices	204-1 Proportion of Spending on Local Suppliers.	Local supplier spending was 72.8 %	102	12	TRUE
Anti-corruption	205-1 Operations assessed for risks related to corruption.	Refer to the Internal Control and Compliance chapter	115	8 and 16	
	205-2 Communication and training about anti-corruption policies and procedures.	Refer to the Internal Control and Compliance chapter. 100 % of employees, including members of the highest governing body, in all regions received training on the General Anti-Corruption Policy. For a breakdown of the number of employees by gender and region, please refer to the data reported in indicator 2-7.	115	8 and 16	TRUE
	205-3 Confirmed incidents of corruption and actions taken.	Throughout 2022, no confirmed corruption cases were reported.	14	8 and 16	TRUE

GRI Standard	GRI Indicator	Comment	Page	Impacted SDG	External Audit
Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	Throughout 2022, no legal actions related to unfair competition were reported.	12	8 and 16	TRUE
Materials	301-1 Materials used by weight or volume.	Refer to the Social and Environmental Commitment chapter	174	8, 13 and 15	TRUE
	301-2 Recycled inputs.	Refer to the Social and Environmental Commitment chapter	174	8, 13 and 15	
Energy	302-1 Energy consumption within the Organization.	Refer to the Social and Environmental Commitment chapter. For BBVA, the sale of electricity, heating, cooling, and/or steam energy does not apply.	174	7 and 13	TRUE
Water	303-5 Water consumption.	Refer to the Social and Environmental Commitment chapter. The Bank is currently working on identifying water stress areas in locations where it has a physical presence.	174	6, 13 and 15	TRUE
Emissions	305-1 Direct GHG emissions (scope 1).	Refer to the Social and Environmental Commitment chapter. No biogenic emissions are generated.	174	12, 13 and 15	TRUE
	305-2 Direct GHG emissions from energy generation (scope 2).	The calculation of greenhouse gas emissions is presented as CO^2e (carbon dioxide equivalent emissions). The emissions consolidation approach is by operational control. Refer to the Social and Environmental Commitment chapter.	174	7, 12, 13, 15	TRUE
	305-3 Other indirect GHG emissions (scope 3).	The calculation of greenhouse gas emissions is presented as CO^2e (carbon dioxide equivalent emissions). The emissions consolidation approach is by operational control. Refer to the Social and Environmental Commitment chapter.	174	12, 13 and 15	TRUE
Effluents and waste	303-4 Water discharge	All BBVA offices discharge water to sewer systems and not to water bodies, regardless of the office's location.		6	
	306-1 Waste generation and significant impacts related to waste	Refer to the Social and Environmental Commitment chapter.	174	11, 12, 13 and 15	
	306-2 Management of significant impacts related to waste	Refer to the Social and Environmental Commitment chapter.		11, 12, 13 and 15	
	306-3 Waste generated	Refer to the Social and Environmental Commitment chapter.	174	11, 12, 13 and 15	TRUE
Own	BBVA-10 Percentage of employees in buildings certified according to ISO 14001 and LEED.	12 % certified for the 2022 period		6, 7, 11, 12, 13, 15	

GRI Standard	GRI Indicator	Comment	Page	Impacted SDG	External Audit
Employment	401-1 New employee hires and staff turnover.	Refer to the Workforce Commitment chapter. The breakdown of employees by region and gender is included in indicator 2-7.	134	5 and 8	TRUE
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees.	Refer to the Workforce Commitment chapter	134	3, 4, 2008	TRUE
	202-1 Ratio of standard entry-level wage by gender compared to local minimum wage.	Refer to the Commitment to Workforce chapter. Our workforce has a salary higher than the minimum established in Colombia. Significant operations include the workforce hired by the Bank in all branches in Colombia. Declaration of omission of item b because external employees' salary information is determined by the external company; however, BBVA verifies legal compliance in such hires.	134	5 and 8	TRUE
Occupational Health and Safety	403-4 Worker participation, consultation, and communication on occupational health and safety.	Refer to the Workforce Commitment chapter	134	3, 8	
	403-9 Injuries due to work accidents.	Refer to the Workforce Commitment chapter	134	3, 8	TRUE
	403-10 Work-related illnesses.	Refer to the Workforce Commitment chapter	134	3, 8	TRUE
Training and Education	404-1 Average hours of training per year per employee.	In 2022, BBVA Colombia employees received a total of 203,275 hours of training, which corresponds to an average of 34.49 hours of training per person.	134	4, 8	TRUE
	404-2 Programs to upgrade employee abilities and transition assistance programs.	Refer to the Workforce Commitment chapter	134	4, 8	
	404-3 Percentage of employees receiving regular performance and career development reviews.	For the 2022 reporting period, 100 % of our workforce received periodic performance evaluations and career development reviews. The percentage of employees calculation was performed using the same calculation base as indicator 404-1. That is, the total number of employees throughout 2022.	134	4, 8	TRUE
Diversity and equal opportunities	405-1 Diversity in governing bodies and employees.	Refer to the Workforce Commitment chapter	134	5, 8, 10	TRUE
	405-2 Ratio of basic salary and remuneration of women to men.	Refer to the Workforce Commitment chapter	134	5, 8, 10	
Non-discrimination	406-1 Cases of discrimination and corrective actions taken.	For the year 2022, one case of discrimination was reported at BBVA Colombia.	134	5, 8, 10	TRUE

GRI Standard	GRI Indicator	Comment	Page	Impacted SDG	External Audit
Customer Health and Safety	416-1 Assessment of health and safety impacts of product or service categories.	From a security perspective, we have covered and analyzed 100 % of the transactional channels we provide to our customers.	147	8 and 12	
	416-2 Cases of non-compliance concerning health and safety impacts of product and service categories. Mention cybersecurity processes and cybersecurity cases.	During 2022, there were no cases of non-compliance related to health and safety impacts of product and service categories.	147	3, 8, 12	TRUE
Marketing and Labeling	417-1 Requirements for product and service information and labeling.	Refer to the Customer Commitment chapter	147	8, 12	TRUE
	417-2 Cases of non-compliance concerning product and service information and labeling.	During 2022, there were no incidents resulting from non-compliance related to our products and services' information and labeling.	147	8, 12	TRUE
	417-3 Cases of non-compliance concerning marketing communications.	During 2022, there were no incidents resulting from non-compliance related to marketing communications, including advertising, promotion, and sponsorship.	147	8, 12	TRUE
Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data.	Refer to the Customer Commitment chapter	147	8, 12	TRUE
Own	BBVA-2 Number of SME customers	Our total number of active SME customers amounted to 98,968.	147	8, 9, 10	
Own	BBVA-3 Number of loans to SME customers.	Refer to the Customer Commitment chapter	147	8, 9, 10	
Own	BBVA-6 Claim resolution time.	Refer to the Customer Commitment chapter	147	8, 12	
Own	BBVA-7 Percentage of claims resolved in time.	The percentage of claims resolved on time increased from 97.8 % in 2021 to 98.3 % in 2022.	147	8, 12	
Own	BBVA-8 Percentage of PQR managed by the SPC.	82 % in 2022 for all complaints managed at first contact (SPC).	147	8, 12	
Own	BBVA-9 Operations by channels.	Refer to the Customer Commitment chapter	147	8, 9, 10	
Social and environmental policies	FS-1 Policies with specific social and environmental components applied to business lines.	Refer to the Social and Environmental Commitment chapter and policy details in indicator 2-23.	174	6, 7, 8, 10, 11, 12, 13, 15	TRUE
Social and environmental competencies of workers	FS-4 Processes to improve worker competence in implementing applicable social and environmental policies and procedures for business lines.	Refer to the Social and Environmental Commitment chapter	174	4, 8, 12	

GRI Standard	GRI Indicator	Comment	Page	Impacted SDG	External Audit
Products and services with social benefits	FS-7 Monetary value of products and services designed to provide a specific social benefit for each business line, broken down by purpose.	Refer to the Social and Environmental Commitment chapter	174	3, 4, 5, 8, 9, 10	TRUE
Products and services with environmental benefits	FS-8 Monetary value of products and services designed to provide a specific environmental benefit, by product line, and broken down by purpose.	Refer to the Social and Environmental Commitment chapter	174	6, 7, 11, 12, 13, 15	TRUE
Accessibility in disadvantaged areas	FS-13 Accessibility in low population density areas or disadvantaged locations.	Refer to the Social and Environmental Commitment chapter and Customer Commitment chapter.	174	8, 10, 16	
Access to financial services	FS-14 Initiatives to improve access to financial services for disadvantaged people.	Refer to the Social and Environmental Commitment chapter	174	8, 10, 12	
Own	BBVA-1 Number of beneficiaries of the Financial Education Program "Finanzas para el futuro".	We trained approximately 15,500 Colombians, of which 18 % were students, 58 % employees of partner companies, 10 % belonged to our Military Forces, and 14 % to vulnerable populations.	174	4, 8, 10	
Own	BBVA-12 Number of beneficiaries of education support programs (handbags with school utensils and educational scholarships).	This year, we managed to benefit over 140,000 Colombians through our programs.	174	4, 8, 10	
Own	BBVA-4 Amount allocated to disbursements for financing sustainable development and energy efficiency projects.	Refer to the Social and Environmental Commitment chapter	174	6, 7, 8, 12, 13, 15	
Own	BBVA-11 Number of BBVA volunteers.	Over 1,000 volunteers.	174	4, 8, 12, 17	

Independent Assurance Report

EY
Building a better working world

AS-3388-23
March 24th, 2023

Independent Accountant's Assurance Report

To the Management of Banco Bilbao Vizcaya Argentaria Colombia S.A.:

1. Scope

We have been engaged by Banco Bilbao Vizcaya Argentaria Colombia S.A. (hereinafter "BBVA" or "the Company"), to perform a limited assurance engagement, as defined by the International Standards on Assurance Engagements (hereinafter "The Engagement"), to report on the identified sustainability information (" Subject Matter") that is detailed in Annex 1[1] we carry out limited assurance procedures to Banco Bilbao Vizcaya Argentaria "Informe anual 2022" (the "Report") in its Spanish version for the period from January 1 to December 31, 2022

2. Criteria Applied by BBVA

In preparing the Subject Matter included in The Report, the Company applied the GRI Global Reporting Initiative Standards in accordance with the declared conformity option in GRI detailed in Requirement 1_Fundamentos 2021, Dow Jones Sustainability Indices criteria and company-specific criteria (the "Criteria") that are listed in Annex 2 of this Report.

3. Company Responsibilities

The Management of BBVA is responsible for selecting the Criteria and presenting the Subject Matter in accordance with these Criteria, in all material aspects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

[1] GRI indicators: 2-1, 2-2, 2-3, 2-4, 2-5, 2-6, 2-7,2-8, 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 2-21, 2-22, 2-23, 2-24, 2-25, 2-26, 2-27, 2-28, 2-29, 2-30, 3-1, 3-2, 3-3, 201-1, 202-1, 203-2, 204-1,205-2, 205-3, 206-1, 301-1, 302-1, 303-5, 305-1, 305-2, 305-3, 306-3, 401-1, 401-2, 403-9, 403-10, 404-1, 404-3, 405-1, 406-1, 416-2, 417-1, 417-2, 417-3, 418-1
Sectoral supplement: FS-1, FS-7, FS,8

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Messrs. Banco Bilbao Vizcaya Argentaria Colombia S.A.

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March 24th, 2023

4. EY Responsibilities

Our responsibility is to express a conclusion about the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with International Standards on Assurance Engagements other than Audits or Review of Historical Financial Information (ISAE 3000) and the terms and conditions for this engagement agreed with Banco Bilbao Vizcaya Argentaria Colombia S.A. on March 9th, 2023, in the addendum #001 Adds the Statement of Work dated May 2, 2022, from consecutive AS-3690-22. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing and extend of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

5. Our Independence and Quality Control

We have maintained our independence and confirmed that we have met with the requirements of the Code of Ethics for Professional Accountants issued by the *International Ethics Standards Board for Accountants* and have the required competencies and experience to carry out this assurance engagement.

EY also applies International Quality Control Standard 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

6. Description of the Procedures Performed

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance. As such, our review does not guarantee that we have become aware of all material matters that would be disclosed in a reasonable compromise.

EY Building a better working world

Mrs. Banco Bilbao Vizcaya Argentaria Colombia S.A.

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March 24th, 2023

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to the verification of aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, mainly of persons responsible for preparing The Report related information and applying analytical and other appropriate procedures.

Our limited assurance procedures performed included, but were not limited to:

a. Conduct interviews with Company personnel to understand the business and the process of preparing The Report.

b. Conduct interviews with those responsible for preparing the Report to understand the process of collecting, consolidating, and presenting the information of the Subject Matter.

c. Verified that the calculation criteria have been correctly applied in accordance with the methodologies described in the Criteria.

d. Conduct analytical review procedures to support the reasonableness of the data.

e. Identify and test the assumptions that support the calculations.

f. Test, based on sampling, the source information to verify the accuracy of the data.

g. Read the material aspects (GRI 3-1, GRI 3-2 and GRI 3-3) associated with the Subject Matter to verify that they have been correctly applied in accordance with the Criteria.

h. Comparison of the contents presented in The Report with what is established according with the declaration of use of conformity declared by the Company in GRI Requirement 8 1_Foundations 2021 of the GRI Global Reporting Initiative Standards.

We also performed such other procedures as we considered necessary in the circumstances.

7. Limitations of Our Assurance Commitment

Our assurance engagement was limited to the Subject Matter contained in the Report for the period between January 1 and December 31, 2022, does not include information from previous years included in the Report, nor is it related to future projections or future targets.

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Mrs. Banco Bilbao Vizcaya Argentaria Colombia S.A.

Page 4
March 24th, 2023

Nor did it intend to determine whether the technological tools used for the development of The Report are the most appropriate and/or efficient.

8. Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modification that should be made to the information of the Subject Matter, contained in the Report, for the period from January 1 to December 31, 2022, for it to be in accordance with what is established in the criteria.

9. Use of This Verification Report

Our responsibility, when carrying out verification activities, is solely with the Company's Management, therefore, we do not accept or assume any responsibility for any other purpose or towards any other person or organization.

10. Other information

The notification to the Global Reporting Initiative (GRI) about the publication of The Report, following the guidelines of the GRI 1 standard: Foundations, In accordance requirements 9: Notify GRI (the organization must notify GRI of the use of the GRI standards and its declaration of use, by sending an email to reportregistration@globalreporting.org, is responsibility of the Company and we have been informed that it will be done within 5 business days following the issuance of this conclusion.

GLORIA MARGARITA MAHECHA GARCIA

Firmado digitalmente por GLORIA MARGARITA MAHECHA GARCIA

Gloria Margarita Mahecha García
Independent Auditor
Professional Card 45048-T
Designated by Ernst & Young Audit S.A.S.

ANNEX 1

Subject Matter

The sustainability information identified (the "Subject Matter") in the indicators included in the Report printed and included by the Company on its website[2] is presented in the following table[3]:

Material Topic	Criteria (GRI)	Description
General contents	2-1 al 2-30	General contents
	3-1, 3-2, 3-3	Material Topics
Solvency and financial results	201-1	Direct economic value generated and Distributed
	202-1	Ratio of standard entry level wage by gender to local minimum wage.
	203-2	Significant indirect economic impacts
	204-1	Proportion of spending on local suppliers.
	205-2	Communication and training on anti-corruption policies and procedures.
	205-3	Confirmed cases of corruption and actions taken
	206-1	Legal actions related to unfair competition and monopolistic practices and against free competition.
	417-1	Requirements for information and labeling of products and services.
	417-2	Non-compliance cases related to information and labeling of products and services.

[2] They are published in the 2022 sustainability report on the official website of "BBVA Informe de Sostenibilidad": https://www.bbva.com.co/personas/atencion-al-inversionista/responsabilidad-corporativa.html. The work carried out by EY does not include consideration of these activities and, therefore, EY accepts no responsibility for any difference between the information presented on such website and the Subject Matter contained in the Report on which the Commitment was made, and the conclusion was issued.

[3] Apart from what is described in the table, which sets out the scope of our work, we do not apply assurance procedures on the remaining information included in the Report and, consequently, we do not express a conclusion on this information.

Material Topic	Criteria (GRI)	Description
	417-3	Non-compliance cases related to marketing communications.
	418-1	Substantiated complaints regarding violations of customer privacy and loss of customer data
Climate change opportunities and risks	301-1	Materials used by weight or volume
	302-1	Energy consumption within the organization
	303-5	Water consumption
	305-1	Direct GHG emissions (Scope 1)
	305-2	Indirect GHG emissions associated with energy (Scope 2)
	305-3	Other indirect GHG emissions (Scope 3)
	306-3	Waste generated
Employee engagement and talent management	401-1	New employee hires and staff turnover
	401-2	Benefits for full-time employees not provided to part-time or temporary employees
	403-9	Work-related injuries
	403-10	Occupational diseases and illnesses.
	404-1	Average hours of training per year per employee by gender and by employee category.
	404-3	Percentage of employees receiving regular performance and career development reviews.
	405-1	Diversity in governance bodies and employees.
	406-1	Cases of discrimination and corrective actions taken.

Material Topic	Criteria (GRI)	Description
	416-2	Non-compliance cases related to health and safety impacts of product and service categories.
Financial health and personalized advice to clients	FS-1	Policies with specific social and environmental components applied to the lines of business
	FS-7	Monetary value of products and services designed to provide a specific social benefit for each line of business broken down by purpose.
	FS-8	Monetary value of products and services designed to provide a specific environmental benefit, by product line and broken down by purpose.

ANNEX 2

GRI Content Criteria

The assurance criteria that are applicable to the Subject Matter and the declaration of presentation in self-declared conformity, are defined based on the provisions of the GRI document 1_Foundations 202 available on page https://www.globalreporting.org/standards/gri-standards-translations/gri-standards-spanish-translations-download-center/ and the sector supplement of financial services available at https://www.globalreporting.org/search/?query=Financial+services

14. Reports and Certifications

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Statutory Auditor's Report

To the Shareholders of
Banco Bilbao Vizcaya Argentaria Colombia S.A.

Opinion

I have audited the accompanying separate financial statements of Banco Bilbao Vizcaya Argentaria Colombia S.A., which include the statement of financial position as of December 31, 2022, and the related statements of income, comprehensive income, changes in equity, and cash flows for the year then concluded, along with a summary of significant accounting policies and other explanatory notes.

In my professional judgment, the accompanying separate financial statements, extracted from the accounting records, fairly present the financial position of the Bank as of December 31, 2022, along with the results of its operations and cash flows for the year then ended, in line with the Accounting and Financial Reporting Standards accepted in Colombia.

Basis of the Opinion

I performed my audit in line with the International Standards on Auditing, as recognized in Colombia. The scope of my duties, as dictated by these standards, can be found in the *Auditor's Responsibilities for the Audit of Separate Financial Statements* section of this report. In keeping with the Code of Ethics Manual for Accounting Professionals and ethical regulations pertinent to the audit of separate financial statements in Colombia, I have maintained my independence from the Bank. I have also adhered to all other ethical responsibilities that apply in this context. I believe that the audit evidence I have obtained is both sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those aspects that, in my professional judgment, were of significant importance in my audit of the accompanying separate financial statements. I addressed these matters during my comprehensive audit of the separate financial statements, forming the basis for the relevant opinion. However, my goal was not to provide individual opinions on these matters. As such, I present below the approach I took to address each critical issue during my audit.

I have carried out the responsibilities outlined in the *Auditor's Responsibilities for the Audit of Separate Financial Statements* section of my report, including those pertaining to these matters. My audit included executing procedures intended to mitigate the risks of significant misstatements identified in the separate financial statements. The results of my audit procedures, encompassing the steps taken to address the matters outlined below, provide the foundation for my audit opinion on the accompanying separate financial statements.

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	Estimated Credit Risk Losses on the Loan Portfolio
Description	The estimate of expected losses due to loan risk are determined following Chapter II of the Basic Accounting and Financial Notice - Rules Related to Credit Risk Management and the General Regime for Evaluation, Rating, and Provisioning of the Loan Portfolio (Annex 1), Commercial Portfolio Reference Model - MRC (Annex 3), and Consumer Portfolio Reference Model - MRCO (Annex 5), as issued by the Financial Superintendence of Colombia. This process is one of the most substantial and intricate steps in preparing the Bank's financial information. In Note 3.9 - Loan Portfolio of the accompanying separate financial statements, the Bank's principles and criteria for estimating the anticipated impairment losses on the portfolio, as well as the amounts related to these estimations, are thoroughly detailed. The methodology for assigning the credit risk rating for the portfolio is deemed a key audit matter because it incorporates elements of judgment in its analysis. This risk rating, once assigned, is integrated as a parameter in the reference model for calculating the provisions for credit risk, which amounted to COP 3,835,829 as of December 31, 2022.
Audit Response	In the course of my audit procedures within this area, I evaluated the structure and tested the effectiveness of the comprehensive control environment. The audit procedures for determining the credit risk calculation for anticipated credit losses were centered on: • A review of the Bank's established policies, procedures, and controls, as well as the models dictated by the relevant regulations. Additionally, the involvement of professionals with experience and knowledge in evaluating credit risk and information technology was essential to assess certain internal controls related to the Bank's process for determining loan provisions. • An assessment of the integrity and precision of data sources used in computations to determine credit risk impairment, based on the control processes within the Altamira system. • A review of the terms for refinancing or restructuring transactions. • A review of the rating processes based on the debtor's current circumstances, facilitated by the Bank's Credit Committees. • Furthermore, I executed substantive analytical procedures such as: 1. Testing the reliability of the information used as the basis for the estimation of the General Regime of Evaluation, Rating, and Provisioning of Loan Portfolio Reference Models (Annex 1), the Commercial Portfolio Reference Model - MRC (Annex 3), and the Consumer Portfolio Reference Model - MRCO (Annex 5), applicable to both financial and non-financial data. 2. Recalculating the Bank's estimated expected losses for loan risk, taking into account both pro-cyclical and counter-cyclical provisions. • Inspection of loan portfolio files was conducted to verify that the rating assigned to portfolio customers adheres to the guidelines set by the Financial Superintendence of Colombia for the provisioning system. This

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	compliance should be supported by the financial, qualitative, or economic characteristics of the customer and its subsequent incorporation into the reference model for the calculation of provisions. • Reviewing provision recoveries recognized during the period. • Assessing the accompanying disclosures to ensure they contain the information mandated by the financial reporting framework applicable to the Bank.

Responsibilities of the Bank's Management and Governance regarding the Separate Financial Statements

The responsibility for creating and fairly presenting individual financial reports in line with the Accounting and Financial Reporting Standards approved in Colombia (NCIF) falls squarely on Management. This includes the design, implementation, and maintenance of pertinent internal controls to ensure the preparation and presentation of individual financial statements that are free from substantial inaccuracies, whether due to fraud or deception. Additionally, it involves the selection and application of suitable accounting policies and the generation of accounting estimates that are reasonable within the given context.

When preparing the separate financial statements, Management is responsible for assessing the Bank's capability to continue as a going concern. They must disclose, as necessary, matters relating to this issue and utilize the going concern basis of accounting unless they intend to liquidate the Company or cease operations, or have no other realistic alternative.

Those in charge of the Bank's governance are responsible for supervising the Bank's financial reporting process.

Auditor's Responsibilities in the Audit of Separate Financial Statements

As the auditor, my goal when examining the individual financial statements is to gain reasonable assurance that they are devoid of material inaccuracies, whether stemming from fraud or error, and subsequently provide a report containing my professional evaluation. Reasonable assurance provides a high level of certainty but does not guarantee that an audit conducted in compliance with the International Auditing Standards, as accepted in Colombia, will invariably detect a material misstatement should it exist. Material misstatements may occur due to fraud or deception, and they are deemed significant if they are likely to affect the economic decisions that users could make based on these individual financial statements.

As part of an audit that adheres to International Standards on Auditing accepted in Colombia, I am obligated to exercise professional judgment and maintain professional skepticism throughout the audit process. This includes:

- Identifying and assessing the risks of material misstatement in the individual financial statements, whether due to fraudulent activities or errors. I am to design and execute audit procedures that respond effectively to these risks, and amass audit evidence that is both sufficient and suitable to form the basis of my professional opinion. The risk of failing to uncover a material misstatement as a result of fraud is higher than that of an error, given that fraud can involve collusion, forgery, intentional omissions, misrepresentations, or bypassing of the internal control system.
- In order to design effective audit procedures suitable for the given circumstances, it's crucial

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that I gain an understanding of the internal controls relevant to the audit.

- Evaluate the suitability of the accounting policies employed and the reasonableness of accounting estimates and related disclosures made by the Management.
- I will conclude whether it's fitting for the Management to adopt the going concern basis of accounting, and based on the audit evidence gathered, whether a significant uncertainty exists concerning events or conditions that could cast substantial doubt on the company's ability to continue as a going concern. Should I determine that a significant uncertainty exists, I am responsible for highlighting this in the auditor's report, referencing the related disclosures within the separate financial statements. If these disclosures are found to be insufficient, I am obliged to modify my opinion accordingly. While the conclusions of the auditor are based on the audit evidence gathered up until the date of my report, it should be noted that subsequent events or conditions may cause the entity to be unable to continue as a going concern.
- Lastly, I am to evaluate the overall presentation, structure and contents of the Separate Financial Statements, including the disclosures, and whether the Separate Financial Statements present the underlying transactions and events in a manner that achieves a reasonable presentation.

Throughout the audit, I communicated with those responsible for the Company's governance regarding various topics, including the planned scope and timing of the audit, significant audit findings, and any serious deficiencies in internal control that were identified.

I also assured those in charge of the Bank's governance that I have complied with all applicable ethical requirements related to independence, and have openly discussed any relationships or other matters that could potentially influence my independence, along with any relevant safeguards.

In my communications with those overseeing the Bank's governance, I identified the issues of greatest significance in the current period's audit of the separate financial statements. These issues are thus classified as key audit matters.

These matters are described in my audit report unless legal or regulatory stipulations prevent public disclosure, or in extremely rare cases where it's deemed that a matter should not be reported due to the reasonable expectation that the adverse effects of such disclosure would outweigh the public interest benefits.

Other Matters

Please note that the separate financial statements of Banco Bilbao Vizcaya Argentaría Colombia S.A. for the year ending on December 31, 2021, were audited by another statutory auditor who issued an unqualified opinion on February 22, 2022.

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Other Legal and Regulatory Compliance

Given the scope of my audit, I am not aware of any situations that suggest non-compliance with the Company's following obligations: 1) Maintaining minute books, shareholder registers, and accounting books in accordance with legal regulations and accounting principles; 2) Executing transactions in alignment with the Company's bylaws and the decisions made by the Shareholders' Meeting and the Board of Directors; 3) Ensuring that the information contained in the integrated contribution liquidation spreadsheets, particularly that related to members and their base income contributions, is derived from the accounting records and supports as of December 31, 2022. Moreover, as of that date, the Company has no outstanding contributions to the Comprehensive Social Security System; 4) Keeping all correspondence and account vouchers; 5) Reflecting the impact of quantified risks in the statement of financial position and the income statement. This includes the risks the Bank is exposed to, measured in accordance with the Credit Risk Management System (SARC), Market Risk Management System (SARM), and the Liquidity Risk Management System (SARL), as well as the Anti-Money Laundering and Terrorism Financing Risk Management System (SARLAFT), Customer Service System (SAC), and Operational Risk Management System (SARO). These measurements are based on the provisions of the Basic Accounting and Financial Notice and Legal Notice of the Financial Superintendence of Colombia; and 6) Ensuring consistency between the attached separate financial statements and the accounting information included in the Management Report prepared by the Bank's Management. This includes Management's acknowledgment of the free circulation of the invoices with endorsements issued by the vendors or suppliers. The report in accordance with the provisions of Article 1.2.1.2 of Decree 2420/2015 was issued separately on February 27, 2023.

GLORIA MARGARITA MAHECHA GARCIA

Digitally signed by GLORIA MARGARITA MAHECHA GARCIA
Date: 2023.02.27 20:12:42 05'00'

Gloria Margarita Mahecha García
Statutory Auditor and Partner in Charge
Professional License 45048-T
Appointed by Ernst & Young Audit S.A.S TR- 530

Bogotá, Colombia
February 27, 2023

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Statutory Auditor's Report on the Evaluation of Internal Control and Compliance with the Bylaws and Shareholders' Meeting Provisions

To the Esteemed Shareholders of
Banco Bilbao Vizcaya Argentaria Colombia S.A.,

Description of the Main Matter

This report pertains to the procedures conducted in assessing the Internal Control measures, preservation, and custody of the Company's assets or those held by Banco Bilbao Vizcaya Argentaría Colombia S.A. (hereafter referred to as "the Bank"). It also involves evaluating the Bank's Management's adherence to the stipulations of the Bylaws and of the Shareholders' Meeting as of December 31, 2022.

The key evaluation criteria are the parameters set forth in Part I Title I Chapter IV of the Basic Legal Notice of the Financial Superintendence of Colombia, relating to Internal Control, and in Part III Title V Chapter I of the same Basic Legal Notice regarding SIMEV, the provisions of the bylaws, and minutes of the Shareholders' Meeting, concerning compliance with the stipulations therein.

Management's Responsibility

Banco Bilbao Vizcaya Argentaría Colombia S.A. is accountable for the design and implementation of internal control measures, preservation, and custody of the Bank's assets or those of third parties. It is also responsible for defining related policies and procedures, including those related to SIMEV and its corresponding certification. These internal control measures are delineated by the corporate bodies, the Management, and its staff, aiming to attain reasonable assurance regarding the fulfillment of operational, compliance, and reporting objectives. They necessitate the Bank's judgment in order to select, develop, and implement adequate controls and to monitor and evaluate their effectiveness. Additionally, the Bank's Management has a duty to ensure that their actions align with the Bylaws and the directives or instructions of the Shareholders' Meeting.

Auditor's Role

My responsibility is to execute tasks relevant to the areas described in the 'Description of the primary subject matter' section. This is done in compliance with Article 209, Paragraphs 1 and 3, of the Code of Commerce, with the aim of reaching a conclusion based on my professional judgment and the evidence obtained from the aforementioned tasks. I conducted my work in accordance with the Information Assurance Standards recognized in Colombia. I adhered to the requirements of Independence and other ethical considerations outlined in the Code of Ethics for Accounting Professionals accepted in Colombia, based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality, and professional behavior.

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Procedures Executed

To prepare this report, the main procedures included:

- Reviewing the bylaws and minutes of the Shareholders' Meeting from January 1 to December 31, 2022, to evaluate whether the provisions or instructions therein were implemented during the period or have an adequate implementation plan.
- Consulting Management about any changes to the bylaws between January 1 and December 31, 2022, as well as any potential changes in the pipeline.
- Inspecting documents that substantiate compliance with the provisions leading to changes in the bylaws between January 1 and December 31, 2022.
- Understanding and evaluating the design and operational testing, within a scope defined by the auditor's criteria, of the entity-level controls established by the Bank for each internal control element.
- Comprehending and assessing the design of controls, with a scope defined at the auditor's discretion, over significant processes that materially affect the Bank's financial information.
- Monitoring the action plans implemented by the Bank in response to deficiencies identified in previous periods or during the period covered by this report.
- Verifying the effectiveness of the controls over the reporting of financial information identified by management in compliance with Section 7.4.1.2.7 of Annex I of Part III, Title V, Chapter I of the Basic Legal Notice of the Financial Superintendence of Colombia.

Please note that due to inherent limitations in any internal control structure, including the potential for collusion or overriding of controls by Management, there might be undetected errors, irregularities, or fraud. The outcomes of the aforementioned procedures for the period covered by this report do not necessarily apply to future periods. This is due to the risk that internal control may become inadequate in light of changing conditions or the potential for compliance with policies and procedures to wane. Please do not interpret this report as an audit report.

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Conclusion

As of December 31, 2022, I have concluded that the internal control measures, and the conservation and custody of assets belonging to Banco Bilbao Vizcaya Argentaria Colombia S.A., or those of third parties in its possession, exist and are adequate in all significant aspects. This conclusion aligns with the parameters established in Part I Title I Chapter IV of the Basic Legal Notice of the Superintendence of Finance of Colombia. Also, the controls identified by management in compliance with Section 7.4.1.2.7 of Annex I of Part III Title V Chapter I of the Basic Legal Notice of the Superintendence of Finance of Colombia concerning SIMEV financial reporting are effective. Moreover, the Bank's Management has complied with the provisions of the Bylaws and of the Shareholders' Meeting based on the aforementioned evaluation criteria.

Other Matters

I have communicated my recommendations for improving internal control to Management through separate correspondences. Apart from the procedures detailed in this report, I have audited the financial statements of Banco Bilbao Vizcaya Argentaria Colombia S.A. as of December 31, 2022, in accordance with Accounting and Financial Reporting Standards accepted in Colombia. I conducted this audit following international auditing standards accepted in Colombia and issued my unqualified opinion on February 27, 2023. This report is intended for the Shareholders' Meeting of Banco Bilbao Vizcaya Argentaria Colombia S.A. to fulfill the requirements stated in Paragraphs 1 and 3 of Article 209 of the Commercial Code. It should not be utilized for any other purposes or distributed to third parties.

GLORIA MARGARITA MAHECHA GARCIA
Signed in digital form by GLORIA MARGARITA MAHECHA GARCIA Date: 2023.02.27 20:11:12 -05'00'

Gloria Margarita Mahecha García
Statutory Auditor
Professional License 45048-T
Appointed by Ernst & Young Audit S.A.S. TR-530

Bogotá, Colombia
February 27, 2023

CERTIFICATION BY THE REGISTERED AGENT AND GENERAL ACCOUNTANT

The undersigned Registered Agent and General Accountant of BBVA Colombia, in compliance with Article 37 of Law 222/1995 and Article 46 of Law 964/2005, certify that the financial statements of the Bank at December 31, 2022, along with their explanatory notes, have been prepared based on the Accounting and Financial Reporting Standards accepted in Colombia (NCIF, for the Spanish original), uniformly applied, ensuring that they reasonably present the financial position and the results of its operations, and that before making them available to the General Meeting of Shareholders and third parties we have verified that:

The figures included in the financial statements and the explanatory notes have been faithfully taken from the books and have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF).

- We have verified that the measurement, valuation and presentation procedures have been uniformly applied with the previous year and that they reasonably reflect the financial position at December 31, 2022.
- All the assets and liabilities listed in the Bank's financial statements at December 31, 2022, exist and all the transactions listed in said statements have been carried out during the year ended on that date.
- All the economic events carried out by the Bank during the year ended December 31, 2022 have been recorded in the financial statements.
- All the economic events that affect the Bank have been correctly classified, described and disclosed in the financial statements.
- The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic sacrifices (obligations) obtained or on the account of the Bank at December 31, 2022.
- All the items have been recognized at their appropriate values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF).

In compliance with Article 46 of Law 964 / 2005, we hereby certify that: The financial statements and other relevant reports for the public contain no defects, inaccuracies or errors that would prevent knowing the entity's true financial position and operations.

[Illegible Signature]	LUZ MARINA GUTIERREZ PERILLA — Signed in digital form by LUZ MARINA GUTIERREZ PERILLA Date: 2023.02,20 09:31:10-05'00'
Esther Dafauce Velázquez	Luz Marina Gutiérrez Perilla
Legal Representative	Acting General Accountant
BBVA COLOMBIAS.A.	Prof. License No. 74252-T

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15. Separate Financial Statements

BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.

15.1 Separate Statement of Financial Position

At December 31, 2022 and 2021

(in millions of COP)

ASSETS	Note	2022	2021
Cash and cash equivalents	(7)	**COP 10,274,116**	**COP 11,005,116**
Cash and deposits in banks		9,375,035	10,268,052
Money market transactions		899,081	737,064
Financial investment assets, net	(8)	**COP 8,785,322**	**COP 7,218,558**
Tradeable investments		2,182,124	2,723,473
Investments available for sale		3,589,852	2,413,014
Investments at amortized cost, net		3,013,346	2,082,071
Derivative financial instruments and cash transactions (asset)		**COP 10,061,268**	**COP 3,290,980**
For trading	(13)	9,492,092	2,960,451
For hedging	(14)	569,176	330,529
Loan portfolio and financial lease transactions, net	(9)	**COP 65,701,100**	**COP 54,191,677**
Commercial		29,427,960	22,216,442
Consumer		25,524,156	21,739,393
Mortgage		13,779,501	13,178,087
Micro-credit		2	2
Employees (mortgage and consumer)		531,587	498,298
Impairment of loan portfolio and financial leases		(3,562,106)	(3,440,545)

LIABILITIES	Note	2022	2021
Deposits and on-demand liabilities	(22)	**COP 69,184,087**	**COP 59,197,608**
On-demand		40,621,391	41,175,499
Term		28,562,696	18,022,109
Money Market and Simultaneous Transactions	(23)	3,207,099	3,697,100
Derivative financial instruments and cash transactions (liability)		**COP 10,191,286**	**COP 3,454,783**
For trading	(26)	10,191,286	3,454,783
Financial obligations			
Bank credits and other financial obligations	(24)	5,370,684	2,974,166
Taxes		**COP 464,867**	**COP 290,722**
Liabilities for other taxes		175,446	139,469
Current tax liabilities		289,421	151,253
Estimated Liabilities and Provisions	(29)	283,546	229,887
Liabilities for rights of use	(10)	107,313	115,796
Accounts Payable	(25)	799,553	709,446
Employee benefits	(30)	295,135	245,734

Interest on loan portfolio and other items, net	(9)	**COP 979,768**	**COP 743,107**
Commercial		460,820	261,032
Consumer		489,051	478,020
Mortgage		292,305	334,701
Employees (mortgage and consumer)		3,126	3,145
Other interest on portfolio		8,189	5,602
Impairment of loan portfolio and financial lease interest and other items, net		(273,723)	(339,393)
Accounts Receivable, Net	(15)	1,238,243	1,237,236
Investments in Subsidiaries and Joint Ventures	(19)	322,009	321,374
Advances to contracts, suppliers and other accounts receivable	(21)	203,561	139,803
Non-current assets held for sale, net	(16)	37,470	58,932
Property and equipment, net	(17)	660,816	670,232
Right-of-use asset	(10)	98,757	109,124
Intangible assets, net	(18)	173,643	128,560
Deferred tax assets, net	(30)	420,189	170,325
Other tax assets		646	605
Prepaid expenses	(21)	45,378	37,138
Other assets, net	(20)	10,432	7,707
Total assets		**COP 99,012,718**	**COP 79,330,474**

Other Liabilities	(28)	265,447	339,399
Outstanding investment securities	(27)	2,676,790	2,388,531
Total liabilities		**COP 92,845,807**	**COP 73,643,172**
SHAREHOLDERS' EQUITY			
Subscribed and Paid-in Capital	(32)	COP 89,779	COP 89,779
Reserves	(33)	4,092,577	3,643,354
Share issue premium		651,950	651,950
Current year net income		933,514	895,242
Adjustment on first-time adoption of IFRS		257,358	253,674
Other Comprehensive Income (OCI)		141,227	152,797
Reserve Article 6 Law 4/80		506	506
Total shareholders' equity		**COP 6,166,911**	**COP 5,687,302**
Total liabilities and shareholders' equity		**COP 99,012,718**	**COP 79,330,474**

See the notes attached hereto, which are an integral part of the Separate Financial Statements

(1) The undersigned Registered Agent and Public Accountant hereby certify that we have previously verified the assertions contained in these Separate Financial Statements and that they have been faithfully taken from the Banks's ledgers.

Esther Dafauce Velazquez
Registered Agent **(1)**

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Appointed by Ernst & Young Audit S.A.S.
TR–530
(Refer to my report of February 27, 2023)

BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.

15.2 Separate Statement of Income

For the years ended December 31, 2022 and 2021

(in millions of COP)

		For the years ended on December 31,	
	Note	**2022**	**2021**
INTEREST REVENUES	(38)		
Loan portfolio		**$ 6,537,571**	**COP 4,646,922**
Commercial		1,961,399	820,478
Consumer		2,455,914	2,117,571
Credit Card		595,987	404,305
Mortgage		899,908	858,606
Factoring		86,516	32,681
Financial leases		178,691	101,411
Residential leases		359,156	311,870
Interest expenses		**(3,307,537)**	**(1,383,310)**
Savings accounts		(1,168,279)	(277,430)
Term deposit certificates and real value profit readjustment		(1,887,264)	(1,019,432)
Bank credits and financial obligations		(251,446)	(85,606)
Other interest expenses		(548)	(842)
Interest revenues, net		**COP 3,230,034**	**COP 3,263,612**
FEE REVENUES	(39)		
Fee revenues		COP 716,673	COP 586,756
Fee expenses		(473,181)	(440,493)
Fee revenues, net		**COP 243,492**	**COP 146,263**
NON-INTEREST REVENUES	(39)		
Securities		**2,412,042**	**890,022**
Income by the equity method		**57,913**	**63,870**
Derivatives		**49,024,753**	**20,454,645**
Disposals		**333,910**	**170,544**
NON-INTEREST EXPENSES	(40)		
Securities		**(2,228,103)**	**(830,830)**

Derivatives		**(49,554,303)**	**(20,595,124)**
Disposals		**(285,751)**	**(141,329)**
IMPAIRMENT OF ASSETS			
Impairment of loan portfolio and financial leases, net		**(1,137,649)**	**(1,183,984)**
Reversion of impairment on loan portfolio		1,487,946	1,786,026
Impairment of loan portfolio and finance leases		(2,625,595)	(2,970,010)
Impairment of non-current assets held for sale		(22,912)	(21,823)
Recovery of financial investment assets		3,585	-
Recovery (impairment) of property and equipment		1,532	(83)
Reversion of other impairment		160,510	227,135
Impairment of assets, net		**(994,934)**	**(978,755)**
OTHER OPERATING INCOME			
Other operating revenues	(39)	**COP 175,540**	**COP 192,163**
Other operating expenses	(40)	**COP (2,182,409)**	**COP (1,798,070)**
Exchange differences, net	(39)	**1,169,412**	**483,261**
Pretax profits		**COP 1,401,596**	**COP 1,320,272**
Income tax	(31)	(727,704)	(453,250)
Deferred Tax	(31)	259,622	28,220
Current year net income		**COP 933,514**	**COP 895,242**
Earnings per ordinary share (in COP)			
Basic	(34)	65	62

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15.3 Separate Statement of Changes in Equity

(in millions of COP)

		Subscribed and paid-in capital											
		Non-voting preferential dividend shares		Ordinary shares									
For the year ended on December 31 2022 and 2021	Note	Number	Amount	Number	Amount	Reserves	Share issue premium	Current year net income	Retained earnings	Adjustment on first-time adoption of IFRS	Other Comprehensive Income (OCI)	Reserve Article 6 Law 4/80	Total shareholders' equity
BALANCE AT JANUARY 1, 2020		**479,760**	**COP 2,994**	**13,907,929**	**COP 86,785**	**COP 3,408,311**	**COP 651,950**	**COP 469,850**	**COP**	**COP 253,318**	**COP 122,608**	**COP 506**	**COP 4,996,322**
Transfers		-	-	-	-	-	-	(469,850)	469,850	-	-	-	-
Dividends paid in cash on preferred and common shares		-	-	-		-	-	-	(234,807)	-	-	-	(234,807)
Appropriation for legal reserve		-	-	-	-	235,043	-	-	(235,043)	-	-	-	-
Current year net income	(34)	-	-	-	-	-	-	895,242	-	-	-	-	895,242
Updated appraisal of fixed assets		-	-	-	-	-	-	-	-	296	-	-	296
Sale of non-current assets held for sale		-	-	-	-	-	-	-	-	(521)	-	-	(521)
Deferred taxes (net)		-	-	-	-	-	-	-	-	581	-	-	581
Other comprehensive income													
Gain on cash flow hedging	(35)	-	-	-	-	-	-	-	-	-	31,243	-	31,243
Losses on equity method investments	(35)	-	-	-	-	-	-	-	-	-	(1,093)	-	(1,093)
Actuarial gain on defined benefit plans	(35)	-	-	-	-	-	-	-	-	-	15,268	-	15,268
Share in other comprehensive income of non-controlled entities	(35)	-	-	-	-	-	-	-	-	-	33,776	-	33,776
Loss on remeasurement of financial assets available for sale	(35)	-	-	-	-	-	-	-	-	-	(50,549)	-	(50,549)
Deferred taxes, net	(35)	-	-	-	-	-	-	-	-	-	1,544	-	1,544
BALANCES AT December 31, 2021		**479,760**	**COP 2,994**	**13,907,929**	**COP 86,785**	**COP 3,643,354**	**COP 651,950**	**COP 895,242**	**COP**	**COP 253,674**	**COP 152,797**	**COP 506**	**COP 5,687,302**
Transfers		-	-	-	-	-	-	(895,242)	895,242	-	-	-	-
Dividends paid in cash on preferred and common shares		-	-	-	-	-	-	-	(446,019)	-	-	-	(446,019)
Appropriation for legal reserve		-	-	-	-	449,223	-	-	(449,223)	-	-	-	-
Current year net income	(34)	-	-	-	-	-	-	933,514	-	-	-	-	933,514
Updated appraisal of fixed assets		-	-	-	-	-	-	-	-	7,715	-	-	7,715

Deferred taxes (net)		-	-	-	-	-	-	-	-	(4,031)	-	-	(4,031)
Other comprehensive income													
Gain on cash flow hedging	(35)	-	-	-	-	-	-	-	-	-	16,267	-	16,267
Share in other comprehensive income of non-controlled entities	(35)	-	-	-	-	-	-	-	-	-	12,911	-	12,911
Actuarial losses on defined benefit plans	(35)	-	-	-	-	-	-	-	-	-	(2,235)	-	(2,235)
Losses on equity method investments	(35)	-	-	-	-	-	-	-	-	-	(1,620)	-	(1,620)
Loss on remeasurement of financial assets available for sale	(35)	-	-	-	-	-	-	-	-	-	(31,165)	-	(31,165)
Deferred taxes, net	(35)	-	-	-	-	-	-	-	-	-	(5,728)	-	(5,728)
BALANCES AT December 31, 2022		**479,760**	**COP 2,994**	**13,907,929**	**COP 86,785**	**COP 4,092,577**	**COP 651,950**	**COP 933,514**	**COP**	**COP 257,358**	**COP 141,227**	**COP 506**	**COP 6,166,911**

See the notes attached hereto, which are an integral part of the Separate Financial Statements

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BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.

15.4 Separate Statement of Other Comprehensive Income

For the years ended December 31, 2022 and 2021

(in millions of COP)

	Note	For the years ended on December 31, 2022	2021
CURRENT YEAR NET INCOME		**$ 933,514**	**COP 895,242**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss for the period:			
Losses on equity method investments		(1,620)	(1,093)
Actuarial loss (gain) on defined benefit plan investments		(2,235)	15,268
Share in other comprehensive income of non-controlled entities		12,911	33,776
Tax on investments in equity method investments in other comprehensive income		(11,209)	(4,062)
Total items that will not be reclassified to income or loss for the period		**(2,153)**	**43,889**
Items that may subsequently be reclassified to profit or loss for the period:			
Loss on remeasurement of financial assets available for sale		(31,165)	(50,549)
Taxes on assets available-for-sale		11,885	16,024
Gain on cash flow hedging		16,267	31,243
Taxes on cash flow hedges		(6,404)	(10,418)
Total items that may subsequently be reclassified to profit or loss for the period.		**(9,417)**	**(13,700)**
Total Other Comprehensive Income	(35)	**(11,570)**	**30,189**
Total statement of comprehensive income for the period		**COP 921,944**	**COP 925,431**

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BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.

15.5 Separate Statement of Cash Flow

For the years ended December 31, 2022 and 2021

(in millions of COP)

	For the years ended on December 31,	
	2022	**2021**
Balance at the beginning of period	**COP 11,005,116**	**COP 6,229,589**
CASH FLOWS IN OPERATING ACTIVITIES:		
Disbursements and payments received from loan portfolio and leasing customers	(10,302,149)	(4,882,834)
Payments and reception of on-demand deposits	(763,323)	8,041,495
Payments and reception of term deposits	10,540,196	(1,172,355)
Payments and reception of other deposits and on-demand liabilities	1,672,814	988,639
Payments and redemptions received on financial debt and derivative instruments	(684,942)	418,799
Payments to suppliers and employees	(4,375,655)	(4,156,886)
Interest received from loan portfolio and leasing customers and others	5,735,677	4,287,993
Interest paid on deposits and on-demand liabilities	(3,054,781)	(1,297,187)
Income tax paid	(738,582)	(425,142)
Cash advances and loans granted to third parties	(955,041)	(703,293)
Collections on the reimbursement of advances and loans granted to third parties	891,283	625,930
Net cash flows (used in) provided by operating activities	**(2,034,503)**	**1,725,159**
CASH FLOWS IN INVESTMENT ACTIVITIES:		
Payments on investments held to maturity	(474,279,599)	(88,151,732)
Collections on investments held to maturity	471,321,239	90,227,498
Dividends received	47,353	19,068
Acquisition of property and equipment	(36,112)	(50,331)
Sale price of property and equipment	12,258	39,346
Cash inflows from investment activities	251,056	190,030
Net cash flows (used in) provided by investing activities	**(2,683,805)**	**2,273,879**

CASH FLOW IN FINANCING ACTIVITIES:		
Payment of loans and other financial liabilities	(3,350,857)	(4,569,924)
Acquisition of loans and other financial liabilities	5,057,446	4,656,562
Dividends paid to owners	(434,477)	(229,321)
Cash inflows from financing activities	398,227	98,485
Net cash flow provided by (used in) financing activities	**1,670,339**	**(44,198)**
CASH AND CASH EQUIVALENTS:		
Effect of exchange rate fluctuations on cash held in foreign currency	2,316,969	820,687
BALANCES AT THE END OF PERIOD	**COP 10,274,116**	**COP 11,005,116**

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16.
Notes to the Separate Financial Statements

1.
Reporting Entity

Notes to the Separate Financial Statements
BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.
At December 31, 2022 and 2021
(Expressed in millions of COP, except for the exchange rate and net earnings per share)

Banco Bilbao Vizcaya Argentaria Colombia S.A. (BBVA Colombia) (hereinafter, "the Bank" or "BBVA Colombia") is a subsidiary of Banco Bilbao Vizcaya Argentaria S.A., which owns 76% of its shares. The Bank is a private banking institution incorporated in accordance with Colombian laws on April 17, 1956 through Public Instrument No. 1160 granted by Notary Public 3 of Bogotá and with term of duration until December 31, 2099; this term may be extended in accordance with banking laws.

The Financial Superintendence of Colombia (hereinafter, "the Superintendence" or SFC, for the Spanish original) through Resolution No. 3140 of September 24, 1993, renewed the operating permit definitively.

The main activity of the Bank is to provide loans to public and private sector companies and to individuals. It also carries out international banking activities, privatizations, financial projects and other banking activities in general, and provides leasing services.

The following are the most significant statutory reforms:

- Public Instrument 2599/March 12, 1998, of Notary 29 of Bogotá, business name change to Banco Ganadero, preceded by the acronym BBV.
- Public Instrument 2886/October 30, 1998, of Notary 47 of Bogotá, merger with Leasing Ganadero.
- Public Instrument 2730 of April 21, 1999, of Notary 29 of Bogotá, duration until 2099.
- Public Instrument 1821 of August 8, 2000, of Notary 47 of Bogotá, increase in authorized capital to COP 645,000.
- Public Instrument 3054/December 15, 2000, of Notary 47 of Bogotá, merger with Corporación Financiera Ganadera.
- Public Instrument 3120/March 26, 2004, of Notary 29 of Bogotá, business name change to BBVA Colombia S.A.
- Public Instrument 1177/April 28, 2006, of Notary 18 of Bogotá, merger with Banco Granahorrar.
- Public Instrument 6310/December 24, 2009, of Notary 36 of Bogotá, merger by absorption of the company BBVA Leasing S.A., and its registration in the mercantile registry became effective on January 4, 2010.

Law 1328 of July 15, 2009, known as the Financial Reform, allowed bank institutions to offer leasing services, which must be done through a separate company to manage the resources through this economic arrangement. This allows BBVA Colombia to manage leasing transactions from its headquarters and as of January 2010, these transactions were included in the Bank's Statement of Financial Position.

The Bank conducts its activities at its main registered office in the city of Bogotá located at Carrera 9 # 72-21, through its 507 and 511 offices at December 31, 2022 and 2021, respectively, located in different cities of Colombia, distributed as follows:

	2022	2021
Branch offices	360	360
In house	87	85
Service centers	6	7
Agencies	29	31
Remote banking	25	28
Total offices	**507**	**511**

Additionally, it has 37 financial services contracts through Non-Banking Correspondents (NBC), which provide 43,505 and 43,179 points of service at December 31, 2022 and 2021, respectively. It also has investments in the following affiliates:

Affiliates	Share %	Location
BBVA Asset Management S.A. Sociedad Fiduciaria	94.51	Bogotá
BBVA Valores Colombia S.A. Comisionista de Bolsa	94.44	Bogotá

The Bank belongs to Grupo Empresarial BBVA Colombia, registered in the mercantile registry, and it has a national work force that, at the end of December 2022 and 2021, amounted to 5,253 and 5,284 employees, respectively.

2.
Bases for the preparation and presentation of the Separate Financial Statements

2.1. Statement of Compliance

BBVA Colombia in accordance with the current provisions issued by Law 1314/2009, regulated by Decree 2420/2015 amended by Decrees 2496/2015 and 2131/2016, 2170/2017, 2483/2018, Decree 2270/2019, Decree 1432/2020 and Decree 1611/2022, has prepared its Separate Financial Statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (hereinafter NCIF, for the Spanish original), which are based on the International Financial Reporting Standards (hereinafter IFRS), along with their interpretations issued by the International Accounting Standards Board (IASB); the base standards are those officially translated into Spanish and issued by the IASB in the second half of 2018 and the inclusion of the amendment to IFRS 16 COVID-19-related rent concessions in 2020; except for the provisions of the technical regulations issued by the Financial Superintendence of Colombia.

The Bank applies the following accounting criteria that differ from the IFRS issued by the IASB in compliance with the Laws, Decrees and other current standards:

Public Notice No. 36/2014 of the Financial Superintendence of Colombia – Establishes how to apply IFRS 1 First-time Adoption of the International Financial Reporting Standards, and includes the following, among others:

Applicable to entities subject to monitoring or securities issuers subject to control. The accounting treatment of net positive differences generated by applying the NCIF for the first time cannot be distributed to cover losses, to carry out capitalization processes, to distribute profits and/or dividends to be recognized as reserves, and may only be disposed of when effectively done so through third parties other than related parties. The net positive differences will not be included for the effects of calculating technical equity requirements, minimum operating capital and other legal controls applicable to the Entity.

If the first-time adoption of the NCIF results in negative net differences, they must be subtracted from the technical equity. If there is a deficiency in the technical equity, the entity must be attached to the financial statements within the established timeframe, a plan for adjustment for approval. This is necessary if the deficiency cannot be remedied through normal means within two (2) months and significantly impacts the entity's operational capacity.

The provisions on assets received as payment or repossessed, regardless of their accounting classification, must be determined in accordance with the instructions given in Chapter III of the Basic Accounting and Financial Notice.

Decree 2420 of December 14, 2015 - This Sole Regulatory Decree establishes the Accounting, Financial Reporting, and Information Assurance Standards and requires that entities classified as public interest entities, which handle or manage public resources, not apply IFRS 9 - Financial Instruments: Regarding the recognition and measurement of their loan portfolio and impairment, as well as the classification and valuation of investments.

Book 2 of Decree 2420/2015, as amended by Article 3 of Decree 2131/2016 – Whereby it is established that the shares in subsidiaries must be recognized in the accounts of the parent company or controlling company using the equity interest for separate financial statements, in accordance with Article 35 of Law 222/1995 issued by the Congress of the Republic.

Furthermore, this Decree also establishes that the parameters for determining post-employment benefits in accordance with IAS 19 - Employee Benefits should be in accordance with Decree 2783/2001 issued by the Ministry of Finance and Public Credit, as the best approximation to market practices. This decree establishes the actuarial assumptions for calculating future increases of salaries and pensions, establishes the actual technical interest rate applicable and the form of considering the expected increase in income for active and retired personnel.

Decree 2131/2016 issued by the Ministry of Commerce – Whereby the calculation of pension liabilities must be disclosed in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension switching pursuant to Decree 1833/2016, informing the variables used and the differences with the calculation in accordance with IAS 19 - Employee Benefits, which represents a change in the accounting estimate.

Regulatory Notice DODM 139 of May 25, 2018 – Which establishes the calculation of proprietary position, spot proprietary position and gross leverage position for foreign exchange market brokers (See Notes 7 and 14).

The separate financial statements were prepared to comply with the legal provisions to which the Bank is subject as an independent legal entity, certain accounting principles may differ from those applied to the Consolidated Financial Statements, and additionally they do not include the adjustments or eliminations required for the presentation of the Consolidated Financial Position and the Consolidated Comprehensive Income of the Bank and its subsidiaries.

Decree 938/2021 issued by the Ministry of Commerce, Industry and Tourism – Whereby the technical framework of the Financial Reporting Standards for Group 1 of the Sole Regulatory Decree of the Accounting, Financial Reporting and Information Assurance Standards, Decree 2420/2015, is amended and other provisions are issued for: IFRS 17 Insurance Contracts. IFRS 9, IAS 39, IFRS 7 reform of reference interest rates. IAS 1 Classification of liabilities as current and non-current. IFRS 3 reference the conceptual framework, IAS 16 Property, plant and equipment, income before intended use. IAS 37 Onerous contracts – Costs incurred in the performance of a contract. IFRS 1 First-time adoption of international financial reporting standards. IFRS 9 Fees in the '10 percent' test for determining derecognition of financial liabilities.

Decree 1611/2022 issued by the Ministry of Commerce, Industry and Tourism - whereby the technical framework of the Financial Reporting Standards for Group 1 of the Sole Regulatory Decree on Accounting, Financial Reporting and Information Assurance Standards, Decree 2420/2015, is amended, and other provisions are issued", IAS 8 Definition of Accounting Estimates, IAS 1 Disclosure of Accounting Policies, IFRS 16 Rent Reductions related to Covid-19 beyond June 30, 2021, IAS 12 Deferred Taxes with Assets and Liabilities arising from a Single Transaction.

For legal purposes in Colombia, the main financial statements are the Separate Financial Statements.

Approval of the Separate Financial Statements – The Separate Financial Statements for the year ended on December 31, 2022, prepared in accordance with the Accounting and Financial Reporting Standards accepted in **Colombia (NCIF**, for the Spanish original), as applicable to companies of the financial system, have been approved by the Bank's Board of Directors for issuance on February 27, 2023. These Separate Financial Statements will be submitted to approval by the General Meeting of Shareholders to be held within the terms established by Law. The upcoming General Meeting of Shareholders is scheduled for March 27, 2023.

2.2. Measurement Basis

The Financial Statements have been prepared based on historical cost, except for certain properties and financial instruments that are measured at fair value as of each reporting date, such as:

- Investments measured at fair value through profit or loss or through OCI.
- Derivative financial instruments measured at fair value.
- Financial investment assets available for sale measured at fair value.
- Employee benefits related to pension obligations and other long-term obligations through actuarial discounting techniques.
- Non-current assets held for sale measured at fair value less cost of sale.

The Bank has applied the significant accounting policies, judgments, estimations and assumptions described in Note 3.

2.3. Functional and Reporting Currency

The Bank has established, by statute, that it will conduct an annual year-end close of its accounts on December 31st and prepare and distribute general purpose financial statements. These statements will be presented in Colombian pesos as the reporting and presentation currency for all purposes. The amounts reflected in the financial statements and their disclosures are presented in the functional currency of BBVA Colombia, which is the Colombian peso (COP), considering the economic environment where the Bank carries out its operations and the currency in which the main cash flows are generated.

Materiality

The Bank, in preparing and presenting its financial statements, has considered the materiality of the amounts in relation to key indicators when determining their relevance, based on the specific item being reported. There is no mandatory accounting principle or measurement criterion that would have a significant effect on the annual accounts that has not been applied in preparing them.

2.4. Judgments and Estimates

The Bank's Management is responsible for the information contained in these financial statements. In preparing the financial statements, judgments, estimates and assumptions have been used to quantify the carrying amounts of certain assets and liabilities, which apparently do not arise from other sources, based on historical experience and other relevant factors. The final results may vary from said estimates.

These estimates are continually reviewed. Changes in the accounting estimates are recognized prospectively, recognizing the effects of the changes in the corresponding accounts of the Separate Statement of Income for the fiscal year, as applicable, starting from the fiscal year in which such revisions are made.

3.
Main Accounting Policies for the Preparation and Presentation of the Separate Financial Statements

The significant accounting policies used by the Bank to prepare and present its Separate Financial Statements are detailed below. These policies have been uniformly applied in all the periods presented.

3.1. Cash and cash equivalents

The entity classifies cash, immediately available deposits in Banks (including the Central Bank), exchange checks and remittances in transit as cash, regarding which the following criteria were validated:

- They must meet the definition of assets.
- It is probable that any economic benefit associated with the item will be received by the entity.
- The amount can be reliably measured.

The Bank classifies investments of money market transactions (interbank funds, swap transactions and overnight investments) as cash equivalents, validating the following criteria:

- They are short-term highly liquid investments (less than 90 days).
- They are easily convertible into determined amounts of cash.
- They are subject to insignificant risk of changes in value.

At December 31, 2022 and 2021, all the positions held as money market transactions met the conditions to be classified as cash equivalents.

3.2. Money market and related operations

Swaps, simultaneous transactions, temporary security transfers, interbank funds and on-demand deposits are recognized at the amount of the transaction and measured at present value over the term of the transaction, using the reference short-term interest rate "IBR" (market indicator developed by the private sector, backed by the Central Bank of Colombia and other entities, in order to reflect the liquidity of the Colombian money market), which reflects the price at which banks are willing to offer or collect funds on the money market.

The agreed returns are calculated exponentially during the term of the transaction and recognized in profit or loss in accordance with the accrual accounting principle.

3.3. Transactions in Foreign Currency

Transactions in foreign currency are translated into Colombian pesos using the spot market exchange rate as of the date of the transaction.

At the end of each reporting period, the following guidelines are followed:

a. Monetary assets and liabilities denominated in foreign currency are translated using the accounting exchange rate at the reporting date.

b. Non-monetary assets and liabilities denominated in foreign currency that are not measured at fair value are translated using the exchange rate at the transaction date.

c. Non-monetary assets and liabilities valued at fair value are translated using the exchange rate at the date on which fair value was determined.

Any resulting negative or positive exchange difference is recognized under the exchange difference line item in the Separate Statement of Income. The exchange rate used for adjusting resulting balances in US Dollars as of December 31, 2022 and 2021 was COP 4,810.20 and COP 3,981.16 per USD 1, respectively.

3.4. Financial investment assets, derivative financial instruments and cash transactions

Financial instruments are classified as assets, liabilities or equity, based on the substance of the contractual agreement that gave rise thereto. Interest, dividends, gains and losses generated by a financial instrument classified as an asset or liability are recognized as income or expenses in the Separate Statement of Income.

Classification of financial instruments – The Bank recognizes its financial instruments as of the trading date in its Separate Financial Statements in accordance with regulations of the Financial Superintendence of Colombia (SFC), and classifies them as: i) Loans and accounts receivable, ii) Tradeable investments, iii) Investments available for sale, iv) Investments held to maturity, v) Liabilities at amortized cost and vi) Assets at fair value.

Effective Interest Rate Method – The effective interest rate method is a method used to calculate the amortized cost of a financial instrument and to allocate financial income throughout the relevant period. The effective interest rate is the discount rate that exactly matches estimated receivable or payable cash flows (including fees, basic interest points paid or received, transaction costs and other premiums or discounts included when calculating the effective interest rate) over the expected life of the financial instrument or, when applicable, over a shorter period, to the net carrying amount at the time of initial recognition.

Interest income is recognized based on the effective interest rate for debt instruments other than financial assets classified as at fair value through profit or loss.

Financial assets at fair value through profit or loss – Assets are measured at fair value and the amount of any change in value is recognized as income or expense, depending on its nature. However, variations arising from exchange rate differences are recorded in the "exchange differences, net" line item of the statement of income.

Impairment of financial assets – The Bank evaluates whether there is any objective evidence that a financial asset measured at amortized cost has been impaired.

For the loan portfolio and investments in the Separate Financial Statements, the Bank follows the instructions of the Financial Superintendence included in the Basic Accounting and Financial Notice 100 100, Chapters I-1 and II.

If, in later periods, the amount of the loss from impairment in value decreases, this decrease could be objectively related to an event after the impairment was recognized, the loss recognized previously will be reversed from the allowance account and the amount of the reversal will be recognized in the statement of income for the period.

When the possibility of recovery of any recognized amount is considered to be remote, such amount shall be written off from the Statement of Financial Position, notwithstanding any actions that may be taken to collect the amount, until the rights thereto have definitively expired, whether by legal provision, forgiveness or other causes.

In the case of particularly significant financial assets, as well as assets that are not subject to classification within the homogeneous groups of instruments in terms of risk, the evaluation of the amounts to write off is determined individually, even though there is a possibility of collectively measuring the financial assets of minor value subject to being classified in homogeneous groups.

Derecognition of financial instruments from the Statement of Financial Position – The financial assets are derecognized from the accounts only in the following cases:

- The contractual rights to the cash flows generated by these assets have expired.
- The assets are transferred pursuant to IFRS 9, once the transfer, Risk and benefit, and control tests have been applied.

Financial liabilities are only derecognized from the Statement of Financial Position accounts when the Bank's obligations have been extinguished. In the cases where the derecognition of assets refers to recognition criteria within the Conceptual Framework, they will be written off only following authorization by the Board of Directors and/or in accordance with the levels of authorization established in the Internal Standardization Process (PNI, for its Spanish original).

Asset write-offs applied based on forgiveness shall be made following the due approval process stipulated in the Internal Rules and Procedures (PNI).

Financial investment assets

Investments are classified, valued and recognized according to the provisions of Chapter I-1 of the Basic Accounting and Financial Notice, which compiles in a single document the applicable rules and instructions issued by the Financial Superintendence of Colombia. Includes investments acquired by Banco Financiera de Colombia in order to maintain a secondary liquidity reserve and comply with legal or regulatory provisions, with the purpose of maximizing the risk-return ratio of the portfolios and/or assets under management and taking advantage of opportunities arising in the markets in which the Bank operates.

The Bank measures most of its investments using information provided by its price vendor. Said vendor provides inputs for the valuation of investments (prices, rates, curves, margins, etc.) and uses approved valuation methodologies pursuant to Decree 2555/2010, as well as the instructions set out in the Basic Legal Public Notice of the Financial Superintendence.

Classification of the investments – The investments must be classified according to the business model defined by the Bank. For these effects, the business model is the strategic decision adopted by the Board of Directors, or its equivalent, on the manner and the activities through which it will develop its corporate purpose.

Investments may be classified as marketable investments, held-to-maturity investments, and available-for-sale securities. The valuation, recognition, and measurement of these investments will vary based on their classification and may be recorded at fair value with changes in profit or loss, amortized cost, or fair value with changes in other comprehensive income, respectively.

Adoption of the classification of investments – The decision to classify an investment in any of the three (3) categories specified in sections 3.1, 3.2 and 3.3 of Chapter I-1 of the Basic Accounting and Financial Notice must be adopted by the entity at the time the investment is acquired or purchased.

Reclassification of investments – For an investment to be maintained in any of the aforementioned classification categories, it must meet all the characteristics or conditions for that class of investments.

Investments are reclassified in accordance with the provisions of Section 4.1 for the reclassification of investments held to maturity to tradeable investments; of Section 4.2 for the reclassification of investments available for sale to tradeable investments or to investments held to maturity, and according to the instructions given in Section 4.3 of Chapter I-1 of the Basic Accounting and Financial Notice.

Frequency of measurement and recognition thereof – The investments in debt securities must be measured on a daily basis, unless other provisions indicate a different frequency. Likewise, the accounting records necessary for the recognition of the measurement of the investment must be made with the same frequency as the valuation. The valuation of equity instruments and their corresponding entries are carried out on a monthly basis.

Characteristics of the tradeable investments – They are investments held in a portfolio for managing fixed-income and variable-income investments, other than shares, with the main purpose of earning profits from short-term fluctuations in the market value of different instruments and in activities involving securities trading. Involves active buying and selling.

Characteristics of the investments available for – Securities and in general any type of investment that is not classified as a tradeable investment or as an investment held to maturity.

In accordance with the business model, this portfolio includes fixed income investments that are managed with the main objective of obtaining the contractual cash flows and of selling when the circumstances require to do so, to maintain an optimal combination of profitability, liquidity and coverage that provides a relevant support for profitability to the Bank's Statement of Financial Position.

Measurement of tradeable and held for sale investments – Debt securities classified as for trading or as available-for-sale investments are measured based on a price supplied by a price vendor designated as official provider for the corresponding segment, according to the instructions of the Basic Legal Public Notice, taking into consideration the following instructions:

a) Tradeable investments and investments available for sale represented in securities or debt securities must be measured based on the price determined by the price vendor using the following formula:

$$FV=NV*DP$$

Where:

FV: Fair Value

NV: Nominal Value

DP: Dirty Price determined by the valuation price vendor.

b) For exceptional cases where a fair value price determined according to item a) of this section does not exist on a given measurement date, the valuation must be made exponentially based on the Internal Rate of Return. The fair value of the respective investment must be estimated or approximated by calculating the sum of the present value of future flows corresponding to returns and capital.

Measurement of tradeable investments: These investments are recognized in the respective accounts of "Investments at Fair Value Through Profit or Loss" of the Exclusive Financial Reporting Catalog for Monitoring Purposes. The difference between the current fair value and the previous measurement must be recognized as a greater or lower value of the investment through profit or loss of the period. This procedure is carried out daily.

Recognition of investments available for sale – debt securities: These investments are recognized in the respective accounts of "Investments at Fair Value Through Other Comprehensive Income (OCI)" of the Exclusive Financial Reporting Catalog for Monitoring Purposes.

The difference between the present value on the date of measurement and the previous measurement (calculated based on the Internal Rate of Return estimated at the time it was acquired, on the basis of a 365-day year), is recognized as a greater value of the investment through profit or loss. The difference between the fair value and the present value calculated as described in the previous paragraph is recognized in the respective account of "Unrealized Gains or Losses (OCI)." This procedure is carried out daily.

Characteristics of investments classified as held to maturity – These are securities for which the Bank has the intent and the legal, contractual, financial and operating capacity of holding until the date of their maturity or redemption, considering that the structure of financial instruments eligible for this portfolio only results in payments of principal and interest.

Measurement of investments held to – Securities classified as held-to-maturity investments are valued exponentially based on the internal rate of return calculated at the time of purchase, using a 365-day year.

This procedure is carried out daily.

Recognition of investments held to maturity – These investments are recognized in the respective accounts of "Investments at Amortized Cost", of the Exclusive Financial Reporting Catalog for Monitoring Purposes. The difference between the current fair value and the previous measurement of the respective security must be recognized as a greater or lower value of the investment through profit or loss of the period.

Enforceable yields pending to be collected are recorded as a greater value of the investment. Consequently, the collection of those returns is recognized as a lower value of the investment. This procedure is carried out daily.

Measurement of equity securities not listed on securities exchanges – They are measured at the price determined by the price vendor designated as official for the corresponding segment. In the event the price vendor does not have a valuation methodology in place for such investments, the entities must increase or reduce the acquisition cost in proportion to the share of interest of subsequent changes in the equity of the respective issuer, calculated on the basis of the certified expenses at June 30 and December 31 each year. However, if more recent certified financial statements are available, these must be used. The respective update must be made within three (3) months from the cut-off date of the financial statements, at the latest.

Impairment (allowances) or losses from the issuer's risk rating – The price of debt securities, and of equity securities through profit or loss, must be updated as of each measurement date based on:

- The rating of the issuer and/or of the security, if such rating is available.
- Objective evidence that an impairment loss has been or could be incurred on these assets. These criteria apply even for recognizing impairment in an amount that is greater than the amount calculated by simply using the rating of the issuer and/or the security, if required based on evidence.

The impairment loss amount must always be recognized in profit or loss for the period, regardless of whether the specific investment has any amount recognized under Other Comprehensive Income (OCI).

Internal or external public debt securities issued or endorsed by the Nation, securities issued by the Central Bank and those issued or guaranteed by the Financial Institutions Guarantee Fund ("Fondo de Garantías de Instituciones Financieras – FOGAFIN") will not be subject to the provisions of the previous paragraph.

Any impairment on investments in subsidiaries, affiliates, associates or joint ventures is measured and recognized in accordance with the provisions of IAS 36 Impairment of Assets, which is included in the Technical Regulatory Framework in the Annex to Decree 2420/2015, or any provisions that amend or replace it.

Securities of issues or issuers with external credit ratings – Securities of issues or issuers with one or more ratings granted by external ratings agencies recognized by the SFC, or debt securities issued by entities that have been rated by the same agencies, may not be recognized in an amount exceeding the following percentages of their nominal value net of the amortization made up to the measurement date:

Long-term Rating	Maximum Value %	Short-term Rating	Maximum Value %
BB+, BB, BB-	Ninety (90)	3	Ninety (90)
B+, B, B-	Seventy (70)	4	Fifty (50)
CCC	Fifty (50)	5 and 6	Zero (0)
DD, EE	Zero (0)		

Non-rated securities or issuers – The Bank uses the following criteria to determine the allowances, pursuant to Chapter I-1 of the Basic Accounting and Financial Notice (Public Notice 100/1995 of the SFC):

Category/Risk	Characteristics	Provisions
A- Normal	They are in compliance with the security's agreed terms and have adequate capacity to pay principal and interest.	Not applicable.
B- Acceptable	They are issues that display uncertainty factors that might affect the capacity to continue to adequately service the debt. Likewise, the financial statements and other information available on the issuer display weaknesses that may affect its financial position.	In the case of debt securities, the value at which they are recognized must not be greater than eighty percent (80%) of the nominal value net of amortizations made up to the measurement date. In the case of equity securities, the value net of credit risk allowances (cost less allowance) at which they are recognized must not the greater than eighty percent (80%) of the acquisition cost.
C- Substantial	They are issues that display a high or medium probability of failing to make timely payments of principal and interest. In addition, their financial statements and other available information show deficiencies in their financial position that compromise the recovery of the investment.	In the case of debt securities, the value at which they are recognized must not be greater than sixty percent (60%) of the nominal value net of amortizations made up to the measurement date. In the case of equity securities, the value net of credit risk allowances (cost less allowance) at which they are recognized must not the greater than sixty percent (60%) of the acquisition cost.
D - Significant	They are issues that are in default of the agreed terms of the security, as well as their financial statements and other information available indicate substantial deficiencies in its financial position.	In the case of debt securities, the value at which they are recognized must not the greater than forty percent (40%) of the nominal value net of amortizations made up to the measurement date. In the case of equity securities, the value net of credit risk allowances (cost less allowance) at which they are recognized must not the greater than forty percent (40%) of the acquisition cost.
E - Uncollectible	Investments that, based on the issuer's financial statements and other available information, are deemed unlikely to be collectible.	An allowance is made for the full amount of these investments.

External classifications which are referred to for this type of valuation must be made by a security rating company duly authorized by the Superintendence, or by an internationally recognized security rating agency, when referring to securities issued by foreign entities and placed abroad.

Investments provided as collateral – These are investments in debt securities that are provided as collateral to guarantee fulfillment of the transactions accepted by a counterparty clearing house for offsetting and settlement.

These securities are measured daily and recognized in the Statement of Financial Position and the Separate Statement of Income following the methodology and procedure that applies to the category in which they were included before being provided as collateral.

3.5. Investments in subsidiaries and joint arrangements

investments in subsidiaries are those in which the Bank has direct or indirect control, that is, when it has all of the following elements:

- Power over the entity, i.e., rights that grant it the capacity to direct the relevant activities that significantly affect the subsidiary's profits.
- Exposure to, or entitlement to, variable returns originating from its interest in the subsidiary.
- The ability to use its power over the subsidiary to influence the amount of the Bank's returns.

A joint arrangement is that in which two or more parties have joint control over the arrangement, i.e., when decisions regarding relevant activities require the unanimous consent of the parties that share control. Joint arrangements, in turn, are divided into joint operations, in which the parties have joint control and have rights to the assets and obligations regarding related liabilities and joint ventures, in which the parties that have control are entitled to the net assets and liabilities.

Measurement of investments in subsidiaries, affiliates, associates and joint ventures – According to Article 35 of Law 222/1995, investments in subsidiaries must be measured in the accounts of the separate financial statements of the parent or controlling company using the equity method. Whenever the Code of Commerce or other legal provisions do not provide for the accounting treatment of investments in subsidiaries, affiliates, associates, and interests in joint ventures, they must comply with the provisions of IAS 27 Separate Financial Statements, IAS 28 Investments in Associates and Joint Ventures and IAS 11 Construction Contracts, among others, as applicable.

3.6. Derivative financial instruments

Derivatives are initially recognized at fair value on the date that the derivative contract is signed, and subsequent changes are adjusted through debits or credits in the Statement of Income, as applicable. The resulting profit or loss is recognized in the Separate Statement of Income immediately, unless the derivative is designated as an effective hedging instrument, in which case the timing of recognition in profits or losses will depend on the nature of the hedging relationship and on its effectiveness.

Financial derivative contracts are reported as assets when their fair value is positive, and as liabilities when it is negative.

For valuation purposes, for presentation in the Financial Statements, and for disclosure and reporting information to the Financial Superintendence of Colombia, on a daily basis, the Bank must include the credit risk adjustment of the respective counterparty, or CVA ("'Credit Valuation Adjustment"), or the own credit risk adjustment or DVA ("'Debit Valuation Adjustment") in the fair value calculation ("risk free") of transactions involving OTC derivative financial instruments or any unstandardized derivatives that are held in its portfolios.

CVA and DVA adjustments do not apply when a counterparty clearing house is involved as a counterparty for monitored entities in transactions with derivatives.

The methodologies used to measure a CVA and DVA adjustment for transactions with OTC derivatives or unstandardized derivatives should at least consider the following seven (7) criteria:

- Deadline for fulfillment and settlement of the transaction;
- Financial strength: of the counterparty for the CVA, as well as the DVA itself;
- Netting or offsetting agreements with counterparties for transactions with derivative financial instruments. In this case, a CVA and DVA adjustment should be calculated for the entire portfolio of transactions with derivatives that are open with the respective counterparty and not individually by transaction;
- Collateral associated with the transaction;
- Risk rating, if any, granted by at least one internationally-recognized or authorized credit rating agency in Colombia, as applicable;
- Exogenous circumstances or events that may affect payment capacity and fulfillment of obligations: of the counterparty for the CVA and of the DVA itself; and
- Any others that the Bank deems relevant.

3.7. Implicit Derivatives

Implicit derivatives in main contracts are treated as separate derivatives when they meet the definition of a derivative and when their risks and characteristics are not closely related to said main contracts and the contracts are not measured at fair value through profit or loss.

At December 31, 2022 and 2021, the Bank did not hold any implicit derivatives balances.

3.8. Hedge Accounting

A derivative intended to achieve the financial hedging of a certain risk is treated as hedge accounting if, when trading, the changes in its fair value or cash flows are expected to be highly effective in offsetting changes in the fair value or cash flows of the hedged item, directly attributable to the hedged risk from the start, which should be documented in the trading of the derivative and during the hedging period. The Bank continues to apply IAS 39 Financial Instruments for hedge accounting.

The Bank designates certain hedging instruments, which may include implicit derivatives (if any), and non-derivatives with respect to foreign currency risk, as fair value hedging, cash flow hedging or net investment hedging of a business abroad. Foreign currency risk hedging of a firm commitment may be recorded as cash flow hedging.

At the start of the hedging, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking several hedging transactions. At the start of the hedge and on a continuous basis, said documentation includes the manner in which the entity measures the effectiveness of the hedging instrument to offset exposure to changes in the fair value of the hedged item or to changes in cash flow attributable to the hedged risk.

Note 14 includes details on the fair value of derivatives used for hedging purposes.

Fair value hedging – Changes in the fair value of derivatives that are designated and rated as fair value hedges are recognized from the time that the effective hedge is designated through profit or loss, along with any other change in the fair value of the hedged asset or liability attributed to the hedged risk. Variations in the fair value of a hedged risk of the hedged item are recognized in the Separate Statement of Financial Position in the item related to the hedged item.

Hedge accounting is suspended when the Bank revokes the hedging relationship, the hedging instrument matures, or is sold, terminated or completed, or it no longer meets the criteria for hedge accounting.

Cash flow hedging – The portion of changes in the fair value of derivatives determined as an effective cash flow hedge will be recognized in other comprehensive income and accumulated under the item "cash flow hedging reserve." The ineffective portion will be immediately recognized through profit or loss for the period, under the line item “Other Operating Profits and Losses”.

- The amounts previously recognized as Other Comprehensive Income and accumulated in equity are reclassified to the income statement in the periods when the hedge item affects income, under the same line item as the recognized hedged item. However, if hedging a planned transaction later results in recognizing a non-financial asset or non-financial liability, the profits or losses previously recognized in other comprehensive income and accumulated in equity are transferred and included in the initial measurement of the cost of the non-financial asset or liability.
- Hedge accounting will be suspended when the Bank revokes the hedging relationship, the hedging instrument expires, or is sold, resolved or completed, or it no longer meets the criteria for hedge accounting. The profit or loss that has been recognized as other comprehensive income and accumulated as equity will continue as equity and be recognized when the planned transaction is recognized in the statement of income. When the planned transaction is no longer expected to occur, any profit or loss accumulated in equity is recognized immediately as profit or loss.

3.9. Loan portfolio and finance lease transactions and Interest on loan portfolio and other items

The criteria for recognition, classification and impairment of the loan portfolio in the Separate Financial Statements are those currently set out in Chapter II of the Basic Accounting and Financial Notice (Public Notice 100/1995) of the Financial Superintendence of Colombia, in accordance with Decree 1851/2013 (amended by Decree 2267/2014).

Loans are recognized at the disbursed amount, except for acquired loans and/or factoring transactions, which are recognized at cost, and are classified as commercial, consumer, mortgage or microcredit loans. The financial income from assets under financial leases are measured considering a constant rate of return over the net financial investment.

Mortgage portfolio - It records, regardless of the amount, the credits granted to natural persons (individuals) for the acquisition of new or used housing, or for the construction of individual housing, with the following characteristics:

- They are denominated in Real Value Units (UVR, for the Spanish original) or local currency. The UVR is used to update long-term loans. This unit allows the value of the loans to be adjusted over time according to the country's cost of living (Consumer Price Index - CPI). The RVU value is currently calculated by the Central Bank of Colombia for every day of the year.
- They are covered by a first degree mortgage on the financed property.
- The amortization term must be between a minimum of five (5) years and a maximum of thirty (30) years.
- It must have a remunerative interest rate, which shall be fixed during the entire term of the credit, unless a reduction thereof is agreed and must be stated only in terms of annual effective rate.
- The loan amount shall be for up to eighty percent (80%) of the value of the property in the case of loans to finance social interest housing (VIS, for the Spanish original) and up to seventy percent (70%) for all other loans. In the case of residential leasing of Non-LIH Housing (Non-low Income Housing), the financing shall be up to eighty five percent (85%).

Early repayment can be made on all or part of the loan at any time without any penalty. In the case of partial prepayments, the debtor has the option of choosing whether the amount paid will be used to reduce the amount of the installment or the term of the loan.

Consumer loan portfolio - It recognizes all credits granted to individuals whose purpose is to finance the acquisition of consumer goods or the payment of services for non-commercial or non-business purposes, regardless of their amount and other than loans classified as micro-credits (see credit risk rating model of reference in Note 9).

Micro-credit portfolio - It recognizes the loans granted to micro-enterprises whose workforce does not exceed ten (10) workers and whose total assets are less than COP 501, and the maximum amount of the loan is 25 legal minimum monthly wages (SMMLV, for the Spanish original). The balance of the debtor's loans may not exceed 120 SMMLV, excluding mortgage loans to finance housing.

Commercial loan portfolio - Loans granted to individuals or legal entities to carry out organized economic activities, other than those granted under the micro-credit modality.

As from July 1, 2007 and from July 1, 2008 the commercial and consumer portfolio loans, respectively, are rated and provisioned on a monthly basis using the reference models defined by the Financial Superintendence of Colombia (SFC). Likewise, procyclical and countercyclical allowances are calculated in accordance with applicable regulations (as of April 2010, Annexes 3 and 5 of Chapter II of the Basic Accounting and Financial Notice of the SFC).

Pursuant to Chapter II of the Basic Accounting and Financial Notice (Public Notice 100/1995) of the Financial Superintendence of Colombia, the Bank has been conducting two evaluations of its commercial loan portfolio, during the months of May and November, as well as a monthly update of new ordinary loans and restructured loans. The update of the ratings is recorded during the months of June and December and provisions are recorded based on them. According to the regulations, loans are classified by risk levels: (A- Normal, B- Acceptable, C-Appreciable, D- Significant, and E- Uncollectible). Portfolio assessment seeks to identify subjective risk factors, determining the short- and medium-term payment capacity; in this fashion, it allows anticipating to the possible losses through the adjustment in the rating.

As from the second semester of 2010, the loan portfolio assessment is performed semiannually in an entirely automated fashion, through statistical processes that infer customer information such as minimum probable income, adding debt servicing behavior and sector performance, among other factors, with the purpose of determining the most relevant risk factors. It is a proactive process aimed at achieving prudent and effective risk measurement.

Prior to the process of determining the allowances and ratings for each debtor, an internal alignment is performed that consists in assigning the highest risk category to all loans of the same modality granted to the debtor (see credit risk rating model of reference).

The assessments and estimates of the likelihood of loan impairment and of expected losses are made by weighting objective and subjective criteria, taking into account the following aspects:

Credit risk rating - The Bank constantly assesses the risk incorporated in its credit assets, both at the time the loans are granted and over their lifetime, including any restructuring. To this effect, it has designed and adopted a Credit Risk Management System (SARC, for the Spanish original) that consists of credit risk management policies and procedures, the models of reference for estimating expected losses, the system of allowances to cover credit risk and internal control processes.

The following criteria are applied as sufficient objective conditions to classify and rate the loans in risk categories:

Category	Granting	Commercial Loan Portfolio	Consumer Loan Portfolio
"AA"	Loans with an assigned rating of "AA" at the time they were granted.	Loans whose rating obtained using the rating methodology of the MRC model defined by the regulations is equal to "AA".	Loans whose rating obtained using the rating methodology of the model of reference for Consumer Loans (MRCO, for the Spanish original) defined by the regulations is equal to "AA".
"A"	New loans with an assigned rating of "A" at the time they were granted are classified in this category.	Loans whose rating obtained using the rating methodology of the MRC model defined by the regulations is equal to "A".	Loans whose rating obtained using the rating methodology of the MRCO model (model of reference for Consumer Loans) defined by the regulations is equal to "A".
"BB"	New loans with an assigned rating of "BB" at the time they were granted are classified in this category.	Loans whose rating obtained using the rating methodology of the MRC model defined by the regulations is equal to "BB".	Loans whose rating obtained using the rating methodology of the MRCO model (model of reference for Consumer Loans) defined by the regulations is equal to "BB".
"B"	New loans with an assigned rating of "B" at the time they were granted are classified in this category.	Loans whose rating obtained using the rating methodology of the MRC model defined by the regulations is equal to "B".	Loans whose rating obtained using the rating methodology of the MRCO model (model of reference for Consumer Loans) defined by the regulations is equal to "B".
"CC"	New loans with an assigned rating of "CC" at the time they were granted are classified in this category.	Loans whose rating obtained using the rating methodology of the MRC model defined by the regulations is equal to "CC".	Loans whose rating obtained using the rating methodology of the MRCO model (model of reference for Consumer Loans) defined by the regulations is equal to "CC".
"Default"		Previously granted loans that are 150 or more days past due or that having been restructured are 60 or more days past due.	Consumer loans that are 90 or more days past due or that having been restructured are 60 or more days past due.

The following table is used to standardize the credit ratings of the commercial and consumer loan portfolios for the effects of indebtedness reports and financial statements:

Risk	Aggregation of Reported Categories	
	Commercial	Consumer
"A"	AA	AA
		"A" currently between 0-30 days past due
"B"	A	"A" currently more than 30 days past due
	BB	BB
"C"	B	B
	CC	CC
	C	C
"D"	D	D
"E"	E	E

As from July 1, 2007 and from July 1, 2008 the commercial and consumer portfolio loans, respectively, are rated and provisioned on a monthly basis using the reference models defined by the Financial Superintendence of Colombia (SFC).

The classification and rating of mortgage and micro-credit loans is based on the time past due, as indicated below:

Risk	Micro-credit	Mortgage
	(Months past due)	(Months past due)
"A" Normal	Current and up to 1	Up to 2
"B" Acceptable	From 1 to 2	From 2 to 5
"C" Substantial	From 2 to 3	From 5 to 12
"D" Significant	From 3 to 4	From 12 to 18
"E" Uncollectible	More than 4. Additionally, this category includes restructured obligations that are 60 or more days past due for the micro-credit modality.	More than 18, or when having been restructured is 90 or more days past due.

Classification and rating of commercial loans: The following are the minimum conditions for the risk classification of commercial loans according to the model of reference (MRC):

Risk (days past due)	Commercial
"AA"	Current & up to 29
"A"	From 30 to 59
"BB"	From 60 to 89
"B"	From 90 to 119
"CC"	From 120 to 149
"D & E" Default	More than 149

Credit ratings of territorial entities – In addition to the foregoing, the Bank reviews and verifies compliance with the different conditions established by Law 358/1997.

Loans to customers that are admitted to proceedings under Law 550/December 1999 issued by the Ministry of Finance, maintain the rating they had before the restructuring agreement, keep the allowances that were previously recognized, and the accrual of interest is suspended.

Classification and rating of consumer loans: – Consumer loans are rated according to the MRCO – Model established by the Financial Superintendence of Colombia, which considers segments of products (automobiles, credit cards, and others) and credit establishments (banks and financing companies).Additionally, behavioral variables are taken into consideration, such as: time past due at the cut-off date, payment behavior in the last 36 months, payment behavior in the last three quarters, other active loans in segments other than the segment being assessed, liens, mortgages and prepayment of credit cards. Based on the above variables, a value (z) is assigned to each customer, depending on the segment, which replaces the value in the following equation that determines the calculated score.

The table for determining the rating according to the score obtained is:

Score = 1/1+e-z

Rating	Score up to		
	General – Automobiles	General – Others	Credit Card
AA	0.2484	0.3767	0.3735
A	0.6842	0.8205	0.6703
BB	0.81507	0.89	0.9382
B	0.94941	0.9971	0.9902
CC	1	1	1
D-E	More than 90 days past due, customers with written-off loans, or restructured loans 60 or more days past due.		

Subsequently, it may change its rating to lower risk categories, as long as the conditions established by the Superintendence of Finance of Colombia are met.

Impairment (allowance) for loans and accounts receivable – To cover credit risks, the Bank has established an allowances system, in which the models of reference for the commercial loan portfolio (MRC) and the consumer loan portfolio (MRCO) are applied to the outstanding loan balance.

In the case of the mortgage and micro-credit loan modalities, the allowance is determined based on the customer's past-due status.

Mortgage – In accordance with Annex 1 of Chapter II of the Basic Accounting and Financial Notice (Public Notice 100/1995 of the SFC), an allowance is recognized on the principal balance of the loan based on the following assigned credit ratings:

Credit Rating	Percentage of allowance on the Secured Portion	Percentage of allowance on the Unsecured Portion
A	1%	1%
B	3.2%	100%
C	10%	100%
D	20%	100%
E	30%	100%

Furthermore, the loan that has been classified as Category E will be provisioned at 60% for two consecutive years and 100% for three consecutive years, with respect to the guaranteed portion

Micro-credit loans – The lower limit of the allowance on principal for each risk level is as follows, weighting the collateral at 70% for loans up to twelve months past due:

Credit Rating	Minimum allowance Percentage Net of Collateral	Minimum allowance Percentage
A	0%	1%
B	1%	2.2%
C	20%	0%
D	50%	0%
E	100%	0%

Guarantees (Collateral) – For provision calculation purposes the collaterals are weighted using the following percentages according to the delinquency of credits:

Mortgage Collateral or Mortgage Collateral Trusts		Non-mortgage Collateral	
Time in arrears (in months)	Percentage	Time in arrears (in months)	Percentage
0-18	70%	0-12	70%
18-24	50%	12-24	50%
24-30	30%	>24	0%
30-36	15%	-	-
> 36	0%	-	-

According to current standards in force, as from January 1, 2002, any pledge collateral that should exist on the debtor's commercial or industrial establishments, the mortgage collateral on immovable assets where it operates the respective establishment and the collateral on immovable assets for destination that are part of the respective establishment, weight are 0% of their value; for that reason, they were reclassified as non-fit collateral.

Commercial loan portfolio (model of reference): The expected credit loss for commercial loans is calculated using the following formula:

Expected loss = (PD) * (exposure of asset) * (LGD)

Where:

PD (probability of default): Probability that within 12 months a debtor will default. It is assigned according to the company's segment and its rating, as follows:

Segment	Size by Assets
Large	More than 15,000 SMMLV
Medium	Between 5,000 and 15,000 SMMLV
Small	Less than 5,000 SMMLV
Individuals	Not applicable

The Bank uses the legal minimum monthly wage (SMMLV) in effect at the date on which the customer's financial statements were updated.

The following are the probabilities of default by segment:

Rating	Matrix A				Matrix B			
	Large Company	Medium Company	Small Company	Individuals	Large Company	Medium Company	Small Company	Individuals
AA	1.53%	1.51%	4.18%	5.27%	2.19%	4.19%	7.52%	8.22%
A	2.24%	2.40%	5.30%	6.39%	3.54%	6.32%	8.64%	9.41%
BB	9.55%	11.65%	18.56%	18.72%	14.13%	18.49%	20.26%	22.36%
B	12.24%	14.64%	22.73%	22.00%	15.22%	21.45%	24.15%	25.81%
CC	19.77%	23.09%	32.50%	32.21%	23.35%	26.70%	33.57%	37.01%
Default	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

LGD (Loss Given Default): This is the economic impairment the Bank would incur in the event the default materializes.

A customer will be considered in default in the following cases:

- Commercial loans that are 150 or more days past due.
- Debtors with reported bad debts with the Bank or the financial system, according to information from credit bureaus.
- Customers that are in bankruptcy proceedings.
- Debtors with restructured loans with the Bank under the same modality.
- Customers with extraordinary credit restructuring (rated C, D or E).

The Loss Given Default (LGD) for debtors rated in the default category increases gradually with the number of days elapsed after having been classified in this category. The LGD by type of collateral of the Commercial Loan is as follows:

Type of Collateral	LGD	Days after default	New LGD	Days since default	New LGD
Non-admissible collateral	55%	270	70%	540	100%
Subordinated loans	75%	270	90%	540	100%
Admissible financial collateral	0-12%	-	-	-	-
Commercial and residential real estate properties	40%	540	70%	1,080	100%
Leased real estate assets	35%	540	70%	1,080	100%
Leased assets other than real estate	45%	360	80%	720	100%
Other collaterals	50%	360	80%	720	100%
Collection fees	45%	360	80%	720	100%
With no collateral	55%	210	80%	420	100%

Asset's exposed value: The outstanding balance for principal, interest and other concepts that the client owes at the moment of estimating expected losses is considered the asset's exposed value.

Consumer loans: The expected loss for consumer receivables credits shall result from the application of the following formula:

Expected loss = (PD) * (Exposure of Asset) * (LGD) *(Term Adjustment)

Where:

Term Adjustment (TA) = [Remaining Term /72]

Remaining Term = corresponds to the number of months remaining compared to the agreed term of the loan at the time the expected loss is calculated. If the agreed term or remaining term is less than 72, TA takes the value of one (1). For the Credit Card and Revolving Credit segments, TA takes the value of (1).

For loans that were originated, disbursed, restructured or acquired before December 1, 2016, TA takes the value of (1).

For loans that were originated, disbursed, restructured or acquired after December 1, 2016, the expected loss is calculated using the adjustment to the remaining term (TA).

The term adjustment was incorporated by Public Notice 047/2016 of the SFC, and any additional allowances generated by the implementation of the term adjustment must be fully recognized by February 28, 2017, at the latest.

PD (Probability of Default): Probability that over a 12-month period the debtors of a certain segment and consumer credit rating will incur in default. The probability of default in 2022 was defined as follows:

Rating	Matrix A			Matrix B		
	General – Automobiles	General – Other	Credit Card	General – Automobiles	General – Other	Credit Card
AA	0.97%	2.10%	1.58%	2.75%	3.88%	3.36%
A	3.12%	3.88%	5.35%	4.91%	5.67%	7.13%
BB	7.48%	12.68%	9.53%	16.53%	21.72%	18.57%
B	15.76%	14.16%	14.17%	24.80%	23.20%	23.21%
CC	31.01%	22.57%	17.06%	44.84%	36.40%	30.89%
Default	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

In addition to compliance with Public Notice 043/2011 issued by the Financial Superintendence of Colombia, and taking into account the principle of prudence, the Bank uses the following LGD percentages for each range of days past due, for unsecured consumer loans:

- For transactions up to 119 days past due, a 75% LGD is applied.
- For transactions between 120 and 149 days past due, an 85% LGD is applied.
- For transactions between 150 and 179 days past due, an 90% LGD is applied.
- For transactions more than 179 days past due, a 100% LGD is applied.

The LGD by type of collateral for the Consumer portfolio is as follows:

Type of Collateral	LGD	Days after default	New LGD	Days since default	New LGD
Admissible financial collateral	0-12%	0	0%	0	0%
Commercial and residential real estate properties	40%	360	70%	720	100%
Leased real estate assets	35%	360	70%	720	100%
Leased assets other than real estate	45%	270	70%	540	100%
Collection fees	45%	360	80%	720	100%
Other suitable collateral	50%	270	70%	540	100%
Unsuitable collateral Payroll loan collateral	60% 45%	210	70%	420	100%
With no collateral	75%	30	85%	90	100%

Additional allowances of a temporary nature, Public Notice 026/2012: The Superintendence, in exercising its legal powers, considers prudent for the entities to create, on a temporary basis, an additional individual allowance on the consumer loan portfolio, if certain indicators on growth of past due receivables indicated in the same notice have been reached.

The entities required to create the additional individual allowance must calculate the individual procyclical component in the standard manner, as established by Section 1.3.4.1, of Chapter II of the Basic Accounting and Financial Notice, and they shall add to it 0.5% over the principal balance of each consumer loan of the month of reference, multiplied by the corresponding LGD.

The additional allowance of 0.5% on the principal balance of each consumer loan applies whenever the annual balance of Alpha (α) is greater than zero ($\alpha > 0$) for 6 consecutive months.

LGD (Loss Given Default): This is the economic impairment the Bank would incur in the event the default materializes.

A customer will be considered in default in the following cases:

- Consumer loans that are 150 or more days past due.
- Debtors with reported bad debts with the Bank or the financial system, according to information from credit bureaus.
- Customers that are in bankruptcy proceedings.
- Debtors with restructured loans with the Bank under the same modality.
- Customers with extraordinary credit restructuring (rated C, D or E).

The Loss Given Default (LGD) for debtors rated in the default category increases gradually with the number of days elapsed after having been classified in this category. The LGD by type of collateral of the Commercial Loan is as follows:

Type of Collateral	LGD	Days after default	New LGD	Days since default	New LGD
Non-admissible collateral	55%	270	70%	540	100%
Subordinated loans	75%	270	90%	540	100%
Admissible financial collateral	0-12%	-	-	-	-
Commercial and residential real estate properties	40%	540	70%	1,080	100%
Leased real estate assets	35%	540	70%	1,080	100%
Leased assets other than real estate	45%	360	80%	720	100%
Other collaterals	50%	360	80%	720	100%
Collection fees	45%	360	80%	720	100%
With no collateral	55%	210	80%	420	100%

Exposure of asset: It is defined as the outstanding balance of principal, interest and other items owed by the customer at the time the expected loss is estimated.

Individual Allowance: As from April 1, 2010, pursuant to Public Notice 035/2009 issued by the Financial Superintendence of Colombia (SFC), the Bank applied the allowance calculation methodology in a cumulative phase based on the assessment of indicators.

Accordingly, the individual loan allowance under the reference models is established as the sum of two individual components defined as follows:

Individual Procyclical Component (hereinafter CIP, for the Spanish original) - is the portion of the individual loan loss allowance that reflects the credit risk of each debtor, at present.

Individual Countercyclical Component (hereinafter CIC, for the Spanish original) - is the portion of the individual loan portfolio that reflects the possible changes in the debtors' credit risk in times when the impairment of those assets increases. This portion is created with the purpose of reducing the impact on the separate statement of income whenever that situation should appear. The internal or reference models must take into account and calculate this component based on the available information that reflects those changes.

With the purpose of determining the methodology to be applied for calculating these components, the following indicators must be evaluated on a monthly basis:

a) Real quarterly variation (deflated) of individual loan loss allowances B, C, D and E.

b) Quarterly accumulated allowances net of recoveries (loan and leasing portfolio) as a percentage of the quarterly accumulated interest income from portfolio and leasing.

c) Quarterly accumulated allowances net of recoveries of loans and leases portfolio as a percentage of the quarterly accumulated gross adjusted financial margin.

d) Real annual growth rate (deflated) of the gross portfolio.

The methodology for calculating the components of the individual loan loss allowances is determined once the above indicators have been calculated. If during three consecutive months the following conditions are all fulfilled, the calculation methodology to be applied during the following six months shall be the calculation Methodology for the de-cumulative phase. In all other cases, the calculation methodology to be applied in the following month shall be the calculation methodology for the cumulative phase:

$(\Delta \text{Pr ovInd}_{BCDE})_T \geq 9\%$ and $(PNR / IxC)_T \geq 17\%$ and
$[(PNR / MFB_{Adjusted})_T \leq 0\%$ or $(PNR / MFB_{Adjusted})_T \geq 42\%]$ or $\Delta CB\,T < 23\%$

Calculation methodology in cumulative phase - For each portfolio type subject to reference models will be calculated, independently, the individual portfolio allowance defined as the sum of two components (CIP+CIC), hereinafter, understand i as each obligation and t as the time of calculation of the allowances:

Procyclical individual component (CIP): For the entire portfolio, it is the expected loss calculated with Matrix A, i.e., the result obtained after multiplying the debtor's exposure, the Default Probability (hereinafter PI) of Matrix A and the Loss Given Default (hereinafter PDI, for its Spanish initials) associated to the debtor's collateral, as established in the corresponding reference model.

Individual Countercyclical Component (CIC): This is the maximum value between the individual countercyclical component in the previous period (t-1) affected by the exposure and the difference between the expected loss calculated with Matrix B and the expected loss calculated with Matrix A at the time of calculating the allowance (t), according to the following formula:

Where:

$$max\left(CIC_{i,t-1} * \left(\frac{Exp_{i,t}}{Exp_{i,t-1}}; (EP_B - EP_A)i,t\right) with\ 0 \leq \left(\frac{Exp_{i,t}}{Exp_{i,t-1}}\right) \leq 1\right)$$

Expi, t is the exposure of obligation (i) at the time the provision is calculated (t) according to what is established in the different reference models.

When $\left(\frac{Exp_{i,t}}{Exp_{i,t\text{-}t}}\right) > 1$ it is assumed as being one (1)

Methodology of calculation in de-cumulative phase- For each modality of loan portfolio subject to reference models, the individual loan loss allowance is calculated independently, defined as the sum of two components (CIP + CIC), hereinafter i is understood as each obligation and t as the time of calculation of the allowances:

Individual Procyclical Component (CIP): For loan portfolio A, this is the expected loss calculated with Matrix A, i.e., the result obtained from multiplying the debtor's exposure, the PD of Matrix A and the LGD associated to the debtor's collateral, as established in the corresponding model of reference.

For portfolios B, C, D, and E this is the expected loss calculated with Matrix B, i.e., the result obtained after multiplying the exposure of the debtor, the PI of Matrix B and the PDI associated to the debtor's collateral, as established in the corresponding reference model.

Individual Countercyclical Component: It is the difference between the individual countercyclical component in the previous period (t-1), and the highest value between the individual de-accumulation factor (FD) and the individual countercyclical component of the previous period (t-1) affected by the exposure, according to the following formula:

$$CIC_{i,t} = CIC_{i,t\text{-}1} - \max\left\{FD_{i,t}\,;\, CIC_{i,t\text{-}1} * \left(1 - \left(\frac{Exp_{i,t}}{Exp_{i,t\text{-}1}}\right)\right)\right\}$$

The de-accumulation factor is calculated as follows:

$$FD_{i,t} = \left(\frac{CIC_{i,t\text{-}1}}{\sum_{activas(t)} CIC_{i,t\text{-}1}}\right)_m *(\,40\% * PNR_{CIP\text{-}m})$$

- $PNR_{CIP\text{-}m}$: Are the provisions net of recoveries for the month, associated to the procyclical individual component in the respective portfolio modality (m).
- $\Sigma\ CICi_{,t\text{-}1}$ this is the addition over the active obligations at the moment of calculating the provision (t) in the respective modality (m), of the balance of the countercyclical individual component thereof in (t-1).
- $FD_{i,t} \geq 0$, if the amount is negative, it takes the value of zero.
- When $\left(\frac{Exp_{i,t}}{Exp_{i,t\text{-}t}}\right) > 1$ it is assumed as being one (1)

General allowance – As established by current regulations of the Superintendence, the Bank has established a mandatory general allowance equivalent to one percent (1%) of the gross mortgage and micro-credit loan portfolios.

Alignment rules – The Bank applies the following criteria for the alignment of its debtors' ratings:

- Prior to making the allowances and determining the ratings, the Bank carries out a monthly internal alignment process, to which effect all the loans of the same modality granted to each debtor are assigned the highest risk category.
- According to the applicable legal provisions, the Bank is required to consolidate the financial statements, and consequently assigns the same ratings to all loans of the same modality granted to the same debtor.

Loan write-offs – The Bank selects loans that have been 100% provisioned, and on which collection has not been achieved after having executed various collection mechanisms, including judicial methods, in order to request to the Board of Directors the derecognition of those assets by means of a write-off. Once the Board of Directors authorizes the write-off of the selected transactions the corresponding report is submitted to the Financial Superintendence of Colombia in the form designed for that purpose.

Notwithstanding having made the write-off of credit transactions given the impossibility of their collection, the administrators continue with their collection management through formulas that lead to the total recovery of the obligations.

As a general rule, integral punishment is assessed on the customer, labeling all the customer's active operations as in default. Likewise, the best possible ratio regarding missing provisions should be sought so as to minimize the cost effect of the write-off.

Suspension of accrual of interest and other items – With respect to the suspension of return accruals, the regulation establishes that whenever a credit is delinquent in excess of two (2) months for mortgage and consumer loans, in excess of one (1) month for micro-credits, and in excess of three (3) months for commercial loans, it will no longer accrue interest, monetary correction, fees and other revenues.

At the same time when yield accrual is suspended, the entire amount pending to be collected corresponding to those concepts is provisioned.

Collateral – Collateral is an additional security the Bank requests from its customers in order to reduce the inherent risks of the lending business. The collateral is not considered a means of payment. Suitable collateral is assessed in accordance with the instructions of the Financial Superintendence of Colombia.

Loan restructuring – Loan restructuring is defined as any exceptional mechanism instrumented through any legal business whose purpose is to change the conditions that were originally agreed upon, in order to allow the debtor to adequately service the debt in view of the actual or potential impairment of its payment capacity. Additionally, agreements established under Law 550/1999, enacted by the Ministry of Finance, Law 617/2000 enacted by the National Planning Department, and Law 1116/2006 enacted by the Superintendence of Industry and Commerce, or their subsequent amendments and replacements, are recognized as restructurings. This also includes extraordinary restructurings and novations.

According to **Public Notice 026/2017 of the Financial Superintendence**, which is effective as of October 31, 2017, standardizes the policies for the adequate management of credits that present modifications in their conditions due to presenting potential or real deterioration of the payment capacity of their debtors and establishes that the Bank may amend the terms and conditions that were initially agreed upon without this being considered restructuring in the terms of Subsection 1.3.2.3.3.1 of Chapter II of the Basic Accounting and Financial Notice 100/1995, as long as during the latest 6 months the loan has not incurred in past due payments of more than 60 days for micro-credit and consumer loans and more than 90 days for commercial and mortgage loans.

These amendments can be made at the request of the debtor or by initiative of the entity, subject to prior agreement with the debtor. Amendments to loan terms must not become a generalized practice for regularizing the behavior of the loan portfolio. This regulation establishes special criteria for rating of restructured loans at the time they are restructured and subsequently therefrom.

According to Public Notice 016/2019 of the Financial Superintendence, which is effective as of July 2, 2019, the Bank may amend the terms and conditions that were initially agreed upon without this being considered restructuring in the terms of Subsection 1.3.2.3.3.1 of Chapter II of the Basic Accounting and Financial Notice 100/95, as long as during the latest 6 months the loan has not incurred in past due payments of more than 60 days for micro-credit and consumer loans and more than 90 days for commercial and mortgage loans. These amendments can be made at the request of the debtor or by initiative of the entity, subject to prior agreement with the debtor.

The above is in order to enable the debtor to adequately service the loan because of the actual or potential impairment of the debtors' payment capacity. This Regulation establishes that the Bank may not reverse the provisions of restructured loans that, as of June 30, 2019, are rated in the default category, unless the reduction is due to the application of the conditions defined in Subsection 2. 2.1.2. of Chapter II of the CBCF (Credit rating after restructuring, which adds that for debtors that have been subject to several restructuring processes, their rating must disclose this greater risk), or to the decrease in the asset's exposure associated with the payments made by the debtors.

The Bank can eliminate the status of restructured once the debtor begins to make regular and effective payments of principal and interest for an uninterrupted period of 12 months for micro-credit loans and 24 months for all other modalities.

Additional temporary allowances, Notice 026/2022 of the Financial Superintendence of Colombia: In order to promote the healthy and sustainable expansion of the consumer portfolio, and to acknowledge the potential impact on the debtors' payment capacity amid an economic slowdown and persistent inflation, among other factors, Banco BBVA Colombia has conducted a forward-looking analysis of potential deterioration in the consumer portfolio. This analysis takes into account at least the following factors: (i) the possible escalation in default rates of the debtors due to their idiosyncratic circumstances and their resilience against possible changes in the macroeconomic environment, and (ii) the potential utilization of contingent quotas owing to the impact on income in light of the economic slowdown.

Agreements with Loans – to customers that are admitted to bankruptcy proceeding are immediately rated "E" (Uncollectible) and are subject to the allowances defined for this category. Once the payment agreement is made within the proceedings, the loans may be reclassified as "D" (Significant). Subsequently, reclassifications to lower-risk categories can be made provided that all requirements established by the Financial Superintendence in that respect are met.

3.10. Accounts receivable

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not traded on an active market.

These assets are initially recognized at fair value plus the transaction costs directly attributable to their acquisition or issuance.
In subsequent measurement, the fair value of the accounts receivable is deemed to be equal to their carrying value, where this is the best estimate.
BBVA Colombia has defined that, to calculate the provision of the accounts receivable, taking into account the type of accounts it holds, their volume and the risk involved in recovering said accounts, it must make a provision equivalent to 100% of the account receivable when it is overdue by more than 180 days.

3.11. Non-current Assets Held for Sale

Non-current assets and groups of assets for disposal are classified as held-for-sale if their carrying value is recoverable through a sales transaction, rather than through continuous use. This condition is considered to be met only when the sale is highly probable and the asset (or disposal group) is immediately available for sale in its current state, subject only to the terms that are usual and adapted to the sale of these assets (or disposal groups). Management must be committed to the sale, which must be recognized as a final sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are calculated at the lowest value between the carrying value and the fair value of the assets less estimated costs of sale. The difference between both amounts is recognized in profit or loss.

If the assets are not sold within the established term, they are reclassified to the categories from which they originated. The Bank does not depreciate (or amortize) the asset while it is classified as held for sale.

Assets received in lieu of payment of obligations (BRDP, for the Spanish original), repossessed assets and returned leased assets – These assets are classified as non-current assets held-for-sale, if their carrying amount is mainly to be recovered through a sales transaction, rather than from their continuous use, and they must meet the following conditions:

- They must be available, in their current state, for immediate sale, subject exclusively to the usual and regular terms of sale for these assets (or groups of assets for disposal).

- Their sale must be highly probable, according to an appropriate level of management that must be bound with a plan to sell the asset (or disposal group) with the active execution of a program to find a buyer and actively negotiate a fair price and complete said plan.

They are carried at whichever is lowest between the carrying amount and their fair value less the cost of disposal. On the date of classification in this category, the entity identifies the following as costs of disposal for this class of assets:

- Deed expenses.
- Compensation for the personnel carrying out and formalizing the sale process.
- Non-recoverable taxes associated with its application.

Non-current assets held-for-sale are not depreciated or amortized while they are in this category.

When the asset is a result of reclassifying another asset, it is recorded at the carrying amount at the time of its reclassification and when it is received in lieu of payment or as a return, it is recognized at the fair value of the asset received or returned minus its cost of sale.

Subsequently, non-current assets held for sale originating from awards or recoveries will be measured at fair value, taking as a reference the valuations made by the rating companies authorized in the geographical areas where the assets are located, which must not be more than one year old, except when there is evidence of impairment of these assets.

Gains and losses generated by transferring assets and liabilities classified as non-current assets held-for-sale, as well as losses due to impairment and, when applicable, their recovery, are recognized through profit or loss. Other income and expenses related to said assets and liabilities are classified under the appropriate line items of the statement of income, depending on their nature.

Independently from their accounting classification (loan portfolio, investments, non-current assets held-for-sale and other assets), according to the instructions of the Financial Superintendence of Colombia (SFC, for the Spanish original), an allowance is calculated on assets received in lieu of payment as prescribed in Chapter III of the Basic Accounting and Financial Notice (CBCF, for the Spanish original), in which the intention of the allowance is not to cover the impairment of the assets, but to avoid risk and preserve the Bank's equity.

Transfers – If the asset has not been sold within the maximum term established for the sale (one year from the date of its classification and/or justified actions for deferment), due to actions or circumstances beyond of the Bank's control, and there is sufficient evidence that the Bank is still committed to its plan to sell the asset, under the conditions indicated in IFRS 5, the period needed to complete the sale will be extended.

The commercial value of the immovable assets is updated with a new appraisal, whose date can be no greater than three (3) years; however, the possibility of impairment must be evaluated at least once per year.

The Bank maintains a strict analysis at the time of recording this class of assets, for which, through the Non-Financial Asset Management (GANF, for the Spanish original) department, it establishes receipt percentages for assets; this receipt value is calculated using variables with the current market, the type of property, its location and its physical and legal condition.

The maximum allowable percentage for receipt is defined by the Non-Financial Asset Management Department, taking the above as basis, in addition to the possible time it will take to resell it, which generates administrative, security and tax expenses that are forecast up to the possible time of sale.

When the acquisition cost of a real estate property is lower than the value of the debt recognized in the Statement of Financial Position, the difference must be immediately recognized through the separate statement of income.

When the commercial value of a BRDP is lower than its carrying value, an allowance for the difference must be recognized.

With respect to the methodology implemented to assess the allowance level, the Bank applied Public Notice 034/2003 issued by the Financial Superintendence of Colombia, which determined the deadline of December 31, 2005 for financial entities to establish allowances equivalent to at least 80% of the adjusted cost of the real estate properties received before October 1, 2001.

Based on the provisions established in Public Notice 036/2014 of the SFC, the Bank measures and recognizes the allowances within the framework of the rules established in Section 1.3.1.2 of Chapter III of the Basic Financial and Accounting Notice, as follows:

- Through monthly proportional allocations, an allowance shall be established equivalent to thirty percent (30%) of the value of receipt of the asset within the year following the date of reception. Such allowance percentage shall be increased until reaching sixty percent (60%) through monthly proportional allocations within the second year, counted from the date of reception of the BRDP.
- For chattel assets and transferable securities, the allowances are created according to Section 1.3.2 of Chapter III of the Basic Accounting and Financial Notice. However, the Bank, based on the principle of prudence, in some cases sets the allowance at up to 100% of the received value of the asset.

Derecognition due to sale of the asset – A sale is considered complete when the significant risks and rewards derived from ownership of the asset have been transferred to the buyer, no involvement is retained by the seller in connection with management of the asset, nor is effective control retained over it, the amount of revenue from ordinary activities can be measured reliably, it is probable that the economic rewards associated with the transaction will be received, and the costs incurred, or to be incurred, related to the transaction can be measured reliably.

The Bank recognizes gains or losses not previously recognized at the date of sale of a non-current asset on the date that on which its derecognition occurs.

3.12. Properties Taken Through a Financial Lease

At the beginning of a contract, BBVA Colombia assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee. At the beginning or upon amendment of a contract containing a lease component, BBVA Colombia assigns the consideration in the contract to each lease component on the basis of a separate relative price. However, for property leases, BBVA Colombia has chosen not to separate the non-lease components and to recognize both lease and non-lease components as a single lease component.

BBVA Colombia recognizes a right-of-use asset and a lease liability at the start date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the start date, plus the initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site where it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term, unless the lease transfers ownership of the underlying asset to BBVA Colombia at the end of the lease term or the cost of the right-of-use asset reflects that BBVA Colombia will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as property and equipment. In addition, the right-of-use asset is periodically reduced for impairment losses, if applicable, and adjusted for certain new measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments not paid at the start date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. BBVA Colombia defines the discount rate as the funding rate for similar liabilities.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate on the start date;
- Amounts expected to be paid as a residual value guarantee; and
- The exercise price of a call option that BBVA Colombia is reasonably certain to exercise, lease payments over an optional renewal period if BBVA Colombia is reasonably certain to exercise an extension option, and penalties for early termination of a lease, unless BBVA Colombia is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be paid under a residual value guarantee, if BBVA Colombia changes its assessment of whether it will exercise a call, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset, or it is recognized in the statement of income if the carrying value of the right-to-use asset has been reduced to zero.

BBVA Colombia presents right-of-use assets that do not meet the definition of investment property under "Property, Plant and Equipment," and lease liabilities under "Loans and Obligations" in the Statement of Financial Position.

Short-term leases and leases of low value assets

BBVA Colombia has decided not to recognize right-of-use assets and lease liabilities for leases of low-value assets (less than USD 5,000 new contracts) and short-term leases (less than or equal to 12 months), including technological equipment and common areas. BBVA Colombia recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

As a lessor. At the beginning or upon amendment of a contract containing a lease component, BBVA Colombia assigns the consideration in the contract to each lease component on the basis of their separate relative prices.

When BBVA Colombia acts as lessor, it determines at the beginning of the lease whether the lease is a finance or operating lease.

To classify each lease, BBVA Colombia makes a general assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, BBVA Colombia considers certain indicators such as whether the lease covers most of the economic life of the asset.

If a contract contains both lease and non-lease components, BBVA Colombia applies IFRS 15 to allocate the consideration in the contract.

BBVA Colombia applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease. In addition, BBVA Colombia periodically reviews the estimated non-guaranteed residual values used in the calculation of the gross investment in the lease.

BBVA Colombia recognizes lease payments received under operating leases as income on a straight-line basis over the term of the lease as part of "Other Income."

In general, the accounting policies applicable to BBVA Colombia as a lessor in the comparative period did not differ from IFRS 16, except for the classification of the sublease made during the current reporting period, which resulted in a classification of a finance lease.

Given under leases – Assets given under lease by the Bank are classified when the contract is signed as a finance or operating lease.

A lease is classified as a finance lease when all the risks and rewards inherent to ownership are substantially transferred; otherwise, it is classified as an operating lease.

Leases classified as finance leases are included in the Statement of Financial Position under the “Loan Portfolio and Finance Lease Transactions” line item and recognized in accordance with the regulatory criteria issued by the Financial Superintendence of Colombia for Loan Portfolios.

Leases classified as operating leases are included in the property and equipment account and recognized and depreciated in the same way as this type of assets.

3.13. Property and Equipment

Property and equipment are tangible assets held by an entity for use in the production or supply of goods and services, to lease them to third parties or for administrative purposes, and they are expected to be used for more than one term.

Initial recognition – Property and equipment are initially recognized at cost, which includes the purchase price (import duties and indirect, non-recoverable taxes that form part of the acquisition, after deducting any trade discount or rebate), the costs directly attributable to the startup of the asset in situ and in the conditions necessary for it to operate in the manner intended by the Bank, and the initial estimated disassembly costs, notwithstanding the amount.

Initially attributable costs – The cost of property and equipment items includes:

a) Their acquisition price, including import duties and indirect and non-recoverable indirect taxes accrued in the acquisition, after deducting any discounts or rebates.

b) All costs directly attributable to the placement of the asset at the location and in the conditions necessary for it to operate in the manner intended by Management.

c) The initial estimate of disassembly and disposal costs of the element, as well as the restoration of the space where it is located.

Useful life – The Bank determines the useful life of an asset in terms of the profit it is expected to provide to the entity. IAS 16 Property, Plant, and Equipment establishes that the useful life of an asset is a matter of judgment, based on the entity's experience with similar assets, and consequently BBVA Colombia, based on the historical behavior of its assets, has established the useful life of its assets as follows:

Active	Useful Life
Buildings	Economic life established by the appraiser (50 to 100 years).
Computer equipment	Between 2 and 6 years, according to the obsolescence management policy.
Furniture and fixtures	10 years.
Machinery and equipment	10 years.
Vehicles	5 years.

Subsequent recognition – Subsequent measurement of property and equipment is performed using the cost model, which equals the cost of acquisition less accumulated depreciation and, if applicable, accumulated impairment losses.

Interest costs that are directly attributed to the acquisition, construction or production of a qualified asset will form part of the asset's cost under the terms of IAS 23. At December 31, 2022 and 2021, there is no balance recorded for these transactions.

Costs following initial recognition – Costs following initial recognition, such as additions and improvements that increase efficiency, will be capitalized and included as a greater cost of the asset only if it is probable that such costs will result in future economic rewards in addition to those originally assessed and they can be reliably measured; regarding certain maintenance costs in which the elements significantly affect the proper operation of the asset, this amount will be included in the value of the asset. Capitalization as a greater value of the asset for refurbishment must be supported by the preparation of a technical document (business case) demonstrating the importance and relevance of said refurbishment for the asset.

Preservation and maintenance expenses of material assets for the entity's own use are recognized as an expense during the fiscal year in which they are incurred.

The entity will not recognize the routine maintenance costs of the elements that are considered necessary for the repair and preservation as a greater value of the property and equipment, unless they significantly influence the asset's operation. Routine maintenance costs are mainly labor and consumables, which may include the costs of small parts.

Replacement of parts or repairs that extend future economic rewards are capitalized, and in turn, the cost of existing items is removed.

Depreciation – The Bank uses the straight line method to depreciate its property and equipment. In addition, the depreciable amount is determined after deducting its residual value. An impairment test will be performed on an annual basis for long-lived assets in order to indicate possible evidence of impairment, in which case the Property and Equipment (PE) will be reassessed, which will include the new useful life and the residual value.

Residual value – This is the estimated amount that an entity may obtain at present for the disposal of an asset, after deducting the estimated disposal costs, if the asset has already aged and the other conditions expected at the end of its useful life have been met.

The factors listed below, among others, may indicate that the residual value or useful life of an asset has changed from the most recent annual reporting date, namely:

- A change in the use of the asset,
- Unexpected, significant wear and tear,
- Changes in market prices.

If these indicators are present, the Bank will revise its previous estimates and, if the current expectations are different, it will modify the residual value and recognize the change in residual value, the impairment method or the useful life as a change in the accounting estimate.

Impairment – At each reporting period close, the Bank analyzes whether there are indications, both external and internal, that a material asset may be impaired. If there is evidence of impairment, the Bank requests an update of the appraisal to generate the respective alert. Based on the result of the appraisal, the Bank compares said amount with the net carrying value of the asset and when the carrying value exceeds the appraised value, a loss for value impairment of the asset is recognized and the charges for the asset's depreciation will be adjusted in future periods systematically throughout the remaining useful life thereof.

The Bank determines the recoverable value of its buildings through independent appraisals by authorized suppliers and, particularly, in the case of the buildings for its own use, based on independent appraisals, in such a way that they are no more than 3-5 years old, except when there are signs of impairment. The Bank's established policy is that the impairment of assets on which the attributed cost exemption was applied will not affect the statement of income for the fiscal year in which any such impairment is determined, but that it will affect the line item under equity related to first-time adoption, until it is exhausted.

Improvements to third-party properties – The Bank recognizes improvements to real estate properties under lease in this category, as well as the estimated disassembly costs, amortizing the amounts in the lesser period between the useful life and the term of the lease contract for the real estate property.

Derecognition due to sale of the asset – A sale is considered complete when the significant risks and rewards derived from ownership of the assets have been transferred to the buyer, the seller does not retain any involvement in the management associated with the ownership or any effective control over the asset, the amount of revenue from ordinary activities can be measured reliably, and it is probable that economic rewards associated with the transaction will be received, and the costs incurred, or to be incurred, related to the transaction can be measured reliably.

The Bank recognizes gains or losses not previously recognized at the date of sale of a non-current asset on the date that on which its derecognition occurs.

3.14. Prepaid expenses

Transactions are recognized in prepaid expenses provided that they meet the criteria for recognizing assets, such as the software and hardware maintenance insurance policies that represent an enforceable right due to non-compliance of the supplier for the Group, and contributions.

Contributions that are recognized in this category include payments made for contributions or memberships with entities as long as their amortization does not exceed the fiscal period. Therefore, they are amortized during the accounting period, and they must have a balance of zero at the end of the period.

Prepaid expenses on account of insurance policies are amortized during the term of such expenses.

3.15. Intangible Assets

These are non-monetary identifiable assets without physical substance, which are held for use in the production or supply of goods and services.

Initial recognition – Intangible assets are recognized, if and only if, it is probable that the expected future economic rewards attributable to the asset will flow to the Bank and their cost can be reliably measured.

Probability criteria are applied to intangible assets that are acquired independently or in a business combination. In addition, their fair value can be measured with sufficient reliability to be recognized separately from goodwill.

Subsequent disbursements – Subsequent disbursements are recognized as an expense when they are incurred, in the case of research and development disbursements that do not meet the requirements for being recognized as an intangible assets.

Subsequent disbursements are recognized as intangible assets in the case of development disbursements that meet the requirements for being recognized as intangible assets.

All IT software that is strategic for the Bank is classified under this category, in addition to projects that have a long estimated useful life. These projects generally involve substantial amounts, and the Bank includes software licenses in this category.

Substantial local IT developments are also included.

Useful life – An intangible asset is considered to have an indefinite useful life when, based on the analysis of all relevant factors, there is no foreseeable limit to the period during which the asset is expected to generate net cash inflows for the Bank.

The Bank, in line with the policies adopted by its parent company, established a period of five (5) years for the amortization of intangible assets (software, licenses and substantial applications), except when, based on an analysis of the expected future economic rewards, this term could be extended.

Subsequent measurement – The Bank measures its intangible assets using the cost model. Based on the criteria established in IAS 38 Intangible Assets for Own Software, useful life is defined as finite and the amortization period is dependent upon the time during which the future economic rewards are expected to be obtained.

The subsequent measurement of intangible assets is its cost less, when applicable, the accumulated amortization and any impairment loss.

Intangible assets with a defined useful life are amortized based on the benefit generation pattern during their useful life. When this pattern cannot be reliably determined, the asset is amortized using the straight line method. Amortization begins when the asset is in the conditions expected for its use and will end when the asset is classified as a non-current asset for sale or when it is derecognized from the Statement of Financial Position.

Subsequent disbursements of an intangible item are recognized as an expense unless they are part of the intangible asset meeting the recognition criteria for this category.

Impairment of intangible assets – At the end of each period, the Bank assesses the end date of the amortization to validate whether there is any sign of impairment in value of the intangible assets, by analyzing variables such as the right to use, term of use of the asset, condition of the asset and time of amortization.

3.16. Impairment of non-financial assets

Non-financial assets include property and equipment, intangible assets, and non-current assets held-for-sale. These assets will be recognized at cost and will not be remeasured in the future. Additionally, periodic reviews will be carried out to determine an average optimal recovery, in order to detect and alert of asset impairment.

The Bank has defined, for each class of asset, an impairment test based on internal and external sources, which is performed annually in order to determine whether there is evidence of impairment. If, as a result of applying the test, signs or evidence of impairment are obtained for a type of asset, its recoverable amount will be calculated, i.e., the greater between the fair value and its value in use.

The value of an asset is impaired when its carrying value exceeds its recoverable value. This, in turn, is the greater between its fair value less the costs of disposal and its value in use, and the value in use is the present value of the future cash flows estimated to be obtained from an asset or cash-generating unit.

The recoverable value of an intangible asset is the greater between the value in use and its fair value less costs of disposal. The fair value of this type of asset will be calculated by the entity whenever there is evidence of impairment.

After recognizing an impairment loss, the charges for the asset's depreciation will be adjusted in future periods, in order to distribute the revised carrying amount of the asset, less its potential residual value, systematically over the remaining useful life.

3.17. Deposits and on-demand liabilities

Deposits and other on-demand liabilities: This category includes all on-demand liabilities, except term deposits, which are not considered to be on-demand liabilities because of their special features. On-demand deposits are defined as those on which payment may be required in the period.

Term deposits and other term liabilities – This category presents the balances of deposits for which a term has been established with the customer through a security, at the end of which they are considered payable. Term deposits are initially recognized at the amount of the transaction, plus inherent costs.

Term deposits and other term liabilities are financial liabilities measured at amortized cost, which is determined using the effective interest rate method, given that the entity's intention is to hold these instruments until maturity.

Attributable costs – Transaction costs are treated as a lesser amount of the liability measured at amortized cost.

3.18. Financial obligations

It includes liabilities with other banks in the country and banks abroad. Banker's acceptances, which are bills accepted by financial entities to be paid to the beneficiaries within a term not to exceed six (6) months, are included in financial obligations. They may only be originated in import and export transactions or transactions for the purchase-sale of chattel assets in the country. At the time of acceptance of such bills, we recognize in liabilities the net value of the right and obligation of the bank acceptance. Subsequently, we assess the value of the rights for credit risk.

3.19. Outstanding Investment Securities

This include subordinated bonds and ordinary bonds placed on the local market or abroad.

Regarding bonds issued in foreign currency, the Bank, for initial recognition, recognizes them at the price of the transaction, including transaction costs, deferred over the life of the security, and they are subsequently measured at the amount initially recorded, less principal reimbursements, plus or less the accumulated amortization of any difference between the initial amount and the reimbursement value upon maturity. The effective interest rate in the amortized cost method is the IRR (Internal Rate of Return).

3.20. Labor liabilities

Labor liabilities are documented on a monthly basis and adjusted annually in accordance with the current legal provisions and labor agreements. The payroll system computes the value of the liability for each active employee.

Benefits are recognized when the Bank has consumed the economic rewards derived from the services provided by the employees. In order to recognize it as a personnel or general expense, the entity differentiates between benefits and work tools.

Cumulative short-term benefits – Short-term employee benefits are those that the Bank expects to fully settle within 12 months from the reporting date, such as wages and salaries, vacation and severance pay, among others. These benefits accrue as they are incurred by debiting income.

Long-term benefits – The Entity has chosen to apply financial discount techniques (accounting method and actuarial discount techniques) where it is required to use the actuarial hypotheses, directly affecting actuarial gains and losses in the income statement for benefits given to employees per five years of employment (seniority bonus).

Post-retirement benefits – Post-retirement benefits other than defined social security contributions will be recorded based on the report generated by the independent actuary by applying the Projected Credit Unit method.

Retirement pensions – Current values for these commitments are calculated on an individual basis, having applied, in the case of active employees, the valuation method of the "projected credit unit"; this includes each year of service as generating an additional unit of entitlement to benefits, and values each of these units separately.

In order to determine the calculation of post-employment liabilities, the criteria of IAS 19: Employee Benefits of Annex 1.1 of the Technical Regulatory Framework (Decree 2420/2015 and its amendments) are applied, and the calculation of pension liabilities to be paid by the Bank are disclosed in the notes to the financial statements in accordance with the parameters established in Decree 1625/2016 (Articles 1.2.1.18.46 and subsequent articles), reporting the variables used and the difference with the calculation made under IAS 19.

Actuarial methods – Liabilities and the cost of services for the current period are calculated using the "Projected Unit Credit" method. This method quantifies the benefits of each participant in the plan as long as they are entitled to them, taking into account future salary increases and the formula for the plan to assign benefits. Therefore, the total estimated benefit that each participant is expected to be entitled to after departure from the entity is divided into units, each associated with one year of proven service, whether it is in the past or future.

The valuation will be carried out individually for each employee. By applying actuarial hypotheses, the amount of the projected benefit that depends on the estimated date of termination, the proven service and the salary at the time of the act is calculated.

The estimated benefit to which an individual is entitled, for purposes of a valuation associated with a termination date, corresponds to the benefit described in the plan calculated with the projected salary for the benefit at the expected date of termination.

The benefit attributed to service provided during a period is the difference between the liability from the valuation at the end of the period less the liability at the start of the period, i.e., at the valuation date.

Therefore, the liability for defined benefits at the end of the period is calculated by applying the proportion between proven service at the date of measurement and the total service that each participant will provide until the expected date of retirement to the total amount of estimated benefits.

The liability for benefits defined under the plan is the sum of the liability for each individual at the date of measurement, and the cost of services for the current plan period is calculated as the sum of costs of individual services for the current period.

The Bank establishes its pension liability based upon the actuarial valuation that covers all personnel, who according to legal provisions are entitled to, or have the expectation of, a retirement pension at the expense of the Company, and covers the benefits established in the current pension system.

For commitments for post-employment compensation, the Bank applies the defined contribution and the defined benefits plan.

Defined contribution plan – these plans, the Entity's liability is limited to the contribution that it has agreed to deliver to a pension fund or insurance company. As a result, the actuarial risk and investment risk are assumed by the employee.

Defined benefits plans – Company's liability consists of providing the agreed benefits to current and former employees. The actuarial risk (in the event that people have a greater cost than expected) and the investment risk are assumed by the entity.

Currently, Colpensiones (formerly, Instituto de Seguros Sociales "ISS") and other entities authorized by law (private AFPs since 1994), receive contributions from the Bank and its workers to the General Pension System, in such a way that those entities are in charge of covering the disability, old age and death risks defined by the System in favor of the workers. The pension liability directly on the Bank's account is essentially for personnel hired on or before 1960, and/or personnel subsequently hired up to 1984 and who worked in certain regions of the country where the Bank had offices and where the ISS did not provide coverage for disability, old age and death risks. The liability amount is determined based on actuarial studies adjusted in accordance with the applicable provisions and regulations on the matter.

The total amount of the reserve, as well as the actuarial gains or losses generated were assumed by the Bank and were accounted for based on the IAS 19 guideline, where the present cost of the service and the net interest of the liability, are recorded in the statement of income for the period, while new measurements of the liability for defined benefits will be accounted for as other comprehensive income.

3.21. Estimated Liabilities and Provisions

Include the amounts recognized to cover the Bank's current liabilities arising from past events that are clearly identified in terms of their nature, but have an undetermined amount or date of payment, and settlement. Upon maturity of these obligations, and in order to cancel them, the Bank expects to give up resources that incorporate economic benefits.

These liabilities may arise from legal or contractual provisions, valid expectations created by the Bank regarding third parties involving taking on certain types of liabilities or through the expected development of the regulations affecting the entities' operations, and specifically, draft regulations from which the Bank cannot be released.

Provisions are liabilities in which there is uncertainty as to their amount or due date. These provisions are recognized in the Statement of Financial Position when there is a current liability (legal or constructive) as a result of past actions or events and it is probable that an outflow of resources from the Bank will be required to settle the liability and the amount of these resources can be reliably measured.

When the effect of the time value of money is significant, the amount of the provision is the present value of the expenses expected to be incurred in settlement.

Among other items, these provisions include commitments made with employees, as well as provisions for tax and legal disputes.

The provisions are recalculated at each reporting date and are used to cover the specific liabilities for which they were originally recognized; they may be subsequently reversed, in full or in part, when such liabilities cease to exist or decrease.

The provisions are classified based on the liabilities covered, as follows:

- Provisions for personnel benefits and remuneration.
- Provisions for tax and legal disputes.
- Provisions for contingent credit risk.
- Provisions for other contingencies.

Contingent assets are possible assets arising as a result of past events whose existence is conditional and that will only be confirmed upon the occurrence or non-occurrence of future events that are beyond the Bank's control.

Contingent assets are not recognized in the Statement of Financial Position nor in the statement of income, but they are reported in the financial statements when an inflow of economic benefits is probable for this reason.

Contingent liabilities are possible liabilities for the Bank, arising as a result of past events, whose existence is conditional on the occurrence or non-occurrence of future events that are beyond the entity's control. They also include the entity's current liabilities whose settlement is not probable to produce an outflow of resources embodying economic benefits or whose amount, in extremely rare cases, cannot be quantified with sufficient reliability.

3.22. Income tax

The income tax expense represents the amount of the current income tax payable and the deferred income tax.

- **Current income tax** – The current tax payable is based on the taxable income recorded during the year. Taxable income is different from the income recorded in the profit and loss statement and other comprehensive income, due to the taxable or deductible income or expense items in other years and items that are never taxable or deductible. The Bank's current income tax liabilities are calculated using the tax rates enacted or substantially enacted at the end of the reporting period. The Bank determines the income tax provision based on taxable income or presumptive income, whichever is higher, estimated at the rates specified by tax laws.
- **Deferred tax** – The deferred tax is recognized on temporary differences between the carrying value of the assets and liabilities included in the financial statements and the corresponding tax bases used to determine taxable income. The deferred income tax liability is generally recognized for all temporary tax differences. A deferred income tax asset will be recognized for all the deductible temporary differences, to the extent that the entity is likely to have future taxable income against which it can debit the deductible temporary differences. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that does not affect taxable income or accounting income.

The deferred tax from taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, must be recognized, except those in which the Bank can control the underlying temporary difference and when there is the possibility that it may not be reversed in the near future.

The carrying value of a deferred income tax asset must be subject to review at the end of each reporting period and it must be reduced to the extent that it is probable that there will not be sufficient taxable income in the future to recover all or part of the asset.

The deferred income tax assets and liabilities must be measured using the tax rates expected to be applicable in the period in which the assets are realized or the liabilities are settled, based on the rates (and tax laws) enacted or substantially enacted at the end of the reporting period following the approval process.

- **Recognition in accounting** – Current and deferred taxes must be recognized through profit or loss, except when they are related to items that are recognized through other comprehensive income or directly in equity, in which case the current or deferred tax is also recognized in other comprehensive income or equity, respectively. In the case of a business combination, when the current or deferred tax arises from the initial recognition of the business combination, the tax effect is included in the recognition of the business combination.

3.23. Adequate equity

According to the provisions of Section 2.1 of Chapter XIII-16 of the Basic Accounting and Financial Notice (Public Notice 100/1995 of the Financial Superintendence of Colombia (SFC)), the Bank's adequate equity must comply with the following two minimum levels of solvency:

- **Basic solvency ratio** – It is defined as the value of Ordinary Basic Equity Net of Deductions (hereinafter PBO, for the Spanish original) divided by the Credit Risk Weighted Value of Assets (APNR, for the Spanish original) and market and operational risks. This ratio cannot be less than 4.5%.

$$\textit{Basic Solvency} = \frac{PBO}{APNR + \frac{100}{9}\left(VeR_{RM} + VeR_{RO}\right)} \geq 4.5\%$$

- **Additional Basic Solvency Ratio**: defined as the sum of the value of the PBO and the Additional Basic Equity (PBA, for the Spanish original) divided by the value of the APNR and market and operational risks. This ratio must not be lower than 6%.

$$\textit{Additional Basic Solvency} = \frac{PBO + PBA}{APNR + \frac{100}{9}\left(VeR_{RM} + VeR_{RO}\right)} \geq 6\%$$

- **Leverage Ratio**: defined as the sum of the values of PBO and PBA divided by the leverage value. This ratio must not be lower than 3%.

$$\textit{Leverage Ratio} = \frac{PBO + PBA}{\textit{Leverage Value}} \geq 3\%$$

- **Total Solvency Ratio**: defined as the value of Technical Equity (PT, for the Spanish original) divided by the value of the APNR and market and operational risks. This ratio must not be lower than 9%.

$$\textit{Total Solvency} = \frac{PT}{APNR + \frac{100}{9}\left(VeR_{RM} + VeR_{RO}\right)} \geq 9\%$$

Where:

APNR= Assets Weighted by Credit Risk Level calculated in accordance with the instructions given in Section 2.4 of Chapter XIII-16 of the Basic Accounting and Financial Notice (Public Notice 100/1995 of the Financial Superintendence of Colombia - SFC) and in Form 239 (Proforma F.1000-141 "Solvency Margin Information Report and Other Equity Requirements and Solvency Margin Law Control Statement".

VeR_{RM}= Value of market risk exposure calculated as per the instructions given in Chapter XXI "Rules Concerning the Market Risk Management System" of the Basic Accounting and Financial Notice (CBCF).

VeR_{RO}= Value of the operational risk exposure calculated in accordance with the instructions set forth in Chapter XXIII "Rules Related to Operational Risk Management" of the Basic Accounting and Financial Notice (CBCF).

Leverage value= Corresponds to the sum of the value of all assets net of provisions; the net exposures in all repurchase or repo transactions, simultaneous transactions, and temporary transfer of securities; the credit exposures in all derivative financial instruments and the exposure value of all contingencies. To determine the exposure value of the contingencies, we must multiply the nominal amount net of allowances of the exposure by the credit conversion factor applicable to it, as established in paragraphs a) to c) of Article 2.1.1.1.3.5 of Decree 2555/2010.

The value of the assets deducted to calculate the PBO, pursuant to Article 2.1.1.1.11 of Decree 2555/2010, or deducted to calculate the PT, pursuant to Article 2.1.1.3.2 (10) of Decree 2555/2010, must be computed at a value of zero for purposes of determining the leverage value.

The calculation of each of the items that make up the minimum solvency ratios and buffers must be made considering the monthly and quarterly information of the Exclusive Financial Reporting Catalog for Monitoring Purposes and Form 239 (Proforma F.1000-141 "Report on the Solvency Margin and Other Equity Requirements and Solvency Margin Control Statement"), as indicated in each of the components of the solvency ratios and buffers, as well as the current instructions established for the Consolidated Financial Statements..

Each item included in the minimum solvency ratios must be calculated considering the Exclusive Financial Reporting Catalog (CUIF, for the Spanish original, Form 110 (Proforma F.1000-48 "Solvency information for the calculation of adequate equity") and Form 301 (Proforma F.0000-97 "Solvency Margin Control Statement"), as indicated for each of the components of the solvency ratios.

The considerations set forth in PN 036 / 2014 are taken into account in determining and calculating this legal control. See details in Note 2.1.

3.24. Share issue premium

The share issue premium is the additional value to the nominal value of the shares that is charged when transferring them and arises when the shares are placed in the market for a price higher than the nominal value.

It originates in a share subscription agreement and is a legally valid option. However, while the shares obtained as a result of the aforementioned contract are part of the share capital, the premium, as an additional value to the nominal value of the share, constitutes an equity item crediting the legal reserve.

3.25. Recognition of revenue and expenses

The Bank recognizes revenue when its amount can be reliably measured, it is probable that future economic benefits will flow to the entity, and when the specific criteria for each of the Bank's activities have been met.

- For general revenue and expenses, the Bank uses the principles of the conceptual framework, such as: Accrual Basis, Recognition, Certainty, Reliable Measurement, Correlation of Revenue and Expenses, Cost-Benefit Consideration, Measurement and Materiality.
- Revenue from the sale of property is recognized when the risks and rewards of ownership are transferred to the buyer, the buyer does not retain ownership or control of the properties sold, the amount of revenue can be reliably measured, it is likely to receive the economic rewards associated with the transaction and the costs incurred by the transaction can be reliably measured.
- Revenue and expenses arising from transactions or services that extend over time are recognized over the life of said transactions or services.
- Dividends received by associates, non-controlled holdings and joint ventures are recognized when the right to receive them has been established.

Interest revenue and expenses and service fees are recognized in the statement of income for the fiscal year as they accrue and based on the time of the transactions that give rise thereto. Revenues are measured at the fair value of the consideration received or to be received, and represent amounts receivable for the services provided, net of discounts and Value Added Tax.

3.26. Earnings per share

Basic earnings per share are calculated by dividing the earnings or losses attributable to the holders of ordinary equity instruments of the controlling company (numerator) by the weighted average of ordinary subscribed and paid-in shares, both common and preferred, outstanding (denominator), during the year.

Diluted earnings per share are calculated by adjusting the year's earnings attributable to the owners of the controlling company and the weighted average ordinary shares outstanding for all the dilutive effects inherent to potential ordinary shares.

This information is intended to provide a measure of the interest of each ordinary share of the controlling company in the entity's performance during the reporting period.

Since the Bank has no financial instruments with a dilutive effect, basic and diluted earnings per share are the same.

3.27. Standards issued by the IASB that are not yet effective

All standards issued by the IASB are fully regulated in Colombia and have been incorporated through Decrees 938/2021 and 1611/2022 issued by the National Government through the Ministry of Commerce, Industry and Tourism. These decrees will become effective on January 1, 2023 and January 1, 2024, respectively. Therefore, these standards are not applicable to the current financial statements.

4. Business Segments

4.1. Description of the segments

The Bank directs and values the performance of its operations by business segments and the transactions between these segments are carried out based on regulatory commercial terms and conditions. This disclosure reports how the Bank has managed the business segments at December 31, 2022 compared to the year 2021.

To carry out the commercial activity, BBVA Colombia has established a specialized banking structure to serve different business segments, as follows:

- **Commercial Banking:** responsible for managing the retail business and the segment of individuals. Commercial banking manages the entire segment of individuals, which is made up of consumer and mortgage loans, means of payment and consumer finance.
- **Enterprise and Institutional Banking (EIB):** Responsible for managing corporate customers from the public and private sector.
- **Corporate and Investment Banking (CIB)**: the banking segment responsible for corporate customers, in addition to treasury transactions and investment banking. **Corporate and Investment Banking Colombia**: Is the area within the Bank responsible for serving major corporate customers and financial institutions, by offering, in addition to the traditional financial products, services and products with high value added in order for them to fulfill their objectives in the different local and international markets.
- **Assets and Liabilities Committee (COAP, for the Spanish original)**: It is the unit that manages the Bank's liquidity and sets the transfer prices for resources and portfolios that flow from and to all other banking segments.

In addition, several business sub-segments have been defined within these banking segments in order to direct commercial actions effectively, in accordance with customer profiles, framed within the Group's strategic objectives for the growth of the franchise in Colombia.

Other segments: The banking segments other than those mentioned above are grouped in the "other" segment, including the Core and Complementary Areas.

Allocation of operating expenses: In relation to the accounting of BBVA Colombia's direct and indirect expenses, they are allocated to the cost centers that generate the expenses; however, if after such distribution any remaining items affect the cost centers of central areas, they are distributed to the banking segments using the apportionment line, in accordance with the distribution criteria established by the business areas of the Bank's general management.

Cross-selling: When two business areas are involved in the sale or placement of the Bank's products, the actual accounting record of the profit from the transaction is made in just one area in order to avoid duplication. However, the Bank has cross-selling agreements through which the return generated by said sales is analyzed and the percentage to be paid to the banking or business area that arranged the transaction is established, decreasing by the same value the return of the other bank in which the profit was initially recorded, using the Bank's offsetting accounts.

4.2. Income by segments at December 31, 2022 and 2021

Below are the details of the accumulated Statement of Financial Position for the periods at December 2022 and 2021 by business segments:

Results by Business Segment at December 31, 2022

Item	Total Bank	Commercial Banking	EIB	CIB	COAP	Other
Cash and central banks	COP 3,576,818	COP 2,264,716	COP 3,953	COP 18,688	COP 1,020,669	COP 268,792
Financial intermediaries	7,084,765	1,270,089	7,880,061	8,130,300	(10,260,061)	64,376
Securities portfolio	18,567,958	-	-	11,778,255	6,789,703	-
Net credit investment	66,867,976	41,867,213	15,287,710	9,739,734	(437)	(26,244)
Consumer	21,750,530	21,779,605	1,380	119	-	(30,574)
Cards	3,021,034	3,020,880	123	-	-	31
Mortgage	13,557,378	13,555,081	2,442	-	-	(145)
Enterprise	29,582,913	4,143,605	15,559,588	9,879,697	-	23
Other	(1,043,879)	(631,958)	(275,823)	(140,082)	(437)	4,421
Net fixed assets	1,013,337	155,663	1,610	17,539		838,525
Other assets	1,901,864	446,656	32,929	451,689	371,156	599,434
Total assets	**99,012,718**	**46,004,337**	**23,206,263**	**30,136,205**	**(2,078,970)**	**1,744,883**
Financial intermediaries	2,730,485	19,029,318	3,926,670	11,610,920	(31,952,116)	115,693
Customer resources	70,442,803	24,361,822	17,527,899	5,809,763	22,734,512	8,807
On-demand	9,267,388	3,415,967	4,407,376	1,435,886	-	8,159
Savings	30,001,359	15,057,710	10,579,196	4,363,881	-	572
CDs	28,525,003	5,888,145	2,541,327	9,996	20,085,459	76
Bonds	2,649,053	-	-	-	2,649,053	-
Other liabilities	19,672,519	1,572,676	1,022,069	12,181,783	2,800,542	2,095,449
Total liabilities	**COP 92,845,807**	**COP 44,963,816**	**COP 22,476,638**	**COP 29,602,466**	**COP (6,417,062)**	**COP 2,219,949**

Note: Grouping by the Financial Planning Management Department, balance at December 2022.

Results by Business Segment at December 31, 2021

Item	Total Bank	Commercial Banking	EIB	CIB	COAP	Other
Cash and central banks	COP 4,895,438	COP 2,049,526	COP 3,198	COP 12,596	COP 2,551,151	COP 278,967
Financial intermediaries	6,490,101	951,515	9,756,540	5,982,176	(10,270,423)	70,293
Securities portfolio	10,363,317	-	-	5,915,707	4,447,610	-
Net credit investment	55,057,463	37,086,185	12,409,942	5,591,095	(4,022)	(25,737)
Consumer	18,992,033	19,020,768	793	-	-	(29,528)
Cards	2,158,665	2,158,394	230	-	-	41
Mortgage	12,922,274	12,921,401	1,054	-	-	(181)
Enterprise	22,062,225	3,738,061	12,655,548	5,668,632	-	(16,00)
Other	(1,077,734)	(752,439)	(247,683)	(77,537)	(4,022)	3,947
Net fixed assets	993,683	171,044	1,797	11,537	-	809,305
Other assets	1,530,471	454,407	25,870	613,239	55,069	381,886
Total assets	**COP 79,330,473**	**COP 40,712,677**	**COP 22,197,347**	**COP 18,126,350**	**COP (3,220,615)**	**COP 1,514,714**
Financial intermediaries	2,743,467	18,066,601	2,931,019	7,049,947	(25,482,714)	178,614
Customer resources	60,298,364	20,719,273	17,744,463	4,980,859	16,838,913	14,856
On-demand	9,517,706	3,472,091	4,927,072	1,110,368	-	8,175
Savings	30,390,550	14,396,776	12,123,020	3,864,077	-	6,677
CDs	18,021,672	2,850,406	694,371	6,414	14,470,477	4
Bonds	2,368,436	-	-	-	2,368,436	-
Other liabilities	10,601,341	1,597,393	1,156,765	5,799,738	615,397	1,432,048
Total liabilities and equity	**COP 73,643,172**	**COP 40,383,267**	**COP 21,832,247**	**COP 17,830,544**	**COP (8,028,404)**	**COP 1,625,518**

Note: Grouping by the Financial Planning Management Department, balance at December 2021.

The breakdown of the balance sheet at December 31, 2022 indicates that the banking segments that concentrate most of the Bank's assets are Commercial at 46.5%, Corporate and Investment Banking (CIB) with 30.4%, and Corporate and Institutional Banking (EIB) with 23.4%.

In terms of liabilities, the banks with the highest share of customer funds are Commercial at 34.6%, COAP at 32.3%, Corporate and Institutional Banking (EIB) at 24.9%, and Corporate and Investment Banking (CIB) at 8.2%.

In an analysis by account, BBVA's Cash and Central Banks line recorded an annual variation of -26.9%. The securities portfolio presented an increase of 79.2%, which is explained by the growth of CIB (+COP5,862,548). Net Loans and Receivables increased by 21.5%, driven mainly by the variations recorded in Commercial (+COP 4,781,028), CIB (+COP 4,148,638), and EIB (+COP 2,877,768). In Commercial Banking, the growth of Credit Investment is mainly due to the +39.9% increase in Cards, the +14.5% increase in Consumer Loans and the +10.8% increase in Corporate Loans. In EIB, the growth in credit is also mainly due to the 22.9% increase in Corporate Loans.

Total Assets grew by 24.8%, with CIB (+COP12,009,853) and Commercial (+COP5,291,660) showing the highest growth.

In turn, passive financial intermediaries showed a decrease of 0.5%. In relation to raising customer funds through on-demand and savings products, they were obtained by CIB (+COP825,322), Commercial (+COP604,810) and EIB (-COP2,063,520).

In turn, the COAP, which is the area responsible for raising corporate customer funds through certificates of deposit, accounts for 70.4% of the Bank's total CDs. These CDs presented a variation of +COP10,503,331 with respect to December 31, 2021 while the Bonds presented a variation of +COP280,617 with respect to the foregoing year.

COAP presents negative assets and liabilities driven by the lines of the Financial Intermediaries balance sheet. This is due to the fact that, through these intermediaries, COAP manages the banks' funding. Each banking segment has its primary function, acting as either attractors (bringing funds to the Bank) or placement agents (generating credit investment). Therefore, the COAP is the area responsible for collecting the excess funds from an attractor banking segment and "transferring" them to a placement banking segment. However, in order not to affect the financial statements of the attractor banking segment, the COAP "transfers" the investment generated to the attractor banking segment. This is done to reconcile the balance sheets of the banking segments and to show how the Bank functions as a whole, without punishing and recognizing the function of each banking segment.

The asset financial intermediaries presented a variation of +$10,362 year-on-year, while the liability financial intermediaries presented a variation of -$6,469,402 year-on-year, behaving in line with the Bank's activity.

The "other" areas segment includes the central, means and financial complementary areas. They are all areas that provide support for the other banking segments. The Means area includes the Formalization Center, which mainly manages credit investments that are not segmented. The Core areas includes the central account, which reconciles the Bank's balance sheet and is where the investment assets for holdings in subsidiaries are included.

The assets of the "Other" segment are mostly made up of net fixed assets. The other area is also responsible for eliminating duplicates caused by transactions between banking segments or in which more than one banking segment participates. It also includes all the components of the central areas and the adjustments of the Financial Statements of the Business Areas (EFAN, for the Spanish original). Adjustments through the EFAN include the standardization of local vs. international regulations and reciprocal activities between different countries/banking segments.

Below are the details of the accumulated income statement for the periods at December 2022 and 2021 by business segments:

Results by Segment at December 31, 2022

Item	Total Bank	Commercial Banking	EIB	CIB	COAP	Other
Interest margin	**COP 3,402,719**	**COP 3,493,967**	**COP 1,076,409**	**COP 319,472**	**COP (1,329,965)**	**COP (157,164)**
Net fees	509,136	218,945	269,231	155,095	(7,443)	(126,692)
Other financial transactions	473,883	67,531	44,490	426,152	(70,692)	6,402
Other net ordinary income	(191,791)	(17,594)	(9,110)	(3,529)	(139,342)	(22,216)
Gross margin	**4,193,947**	**3,762,849**	**1,381,020**	**897,190**	**(1,547,442)**	**(299,670)**
General administrative expenses	(1,592,655)	(908,517)	(84,063)	(94,200)	(2,217)	(503,658)
- Personnel expenses	(798,689)	(309,727)	(48,283)	(39,425)	(78)	(401,176)
- Overhead	(694,260)	(532,534)	(19,509)	(28,466)	(1,395)	(112,356)
- Taxation (Contributions and Taxes)	(99,706)	(66,256)	(16,271)	(26,309)	(744)	9,874
Amortization and depreciation	(116,747)	(46,241)	(510)	(3,186)	-	(66,810)
Apportionment of expenses	-	(372,346)	(105,687)	(36,290)	(30,914)	545,237
Net margin	**2,484,545**	**2,435,745**	**1,190,760**	**763,514**	**(1,580,573)**	**(324,901)**
Asset impairment loss	(1,046,358)	(866,911)	(92,516)	(61,951)	3,619	(28,599)
Credit to provisions	(21,020)	(6,681)	(893)	(881)	(318)	(12,247)
Other non-ordinary income	(15,571)	-	-	-	-	(15,571)
Profit Before Taxes	**1,401,596**	**1,562,155**	**1,097,351**	**700,682**	**(1,577,272)**	**(381,320)**
Corporate tax	(468,082)	(521,632)	(366,426)	(233,971)	532,650	121,297
Profit After Taxes.	**COP 933,514**	**COP 1,040,524**	**COP 730,925**	**COP 466,711**	**COP (1,044,622)**	**COP (260,024)**

Note: Grouping presented to the highest decision-making body by the Financial Planning and Management Department, balance at December 2022.

Results by Segment at December 31, 2021

Item	Total Bank	Commercial Banking	EIB	CIB	COAP	Other
Interest margin	**COP 3,155,633**	**COP 1,951,555**	**COP 574,441**	**COP 242,199**	**COP 457,359**	**COP (69,921)**
Net fees	428,547	408,838	56,825	89,975	(1,818)	(125,273)
Other financial transactions	279,403	41,697	27,283	224,207	685	(14,469)
Other net ordinary income	(168,192)	(20,638)	(4,360)	(3,886)	(129,092)	(10,216)
Gross margin	**3,695,391**	**2,381,452**	**654,189**	**552,495**	**327,134**	**(219,879)**
General administrative expenses	(1,203,343)	(777,534)	(62,768)	(59,101)	(1,334)	(302,606)
- Personnel expenses	(603,352)	(303,555)	(39,353)	(32,505)	-	(227,939)
- Overhead	(534,380)	(422,784)	(17,076)	(19,223)	(1,045)	(74,252)
- Taxes	(65,611)	(51,195)	(6,339)	(7,373)	(289)	(415)
Amortization and depreciation	(113,785)	(44,740)	(536)	(2,776)	-	(65,733)
Apportionment of expenses	-	(271,767)	(65,702)	(38,171)	(10,844)	386,484
Net margin	**2,378,263**	**1,287,411**	**525,183**	**452,447**	**314,956**	**(201,734)**
Asset impairment loss	(1,022,592)	(812,784)	(111,094)	(15,211)	91	(83,594)
Credit to provisions	(22,442)	(3,387)	(730)	(956)	(266)	(17,103)
Other non-ordinary income	(12,957)	122	56	(2)	-	(13,133)
Profit Before Taxes	**1,320,272**	**471,362**	**413,415**	**436,278**	**314,781**	**(315,564)**
Corporate tax	(425,030)	(151,768)	(133,110)	(140,472)	(95,832)	96,152
Profit After Taxes	**COP 895,242**	**COP 319,594**	**COP 280,305**	**COP 295,806**	**COP 218,949**	**COP (219,412)**

Note: Grouping presented to the highest decision-making body by the Financial Planning and Management Department, balance at December 2021.

Banks have their key roles: they can function as either deposit or lending institutions.

In terms of the statement of income for the year 2022, the segment that generated the greatest profitability for the Bank was Commercial Banking, followed by EIB and CIB. In turn, the performance of the "other" areas was negative, because they are areas responsible for overseeing the Bank's correct internal operation.

COAP is the unit that manages the Bank's liquidity and sets the transfer prices for the resources and portfolio going to and from all other banking segments. This presented a variation of -COP1,787,324 in the interest margin. The gross margin was -COP1,547,442.

The other areas are responsible for eliminating duplicates caused by transactions between banking segments or in which more than one banking segment participates. Also, the latter includes all the expenses of the core areas and the adjustments to the Financial Statements of the Business Areas (EFAN, for the Spanish original). The central and means areas perform activities related to investment assets and central account, and the activities of the formalization center (credit investment). Finally, the central area is the segment with highest expenses (including the salaries of all the individuals from areas that are not in the business areas and administrative overhead).

The Bank's interest margin grew by 7.8% compared to 2021, explained by the increase in interest revenue. Commercial Banking with a variation of +COP1,542,412 (+79%) and EIB with a variation of +COP501,968 (+87.4%) stand out.

The Bank's gross margin grew 13.5% compared to the fourth period of 2021 for which Commercial Banking showed the best performance with a variation of +COP1,381,397 (+58%), followed by EIB with a variation of +COP726,831 (+111.1%).

The Bank's general administrative expenses recorded an increase of 32.4% and the greatest increases were of Commercial and BEI.

Finally, the Bank's profit after tax increased by 4.3% compared to December 31, 2021, as a result of the increase in Interest Margin of 7.8% and the increase of 69.6% in Other Financing Transactions. The best performing banking segments were Commercial and BEI.

5.
Maturity of assets or expiration of liabilities

The Bank has analyzed the maturities of derivative and non-derivative financial assets and liabilities, showing the following non-discounted contractual maturities:

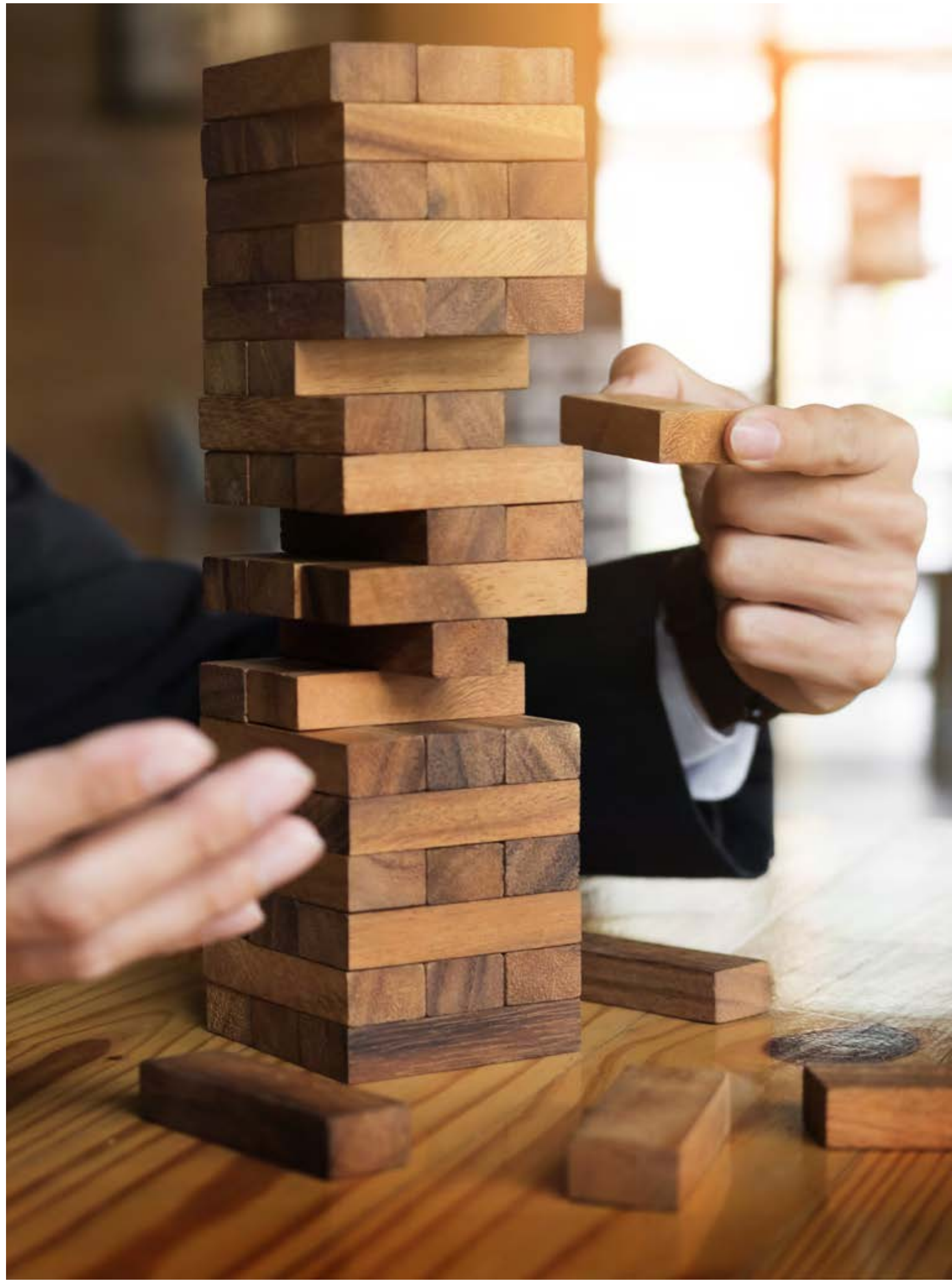
Loan portfolio and financial lease transactions – The Bank has performed an age analysis of the loan portfolio based on an assessment of the maturities of financial assets and liabilities, which takes into consideration the periodic amortization of principal and interest of each obligation, as contractually agreed with the customer.

The aging process is carried out by considering the balance sheet asset positions of the credit investments and segmented according to the final maturity date of each contract, classified by commercial, consumer, mortgage and micro-credit loan portfolios, assessing them separately for local currency and total currency.

Investment Financial Assets – The maturity of the principal and interest of investment financial assets in tradeable fixed-yield debt securities held-to-maturity is classified in the time periods defined by the Superintendence, taking into account the financial conditions of each security. The portfolio of investment financial assets includes securities issued by the Nation and, to a lesser extent, private debt securities, with an average maturities of more than twelve months. The securities consist mainly of Treasury Securities (TES), Short-term Treasury Securities (TCO) and Certificates of Deposit (CDTs).

Deposits and current liabilities – The maturity of savings deposits and checking accounts is carried out statistically by combining the historical behavior of the specific balances and the cancellation of accounts, in a system of conditioned probabilities, thus generating a logarithmic behavior in the aging of the deposits. Fixed term certificates of deposit are aged according to the conditions agreed with the customer.

BBVA Colombia is renowned as a nimble and contemporary entity, continually distinguished by its unwavering commitment to leadership and innovation.



Below is a list of the maturities of discounted and non-discounted financial assets and liabilities:

December 31, 2022 Maturity of Assets

Item	Years				
	0-1	1-3	3-5	More than 5	Total
Cash and deposits in banks	COP 9,375,035	COP-	COP-	COP-	COP 9,375,035
Money market transactions	899,081	-	-	-	899,081
Tradeable investments	834,194	520,577	240,832	586,521	2,182,124
Available-for-sale investments	2,026,097	1,052,841	116,522	394,392	3,589,852
Investments at amortized cost	3,009,738	-	-	4,045	3,013,783
Investments in Subsidiaries and Joint Ventures	-	-	-	322,009	322,009
Derivative financial instruments and cash hedging transactions	-	569,176	-	-	569,176
Derivative financial instruments and spot trading transactions	3,154,003	2,034,864	1,475,223	2,828,002	9,492,092
Commercial loan portfolio	16,516,452	6,501,897	4,086,025	2,323,586	29,427,960
Consumer loan portfolio	11,856,458	9,107,327	4,260,130	300,241	25,524,156
Mortgage loan portfolio and finance lease transactions	2,731,167	3,301,620	3,763,452	3,983,262	13,779,501
Employee loan and micro-credit portfolio	151,514	181,604	99,381	99,090	531,589
Interest on loan portfolio and other items	1,253,491	-	-	-	1,253,491
Other non-maturing assets	-	-	-	2,445,383	2,445,383
Total maturity of assets	**COP 51,807,230**	**COP 23,269,906**	**COP 14,041,565**	**COP 13,286,531**	**COP 102,405,232**

December 31, 2022 Maturity of Liabilities

Item	Years				
	0-1	1-3	3-5	More than 5	Total
Checking accounts	COP 9,022,094	COP -	COP -	COP-	COP 9,022,094
Certificates of deposit	9,320,120	2,636,786	3,777,971	12,816,090	28,550,967
Savings deposits, single deposits, special savings accounts and real value savings certificates	15,575,974	7,727,336	4,376,968	2,338,671	30,018,949
Current liabilities for services	417,958	-	-	-	417,958
Money market transactions	3,207,099	-	-	-	3,207,099
Special deposits	1,174,119	-	-	-	1,174,119
Derivative financial instruments and spot trading transactions	3,559,106	2,490,858	1,520,211	2,621,111	10,191,286
Bank credits and other financial obligations	520,812	1,079,331	1,765,481	2,005,060	5,370,684
Outstanding investment securities	176,874	1,685,739	177,094	637,083	2,676,790
Other non-maturing financial liabilities	-	-	-	2,215,861	2,215,861
Total maturity of liabilities	**COP 42,974,156**	**COP 15,620,050**	**COP 11,617,725**	**COP 22,633,876**	**COP 92,845,807**

The total loan portfolio and leasing transactions does not include an allowance for COP 3,835,829.

December 31, 2021 Maturity of Assets

Item	Years				
	0-1	1-3	3-5	More than 5	Total
Cash and deposits in banks	COP 10,268,052	COP -	COP -	COP-	COP 10,268,052
Money market transactions	737,064	-	-	-	737,064
Tradeable investments	1,852,309	243,684	166,302	461,178	2,723,473
Available-for-sale investments	5,042	1,903,628	15,282	489,062	2,413,014
Investments at amortized cost	2,074,877	-	-	11,216	2,086,093
Investments in Subsidiaries and Joint Ventures	-	-	-	321,374	321,374
Derivative financial instruments and cash hedging transactions	-	-	330,529	-	330,529
Derivative financial instruments and spot trading transactions	1,358,300	459,344	605,242	537,565	2,960,451
Commercial loan portfolio	10,016,710	5,118,642	4,061,861	3,019,229	22,216,442
Consumer loan portfolio	8,775,540	7,167,594	3,737,464	2,058,795	21,739,393
Mortgage loan portfolio and finance lease transactions	3,909,007	2,713,896	2,318,980	4,236,204	13,178,087
Employee loan and micro-credit portfolio	142,027	170,231	93,157	92,885	498,300
Interest on loan portfolio and other items	1,082,500	-	-	-	1,082,500
Other non-maturing assets	-	-	-	2,046,193	2,046,193
Total maturity of assets	**COP 40,221,428**	**COP 17,777,019**	**COP 11,328,817**	**COP 13,273,701**	**COP 82,600,965**

December 31, 2021 Maturity of Liabilities

Item	0-1	1-3	3-5	More than 5	Total
Checking accounts	COP 9,299,355	COP -	COP -	COP-	COP 9,299,355
Certificates of deposit	8,386,431	6,721,794	2,316,570	586,700	18,011,495
Savings deposits, single deposits, special savings accounts and real value savings certificates	13,809,899	9,845,062	3,631,476	3,216,320	30,502,757
Current liabilities for services	546,516	-	-	-	546,516
Money market transactions	3,697,100	-	-	-	3,697,100
Special deposits	837,485	-	-	-	837,485
Trading derivatives	1,461,510	713,662	656,059	623,552	3,454,783
Bank credits and other financial obligations	288,414	597,710	977,684	1,110,358	2,974,166
Outstanding investment securities	-	529,956	458,710	1,399,864	2,388,531
Other non-maturing financial liabilities	-	-	-	1,930,984	1,930,984
Total maturity of liabilities	**COP 38,326,710**	**COP 18,408,184**	**COP 8,040,499**	**COP 8,867,779**	**COP 73,643,172**

The total loan portfolio and leasing operations, does not include provision for COP 3,779,938.

6.
Foreign currency transactions

The Bank carried out transactions in the year 2022 in Euro (EUR), British pound (GBP), Canadian dollar (CAD), Swiss franc (CHF), Japanese yen (JPY), Swedish krona (SEK), Chinese yuan (CNY), Mexican peso (MXN) and US dollar (USD), the latter currency being the most representative currency of operation for the Bank.

Therefore, at December 31, 2022 and 2021, the balances in foreign currency were restated in terms of US dollars (USD):

Item	2022	2021
Spot proprietary position	USD 939	USD 1,531
Proprietary position	(29)	46
Gross leverage position	USD 35,279	USD 25,614

These values are within the legal limits in force and effect established by the Central Bank of Colombia.

At December 31, 2022 and 2021, the breakdown of foreign-currency assets and liabilities, equivalent in thousands of US dollars, is as follows:

Assets	Note	2022		2021
Cash and deposits in banks	(7)	USD	1,204	1,349
Financial investment assets, net	(8)		-	2
Loan portfolio and financial lease transactions (net)	(9)		400	373
Interest on loan portfolio and other items (net)	(9)		181	209
Total assets in foreign currency			**1,785**	**1,933**

Liabilities	Note		2022	2021
Deposits and on-demand liabilities	(22)	USD	175	108
Bank credits and other financial obligations	(23)		600	152
Outstanding investment securities	(26)		403	403
Accounts Payable	(25)		5	14
Other Liabilities	(28)		1	1
Total liabilities in foreign currency			**1,184**	**678**
Net assets in foreign currency			**601**	**1,255**
Rights			**2022**	**2021**
Spot transactions in USD			9	29
Foreign currency spot transactions			-	1
Cash transactions in securities			-	1
Forex			12	
Total rights			**21**	**31**
Obligations			**2022**	**2021**
Spot transactions in USD			1	82
Foreign currency spot transactions			-	2
Forex			12	1
Net rights (liabilities) in foreign currency			9	(55)
Exclusions according to the standards of DODM-139/05-25-2015 issued by the Central Bank of Colombia			330	330
Spot proprietary position		**USD**	**939**	**1,531**

Exchange differences - The functional and presentation currency of BBVA Colombia's financial statements is the Colombian peso, known as COP; foreign currency transactions and balances are translated at the official exchange rate regulated by the Central Bank of Colombia and supervised by the Financial Superintendence of Colombia (SFC).

BBVA persists in fortifying its relationships with suppliers, grounded in mutual respect. As such, the entity neither practices nor tolerates any form of discrimination against its suppliers.

The official exchange rates for the 2022 and 2021 periods were:

Item	2022	2021
Spot exchange rate (TRM)	COP 4,810.20	COP 3,981.16

The exchange difference reflected in the statement of income, in revenue and expenses, is a result of the restatement of assets and liabilities, asset realization of transactions in currencies other than the functional currency and the translation at the exchange rates in force.

At December 31, 2022 and 2021, the details of the exchange difference in income are as follows:

Item		2022	2021
Operating revenue - exchange gain		COP 1,934,762	COP 630,420
Operating expenses - exchange loss		(765,350)	(147,159)
Net gain	**(39)**	**COP 1,169,412**	**COP 483,261**
Item		**2022**	**2021**
Operating revenue - gain on sales		COP 632,592	COP 120,529
Net gain		**632,592**	**120,529**
Operating revenue -gain due to exchange adjustment		1,302,170	509,891
Operating revenue -loss due to exchange adjustment		(765,350)	(147,159)
Net gain		**536,820**	**362,732**
Profit		**COP 1,169,412**	**COP 483,261**

Below is the calculation of the gain from the exchange difference in 2022:

Item	Value in USD	Figures in Millions of Colombian Pesos	Exchange Rate
Spot proprietary position in Dec 2022	1,531	6,095,472	3,981.16
Purchases	55,550	232,382,414	4,183.29
Position before sales	57,081	238,477,885	4,177.87
Sales	56,142	235,026,682	4,186.26
Profit (loss) on sales		**632,592**	
Adjusted proprietary position	939	4,516,276	4,810.20
Profit (loss) due to exchange adjustment		536,820	
Net gain		**COP 1,169,412**	

At December 31, 2022, the exchange rate increased by 20.82% (COP 829.04) compared to December 31, 2021.

At year-end 2022, the net gain totaled COP 1,169,412. As of December 2022, assets showed a decrease of 7.80% or USD -150,901, while liabilities experienced an increase of 145.51%, amounting to USD 506,216.

In turn, the volume of both purchases and sales for 2022 decreased by USD 1,488,950 million and USD 1,733,079 million, respectively. The net income was largely impacted by fluctuations in the rate during the quarter, particularly in October 2022 (4,898.74).

The most influential factors are undoubtedly the uncertainty and expectations of the new policies of the incoming government.

In addition to Colombia's structural problems such as employment, poverty, low productivity, or deficits, there is also an international context in crisis. The country proved its resilience after the pandemic and overcame the economic shock better than most countries in the world, but the global crisis after almost a year of war in Ukraine puts an emerging economy such as Colombia's in difficulties. The forecasted mild recession in the United States and Europe is also not helping the situation.

7. Cash and cash equivalents

At December 31, 2022 and 2021, the balance of this account is summarized as follows:

Item	2022	2021
Local currency in Colombian pesos:		
Cash	COP 2,653,564	COP 2,439,197
Deposits in the Central Bank	922,417	2,455,534
Deposits in other banks	5,594	1,428
Remittances in transit of negotiated checks	COP 1,636	COP 242
Subtotal cash and deposits in banks in local currency	**3,583,211**	**4,896,401**
Foreign currency		
Cash	848	715
Foreign correspondents	5,791,292	5,371,011
Impairment foreign correspondents (1)	(316)	(75)
Subtotal cash and deposits in banks in foreign currency	**5,791,824**	**5,371,651**
Total cash and deposits in banks	**9,375,035**	**10,268,052**
Money market transactions (2)	899,081	737,064
Total cash and cash equivalents	**COP 10,274,116**	**COP 11,005,116**

Cash and/or cash equivalents include cash, bank deposits, remittances, funds in clearance and money market asset transactions. Between 2021 and 2022, the most significant transactions in legal currency as reflected in the Central Bank of Colombia balance showed a decrease of 62%, represented by a value of COP 1,533,117, due to Treasury strategies. On the foreign currency side, the balances increased in USD and were reflected in foreign Correspondent Banks. The change is the result of the established strategy for the FWD curve, due to irregularities in the market, which have created opportunities for prices on the curve, leading to the establishment of aggressive positions in the FWD curve, in which FWD sales and spot purchases are made. This produced a substantial increase in the use of cash in dollars compared to the previous year.

Legal reserve in Colombia: At December 31, 2022 and 2021, the legal reserve required and maintained in the Central Bank of Colombia amounted to COP 3,684,094 and COP 3,451,692, to comply with the liquidity requirements in deposits and on-demand liabilities, respectively. The restriction is determined according to the cash reserve standards set by the Central Bank of Colombia's Board of Directors and is based on percentages of the average deposits held in the Bank by its customers.

(1) The increase in the impairment of the available balance of foreign correspondents between 2021 and 2022 is mainly due to an increase in correspondent expenses. Additionally, operational risks and inconsistencies across various areas have also impacted the year-end closing.

(2) At December 31, the balance of money market and related operations was broken down as follows:

Description	Days	Rate	2022	Days	Rate	2021
Ordinary interbank funds sold						
Banks	4 to 8 days	11.15%	120,167	4 to 8 days	2.92%	30,010
Total ordinary interbank funds sold			**120,167**			**30.010**
Asset simultaneous transactions						
Central Bank of Colombia	4 to 8 days	6.66%	385,881	4 to 8 days	0.28%	226,161
Insurance and reinsurance companies	More than 15 days	11.08%	77,660	-	3.05%	71,135
Counterparty Clearing House		8.31%	315,373	4 to 8 days	2.44%	400,918
Nation	-	-	-	4 to 8 days	-0.01%	8,841
Total asset simultaneous transactions			**778,914**			**707,054**
Total money market and related transactions			**COP 899,081**			**COP 737,064**

The COP 162,017 increase in 2022 compared to 2021 of money market transaction balances is mainly due to transactions through the counterparty clearing house.

There are no restrictions on cash and cash equivalents to meet the liquidity requirements in deposits and on-demand liabilities.

The quality indicators of the Central Bank of Colombia, as the sovereign entity where BBVA's funds are located, have the following international credit rating.

International Rating Agency	Moody's	Fitch Ratings
BBVA Colombia rating	Baa2	BBB-

Rating of foreign entities:

Credit Quality					
Bank Name	Currency	Internal		External	
			S&P	FITCH	Moody's
JP Morgan Chase	USD	A	A-	AA-	A1
Citibank N.Y.	USD	A+	A+	A+	AA3
Wachovia	USD	A+	BBB+	A+	A1
Toronto Dominion	CAD	AA-	A-	AA-	AA1
UBS	CHF	A-	A-	A+	A3
Barclays	GBP	BBB	A	BBB	Baa2
Bank of Tokyo	JPY	A	A	A-	A1
BBVA Hong Kong	CNY	-	-	-	-
BBVA N.Y. USA PNC	USD	A-	A-	A+	A3
BBVA Madrid	EUR	A	A	BBB+	A2
Bank Of America N.Y.	USD	A	A-	AA-	A2
BBVA Bancomer Mexico	MXN	BBB	BBB	BBB	Baa1
China Citic Bank	CNY	BBB	BBB+	BBB	Baa2
BBVA Madrid	SEK	A	A	BBB+	A2

8.
Financial investment assets, net

At December 31, the balance of this account is summarized by issuer as follows:

Item	2022	2021
Tradeable investments		
Treasury securities - TES	COP 1,156,360	COP 2,089,409
Other securities issued by the National Government	18,012	13,013
Other domestic issuers	1,007,752	621,051
Total marketable investments	**2,182,124**	**2,723,473**
Available-for-sale investments		
Treasury securities - TES	3,176,552	2,004,921
Other domestic issuers	413,300	408,093
Total available-for-sale	**3,589,852**	**2,413,014**
Held-to-maturity investments		
Other securities issued by the National Government	3,009,738	2,070,925
Other domestic issuers	4,045	15,168
Impairment of investments	(437)	(4,022)
Total held-to-maturity investments	**3,013,346**	**2,082,071**
Total investments	**COP 8,785,322**	**COP 7,218,558**

- Between December 2022 and 2021, there is a decrease in the portfolio of marketable investments of COP 541,349, where the most significant variation corresponds to the short-term TES "Treasury Securities", going from having at the end of 2021 of COP 1,280,759 to COP 980 at the end of 2022.

- Between December 2022 and December 2021 the investments available for sale, present an increase of 49%, where the most representative is in the TES "Treasury Securities" in UVR, going from COP 1,961,190 at the close of 2021 to COP 3,137,398 at the close of 2022, this variation corresponds to 60% of the investment portfolio.

- At the closing of the periods 2022 and 2021, the investment portfolio to be held to maturity presented an increase of 45% with a variation of COP 927,690, basically in the other securities issued by the nation, agricultural development securities IBR.

- In February 2022, the TIPS from issue N6 were cancelled through an exceptional redemption, following the stipulations outlined in the Regulations of Issue TIPS Pesos N-6. It was established that there would be opportunity for early liquidation of the issue when the total capital balance of the mortgage loans on the payment date is equal to or less than 5% of the total capital balance of the mortgage loans on the issue date (August 23, 2012).

For the years 2022 and 2021, the entities with non-controlled interests declared dividends as follows:

Entity	2022			2021		
	In Shares	In Cash	Total	In Shares	In Cash	Total
Fondo para el Financiamiento del Sector Agropecuario "FINAGRO"	COP 759	COP 3,036	COP 3,795	COP 1,303	COP 5,213	COP 6,516
Bolsa de Valores de Colombia	-	2,605	2,605	-	5,137	5,137
ACH Colombia S.A.	-	10,250	10,250	-	4,891	4,891
Cámara de Riesgo Central de Contraparte de Colombia S.A.	-	149	149	-	89	89
Credibanco S.A.	-	605	605	-	510	510
Redeban Multicolor S.A.	-	474	474	-	-	-
Total	**COP 759**	**COP 17,119**	**COP 17,878**	**COP 1,303**	**COP 15,840**	**COP 17,143**

Investments in non-controlled interests – These are investments in equity instruments in non-controlled entities, consisting of the following at December 31, 2022 and 2021:

December 31, 2022

Item	Domicile	Capital	Equity Capital	Share Percentage %	Carrying Value	Assets	Liabilities	Profits and/ or Losses
Investments in non-controlled entities:								
Fondo para el Financiamiento del Sector Agropecuario "FINAGRO"	Bogotá D.C.	408,640	37,145	9.09%	100,207	17,071,216	15,968,503	67,216
Total investments in non-controlled entities					**COP 100,207**			

December 31, 2021

Item	Domicile	Capital	Equity Capital	Share Percentage %	Carrying Value	Assets	Liabilities	Profits and/or Losses
Investments in non-controlled entities:								
Fondo para el Financiamiento del Sector Agropecuario "FINAGRO"	Bogotá D.C.	405,469	36,846	9.09%	97,117	13,873,562	12,805,165	43,658
Cámara de Riesgo Central de Contraparte de Colombia S.A.	Bogotá D.C.	51,270	1,365	2.66%	2,643	109,822,755	109,723,410	5,729
Total investments in non-controlled entities					**COP 99,760**			

In the case of the investment classified as non-controlled investee Fondo para el Financiamiento del Sector Pecuario (FINAGRO), its measurement is made according to the index of marketability, taking into account the equity variations subsequent to the acquisition of the investment. To this effect, the variation in the issuer's equity is calculated based on the latest certified financial statements, which are those at November 2022.

For investments categorized as non-controlled holdings, are measured based on the "Precia" method at the valuation date, considering any changes in equity that have occurred since acquiring the investment. To this effect, the variation in the issuer's equity is calculated based on the latest certified financial statements as of December 2022.

For the month of September 2022, all the shares of Counterparty Clearing House owned by the Bank were traded.

In the case of the equity interest held in Bolsa de Valores de Colombia S.A., the price of the share published on the last day of the year is considered. These shares were valued at a market price of COP 9,875 and COP 6,985 at the end of December 2021 and 2022, respectively.

For the investment held by the Bank in Credibanco S.A., the valuation is carried out by "Precia" (Price vendor for valuation) which is applicable to the entire Colombian Financial sector, for the closing of December 2022 and December 2021 the price is COP 101.82 and COP 97.11 respectively; these valuations are recorded in the other comprehensive income.

For the Investments of ACH Colombia S.A. and Redeban Multicolor S.A., they are presented in this report with the valuation made by the price vendor Precia (Price Vendor for Valuation), due to a change in the valuation method. According to the reports submitted based on the Cash Flow method, they reflect that the share valuation was COP 169,621.69 for ACH Colombia S.A. and COP 16,655.24 for Redeban Multicolor S.A.

The valuation of investments held in Credibanco S.A., ACH Colombia S.A. and Redeban S.A. is recorded in Other Comprehensive Income.

The principles and policies for investments in non-controlled interests meet the recognition, classification and measurement criteria established in Basic Accounting and Financial Notice No. 100/1995. These accounting policies do not differ from those approved and published at the end of 2021.

The following is the breakdown of investment financial assets by classification and type, excluding impairment, at December 31, 2022:

Breakdown of the Securities Portfolio at year-end 2022

Class of Security	Tradeable investments		Held-to-maturity investments		Available-for-sale investments		Overall Total
	Amount	%	Amount	%	Amount	%	
Ordinary Bonds	COP 45,704	2%	-	0%	-	0%	45.704
CDTs	980.060	45%	-	0%	4.544	0%	984.604
TDAs	-	0%	1,871,817	62%	-	0%	1,871,817
TIPS	-	0%	4.045	0%	14.364	0%	18.409
TDS	-	0%	1,137,921	38%	-	0%	1,137,921
Treasury Securities - TES	1,156,360	53%	-	0%	3,176,552	91%	4,332,912
Bolsa de Valores de Colombia S.A.	-	0%	-	0%	30.990	1%	30.990
A.C.H. Colombia S.A.	-	0%	-	0%	119.916	3%	119.916
Redeban Multicolor S.A.	-	0%	-	0%	26.913	1%	26.913
Credibanco S.A.	-	0%	-	0%	116.366	3%	116.366
Overall Total	**COP 2,182,124**	**100%**	**COP 3,013,783**	**100%**	**COP 3,489,645**	**100%**	**COP 8,685,552**
Contribution to year's net income	**77.483**		**72.775**		**341.627**		**491.885**
% Profitability		**4%**		**2%**		**11%**	

The composition of the investment portfolio as of December 31, 2021 was:

Breakdown of the Securities Portfolio at year-end 2021

Class of Security	Tradeable investments		Held-to-maturity investments		Available-for-sale investments		Overall Total
	Amount	%	Amount	%	Amount	%	
Ordinary Bonds	COP 59.888	2%	-	0%	-	0%	59.888
CDTs	528.832	19%	-	0%	9.954	0%	538.786
TDAs	-	0%	973.361	18%	-	0%	973.361
TIPS	-	0%	15.168	30%	16.112	1%	31.280
TDS	-	0%	1,097,564	52%	-	0%	1,097,564
Treasury Securities - TES	2,089,410	77%	-	0%	2,004,922	99%	4,094,332
Corporate bonds Colombian Pesos	45.343	2%	-	0%	-	0%	45.343
Shares stock exchange	-	0%	-	0%	43.811	2%	43.811
A.C.H. Colombia S.A.	-	0%	-	0%	96.480	4%	96.480
Redeban S.A.	-	0%	-	0%	30.993	1%	30.993
Credibanco S.A.	-	0%	-	0%	110.982	5%	110.982
Overall Total	**COP 2,723,473**	**100%**	**COP 2,086,093**	**100%**	**COP 2,313,254**	**100%**	**COP 7,122,820**
Contribution to year's net income	**37.892**		**(13,278)**		**181.094**		**205.708**
% Profitability		**1%**		**-1%**		**9%**	

The maturity of investments in debt securities as of December 31 was as follows

Maturities Securities Portfolio (in Millions of Colombian Pesos)			2022	
Range	**Tradeable investments**	**Held-to-maturity investments**	**Available-for-sale investments**	**Overall Total**
Less than 1 year	COP 834,193	COP 3,009,738	COP 2,026,097	COP 5,870,028
From 1 to 5 years	761,410	-	1,169,363	1,930,773
More than 5 years	586,521	4,045	294,185	884,751
Overall Total	**COP 2,182,124**	**COP 3,013,783**	**COP 3,489,645**	**COP 8,685,552**

Maturity of the securities portfolio			2021	
Range	**Tradeable investments**	**Held-to-maturity investments**	**Available-for-sale investments**	**Overall Total**
Less than 1 year	COP 1,852,308	COP 2,074,878	COP 5,042	COP 3,932,228
From 1 to 5 years	409,987	-	1,918,910	2,328,897
More than 5 years	461,178	11,215	389,302	861,695
Overall Total	**COP 2,723,473**	**COP 2,086,093**	**COP 2,313,254**	**COP 7,122,820**

Securities issued by Titulizadora Colombia TIPS, derived from Mortgage Portfolio Securitization processes in Colombian pesos, were issued in 10 and 15-year terms.

At December 31, 2022 and 2021, allowances were made on securities (TITIP0CD0099/ TITIPMZD0098/INSC15061232 /INSZ15061232) for a total of COP 437 and COP 4,022, respectively, in accordance with the guidelines established by Chapter I-1 of the Basic Accounting and Financial Notice (CBCF) (Public Notice 100/95) of the Financial Superintendence of Colombia, according to the instruction of Section 2.4 of Chapter XV of the CBCF.

In the years 2022 and 2021, the Bank did not participate in securitization processes.

There are currently 4 series on the market, of which the Bank holds series B, MZ and C of the N-16 Pesos issue, for a total balance at December 31, 2022 and 2021 of COP 18,392 and COP 31,280, respectively (Considering that in 2021 there were also series of the N6 issue).

The details and balance of the securities from securitization processes (TIPS) are shown in the table below:

Series	Nominal Value	Issue Date	Maturity Date	Term	2022	2021
TIPS Colombian Pesos N-16 B 2032	COP 16,604	December 07, 2017	December 07, 2032	15	COP 14,363	COP 16,112
TIPS Colombian Pesos N-16 MZ 2032	3,180	December 07, 2017	December 07, 2032	15	3,207	3,207
TIPS Colombian Pesos N-16 C 2032	830	December 07, 2017	December 07, 2032	15	839	839
Subtotal	**20,614**				**18,409**	**20,158**
TIPS Colombian Pesos N-6 B 2027	26,641	August 23, 2012	August 23, 2027	15	-	3,952
TIPS Colombian Pesos N-6 MZ 2027	6,104	August 23, 2012	August 23, 2027	15	-	6,104
TIPS Colombian Pesos N-6 C 2027	1,066	August 23, 2012	August 23, 2027	15	-	1,066
Subtotal	**33,811**				**-**	**11,122**
Total	**COP 54,425**				**COP 18,409**	**COP 31,280**

As of December 31, 2022, our available-for-sale and held-to-maturity investments are detailed below by their respective ratings:

Debt Securities Available for Sale				Debt Securities Held to Maturity			
S&P Global Rating ISSUE	Carrying Value Sovereign Debt	Carrying Value - Other Debt	%	S&P Global Rating ISSUE	Carrying Value Sovereign Debt	Carrying Value - Other Debt	%
A	-	294,185	8%	AA	-	-	0%
BB+	3,176,552	4,544	91%	BB+	3,009,738	-	100%
Unclassified	-	14,364	0%	Unclassified	-	4,045	0%
Total	**3,176,552**	**313,093**	**100%**	**TOTAL**	**3,009,738**	**4,045**	**100%**

December 2021

Debt Securities Available for Sale				Debt Securities Held to Maturity			
S&P Global Rating ISSUE	Carrying Value Sovereign Debt	Carrying Value - Other Debt	%	S&P Global Rating ISSUE	Carrying Value Sovereign Debt	Carrying Value - Other Debt	%
A		282,266	12%	AA	-	-	0%
BB+	2,004,922	9,954	87%	BB+	2,070,925		99%
Unclassified		16,112	1%	Unclassified		15,168	1%
Total	**2,004,922**	**308,332**	**100%**	**Total**	**2,070,925**	**15,168**	**100%**

Global Rating Agency

Issuer	CDT	TDA	TES	TIPS
Bancolombia S.A.	AAA			
DTN National Government (TES)			BBB	
FINAGRO		AAA		
Titularizadora Colombiana				
INSC15061232-229718				BB-
INSZ15061232-229722				BB+
TIPN16B32-229723				BBB

9.

Loan portfolio and finance lease transactions (Net) and Interest on loan portfolio and other items (Net)

The financial assets account for loan portfolio at amortized cost in the separate statement of financial position is presented in accordance with the classification adopted by the Financial Superintendence in the Exclusive Financial Reporting Catalog (CUIF, for the Spanish original). Below is the loan portfolio and finance lease transactions, net including interest and other items at December 31, 2022 and 2021 by type of currency:

December 31, 2021

Modalities	Local Currency	Foreign Currency	RVU	Total Foreign Currency
Commercial	COP 26,587,080	COP 1,910,931	COP 399,732	COP 28,897,743
Consumer	23,868,233	-	-	23,868,233
Mortgage	13,814,771	-	100,121	13,914,892
Total Loan Portfolio and Finance Lease Transactions (Net) and Interest on Loan Portfolio and Other Items (Net)	**COP 64,270,084**	**COP 1,910,931**	**COP 499,853**	**COP 66,680,868**

December 31, 2021

Modalities	Local Currency	Foreign Currency	RVU	Total Foreign Currency
Commercial	COP 19,679,621	COP 1,468,678	COP 328,689	COP 21,476,988
Consumer	20,192,380	-	-	20,192,380
Mortgage	13,215,324	-	50,092	13,265,416
Total Loan Portfolio and Finance Lease Transactions (Net) and Interest on Loan Portfolio and Other Items (Net)	**COP 53,087,325**	**COP 1,468,678**	**COP 378,781**	**COP 54,934,784**

In 2022, our loan portfolio showcased an annual cumulative growth that surpassed the figures recorded in December 2021. A notable resurgence was witnessed in the total current portfolio, with a significant upswing in the commercial portfolio by 34.55%. In tandem, the consumer portfolio also displayed growth by 18.20%, and the mortgage loans experienced a rise of 4.90%. The dynamics of this segment have shown recovery due to the economic reactivation taking place throughout the year.

The dynamics of this segment have shown recovery due to the economic reactivation taking place throughout the year.

These portfolios have generated satisfactory operational results. It's important to highlight that, despite the current economic climate and the rise in interest rates, the mortgage portfolio continues to expand.

This growth can be attributed to the current market conditions and the strategic moves made by banks, which have led to an increase in the overall performing portfolio. This, coupled with the adept risk management by our teams and the economy's enhanced resilience to the challenges posed by the pandemic, has culminated in a total net loan portfolio increase of 21.38% for the year

2022.

What follows is a summary of our loan portfolio and financial leasing transactions as of the close of 2022 and 2021, categorized by modality and risk type:

December 31, 2022

Loan portfolio	Capital	Interest	Others	Principal Provision	Interest Provision	Other Provision	Collateral
Commercial:							
Category "A"	COP 27,594,044	COP 344,607	COP 18,617	COP (246,711)	COP (5,093)	COP (326)	COP 18,380,474
Category "B"	903,481	19,928	4,089	(30,520)	(1,017)	(181)	1,790,558
Category "C"	383,257	13,926	2,557	(38,986)	(2,854)	(919)	934,159
Category "D"	73,683	2,662	2,639	(35,412)	(2,211)	(2,448)	117,133
Category "E"	473,495	24,339	27,456	(406,942)	(24,159)	(27,173)	906,075
Total commercial	**29,427,960**	**405,462**	**55,358**	**(758,571)**	**(35,334)**	**(31,047)**	**22,128,399**
Consumer:							
Category "A"	COP 23,509,581	COP 364,865	COP 11,018	COP (383,930)	COP (9,014)	COP (235)	COP 1,009,995
Category "B"	421,290	18,334	1,075	(33,032)	(2,638)	(159)	30,976
Category "C"	392,597	21,300	1,260	(47,755)	(9,345)	(532)	46,297
Category "D"	342,769	16,298	1,171	(285,782)	(16,061)	(1,150)	11,330
Category "E"	857,919	47,810	5,743	(844,354)	(47,814)	(5,754)	75,592
Total consumer	**25,524,156**	**468,607**	**20,267**	**(1,594,853)**	**(84,872)**	**(7,830)**	**1,174,190**
Micro-credit:							
Category "E"	2	-	-	(2)	-	-	-
Total micro-credit	**2**	**-**	**-**	**(2)**	**-**	**-**	**-**
Mortgage:							
Category "A"	COP 12,783,875	COP 202,855	COP 19,528	COP (127,848)	COP (9,589)	COP (345)	COP 25,347,284
Category "B"	477,253	29,553	3,190	(15,465)	(28,873)	(3,114)	1,458,716
Category "C"	124,117	8,899	1,196	(12,390)	(8,852)	(1,172)	328,503
Category "D"	122,090	7,529	1,226	(24,395)	(7,498)	(1,191)	432,328
Category "E"	272,272	12,850	5,479	(152,524)	(12,491)	(5,385)	695,978
Total mortgage	**13,779,607**	**261,686**	**30,619**	**(332,622)**	**(67,303)**	**(11,207)**	**28,262,809**
Employee mortgage							

Category "A"	COP 403,195	COP 2,199	COP -	COP (4,038)	COP (38)	COP -	COP 880,185
Category "B"	2,019	113	-	(43)	(55)	-	5,648
Category "C"	191	8	-	(22)	(8)	-	816
Category "D"	407	11	-	(85)	(10)	-	1,001
Category "E"	271	11	-	(175)	(11)	-	1,197
Total employee mortgage	**406,083**	**2,342**	**-**	**(4,363)**	**(122)**	**-**	**888,847**
Employee consumer							
With other collateral							
Category "A"	COP 123,968	COP 915	COP -	COP (1,983)	COP (12)	COP-	COP 888
Category "B"	316	10	-	(16)	-	-	-
Category "C"	326	5	-	(65)	(1)	-	-
Category "D"	302	6	-	(152)	(2)	-	-
Category "E"	486	25	-	(486)	(12)	-	-
Total employee consumer	**125,398**	**961**	**-**	**(2,702)**	**(27)**	**-**	**888**
General mortgage provision	-	-	-	(137,795)	(12,926)	-	-
General employees provision	-	-	-	(5,316)	(75)	-	-
General consumer provision	-	-	-	(175,989)	(7,624)	-	-
General commercial provision	-	-	-	-	(3,305)	-	-
Countercyclical individual commercial provision	-	-	-	(162,987)	(2,562)	(389)	-
Countercyclical individual consumer provision	-	-	-	(386,906)	(8,714)	(386)	-
Others	-	8,189	-	-	-	-	-
Total provisions	**-**	**8,189**	**-**	**(868,993)**	**(35,206)**	**(775)**	**-**
Total Loan Portfolio and Finance Lease Transactions (Net) and Interest on Loan Portfolio and Other Items (Net)	**COP 69,263,206**	**COP 1,147,247**	**COP 106,244**	**COP (3,562,106)**	**COP (222,864)**	**COP (50,859)**	**COP 52,455,133**

December 31, 2021

Loan portfolio	Capital	Interest	Others	Principal Provision	Interest Provision	Other Provision	Collateral
Commercial:							
Category "A"	COP 20,505,107	COP 126,813	COP 40,948	COP (184,441)	COP (2,450)	COP (822)	COP 13,799,688
Category "B"	588,095	10,274	2,100	(26,147)	(702)	(145)	2,373,589
Category "C"	497,312	11,244	14,655	(54,132)	(1,833)	(2,172)	982,973
Category "D"	67,524	3,928	3,725	(37,956)	(3,138)	(3,412)	123,584
Category "E"	558,404	28,811	18,535	(504,004)	(28,695)	(18,647)	881,166
Total commercial	**22,216,442**	**181,070**	**79,963**	**(806,680)**	**(36,818)**	**(25,198)**	**18,161,000**
Consumer:							
Category "A"	COP 19,891,361	COP 307,230	COP 13,600	COP (333,134)	COP (7,980)	COP (351)	COP 890,929
Category "B"	307,482	19,405	1,498	(25,460)	(2,561)	(188)	29,662
Category "C"	249,558	19,210	1,425	(40,276)	(7,510)	(595)	31,229
Category "D"	220,908	18,225	1,470	(201,153)	(16,395)	(1,337)	13,679
Category "E"	1,070,084	87,197	8,688	(1,059,291)	(87,179)	(8,696)	131,995
Total consumer	**21,739,393**	**451,267**	**26,681**	**(1,659,314)**	**(121,625)**	**(11,167)**	**1,097,494**
Micro-credit:							
Category "E"	2	-	-	(2)	-	-	-
Total micro-credit	**2**	**-**	**-**	**(2)**	**-**	**-**	**-**
Mortgage:							
Category "A"	COP 11,845,035	COP 217,845	COP 22,961	COP (120,113)	COP (6,992)	COP (507)	COP 24,201,540
Category "B"	670,470	44,993	5,043	(22,995)	(43,739)	(4,890)	1,671,138
Category "C"	186,197	16,056	2,089	(18,730)	(15,975)	(2,081)	480,872
Category "D"	160,396	9,028	1,263	(32,542)	(8,977)	(1,246)	730,945
Category "E"	315,989	10,343	5,080	(191,054)	(9,927)	(4,977)	794,604
Total mortgage	**13,178,087**	**298,265**	**36,436**	**(385,434)**	**(85,610)**	**(13,701)**	**27,879,099**
Employee mortgage							

Category "A"	COP 382,737	COP 2,226	COP-	COP (3,845)	COP (18)	COP -	COP 842,407
Category "B"	2,325	147	-	(54)	(84)	-	7,930
Category "C"	203	16	-	(24)	(16)	-	427
Category "D"	448	8	-	(82)	(8)	-	1,181
Category "E"	545	10	-	(425)	(11)	-	1,885
Total employee mortgage	**386,258**	**2,407**	**-**	**(4,430)**	**(137)**	**-**	**853,830**
Employee consumer							
With other collateral							
Category "A"	COP 110,960	COP 781	COP-	COP (1,775)	COP (12)	COP -	COP 1,338
Category "B"	524	9	-	(26)	-	-	-
Category "C"	118	1	-	(24)	-	-	-
Category "D"	128	3	-	(64)	(2)	-	-
Category "E"	310	15	-	(310)	(9)	-	-
Total employee consumer	**112,040**	**809**	**-**	**(2,199)**	**(23)**	**-**	**1,338**
General mortgage provision	-	-	-	(131,781)	(15,761)	-	-
General employees provision	-	-	-	(4,983)	(99)	-	-
General consumer provision	-	-	-	-	(13,042)	-	-
General commercial provision	-	-	-	-	(5,241)	-	-
Countercyclical individual commercial provision	-	-	-	(125,106)	(1,384)	885	-
Countercyclical individual consumer provision	-	-	-	(320,616)	(8,243)	459	-
Others	-	5,602	-	-	-	-	-
Total provisions	**-**	**5,602**	**-**	**(582,486)**	**(43,770)**	**1,344**	**-**
Total Loan Portfolio and Finance Lease Transactions (Net) and Interest on Loan Portfolio and Other Items (Net)	**COP 57,632,222**	**COP 939,420**	**COP 143,080**	**COP (3,440,545)**	**COP (287,983)**	**COP (51,410)**	**COP 47,992,761**

A disclosure of the changes in the impairment account for the loan portfolio and financial lease transactions for the years 2022 and 2021 is presented below:

December 31, 2022

Item	Commercial	Consumer	Mortgage	Employees	Micro-credit	Total
Balance at the beginning of year	COP (931,786)	COP (1,979,930)	COP (517,215)	COP (11,612)	COP (2)	COP (3,440,545)
Impairment charged to expenses in the year	(747,690)	(1,559,229)	(159,429)	(3,579)	-	(2,469,927)
Less – Impairment recovery	597,438	635,313	130,937	2,603	-	1,366,291
Loans written off as uncollectable	135,638	706,587	54,686	-	-	896,911
Debt forgiveness	23,706	39,414	20,808	-	-	83,928
Other movements	1,136	97	(204)	207	-	1,236
Balance at year end	**COP (921,558)**	**COP (2,157,748)**	**COP (470,417)**	**COP (12,381)**	**COP (2)**	**COP (3,562,106)**

In response to Public Notice 026 issued on November 29, 2022, by the Financial Superintendence of Finance of Colombia, promoting healthy and sustainable growth of the consumer portfolio, our risk department conducted a thorough analysis. This analysis took into account potential impacts on debtor's repayment abilities due to economic slowdown, persistent inflation, and other factors affecting our economy. In compliance with these guidelines, we implemented a methodology to determine the prospective impact issued by the regulatory body. This resulted in the establishment of a provision in the amount of COP 175,989, which was recognized as of December 31, 2022.

December 31, 2021

Item	Commercial	Consumer	Mortgage	Employees	Micro-credit	Total
Balance at the beginning of year	COP (1,043,519)	COP (1,891,875)	COP (482,925)	COP (12,692)	COP (2)	COP (3,431,013)
Impairment charged to expenses in the year	(881,936)	(1,568,599)	(279,476)	(2,813)	-	(2,732,824)
Less – Impairment recovery	746,013	741,066	154,465	3,816	-	1,645,360
Loans written off as uncollectable	223,112	639,537	36,859	-	-	899,508
Debt forgiveness	22,076	99,925	55,574	-	-	177,575
Other movements	2,468	16	(1,712)	77	-	849
Balance at year end	**COP (931,786)**	**COP (1,979,930)**	**COP (517,215)**	**COP (11,612)**	**COP (2)**	**COP (3,440,545)**

The following discloses the changes in the account of impaired interest and accounts receivable from the loan portfolio and financial lease transactions at the end of 2022 and 2021:

December 31, 2022

Item	Commercial	Consumer	Mortgage	Employees	Total
Balance at the beginning of year	COP (69,526)	COP (154,536)	COP (115,072)	COP (259)	COP (339,393)
Impairment charged to expenses in the year	(51,781)	(80,846)	(22,965)	(76)	(155,668)
Less – Impairment recovery	23,989	54,218	43,354	94	121,655
Loans written off as uncollectable	23,012	70,352	2,983	-	96,347
Debt forgiveness	389	-	-	-	389
Other movements	1,280	1,386	264	17	2,947
Balance at year end	**COP (72,637)**	**COP (109,426)**	**COP (91,436)**	**COP (224)**	**COP (273,723)**

December 31, 2021

Item	Commercial	Consumer	Mortgage	Employees	Total
Balance at the beginning of year	COP (93,166)	COP (132,417)	COP (116,623)	COP (479)	COP (342,685)
Impairment charged to expenses in the year	(37,613)	(137,381)	(62,081)	(111)	(237,186)
Less – Impairment recovery	30,996	47,577	61,791	302	140,666
Loans written off as uncollectable	27,957	62,402	1,895	-	92,254
Debt forgiveness	1,469	-	-	-	1,469
Other movements	831	5,283	(54)	29	6,089
Balance at year end	**COP (69,526)**	**COP (154,536)**	**COP (115,072)**	**COP (259)**	**COP (339,393)**

As of December 31, 2022, the classification of the loan portfolio and finance lease transactions and provisions by geographic area was as follows:

December 31, 2022

Area	Capital	Interest	Others	Principal Provision	Interest Provision	Other Provision
Barranquilla	COP 10,913,962	COP 206,678	COP 28,641	COP (667,265)	COP (52,532)	COP (18,901)
Bogotá	24,730,916	368,326	25,976	(1,378,243)	(65,653)	(8,615)
Cali	6,986,947	118,922	10,794	(337,841)	(23,719)	(4,430)
Cundiboyacá	2,491,175	44,209	4,466	(140,642)	(9,811)	(1,546)
Coffee-growing region	2,870,912	46,364	5,558	(114,755)	(7,922)	(3,027)
Huila	1,629,780	30,618	2,021	(85,622)	(6,053)	(721)
Eastern plains region	2,693,417	52,715	6,966	(185,735)	(12,204)	(3,241)
Medellín	10,751,155	170,923	10,820	(353,934)	(21,260)	(4,947)
Santander	4,756,205	82,062	8,761	(215,406)	(17,394)	(4,518)
Tolima	1,438,737	26,430	2,241	(82,663)	(6,316)	(913)
Total	**COP 69,263,206**	**COP 1,147,247**	**COP 106,244**	**COP (3,562,106)**	**COP (222,864)**	**COP (50,859)**

December 31, 2021

Area	Capital	Interest	Others	Principal Provision	Interest Provision	Other Provision
Barranquilla	COP 9,553,613	COP 181,812	COP 34,055	COP (679,437)	COP (67,940)	COP (11,372)
Bogotá	19,763,708	285,086	39,331	(1,196,896)	(82,352)	(13,628)
Cali	5,752,547	101,993	15,084	(330,324)	(29,671)	(5,519)
Cundiboyacá	2,177,592	45,034	6,705	(151,917)	(14,659)	(2,382)
Coffee-growing region	2,550,453	40,346	7,210	(117,153)	(10,202)	(3,627)
Huila	1,467,887	27,104	2,974	(88,770)	(8,556)	(1,056)
Eastern plains region	2,330,779	48,264	10,536	(199,548)	(17,191)	(3,621)
Medellín	8,573,255	111,933	13,255	(345,739)	(25,354)	(4,378)
Santander	4,152,752	73,036	10,882	(245,230)	(23,795)	(4,568)
Tolima	1,309,636	24,812	3,048	(85,531)	(8,263)	(1,259)
Total	**COP w57,632,222**	**COP 939,420**	**COP 143,080**	**COP (3,440,545)**	**COP (287,983)**	**COP (51,410)**

As of December 31, 2022 and 2021, the Bank's loan portfolio and finance lease transactions were distributed among debtors engaged in the following economic activities:

Activity	2022	2021
Association – education – health activities	1,803,786	1,663,476
Recreation activities – cultural activities	175,296	178,568
Real estate – companies – rental activities	2,054,836	1,461,232
Water collection - treatment - distribution	75,016	72,603
Wholesale trade – commission – contracting	2,818,871	2,242,152
Retail trade – non-specialized establishments	3,006,629	2,133,568
Construction – reconditioning – finishing	1,143,183	1,145,908
Mail and telecommunications	758,516	612,489
Production of food and beverage products	2,607,936	2,186,375
Exploration of public administration and defense	3,540,275	2,942,616
Exploitation of non-metallic minerals	12,538	11,158
Coal mining	89,555	4,022
Extraction of metallic minerals	1,504	1,365
Extraction of oil and gas – natural gas	141,022	232,441
Manufacturing paper - cardboard and their products	121,539	68,802
Manufacturing– refinement – petroleum–chemicals	1,469,235	889,749
Manufacturing non-metallic minerals	455,273	351,057
Manufacturing other manufacturing industries	81,242	56,207
Manufacturing metallic products – machinery	545,827	537,258
Manufacturing of textile products	393,887	335,766
Financing insurance plans	71,589	75,477
Power generation – gas – water	4,101,012	2,817,557
Hotels and restaurants	264,160	249,320
Industry – manufacturing – metals	141,419	83,979
Financial intermediation	3,372,194	1,950,710
Wage earners	36,812,977	32,088,506
Capital investors	303,061	325,656
Printing activities	61,154	45,847
Non-differentiated activities of individual households	4,181	1,545
Extraterritorial organizations and bodies	3,880	5,086
Other community service activities	635,051	833,969
Fish production fish hatchery - farm	31,995	27,521
Agricultural and livestock production	984,994	894,028
Sanitation and similar services	81,185	74,382
Forestry, wood extraction and services	32,264	33,624
Transformation– factory– basketwork	14,301	9,763
Transportation	1,051,823	988,440
Total	**COP 69,263,206**	**COP 57,632,222**

The following are the detailed values of restructured loans by risk type rating for companies with which informal agreements were reached and those in the process of insolvency proceedings:

December 31, 2022

Restructured	Capital	Interest	Others	Capital Impairment	Interest Impairment	Impairment Others	Collateral
Commercial:							
Category "A"	COP 682	COP -	COP -	COP (8)	COP -	COP -	COP -
Category "B"	4,381	101	1	(141)	(6)	-	6,637
Category "C"	67,524	2,827	202	(6,115)	(376)	(42)	370,373
Category "D"	33,064	860	2,343	(15,960)	(661)	(2,278)	43,528
Category "E"	238,476	11,103	18,825	(203,525)	(10,924)	(18,800)	519,139
Total commercial	**344,127**	**14,891**	**21,371**	**(225,749)**	**(11,967)**	**(21,120)**	**939,677**
Consumer:							
Category "A"	8,510	415	26	COP (366)	COP (40)	COP (2)	473
Category "B"	29,044	1,472	91	(4,665)	(315)	(17)	2,157
Category "C"	97,401	5,940	327	(20,271)	(1,687)	(80)	13,442
Category "D"	35,186	1,506	57	(30,589)	(1,480)	(54)	708
Category "E"	266,399	12,783	1,256	(261,298)	(12,760)	(1,253)	36,603
Total consumer	**436,540**	**22,116**	**1,757**	**(317,189)**	**(16,282)**	**(1,406)**	**53,383**
Mortgage:							
Category "A"	29,695	1,450	147	COP (292)	COP (210)	COP (13)	132,678
Category "B"	129,548	6,312	742	(4,122)	(6,261)	(735)	504,279
Category "C"	19,347	1,229	121	(1,935)	(1,211)	(119)	62,430
Category "D"	90,844	5,361	698	(18,187)	(5,336)	(696)	336,926
Category "E"	98,913	3,639	1,147	(51,926)	(3,639)	(1,146)	320,377
Total mortgage	**368,347**	**17,991**	**2,855**	**(76,462)**	**(16,657)**	**(2,709)**	**1,356,690**
Total restructured loan portfolio	**COP 1,149,014**	**COP 54,998**	**COP 25,983**	**COP (619,400)**	**COP (44,906)**	**COP (25,235)**	**COP 2,349,750**

December 31, 2021

Restructured	Capital	Interest	Others	Capital Impairment	Interest Impairment	Impairment Others	Collateral
Commercial:							
Category "A"	COP 15	COP 1	COP-	COP -	COP -	COP -	COP 13
Category "B"	15,125	74	37	(1,114)	(10)	(4)	6,281
Category "C"	134,806	2,340	11,487	(11,260)	(311)	(1,507)	439,540
Category "D"	29,145	1,453	2,427	(17,536)	(1,251)	(2,399)	47,783
Category "E"	199,297	11,012	6,603	(189,165)	(11,003)	(6,596)	424,570
Total commercial	**378,388**	**14,880**	**20,554**	**(219,075)**	**(12,575)**	**(10,506)**	**918,187**
Consumer:							
Category "A"	8,941	325	32	COP (795)	COP (38)	COP (4)	938
Category "B"	25,408	1,579	123	(4,520)	(344)	(26)	2,900
Category "C"	30,019	1,557	136	(7,468)	(513)	(41)	3,422
Category "D"	24,069	1,348	99	(21,620)	(1,178)	(80)	2,042
Category "E"	372,109	24,471	2,148	(367,095)	(24,459)	(2,144)	62,766
Total consumer	**460,546**	**29,280**	**2,538**	**(401,498)**	**(26,532)**	**(2,295)**	**72,068**
Mortgage:							
Category "A"	33,035	1,552	165	COP (521)	COP (233)	COP (21)	134,920
Category "B"	95,989	6,066	764	(3,161)	(5,813)	(729)	361,438
Category "C"	28,195	2,014	200	(2,866)	(2,014)	(200)	83,887
Category "D"	135,093	7,777	957	(27,396)	(7,769)	(957)	648,915
Category "E"	134,309	4,007	1,369	(71,777)	(4,007)	(1,368)	407,311
Total mortgage	**426,621**	**21,416**	**3,455**	**(105,721)**	**(19,836)**	**(3,275)**	**1,636,471**
Total restructured loan portfolio	**COP 1,265,555**	**COP 65,576**	**COP 26,547**	**COP (726,294)**	**COP (58,943)**	**COP (16,076)**	**COP 2,626,726**

The following is a breakdown, by economic sector, of the restructured loans and receivables from companies with which we've reached informal agreements, as well as those currently in insolvency proceedings:

December 31, 2022

By Economic Sector	Capital	Interest and Accounts Receivable	Provision
Association – education – health activities	COP 29,387	COP 1,867	COP (13,503)
Recreation activities – cultural activities	7,731	516	(5,860)
Printing activities	342	130	(345)
Real estate – companies – rental activities	42,272	2,476	(22,922)
Public administration and defense	8,474	317	(2,434)
Water collection - treatment - distribution	181	28	(93)
Wholesale trade – commission – contracting	21,562	1,495	(14,043)
Retail trade – non-specialized establishments	39,304	2,410	(22,012)
Construction – reconditioning – finishing	115,052	14,007	(79,642)
Mail and telecommunications	2,111	181	(1,063)
Production of food and beverage products	5,319	487	(3,579)
Exploitation of non-metallic minerals	1,329	135	(1,444)
Coal mining	233	6	(77)
Extraction of metallic minerals	11	-	(7)
Extraction of oil and gas – natural gas	62,585	1,243	(51,269)
Manufacturing paper - cardboard and their products	876	9	(607)
Manufacturing – refinement – petroleum – chemicals	1,740	120	(1,388)
Manufacturing non-metallic minerals	2,165	100	(956)
Manufacturing other manufacturing industries	1,925	99	(1,096)
Manufacturing metallic products – machinery	12,819	1,698	(10,300)
Manufacturing of textile products	5,133	460	(3,285)
Financing insurance plans	436	36	(180)
Power generation – gas – water	621	35	(196)
Hotels and restaurants	16,368	892	(12,177)
Industry – manufacturing – metals	13	2	(2)
Financial intermediation	58,385	12,971	(48,705)
Wage earners	545,401	29,864	(296,809)
Capital investors	45,768	2,216	(26,328)
Non-differentiated activities of individual households	280	14	(155)
Extraterritorial organizations and bodies	127	6	(42)
Other community service activities	58,713	3,527	(31,129)
Fish production fish hatchery - farm	320	26	(79)
Agricultural and livestock production	42,155	2,484	(22,968)
Sanitation and similar services	2,057	155	(1,282)
Forestry, wood extraction and services	154	10	(103)
Transformation– factory– basketwork	1,099	123	(757)
Transportation	16,566	836	(12,704)
Total	**COP 1,149,014**	**COP 80,981**	**COP (689,541)**

December 31, 2021

By Economic Sector	Capital	Interest and Accounts Receivable	Provision
Association – education – health activities	COP 36,457	COP 2,424	COP (21,630)
Recreation activities – cultural activities	8,927	562	(6,411)
Printing activities	608	119	(656)
Real estate – companies – rental activities	48,245	3,647	(33,096)
Public administration and defense	8,932	397	(3,424)
Water collection - treatment - distribution	200	31	(155)
Wholesale trade – commission – contracting	31,957	3,175	(25,332)
Retail trade – non-specialized establishments	55,308	4,522	(39,803)
Construction – reconditioning – finishing	110,431	11,065	(51,369)
Mail and telecommunications	2,954	292	(2,514)
Production of food and beverage products	5,727	582	(4,790)
Exploitation of non-metallic minerals	1,797	134	(1,907)
Coal mining	712	32	(550)
Extraction of metallic minerals	31	-	(31)
Extraction of oil and gas – natural gas	65,002	1,825	(52,903)
Manufacturing paper - cardboard and their products	1,220	34	(758)
Manufacturing – refinement – petroleum – chemicals	2,526	263	(2,492)
Manufacturing non-metallic minerals	2,387	89	(1,067)
Manufacturing other manufacturing industries	2,368	109	(1,439)
Manufacturing metallic products – machinery	17,217	1,834	(15,894)
Manufacturing of textile products	6,080	685	(4,621)
Financing insurance plans	748	49	(387)
Power generation – gas – water	1,014	101	(628)
Hotels and restaurants	13,017	738	(8,762)
Industry – manufacturing – metals	188	22	(196)
Financial intermediation	60,202	8,882	(14,842)
Wage earners	573,032	36,484	(372,602)
Capital investors	51,824	3,038	(33,374)
Non-differentiated activities of individual households	150	7	(122)
Extraterritorial organizations and bodies	276	29	(200)
Other community service activities	71,774	5,039	(44,306)
Fish production fish hatchery - farm	465	42	(222)
Agricultural and livestock production	55,642	3,650	(33,492)
Sanitation and similar services	2,388	230	(1,711)
Forestry, wood extraction and services	431	36	(422)
Transformation– factory– basketwork	1,316	132	(1,016)
Transportation	24,002	1,823	(18,189)
Total	**COP 1,265,555**	**COP 92,123**	**COP (801,313)**

December 31, 2022

By Geographic Area	Capital	Interest and other accounts receivable	Impairment
Barranquilla	COP 251,239	COP 26,288	COP (166,725)
Bogotá	389,167	18,116	(239,059)
Cali	98,472	5,915	(61,618)
Cundiboyacá	55,091	2,879	(29,231)
Coffee-growing region	31,083	4,108	(19,562)
Huila	31,000	1,758	(14,147)
Eastern plains region	72,987	5,643	(43,388)
Medellín	102,566	7,444	(54,375)
Santander	86,826	6,821	(45,414)
Tolima	30,583	2,009	(16,022)
Total	**COP 1,149,014**	**COP 80,981**	**COP (689,541)**

December 31, 2021

By Geographic Area	Capital	Interest and Other Accounts Receivable	Impairment
Barranquilla	COP 273,305	COP 25,177	COP (155,456)
Bogotá	422,723	24,163	(294,622)
Cali	101,505	7,208	(65,588)
Cundiboyacá	64,788	4,239	(42,759)
Coffee-growing region	38,107	4,823	(27,419)
Huila	33,783	2,329	(19,646)
Eastern plains region	88,662	7,393	(59,011)
Medellín	109,647	7,399	(59,197)
Santander	99,419	6,848	(56,594)
Tolima	33,616	2,544	(21,021)
Total	**COP 1,265,555**	**COP 92,123**	**COP (801,313)**

Portfolio sales
Year 2022

During 2022, the Bank conducted portfolio sale transactions for a total of COP 1,011,934, where 95% of said assets had been written-off.

The breakdown of the portfolio transferred by modality was: Mortgage, 39%; Commercial, 6%; and Consumer, 55%; these transactions were conducted in the months listed below:

Month	Total Debt by Portfolio Type			
	Consumer	Mortgage	Commercial	Total Debt
January	COP 212	COP -	COP -	COP 212
February	527	795	851	2,173
March	635	17,788	729	19,152
April	441,254	335,466	36,858	813,578
May	136	1,034	130	1,300
June	356	29	749	1,134
July	117,637	12,169	14,862	144,668
August	41	-	89	130
September	283	-	602	885
October	27	146	337	510
November	308	24,127	588	25,023
December	547	1,508	1,114	3,169
Total	**COP 561,963**	**COP 393,062**	**COP 56,909**	**COP 1,011,934**
% of portfolio share sold	**55.53%**	**38.84%**	**5.62%**	**100.00%**

Year 2021

During 2021, the Bank conducted portfolio sale transactions for a total of COP 1,119,934, where 97% of said assets had been written-off.

The breakdown of the portfolio transferred by modality was: Mortgage, 2%; Commercial, 23%; and Consumer, 75%; these transactions were conducted in the months listed below:

Month	Total Debt by Portfolio Type			
	Consumer	Mortgage	Commercial	Total Debt
January	COP 185	COP -	COP 2,335	COP 2,520
February	522,282	1,284	130,131	653,697
March	107	392	8,701	9,200
April	2	152	14,839	14,993
May	301	1,691	1,125	3,117
June	1,410	2,922	26,518	30,850
July	315,043	15,085	53,830	383,958
August	170	288	-	458
October	406	787	1,350	2,543
December	300	536	17,762	18,598
Total	**COP 840,206**	**COP 23,137**	**COP 256,591**	**COP 1,119,934**
% of portfolio share sold	**75%**	**2%**	**23%**	**100%**

10. Right-of-use assets

At December 31, the balance of this account is summarized as follows:

Item	2022	2021
Right-of-use asset		
Buildings (Premises and ATMs)	203,836	187,909
Accumulated depreciation	(105,079)	(78,785)
Total right-of-use assets	**COP 98,757**	**COP 109,124**

Item	2022	2021
Liabilities for rights of use		
Lease liabilities (Premises and ATMs)	107,313	115,796
Total liabilities for rights of use	**COP 107,313**	**COP 115,796**

As of December 2022, the balance recorded for right-of-use assets stood at COP 98,757, while lease liabilities totaled COP 107,313, inclusive of the decommissioning provision.

At December 31, 2022, the following are the details of the right-of-use fixed assets.

Active

Item	2022	Movement in 2022	2021
Right-of-use premises	130,136	544	129,592
Right-of-use ATMs	73,701	15,384	58,317
Depreciation right-of-use premises	(91,415)	(20,690)	(70,725)
Depreciation right-of-use premises terminated leases	9,277	1,348	7,929
Depreciation right-of-use ATMs	(23,188)	(7,131)	(16,057)
Depreciation right-of-use ATMs terminated leases	246	178	68
Total	**COP 98,757**	**COP (10,367)**	**COP 109,124**

Liabilities

Item	2022	Movement in 2022	2021
Lease liabilities premises	51.960	(17,973)	69.933
Lease liabilities ATMs	55.353	9.490	45.863
Total	**COP 107,313**	**COP (8.483)**	**COP 115,796**

Amounts recognized in the separate statement of income:

Item	2022	2021
Interest on lease liabilities	COP 7,954	COP 8,320
Real estate rental expenses	2,581	2,294
Depreciation right-of-use ATMs	20,690	20,695
Depreciation right-of-use premises	7,131	5,808

There are discrepancies between the accumulated depreciation value and the corresponding expense. This is primarily due to the termination of several contracts during the year, including one ATM contract and thirteen premises contracts in 2022.

Maturity analysis - undiscounted contractual cash flows:

Lease Liabilities for Premises	2022	2021
No more than one year	COP 1,208	COP 23,416
Beyond one year and up to three years	26,079	39,642
Beyond three years and up to five years	5,875	12,917
More than five years	24,012	2,643
Total undiscounted lease liabilities	**COP 57,174**	**COP 78,618**
Lease liabilities for ATMs	**2022**	**2021**
No more than one year	COP 22,969	COP 8,396
More than one year and less than three years	20,183	16,261
Beyond five years	19,542	14,860
More than five years	10,579	22,570
Total undiscounted lease liabilities	**COP 73,273**	**COP 62,087**

BBVA as a Lessee

Lease commitments - In alignment with our expansion process, the Bank leases offices throughout the nation, entering into contracts with various term lengths as outlined in the table below:

Range	2022	2021
One year or less	14,553	4,549
From one to five years	7,611	64,667
More than five years	45,146	15,423
Total	**COP 67,310**	**COP 84,639**

Lease payments are adjusted in accordance with the lease contract terms or as mandated by law. The expense recognized for the years ended December 31, 2022 and December 31, 2021 was COP 67,310 and COP 84,639, respectively.

11.
Securitization and Buyback of Securitized Portfolio

In the processes of securitization, the Bank aims to eliminate the market risk of loans in Colombian pesos, turn the current portfolio into liquid assets by favorably improving the LRI (Liquidity Risk Indicator) ratio, reduce the regulatory capital consumption of the Statement of Financial Position, optimize the solvency ratio and create opportunities for growth in the placement of a new portfolio at better rates on the market.

In this regard, it is the BBVA's policy to select customers that will allow the efficient performance of the transaction, for which it chooses sound portfolios.

Productive portfolio securitization: In 2022, the Bank did not participate in any securitization processes; however, the balances of the issues and of the current portfolio in which the Bank participated at the end of December 31, 2022 and 2021, are as follows:

	2022		2021	
Issuance	Managed portfolio – total principal	Balances in BBVA TIPS securities	Managed portfolio – total principal	Balances in BBVA TIPS securities
TIPS N-6	COP -	COP-	COP 7,681	COP 11,122
TIPS N-16	45,136	18,409	59,764	20,158
Total	**COP 45,136**	**COP 18,409**	**COP 67,445**	**COP 31,280**

Portfolio buyback: In 2022, 323 credits were bought back from Titularizadora Colombiana S.A. of Issuances N6 PESOS and N16 PESOS, for a total of COP 10,624 which include buybacks due to the request to decrease rates, refurbishment, and write-offs, as well as the liquidation of the N6 issue.

Item	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. of credits	1	248	3	48	19	-	1	-	1	-	-	2	323
Total balance of principal	COP 51	COP 7,630	COP 172	COP 1,866	COP 806	COP -	COP 64	COP -	COP 16	COP -	COP -	COP 19	10,624
Total balance of debt	COP 51	COP 9,456	COP 172	COP 2,163	COP 895	COP -	COP 64	COP -	COP 18	COP -	COP -	COP 19	12,838

Portfolio buyback: In 2021, 130 credits were bought back from Titularizadora Colombiana S.A. of Issuances TIPS E9 PESOS, TIPS E10 PESOS, TIPS E11 PESOS, E12 PESOS, N6 PESOS and N16 PESOS, for a total of COP 3,383, which include buybacks due to the request to decrease rates, refurbishment and write-offs, as well as the settlement of the E9, E10, E11 and E12 issues, with payment in kind, of a total of 103 obligations.

Item	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. of credits	-	6	3	5	3	1	-	-	1	3	104	4	130
Total balance of principal	COP -	COP 586	COP 67	COP 304	COP 45	COP 103	COP -	COP -	COP 16	COP 128	COP 1,901	COP 233	3,383
Total balance of debt	COP -	COP 616	COP 72	COP 373	COP 49	COP 103	COP -	COP -	COP 16	COP 129	COP 3,026	COP 235	4,619

BBVA
Creating Opportunities

History of productive portfolio securitization

TIPS N-6 Pesos - In August 2012, portfolio representative TIPS N6 Pesos Non-LIH were issued; they were originated by BBVA Colombia S.A. for a total of COP 213,130 represented in 2,847 credits and Davivienda S.A. amounting to COP 155,867, represented in 1,661 credits.

On August 23, 2012, Non-LIH TIPS N6 Pesos were issued, for a total of COP 381,882 distributed in the following classes and amounts: Series A2022, for COP 322,872; series B2027 for COP 46,125; series MZ for COP 11,040; and Series C for COP 1,845.

The first lot: Total TIPS purchased by the market (87.5%) corresponded to Series A2022 for COP 322,872; of this first lot, the TIPS sold according to share percentage of the BBVA portfolio were: Series A2022 for COP 186,489.

The second lot: TIPS purchased by the originators (12.5%) from their portfolio + excess NPV cash flow (MZ-C) distributed as follows: B2027 for COP 46,125, MZ 2027 for COP 11,040; and C2027 for COP 1,845.

Of the second lot: TIPS purchased by BBVA according to the share percentage of its portfolio (12.5%) + excess NPV cash flow distributed as follows: TIPS B2027 for COP 26,641; TIPS MZ 2027 for COP 6,104; and C2027 for COP 1,066, for a total of COP 33,811.

Class B, MZ and C TIPS issued are rated BBB+, CC and CC, respectively.

TIPS N-16 Pesos - In November 2017, portfolio representative TIPS N16 Pesos LIH and Non-LIH were issued; they were originated by BBVA Colombia S.A. for a total of COP 167,252, Bancolombia COP 105,599 and Davivienda S.A. COP 106,359.

On December 6, LIH and Non-LIH TIPS N16 Pesos were issued, for a total of COP 385,473 distributed in the following classes and amounts: Series A2027 for COP 339,124, Series B2032 for COP 37,680, Series MZ for COP 6,785 and Series C for COP 1,884.

The first lot: Total TIPS purchased by the market (90%) corresponded to Series A2027 for COP 339,124; of this first lot TIPS sold according to the share percentage of the BBVA portfolio were Series A2027 for COP 149,443.

The second lot: TIPS purchased by the originators (12.5%) from their portfolio + excess NPV cash flow (MZ-C) distributed as follows: B2027 for COP 46,125, MZ 2027 for COP 11,040; and C2027 for COP 1,845.

Of the second lot: TIPS purchased by BBVA according to the share percentage of its portfolio (12.5%) + excess NPV cash flow distributed as follows: TIPS B2027 for COP 16,604, TIPS MZ 2032 for COP 3,180 and C2032 for COP 830, for a total of COP 20,614.

The Class B, MZ and C TIPS issued are rated BBB, BB-BB+, respectively.

12.
Fair Value

Fair Value Measurement

According to IFRS 13, fair value is the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between participants of the main market on the measurement date, or in the absence thereof, the most advantageous market to which BBVA Colombia has access at the time.

Financial instruments are initially recognized at fair value, which is equivalent to the transaction price, unless there is evidence otherwise on an active market. After that, and depending on the nature of the financial instrument, it can continue to be recorded at fair value through adjustments in the income statements or in equity or at amortized cost.

Whenever applicable, BBVA Colombia measures the fair value of an instrument by using a listed price on an active market for said instrument. A market is considered to be active if listed prices can be obtained easily and regularly either from a stock market, operator, broker, industry group and/or pricing service, and these prices represent actual market transactions occurring regularly between independent parties in arm's length conditions.

BBVA Colombia uses widely recognized valuation models to determine the fair value of common, simpler financial instruments, such as currency swap and interest rates that only use observable market data and require few judgments and calculations by management.

Accordingly, BBVA Colombia uses the average market prices and methodologies as a basis to establish the fair values of its financial instruments, which are provided by the price vendor for "Precia" valuation, selected by the entity and authorized by the Financial Superintendence of Colombia to do so.

When there is no listed price on an active market, the entity uses valuation techniques that maximize the use of observable input and minimize the use of non-observable input. The objective of the valuation techniques is to reach a determination regarding fair value that will reflect the price of the financial instrument on the reporting date, that would have been determined by market participants separately.

In the case of financial instruments that are traded infrequently and whose prices are not very transparent, fair value is less objective and requires several degrees of judgment depending on liquidity, concentration, uncertainty of market factors, valuation assumptions and other risks that affect the specific instruments, which requires additional work during the valuation process.

BBVA Colombia discloses transfers between the levels of fair value hierarchy at the end of the period during which the change occurred. In 2022 and 2021, there were no transfers of financial instruments measured at fair value between the levels of hierarchy.

Valuation Techniques

Approach of valuation techniques - BBVA Colombia shall use the valuation techniques that are appropriate for the circumstances and on which there is information available to determine the fair value of financial instruments, always maximizing the use of observable input and minimizing the use of non-observable input.

Accordingly, the entity shall use, as the case may be, the following approaches according to IFRS 13 to measure the fair value of financial instruments:

Market Approach - Listed prices, and in the absence thereof, other relevant information generated by market transactions involving identical or comparable financial instruments, will be used to determine the fair value of financial instruments, when applicable.

Input approach - Present value techniques and options valuation models (Black & Scholes model) will be used to measure the fair value of financial instruments, as the case may be. The observable input will be maximized always using discount curves, volatilities and other market variables that are observable and reflect the assumptions that the market participants would use for pricing the financial instrument.

Valuation of financial instruments - BBVA Colombia measures fair values using the following hierarchy, according to the importance of the input variables used for measurement:

- **Level 1:** The market price listed (unadjusted) on an active market for an identical instrument.
- **Level 2**: Valuation techniques based on observable factors, whether directly (such as prices) or indirectly (such as price derivatives). This category includes instruments valued using: market prices listed on active markets for similar instruments; listed prices for similar instruments on markets that are not considered very active; or other valuation techniques where all significant input is directly or indirectly observable based on market data.
- **Level 3 Fixed Income and Variable Income**: Input for assets or liabilities that is not based on observable market data. This category includes all the instruments where the valuation technique includes factors that are not based on observable data and the non-observable factors can have a significant effect on the valuation of the instrument. This category includes instruments that are valued based on prices listed for similar instruments where significant non-observable assumptions or adjustments are required to reflect the differences between instruments. If a fair value measurement uses observable market data that require significant adjustments based on non-observable data, the measurement is classified as level 3.

  Equities that belong to other references and that are assets with low liquidity because they are low marketability shares and are not valued by an official price vendor are conditioned by the internal valuation assumptions and thus, are classified at levels 2 and 3.

Determining what falls under the term "observable" requires significant criteria on behalf of the Entity. Therefore, observable data are understood as the market data that can be easily obtained, are distributed or updated on a regular basis, are reliable and verifiable, are not private (exclusive) and are provided by independent sources that play an active role on the relevant market.

The assumptions and factors used in valuation techniques include risk-free interest rates, reference interest rates, credit spreads and other premiums used to determine discount rates, foreign exchange rates and expected price volatilities.

The availability of observable market prices and other factors, reduce the need for judgments and calculations by management, along with the uncertainty associated with determining fair values. The availability of observable market prices and input varies depending on the products and markets and is prone to changes based on specific events and general conditions on financial markets.

Herein, we summarize the methods and valuation forms for investments in equity instruments:

		Approach	
Investments in Equity Instruments	Levels	December 31, 2022	December 31, 2021
Credibanco S.A.	3	Income	Income
Redeban Multicolor S.A.	3	Income	Income
ACH Colombia S.A.	3	Income	Income

For investments traded on the stock exchange, Colombia's Stock Exchange updates the fair value on a monthly basis, considering the quoted price on the last day of the month as published by our price vendor, Precia S.A.

Following is a detailed analysis of the sensitivity of changes in the bank's equity instrument investments:

			Present Value Adjusted by Discount Rate			
			December 31, 2022		December 31, 2021	
Entity	Variables	Variation	Favorable Impact	Unfavorable Impact	Favorable Impact	Unfavorable Impact
Credibanco S.A.	Income	+/ - 1%	106.43	97.30	100.40	93.83
	Growth in residual values after 5 years	+/ - 1% of gradient	108.08	96.58	99.38	94.97
	WACC Discount Rates	+/ - 50PB	106.93	97.13	96.41	97.83
Redeban Multicolor S.A.	Income	+/ - 1%	19,297.02	14,165.96	22,039.33	16,349.43
	Growth in residual values after 10 years	+/ - 1% of gradient	17,830.80	15,661.07	20,830.44	17,853.29
	Equity Cost Rate	-+PB50	17,466.83	15,909.54	20,106.86	18,333.18
ACH Colombia S.A.	Income	+/ - 1%	186,254.38	138,792.80	139,048.80	134,044.86
	Growth in residual values after 5 years	+/ - 1% of gradient	187,467.46	139,096.07	147,388.70	125,676.22
	Discount rate	+/ - 50PB	186,709.29	139,854.24	146,023.90	128,434.39

The fair value of these products also corresponds to product compliance assumptions. In this case, the portfolio has implicit pre-payment assumptions, while demand and term resources have assumptions regarding their maturity. Additionally, when discounted by a market curve, they include effects such as credit spread that applies to portfolio and deposits.

Loan portfolio, lease transactions and deposits in customer accounts

Due to the unavailability of observable market valuation inputs, these assets and liabilities were classified at level 3. Fair value is estimated using the present value of flows method at discount market rates at the time of valuation.

In the case of the loan portfolio, the capital cash flows are constructed based on the contractual agreement with the customer and the cash flows for interest payments are also projected. These cash flows are adjusted for balance reductions due to customer prepayments, which are modeled based on historical information. Finally, the fair value is the discounted value of cash flows using the Colombian market risk-free curve.

In turn, deposits in customer accounts are segmented into term deposits and demand deposits. For the term deposits, the contractually agreed cash flows are deducted using current market rates. For the maturity of demand deposits, assumptions are made on their maturity based on the historical modeling of opening and cancellation. The flows discounted at market rates are also projected.

At December 31, 2022

Active	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Commercial Loan Portfolio	28,897,743	25,749,626	-	-	25,749,626
Mortgage portfolio	13,914,892	12,375,141	-	-	12,375,141
Consumer portfolio	23,868,233	25,280,032	-	-	25,280,032
Total loan portfolio and lease transactions	**COP 66,680,868**	**COP 63,404,799**	**COP -**	**COP -**	**COP 63,404,799**
Agricultural development securities	1,871,817	1,872,424	-	-	1,872,424
Solidarity Securities	1,137,921	1,125,114	-	-	1,125,114
Mortgage-backed securities - TIP's	3,608	4,045	-	-	4,045
Held-to-maturity investments	**COP 3,013,346**	**COP 3,001,583**	**COP -**	**COP -**	**COP 3,001,583**
Total portfolio plus lease and investment transactions	**COP 69,694,214**	**COP 66,406,382**	**COP -**	**COP -**	**COP 66,406,382**
Liabilities	**Carrying Value**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Demand deposits	40,621,391	40,621,391	-	-	40,621,391
Term deposits	28,562,696	25,856,721	-	-	25,856,721
Total customer deposits	**COP 69,184,087**	**COP 66,478,112**	**COP -**	**COP -**	**COP 66,478,112**

At December 31, 2021

Active	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Commercial Loan Portfolio	21,476,988	20,693,191	-	-	20,693,191
Mortgage portfolio	13,265,416	14,014,169	-	-	14,014,169
Consumer portfolio	20,192,380	24,065,697	-	-	24,065,697
Total loan portfolio and lease transactions	**COP 54,934,784**	**COP 58,773,057**	**COP -**	**COP -**	**COP 58,773,057**
Agricultural development securities	973,360	953,111	-	-	953,111
Solidarity Securities	1,097,564	1,092,674	-	-	1,092,674
Mortgage-backed securities - TIP's	11,147	14,865	-	-	14,865
Held-to-maturity investments	**COP 2,082,071**	**COP 2,060,650**	**COP -**	**COP -**	**COP 2,060,650**
Total portfolio plus lease and investment transactions	**COP 57,016,855**	**COP 60,833,707**	**COP -**	**COP -**	**COP 60,833,707**
Liabilities	**Carrying Value**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Demand deposits	41,175,499	41,175,499	-	-	41,175,499
Term deposits	18,022,109	18,230,872	-	-	18,230,872
Total customer deposits	**COP 59,197,608**	**COP 59,406,371**	**COP -**	**COP -**	**COP 59,406,371**

The fair value of these products also corresponds to product compliance assumptions. In this case, the portfolio has implicit pre-payment assumptions, while demand and term resources have assumptions regarding their maturity.

In addition, since they are discounted by a market curve, they include effects such as credit spread that applies to portfolio and deposits.

BBVA Colombia Financial Instruments Fair Value Hierarchy

Debt Securities in Local Currency

Investments in debt securities are valued on a daily basis and their results are also recorded daily.

BBVA Colombia determines the market value of investments in debt securities that are marketable and available for sale by using the "unadjusted" prices published on a daily basis "by Precia, the official price vendor ", selected by the Entity. The securities that meet these conditions are classified as Level 1 of the fair value hierarchy.

In the case of instruments that are not 100% observable on the market, but whose price is determined based on other prices that are observable on the market, the entity shall classify these instruments at level 2.

Investments in debt securities to be held to maturity and investments for which there is no price published on a determined date, are valued exponentially based on the Internal Rate of Return (IRR) calculated at the time of the purchase and recalculated on the coupon payment dates or the indicator's re-price date. These securities are classified as Level 3 of the fair value hierarchy.

Debt Securities in Foreign Currency

In the first place, the market value of the respective security is determined in its own currency, based on unadjusted quoted market prices published by the price vendor selected by the entity and authorized by the Superintendence for this purpose, in which case the fair value hierarchy will be level 1.

In the absence of market prices on the part of the official price vendor, the prices determined by international markets, published by Bloomberg will be used; since they are observable on a financial information platform known by all market agents, they would be classified as Level 1 in the fair value hierarchy.

Finally, when there are no observable inputs on the market, the fair value is determined exponentially based on the internal rate of return (IRR) calculated at the time of the purchase and recalculated on the coupon payment dates or the variable indicator's re-price date as applicable. Securities calculated based on the latter model (IRR) shall be classified as level 3; in the December 2022 and 2021 periods, this is the variation for TIPS.

Derivative Financial Instruments

According to the Accounting and Financial Basic Notice (Public Notice 100/1995) Chapter XVIII of the Financial Superintendence of Colombia, derivative transactions are defined as contracts between two or more parties to buy or sell financial instruments at a future date, or contracts where the underlying asset is an index or a stock market price. BBVA Colombia carries out transactions with commercial purposes or hedging purposes in forwards, options, swaps and futures contracts.

All derivatives are measured at fair value, in their initial and subsequent measurements. Changes in fair value are recognized in the Separate Statement of Income.

For the derivative financial instruments listed below, except for futures, the fair value is calculated based on quoted market prices of comparable contracts and represents the amount that the entity would have received from or paid to a counterparty to settle the contract at market rates at the date of the separate statement of financial position. Therefore, a description of the product valuation process is provided:

- **Futures**

  Futures are measured based on the corresponding market price on the valuation date. These market inputs are published by the official price vendor, Precia, and taken directly from unadjusted market prices; therefore, they are classified in level 1 of the fair value hierarchy.

- **FX Forward (Fwd)**

  Discounted cash flow is the valuation model used, using curves assigned in accordance with the source currency of the underlying asset. These curves are made up of nominal rates at the end of the period associated with foreign currency forward contracts. These market inputs are published by Precia, the official price vendor, based on observable market information.

- **Interest and Exchange Swaps**

  The valuation model is based on discounted cash flows, using curves assigned according to the underlying asset, base swap curves (associated exchange of payment at variable interest rates), domestic and foreign curves, implicit curves associated with forward exchange contracts. These market inputs are taken from information published by "Precia, the official price vendor "(price vendor for valuation).

- **European Options - USD/COP**

  The valuation model is based on the Black Scholes methodology using the variables provided by the official price vendor, which correspond mainly to curves assigned according to the functional currency of the underlying asset, forward exchange curves of the domestic currency of the transaction, implicit curves associated with forward exchange contracts, and matrices and curves of implicit volatilities.

BBVA Colombia determined that derivative assets and liabilities measured at fair value are classified at level 2, except for futures transactions which are classified at level 1, as illustrated below, where the fair value hierarchy of derivatives recorded at fair value is detailed.

Fair value hierarchy of financial assets and liabilities in 2022.

Assets and Liabilities			December 31, 2022		
Hierarchies	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets	COP 15,833,244	COP 15,833,244	COP 4,362,922	COP 11,092,556	COP 377,766
Assets at fair value measured on a recurring basis	15,833,244	15,833,244	4,362,922	11,092,556	377,766
Investments at fair value	5,771,976	5,771,976	4,362,922	1,031,288	377,766
Tradeable investments	2,182,124	2,182,124	1,155,380	1,026,744	-
Bonds	45,704	45,704	-	45,704	-
Certificate of deposit	980,060	980,060	-	980,060	-
Treasury securities - TES	1,156,360	1,156,360	1,155,380	980	-
Available-for-sale investments	3,589,852	3,589,852	3,207,542	4,544	377,766
Certificate of deposit	-	-	-	-	-
Treasury securities - TES	3,176,552	3,176,552	3,176,552	-	-

Certificate of deposit	4,544	4,544	-	4,544	-
Mortgage securities - TIPS	14,364	14,364	-	-	14,364
Investments in Equity Instruments	294,185	294,185	30,990	-	263,195
Bolsa de Valores de Colombia S.A.	30,990	30,990	30,990	-	-
Credibanco S.A.	116,366	116,366	-	-	116,366
Redeban Multicolor S.A.	26,913	26,913	-	-	26,913
ACH Colombia S.A.	119,916	119,916	-	-	119,916
Investments in non-controlled entities	100,207	100,207	-	-	100,207
Fondo para el Financiamiento del Sector Agropecuario “FINAGRO”	100,207	100,207	-	-	100,207
Derivative financial instruments and (asset) cash transactions	10,061,268	10,061,268	-	10,061,268	-
Trading	9,492,092	9,492,092	-	9,492,092	-
Forward Contracts	2,605,861	2,605,861	-	2,605,861	-
Cash transactions	147	147	-	147	-
Options	49,118	49,118	-	49,118	-
Swaps	6,836,966	6,836,966	-	6,836,966	-
Hedging	569,176	569,176	-	569,176	-
Swaps	569,176	569,176	-	569,176	-
Liabilities	10,191,286	10,191,286	-	10,191,286	-
Liabilities at fair value measured on a recurring basis	10,191,286	10,191,286	-	10,191,286	-
Derivative Financial Instruments and (Liability) Cash Transactions	10,191,286	10,191,286	-	10,191,286	-
Trading	10,191,286	10,191,286	-	10,191,286	-
Forward Contracts	2,918,592	2,918,592	-	2,918,592	-
Cash transactions	468	468	-	468	-
Options	49,182	49,182	-	49,182	-
Swaps	7,223,044	7,223,044	-	7,223,044	-

Hierarchies	Carrying Value	Amortized Cost	Level 1	Level 2	Level 3
Assets	11,715,920	11,715,920	9,375,035	899,081	-
Assets measured on a non-recurring basis	11,715,920	11,715,920	9,375,035	899,081	-
Cash, including balances held in central banks and other demand deposits	10,274,116	10,274,116	9,375,035	899,081	-
Cash and deposits in banks	9,375,035	9,375,035	9,375,035	-	-
Money market and related transactions	899,081	899,081	-	899,081	-
Others	1,441,804	1,441,804	-	-	-
Advances to contracts and suppliers	203,561	203,561	-	-	-
Accounts receivable (net)	1,238,243	1,238,243	-	-	-
Liabilities	9,112,474	9,112,474	-	2,676,790	5,370,684
Investment securities	2,676,790	2,676,790	-	2,676,790	-
Outstanding Investment Securities	2,676,790	2,676,790	-	2,676,790	-
Financial Obligations	5,370,684	5,370,684	-	-	5,370,684
Bank credits and other financial obligations	5,370,684	5,370,684	-	-	5,370,684
Others	1,065,000	1,065,000	-	-	-
Accounts payable	799,553	799,553	-	-	-
Other Liabilities	265,447	265,447	-	-	-
Total assets and liabilities at fair value	**COP 46,852,924**	**COP 46,852,924**	**COP 13,737,957**	**COP 24,859,713**	**COP 5,748,450**

Fair value hierarchy of financial assets and liabilities in 2021.

Assets and Liabilities	December 31, 2021				
Hierarchies	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets	COP 8,327,707	COP 8,327,707	COP 3,835,702	COP 4,237,437	COP 254,568
Assets at fair value measured on a recurring basis	8,327,707	8,327,707	3,835,702	4,237,437	254,568
Investments at fair value	5,036,727	5,036,727	3,835,702	946,457	254,568
Tradeable investments	2,723,473	2,723,473	1,786,970	936,503	-
Bonds	105,231	105,231	45,343	59,888	-
Certificate of deposit	528,832	528,832	-	528,832	-
Treasury securities - TES	2,089,410	2,089,410	1,741,627	347,783	-
Available-for-sale investments	2,313,254	2,313,254	2,048,732	9,954	254,568
Treasury securities - TES	2,004,921	2,004,921	2,004,921	-	-
Certificate of deposit	9,954	9,954	-	9,954	-
Mortgage-backed securities - TIP's	16,112	16,112	-	-	16,112
Investments in Equity Instruments	282,267	282,267	43,811	-	238,456
Bolsa de Valores de Colombia S.A.	43,811	43,811	43,811	-	-
Credibanco S.A.	110,983	110,983	-	-	110,983
Redeban Multicolor S.A.	30,993	30,993	-	-	30,993
ACH Colombia S.A.	96,480	96,480	-	-	96,480
Derivative financial instruments and cash transactions (asset)	3,290,980	3,290,980	-	3,290,980	-
Trading	2,960,451	2,960,451	-	2,960,451	-
Forward contracts	1,265,012	1,265,012	-	1,265,012	-
Cash transactions	3,170	3,170	-	3,170	-
Options	7,756	7,756	-	7,756	-
Swaps	1,684,513	1,684,513	-	1,684,513	-
Hedging	330,529	330,529	-	330,529	-
Swaps	330,529	330,529	-	330,529	-
Liabilities	3,454,783	3,454,783	-	3,454,783	-

Liabilities at fair value measured on a recurring basis	3,454,783	3,454,783	-	3,454,783	-
Derivative Financial Instruments and (Liability) Cash Transactions	3,454,783	3,454,783	-	3,454,783	-
Trading	3,454,783	3,454,783	-	3,454,783	-
Forward Contracts	1,194,587	1,194,587	-	1,194,587	-
Cash transactions	789	789	-	789	-
Options	7,862	7,862	-	7,862	-
Swaps	2,251,545	2,251,545	-	2,251,545	-
Hierarchies	**Carrying Value**	**Amortized Cost**	**Level 1**	**Level 2**	**Level 3**
Assets	12,382,155	12,382,155	10,268,052	737,064	-
Assets measured on a non-recurring basis	12,382,155	12,382,155	10,268,052	737,064	-
Cash, cash balances in central banks and other demand deposits	11,005,116	11,005,116	10,268,052	737,064	-
Cash and deposits in banks	10,268,052	10,268,052	10,268,052	-	-
Money market and related transactions	737,064	737,064	-	737,064	-
Others	1,377,039	1,377,039	-	-	-
Advances to contracts and suppliers	139,803	139,803	-	-	-
Accounts receivable (net)	1,237,236	1,237,236	-	-	-
Liabilities	6,411,542	6,411,542	-	2,388,531	2,974,166
Investment securities	2,388,531	2,388,531	-	2,388,531	-
Outstanding Investment Securities	2,388,531	2,388,531	-	2,388,531	-
Financial Obligations	2,974,166	2,974,166	-	-	2,974,166
Bank credits and other financial obligations	2,974,166	2,974,166	-	-	2,974,166
Others	1,048,845	1,048,845	-	-	-
Accounts payable	709,446	709,446	-	-	-
Other Liabilities	339,399	339,399	-	-	-
Total assets and liabilities at fair value	**COP 30,576,187**	**COP 30,576,187**	**COP 14,103,754**	**COP 10,817,815**	**COP 3,228,734**

BBVA Colombia discloses transfers between the levels of fair value hierarchy at the end of the period during which the change occurred. In 2022 and 2021, there were no transfers of financial instruments measured at fair value between the levels of hierarchy.

13.
Derivative financial instruments and cash transactions (asset)

The financial instruments traded by BBVA are classified as assets or liabilities (see Note 26) according to their results. At December 31, the balance of this account classified as an asset is summarized as follows:

Item	Notional Value		Fair Value	
FORWARD TRANSACTIONS	**2022**	**2021**	**2022**	**2021**
Purchase on foreign currency				
Rights	COP 27,099,936	COP 32,647,678	COP 27,932,708	COP 32,287,857
Obligations	-	-	(26,129,743)	(31,119,626)
Sale on foreign currency				
Rights	41,092,945	12,058,014	39,999,670	11,911,191
Obligations	-	-	(39,195,858)	(11,813,588)
Less credit risk	-	-	(916)	(822)
Total forward contracts	**68,192,881**	**44,705,692**	**2,605,861**	**1,265,012**
Item	**Notional Value**		**Fair Value**	
CASH TRANSACTIONS	**2022**	**2021**	**2022**	**2021**
Purchase on foreign currency				
Rights	COP 8,361	COP 20,387	COP 8,413	COP 20,378
Obligations	-	-	(8,321)	(20,369)
Sales on foreign currency				
Rights	-	333,891	-	330,788

Obligations	-	-	-	(327,765)
Purchase on securities				
Rights	26,547	11,352	20,753	11,229
Obligations	-	-	(20,733)	(11,212)
Sales on securities				
Rights	53,130	42,670	40,424	41,481
Obligations	-	-	(40,389)	(41,360)
Less CVA credit risk			-	-
Total cash transactions	**88,038**	**408,300**	**147**	**3,170**
	Notional Value		**Fair Value**	
OPTIONS	**2022**	**2021**	**2022**	**2021**
Options on foreign currencies purchased - put:				
Purchase - Put	514,897	206,178	11,764	2,515
Options on foreign currencies purchased - call:				
Purchase - Call	766,208	179,598	37,433	5,349
Less CVA credit risk	-	-	(79)	(108)
Total fair exchange price	**1,281,105**	**385,776**	**49,118**	**7,756**
	Notional Value		**Fair Value**	
Swaps	**2022**	**2021**	**2022**	**2021**
On interest rates:				
Rights	63,089,163	75,190,549	13,408,911	6,629,391
Obligations	-	-	(9,420,663)	(5,646,979)
On currencies				

Rights	9,776,825	8,873,792	12,887,758	8,725,019
Obligations	-	-	(10,017,033)	(8,012,182)
Less CVA credit risk	-	-	(22,007)	(10,736)
Total swaps	**72,865,988**	**84,064,341**	**6,836,966**	**1,684,513**
	Notional Value		**Fair Value**	
Futures	**2022**	**2021**	**2022**	**2021**
Purchase on foreign currency				
Rights	8,070,501	6,134,009	8,070,501	6,134,009
Obligations	-	-	(8,070,501)	(6,134,009)
Sale on foreign currency				
Rights	13,237,057	6,413,140	13,237,057	6,346,629
Obligations	-	-	(13,237,057)	(6,346,629)
Total futures	**21,307,558**	**12,547,149**	**-**	**-**
Total cash transactions and derivatives	**COP 163,735,570**	**COP 142,111,258**	**COP 9,492,092**	**COP 2,960,451**

Below is the information on the value of CVA and / DVA broken down by product, showing the product with the greatest impact for 2022 and 2021, respectively. Swaps represent 95.71% of the total CVA and DVA, also due to the higher volume and volatility in the rate and macroeconomic changes of transactions contracted up to 2022:

Product	**2022**	**2021**
	CVA	
FW Currencies	COP 20	COP 46
FW Dollars	896	776
Options	79	108
SWAP	22,007	10,736
Total	**COP 23,002**	**COP 11,666**
	DVA	
FW Foreign Currencies	COP 27	COP 29
FW Dollars	1,149	386
Options	8	2
SWAP	27,994	11,102
Total	**COP 29,178**	**COP 11,519**

At December 31, 2022 and 2021, the total CVA (Credit Value Adjustments) and DVA (Debit Value Adjustments) was COP 23,001 and COP 11,657, respectively.

Derivative transactions are basically covered with cross forwards.

The Bank carried out forward transactions on foreign currencies and securities. An increase was observed in securities closing at the end of 2022 compared to the immediately preceding year. This is due to the increase in the trading transactions of said portfolio, going from 38 transactions in the previous year to 40 contracts for the year 2022. In addition to the foregoing, it signed contracts for transactions with futures derivatives on national bonds at the official exchange rate and standardized forwards, options on currencies, swaps on currencies and swaps on interest rates which are valued in accordance with the provisions of Chapter XVIII of the Basic Accounting and Financial Notice (CBCF, for the Spanish original).

The Bank has a general policy for derivative transactions that requires compliance with Chapter XVIII - Derivative Financial Instruments and Structured Products of the Basic Accounting and Financial Notice (Public Notice 100/1995) issued by the Financial Superintendence of Colombia (SFC). The Bank is only authorized to execute derivative financial instrument and structured product transactions in accordance with the provisions of Decree 2555/2010 and the relevant regulatory regimes.

At December 31, 2022, and 2021, derivative transactions showed no charges, restrictions or levies of a legal or financial nature, or pledges, seizures, litigation or any other limitation on the rights inherent to these transactions.

The increase in both rights and obligations of the foreign currency forwards and futures contracts was the result of fluctuations of the exchange rate throughout the year 2022.

At December 31, 2022, the breakdown of transactions with derivative financial instruments was as follows:

			Maturity in Days				
Type of Instrument	Type of Transaction	Currency	Minimum	Maximum	Value Right	Value Obligation	Net Result
Currency forward	Purchase	USD/COP	2	3428	COP 87,640,616	COP (86,883,041)	COP 757,575
	Purchase	EUR/COP	17	74	617	(548)	70
	Purchase	EUR/USD	11	744	105,555	(116,798)	(11,244)
	Purchase	JPY/USD	13	13	2,445	(2,563)	(118)
	Purchase	MXN/USD	30	44	5,020	(4,464)	556
	Purchase	CNH/USD	30	149	192,191	(194,075)	(1,883)
	Sale	USD/COP	2	1670	90,390,600	(91,455,765)	(1,065,165)
	Sale	COP/EUR	5	171	39,821	(42,095)	(2,274)
	Sale	COP/CNH	30	149	190,363	(192,192)	(1,829)
	Sale	USD/EUR	3	744	95,548	(83,396)	12,152
	Sale	COP/JPY	13	164	7,672	(7,975)	(303)
	Sale	USD/CAD	6	6	3,581	(3,543)	37
	Sale	USD/MXN	44	44	2,424	(2,728)	(304)
Total currency forward					**178,676,453**	**(178,989,183)**	**(312,730)**
Spot on currency	Purchase	USD/COP	3	4	43,919	(43,981)	(62)
	Purchase	EUR/COP	3	3	2,516	(2,483)	33
	Sale	USD/COP	3	3	3,687	(3,722)	(36)
Total spot on currency					**50,122**	**(50,186)**	**(65)**
Total spot					**50,122**	**(50,186)**	**(65)**

Financial options	Purchase - PUT	USD/COP	5	727	11,761	-	11,761
	Purchase - CALL	USD/COP	5	727	37,364	-	37,364
	Sale - PUT	USD/COP	5	727	-	(11,761)	(11,761)
	Sale - CALL	USD/COP	5	727	-	(37,426)	(37,426)
Total financial options					**49,125**	**(49,187)**	**(62)**
Interest rate swap	IRS	COP	2	5085	19,790,061	(20,018,609)	(228,548)
	IRS	USD	9	3653	2,085,339	(2,163,149)	(77,809)
Total swap on interest rates					**21,875,400**	**(22,181,758)**	**(306,357)**
Swap currencies	CCS	EUR	0	0	-	-	1
	CCS	USD	4	3434	23,246,978	(23,326,673)	(79,694)
Total swap on currencies					**23,246,978**	**(23,326,673)**	**(79,693)**
Swap on currencies hedging	CCS	COP	842	842	1,654,118	(1,084,942)	569,176
Total swap on currencies hedging					**1,654,118**	**(1,084,942)**	**569,176**
Total swap					**46,776,496**	**(46,593,373)**	**183,123**
Total					**COP 225,552,196**	**COP (225,681,929)**	**COP (129,734)**

At December 31, 2021, the breakdown of transactions with derivative financial instruments was as follows:

			Maturity in Days				
Type of Instrument	**Type of Transaction**	**Currency**	**Minimum**	**Maximum**	**Value Right**	**Value Obligation**	**Net Result**
Currency forward	Purchase	USD/COP	3	2975	COP 50,949,703	COP (49,841,601)	COP 1,108,102
	Purchase	EUR/COP	21	223	12,370	(12,248)	122
	Purchase	EUR/USD	13	1109	392,404	(402,486)	(10,082)
	Purchase	GBP/USD	41	41	1,152	(1,145)	7
	Purchase	JPY/USD	11	161	15,779	(16,154)	(375)
	Purchase	MXN/USD	49	409	6,284	(6,137)	147
	Purchase	SEK/USD	7	7	10,863	(10,819)	44
	Purchase	CNH/USD	117	332	259,482	(256,775)	2,707
	Purchase	GBP/COP	41	41	1,694	(1,673)	21
	Purchase	CAD/COP	56	56	4,492	(4,404)	88
	Sale	USD/COP	3	2035	56,141,734	(57,170,845)	(1,029,111)
	Sale	COP/EUR	3	362	97,388	(95,989)	1,399
	Sale	COP/GBP	41	41	1,130	(1,152)	(22)
	Sale	COP/SEK	7	7	10,937	(10,863)	74
	Sale	COP/CNH	117	332	251,206	(259,477)	(8,271)
	Sale	USD/EUR	13	1109	81,746	(76,186)	5,560
	Sale	USD/GBP	41	41	1,663	(1,694)	(31)
	Sale	COP/JPY	3	161	15,694	(15,779)	(85)
	Sale	USD/CAD	56	56	4,639	(4,492)	148
	Sale	USD/MXN	49	409	6,133	(6,148)	(15)
Total currency forward					**108,266,493**	**(108,196,067)**	**70,427**
Spot on currency	Purchase	USD/COP	3	4	114,085	(114,807)	(722)
	Purchase	EUR/COP	3	3	2,816	(2,817)	(1)
	Sale	USD/COP	3	3	330,788	(327,766)	3,022
Total spot on currency					**447,689**	**(445,390)**	**2,299**
Spot on securities	Purchase	COP	-361	3	48,718	(48,723)	(5)
	Sale	COP	-44561	3	68,379	(68,291)	88
Total spot on securities					**117,097**	**(117,014)**	**83**

Total spot					**564,786**	**(562,404)**	**2,382**
Financial options	Purchase - PUT	USD/COP	5	1092	2,515	-	2,515
	Purchase - CALL	USD/COP	5	1092	5,241	-	5,241
	Sale - PUT	USD/COP	5	1092	-	(2,514)	(2,514)
	Sale - CALL	USD/COP	5	1092	-	(5,348)	(5,348)
Total financial options					**7,756**	**(7,862)**	**(106)**
Interest rate swap	IRS	COP	3	5450	18,887,693	(20,108,967)	(1,221,274)
	IRS	USD	4	3391	7,801,996	(7,147,756)	654,240
Total swap on interest rates					**26,689,689**	**(27,256,723)**	**(567,034)**
Swap on currencies hedging	CCS	COP	1207	1207	1,482,378	(1,151,849)	330,529
Total swap on currencies hedging					**1,482,378**	**(1,151,849)**	**330,529**
Total swap					**28,172,067**	**(28,408,572)**	**(236,505)**
	Sale	COP			**168,912**	**(168,912)**	-
Total futures					**168,912**	**(168,912)**	**-**
Total					**COP 137,180,014**	**COP (137,343,817)**	**COP (163,802)**

The collateral provided in derivative transactions at December 31, were:

Counterparty	DIV	2022	2021
Assets			
Banco Santander Central Hispano	EUR	-	212,415
Banco Santander S.A. NY	EUR	212,415	-
Banco Bancomer México	USD	3,460,000	2,820,000
BBVA Madrid (1)	USD	158,904,000	160,702,891

(1) The amount under BBVA Madrid corresponds to the collateral agreement on all the Bank's derivative transactions with this counterparty.

The financial collateral, regardless of the holder, instrumentation or other circumstances, is analyzed on a periodic basis to determine the credit risk to which they are exposed and, if necessary, to estimate the need to create a provision therefor.

Credit Value Adjustment

The purpose of the CVA is to calculate the amount of expected losses during the life of the transactions stated at present value in the Treasury derivatives portfolio. In a given future, credit risk losses depend on three components: the counterparties' likelihood of default at that time, severity in the case of default and exposure at the time of default.

As of June 2016, the DVA (Debit Value Adjustment) calculation was introduced at the request of the Financial Superintendence of Colombia in the credit risk valuation adjustments. The nature of this adjustment is contrary to that of the CVA, such that it considers the likelihood that the BBVA will default on a positive value transaction for a counterparty due to a credit event. This adjustment will report CVA of the counterparties whose portfolio value is positive for BBVA and DVA of portfolios with a negative value for the Bank.

The CVA and DVA report is made at the transaction level; therefore, the adjustment is distributed between counterparty transactions with the same market value nature as that of the portfolio aggregate; otherwise, a value of zero is allocated to the credit risk adjustment.

The change in the measurement of the between 2021 and 2022 is illustrated below. The primary cause of the reported CVA fluctuations is the intense market volatility experienced in the latter half of the year, leading to a 27% depreciation in the USD/COP exchange rate. This volatility spurred increases in the MtM values for most derivatives traded in USD and EUR.

In the case of DVA, the rise is primarily attributable to this intense market volatility during the latter half of the year, which led to an increase in the MtM with BBVA Madrid specifically. This institution serves as a hedge for exchange rate derivatives that were settled with our customers, in an effort to reduce market risk sensitivity.

	Year	December - Amount Mill.	Max Mill.	Min Mill.	Avg Mill.
CVA	2021	11,667	22,199	10,077	13,544
	2022	23,001	29,111	11,187	17,842
DVA	2021	11,518	24,088	11,006	13,211
	2022	29,178	36,202	11,152	20,941

14. Financial Instruments - Hedging Derivatives(assets)

Bond issuance in foreign currency - The Bank issued subordinated notes abroad in the amount of USD 400 million on April 21, 2015, maturing on February 19, 2025. These bonds mature in 10 years with a coupon rate of 4.875% and will earn interest on a semi-annual basis.

The Subordinated Notes have been issued pursuant to Rule 144A/Regulation S of the US Securities Act of 1933.

BBVA Securities Inc. and Morgan Stanley & Co. LLC., acted as the placement agents.

Hedge Accounting – The Bank constituted fair value and cash flow hedges for USD 330 million, with which it intends to hedge the exchange rate risk and the interest rate risk in US dollars as follows:

Cash flow hedge accounting

These financial instruments were designated as cash flow hedges because both their right and obligation are at a fixed rate and the purpose is to hedge future cash flows for the payment of interest and principal in accordance with the nominal value agreed.

Operation	Nominal Value of Right	EA Right Rate	Nominal Value of Obligation	EA Obligation Rate	Right Value 2022	Obligation value 2022	Other Comprehensive Income 2022
47936511	USD 40	9.98%	COP 129,200	4.88%	COP 200,499	COP 128,679	COP 71,820
47936513	USD 40	10.64%	124,000	4.88%	200,499	125,295	75,204
47936514	USD 40	10.71%	117,600	4.88%	200,499	119,009	81,490
Total							**COP 228,514**

Operation	Nominal Value of Right	EA Right Rate	Nominal Value of Obligation	EA Obligation Rate	Right Value 2021	Obligation value 2021	Other Comprehensive Income 2021
9217724	USD 40	9.98%	COP 129,200	4.88%	COP 179,682	COP 146,982	COP 32,701
9315701	USD 40	10.64%	124,000	4.88%	179,682	143,688	35,994
9346154	USD 40	10.71%	117,600	4.88%	179,682	136,536	43,146
Total							**COP 111,841**

- **Fair value hedge accounting**

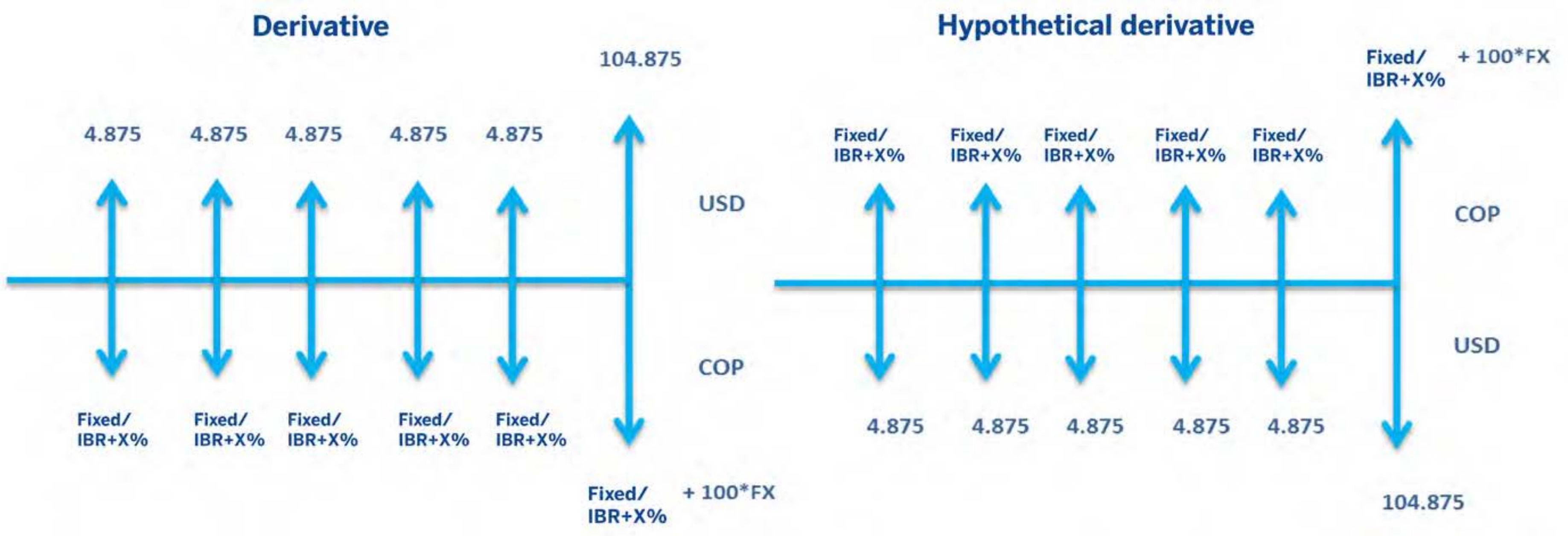
It was designated at fair value because the obligation is indexed at the Reference Bank Indicator (IBR, for the Spanish original), which was developed by the private sector, with the backing of the Central Bank of Colombia and other entities, in order to reflect the liquidity of the Colombian money market, that is to say when a debt is acquired on the market today, it would be estimated at a rate similar to the reference rate.

Operation	Nominal Value of Right	EA Right Rate	Nominal Value of Obligation	EA Obligation Rate	Right Value 2022	Obligation value 2022	Other Comprehensive Income 2022
47936512	USD 70	4.87%	COP 226,100	IBR+3.19%	COP 350,873	COP 246,559	COP 104,314
47936885	USD 70	4.87%	217,000	IBR+3.57%	350,873	238,446	112,427
47936887	USD 70	4.87%	205,800	IBR+3.75%	350,873	226,952	123,921
Total							**COP 340,662**

Operation	Nominal Value of Right	EA Right Rate	Nominal Value of Obligation	EA Obligation Rate	Right Value 2021	Obligation value 2021	Other Comprehensive Income 2021
9217722	USD 70	4.87%	COP 226,100	IBR+3.19%	COP 314,444	COP 250,284	COP 64,160
9315699	USD 70	4.87%	217,000	IBR+3.57%	314,444	242,853	71,591
9346145	USD 70	4.87%	205,800	IBR+3.75%	314,444	231,506	82,938
Total							**COP 218,688**

Measurement of Hedge Effectiveness

IFRS 9, Paragraph B6.4.14 indicates that "when the fundamental conditions (such as nominal amount, maturity and underlying) of the hedging instrument and the hedged item match or are closely aligned, an entity can conclude, based on a qualitative assessment of said fundamental conditions, that the hedging instrument and the hedged item have values that will generally move in the opposite direction due to the same risk and, therefore, there is an economic link between the hedged item and the hedging instrument."



IFRS 9 Paragraph B6.5.5 indicates that "To calculate the change in the value of the hedged item for the purposes of measuring the hedge ineffectiveness, an entity can use a derivative with the conditions that match the fundamental conditions of the hedged item (which is commonly known as a hypothetical derivative).".

The hypothetical derivative is defined as the perfect mirror in which a leg is fully in line with the economic characteristics of the hedged item, therefore, it is the method used by the Bank to measure the effectiveness of its hedging instruments, concluding that it will be 100% effective over time.

Based on the above the effective part of the profit or loss of the cash flow hedging instrument was recognized in equity (OCI) and the ineffective part will be recognized in the statement of income. Since the conditions of the CCS (cross currency swap) of the payment received by the Bank in US dollars match those of the hedged item (coupon date, coupon rate, settlement basis of the coupon and final exchange of flows), its effect on the Bank's income statement is expected to be neutral.

At December 31, 2022, and 2021, the valuation items of the cash flow hedge swap were recorded in Other Comprehensive Income for COP 228,514 and COP 111,840, respectively. On the same dates, no reclassifications of equity were made to the statement of income for the year.

The accounting of hedging derivatives at December 31 2022 and 2021, is as follows:

Asset hedging - CCS swap
Valuation
At December 31, 2022

Hedge Type	Currency	Value of Right	Value of Obligation	Statement of Financial Position	Statement of Comprehensive Income	Statement of Other Comprehensive Income
Fair Value	USD	COP (1,052,620)	COP 711,959	COP 340,662	COP -	COP -
Cash flow		(601,497)	372,983	-	-	COP 228,514
Total				COP 340,662	COP -	COP 228,514
Total asset hedging						**COP 569,176**

At December 31, 2021

Hedge Type	Currency	Value of Right	Value of Obligation	Statement of Financial Position	Statement of Comprehensive Income	Statement of Other Comprehensive Income
Fair Value	USD	COP (943,331)	COP 724,643	COP 218,688	COP-	COP-
Cash flow		(539,046)	427,206	-	-	111,840
Total				**COP 218,688**	**COP-**	**COP 111,840**
Total asset hedging						**COP 330,529**

Passive hedging - CCS swap 2022

Accrued Interest

Hedge Type	Currency	Value of Right	Value of Obligation	Statement of Financial Position	Statement of Comprehensive Income	Statement of Other Comprehensive Income
Fair Value	USD	COP -	COP -	COP -	COP -	COP -
Cash flow		-	-	-	2,099	COP (2,099)
Total				COP -	COP 2,099	COP (2,099)
Total passive hedging						**COP -**

Passive hedging - CCS swap 2021

Hedge Type	Currency	Value of Right	Value of Obligation	Statement of Financial Position	Statement of Comprehensive Income	Statement of Other Comprehensive Income
Fair Value	USD	COP -	COP-	COP-	COP-	COP-
Cash flow		-	-	-	3,021	(3,021)
Total				COP-	COP 3,021	COP (3,021)
Total passive hedging						**COP -**

In 2022, the value equivalent to the restatement of the cash flow hedge was COP 219,470 over USD 120 million.

Given the significant exchange rate fluctuations throughout 2022, we observed a considerable increase in OCI of 82.91% compared to 2021. This resulted in a reduction in our interest obligation balance for Cash Flow Hedging transactions.

15.
Accounts Receivable, Net

At December 31, the balance of this account is summarized as follows:

Item	2022	2021
Deposits for executive proceedings, collateral and others (1)	COP 942,932	COP 820,770
Accounts transferred to ICETEX (2)	156,264	145,697
Inactive National Treasury Department accounts	29,541	28,987
Fees	9,046	7,433
Securities depositories	517	1
Securitization process	-	7
To employees	189	160
To the parent company, Subsidiaries, related parties and associates	233	-
Other (3)	128,689	260,971
Subtotal	**1,267,411**	**1,264,026**
Impairment of other accounts receivable (4)	(29,168)	(26,790)
Total other accounts receivable, net	**COP 1,238,243**	**COP 1,237,236**

(1) The key changes in deposit accounts were driven by:

a. Asset purchases related to commercial and residential leasing. The changes are also due to rising interest rates and a decrease in government subsidies.

b. Temporary deposits held by the Colombian Foreign Currency Clearing House (Cámara De Compensación De Divisas De Colombia S.A.), and for derivative products in foreign currency.

(2) These are abandoned accounts transferred to ICETEX, whose balance is greater than 322 RVU and have been inactive for more than 36 months, in accordance with Law 1777/2016, regulated by Decree 953/June 15, 2016. Their increase in 2022 is especially reflected in the transfer of Savings Accounts with an increase of 8% and Current Accounts with a variation of 22% in 2022. This item showed a total variation in the amount of COP10,567.

(3) Another noteworthy change is a general decrease of COP132,282. The most significant of these changes is related to accounts receivable for settlement of foreign currency derivative transactions. At the end of 2022, this item posted a total change of COP112,564, with transactions of the Counterparty Clearing House accounting for COP3,429.

(4) The movement of the impairment account for protection of accounts receivable in the years ended December 31, 2022, and December 31, 2021, was as follows:

Movements of Provision Accounts	2022	2021
Balance at the beginning of year	COP (26,790)	COP (22,118)
Impairment charged to expenses in the year (a)	(10,718)	(10,786)
Transfer other items (b)	(85)	(105)
Provision recovery (c)	8,425	6,219
Balance at year end	**COP (29,168)**	**COP (26,790)**

a. The decrease corresponds to accounts receivable from high-temporality lease advances and pending customer interest. This item closed with a provision in 2022 for COP6,164, and a provision of COP2,276 for portfolio maturity temporality.

b. There was a transfer of automatic provisions that corresponded to December 2021, which was carried out in January 2022.

c. There is a recovery for payment, activation or cancellation of contracts for lease advances, releasing COP3,275 provisioned at the end of December 2022.

16.

Non-current assets held for sale, net

Non-current assets held for sale are primarily assets acquired through debt repayment from our loan portfolio. The bank intends to sell these assets in the near term. For this purpose, departments, processes, and programs have been established for their sale, either in cash or by granting financing to potential buyers.

At December 31, the balance of this account is summarized as follows:

Item	2022	2021
Realizable assets		
Real estate	COP 34,692	COP 40,022
Subtotal realizable assets	**34,692**	**40,022**
Assets restituted in lease agreements		
Real estate	16,824	14,697
Vehicles	232	725
Machinery and equipment	293	259
Real estate given under residential leasing	26,927	28,956
Others	44	-
Subtotal assets restituted in Lease Agreements	**44,320**	**44,637**
Assets not used for the corporate purpose		
Lands	4,063	3,641
Buildings	5,437	13,523
Furniture and fixtures	556	1,541
Computers	2,127	168
Subtotal assets not used in the corporate purpose:	**12,183**	**18,873**
Trusts	7,175	7,175
Subtotal trusts	**7,175**	**7,175**
Subtotal realizable and restituted assets	**98,370**	**110,707**
Impairment of non-current assets held for sale		
Realizable assets	(25,304)	(24,057)
Assets restituted in lease agreements	(25,738)	(19,608)
Trusts	(7,175)	(6,401)
Furniture and fixtures	(556)	(1,541)
Computers	(2,127)	(168)
Subtotal impairment	**(60,900)**	**(51,775)**
Total Non-current assets held for sale, net	**COP 37,470**	**COP 58,932**

At December 31, 2022, the Bank had 385 Non-Current Assets Held for Sale amounting to COP 98,370 and an impairment of COP 60,900. At December 31, 2021, the Group had 360 Non-Current Assets Held for Sale amounting to COP 110,707 and an impairment of COP 51,775.

Non-current assets held for sale over two years for the year 2022 and 2021 amounted to COP 57,655 and COP 44,015 respectively.

Throughout 2022, a total of 103 sales were conducted, amounting to a value of COP38,883. A significant portion of this stemmed from assets unrelated to the corporate purpose in the building sector. One such asset, named Basika 95 in Chico, was received in GANF in 2022. Additionally, a virtual classroom bus was donated for a value of COP197.

The change in the provision for protection of non-current assets held for sale during the years ended at December 31 was as follows:

Item	2022	2021
Balance at the beginning of year	51,775	34,792
Provision charged to expenses in the year	18,391	21,823
Transfers	-	- 209
Transfers of fully depreciated assets	974	1,709
Less – Withdrawal for sales and recoveries	(10,240)	(6,340)
Balance at year end	**COP 60,900**	**COP 51,775**

17.
Property and equipment, net

At December 31, 2022, the balance of this account is summarized as follows:

Item	Lands	Buildings (1)	Vehicles	Fixtures and Accessories (2)	Computers (2)	Machinery, Plant and Equipment in Assembly	Improvements to Assets under Lease	Assets under construction	Total
Cost									
Balance at December 31, 2021	**COP 146,900**	**COP 626,415**	**COP 1,164**	**COP 243,732**	**COP 297,158**	**COP 2,076**	**15,648**	**COP 1,349**	**COP 1,334,442**
Purchases	-	-	-	11,206	16,011	3.127	-	-	30,344
Improvements/Capitalization	-	1,475	-	-	4,293	-	643	2,261	8,672
Removals	-	-	-	(7,129)	(1,830)	(287)	-	(12)	(9,258)
Transfer to non-current assets held for sale	(3,603)	(8,458)	(199)	-	-	-	-	-	(12,260)
Capitalization of equipment being assembled and construction in progress	-	-	-	-	-	(4,293)	(1,924)	(2,117)	(8,334)
Cost balance at December 31, 2022	**143,297**	**619,432**	**965**	**247,809**	**315,632**	**623**	**14,367**	**1,481**	**1,343,606**
Depreciation and impairment losses									
Balance at December 31, 2021	COP -	COP 223,997	COP 832	COP 161,689	COP 234,990	COP -	COP -	COP -	COP 621,508
Depreciation for the fiscal year	-	6,071	-	18,265	24,419	-	-	-	48,755
Removals	-	-	-	(6,693)	(7,240)	-	-	-	(13,933)
Transfer to non-current assets held for sale	-	(3,927)	(199)	-	-	-	-	-	(4,126)
Impairment balance at December 31, 2022	**-**	**226,141**	**633**	**173,261**	**252,169**	**-**	**-**	**-**	**652,204**
Impairment (3)	9,738	20,848	-	-	-	-	-	-	30,586
Carrying value at December 31, 2022	**COP 133,559**	**COP 372,443**	**COP 332**	**COP 74,548**	**COP 63,463**	**COP 623**	**COP 14,367**	**COP 1,481**	**COP 660,816**

Property and equipment presented a total decrease of 1.4%, compared to the figures of December 2021, such difference corresponds to COP 9,416.

(1) In 2022, seven properties, which no longer served the corporate purpose, were transferred to the category of Non-Current Assets Held for Sale (ANMV).

(2) The year 2022 saw an increase in furniture and accessory purchases by COP11,265, reflecting the adoption of BBVA's hybrid work model. This investment ensures that employees are adequately equipped for their tasks. Similarly, expenditures on computer equipment rose by COP1,863.

(3) In line with the bank's policy of conducting real estate appraisals every three years, the requisite updates were carried out in 2022. This led to an increase in impairment based on the evaluations provided by an external appraiser.

Item	Lands	Buildings	Vehicles	Fixtures and accessories	Computers	Machinery, Plant and Equipment in Assembly	Improvements to Assets under Lease	Assets under construction	Total
Cost									
Balance at December 31, 2020	**COP 152,181**	**COP 647,261**	**COP 2,942**	**COP 278,607**	**COP 304,250**	**COP 397**	**COP 17,503**	**COP 2,735**	**COP 1,405,876**
Purchases	-	696	198	17,615	20,985	-	-	-	39,494
Improvements/Capitalization	-	2,012	-	-	2,066	5,264	765	2,088	12,195
Removals	-	-	-	(52,402)	(30,143)	-	-	-	(82,545)
Transfer to Assets Not Held for Sale	(5,281)	(23,554)	(1,976)	(88)	-	-	-	-	(30,899)
Capitalization of equipment being assembled and construction in progress	-	-	-	-	-	(3,585)	(2,620)	(3,474)	(9,679)
Cost balance at December 31, 2021	**146,900**	**626,415**	**1,164**	**243,732**	**297,158**	**2,076**	**15,648**	**1,349**	**1,334,442**
Depreciation and impairment losses									
Balance at December 31, 2020	**COP-**	**COP 224,939**	**COP 2,610**	**COP 194,871**	**COP 236,326**	**COP -**	**COP -**	**COP -**	**COP 658,746**
Depreciation for the fiscal year	-	6,066	198	19,096	28,807	-	-	-	54,167
Removals	-	-	-	(52,190)	(30,143)	-	-	-	(82,333)
Transfer to Assets Not Held for Sale	-	(7,008)	(1,976)	(88)	-	-	-	-	(9,072)
Impairment balance at December 31, 2021	**-**	**223,997**	**832**	**161,689**	**234,990**	**-**	**-**	**-**	**621,508**
Impairment	5,862	36,840	-	-	-	-	-	-	42,702
Carrying value at December 31, 2021	**COP 141,038**	**COP 365,578**	**COP 332**	**COP 82,043**	**COP 62,168**	**COP 2,076**	**COP 15,648**	**COP 1,349**	**COP 670,232**

All the Bank's property and equipment are duly covered against fire, related dangers, damage to electrical and electronic equipment, mechanical breakdown, HAMCCop (malicious acts) and theft, through insurance policies that are in force and there is no restriction on ownership.

For purposes of constituting provisions or individual valuations of real estate properties, commercial appraisals are carried out with independent firms registered at the Realtors Association ("Lonja de Propiedad Raíz"). The term applied to these appraisals is three (3) years; at December 31, 2022, appraisals were conducted on 96% of the Bank's real estate.

Appraisal Date	Number	Share %
2020	66	25%
2021	245	2%
2022	229	96%

Depreciation - Assets are depreciated using the straight line method and begin depreciating when they are in optimal conditions of use.

The useful life and cost of the assets are determined through appraisal by independent experts every 36 months and the basis of depreciation is calculated by subtracting the residual value of each fixed asset (buildings) from the cost.

Impairment – The impairment of fixed assets for the years 2022 and 2021 was COP 30,586 and COP 42,702, respectively. The decrease in impairment is mainly due to the reversal of impairment losses from the sale of buildings in 2022.

18. Intangible Assets

Intangible assets at December 31 are summarized as follows:

Item	2022	2021
Software and applications	COP 173,643	COP 128,560
Total intangible assets	**COP 173,643**	**COP 128,560**

The Bank carries out an Impairment Test on its assets, assessing whether they are intangible and if they are being amortized.

The change in software and applications during the years 2022 and 2021 was as follows:

At December 31, 2022

Item	Useful Life	Balance at Dec 31, 2021	Addition	Amortization/ removal	Balance at Dec 31, 2022
Software and applications	5	COP 128,560	COP 89,216	COP (44,133)	COP 173,643
Total		**COP 128,560**	**COP 89,216**	**COP (44,133)**	**COP 173,643**

At December 31, 2021

Item	Useful Life	Balance at Dec 31, 2020	Addition	Amortization/ removal	Balance at Dec 31, 2021
Software and applications	5	COP 111,299	COP 48,695	COP (31,434)	COP 128,560
Total		**COP 111,299**	**COP 48,695**	**COP (31,434)**	**COP 128,560**

The additions in 2022 correspond to payments made for Corporate Software development contracts, Mobile Banking and licenses in 2022.

Amortization for intangible assets for the years 2022 and 2021 was COP 44,122 and COP 31,434, respectively.

As of the end of 2022, the inventory of intangible assets stands at 3,573, with 801 new assets carrying a book balance of COP87,089.

The Bank performs the Impairment Test to its assets where it assesses whether it is an intangible asset and whether it is being amortized; this step, performed with certain indicators, identifies whether the Software associated with the asset was rejected, released, or its amortization was completed.

Based on this assessment, the Bank recognizes the assets that are subject to impairment, estimates their value and makes their accounting adjustment to reflect the real value in the inventory.

19.

Investments in Subsidiaries and Joint Ventures

The balance of the account at December 31 consisted of the following:

Item	2022	2021
Subsidiary investments	COP 138,591	COP 141,688
Investments in joint ventures	183,418	179,686
Total investments in subsidiaries and joint ventures	**COP 322,009**	**COP 321,374**

For investments classified as controlled holdings, including BBVA Fiduciaria and BBVA Valores, they are valued using the Equity Method according to Law 222/1995.

There is a 0.20% increase, represented by COP 635 in investments in subsidiaries and joint ventures, mainly due to the profit distribution project for COP 55,658 for 2021, of which the most representative is RCI Banque Colombia S.A. COP 30,235. These dividends were previously agreed at each of the Shareholders' Meetings and the application of the equity method for 2022. BBVA Valores Colombia S.A. Comisionista de Bolsa will not distribute dividends, as they will be kept as reserves.

Investments in subsidiaries and joint arrangements - Refers to investments in equity securities in controlled entities as of December 31, 2022, and December 2021, which consist of:

BBVA ASSET MANAGEMENT S.A. SOCIEDAD FIDUCIARIA (hereinafter "the Trust Company"): The main objective of the Trust Company consists of entering into commercial trust agreements, entering into state trust agreements as provided by Law 80 / 1993 and, in general, doing any business that implies a trust management and all the business that trust companies are legally authorized to do. In fulfilling its purpose, the Trust Company may essentially acquire, dispose of, tax, manage real estate and personal property, legally represent bondholders, intervene as a debtor or creditor in all types of credit transactions, and issue, accept, endorse, collect and negotiate, in general, all types of securities.

BBVA Valores Colombia S.A. Comisionista de Bolsa (hereinafter "the Brokerage Firm"): Its corporate purpose is the development of the commission contract for the purchase and sale of securities listed in the National Securities Registry, the development of security funds management contracts for its domestic and foreign customers, and the performance of proprietary trading. It is also authorized by the Superintendence to carry out the activities related to the securities market and give advice on capital-market related activities.

"RCI Banque Colombia S.A. Compañía de Financiamiento" (hereinafter "RCI" or "the Company"): The purpose of RCI is to enter into or carry out all that transactions and contracts legally permitted for financing companies, subject to the requirements and limitations of Colombian Law, namely:

1. Attracting term funds for the primary purpose of carrying out active consumer credit, payroll loan, factoring and remittance transactions.
2. Provide retail financing (credit, leasing) for buyers of new Renault vehicles and new vehicles of related brands and used vehicles of all brands.
3. Provide wholesale financing to Renault dealers and distributors and related brands and spare part inventories.

4. Transfer and sell accounts receivable from vehicle loans.
5. Obtain loans from financial institutions, related parties or affiliates of their shareholders in the form of loans, bonds, asset-backed securities, commercial papers and other instruments and to guarantee such obligations to the extent necessary.
6. Facilitate the sale of related insurance and other services (including life insurance, payment protection insurance and all-risk vehicle insurance).
7. Remarket the vehicles returned by leasing customers and those recovered from defaulted customers.

December 31, 2022

Item	Domicile	Capital	Equity Capital	Share Percentage %	Carrying Value	Solvency and Market Risk Rating	Assets	Liabilities	Profits and/or Losses
Investments in subsidiaries:									
BBVA Asset Management S.A. Sociedad Fiduciaria	Bogotá	55,090	52,067	94.51%	98,983	AAA	116,842	12,112	23,843
BBVA Valores Colombia S.A. Comisionista de Bolsa	Bogotá	29,000	27,388	94.44%	39,608	AAA	45,206	3,267	1,494
Investments in Joint Ventures:									
RCI Banque Colombia S.A.	Medellín	234,942	115,122	48.99999%	183,418	AAA	3,871,442	3,497,119	69,322
Total Investments in Subsidiaries and Joint Ventures.					**COP 322,009**				

December 31, 2021

Item	Domicile	Capital	Equity Capital	Share Percentage %	Carrying Value	Solvency and Market Risk Rating	Assets	Liabilities	Profits and/or Losses
Investments in subsidiaries:					COP 141,688				
BBVA Asset Management S.A. Sociedad Fiduciaria	Bogotá	55,090	52,067	94.51%	102,559	A	117,060	8,547	26,898
BBVA Valores Colombia S.A. Comisionista de Bolsa	Bogotá	29,000	27,388	94.44%	39,129	A	43,777	2,345	1,483
Investments in Joint Arrangements:					COP 179,686				
RCI Banque Colombia S.A.	Medellín	234,942	115,122	48.99%	179,686	A	2,841,497	2,474,791	68,562
Total investments in subsidiaries and joint arrangements					**COP 321,374**				

20.
Other assets, net

The balance of the account at December 31 consisted of the following:

Other assets	2022	2021
Art and cultural assets	COP 1,108	COP 1,108
Sundries (1)	10,466	7,721
Subtotal	**11,574**	**8,829**
Impairment of other assets	(1,142)	(1,122)
Total other net assets	**COP 10,432**	**COP 7,707**

(1) Notable changes can be seen in miscellaneous accounts due to various transaction increases.

- The Bank has partnered with new businesses such as Winner Group, ADIDAS, STF GROUP, RUSH STREET INTERACTIVE COLOMBIA S A S, and others, resulting in a surge of foreign cardholders shopping at these businesses.
- There has been an increase in representation exchange transactions due to more withdrawals being made at BBVA ATMs by international cardholders. This shift has led Visa International to issue larger payments for these transactions during the compensation process.
- PSE card transactions have seen a higher volume applied to BBVA cards over the last year.
- In terms of Swap derivatives collections, customers with maturities on December 30 and 31 advanced their payments, deferring a large volume to the next business day for accurate application.

The changes in the impairment of other assets account for the years ended December 31, 2022, and December 31, 2021 are detailed below:

Movements of Provision Accounts	2022	2021
Balance at the beginning of year	COP (1,122)	COP (1,313)
Provision during the year (1)	(41)	(170)
Provision recovery (2)	21	361
Balance at year end	**COP (1,142)**	**COP (1,122)**

(1) As of the end of 2022, the provisioned value corresponds to the dismissal of unlocalized customers.

(2) A provision was released in 2022 as the card operations department took on the balance generated by non-recoverable card transactions.

21.

Prepaid expenses and advances to contracts, suppliers and other debtors

Prepaid expenses are summarized as follows:

Item	2022	2021
Prepaid expenses		
Corporate software maintenance (1)	COP 33,084	COP 29,893
Insurance	7,657	3,912
Electronics	1,038	3,009
Other (2)	3,599	324
Total prepaid expenses	**45,378**	**37,138**
Advances to contracts and suppliers		
Advances to contracts and suppliers (3)	203,561	139,803
Total advances to contracts and suppliers	**203,561**	**139,803**
Total prepaid expenses and advances to contracts and suppliers	**COP 248,939**	**COP 176,941**

(1) There is an increase of COP 3,191 between 2022 and 2021 in the corporate software maintenance line, as the Bank continues its efforts to enhance its systems with a focus on digitalization.

(2) The most significant variation between 2022 and 2021 occurs in the 'others' line for COP 3,275, primarily due to the creation, customization, and enhancement of loan cards, which represented one of the most rapidly expanding product lines for the Bank in 2022.

(3) As of December 31, 2022, the Bank has 172 advances totaling COP 203,561, while at the end of 2021, there were 241 advances amounting to COP 139,803. A total of 223 contracts were cancelled in 2022 for a sum of COP 98,149, 154 new contracts were generated for COP 108,659, and 18 contracts remain for COP 136,544.

Other prepaid expenses includes robust local and corporate software maintenance contracts; the amortization period according to the legal and contractual entitlement cannot exceed the period of those rights, but it can be less than that established by the parties. The time indicated in useful life depends on the period during which the entity expects to use the asset.

Additions presented in 2022 in Prepaid Expenses correspond to payments made as follows:

I. Payments made to acquire global, multi-risk, life and vehicle insurance policies.

II. Payments made for renewals of software maintenance and support, transfer prices and technical data storage services.

The removals generated in 2022 correspond to amortizations generated during the year in which the services were received or the costs or expenses were incurred.

The movement of prepaid expenses during the years 2022 and 2021 was as follows:

Item	Balance 2021	Addition	Amortization	Balance 2022
Software maintenance	COP 29,893	COP 79,620	COP (76,429)	COP 33,084
Insurance	3,912	14,795	(11,050)	7,657
Electronics	3,009	3,403	(5,374)	1,038
Others	324	23,534	(20,259)	3,599
Total	**COP 37,138**	**COP 121,352**	**COP (113,112)**	**COP 45,378**

Item	Balance 2020	Addition	Amortization	Balance 2021
Software mainte-nance	COP 11,597	COP 61,954	COP (43,658)	COP 29,893
Insurance	1,869	8,267	(6,224)	3,912
Electronics	3,460	7,085	(7,536)	3,009
Others	407	19,565	(19,648)	324
Total	**COP 17,333**	**COP 128,946**	**COP 109,141**	**COP 37,138**

22.
Deposits and on-demand liabilities

BBVA Colombia's passive portfolio at December 31, 2022 consisted of the following:

Item	2022	2021
Savings deposits	COP 29,667,049	COP 30,148,156
Deposits in checking accounts	9,022,094	9,299,355
Current liabilities for services	417,958	546,516
Special deposits	1,174,119	837,485
Special savings accounts	329,709	333,841
Single deposits	1,615	2,006
Canceled accounts	744	737
Banks and correspondents	1,794	2,756
Electronic deposits	6,309	4,647
Total deposits and demand liabilities	**40,621,391**	**41,175,499**
Certificates of deposit	28,550,967	18,011,495
Real value savings certificates	11,729	10,614
Total deposits and term liabilities	**28,562,696**	**18,022,109**
Total deposits and current liabilities	**COP 69,184,087**	**COP 59,197,608**

BBVA
Creating Opportunities

Below is a summary of deposits and current liabilities as of December 31, 2022:

Item	Local Currency	Foreign Currency	Total Currency
Checking account			
Public sector	COP 1,510,922		COP 1,510,922
Private sector	7,483,711	27,461	7,511,172
Total checking account	**8,994,633**	**27,461**	**9,022,094**
Single deposit			
Private sector	1,615	-	1,615
Total single deposit	**1,615**	**-**	**1,615**
CDT - COP			
Public sector	3,062,131	-	3,062,131
Private sector	25,488,836	-	25,488,836
Total CDT-COP	**28,550,967**	**-**	**28,550,967**
Savings deposits			
Deposits:			
Public sector	8,105,841	-	8,105,841
Private sector	21,561,208	-	21,561,208
Special savings:			
Private sector	329,709	-	329,709
Total savings deposits	**29,996,758**	**-**	**29,996,758**
CDT– RVU			
Private sector	11,729	-	11,729
Total CDT-RVU	**11,729**	**-**	**11,729**
Other deposits			
Banks and correspondents	1,235	559	1,794
Special deposits	485,082	695,327	1,180,409
Tax collection	300,681	117,277	417,958
Banking services	19	-	19
Total other deposits	**787,017**	**813,163**	**1,600,180**
Others			
Canceled accounts	744	-	744
Total deposits and current liabilities	**COP 68,343,463**	**COP 840,624**	**COP 69,184,087**

BBVA continually strides ahead to meet the escalating demands for transparency.

Below is a summary of deposits and current liabilities as of December 31, 2021:

	Local Currency	Foreign Currency	Total Currency
Checking account			
Public sector	COP 1,627,096	COP -	COP 1,627,096
Private sector	7,668,154	4,104	7,672,258
Total checking account	**9,295,250**	**4,104**	**9,299,354**
Single deposit			
Private sector	2,006	-	2,006
Total single deposit	**2,006**	-	**2,006**
CDT - COP			
Public sector	1,807,336	-	1,807,336
Private sector	16,204,159	-	16,204,159
Total CDT-COP	**18,011,495**	-	**18,011,495**
Savings deposits			
Public sector	9,148,061	-	9,148,061
Private sector	21,000,095	-	21,000,095
Special savings:			
Private sector	333,841	-	333,841
Total savings deposits	**30,481,998**	-	**30,481,998**
CDT– RVU			
Private sector	10,614	-	10,614
Total CDT-RVU	**10,614**	-	**10,614**
Other deposits			
Banks and correspondents	2,741	15	2,756
Special deposits	282,492	343,729	626,221
Tax collection	215,912	-	215,912
Banking services	463,391	83,125	546,516
Total other deposits	**964,535**	**426,870**	**1,391,405**
Others			
Canceled accounts	737	-	737
Total deposits and current liabilities	**COP 58,766,634**	**COP 430,974**	**COP 59,197,608**

- The reduction in savings deposits primarily emanates from the official sector, especially public administrations that withdrew their income during the last days of 2022.
- The surge in special deposits is due to:

  For the past year, collateral with counterparties Morgan Stanley for USD 551,724 and with BBVA Madrid for USD 143,604.

  Payments received at the Bank's branches or through other channels correspond to the payment of National and Customs Taxes, a flow dependent on the number of taxpayers.

- In current accounts, there was a 3% decrease compared to the previous year, primarily due to the available balance in the official sector customers' accounts.
- For term certificates of deposit, an increase of COP 10,539 was observed, which can be attributed to the rise in interest rates, making it a more appealing option for customers looking to invest.

23.
Money Market and Simultaneous Transactions

At December 31, the balance of this account is summarized as follows:

Item	Rate	2022	Rate	2021
Ordinary interbank funds purchased:				
Banks (1)	11.15%	COP 322,349	2.92%	COP 347,120
Residents Abroad (2)	16.25%	729,625		-
Total interbank funds purchased		**1,051,974**		**347,120**
Transfer commitments in closed repo transactions:				
Central Bank of Colombia (3)	10.94%	1,384,127	2.91%	2,167,417
Counterparty Clearing House (4)	10.96%	154,264	2.66%	606,513
Total closed repo transactions		**1,538,391**		**2,773,930**
Commitments originated in short positions for simultaneous transactions				
Central Bank of Colombia		279,392		445,457
Foreign residents		109,541		66,107
Brokerage Firms		100,388		40,211
Fund management companies		69,437		-
Banks		35,420		-
Insurance companies		22,556		19.700
Banks and financial corporations		-		4.575
Total commitments for simultaneous transactions		**616,734**		**576.050**
Total passive positions in money market transactions (5)		**COP 3,207,099**		**COP 3,697,100**

(1) In December 2022, ordinary interbank funds purchased with banks for COP 322,349 were agreed at an average rate of 11.15% with a maturity of 1 day, while at the end of December 2021, they were agreed at a rate of 2.92% with a maturity of 3 days.

(2) Notably, in November 2022, an interbank fund was arranged with the Corporación Andina de Fomento, with fulfillment slated for November 2023.

(3) Moreover, as of December 29, 2022, repo transactions were agreed upon with the Banco de la República at an average rate of 10.94%, with maturities of 1 and 3 calendar days. In contrast, as of December 2021, the same transaction was arranged at an average rate of 2.91%, with identical maturities. Furthermore, as of December 31, 2022, there is a significant decline in repo transactions with the Central Bank of Colombia with maturities ranging from 1 to 8 calendar days at a rate of 10.94%.

(4) At the conclusion of 2022, transactions were negotiated with Counterparty Clearing House at an average rate of 10.96%, featuring maturities of 1 day and 8 calendar days. In contrast, for December 2021, closed repo transactions were negotiated with Counterparty Clearing House at an average rate of 2.66%, with maturities between 4 and 7 calendar days.

(5) There is a decrease of 13.25%, equivalent to COP 490,001, concluding the fourth quarter of 2022 with a moderate liquidity requirement. The spike in interest rates in November 2022 was undeniably one of the most influential factors contributing to this decrease.

Transaction costs were in line with estimates for liquidity coverage needs.

24.
Bank Credits and Other Financial Obligations

At December 31, the balance of this account is summarized as follows:

Item	2022	2021
Foreign Currency		
Bancoldex S.A.	COP 46,711	COP 114,787
Wells Fargo Bank N.A.	73,253	199,289
The Toronto Dominion Bank	268,376	59,769
Bank Of Nova Scotia	-	231,064
BBVA Madrid	752,969	-
International Finance Corporation IFC	1,433,166	-
Banco Del Estado De Chile-Chile	73,274	-
Bank of America, N.A- San Francisco, Ca Us	175,174	-
Citibank Na	48,546	-
Total foreign currency	**COP 2,871,469**	**COP 604,909**
Local Currency		
Financiera de Desarrollo Territorial - FINDETER	833,213	1,048,112
Banco de Comercio Exterior S.A. - BANCOLDEX	527,320	387,865
Fondo para el Fomento del Sector Agropecuario - FINA-GRO	732,663	527,923
International Finance Corporation IFC	406,019	405,357
Total local currency	**2,499,215**	**2,369,257**
Total Bank Credits and Other Financial Obligations	**COP 5,370,684**	**COP 2,974,166**

The increase between 2022 and 2021 in resources obtained in foreign currency stems from the establishment of COP 2,483,129, attributable to financing with Banco del Estado de Chile, Bancoldex S.A. Bank of America, Bank of Nova Scotia, BBVA Madrid, Citibank NA, International Finance Corporation (IFC), The Toronto Dominion Bank, and Wells Fargo Bank.

The primary financings are notably those procured through IFC, amounting to USD 300 million, and BBVA Madrid, amounting to USD 150 million. These are managed by COAP, making up 76% of all current outstanding financings.

The rate of the foreign currency obligations was located on average at SOFR + 0.60% for short-term obligations with a maturity of up to 1 year as of December 31, 2022. It is important to mention that for the year 2021, financing will not have any changes in the LIBOR financing rate, so credits will be finalized in the conditions with which they were opened.

The financial costs of the obligations are calculated on a daily basis, based on 360 days on principal defined by their frequency and interest rate.

Maturity of the loans varies according to the program (typically between one and ten years), and the funds directly provided by the Bank vary from 0% to 40% of the total value of the loan, whereas the balance is provided by Government entities. The obligations are guaranteed by the corresponding loans made to customers.

The classification bases for the temporality of financing are:

Foreign Currency			Local Currency		
No.	**Category**	**Time**	**No.**	**Category**	**Time**
1	Short-term	<365	1	Short-term	<364
2	Medium-term	> 365 < 1825	2	Medium-term	> 365 < 1095
3	Long-term	> 1825	3	Long-term	> 1096

The breakdown by term in foreign currency is as follows:

Foreign currency obligations

December 31, 2022	Capital				
	Interest	Short-term	Medium-term	Long-term	Total
Bancoldex S.A.	COP 234	COP -	COP 17,616	COP 28,861	COP 46,711
Wells Fargo Bank N.A.	1,100	72,153	-	-	73,253
The Toronto Dominion Bank	3,815	264,561	-	-	268,376
BBVA Madrid	31,439	-	-	721,530	752,969
International Finance Corporation IFC	4,325	-	1,428,841	-	1,433,166
Banco Del Estado De Chile-Chile	1,121	72,153	-	-	73,274
Bank Of America. N.A-San Francisco. CA US	2,007	173,167	-	-	175,174
Citibank NA	444	48,102	-	-	48,546
Total	**COP 44,485**	**COP 630,136**	**COP 1,446,457**	**COP 750,391**	**COP 2,871,469**

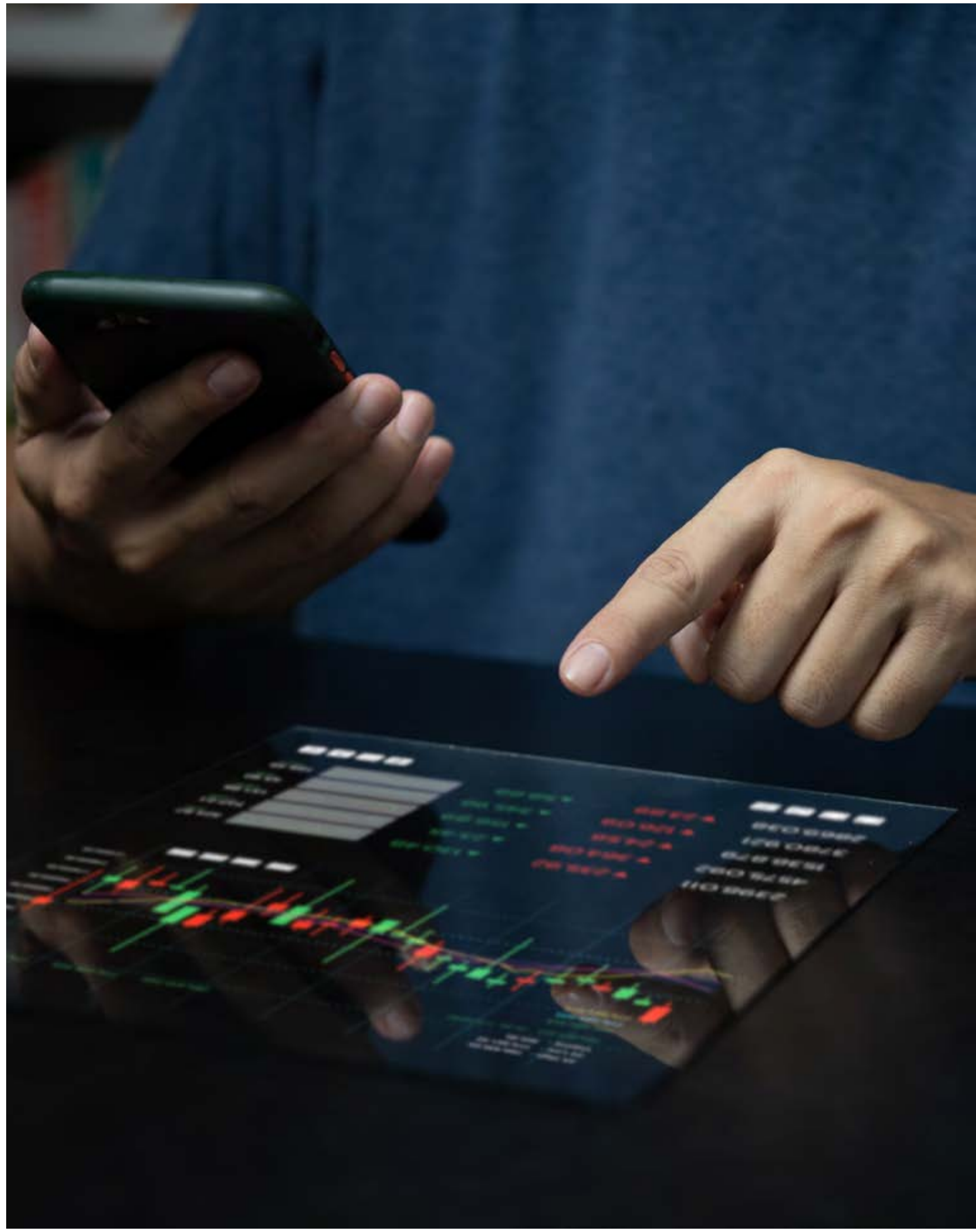
December 31, 2021	Capital				
	Interest	Short-term	Medium-term	Long-term	Total
Bancoldex S.A.	COP 229	COP 114,558	COP -	COP -	COP 114,787
Wells Fargo Bank N.A.	231	199,058	-	-	199,289
The Toronto Dominion Bank	52	59,717	-	-	59,769
Bank Of Nova Scotia	356	230,708	-	-	231,064
Total	**COP 868**	**COP 604,041**	**COP-**	**COP -**	**COP 604,909**

The breakdown by term in local currency is as follows:

Local currency obligations

December 31, 2022	Capital				
	Interest	Short-term	Medium term	Long term	Total
Financiera de Desarrollo Territorial - FINDETER	COP 9,877	COP 662,553	COP 52,491	COP 108,292	COP 833,213
Banco de Comercio Exterior S.A. – BANCOLDEX	3,232	73,920	340,219	109,949	527,320
Fondo para el Fomento del Sector Agropecuario – FINAGRO	11,727	341,703	218,160	161,073	732,663
International Finance Corporation IFC	1,346	-	-	404,673	406,019
Total	**COP 26,182**	**COP 1,078,176**	**COP 610,870**	**COP 783,987**	**COP 2,499,215**

December 31, 2021	Capital				
	Interest	Short-term	Medium term	Long term	Total
Financiera de Desarrollo Territorial - FINDETER	COP 2,319	COP 27,790	COP 161,537	COP 856,465	COP 1,048,111
Banco de Comercio Exterior S.A. – BANCOLDEX	635	31,935	236,353	118,942	387,865
Fondo para el Fomento del Sector Agropecuario – FINAGRO	2,376	45,894	191,329	288,325	527,924
International Finance Corporation IFC	1,386	-	-	403,971	405,357
Total	**COP 6,716**	**COP 105,619**	**COP 589,219**	**COP 1,667,703**	**COP 2,369,257**



In compliance with IAS 07 Paragraphs 44a and 44c, the reconciliation of cash flow financing activities is disclosed.

Item	Note	Bank Credits and Other Financial Obligations	Outstanding Investment Securities	Subscribed and Paid-in Capital	Premium on Share Placement	Other Comprehensive Income (OCI)	Retained Earnings	Reserves	Article 6 Law 4/80	Total
Updated balance at January 1, 2022		2,974,166	2,388,531	89,779	651,950	152,797	1,148,916	3,643,354	506	11,049,999
Changes in financing cash flows										
Payment of loans and other financial liabilities		(3,257,514)	(86,703,877)	-	-	-	-	-	-	(89,961,392)
Collection of loans and other financial liabilities		5,157,653	86,462,349	-	-	-	-	-	-	91,620,002
Dividends and coupons paid on equity instruments		-	-	-	-	-	(434,477)	-	-	(434,477)
Other cash inflows (outflows)		-	-	-	-	-	-	446,206	-	446,206
Total changes in cash flow from financing		1,900,139	(241,528)	-	-	-	(434,477)	446,206	-	1,670,339
Effect of changes in foreign currency exchange rates		-	488,678	-	-	-	-	-	-	488,678
Other changes		952,640	-	-	-	-	-	-	-	952,640
Interest expenses		202,422	193,550	-	-	-	-	-	-	395,972
Interest payment		(658,682)	(152,441)	-	-	-	-	-	-	(811,123)
Total other changes related to liabilities		(456,261)	41,109	-	-	-	-	-	-	(415,152)
Total other changes related to equity		-	-	-	-	(11,570)	476,432	3,017	-	467,879
Balances at December 31, 2022		**5,370,684**	**2,676,790**	**89,779**	**651,950**	**141,227**	**1,190,871**	**4,092,577**	**506**	**14,214,383**

25.
Accounts Payable

At December 31, the balance of this account is summarized as follows:

Item	2022	2021
Suppliers (1)	COP 183,578	COP 169,036
Labor contributions	6,155	5,406
Fogafin deposit insurance (2)	115,615	98,842
Dividends and surplus (3)	101,264	89,536
Seizure management	5,805	2,963
National Law 546/1999	50,242	42,475
Loan transaction surplus and others	56,688	50,509
Written not-collected checks	27,684	23,749
Intended purchasers	23,663	27,150
Costs and expenses payable	6	1,421
Settlement of National Treasury Department transfer Decree 2331/98	-	258
Settlement and offsetting of POS Counterparty Clearing House (4)	119,159	65,429
Collection of fees and VAT payable to the Fondo Nacional de Garantías	8,241	4,459
Visa and MasterCard advertising campaigns	988	1,074
Commissions and fees	2,042	1,414
Transfer of check disbursements from other markets (5)	2,561	10,598
Other accounts payable (6)	95,862	115,127
Total accounts payable	**COP 799,553**	**COP 709,446**

(1) Outstanding payments due to suppliers have shown a variation, primarily attributed to the amplified lease, technology, advertising, and engineering suppliers costs, amounting to COP 14,351.

(2) Amount to be transferred to Fogafín for deposit insurance, which is calculated monthly but paid quarterly. The balance at 2022 consists of the payment of the last two quarters.

(3) There has been a rise in the dividends payable due to the amounts declared throughout 2022, which remained uncollected by the shareholders.

(4) The variation is due to the increase in the values contracted in contract settlement transactions with the Counterparty Clearing House carried out on December 29, 2022.

(5) A decline is evident because, at the end of December 2022, there were fewer loans awaiting disbursement for the portfolio purchase. These loans are recorded by the formalization center, enabling the Network of Offices to issue the pertinent checks.

(6) The other accounts payable item displays a decrease of COP 19,265. Within this line, the most substantial variations are presented by derivative products settlements amounting to COP 32,354. These are recognized in both USD and pesos, and the closing rate of December 2021 was lower by 161 compared to December 2022. Additionally, there's a decrease in the surplus of payroll for 2022 amounting to COP 1,178.

Financial liabilities are derecognized only when the legal obligations have ended, that is to say, when the obligation specified in the corresponding contract has been paid or canceled, or it has expired. BBVA considers three possible scenarios to derecognize an account payable: The receipt of payment, buy-back of the debt or the forgiveness of the payment.

26. Derivative financial instruments and (liability) cash transactions

The financial instruments traded by BBVA are classified as assets or liabilities (see Note 27) according to their results. At December 31, the balance of this account classified as liabilities is summarized as follows:

	Notional Value		Fair Value	
Forward Contracts	**2022**	**2021**	**2022**	**2021**
Purchase on foreign currency				
Rights	COP 45,041,029	COP 7,613,981	COP (42,523,020)	COP (7,526,148)
Obligations	-	-	43,603,988	7,592,887
Sale on foreign currency				
Rights	29,237,757	31,091,237	(28,184,931)	(30,680,948)
Obligations	-	-	30,023,733	31,809,210
Less credit risk	-	-	(1,178)	(415)
Total forward contracts	**74,278,786**	**38,705,218**	**2,918,592**	**1,194,586**
	Notional Value		**Carrying Value**	
Cash transactions	**2022**	**2021**	**2022**	**2021**
Purchase on foreign currency				
Rights	38,190	97,274	(38,022)	(96,522)
Obligations	-	-	38,144	97,255
Sales on foreign currency				
Rights	3,690	-	(3,687)	-
Obligations	-	-	3,723	-
Purchase on securities				
Rights	5,159	33,676	(4,724)	(37,490)

Obligations	-	-	4,726	37,512
Sales on securities				
Rights	107,490	29,417	(82,104)	(26,898)
Obligations	-	-	82,412	26,931
Total cash transactions	**154,529**	**160,367**	**468**	**788**
	Notional Value		**Carrying Value**	
Options	**2022**	**2021**	**2022**	**2021**
Options on foreign currencies issued - Put:				
Sale - Put	514,897	206,178	11,762	2,517
Options on foreign currencies issued - Call:				
Sales - Call	766,208	179,598	37,426	5,348
Less CVA credit risk	-	-	(6)	(2)
Total fair exchange price	**1,281,105**	**385,776**	**49,182**	**7,863**
	Notional Value		**Carrying Value**	
Swaps	**2022**	**2021**	**2022**	**2021**
On interest rates:				
Rights	69,200,561	63,530,898	(8,462,445)	(4,964,320)
On currencies	-	-	-	-
Rights	10,261,606	6,487,950	(10,346,179)	(6,370,594)
Obligations	-	-	13,299,364	7,351,237
Less CVA credit risk	-	-	(27,995)	(11,102)
Total swaps	**79,462,167**	**70,018,848**	**7,223,044**	**2,251,546**
Total cash transactions and derivatives	**COP 155,176,587**	**COP 109,270,209**	**COP 10,191,286**	**COP 3,454,783**

BBVA Colombia is the second largest Bank in the Public Debt Market Makers Arrangement and this means that it must structurally have a large portfolio of treasury bonds (both fixed-rate TES and RVU TES). This need has increased over time as the Public Credit Office's strategy has been to increase the duration of On the Run bonds. A hedge on the bond position can be offset with a swap on the IBR, which displayed growth in 2022. Concurrently, numerous local offshore clients have pursued hedges, which is reflected in the growth of the bank's overall derivatives position.

The collateral received in derivative transactions at December 31, were:

Counterparty	DIV	2022	2021
Liabilities			
Morgan Stanley and Co Interna-cional	USD	114,698,850	86,338,850
BBVA Madrid Clearing Broker	USD	29,853,825	-

27. Outstanding investment securities

At December 31, the balance of this account is summarized as follows:

Item	2022			2021		
	Subordinated Bonds	Ordinary Bonds	Total	Subordinated Bonds	Ordinary Bonds	Total
Capital	COP 2,695,080	COP -	COP 2,695,080	COP 2,363,464	COP -	COP 2,363,464
Interest	27,737	-	27,737	20,095	-	20,095
Costs and valuation	(46,027)	-	(46,027)	4,972	-	4,972
Total	**COP 2,676,790**	**COP -**	**COP 2,676,790**	**COP 2,388,531**	**COP -**	**COP 2,388,531**

The second issuance of Series G - 2009 subordinated bonds amounting to COP 365,000 was made on February 19, 2013 with a redemption term between 10 and 15 years, with yield of maximum variable rate of CPI + 3.60% for 10 years, and of CPI + 3.89% for 15 years.

The third issuance of Series G - 2014 subordinated bonds amounting to COP 250,000 was made on November 26, 2014 with a redemption term between 15 and 20 years, with yield of maximum variable rate of CPI + 4.38% for 15 years, and of CPI + 4.50% for 20 years.

The first issuance of subordinated bonds in USD was carried out on April 21, 2015 with a redemption term of 10 years and a fixed-rate yield of 4.875%.

The issuance prospectus contemplate the following characteristics:

Subordinated 2009 Bonds (issued in September 2011, February 2013, and November 2014)

- Subordination of obligations: Since they are subordinated bonds, in case of the issuer's liquidation, the redemption of the subscribed capital is subordinated to the prior payment of the external liabilities; which constitutes an irrevocable obligation.
- Capital amortization method, prepayments and reacquisition events: The principal of the bonds will be amortized under the following modalities: month in arrears, quarter in arrears, semester in arrears, and/or year in arrears, and/or only one payment on the maturity date thereof, as determined in the corresponding public offering notice. Pre-payable bonds may be issued, which is determined in the respective public offering notice. The issuance of subordinated bonds under this Program in 2011, 2013 and 2014 does not contemplate the prepayment thereof.

The Issuer may buy-back its own subordinated bonds. The buyback shall be conducted through the Colombian Securities Exchange, provided that five years have elapsed since the issuance of the bonds. This transaction is voluntary for the Bondholders. If the issuer acquires its own bonds, the confusion principle shall apply without having to wait until the maturity of the securities.

This issuance is not covered by the deposit insurance of the Financial Institutions Collateral Fund (FOGAFIN, for the Spanish original).

Subordinated Bonds in USD 2015

- Subordination of obligations: Since they are subordinated bonds, in case of the issuer's liquidation, the redemption of the subscribed capital is subordinated to the prior payment of the external liabilities; which constitutes an irrevocable obligation.
- Capital amortization method, prepayments and reacquisition events: The principal of the bonds will be amortized under the following modalities: month in arrears, quarter in arrears, semester in arrears, and/or year in arrears, and/or only one payment on the maturity date thereof, as determined in the corresponding public offering notice.

The issuer cannot buy back its own subordinated bonds until a term of at least 5 years has elapsed. The buyback can only be carried out with the approval and authorization of the Financial Superintendence of Colombia.

This issuance is not covered by the deposit insurance of the Financial Institutions Collateral Fund (FOGAFIN, for the Spanish original).

- A summary of the issuances and bonds is shown in the table below:

Bond Issuance	Authorized Amount	Term in Years	Face Rate	Coupon	Nominal Value	Issuance Date	Maturity Date
Subordinated 2011	COP 3,000,000	15	CPI+4.70%	TV	COP 156,000	September 19, 2011	September 19, 2026
Subordinated 2013		10	CPI+3.60%	TV	200,000	February 19, 2013	February 19, 2023
		15	CPI+3.89%	TV	165,000	February 19, 2013	February 19, 2028
		15	CPI+4.38%	TV	90,000	November 26, 2014	November 26, 2029
Subordinated 2014		20	CPI+4.50%	TV	160,000	November 26, 2014	November 26, 2034
Subordinated in USD 2015	USD 500	10	4.88%	SV	USD 400	April 21, 2015	April 21, 2025
Total bonds COP	**COP 3,000,000**				**COP 771,000**		
Total bonds USD	**USD 500**				**USD 400**		

28.
Other Liabilities

At December 31, the balance of this account is summarized as follows:

Item	2022	2021
Overdue principal and interest CD (1)	COP 69,457	COP 132,141
Except for good collection of loans and credit cards (2)	14,631	30,461
Deferred partial payments	3,990	4,259
Balances to apply to obligations (3)	10,913	22,480
Network clearance	10,554	10,108
Unearned income (4)	21,338	24,395
Network transaction surplus (5)	79,895	73,421
Ascredibanco international purchases	14,138	9,734
Credit balances in foreign currency	3,587	1,992
Surpluses in exchange	-	37
Other Liabilities	36,944	30,371
Total other liabilities	**COP 265,447**	**COP 339,399**

(1) The decrease is due to the cancellation of CD titles, the balance as of 2022 is subject to the holder's presentation to collect them at the branch.

(2) The decrease is due to payments made by checks except for those subject to collection for transactions with cards, transactions in clearance and CD constitution transactions for the purpose of an obligation, displaying normal variation in line with the behavior of each customer.

(3) The decrease is presented by the advances made by the customers in addition to the value of the installment of the lease transactions, for the last year the accumulated total is lower due to the steps that were taken during the last weeks at the end of the year.

(4) The main amount is presented by deferred income corresponding to the framework contract with Zurich Colombia for marketing alliance, and deferred commissions with the third party Comunicación celular SA Comcel.

(5) The increase is mainly due to mixed CDs except for good collection, which are registered with the proceeds of a check in exchange that are in transit; additionally, there is a high volume and value of transactions through banking correspondents.

29.

Estimated Liabilities and Provisions

The Bank records provision liabilities based on the concept of experts from the Legal, Labor Relations and Tax Consultancy areas, who rate each case in accordance with the status of the legal process. In addition, decision trees developed in accordance with the type of contingency (legal, labor and tax) are applied for classification in the following criteria to create the provision:

- Probable obligation: recognized and disclosed.
- Remote obligation: not recognized and not disclosed.

At December 31, the balance of this account is summarized as follows:

Item	2022	2021
Expenses for invoices pending payment (1)	COP 103,823	COP 63,753
Lawsuits due to breach of contracts (2)	51,696	51,890
FOGAFIN contingencies	8,565	8,587
Provision for fines and penalties (3)	-	3,533
Labor lawsuits (4)	17,395	14,362
Fines and penalties other administrative authorities(5)	180	922
Commission sales force (CF, for the Spanish original)	1,188	1,152
Other personnel expenses	4	6
IFRS 16 disassembly costs	8,809	8,607
Other (6)	91,886	77,075
Total estimated liabilities and provisions	**COP 283,546**	**COP 229,887**

(1) There is an increase of COP 40,070, corresponding to the estimated provisions for unpaid invoices at the end of each period. These include services such as Bank Correspondents, ANCMV Maintenance, Energy, Cleaning, and others.

(2) Civil lawsuits amount to a total of 753, with estimated claims reaching COP 430,672. Provisions of COP 51,696, corresponding to 19 lawsuits considered probable, were recorded as of December 31, 2022. These lawsuits primarily involve alleged contract breaches.

Additionally, the Bank reports 3 criminal cases with total claims of COP 284, which, classified as remote, have not necessitated a provision.

(3) The fluctuation corresponds to the utilization of the 2021 provision, recognized for ongoing audit processes against the Bank and a penalty filed by the Pension and Parafiscal Management Union (UGPP).

(4) In relation to labor lawsuits, Banco BBVA reports a total of 141 cases, with claim values amounting to COP 20,778, of which 77 lawsuits are provisioned for a value of COP 17,395. Claims mainly pertain to payment of pension contributions, reinstatement, salaries, and compensation for alleged unfair dismissals, among others.

According to the Bank's legal advisors it is considered that the result will be in favor of the Bank and that there will be no significant losses.

(5) The Bank is involved in administrative and contentious administrative jurisdiction proceedings. It deals with 11 tax processes with estimated claims amounting to COP 404 and recognized provisions as of December 31, 2022, for COP 180. These are associated with 5 processes with probable qualification, corresponding to one (1) popular action for withholding the tax on financial movements, processes for territorial taxes, essentially for property tax, delays in providing information derived from information requirements, and tax collection processes, especially a direct reparation action against the Bank.

(6) The close of December 2022 and December 2021 highlights an increase of COP 53,659, chiefly in the category of other provisions, attributed to estimated payable expenses. These expenses include estimates on outstanding payment to suppliers that rendered services under general expenses. Additionally, the Bank implemented a retirement plan strategy, which necessitated a provision for personnel expenses, and finally, an account for card fraud and remote banking accounted for 282 unresolved customer claims throughout 2022.

At December 31, 2022, the movements of estimated liabilities were as follows:

Item	Proceedings	Others	Total
Initial balance	COP 67,174	COP 162,713	COP 229,887
Increase	2,824	55,119	57,943
Income	4,437	-	4,437
Payment	(2,309)	(3,556)	(5,865)
Removal	(2,856)	-	(2,856)
Closing balance	**COP 69,270**	**COP 214,276**	**COP 283,546**

At December 31, 2021, the movements of estimated liabilities were as follows:

Item	Proceedings	Others	Total
Initial balance	COP 91,438	COP 132,487	COP 223,925
Increase	9,188	(10,961)	(1,773)
Income	13,684	41,187	54,871
Payment	(13,121)	-	(13,121)
Removal	(34,015)	-	(34,015)
Closing balance	**COP 67,174**	**COP 162,713**	**COP 229,887**

30.
Employee benefits

The details of the component of short-term labor liabilities at December 31, 2022 and 2021 are as follows:

Item	2022	2021
Severance pay	COP 17,051	COP 14,411
Interest on severance pay	1,968	1,681
Vacations	40,816	36,051
Legal and Extra-legal Premium	16	-
Current provisions for employee benefits (1)	114,267	76,919
Other Benefits (2)	31,153	18,505
Total short-term benefits	**205,271**	**147,567**
Non-current provisions for employee benefits	**2022**	**2021**
Seniority bonus	51,120	49,917
Seniority-based vacation Bonus	2,309	2,750
Retirement pension actuarial calculation	34,924	43,546
Retirement plan premium	1,511	1,954
Total long-term benefits	**89,864**	**98,167**
Total labor liabilities	**COP 295,135**	**COP 245,734**

(1) Current provisions for employee benefits correspond to the variable remuneration incentives, namely Individual Performance Evaluation (EDI) and Corporate and Investment Banking (CIB). There was an increase of COP 37,248 between 2022 and 2021, as it is associated with salary increases and goal achievement.

(2) The balance payable for December 2022 for social security corresponds to an increase of COP 12,648 between 2022 and 2021, due to the salary increase.

Actuarial calculation - As part of the long-term benefits, the Bank pays its employees a seniority bonus for every five years they work with the Bank. This benefit is calculated in days of salary for each five-year period and, if contract termination is not for cause, the bonus is paid in proportion to the time worked.

Upon reaching milestones of 30, 35, or 40 years of service with the Bank, employees will be granted an additional vacation period of 15 days. This recognizes the stability they have achieved over these significant periods of time. The additional vacation period created herein may be paid in cash at 100%. Likewise, the Bank shall pay employees who complete the aforementioned years of service a vacation bonus equal to and in addition to that agreed upon, in relation to the extralegal vacations recognized. The vacation bonus is equivalent to twenty-three (23) days of basic salary without exceeding a fixed amount for each year. For the year 2022, the fixed amount is equivalent to COP 2,181,677:

Item	2022	2021
Liabilities for benefits at the beginning of the 2022 and 2021 period	COP 49,917	COP 55,484
1- Cost of services	5,785	6,192
2- Cost of interest	4,092	3,304
3- Cash flow	(5,347)	(9,299)
Adjustment for experience	892	(413)
Adjustment for change in financial assumptions	(4,219)	(5,351)
Liabilities at the end of the 2022 and 2021 period	**COP 51,120**	**COP 49,917**

Reconciliation

Item	2022	2021
Balance at December 31, 2022 and 2021	COP 49,917	COP 55,484
Payment of seniority bonus	(5,347)	(9,299)
Expense for seniority bonus benefit	5,785	6,192
Financial cost of seniority bonus	4,092	3,304
Change in demographic variables	(3,327)	(5,764)
Liabilities at the end of the 2022 and 2021 period	**COP 51,120**	**COP 49,917**

Actuarial calculation of retirement plan premium

The Bank has carried out the actuarial valuation at Saturday, December 31, 2022 and 2021 for the retirement plan premium commitment made by BBVA with its pensioned and active participants.

Item	2022	2021
Liabilities for benefits at the beginning of the 2022 and 2021 period	COP 1,953	COP 2,373
1- Cost of services	100	128
2- Cost of interest	161	148
3- Cash flow	(49)	(28)
Adjustment for experience	(228)	(331)
Adjustment for change in financial assumptions	(426)	(336)
Liabilities at the end of the 2022 and 2021 period	**COP 1,511**	**COP 1,954**

Reconciliation

Item	2022	2021
Balance at December 31, 2022 and 2021	COP 1,954	COP 2,373
Actuarial calculation adjustment by hypothesis	(654)	(667)
Actuarial calculation adjustment debited to expenses	260	276
Transfer (1)	(49)	(28)
Liabilities at the end of the 2022 and 2021 period	**COP 1,511**	**COP 1,954**

(1) Pension transfer due to individual retirement plan premium entry.

Pensions (Prior to Law 100/1993)

Monthly pension payment: the legal and constitutional regulatory framework applicable at the time that the pension entitlement is accrued is taken into account.

The number of monthly pension payments recognized by the ISS in this valuation was determined as follows:

- All pensions accrued **before** July 29, 2005 are calculated based on 14 monthly pension payments per year.
- All pensions accrued **after** July 29, 2005 are calculated based on 13 monthly pension payments per year;
- All pensions accrued **before** July 31, 2011 and whose amount is less than three minimum monthly salaries are calculated based on 14 monthly pension payments per:

The BBVA, in turn, pays some of its retirees 15 monthly payments per year, thus providing them with one additional monthly payment in some cases, and two additional monthly payments in others. As for retirees with pension Shares of whom the BBVA is not responsible for their final pension, only the quota-part corresponding to 14 monthly payments per year is granted.

For the purposes of the proforma, monthly payment number 15 is valued as an additional benefit established via a collective agreement, and monthly payment number 14, for retirees granted 13 monthly payments by the ISS, is considered in the pension reserve (columns 31 and 32).

Additional benefits: according to Notice 039 / October 21, 2009, the reserves are calculated for extralegal benefits offered by the Company to its retirees and beneficiaries.

In the case of BBVA, these benefits are as follows:

- One extralegal payment: 15 days are paid in June and 15 in December.
- One funeral benefit for a total of COP 3,512,849 upon the death of the retiree and COP 824,768 upon the death of the retiree's spouse.
- One life insurance policy for all retirees and survivors entitled to a survivor's pension at a cost of COP 102,600 per year in the case of natural death and COP 36,660 per year in the case of accidental death.
- The Company pays the value of a Hospitalization and Surgery policy for some of its retirees (according to family group). The value paid depends on the number of beneficiaries and, for the current year, for participants in the valuation, this premium is COP 154,788.

Types of pensions and/or contingencies to be assessed

Retirees to be paid by the Bank: These pensions are calculated based on the provisions established in Article 260 of the Labor Code, which applies to all individuals in the transitional system who have provided services for companies that recognize and pay pensions. The amount of the pension is 75% of the average salaries earned in the last year of service, provided the person has worked 20 or more years for the pension paying company. This pension is granted for life.

Pension Substitutes: Survivors' pensions or substitutions payable by the Bank are paid to surviving beneficiaries of retirees to be paid by the Bank, in accordance with the regulations established in Law 12/1975, Law 113/1985 and Law 71/1988 and all other related regulations, as follows:

- To the surviving spouse for life in the amount of 100% if there are no children named as beneficiaries.
- If there are children named as beneficiaries, it will be shared in equal parts with the surviving spouse. The beneficiaries must be within the required ages and/or certify their status as students as required by the aforementioned regulations.

According to the provisions set forth in Decree 1889/1994, the funeral benefit is not calculated.

Dismissals without just cause after 10 to 15 years of service: Determined in accordance with Article 8 of Law 171/1961 which establishes that a person that is dismissed without just cause and has accrued more than ten (10) and less than fifteen (15) years of services, shall be entitled to a pension for life payable by the entity, once he/she reaches the age of 60 years. The amount of the pension is proportional to the amount that would have been applicable if he/she had completed the time of service established in Article 260 of the Labor Code (20 years).

Dismissals without just cause after 15 years of service: Determined in accordance with Article 8 of Law 171/1961 which establishes that a person that is dismissed without just cause and has accrued more than fifteen (15) years of services, shall be entitled to a pension for life payable by the Entity once he/she reaches the age of 50 years. The amount of the pension is proportional to the amount that would have been applicable if he/she had completed the time of service established in Article 260 of the Labor Code (20 years).

Voluntarily retirement after 15 years of service: Paid in accordance with the provisions of Article 8 of Law 171/1961, which states that any employee with 15 or more years of services who retires from the Company voluntarily shall be entitled to with pension for life to be paid by the Company, once he/she reaches the age of 60 years. The amount of the pension is proportional to the amount that would have been applicable if he/she had completed the time of service established in Article 260 of the Labor Code (20 years).

Active employees entitled to a pension from the Bank with expectations of a pension from the ISS: The actuarial reserve is recognized to cover a retirement pension for life in accordance with Article 260 of the Labor Code, which is applicable because they were working at the service of the Bank for more than 10 years at the time of enrollment in the General Pension System.

The Bank shall pay this pension on a permanent basis until said employee, on whose behalf it continues to make contributions to the ISS, meets the minimum requirements established by the General Pension System. This is based on the date on which the weeks of contribution requirement (increasing annually up to a limit of 1,300 weeks in the year 2017) and the age of retirement (men 60 and women 55, and as of January 1, 2014, men 62 and women 57) will be met. Once the old-age pension is accrued in the ISS, an actuarial reserve is calculated to cover a monthly payment for life in an amount equal to the difference resulting between the pension that was being paid by the company and the pension that will be paid by the ISS.

Retirees to be paid by the Bank with a quota-part: an actuarial reserve is recognized on these individuals to cover a retirement pension for life in accordance with Article 260 of the Labor Code. These retirees include those whose final pension is the responsibility of BBVA as well as those to whom the BBVA only grants the corresponding proportion without responsibility for the final pension. As for the retirees for whom the BBVA is not responsible for their final pension, the actuarial reserve is calculated proportional to the quota-part determined by the time of service that said employee worked for the Bank. At the request of the BBVA, the actuarial reserve of the retirees for whom the BBVA is responsible for their final pension, it is calculated as 100% payable by the Company and not proportional to the corresponding quota-part, except for the individuals mentioned in innovations.

Survivors' pensions payable by the Bank with a quota-part: are paid to surviving beneficiaries to be paid by the Bank, in accordance with the regulations established in Law 12/1975, Law 113/1985 and Law 71/1988 and all other related regulations, as follows:

- To the surviving spouse for life in the amount of 100% if there are no children named as beneficiaries.
- If there are children named as beneficiaries, it will be shared in equal parts with the surviving spouse. The beneficiaries must be within the required ages and/or certify their status as students as required by the aforementioned regulations.

As for beneficiaries whose final pension is the responsibility of the BBVA, the actuarial reserve is calculated as 100% payable by the BBVA and not in proportion to the corresponding quota-part, as requested by the BBVA. As for beneficiaries whose final pension is not the responsibility of the BBVA, the actuarial reserve is calculated in accordance with the value of the pension quota-part corresponding to the Bank. According to the provisions set forth in Decree 1889/1994, the funeral benefit is not calculated.

Shared pensions and pensions to be paid by the Bank with expectation of pension by the ISS:

- **Pension sharing:** As a result of the transition to the Pension System of the Colombian Social Security Institute (ISS, for the Spanish original), the legislation established the possibility of pension compatibility, in order for any individual who can eventually become entitled to a pension to maintain the right to be paid by their employer, but with the possibility for the Company to transfer this pension obligation to the Social Security Institute, provided the Company continues to make the contributions to enable the individual to eventually meet the pension requirements established by the system. The regulatory framework of this possibility has been established in Article 16 of Agreement 049/1990, which sets out the conditions for the application of pension sharing.

- **Retirees to be paid by the Company with the expectation of a pension from the ISS:** A monthly retirement pension is paid in accordance with the requirements set out in Article 260 of the Labor Code, that the Bank shall pay on a permanent basis until the employee, on whose behalf it continues to make contributions to the ISS, meets the minimum requirements established by the General Pension System.

  This is based on the date on which the weeks of contribution requirement (increasing annually up to a limit of 1,300 weeks in the year 2015) and the age of retirement (men 60 and women 55, and as of January 1, 2014, men 62 and women 57) will be met. Once the old-age pension is accrued in the ISS, an actuarial reserve is calculated to cover a monthly payment for life in an amount equal to the difference resulting between the pension that was being paid by the company and the pension that will be paid by the ISS.

- **Shared pensions**: These pensions recognize only the difference between the value of the pension that the Company was paying and that paid by the ISS. They are calculated as a life annuity.

The following methodologies and actuarial bases were used for the evaluation of the mathematical reserve of retirement, pension bonds and securities. They are adjusted to the current regulations for the preparation of actuarial calculations (Decrees 1625/2016 and 2420/2015).

Pension reconciliation:

Item	2022	2021
Balance at December 31, 2022 and 2021	COP 43,546	COP 54,776
Pension payments	(4,083)	(4,260)
Pension expenses	3,630	3,421
Adjustment against equity	(8,169)	(10,391)
Liabilities at the end of the 2022 and 2021 period	**COP 34,924**	**COP 43,546**

Sensitivity of the actuarial calculation

2022 Disclosure and 2023 Expense	Pensions	Additional Benefits	Retirement bonus	Seniority bonus	Vacation bonus	Comments
Refund obligation at year end						
Ref. Deviation at close due to an increase of 25 basis points	41,859	847	1,922	49,388	2,711	This is the sensitivity to the discount rate: if the discount rate decreases or increases by 25 points.
Ref. Deviation at close due to a decrease of 25 basis points	43,537	883	1,986	50,459	2,791	
Long-term inflation rate (CPI)						
Ref. Deviation at close due to an increase of 25 basis points	43,648	885	N/A	N/A	N/A	This is the sensitivity to CPI: if the CPI increases or decreases by 25 points using the same discount rate.
Ref. Deviation at close due to a decrease of 25 basis points	41,750	844	N/A	N/A	N/A	

Bases of the actuarial hypothesis - Over time, the total cost of the plan will depend on a number of factors, including the amount of the benefits paid, the number of individuals receiving benefits, the administrative expenses of the plan and the returns obtained on the assets used to pay the benefits. These amounts and other variables are uncertain and unknown at the time of the calculation and are only predicted within a reasonable range of possibility.

Since it is not possible or practical to measure all the variables, summarized information, estimates or simplified information were used to facilitate the efficient measurement of future events. Also, the figures stated in the actuarial calculation are based on the Bank's accounting policies.

The actuarial technical bases and hypotheses used in the calculation according to IAS 19, are:

Economic and Demographic Hypotheses	For the financing situation at December 31, 2022 and the determination of cost for the 2023 fiscal year
Discount rate	13.00%
Inflation	3.00%
Salary increase rate	5.00%
Pension increase rate	Equal to inflation
Minimum salary increase rate	4.0%
Increase rate for the benefits granted by the Bank	Equal to inflation
Growth rate of the retirement and disability bonus	Equal to inflation
Medical expense increase rate	5.00%
Mortality	Colombian Mortality Table of Life Annuities 2008 (RV08)
Disability	Active employee disability table - Banking Superintendence Resolution 0585/1994
Turnover	BBVA turnover table based on age, adjusted to 90%

BBVA continually strides ahead to meet the escalating demands for transparency.

Technical bases and hypothesis for the actuarial calculation based on the application of Decree 1625/2016:

Mortality table	Mortality Table of Valid Male and Female Annuitants "2005 – 2008 Experience", as per Resolution 1555/2010 issued by the Financial Superintendence of Colombia.
Salary and pension adjustment	The formulation employed explicitly includes the future increases in salaries and pensions using a rate equal to the average resulting from adding three (3) times the inflation of the year k-1, plus two (2) times the inflation of year k-2, plus one (1) time the inflation of the year k-3 according to Article 1 of Decree 2984/2009 and Article 1 of Decree 2783/2001. This is a nominal annual rate of 3.98%,
Technical interest rate	The real technical interest rate of 4.80% was used in accordance with Article 1 of Decree 2984/2009 and Article 1 of Decree 2783/2001.

Actuarial methodology- The prospective method of calculation was used, valuing future benefits segmented from the expired period (segmented income).

COMPARISON	
Decree 1625/2016	**IAS 19**
COP 47,994	COP 34,924

31. Income Tax and Deferred Tax

31.1. Components of the income tax expense

The income tax expense for the years 2022 and 2021 is made up of the following:

Item	2022	2021
Current income tax	COP 726,340	COP 447,359
Deferred tax	(259,622)	(28,220)
Tax position provision	-	5,000
Income tax of previous years	1,364	891
Total income tax	**COP 468,082**	**COP 425,030**

31.2. Reconciliation of the tax rate in accordance with the tax provisions and the effective rate:

The current tax provisions applicable to the Bank stipulate that in Colombia:

- According to Equality and Social Justice Law 2277/2022 of the Ministry of Finance and Public Credit, the income tax rate for legal entities from 2023 to 2027 will be 35%. Additionally, financial institutions are required to add 5 additional percentage points, for an overall income tax rate of 40%.

- The income tax rate for the year 2022 is 35% plus an additional 3 percentage points as a surtax applicable to financial institutions. For the year 2021, the income tax rate was 31%. For financial institutions that achieve a taxable income equal to or exceeding 120,000 UVTS within a given period, an additional income tax rate of 3% will be applied.

- For 2022, no presumptive income was determined as it was applicable only until the taxable year 2020, the final year it was calculated at a rate of 0.5%, in accordance with Article 188 of the Tax Statute. Consequently, this calculation entirely vanishes in the tax return for 2021.

- Through the Economic Growth Law (Law 2010/2019), the income tax and complementary tax returns of taxpayers who determine or offset tax losses or are subject to the transfer pricing regime, will become final in 5 years.

- The capital gains tax rate is 15%.

- For the 2019, 2020 and 2021 tax years, the benefit of audit has been created for taxpayers that increase their net income tax in the current tax year in relation to the net income tax of the preceding year by at least 30% or 20%, through which the income tax return is considered final within 6 or 12 months from the filing date, respectively.

Social Investment Law 2155/2021 establishes a new audit benefit. In tax years 2022 and 2023, taxpayers whose net income tax for the current tax year increases by 35% compared to the preceding year, the tax return will become final in 6 months, and when the increase is 25%, the return will become final in 12 months.

- Economic Growth Law 2010/2019 maintains the possibility of taking an income tax credit on 50% of the industry and trade tax (municipal tax) effectively paid in the tax year or period. The Social Investment Law maintains this credit at 50%.

Below are the details of the reconciliation between the total income tax expense calculated at the tax rates in force for 2022 and 2021, respectively and the tax expense actually recognized in the Statement of Income.

Creating Opportunities

Item	2022		2021	
Profit before Taxes from Continuing Operations	**Ratio %**	**COP 1,401,596**	**Ratio %**	**COP 1,320,272**
Income tax expense calculated at 38% for the year 2022 and 34% for the year 2021	38.00%	532,606	34.00%	448,892
Dividends received that are not taxable income	-0.44%	(6,114)	-0.40%	(5,246)
Exempt income	-1.84%	(25,779)	-1.70%	(22,435)
Gain from valuation using the equity method	-1.57%	(22,007)	-1.64%	(21,716)
Other non-taxable income	-0.89%	(12,478)	-124%	(16,357)
Other non-deductible expenses	2.74%	38,384	2.57%	33,910
Non-deductible taxes	3.05%	42,701	1.84%	24,304
Rate difference effect of deferred tax vs. nominal rate	-2.04%	(28,602)	-1.44%	(19,066)
Fines, penalties and other non-deductible expenses	0.24%	3,357	0.44%	5,764
Income tax of previous years	0.10%	1,364	0.07%	891
Tax position provision	0.36%	5,000	0.38%	5,000
Tax credits	-3.46%	(48,510)	-1.31%	(17,275)
Others	-0.84%	(11,840)	-0.63%	8,363
Income tax expense recognized in the statement of income (related to continuing operations)	**33.41%**	**COP 468,082**	**32.19%**	**COP 425,030**

31.3. Current tax assets and liabilities

Item	2022	2021
Income tax payable	(289,421)	(151,253)
Total	**COP (289,421)**	**COP (151,253)**

31.4. Deferred taxes by type of temporary difference:

The differences between the asset and liability bases for IFRS purposes and the tax bases of the same assets and liabilities for tax purposes give rise to temporary differences that generate deferred taxes that were measured and recognized at December 31, 2022, and 2021 based on the tax rates currently in force for the years in which said temporary differences will be reversed.

The following is the net result of the deferred tax assets and liabilities presented in the Statements of Financial Position at December 31, 2022 and 2021:

Item	2022	2021
Deferred tax asset	640,268	353,595
Deferred tax liability	(220,079)	(183,270)
Total	**COP 420,189**	**COP 170,325**

Year ended December 31, 2022

2022	Opening Balance	Recognized in the Income Statement	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Closing Balance
Deferred tax asset related to:					
Cash flow hedges	1,946	-	-	-	1,946
Net investment hedges	192,223	94,356	-	-	286,579
Property, plant and equipment	37,162	12,238	-	(4,030)	45,370
Financial assets at fair value through profit or loss and amortized cost	3,918	15,664	-	-	19,582
Deferred income	7,566	-	-	-	7,566
Provisions	25,587	90,667	-	-	116,254
Defined benefit liabilities	29,320	10,256	-	-	39,576
Restatement of assets and liabilities in FC	41,718	75,171	-	-	116,889
Leases	5,806	1,140	-	-	6,946
Industry and commerce tax	8,349	(8,349)	-	-	-
Others	-	(440)	-	-	(440)
Total deferred tax asset	**353,595**	**290,703**	**-**	**(4,030)**	**640,268**
Deferred tax liability related to:					
Cash flow hedges	-	-	(6,404)	-	(6,404)
Associates	(30,272)	(12,316)	(11,209)	-	(53,797)
Property, plant and equipment	(132,319)	(9,937)	-	-	(142,256)
Intangible Assets	(2,609)	(4,242)	-	-	(6,851)
Financial assets at fair value through profit or loss and amortized cost	(11,041)	-	11,885	-	844
Provisions	(1,230)	(4,834)	-	-	(6,064)
Subordinated bonds issuance costs	(1,422)	375	-	-	(1,047)
Restatement of assets and liabilities in FC	-	(127)	-	-	(127)
Others	(4,377)	-	-	-	(4,377)
Total deferred tax liability	**(183,270)**	**(31,081)**	**(5,728)**	**-**	**(220,079)**
Net deferred tax	**COP 170,325**	**COP 259,622**	**COP (5,728)**	**COP (4,030)**	**COP 420,189**

Year ended December 31, 2021

2021	Opening Balance	Recognized in the Income Statement	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Closing Balance
Deferred tax asset related to:					
Cash flow hedges	12,364	-	(10,418)	-	1,946
Derivative financial instruments	151,368	40,855	-	-	192,223
Property, plant and equipment	36,579	1	-	582	37,162
Intangible Assets	1,296	(1,296)	-	-	-
Provisions	36,909	(11,322)	-	-	25,587
Investments in fixed-yield securities	-	3,918	-	-	3,918
Deferred revenues on network use	-	7,566	-	-	7,566
Defined benefit liabilities	15,547	13,773	-	-	29,320
Restatement of assets and liabilities in FC	52,206	(10,488)	-	-	41,718
Leases	4,422	1,384	-	-	5,806
Industry and commerce tax	8,040	309	-	-	8,349
Others	274	(274)	-	-	-
Total deferred tax asset	**319,005**	**44,426**	**(10,418)**	**582**	**353,595**
Deferred tax liability related to:					
Investments in shares	(23,688)	(2,522)	(4,062)	-	(30,272)
Intangible assets	-	(2,609)	-	-	(2,609)
Property, plant and equipment	(118,721)	(13,598)	-	-	(132,319)
Repos, simultaneous transactions and temporary security transfers	(41)	41	-	-	-
Investments in fixed-yield securities	(28,893)	1,828	16,024	-	(11,041)
Subordinated bonds issuance costs	(1,654)	232	-	-	(1,422)
Net investment hedge	-	(4,377)	-	-	(4,377)
Others	(6,029)	4,799	-	-	(1,230)
Total deferred tax liability	(179,026)	(16,206)	11,962	-	(183,270)
Net deferred tax	**139,979**	**28,220**	**1,544**	**582**	**170,325**

For the purposes of disclosure in the Statement of Financial Position, the Bank offsets deferred tax assets and liabilities pursuant to the provisions of Paragraph 74 of IAS 12, considering the application of the tax provisions in force in Colombia on the legal right to offset current tax assets and liabilities.

31.4.1. Deferred taxes for subsidiaries and joint operations

At December 31, 2022, and 2021, the Bank did not recognized deferred tax liabilities regarding temporary differences of the investment in its Subsidiaries, as it has the authority to control the reversal of these temporary differences, and it is not planning on reversing them in the near future (IAS 12 Income Taxes exception). If this deferred tax liability had been recognized, the difference would amount to COP 21,470 and COP 26,830 at December 31, 2022, and 2021, respectively.

31.4.2. Effect of current and deferred taxes on each component of other comprehensive income in equity

The effects of current and deferred taxes on each component of other comprehensive income are detailed below:

Component	Movement at December 31, 2022			Movement at December 31, 2021		
	Amount Before Taxes	Deferred Tax	Net	Amount Before Taxes	Deferred Tax	Net
Items that will not be reclassified to the statement of income for the period						
Surplus from the equity method	COP (1,620)	COP-	COP (1,620)	COP (1,093)	COP -	COP (1,093)
Share in other comprehensive income of non-controlled entities	12,911	(11,209)	1,702	33,776	(4,062)	29,714
Defined benefit liabilities	(2,234)	-	(2,234)	15,268	-	15,268
Items that may be subsequently reclassified to the statement of income for the period						
Financial assets available-for-sale	(31,166)	11,885	(19,281)	(50,549)	16,024	(34,525)
Cash flow hedges	16,267	(6,404)	9,863	31,243	(10,418)	20,825
Total	**COP (5,842)**	**COP (5,728)**	**COP (11,570)**	**COP 28,645**	**COP 1,544**	**COP 30,189**

31.5. Transfer pricing

In compliance with the provisions of Laws 788/2002, 863/2003, 1607/2012 and 1819/2016, regulated by Decree 2120/2017 of the Ministry of Finance and Public Credit, the Bank has prepared a transfer price study on the transactions carried out with related parties abroad during the 2021 tax year. The study did not give rise to any adjustments that would affect BBVA's taxable income, expenses or tax expense.

Although the transfer price study for the year 2022 is currently in progress, no significant changes are expected in relation to the preceding year.

32.6. Uncertainty in tax positions

As of January 1, 2020, and through Decree 2270/2019, which was adopted for the purposes of the local financial statements of Group 1, the interpretation of IFRIC 23 - Uncertainties in Income Tax Treatments, in the application of this standard, the Bank has analyzed the tax positions adopted in the returns still subject to review by the tax authority, in order to identify uncertainties associated with a difference between such positions and those of the tax administration. According to the evaluation, no facts were identified that would imply recognition of additional provisions on this account.

32.
Subscribed and Paid-in Capital

The Bank's subscribed and paid-in capital is divided into ordinary shares and non-voting preferential dividend shares. The latter may not represent more than 50% of subscribed capital. At December 31, 2022, and 2021, 13,907,929,071 ordinary shares and 479,760,000 preferred shares were subscribed and paid-in, at a nominal value of COP 6.24, for total subscribed and paid-in capital of COP 89,779.

BBVA COLOMBIA					
MAJOR SHAREHOLDERS					
Name	**ID No.**	**No. of Ordinary shares**	**No. of Preferred shares**	**Total shares**	**Share %**
BBV AMERICA SL	9,005,046,846	2,511,124,962	256,150,000	2,767,274,962	19.23363
BANCO BILBAO VIZCAYA ARGENTARIA S.A	8,300,704,540	10,766,099,008	196,857,652	10,962,956,660	76.19679
OTHERS		630,705,101	26,752,348	657,457,449	4.56958
Total		**13,907,929,071**	**479,760,000**	**14,387,689,071**	**100.00**

33.
Reserves

At December 31, the balance of this account is summarized as follows:

Item	2022	2021
Legal reserve	COP 4,092,044	COP 3,642,821
Occasional reserves:		
Available to the Board of Directors	1	1
To protect investments	532	532
Total reserves	**COP 4,092,577**	**COP 3,643,354**

Legal reserve – In accordance with legal provisions, 10% of the Bank's net profit each year must be credited to a "reserve fund" until its balance reaches at least 50.01% of subscribed capital. As a result, the legal reserve may not be reduced below this percentage, except to cover losses in excess of undistributed profits. Share issue premiums are also credited to the legal reserve.

Creating Opportunities

Available to the Board of Directors and other Reserves that may be used for future distributions, which include:

- Non-taxed profits available to the Board of Directors, with a balance of COP 1 million.
- For investment protection, with a balance equivalent to COP 532 million.

Declared dividends - During the years ended on December 31, the following dividends were declared payable:

Item	2022	2021
Net income from previous year, 2021 and 2020	COP 895,242	COP 469,850
Outstanding preferred shares (units)	479,760,000	479,760,000
Dividends per preferred share (Colombian pesos)	31 per share	16.32 per share
Total dividends declared – preferred shares	14,873	7,830
Ordinary shares outstanding (units)	13,907,929,071	13,907,929,071
Dividends per ordinary share (Colombian pesos)	31 per share	16.32 per share
Total dividends declared – ordinary shares	431,145	226,977
Dividends declared at December 31, 2021, and 2020	446,018	234,807
Dividends payable at December 31, 2021, and 2020	101,264	$ 89,536
Basic earnings per ordinary and preferred share:		
Net earnings attributable to shareholders	COP 933,514	COP 895,242
Average number of shares outstanding	14,387,689,071	14,387,689,071
Basic earnings per share (*)	65	62
Diluted earnings per share (*)	65	62

Preferred and ordinary dividends of the 2021 period were paid in cash in two (2) equal installments on June 16 and October 13, 2022.

Preferred and ordinary dividends of the 2020 period were paid in cash in two (2) equal installments on June 10 and October 14, 2021.

Restrictions on dividend payments

According to Decree 4766/December 14, 2011 of the Ministry of Finance and Public Credit, shareholders who have acquired shares during an ex-dividend period, which is equivalent to four (4) stock market trading days prior to a dividend payment, shall be exempt from dividend payments.

The Shareholders Office manages dividend payments based on the dates of payment of the dividends declared in each period, as published in the Official Journal and the Bank's website. It has also worked on updating mandatory information on remaining legacy customers from Banco Ganadero that it had not been able to update.

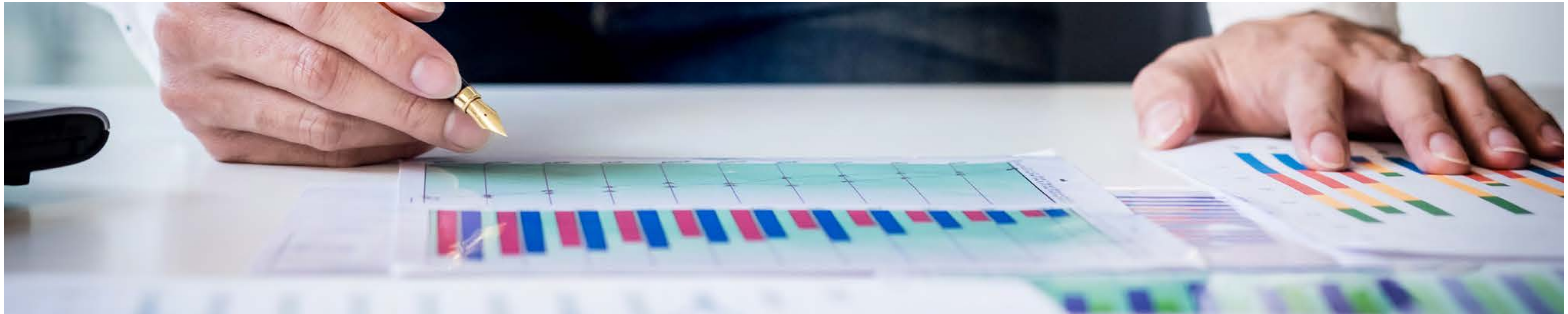
34.
Earnings per share

Basic and diluted earnings per share are calculated in accordance with the criteria set forth in IAS 33.

Item	2022	2021
Basic earnings per ordinary and preferred share:		
Net earnings attributable to shareholders	COP 933,514	COP 895,242
Average number of shares outstanding	14,387,689,071	14,387,689,071
Basic earnings per share (*)	65	62
Diluted earnings per share (*)	**65**	**62**

(*) Values in Colombian pesos

During the years ended December 31, 2022 and 2021, there were no other financial instruments or commitments to employees based on shares that may affect the calculation of the diluted earnings per share for those years. Therefore, the basic and diluted earnings per share are the same.



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35.
Other Comprehensive Income (OCI)

The details on the movements in Other Comprehensive Income for the years ended on December 31, 2022, and 2021, respectively, are as follows:

ITEM	2022	Movements During the Fiscal Year	2021
Loss from investments by the equity method (1)	COP 2,945	COP (1,620)	COP 4,565
Actuarial losses on defined benefit plans	8,824	(2,235)	11,059
Share in other comprehensive income of non-controlled entities	150,331	12,911	137,420
Income tax related to investments in equity instruments in Other Comprehensive Income (2)	(26,292)	(11,209)	(15,083)
Total other comprehensive income not to be reclassified to the statement of income for the period	**135,808**	**(2,153)**	**137,961**
Losses from remeasurement of financial assets available-for-sale. before taxes (3)	11,467	(31,130)	42,597
Reclassification adjustments, financial assets available-for-sale, before taxes (4)	(13,577)	(35)	(13,542)
Income tax related to financial assets available-for-sale in Other Comprehensive Income	844	11,885	(11,041)
Gains on cash flow hedges, before taxes (5)	11,142	16,267	(5,125)
Income tax related to cash flow hedges of other comprehensive income	(4,457)	(6,404)	1,947
Total other comprehensive income to be reclassified to the income statement for the period	**5,419**	**(9,417)**	**14,836**
Total Other Comprehensive Income	**COP 141,227**	**COP (11,570)**	**COP 152,797**

(1) The following were the changes in investments in equity securities before taxes at December 31, 2022:

Entity	2022	2021	Variation
BBVA Asset Management Fiduciaria S.A. (OCI valuation)	COP (412)	COP 275	COP (687)
BBVA Valores Comisionista de Bolsa S.A. (OCI valuation)	2,621	3,554	(933)
RCI Banque Colombia	736	736	-
Total	**COP 2,945**	**COP 4,565**	**COP (1,620)**

(2) Movement of valuation of equity instruments carried under OCI:

Name	2022	2021	Variation
Credibanco S.A.	COP 116,366	COP 110,983	COP 5,383
Bolsa de Valores de Colombia S.A.	30,989	43,811	(12,822)
Fondo para el Financiamiento del Sector Agropecuario "FINAGRO"	95,670	93,339	2,331
Redeban Multicolor S.A.	26,913	30,993	(4,080)
ACH Colombia S.A.	119,916	96,480	23,436
Cámara de Riesgo Central de Contraparte de Colombia S.A.	-	1,337	(1,337)
Total	**COP 389,854**	**COP 376,943**	**COP 12,911**

(3) The variation of -COP 31,130 from the remeasurement of financial assets available-for-sale before taxes is mainly due to the maturity of fixed rate and UVR treasury securities (TES) and TIPs recognized in 2022.

(4) The movement of COP 35 for adjustment from reclassifications of financial assets available-for-sale, the most noteworthy of which is the sale of the security CB07FV250222 for COP 35, of Bancolombia, which were held at December 2021.

(5) The following were the movements of cash flow hedges:

Date	Valuation	Accrued Interest	Exchange Difference	Variation
December 2022	228,514	2,099	(219,470)	11,143
December 2021	111,840	3,021	(119,985)	5,125
Total	**COP 116,674**	**COP (922)**	**COP (99,485)**	**COP 16,267**

36.
Legal Controls

In the years 2022 and 2021, the Bank complied with all the standards on legal controls set forth by the Financial Superintendence of Colombia, as follows:

- As regards the limit on proprietary position in foreign currency, the minimum legal reserve required on deposits in local currency, the standard liquidity risk indicator (IRL, for the Spanish original) and mandatory investments in agricultural investment securities (TDA, for the Spanish original).

  The Bank's portfolio policy is compliant with the current mortgage law, according to which mortgage loans can be granted as follows:

  - Social Interest housing: Up to 80% financing on the value of the housing unit.
  - Non-Social Interest housing: Up to 70% financing on the value of the housing unit.

After having obtained internal approvals and approval from the Financial Superintendence of Colombia, BBVA Colombia opted for the early application of decrees 1477/2018 and 1421/2019 of the Ministry of Finance and Public Credit, which became effective in January 2021. This process was completed with submission as of June 2020 to the Financial Superintendence of Colombia of the Solvency Ratio indicator in accordance with the above decrees.

In this manner, starting in June 2020, BBVA Colombia abides by the regulatory limits contained in said decrees regarding the Solvency Ratio, which at December 2022 stood at 10.88%, and at year-end 2021 at 10.25%, within the adjustment period provided for in the regulations.

At December 31, 2022 and 2021, the Bank's technical reserve represented 13.30% and 13.76%, respectively, of its assets and credit-risk-related contingencies calculated based on the non-Consolidated Financial Statements.

37.
Commitments and Contingencies

During the normal course of business, the Bank issues financial instruments that are recognized in contingent accounts. Bank management does not expect any material losses as a result of these transactions.

The Bank issues endorsements and guarantees to guarantee contracts and obligations of special customers. These guarantees expire in 1 to 15 years, and Bank correspondents are charged for this service, whether or not they belong to the Group.

At December 31, 2022, the Bank recognized the following balances:

In legal currency

Item	2022	2021
Endorsements	COP 615	COP 878
Bank guarantees	1,776,167	2,015,166
Total Bank Guarantees and Collaterals Legal currency	**COP 1,776,782**	**COP 2,016,044**

In foreign currency

December 31, 2022

Item	USD	EUR
Bank guarantees	434.50	35.84
Letters of Credit (LC)	49.70	10.52
Total in foreign currency	**484.20**	**46.36**
Exchange rates (applied on cutoff date)	4,151.21	4,339.88
Total in COP	**COP 2,010,021.48**	**COP 201,226.11**

In foreign currency

December 31, 2021

Item	USD	EUR
Bank guarantees	450.69	30.80
Letters of Credit (LC)	**46.33**	**3.74**
Expired Letters of Credit	-	-
Total in foreign currency	**497.02**	**34.54**
Exchange rates (applied on cutoff date)	**3,981.16**	**4,511.05**
Total in COP	**COP 1,978,754.77**	**COP 155,781.60**

Historically, there has been no default on Bank Guarantees in local or foreign currency at Banco BBVA.

In the event of a default by any of our customers on the obligations incurred with third parties derived from an endorsement or Bank Guarantee issued by Banco BBVA Colombia S.A., we would recognize a provision based on the parameters established by IAS 37-Provisions, Contingent Liabilities and Contingent Assets, by applying the following decision tree:

Discriminated decision tree - concepts to be evaluated to define criteria

CONTINGENT LIABILITIES - ENDORSEMENTS, LETTERS OF CREDIT AND BANK GUARANTEES

- Is a possible obligation generated by past events and whose existence will only be confirmed upon occurrence of uncertain future events that are not controlled by the entity?
- Is it not likely that, in order to be fulfill the obligation, an outflow of resources incorporating future economic benefits will be required?
- Can the amount be measured with sufficient reliability?

We asked the risk department for the rating of customers who, at December 31, 2022, had balances outstanding in local and foreign currency, with the following result:

Since Bank Guarantees are not part of the rating processes established for asset credit transactions, the Risk Department carried out the following activities:

a) Perform a search on the identification submitted by the Bank Guarantee, and assign it a credit rating if the identification has active credit transactions at December 2022.

b) The rating information was taken for identifications that do not have active credit transactions.

The rating is assigned by analyzing a set of qualitative and quantitative variables established in models, which are examined by the Bank's tools department. These variables assign a final weight to each customer to establish and define the master rating.

This rating is standardized by a computer process according to the parameters of Section 8017 of UGDT37 at the 8 risk levels handled for credit investments; this rating, in turn, is associated with equivalents with the five levels established by Notice 100.

Bank guarantees in local currency (stated in COP millions)

The rating of the information at December 31, 2022 is as follows:

	2022	
Rating	COP	Percentage
A	615	100%
Total in Colombian pesos	**COP 615**	**100%**

The rating of the information at December 31, 2021 is as follows:

	2021	
Rating	COP	Percentage
A	878	100%
Total in Colombian pesos	**COP 878**	**100%**

Bank guarantees in foreign currency (stated in millions of foreign currency)

The rating of the information at December 31, 2022 is as follows:

Rating	USD	EUR	CNY	CHF	Percentage
A	434.00	36.00	-	-	99.98%
C	0.06	-	-	-	0.01%
E	0.04	-	-	-	0.01%
Total in foreign currency	**434.10**	**36.00**	**-**	**-**	
Exchange rates (applied on cutoff date)	4,151.21	4,339.88	620.09	4,336.3	
Total in COP	**COP 1,803,704.00**	**COP 155,549,00**	**COP-**	**COP-**	**100.00%**

The rating of the information at December 31, 2021 is as follows:

Rating	USD	EUR	CNY	CHF	Percentage
A	450.00	31.00	-	-	99.87%
D	**0.22**	**-**	-	-	**0.05%**
NR	0.36	0.04	-	-	0.08%
Total in foreign currency	**450.58**	**31.04**	**-**	**-**	
Exchange rates (applied on cutoff date)	3,981.16	4,511.05	624.33	4,569.40	
Total in COP	**COP 1,794,280.00**	**COP 138,919,00**	**COP-**	**COP-**	**100.00%**

Letters of credit in foreign currency (stated in millions of foreign currency)

The rating of the information at December 31, 2022 is as follows:

Rating	USD	EUR	CAD	CHF	Percentage
A	50.00	11.00	-	0.05	99.90%
B	**0.03**	**-**	-	-	0.05%
E	0.03	-	-	-	0.05%
Total in foreign currency	**50.06**	**11.00**	**-**	**0.05**	
Exchange rates (applied on cutoff date)	4,151.21	4,339.88	3,218.10	4,336.13	
Total in COP	**COP 206,317,00**	**COP 45,677.00**	**COP-**	**COP 217.00**	**100.00%**

The rating of the information at December 31, 2021 is as follows:

Rating	USD	EUR	CAD	CHF	Percentage
A	45.47	3.74	-	-	98.28%
B	0.87	-	-	-	1.72%
Total in foreign currency	**46.34**	**3.74**	**-**	**-**	
Exchange rates (applied on cutoff date)	3,981.00	4,511.00	3,113.31	4,356.94	
Total in COP	**COP 184,474,00**	**COP 16,863,00**	**COP -**	**COP-**	**100.00%**

As a result of the work carried out to assess the current status of the Endorsements, Bank Guarantees and Letters of Credit in force at the end of the year 2022, under the criteria of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, the facts that caught our attention are highlighted below:

- 100% of the customers with transactions (Bank Guarantees) in legal currency do not pose any level of risk as their economic Group rating is "A".
- Of the total letters of credit issued at the end of 2022, 99.87% hold the optimal A rating, while 0.05% and 0.08% fall into categories D and NR, respectively.
- In terms of total collateral issued in foreign currency, over 99.90% are rated under category A. Additionally, 0.03% and 0.03% fall into categories B and E, respectively:

In accordance with the revised bases, at the end of 2022, it is considered that BBVA Colombia does not need to make any allowances for the products of Endorsements, Bank Guarantees and Letters of Credit in Local and Foreign Currencies, in accordance with the criteria of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

38.
Interest Revenues

Revenues from ordinary activities for the years ended December 31, 2022 and 2021 consist of the following:

Interest Revenues	2022	2021
Commercial loan portfolio (1)		
Commercial loans	COP 1,743,179	COP 722,486
Overdrafts commercial loans	9,289	4,557
Commercial loan portfolio discount operations	6,159	3,010
Commercial loan portfolio rediscount operations	172,292	73,513
Commercial portfolio late payment interest	30,480	16,912
Total commercial loan portfolio	**1,961,399**	**820,478**
Consumer loan portfolio (2)		
Consumer loans	2,415,246	2,085,172
Overdrafts consumer loans	429	358
Consumer loan portfolio late charge interest	40,239	32,041
Total consumer loan portfolio	**2,455,914**	**2,117,571**
Credit card loan portfolio		
Commercial credit card loan portfolio	6,613	4,451
Consumer credit card portfolio	589,374	399,854
Total credit card loan portfolio	**595,987**	**404,305**
Mortgage loan portfolio		
Mortgage loans and residential leases	838,974	816,633
Default interest on mortgage and residential leasing loans	9,125	16,745
Readjustment of the real value unit (UVR)	51,809	25,228
Total mortgage loan portfolio	**899,908**	**858,606**
Factoring transactions loan portfolio		
Factoring transactions	86,516	32,681
Total factoring transactions portfolio	**86,516**	**32,681**
Finance lease portfolio (3)		
Penalties for breach of finance lease agreements	2,458	2,710
Financial component of financial leases - consumer	610	225
Financial component of financial leases - commercial	175,623	98,476
Total finance leasing loan portfolio	**178,691**	**101,411**
Residential lease portfolio (4)		
Financial component of residential lease	359,156	311,870
Total residential lease portfolio	**359,156**	**311,870**
Total Interest revenues, net	**6,537,571**	**4,646,922**
Interest Expenses (5)		
Savings deposits	1,168,279	277,430
Certificates of deposit	1,885,954	1,018,915
Other interest expenses	1,310	517
Bank credits and financial obligations	251,446	85,606
Other interest	548	842
Total interest expenses	**3,307,537**	**1,383,310**
Total Interest revenues, net	**COP 3,230,034**	**COP 3,263,612**

Interest margin recorded a year-over-year decrease of 1%.

(1) Interest income from the commercial portfolio decreased by COP 1,140,921, presenting its main variations in commercial portfolio interest for COP 1,020,693 and rediscount operations of the commercial portfolio of COP 98,778.

(2) The consumer loan portfolio generated additional revenue of COP 338,343. Of this total, COP 330,074 can be attributed to an increase in the product of payroll loans. The corresponding rise in loan placement rates across all products also contributed to this increase.

(3) Financial leasing transactions yielded an increased income of COP 77,280. This change primarily comes from commercial financial leasing, which saw an increase of COP 77,146. There was also a rise of COP 47,686 in housing leasing. Additionally, the Bank of the Republic's interest rates, which closed at 12% as of December 31, 2022, compared to the previous year's closing rate of 3%, also played a role.

(4) The mortgage portfolio generated an increased income of COP 53,835, largely attributed to the variation of the UVR during the period.

(5) Interest expenses increased by COP 890,849 in savings deposits and COP 868,349 in Term Deposit Certificates. The Ganadiario product was reinforced in 2022, resulting in an interest expense of COP 606,337, representing 68% of the variation. Similarly, there was an increase in Term Certificates of Deposit issued for more than 12 months, generating a higher interest expense of COP 497,618.

This rise in interest is tied to new loan portfolio placements across all products and the increase in the intervention rate of the Central Bank of Colombia, which closed at 12% as of December 31, 2022, compared to the same period of the previous year, which closed at 3%.

39.
Non-interest Revenues

For the years ended December 31, 2022 and 2021, the balances of these accounts are summarized as follows:

Item	2022	2021
Fees		
Fee revenues	716,673	586,756
Fee expenses	(473,181)	(440,493)
Total fees (1)	**243,492**	**146,263**
Securities		
Money market transactions		
Financial income from money market transactions and other interest	195,350	44,327
Valuation of short positions for open repo and simultaneous transactions and temporary security transfers	641,577	147,513
Valuation of spot transactions	936	3,311
Investments at fair value		
Valuation of debt instruments at fair value	1,102,456	470,782
Investments at amortized cost		
Valuation of investments at amortized cost	471,723	224,089
By equity method	57,913	63,870
Total securities	**2,469,955**	**953,892**
Derivatives		
Trading derivatives	49,024,753	20,449,955
Hedging Derivatives	-	4,690
Total derivatives	**49,024,753**	**20,454,645**

Disposals		
Sale of non-current assets held-for-sale	4,187	2,399
Sale of property and equipment	-	3
Sale of investments	329,723	168,142
Total disposals	**333,910**	**170,544**
Total operating income	**52,072,110**	**21,725,344**
Net exchange difference (2)	**1,169,412**	**483,261**
Other operating revenues		
Sale of checkbooks	7,267	8,630
VISA financing payment	17,155	14,394
Dividends	17,877	17,143
Operational risk	9,849	44,104
Reversal of allowances	9,652	3,792
SWIFT messages	3,576	3,555
Leases	2,906	2,207
Payment of the regional VISA agreement	16,457	13,131
Sale of cash	764	426
Advertising agency discounts	15,885	11,971
Commercial information for customers	375	362
Other income (3)	73,777	72,448
Total other operating revenues	**175,540**	**192,163**
Total other revenue other than interests	**COP 53,417,062**	**COP 22,400,768**

Other income saw a variation of COP 31,016,294 between December 2022 and the same period in 2021. The most notable impacts are in the income from investment lines due to the rise of the TRM and its fluctuation throughout 2022.

(1) A significant increase can be observed in commission income of COP 129,917. This is largely due to effective management of credit card placements during 2022.

(2) By the end of 2022, we realized an income from exchange rate differences totaling COP 1,169,412. Our assets, as of December 2022, experienced a minor decrease of -7.80%, equivalent to USD 150,901. On the contrary, our liabilities saw a substantial increase of 145.51%, equivalent to USD 506,216. This escalation in liabilities resulted from securing financing with the International Finance Corporation (IFC) and BBVA Madrid, starting in July 2022, with maturities set for the years 2025, 2027, and 2032.

Meanwhile, the volume of purchases and sales by the end of 2022 exhibited a significant drop of USD 1,488,950 million and USD 1,733,079 million, respectively. The income from exchange rate differences largely stemmed from rate fluctuations throughout the year, particularly in the last quarter, with October seeing a decrease of -4,898.74.

(3) Other income saw a variation of COP 1,329. The most notable figures within this category during 2022 included a valuation of Basika 95 for COP 4,569, provision reimbursement (UGPP) from the Pension and Parafiscal Management Unit according to resolutions (N° RCC -32475 / N° RCC -33394), which resulted in investigations being closed before the entity, totaling COP 2,783, and foreign currency conversion charges amounting to COP 22,109.

BBVA remains committed to delivering the best experience to our customers by facilitating access to our products and services.

40. Non-interest Expenses

For the years ended December 31, 2022 and 2021, the balances of these accounts are summarized as follows:

Item	2022	2021
Securities		
Money market transactions		
Financial income from money market transactions and other interest	COP 432,477	COP 156,399
Valuation of short positions for open repo and simultaneous transactions, and temporary security transfers (1)	580,103	121,497
Valuation of spot transactions	3,638	868
Investments at fair value		
Valuation of debt instruments at fair value	1,154,565	495,798
Investments at amortized cost		
Valuation of investments at amortized cost	57,320	56,268
Total securities	**2,228,103**	**830,830**
Derivatives		
Trading Derivatives (2)	49,517,644	20,577,777
Hedging derivatives	36,659	17,347
Total derivatives	**49,554,303**	**20,595,124**
Disposals		
Sale of non-current assets held-for-sale	991	685
Sale of property and equipment	-	61
Sale of investments (3)	261,606	131,249
Portfolio sales	23,154	9,334
Total disposals	**285,751**	**141,329**

Other operating expenses		
Employee salaries and benefits (4)	816,056	648,650
Fees	31,297	37,637
Statutory Audit fees	3,391	3,025
Depreciation of property and equipment	76,576	80,670
Amortization of intangible assets	41,705	33,784
Taxes	157,237	107,081
Leases	6,636	6,099
Insurance	212,515	206,721
Contributions and memberships	19,423	18,028
Maintenance, improvements and repairs	138,632	111,765
Operational risk	24,346	23,130
Penalties and sanctions, lawsuits, damages	8,835	16,953
Temporary services	86,308	77,860
Advertising	26,212	20,786
Public relations	1,598	919
Utilities	31,470	29,311
Electronic data processing	139,472	121,476
Travel expenses	8,018	2,531
Transportation	50,368	39,920
Office supplies and stationery	4,544	4,257
Miscellaneous administrative expenses	11,885	12,168
Miscellaneous administrative expenses of products	31,701	31,163
Outsourced payroll expense	5,136	3,849
Queries with credit bureaus and repositories	10,624	9,792
Loyalty incentive and customer cost	11,070	8,945
Asset product formalization cost	1,440	1,339
Costs on means of payment	17,045	9,208
Filing and custody	6,723	7,620
IT developments and support	25,656	12,152
Corporate responsibility	8,952	4,683
Customer loyalty	2,747	583
TES UVR update 546	7,767	4,172
ROF costs	-	5,860
Digital sales	20,532	3,189
Other - Miscellaneous (5)	136,492	92,744
Total other operating expenses	**2,182,409**	**1,798,070**
Total expenses other than interests	**COP 54,250,566**	**COP 23,365,353**

Interest-related expenses showcased a variation of COP 30,885,213. This variation breaks down as follows:

(1) Monetary market transactions are very short-term operations, which means that the year-end balances compared to the prior year are the result of the strategies implemented by the trading desk, which are intended to obtain greater liquidity in performing trades and at the time of assessing the balances of transactions such as repos, simultaneous transactions and other money market operations. In 2022, there was a reduction of COP 458,606 equivalent to 1% of the total change.

(2) Speculation Derivatives represent the settlement of foreign currency future transactions that reflect a reduction between 2022 and 2021 of COP 28,939,867, equivalent to 58%.

(3) The account variation largely stems from sales of Fixed Rate TES securities, primarily issued by the Management of the National Treasury. Some of the sold securities include ISINES TFIT08031127, TFIT15260826, and TFIT16280428. Additionally, UVR TES also demonstrated significant variation due to the fluctuation of the UVR, which, based on the trend between the end of 2022 and 2021, exhibited a growth rate of 35.77 (UVR DEC 2022: 324.3933 and UVR DEC 2021: 288.6191). Some of the sold securities include TUVT20250333, TUVT18250237, and TUVT10180429.

(4) For 2022, an increase in Target bonuses resulted in a total stock incentivization of COP 40,304. This incentive significantly boosted the salaries of employees who received bonuses, with salary increases amounting to COP 29,914, comprehensive salaries to COP 14,389, and social security to COP 11,525. As part of a restructuring process, the Bank had to eliminate some positions, resulting in an increase in severance payments of COP 30,019.

(5) Other miscellaneous items presented a variation of COP 43,748. In this category, the most notable expenses in 2022 were from non-current assets held for sale at COP 10,654, the redemption point program for card purchases at COP 16,705, and IT service provisions for global projects at COP 91,416.

41. Transactions with Related Parties

Controlling Entity and Main Controlling Entity

The BBVA Colombia S.A. Group's main controlling entity is Banco Bilbao Vizcaya Argentaria, which holds a 95.43% equity interest, as disclosed below under shareholders with more than a 10% share of the company.

Recognition of Relationship with Related Parties

Individuals Related to the Entity

BBVA Colombia S.A. recognizes as a related party the members of the Board of Directors and the Registered Agents and/or key management personnel who exercise significant influence over the organization's decision-making.

Subsidiaries

BBVA Colombia S.A. holds a 94.44% stake in BBVA Valores Colombia S.A. Stock Broker, primarily engaged in securities brokerage. It also has a 94.51% stake in BBVA Asset Management S.A. Sociedad Fiduciaria, whose economic activity revolves around holding businesses that involve fiduciary management, carried out at the General Management of Banco BBVA located in Cra. 9 No. 72-21 on the 6th and 7th floors in Bogotá D.C.

Joint ventures

In July 2015, RCI Colombia Financing Company was incorporated in a joint venture with RCI Banque Colombia S.A., property of the Renault Colombia. The Bank holds a 48.99% equity interest in this investment, represented by 7,154,979 shares. This company carries out its activities at Cra 49 No. 39 Sur 100 Envigado, Antioquia.

Other related parties in Colombia

BBVA recognizes the following companies as related parties: BBVA Seguros Generales, which is in the business of selling general or damage insurance products; and BBVA Seguros de Vida, which only sells life insurance. Since its shareholding structure reflects 99.95% of BBVA Group's share, they are recognized as economically related parties. These companies carry out their activities at Cra 15 No. 95-65 on the 5th and 6th floors.

Comercializadora de Servicios Financieros is also considered as a local related party, since it is a partner responsible for facilitating access to the products and services of BBVA Colombia S.A., by presenting the offerings of some of its products to customers. Said company holds significant shareholdings in BBVA Seguros Colombia.

This same group includes Telefónica Factoring Colombia, S.A., Fideicomiso de Administración Redetrans, Fideicomiso Horizontes Villa Campestre and Fideicomiso Lote 6.1 Zaragoza.

Compensation received by key management personnel and Board members

In addition to their remuneration, the Company has a system for the calculation and payment of the annual variable compensation for individuals whose professional activities have a significant impact on the Bank's risk profile, as well as other employees who have oversight roles, including executive directors and other members of BBVA's Senior Colombia S.A.'s Senior Management.

The deferred amounts of the annual variable compensation, both in cash and in shares, are subject to long-term indicators, so the degree of fulfillment of these objectives determines the amount of the benefit granted to each related party.

Below are the other remunerations paid to key management personnel:

Details	2022	2021
Short-term employee benefits	COP 10,220	COP 9,059
Post-employment benefits	72	67
Share-based payment	2,350	577
Remuneration of key management personnel	10,902	9,364
	COP 23,544	**COP 19,067**

In addition to the remunerations mentioned above, key management personnel and Board members claimed travel expenses for 2022 in the amount of COP 439 and COP 220 for 2021, which they paid using corporate cards.

Board members received compensation for fees and attendance of board meetings in the amount of COP 78 for 2022 and COP 311 for 2021.

Transactions Recognized with Shareholders Who Hold a Share of More Than 10% in the Company

For comparison, as of December 2022, BBVA Colombia S.A. had balances of COP 219,023 in correspondent banks of BBVA Madrid, COP 3,251 in BBVA Hong Kong, and COP 47,292 in BBVA New York. In our dealings with BBVA Madrid, we have acknowledged accounts receivable of COP 40,224 and accounts payable of COP 2,274,177, primarily due to the settlement of trading derivatives. Moreover, BBVA Colombia S.A. has recognized income of COP 7,495 from commissions and expenses of COP 230,983 pertaining to both commissions and technology transfer. With respect to negotiated derivatives, we've recorded a Mark to Market (MTM) on the asset side of COP 8,089,683 and on the liability side of COP 8,711,608.

Regarding the contingent commitments recognized, the Bank issues Endorsements, Letters of Credit and Bank Guarantees to its economically related parties, which are recorded in contingent accounts. These guarantees expire in one to fifteen years, and a 0.2% fee is charged for this service, with a USD 80 minimum for Group members, and 0.3% of the value of the endorsement or guarantee, with a USD 100 minimum quarterly in advance for correspondent banks that are not members of the BBVA Group.

Below are the details in local and foreign currency by type of collateral generated for Banco Bilbao Vizcaya Argentaria:

Details	2022	2021
Bank Guarantees in domestic currency	539,015	431,964
Bank Guarantees in foreign currency	209,168	164,647
Letters of credit in foreign currency	1,517	8,795
	749,700	**605,406**

Other Transactions with Related Parties

Transactions with related parties are a normal part of trade and business. BBVA often carries out part of its activities through subsidiaries, joint ventures and other related parties.

The following are the details of transactions with related parties at December 31, 2022:

		Subsidiary Companies		Joint Ventures			Other companies of the BBVA Group that are not subsidiaries of BBVA Colombia			
Year 2022	**Shareholders with share over 10%**	**BBVA Valores**	**BBVA Fiduciaria**	**RCI COLOMBIA**	**Board Members**	**Registered Agents and Key Management Personnel**	**BBVA Seguros**	**BBVA Seguros de Vida**	**Other domestic related parties**	**Other Related Parties Abroad**
Assets										
Loan portfolio and interest	COP-	COP -	COP -	COP 1,012,057	COP 255	COP 2,008	COP 2	COP 7	COP 44	COP -
Investments	-	39,837	98,861	210,957	-	-	-	-	437	-
Derivatives and spot transactions	8,089,683	-	-	-	-	-	-	-	-	45,769
Banks and other financial entities	269,567	-	-	-	-	-	-	-	-	-
Accounts receivable	40,224	-	30	11,081	-	-	-	-	40	210
Deposits as collateral	764,360	-	-	-	-	-	-	-	-	16,643
Prepaid expenses	-	-	-	-	-	-	3,282	-	-	-
Non-current assets held-for-sale	-	-	-	-	-	-	-	-	14,349	-
Total	**9,163,834**	**39,837**	**98,891**	**1,234,095**	**255**	**2,008**	**3,284**	**7**	**14,870**	**62,622**
Liabilities:										
Deposits (savings and checking accounts)	-	3,308	35,416	100,260	616	1,353	54,691	150,182	5,665	-
Outstanding Investment Securities	-	-	-	-	-	-	-	105,000	-	-
Derivatives and spot transactions	8,711,609	-	-	-	-	-	-	-	-	58,496
Margin call	143,603	-	-	-	-	-	-	-	-	-
Accounts Payable	2,274,137	-	-	-	-	-	4	371	619	146
Total	**11,129,349**	**3,308**	**35,416**	**100,260**	**616**	**1,353**	**54,695**	**255,553**	**6,284**	**58,642**

Income:										
Dividends from the equity method	-	1,640	22,458	36,467	-	-	-	-	-	-
Interest and/or return on investments	13,011	-	1	52,552	35	287	-	-	1,915	451
Fees	7,497	-	-	494	1	24	27,558	93,691	46	701
Leases	-	-	-	-	-	-	17	67	1,230	-
Total	**20,508**	**1,640**	**22,906**	**89,513**	**36**	**311**	**27,575**	**93,758**	**3,191**	**1,152**
Expenses:										
Interest	3,415	247	2,864	3,142	13	167	935	5,412	105	-
Fees	88,869	-	-	-	3	20	-	-	161,713	8,390
Employee benefits	-	-	-	-	-	2,350	-	-	-	-
Insurance	-	-	-	-	-	-	9,711	-	-	-
Other expenses	-	-	-	-	15	424	-	-	-	-
Advisory and consultancy fees	-	-	-	-	8	-	-	-	4,482	-
Corporate application services	138,699	-	-	-	-	-	-	-	5,384	97,053
Total	**230,983**	**247**	**2,864**	**3,142**	**39**	**2,961**	**10,646**	**5,412**	**171,684**	**105,443**
Contingent commitments and obligations	688,177	-	-	-	-	-	-	-	-	61,523
Call and put purchase commitments	-	-	-	-	-	-	-	-	-	1,281,105
Total	**COP 688,177**	**COP -**	**COP -**	**$ -**	**COP-**	**COP -**	**COP -**	**COP-**	**COP-**	**COP 1,342,628**

The following are the details of transactions with related parties at December 31, 2021:

Year 2021	Shareholders with share over 10%	Subsidiary Companies: BBVA Valores	Subsidiary Companies: BBVA Fiduciaria	Joint Ventures: RCI COLOMBIA	Board Members	Registered Agents and Key Management Personnel	Other companies of the BBVA Group that are not subsidiaries of BBVA Colombia: BBVA Seguros	Other companies of the BBVA Group that are not subsidiaries of BBVA Colombia: BBVA Seguros de Vida	Other domestic related parties	Other Related Parties Abroad
Assets										
Loan portfolio and interest	COP -	COP -	COP -	COP 742,003	COP 278	COP 3,737	COP -	COP 2	COP 3	COP -
Investments	-	39,129	102,559	198,796	-	-	-	-	-	-
Derivatives and spot transactions	2,292,973	-	-	-	-	-	-	-	-	6,051
Banks and other financial entities	1,259,186	-	-	-	-	-	-	-	-	228
Accounts receivable	155,659	1	29	4,768	-	-	-	-	58	-
Deposits as collateral	639,784	-	-	-	-	-	-	-	-	11,227
Prepaid expenses	-	-	-	-	-	-	2,897	-	-	-
Non-current assets held-for-sale	-	-	-	-	-	-	-	-	13,576	-
Total	**4,347,602**	**39,130**	**102,588**	**945,567**	**278**	**3,737**	**2,897**	**2**	**13,637**	**17,506**
Liabilities:										
Deposits (savings and checking accounts)	-	15,617	16,055	75,533	50	1,941	49,606	120,170	29,924	-
Outstanding Investment Securities	-	-	-	-	-	-	-	17,089	-	-
Derivatives and spot transactions	2,015,268	-	-	-	-	-	-	-	-	4,776
Accounts Payable	53,620	-	-	1	-	-	-	-	-	1,075
Total	**2,068,888**	**15,617**	**16,055**	**75,534**	**50**	**1,941**	**49,606**	**137,259**	**29,924**	**5,851**
Revenue:										
Dividends from the equity method	-	1,400	25,422	37,047	-	-	-	-	-	-
Interest and/or return on investments	405	-	-	35,769	13	255	-	-	20	29
Fees	1,817	-	230	37	2	16	25,405	83,124	43	522
Leases	-	-	130	-	-	-	16	64	1,201	-
Total	**2,222**	**1,400**	**25,782**	**72,853**	**15**	**271**	**25,421**	**83,188**	**1,264**	**551**

Expenses:										
Interest	134	98	159	483	3	203	157	4,040	118	1
Fees	4,770	-	-	-	-	21	-	-	168,336	9,555
Employee benefits	-	-	-	-	-	595,127	-	-	-	-
Insurance	-	-	-	-	-	-	9,291	-	-	-
Other expenses	-	-	-	1,551	-	220	-	2	921	-
Advisory and consultancy fees	-	-	-	-	346	994	-	-	6,830	-
Corporate application services	61,321	-	-	-	-	-	-	-	5,475	83,724
Total	**66,225**	**98**	**159**	**2,034**	**349**	**596,565**	**9,448**	**4,042**	**181,680**	**93,280**
Contingent commitments and obligations	555,159	-	-	-	-	-	-	-	-	50,247
Call and put purchase commitments	-	-	-	-	-	-	-	-	-	385,776
Total	**COP 555,159**	**COP -**	**COP -**	**COP -**	**COP-**	**COP -**	**COP -**	**COP -**	**COP-**	**COP 436,023**

To offer a comparative perspective, as of December 31, 2022, BBVA Colombia S.A. acknowledges the following investments using the equity method in relation to its subsidiaries: a profit of COP 22,458 from BBVA Asset Management S.A. Trust Company and a profit of COP 1,640 from BBVA Valores Colombia S. A. Stock Broker. BBVA Bank recognizes deposits in savings and checking accounts of COP 35,415 from BBVA Asset Management S.A. Trust Company and COP 3,308 from BBVA Valores Colombia S.A. Stock Broker. Additionally, it closes with an account receivable of COP 30 for network usage fees. In the income statement, the Bank recognized a total of COP 2,841, accrued from interest on deposit and commission accounts, and COP 448 of income from commissions and leases.

To provide further comparison, as of December 2022, the Bank acknowledged its participation in the joint venture of RCI Banque Colombia S.A., with a loan portfolio of COP 1,026,392, a marketable investment of COP 210,957, and deposits of COP 100,260. In addition, an equity method gain of COP 36,467 was recognized.

In the income statement, BBVA Colombia S.A. recognizes income of COP 52,551, resulting from interest on the loan portfolio and valuation of the investment in a CD. The contingent commitments recognized were due to credit limits granted on corporate credit cards for COP 48.

42.

Market, Interest and Structural Risk Report

The exposure and management of the risk at December 2022 and 2021 was as follows:

Maximum Risk Exposure	2022	2021
Cash and cash equivalents	**COP 8,965,818**	**COP 8,314,581**
Financial assets held for trading	**2,399,725**	**2,750,236**
Financial assets available-for-sale	**3,114,018**	**1,876,189**
Investments held to maturity	**2,933,429**	**2,092,811**
Derivatives and hedge accounting	**5,050,559**	**2,308,641**
Consumer portfolio	26,139,389	22,330,191
Commercial Loan Portfolio	29,891,940	22,478,302
Mortgage portfolio	14,485,368	13,906,229
Credit investment	**70,516,697**	**58,714,722**
Loans approved but not disbursed	1,144,505	1,131,063
Credit limits	5,693,115	5,072,602
Bank Guarantees	4,047,353	3,944,637
Letters of credit	1,345,329	951,968
Total net maximum risk exposure	**12,230,302**	**11,100,270**

With respect to cash equivalents for risk exposure, deposits in the Central Bank of Colombia are not considered since it is the country's Central Bank.

42.1. Market Risk

Market risk is defined as the possibility that the Group will incur in losses associated with the decrease in value of its portfolio due to changes in the prices of the financial instruments on which it holds positions. Although the Bank, the Trust Company and the Securities Broker manage their risks separately, they maintain a common corporate methodology, which manages the market risk resulting from the activity of their operations with the basic objective of limiting possible losses, quantifying the economic capital necessary to carry out their activity and optimizing the relationship between the level of exposure assumed and the expected results.

To optimize management of these exposures, the Bank developed a series of organizational, identification, measurement, control and monitoring systems and policies of the risks inherent to trading, as well as balance sheet transactions.

42.1.1 Segregation of Duties -

Responsibilities were assigned to the following units based on their role in contracting, accounting, compliance, or risk monitoring:

- Global Markets - Department responsible for managing the implementation of established policies and programs to ensure the efficient management of the Bank's financial resources, as well as ensuring the availability of the necessary liquidity for the normal course of the institution's operations, by designing policies on the investment portfolios that contribute to strengthening the Group's financial, competitive and expansion position at the national and international levels.

- Market Management - Department responsible for controlling the trading desk's daily transactions, as well as for confirming, settling and offsetting treasury transactions. In turn, it is responsible for the custody of the contracts and the management of securities deposits, reporting to the Media Vice-Presidency.
- Market Accounting - Department responsible for validating and ensuring the appropriate incorporation of the trading transactions in the Bank's balance sheet, as well as controlling, calculating and reporting the proprietary position in foreign currency, reporting to the Finance Vice-Presidency.
- Market and Structural Risks - Department responsible for quantifying, assessing and promptly reporting the risks of Global Market operations, as well as liquidity and structural balance risks, reporting to the Risk Vice-Presidency.
- Legal Department - Responsible for analyzing and assessing the legal risks that may result from the arrangements or contracts that formalize the transactions, so as to avoid any legal situation that can legally affect the instrumentation or documentation thereof. As part of its duties, the Legal Department verifies that the relevant legal regulations are observed and that the Entity's policies and standards are in line with them. In all cases, it legally structures transactions based on the current legal regulations that the Bank is subject to, including participation in new markets or products.
- Internal Control and Operational Risk Department - It is responsible for analyzing, assessing and managing Internal Control (processes) together with the operational risks that may result from the Global Market operations, identifying them and proposing mitigating control measures in compliance with the corporate model and local regulatory guidelines required for adequate maintenance of the Internal Control System (SCI, for the Spanish original) and the Operational Risk Management System (SARO, for the Spanish original).

42.1.2 Nature and Scope of the Risks arising from Financial Instruments

Senior Management has assigned the following objectives to the Treasury Department:

- Management of the Bank's short-term liquidity; and
- Management of the necessary tools and mechanisms for hedging interest, exchange rate and liquidity risks in the operation of own resources, as well as in operations with customers.

Therefore, the Global Markets Department carries out procedures through its proprietary account to meet its liquidity needs and those of external customers. It also actively participates as a market maker in fixed income and foreign currency spot and term transactions, as well as in money market transactions. Therefore, it has an organizational structure comprised of a trading desk (interest rates and currency transactions), front office (customer needs) and the structuring activity.

Taking into account the objectives assigned to the Treasury Department and with the aim of optimizing, managing and administrating the risks inherent thereto, Senior Management has decided to establish roles by areas, quantifiable limits and risk measurement tools.

Methods used to measure risk: The Bank uses the standard model for risk measurement, control and management; it also uses tools to determine limits for trading positions and to revise positions and strategies quickly as the market conditions change.

The main sources of market risk that affect the Bank are:

a) Interest rate: The portfolios of the Global Markets Department are exposed to this risk when their value depends on the level of certain interest rates on the financial market.

b) Exchange rate: The banking book and the trading book are exposed to this risk when their values and transactions depend on the fluctuations between foreign currencies on the financial market.

The methodologies used for the measurement of VaR are periodically assessed and subjected to back testing to determine their effectiveness. In addition, the Bank has tools to conduct stress and/or sensitivity tests on portfolios under the simulation of extreme scenarios.

42.1.3 Limits - Limits were established for the exposures to risk of the global market activity, by assigning the following:

The main metric is the target risk weighted assets (CEMO, for the Spanish original) in accordance with the standards defined by Basel 2.5. This indicator is calculated using the VaR; a measurement of stressed VaR is also added, resulting in a final measurement that is the higher of the two (VaR and Stressed VaR) during an average of three months. This way, more weight is given to the stress events of the current or past market. This measurement is rescaled by the multiplier set by Basel of three by the square root of ten to calculate the economic capital charge.

Monitoring is carried out through a “global limit”, which, in turn, is broken down by risk factor, as well as by trading desk, currency and product, for which there are internal warning signs when the consumption thereof is 85% or higher. Overrunning this warning sign requires express communication from the person in charge of the Global Markets Department to the Market and Structural Risk Department, indicating the strategy to be followed. The Market and Structural Risk Department informs senior management and the Global Market Risk Unit, which will then indicate up to what point said strategy may continue.

The limits are approved by the Board of Directors, while measurement, monitoring and control are carried out daily by the Market and Structural Risk Department, issuing regular reports to Senior Management and monthly reports to the Board of Directors.

42.1.4. Measurement and monitoring tools - The main risk measurement tools include Value at Risk (VaR), Stress VaR and - delta sensitivity. However, other tools are used, such as stress testing and stop loss.

- Value at Risk - The VaR measurement methodology used by the Bank is historical simulation. The purpose of this is to collect the negative impacts that the statements of income of the trading portfolio may undergo due to negative impacts generated by the history of risk factors on the Bank’s current position. When using historical data, we naturally include the correlation that exists between these data and their occurrence distributions.

For tracking and control of limits for Global Markets operations, we utilized the "VaR without exponential smoothing" methodology, relying on two years' worth of financial market data.

	VaR Figures in COP million			
	December	Minimum	Maximum	Average
Year 2022	9,205	3,752	15,733	7,779
Year 2021	7,831	3,081	14,809	6,390

- Stop Loss: Monitoring measure of the accumulated losses in the global market portfolios with the aim of limiting the negative impact on the income statement.

The stop loss was monitored in 2022 through a double control mechanism, implementing an annual limit with the aim of controlling possible accumulated losses in the income statement, accompanied by a monthly loss limit. These limits aim to minimize the impact on the income statement.

- Stress Testing: The generation of a set of historical scenarios, which puts pressure on the different risk factors related to the different Global Market positions. The period observed starts in June 2009 and extends to December 2022.

	SVaR according to Lehman, Figures in COP million			
	December	Minimum	Maximum	Average
Year 2022	16,908	6,102	22,918	11,879
Year 2021	8,914	6,952	26,380	14,544

- Sensitivity (Delta): Another measure BBVA Colombia uses to estimate the exposure of the Global Markets portfolios. The tool estimates portfolio sensitivity in response to a variation of one basis point in the interest rates, and its purpose is to raise internal warnings of interest rate risk. Therefore, additional sublimits are established by products.

42.1.5 Market Risk Profile and Positions

Positions of global markets for the years 2022 and 2021 (in billions).

Below, we provide a comparative table detailing the positions of the Bank's portfolios.

Classification	Dec-22	Local Currency		Other Currencies		Dec-21	Local Currency		Other Currencies	
	Amount	Average	Maximum	Average	Maximum	Amount	Average	Maximum	Average	Maximum
Public debt	COP 1,286	COP 2,170	COP 3,624	COP 6	COP 63	COP 2,089	COP 1,529	COP 2,133	COP 12	COP 54
Corporate securities	896	702	896	-	-	634	495	625	41	68
Cash FX	-	-	1	-	1	2	-	2	-	-
Forward	(313)	(67)	232	(4)	16	81	(65)	205	(7)	1
Shares without subsidiaries	578	565	578	-	-	562	520	562	-	-

*These are strategic investments made by Banco BBVA Colombia. As a result, they are not included in market risk metrics.

2022 and 2021 market risk profile (in COP million).

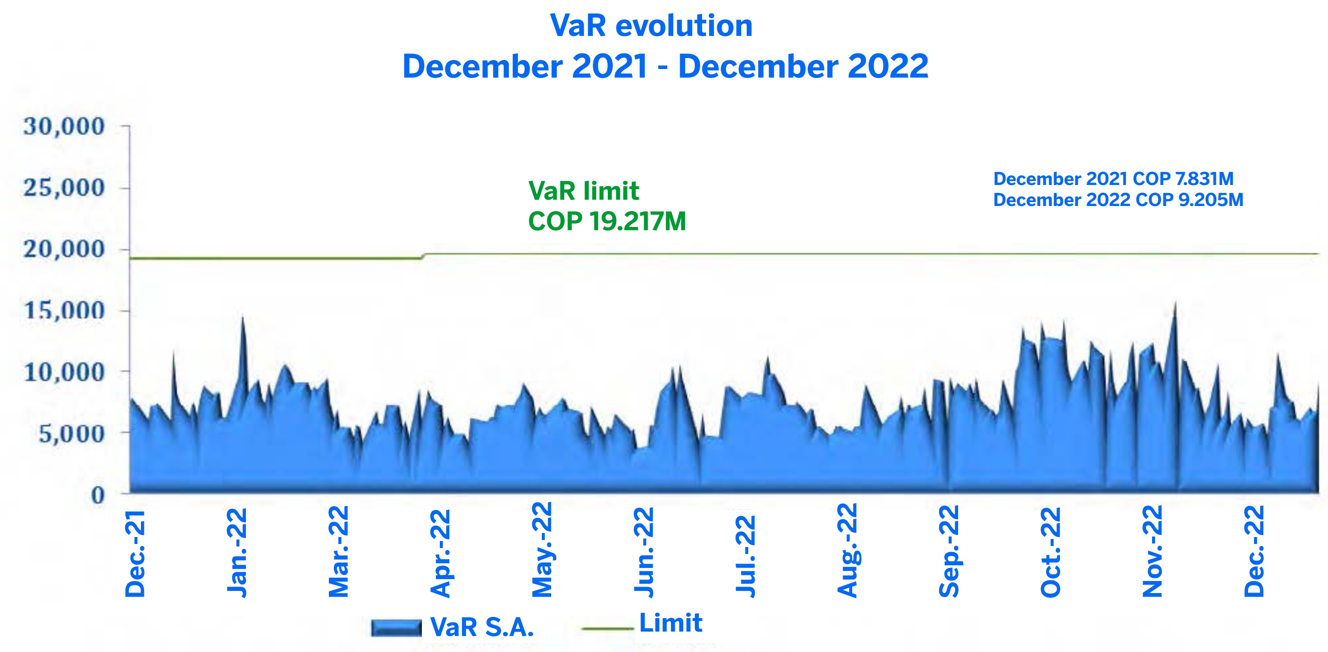
Global Market Risks	Dec-22	Average	Maximum	Minimum	Dec-21	Average	Maximum	Minimum
VaR - Interest rates	COP 9,089	COP 7,560	COP 14,745	COP 3,787	COP 8,003	COP 6,114	COP 15,240	COP 2,785
VaR - Exchange rates	1,307	1,328	15,385	70	1,211	1,217	6,837	80
Total VaR	9,205	7,779	15,733	3,752	7,831	6,390	14,809	3,081
Economic capital consumption limit	50%	49%	57%	41%	42%	37%	48%	32%
Total Delta to 1 bp	113	(113)	362	(439)	58	(84)	294	(642)
Delta consumption sublimit	17%	21%	65%	0.02%	8.7%	20%	96%	0.30%

In 2022, the average market risk consumption (VaR) of trading operations was COP 7,779, with a consumption exceeding the internal limit for authorized economic capital by 50%. The average sensitivity of the interest rate to one basis point (Delta) was COP 103 with 17% consumption over the authorized internal limit.

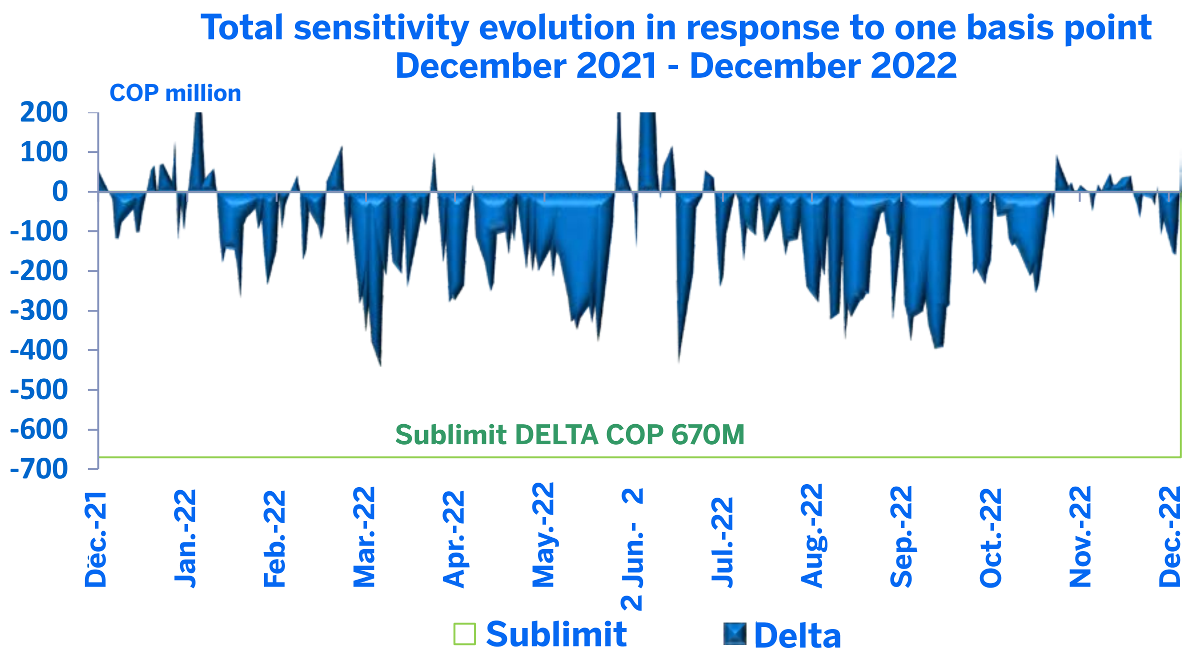
Market-trading risk evolution: Daily measurements and controls were carried out in 2022 on the consumption levels of the authorized internal limits, regularly reporting their compliance to Senior Management.

The following graphs show their evolution:

Monitoring of Market Risk



Monitoring of Market Risk



During the year, the fixed income trading portfolio was characterized by a concentration of the position in the medium and long term, holding mainly TES with short-term maturity as well as Certificates of Deposit (CDs). While traditional financial instruments continue to be our mainstay, in 2022 we also maintained investments in so-called GREEN TES, which are sovereign green bonds issued by the Ministry of Finance. The objective of these bonds is to align with international best practices concerning environmental benefits, sustainable financing, transparency, and accountability to investors.

Green bond issues finance associated expenditures in areas such as water management and sanitation, clean transportation, ecosystem services and biodiversity protection, renewable energy, circular economy, and sustainable and climate resilient agricultural production.

In turn, the derivatives portfolio maintained the composition by type of product; the main products are USD-COP forwards and IRS in IBR. Despite these traditional financial derivatives, BBVA Colombia structured its first Sustainable Swap IRS (Interest Rate Swap) in 2022 for a total amount of COP 65,000. In this swap, the rate paid by the customer is contingent upon compliance with an ESG indicator. The sensitivities are concentrated by type in COP and USD, consistently with portfolio composition.

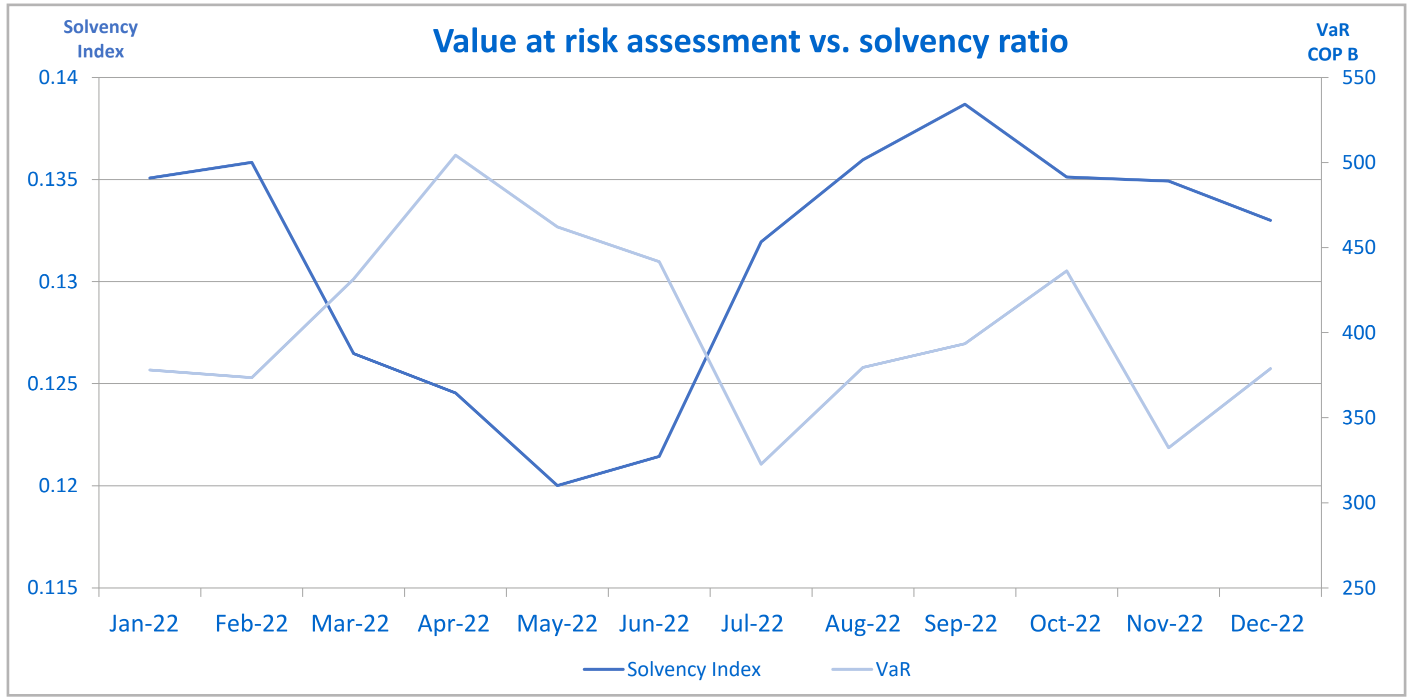
The portfolio characteristics described above keep the average VaR low, because short-term positions cause relatively low sensitivities and interest rate deltas had a conservative risk consumption throughout the period.

The market risk monitoring process is complemented with stress-testing scenarios, which aim to estimate the losses that the Bank would incur in the event that extreme situations occur on the markets. It subjects the positions held to strong hypothetical market oscillations based on historical or possible situations obtained through the generation of scenarios. This is done to quantify the effect of the results in order to identify possible adverse impacts and those greater than the VaR figures that could potentially occur, and design contingency plans to be applied immediately in the event of an abnormal situation.

Monitoring of Value at Risk Regulatory Model - Standard Model

In accordance with Public Notice 09/2007 of the Financial Superintendence of Colombia, the Bank assesses its exposure to market risks, of both interest rate and exchange rate, on a daily basis. This includes the measurement for Global Markets' available-for-sale and tradeable positions, and securities classified as to maturity that are delivered as collateral in a counterparty clearing house. This is done in order to determine the effect that possible changes in market conditions may have on the economic value of the Bank's equity. This impact is also reflected in the solvency ratio.

The following graph shows the value at risk assessment and the solvency margin:



Bank VaR

Bank's market risk profile

VaR	2022	2021
Interest rate	COP 356,011	COP 416,683
Exchange rate	22,829	19,046
Total Value at Risk	**COP 378,840**	**COP 435,729**

The Bank performs the risk exposure under the methodology published in Annex 1 of Chapter XXI of Notice 100/1995 issued by the Financial Superintendence of Colombia, which shows a decrease in the variation between 2022 and 2021. This trend is seen in the reduction of interest rate exposure, which decreased by 14.56%, due to a near 1 billion decrease in Fixed Income positions, primarily based on TCOs and TES positions (e.g., TES50).

Liquidity Risk

The liquidity and financing risk is defined as the potential loss caused by events that affect the Bank's capacity to have funds available to fulfill liability obligations, either because of the impossibility to sell the assets, an unexpected reduction in commercial liabilities or the closing of the regular sources of financing both in normal situations and under stress.

The management of financing and liquidity at BBVA Colombia is based on the principle of financial autonomy, which means that management is decentralized and independent from the BBVA Group's other regions. This principle helps prevent and limit the liquidity risk of each of the entities by limiting their vulnerability to events that affect the BBVA Group in periods of elevated risk. Therefore, the Entity acts independently to cover its liquidity needs on the market in which it operates.

BBVA Colombia

Throughout 2022, the internal model used for measuring liquidity and financing structure remained unchanged in its metrics compared to 2021. These evaluations are conducted daily through three clearly defined indicators.

- Monitoring of the balance sheet financing structure, Loan to Stable Customer Deposits (LtSCD), which compares the net credit investment granted with stable customer resources, and has an upper limit set at 120%. The objective is to preserve a stable financing structure in the medium term, considering that maintaining an adequate volume of stable customer resources is key to achieving a solid liquidity profile.
- Basic Capacity is the management and control metric for short-term liquidity risk, which is defined as the ratio between the explicit assets available and the maturities of wholesale liabilities and volatile funds, in different time frames, with particular relevance for those of 30 days. This metric aims to promote the short-term resistance of the liquidity risk profile, by ensuring that BBVA Colombia has sufficient collateral to deal with the risk of closing wholesale markets. The limit for 2022 is set at 140% at 30 days.
- To achieve the proper diversification of the financing structure, avoiding high dependency on short-term financing, a limit is set on the attraction of Short-term Financing (STF), which consists of both wholesale financing and less stable customer funds. For 2022, the limit was set at COP 13 trillion.

The Liquidity Committee and Senior Management are informed on a monthly basis of the evolution of these indicators for timely decision-making.

In 2022, BBVA Colombia maintained a solid liquidity position, in order to improve the cost of the Entity's liabilities; efforts are made to increase customer deposit balances in all banking segments, focusing on commercial banking. The strategy to maintain the diversification of the sources of financing and the robustness of the financing structure is maintained.

Our strategy at BBVA Colombia involves a specialized banking structure to cater to the different business segments, fostering commercial activity development.

The following tables show the evolution of short-term liquidity for 2022 and 2021:

Month	2022			2021		
	LtSCD (%)	BC 30 D (%)	Negative operating cash flow (trillion)	LtSCD (%)	BC 30 D (%)	Negative operating cash flow (trillion)
January	110%	622%	7,234	107%	796%	4,685
February	108%	C.N.	6,809	108%	1443%	4,887
March	110%	318%	10,621	108%	2083%	4,452
April	109%	698%	8,731	107%	C.N.	3,263
May	109%	750%	7,654	104%	C.N.	2,532
June	108%	C.N.	6,736	104%	C.N.	2,984
July	108%	C.N.	5,570	107%	C.N.	4,465
August	110%	C.N.	6,465	108%	872%	4,288
September	112%	C.N.	6,193	108%	2625%	5.28
October	114%	10159%	8,374	104%	C.N.	3,137
November	114%	C.N.	7,539	103%	C.N.	3,582
December	115%	C.N.	8,107	107%	C.N.	5,192
Limit	**120%**	**140%**	**13**	**120%**	**140%**	**13**

Details of Basic Capacity by time frames December 2022 and 2021:

2022			2021		
1 month	3 months	12 months	1 month	3 months	12 months
C.N.	197%	92%	C.N.	224%	121%

Regulatory model – In addition to the main indicators mentioned above, BBVA Colombia reports the regulatory Liquidity Risk Indicator (LRI) using the regulatory weekly and monthly format, which contains the short-term contractual and non-contractual flows.

For each of the time frames (7 and 30 days), the ratio between liquid assets adjusted according to market liquidity and exchange risk, and the total net liquidity requirement for the LRI must be at a level above 100% (regulatory limit). In 2022, the Liquidity Risk Indicator (LRI) with a 7-day time frame stood at average levels (756%), while the 30-day LRI stood at an average of (181%), which indicates that for a short-term horizon, BBVA Colombia has more than enough liquidity to fulfill its short-term financing commitments.

	2022		2021	
LRI	**7 Days (%)**	**30 Days (%)**	**7 Days (%)**	**30 Days (%)**
January	692.5%	207.7%	1029.8%	242.3%
February	1277.6%	213%	977.2%	208.4%
March	606.3%	148.9%	813.4%	202.9%
April	596%	174.9%	977.4%	258.5%
May	558.6%	168.5%	656.3%	234.4%
June	780.4%	223.6%	947.6%	217.9%
July	967.7%	177.1%	780.1%	176.1%
August	749.4%	182.3%	878.6%	222.2%
September	632.8%	139%	710.7%	182.1%
October	622.6%	171.8%	974.7%	223.6%
November	836.8%	186.4%	743.0%	202.8%
December	755.5%	167.1%	857.7%	213.3%
Limit	100%	100%	100%	100%
Management Limit	**150%**	**150%**	**150%**	**150%**

Two management limit alerts were triggered in March and September 2022. The first was related to the outflow of client resources, and the second was due to customer reclassification in accordance with the stipulations of Public Notice 021/2022 from the Financial Superintendence of Colombia, relating to the net stable funding ratio (NSFR). Regardless, it continues to stay well above the regulatory limit.

At the end of 2022 and 2021, the 30-day LRI is summarized as follows:

LRI	Contractual maturities in 2022 in Millions of COP			
	Days 1 to 7 - Total	Days 8 to 15 - Total	Days 16 to 30 – Total	Days 31 to 30 - Total
CDs	373,508	729,851	1,665,330	2,768,689
INTERBANK FUNDS	322,473	-	-	322,473
REPOS, SIMULTANEOUS and T.T.S.	1,525,650	-	-	1,525,650
TRANSACTIONS WITH DERIVATIVE FINANCIAL INSTRUMENTS	174,273	465,360	986,225	1,625,828
BANK CREDITS AND OTHER FINANCIAL OBLIGATIONS	233	73,326	629	74,187
ACCOUNTS PAYABLE NOT ASSOCIATED WITH CDs AND SAVINGS CERTIFICATES (CDATs, FOR THE SPANISH ORIGINAL)	174,160	199,041	373,201	746,402
OTHER LIABILITIES AND CREDIT CONTINGENCIES	550,844	233,254	225,044	1,009,142

Note: They are contractual maturities of principal and interest for periods of no more than 90 days.

LRI	Contractual maturities in 2021 in Millions of COP			
	Days 1 to 7 - Total	Days 8 to 15 - Total	Days 16 to 30 – Total	Days 31 to 30 - Total
CDs	178,684	159,459	530,382	868,525
INTERBANK FUNDS	347,176	-	-	341,176
REPOS, SIMULTANEOUS and T.T.S.	2,747,519	-	-	2,747,519
TRANSACTIONS WITH DERIVATIVE FINANCIAL INSTRUMENTS	115,127	161,950	625,372	902,449
BANK CREDITS AND OTHER FINANCIAL OBLIGATIONS	-	79,603	99,042	178,645
ACCOUNTS PAYABLE NOT ASSOCIATED WITH CDs AND SAVINGS CERTIFICATES (CDATs, FOR THE SPANISH ORIGINAL)	130,512	149,157	279,669	559,338
OTHER LIABILITIES AND CREDIT CONTINGENCIES	736,654	33,717	63,219	833,591

Note: They are contractual maturities of principal and interest for periods of no more than 90 days.

Structural Risk

The control and monitoring of the management of BBVA Colombia's structural interest rate risk is based on a set of metrics and tools that allow the proper monitoring of the Entity's risk profile.

Structural interest-rate risk refers to the potential impact caused by variations in market interest rates on the Entity's interest margin and equity value. At BBVA Colombia, the following are considered to be the main sources of this risk: repricing risk, yield curve risk, optionality risk and basis risk, which are analyzed from two complementary perspectives: the interest margin (short-term) and economic value (long-term). Under this kind of structure, a dynamic (going concern) model is used, which is consistent with the corporate assumptions of results forecasting.

Our ongoing review includes positions in the Banking Book, excluding all Trading Book positions. Conducted monthly, it encompasses a wide array of scenarios, ranging from sensitivities to parallel movements and varying impacts, to changes in slope and curvature.

Other probabilistic metrics are assessed based on statistical methods for the simulation of scenarios, such as Margin at Risk (MaR) and Economic Capital (EC), which are defined as the maximum adverse deviations in the interest margin and the economic value, respectively, for a given time frame and confidence level. Impact thresholds are established based on these management metrics, in terms of deviations from the interest margin, as well as from the standpoint of impact on economic value. Each major currency exposed in BBVA's balance sheet is assessed independently, with subsequent consideration given to the diversification effect between these currencies.

Below, we share the average interest-rate risk levels in terms of sensitivity for the BBVA Colombia balance sheet during the 2022 fiscal year:

	Limit	2022	2021
Margin sensitivity warning (- 100 basis points)	5.00%	1.73%	1.39%
Margin at risk limit (*)	4.00%	2.72%	1.87%
Economic value sensitivity warning (+100 basis points)	450,000	261,081	416,189
Economic capital limit	500,000	429,626	485,016

(*) Percentage in relation to the projected "1 year" interest margin of each unit.

Values presented in the balance

Structural currency risk:

Its purpose is to assess and control potential impacts caused by fluctuations in exchange rates on positions in foreign currency, on the solvency and income of BBVA Colombia. In 2022, an exposure limit, equal to 5.5% of the solvency ratio, was set in anticipation of movements of 25% of the TRM.

Sensitivity to solvency to variations in exchange rates for December 2022 and 2021:

Impact in the Event of a 10% Change in the TRM			
2022		2021	
Impact on Solvency Ratio	Real Solvency Ratio	Impact on Solvency Ratio	Real Solvency Ratio
4.10%	13.31%	13 basis points	13.76%

Credit risk

Evolution of Credit Risk Quality and Exposure

The integrated management of credit, market and operational risks is carried out in accordance with BBVA Colombia's internal Risk Policy and the Colombian regulations in force, and it is implemented through the development of models and tools that enable the coordination of monitoring and control activities, in order to identify and mitigate the different risks to which the loan portfolio is exposed.

BBVA Colombia concluded 2022 on a positive trajectory in terms of investment, with significant growth witnessed in the fourth quarter (4Q22), marking a → 4.8% increase compared to the preceding quarter (3Q22), which saw a → 2.9% increase. Investment growth was predominantly in the Wholesale area, specifically in Corporate, with an increase of COP 1,337 million, marking a 15.7% growth. In the Retail segment, growth was primarily concentrated in Credit Cards (COP 325 million, a 10.6% increase) and Free Investment (COP 284 million, a 4.8% increase).

The doubtful portfolio concluded the fourth quarter of 2022 with a quarterly variation of 5.2% (COP 84 million), contrasted with an annual decrease of COP 50 million (a 2.9% decrease). By the end of 2022, the doubtful ratio was 2.40%, marking a decrease of 1 basis point compared to the previous quarter and a 57 basis point reduction compared to the end of 2021. The Recovery Efficiency Ratio for the quarter stood at 32.2%, representing a decrease of 13 percentage points compared to 4Q21. The cumulative figure for the year was 44.3%.

Portfolio Management & Reporting

It monitors the Commercial and Consumer Reference Models, according to the provisions of Annexes 3 and 5 of Chapter II of the Basic Accounting and Financial Notice of the Financial Superintendence, complying with the regulations related to provisions and qualifications. It also verifies the correct application of the regulations for the traditional models of housing loans and employee loans.

Continuous monitoring is performed, verifying compliance with the thresholds established in the risk appetite framework with the follow-up of core metrics for compliance with the Bank's objectives expressed in terms of solvency, liquidity and funding, and profitability and recurrence of income.

We are working proactively, together with the recovery area, in order to be able to focus management on customers who can reduce the impact on local and consolidated NPAs, which in the end provides benefits in terms of write-offs in the Bank's provisions.

Retail Credit

COE Risks

This division concentrates its responsibilities on developing, monitoring, and maintaining the models that support decision-making in both reactive and proactive admission processes for individual and corporate portfolios. It measures the risk of concession, utilizing variables related to a client's profile within the Bank and the financial sector, as well as the client's socio-economic data available at the time of application. These assessments are based on the ratings provided by scoring and rating tools.

Within the proactive area, we assign a rating at the customer level, taking into account variables such as the overall customer behavior with the bank, as well as their payment track record across all products contracted with the bank and within the broader financial sector. Our aim is to monitor the credit quality of our customers and use this as a basis for pre-approving new transactions.

Solutions Development Risk

This division handles the evolving maintenance needs and development of new functionalities that originate from the management of teams in the Risk department: Wholesale Credit, Recovery & Workout, Planning & Reporting, COE Risks, and Market and Structural Risks. All these are managed under the project attention framework defined by the Processes Department, Single Development Agenda (SDA), and Agile Office.

Collaboration with various engineering teams begins proactively at the project ideation stage or when a need arises, and it continues until the completion of the post-implementation stage.

During the last quarter of 2022, successful implementation of committed deliverables was accomplished, with the following highlights:

- Improvements to the portfolio assessment process: Payroll and commercial (legal).
- Report on loan interest used in debt calculation (legal).
- Adjustment Format 341 - Usury rate (legal).
- Plan Ascenso - CAP SMEs improvements: Assignment and delegation, Vendor label - Fasttrack, and enhanced reporting sheets.
- Cronos Collections: Phase I payment agreement control module: New BF and FM007 and FM002 process, parameterization module.

Data Quality Team Risks

We supported the development of the CDD data migration plan carried out by the leaders of the risk processes and the data technical team. The current phase for Risk processes entails the ingestion of information into the corporate data platform, DATIO, for the core risk processes: REFIS, COVID, in addition to the implementation and monitoring of data quality controls.

The Risk Data Plan has been defined and initiated. It identifies data use cases and analytics that will enable the exploitation of information ingested into the DATIO corporate data platform. This is achieved through automation of data flow processes, generation of automated reports with regulatory character, monitoring of risk appetite or decision-making, and the development of analytical models for risk. All these are leveraged on governance and data quality aligned with BCBS 239 standards.

Retail Credit

Within the Retail Credit Department:

Individuals Admission Management

Dedicated to the process of analysis and decision regarding credit operations originated for individuals through the different channels. Manages the application of the policies developed for the different lines of credit.

Likewise, it performs the specialized assessment of customer profiles according to the established risk levels, focused on the Bank's customers with direct deposit payroll accounts and on lines of credit with direct deduction of the installment from the customer's payroll, as is the case of payroll loans.

Adjusts the admission processes with the associated policy changes, due to the new scenario of general economic contraction, securing the risk with the requirement of collateral or guarantees offered by the government. Permanent support and training of the commercial staff is in place for the correct implementation of the operations focused on the target market for the Bank.

Monitoring Department

This area carries out actions aimed at measuring the risk of individual portfolios and controlling their evolution, assessing growth trends and the behavior of credit operations granted to individuals, in order to establish objective risk or high-risk risk profiles.

Continuous monitoring of the quality of the placements made under the attribution of the office network while the portfolio matures in order to ensure the performance of the risk indicators.

The improvement of the processes for generating tracking figures through an integral vision, as well as the inclusion of new axes and dimensions, has allowed us to respond more quickly to Bank demands regarding risk appetite, proposing changes in admission and supporting decision-making.

In addition, we support the management of preventive portfolio customers, in order to anticipate portfolio impairment based on statistical information in accordance with the risk group associated with each customer's profile.

In turn, there is constant monitoring of each of the products, the quality of new originations and the active portfolio through IFRS 9 indicators, as well as KPI compliance to support the growth of retail banking.

Regulation, Policy, Process and Campaign Department

Its responsibility is to update regulations in accordance with corporate and local regulatory guidelines. Additionally, it sets new admission policies and adjustments based on regular reviews of portfolio performance and economic trends.

In general, the implementation and alignment of policies continues according to the guidelines issued by corporate, and in coordination with Business, reviews and evaluates to support the admission process by adapting the most relevant filters.

We promote automated, cross-functional, and comprehensive lending processes from the Policies and Special Campaigns division. These processes, while adhering to established risk levels, facilitate the cultivation of a digital culture within the bank and also enhance the customer experience. Due to the inflationary pressure seen throughout 2022 impacting the basic expenses of Colombian households, action plans were established in the fourth quarter to prevent future deterioration in the consumer portfolio. This reaffirmed adjustments in the bureau, stress rate, and income level.

Campaigns properly manages the processes and circuits for mass approvals of current or new portfolios, monitors the quality of the products placed in order to make adjustments to policies and establishes controls on the limits offered.

There was also an adjustment in the cluster of profiles that showed deterioration in the generation of Pre-approved offers for both Payroll and Non-Payroll Customers consulted in Social Security. This was directed towards both the public and private sectors, primarily focusing on payroll, free investment, and credit cards.

SME Risks

Responsible for the analysis and decision process for loan transactions originated for legal customers and self-employed individuals, according to the bank's defined segmentation, with annual sales of less than COP 15,000.

A strategy aligned with the economic situation of the country and the business behavior in each territory; the admission and product policies were kept in line with the Global Risk Framework defined by the Holding Company and the national regulatory notices. Main actions include:

1. The continuity of the Pre-approved strategy for resilient, high-value, and highly connected profiles.
2. Viability was maintained in sectors with stable and growing financial dynamics, offering financing propositions aligned with their working capital and investment needs.
3. Collateral allocation strategy continued to be leveraged on FNG and real guarantees with a structure tailored to the risk profile of each customer, financing term, and resource destination.

Ongoing improvements and efficiencies within the reactive circuit flow related to application, credit assessment, and information safeguarding play a key role in enhancing customer experience and increasing invoicing in the SME segment.

Recovery & Workout

2022 was a year of significant challenges in economic and political terms, with an uncertain environment that led to the highest inflation of the decade, which had relevant repercussions on debtor payment behavior and an increase in defaults during the last five months of the year.

In this way, the Recovery department establishes different plans, focusing efforts and seeking to anticipate, contain, and mitigate a greater impact on defaults for the year, with the following initiatives representing the most relevant milestones:

Collection Optimization Process (POC)

One of the pillars of portfolio recovery is the proper allocation of the portfolio to our different Collection Factories. We optimized the scheme from the second quarter of the year, mainly focusing on keeping the allocation stable for a period of 3 months, allowing collection channels to manage customers from the first day of the month. As a result, we have reduced management start times from 4 days to 0 days in two of the three months.

Collective Impact Management

As a strategy for the recovery management of high-impact customers, we marked the portfolio allocation for customers categorized as Default according to the consolidated criteria, as well as Target customers, enabling collection channels to define strategies for focused management of these profiles.

Collection Agencies Tender and Digital Collection Factory creation

During 2022, progress was made in the tender for BBVA's collection management, closing the process with the top ten agencies that make up the Recovery Factory, as well as hiring two additional agencies to drive the Digital Collection Factory. With this, we initiated pilots to decentralize smaller balance contracts for a greater focus and dedication of the Recovery Factory to high-impact customers.

Write-off Methodology

The Write-off Methodology is created, which allows us, from a recovery perspective, to determine the optimal customers for transfer to failed status as an alternative to divestment.

Implementation of Workout Executives (EWOs)

A resizing of the Risk Anticipation Executives for SMEs (EAR Pyme) is carried out, and the Workout Executives (EWOs) scheme is created, which begins its management in the last quarter of the year. With this adjustment, each executive goes from managing 10 customers to an average of 150 customers with exclusive dedication, ensuring customer knowledge and offering tailored solutions.

The above initiatives allow a significant closing focused on containing the local doubtful loan portfolio with the challenge of having an average monthly exposure of COP 300 million for the year. Likewise, we achieved recoveries on the order of COP 75 million per month on average, with the main sources of recovery being the effective payment by customers, the recovery engine sweep, and to a lesser extent, restructurings.

Wholesale Credit

In 2022, the Wholesale Risk Department managed the admission and monitoring of risks in accordance with the guidelines of the credit risk framework defined by the Holding Company. The portfolio recorded a 38% growth, highlighting an increase of COP 7 trillion in Corporate banking (74% annual variation), COP 4 trillion in Business banking (21% annual variation), COP 1.7 trillion, and COP 923 billion in Government banking (20.9% annual variation).

Leveraging a strategy to anticipate portfolio impairment, we focused our efforts on the early warning of customers active in more vulnerable economic sectors, with a decrease in their rating score and potential early defaults in BBVA and other financial sector entities, keeping the Emerge Plan active since the second half of 2020. This allowed the doubtful portfolio ratio to decrease from 1.52% in December 2021 to 1.15% in the same period of 2022.

Finally, at the end of 2022, the rating validation indicator was 99% in terms of amount and 83% in terms of number of customers.

43. Corporate Governance

BBVA Colombia's Corporate Governance System is in line with international, corporate and local trends and recommendations. It is perpetually evolving to align with the bank's strategy, its unique circumstances, and needs, all while adhering to the Corporate Culture and Values that define BBVA's identity.

Its principles, elements and practices are contained in different instruments that guide the structure and roles of the corporate bodies, such as the Corporate Bylaws, the Corporate Governance Code, the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Board's Supporting Committees Managers.

The System is also complemented with the internal rules of conduct, included in the BBVA's Code of Conduct, Code of Conduct in the Securities Market and Code of Conduct for the Prevention of Money Laundering and Terrorist Financing, which state the tenets that govern the actions of its executives, managers and employees.

BBVA's Corporate Governance System is designed to foster the bank's long-term objectives and interests, and it has been shaped over time based on the following pillars: (i) Suitable composition of governing bodies; (ii) Distribution of roles and interaction between governing bodies and Management; (iii) Robust decision-making process; Follow-up, oversight, and control system; (v) Parent-subsidiary relationship model.

The Bank's Bylaws establish that the Board of Directors is the Company's administration, management and oversight body, and in 2022, it was made up of five Board members, three of whom are of independent origin, pursuant to Law 964/2005, and are aware of the responsibility involved in managing the financial and non-financial risks, and are familiar with the Bank's business structure and processes, which enables them to provide the proper support and oversight.

For the 2022 fiscal year, the Board of Directors performed its functions in compliance with the previously agreed meeting schedule, maintaining continuous contact with the Bank's Senior Management, showing great dedication and capacity to adapt to the circumstances; its knowledge, both of the environment and of the Group in Colombia, has served not only for the proper performance of the functions of the corporate bodies, but has also contributed to the Bank and BBVA's companies in Colombia adapting to the new circumstances.

The four supporting committees of the Board of Directors (Audit, Comprehensive Risk, Corporate Governance, Sustainability and Corporate Social Responsibility and the Diversity, Appointment and Remuneration) have extensive roles assigned in their respective rules of procedure, which provide support in subjects specific to their area of competence, having established a work system coordinated between the committees, and between the committees and the Board. In this way, the corporate bodies' awareness of the relevant matters is ensured, reinforcing the existing control environment in BBVA Colombia.

These Committees are chaired by independent Board Members with extensive experience in their areas of competence, in accordance with their rules of procedure. They also have extensive powers and autonomy in the management of their corresponding Committees, allowing them to call for the meetings they deem necessary to perform their roles, decide their agenda and have the support of Bank executives and external experts whenever they consider it appropriate, depending on the importance or relevance of the topics to be discussed, as well as information from other committees based on the coordination mechanism between committees for the better performance of their respective functions.

Throughout the 2022 fiscal year, the Committees have monitored the risks most affected by economic recovery, market volatility, inflation fluctuation, the promotion of strategy, progress in Diversity and Sustainability, and the ongoing evolution of the Corporate Governance System; in every instance, focusing on issues within the competence of each committee.

As part of the annual assessment of the Board of Directors, the Corporate Governance, Sustainability and Social Responsibility Committee has analyzed, in accordance with its Rules of Procedure, the structure and composition of the corporate bodies, considering that they should be balanced and kept in line with its needs at all times, and that the Board of Directors as a whole should have the relevant knowledge, skills and experience to understand the business, activities and main risks of the Bank and its subsidiaries and ensure its effective capacity to perform its functions in the best corporate interest.

This analysis is carried out as part of the framework of the progressive and orderly renewal of the corporate bodies developed by the Board of Directors, with the support of the Corporate Governance, Sustainability and Social Responsibility Committee, under which individuals with different profiles and experiences are gradually brought in, at the relevant frequency, in order to increase diversity, as well as to ensure the appropriate circulation of members, guaranteeing a balanced presence of directors with new profiles and diverse professional experience and previous background of members in areas such as financial and non-financial risks, enterprise, internal control or academia, among others, both nationally and internationally; as well as their diversity, striving to make women part of the Board of Directors, both for the Bank and for the Subsidiaries.

In the 2022 fiscal year, the Board of Directors approved the adoption of the General Corporate Governance Policy, with the aim of implementing governance systems, procedures, and mechanisms that ensure effective and prudent management of the entity.

Our Policy outlines the foundational principles, goals, and primary attributes of BBVA Colombia's corporate governance and the BBVA Colombia Financial Conglomerate, including its internal organization and the relationship model between BBVA COLOMBIA, its Financial Holding Company (BBVA Spain), and other subsidiaries of the BBVA Colombia Financial Conglomerate.

The rules of procedure of the Board of Directors and the Supporting Committees, as well as their Annual Corporate Governance Reports can be referred to on the BBVA Colombia website: www.bbva.com.co Investor Service/ Corporate Governance.

44. Other Matters of Interest

Company's Recent Situation

In order to conclude on the continuity of the business of BBVA Colombia S.A., we will perform an analysis of the recent situation of the company in such a way that its financial situation can be demonstrated.

An analysis of the detailed statement of financial position as of December 2022 reveals that total assets grew by 24.8% (+COP 19,682,244). The Loan and Leasing Portfolio capital was the most substantial line, with an increase of 20.2%.

Further examination by account shows an annual variation of -8.7% in the bank's cash and cash equivalents line, a 77% increase in loans and receivables, and a 19.4% decrease in accounts receivable.

In turn, liabilities grew by 26.1%(+COP 19,202,635). Concerning the collection of customer funds via sight and savings products, deposits and callable funds (+16.7%) and financial instruments caused the most significant variation.

The bank's interest margin showed a decrease of 1% compared to December 2021, a figure primarily attributed to an increase in interest expense. Operating expenses saw a growth of 14.4%, with personnel and tax expenses demonstrating the most significant increases.

Moreover, the Bank's net income for the period increased 4.3% compared to the same period in 2021, culminating in a profit of +COP 933,514 for the 2022 fiscal year. In summary, the balance sheet growth was driven by the main operational lines for a credit bank (portfolio and funds), which speaks very well of the business performance for BBVA Colombia S.A.

Projected Financial Information

When reviewing the projections of the company in Colombia, we find that, in its current financial planning, it is estimated to have profits of more than COP 790,000 for the next twelve months and portfolio growth of more than 9.2% based on the strategic plan, as well as on the country's good macroeconomic conditions, which will allow for a year of considerable growth.

Conclusions

Bearing in mind both the situation in the recent past, as well as what is expected in the near future, we can affirm that the Bank has an adequate financial structure, which allow it to carry on with its operation in a profitable manner, besides obtaining the necessary funds to comply with its short and medium-term obligations, due to the proper management of the accounts of the Statement of Financial Position and Statement of Income.

Performance Measures and Indicators December 2022 and 2021

The following are the financial performance and indicators defined by Decree 854/2021 as the minimums to assess a company's business continuity. In this case, they are provided for the end of 2022 and 2021, in order to assess the financial management carried out and thus assess whether the going concern assumption is appropriate:

Indicator	2021	2022	Formula	Income
Negative equity position:	COP 5,687,302	COP 6,166,911	Total equity <COP 0	Total equity >COP 0
Consecutive losses in two closing periods or several monthly periods, depending on the business model	COP 895,242	COP 933,514	Statement of income < 0) and (Statement of income for the preceding year < 0)	Statement of income Dec 2022 > 0) and (Statement of income 2021 >0)
Net working capital over short-term debt:	0.07	0.04	(Trade accounts receivable customers + current inventory - Trade accounts payable) / Current Liabilities (<0.5)	Income < 0.5
UAII / Total Assets < Liabilities	1.7%	1.4%	(Earnings before interest and taxes / Total assets) < Total liabilities	Income > 0

The proper management carried out in BBVA Colombia allows it to develop its operations while maintaining good equity and solvency quality indicators.

It is therefore concluded that there is no material uncertainty related to events or conditions that would give rise to significant doubts on the Bank's capacity to continue as a going concern.

45. Subsequent Events

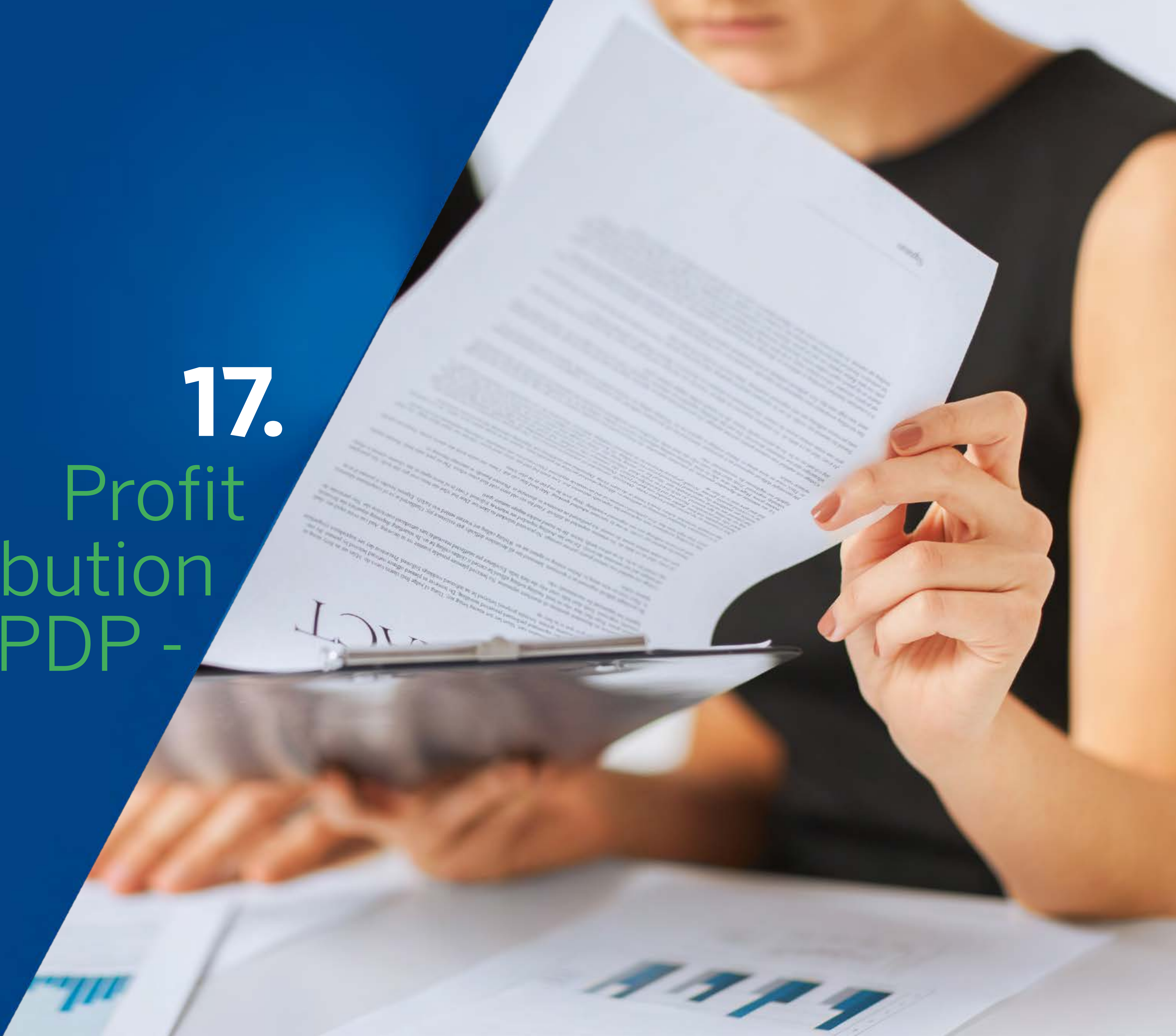
Post the accounting closure of these separate financial statements in December 2022, no subsequent events necessitated disclosure.

46. Glossary

- The Bank: Refers to BBVA Colombia S.A.
- ANMV: Stands for Non-Current Assets Held for Sale.
- BRDP: Refers to the Disaffected Assets and Assets returned in lease contracts.
- COAP: An acronym for the Assets and Liabilities Committee.
- CIB: Corporate and Investment Banking.
- GANF: Stands for Non-Financial Asset Management
- EFAN: An acronym for Financial Statements of Business Areas.
- Apportionment: This term refers to the distribution of operating expenses from the central departments to the banks.

17.

Profit Distribution Project - PDP -



Board of Directors BBVA Colombia

Meeting held on February 22, 2023

Proposed Profit Distribution for 2022:

The Profit Distribution Project was submitted for consideration by the Board of Directors, in the following terms:

The Meeting was advised to distribute as dividends up to 49.99% of the profits as follows:

PROFIT DISTRIBUTION PROJECT

Profit 2022		933,513,687,105.23	COP
Legal reserve	50.0022%	466,777,053,641.99	COP
Dividend payment	49.9978%	466,736,633,463.24	COP

	Type of Shares	Dividend	No. Shares (*)	Amount	
We propose a dividend payment (on tax-deductible profit) in cash, payable on June 15, 2023, in the amount of COP 32.44.	Preferential	32.44	479,760,000	15,563,414,400.00	COP
	Ordinary Shares	32.44	13,907,929,071	451,173,219,063.24	COP
	TOTAL		14,387,689,071	466,736,633,463.24	COP

(*) Units

In light of Law No. 2277 passed on December 13, 2022, the following must be considered:

BBVA
Creating Opportunities

The net income for the year, which amounted to COP 933,513,687,105.23, is proposed to be distributed as follows:

COP 466,777,053,641.99 to increase the legal reserve.

COP 466,736,633,463,463.24 corresponding to non-taxable profits of the shareholder, to distribute dividends at the rate of COP 32.44 for each of the Bank's 14,387,689,071 shares, both ordinary and preferred shares without voting rights, payable in cash on June 15, 2023.

Ex-dividend Period

The ex-dividend period will be from the first dividend payment business day of the respective shares to the 4 trading days immediately preceding such date. Transactions on shares carried out within the ex-dividend period are not entitled to the corresponding dividends.

Start Date	End Date
Thursday, June 8, 2023	Wednesday, June 14, 2023