BBVA

Creating Opportunities

Committed to **inclusive** and **sustainable** growth

Individual Report Colombia 2021

Creating Opportunities

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Letter from the CEO

GRI-102-14

2021 was the year of the consolidation for the recovery of global economic activity, and Colombia was no exception. The world should have grown by 6.1%, with very favorable results in the United States (5.7%), Europe (5.2%) and China (8.1%). Growth was again aided by economic policy, which was broadly expansionary, with government spending still at high levels and interest rates low. But, undoubtedly, the ultimate impetus was given by the improved health conditions resulting from widespread vaccination in most of the world.

In our country, the recovery process was particularly strong, and this was concomitant with the good dynamics of household spending, both for private consumption and the purchase of homes. The improved job market balance sheet, the increase in wage income, the maintenance of subsidies created in 2020 and the savings generated by the expenses retained during confinements were key to increasing this spending.

The performance of other components of GDP also improved during the year, although investment was below pre-pandemic levels and exports barely recovered to pre-COVID levels by the end of the year. In the first case, due to the limited execution of civil works related to the transportation systems. In the second case, due to low mining production, especially of oil and coal.

We went through an event that had not been planned for. Colombia lost its investment grade rating. The high fiscal and external deficits, in particular, explained this measure. As a result, there was an additional devaluation of the local exchange rate, which was already under upward pressure from the global strength of the US dollar.

The recovery dynamic was accompanied by high inflation around the world and in Colombia. The price increase was the result of a demand that was stronger than supply at the global level, higher logistics costs in international transport, the devaluation of emerging currencies and social issues in the country. This led the Central Bank of Colombia to raise its rates by 125 basis points in 2021 to 3.0%.

Banks are a reflection of the economy, so when companies and families recovered, so did credit, especially that related to households, in lines such as consumption and mortgages. In our case, we achieved good numbers at the end of 2021. In terms of assets, with figures as of December, we achieved a 16% growth at COP 79.5 trillion. Our equity increased by 14.5% to 5.6 trillion by the last month of the year.

Thus, at the end of 2021, we were the fourth largest financial institution in Colombia and the bank with the highest growth in portfolio, up13% compared to 10.3% for the sector, which allowed us to gain 26 basis points of market share in portfolio, reaching a share of 10.4%.

In terms of customer deposits, our customer resources increased by 14.1%, which led to a growth of 35 basis points in our market share in resources, bringing our market share to 10.9%.

The support we provided for companies during the economic recovery was particularly commendable, which allowed us to reach a market share of 7.45% in the corporate portfolio, with a gain of 64 basis points in the year.

As regards loans to individuals, we achieved significant growth in the invoicing of payroll and free investment loans (56% and 64%, respectively). In fees, we had record growth of 32% and maintained very good solvency and liquidity levels, exceeding legal requirements.

In 2021, we achieved record financial results in our history in terms of fee and interest income, in gross and net margins, as well as after-tax earnings. In the latter, we achieved after-tax earnings of COP 895,242 million, a growth of 90.5% compared to FY2020 and more than 20% compared 2019, the last year before the pandemic.

In terms of progress in digitality, which also represents a commitment that cannot wait, we will end 2021 with close to two million digital customers, 1.3 million of whom use only their cell phones for digital transactions. In addition, more than 40% of our sales are now made through digital channels.

Another one of our main objectives in 2021, in line with our commitment to inclusive and sustainable growth and compliance with the Sustainable Development Goals, was sustainable financing, where we ended the year with operations totaling more than COP 1.38 trillion.

Thus, on the one hand, we supported the main sustainable infrastructure projects in the country, such as the First Line of the Bogotá Metro, which is an example of the use of clean technologies and renewable energies, in addition to green credits and lines of social confirming to support companies in their transformation towards the use of clean technologies and responsible practices with their suppliers, as well as loans for the construction and purchase of sustainable housing and hybrid vehicles.

In addition, we ratified our commitment to employment and hired more than 450 new employees, especially in the administrative, finance and digital development areas. We also opened 25 positions for young people under the My First Job program, and more than 45% of the hires were women.

In order to continue taking care of our employees, we invested more than COP 13,000 million in measures to support our employees during the pandemic, in the form of protective items, adaptation of facilities, and follow-up and attention to their state of health. In addition to these actions, we carried out a vaccination plan for our employees, in which 60% of them participated. Currently, 95% of our employees are fully vaccinated.

In addition, we continued working for the most vulnerable communities in the country, benefiting more than 130,000 Colombians, of which more than 70,000 were women and 12,000 belonged to ethnic minorities, through initiatives focused on supporting education, training in personal finance, social actions and environmental conservation, which represented an investment of more than COP 7,800 million.

In 2021, we were pleased to have the support of our employees, who, through the BBVA Volunteer Program, were involved in social actions such as housing construction for low-income families, food support for populations in need, activities with abandoned children and adults, and forest restoration and environmental care initiatives, benefiting more than 4,000 Colombians.

In addition to the positive results of our activity, 2021 was a year of celebration: we celebrated our 25th anniversary of having arrived in the country. During this time, we have increased our presence and ratified our commitment to Colombia: we consolidated our position as the leading foreign investor in the Colombian financial system and the fourth largest investor in all sectors in Colombia.

And just as we have done in these 25 years, we hope to continue contributing to the development of the Colombian financial sector, bringing the best of global banking to Colombia, thanks to our experience in the development of products and services in different countries around the world, supported by the wonderful Colombian human talent.

The past year was one of many lessons learned. 2022 brings significant global and local challenges and uncertainties. However, I am optimistic,and at BBVA,we are all optimistic about 2022 and Colombia. We are certain that the country will continue to make progress on the major challenges it still faces in economic, social and environmental matters.

And on behalf of BBVA, you can count on our commitment to continue working to make Colombia a better, fairer and more inclusive country for all Colombians with greater opportunities.

[Illegible Signature]
Mario Pardo Bayona
Chief Executive Officer
BBVA Colombia

1. About BBVA

1. About BBVA

1.1 BBVA Colombia Profile

GRI-102-1, GRI-102-2, GRI-102-5, GRI-102-7, GRI-102-45

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."

Thus, BBVA currently has a responsible banking model based on the search for profitability in accordance with ethical principles, compliance with the law, good practices, generation of solutions for its customers, and the creation of long-term value for all its stakeholders.

By the end of 2021, BBVA has a 95.43% share.

BBVA Colombia's Shareholder Structure

Shareholder	No. ordinary shares	No. of preferred dividend shares	Share %
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%**

> *At BBVA, we are working to deliver value to our customers and to create a positive customer experience with every solution we design for them.*

1.2 Organizational Chart and Business Structure

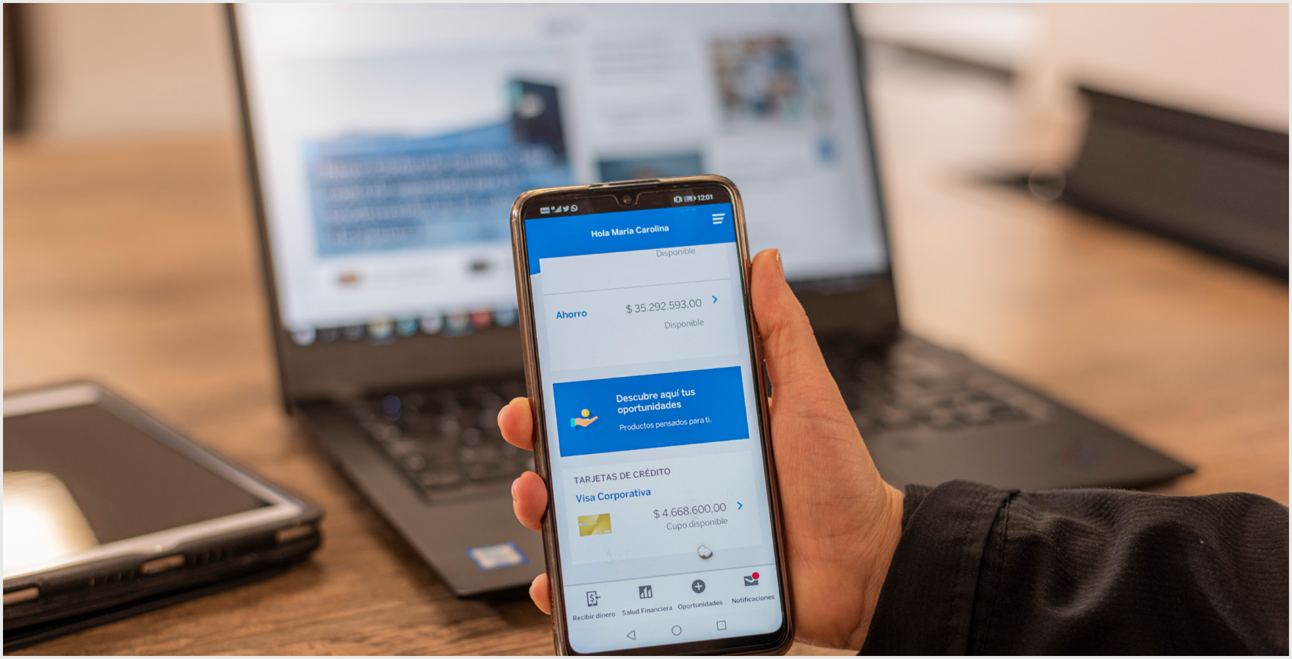
BBVA Colombia's organizational structure is divided into strategic units comprised of eight Executive Vice Presidencies. They are: "Client Solutions," "Corporate & Investment Banking," "Network Management," "Finance," "Engineering," "Risks," "Legal Services and General Secretariat," "Talent & Culture," 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 proposal 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.

- Focusing on 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.



We are committed to the design and implementation of technological solutions that support business processes. We also contribute to the transformation of the customer experience, both in digital and traditional channels.

- 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: 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: unit that encompasses the implementation of distribution strategies. It considers and manages seg-

BBVA Colombia's business structure and organizational chart allow us to address the challenges of the environment and the needs of our customers. To do so, we have a competent, committed and constantly growing team.

"Through our various areas, we ensure the proper execution and sustainability of our busines."

ment, product and channel variables to create a value offer for customers, aiming to enhance and generate value 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.

At BBVA , we have a responsible banking model based on profitability in accordance with ethical principles, compliance with the law, good practices, generation of solutions for its customers, and the creation of long-term value for all its stakeholders.

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 strives for diversity and equity in the attraction, development, retention and management of people, ensuring support for the Group's strategy and transformation.

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.


BBVA

1.3 Organizational Chart Executive Vice Presidencies and Staff Areas

COUNTRY MANAGER BBVA COLOMBIA
Mario Pardo Bayona

VICE PRESIDENTS

EXECUTIVE VICE PRESIDENT OF CLIENT SOLUTIONS
Guillermo Andrés González Vargas

EXECUTIVE VICE PRESIDENT OF CORPORATE & INVESTMENT BANKING
Carlos Alberto Rodríguez López

EXECUTIVE VICE PRESIDENT OF NETWORK MANAGEMENT
Hernando Alfonso Rodríguez Sandoval

EXECUTIVE VICE PRESIDENT OF FINANCE
Germán Enrique Rodríguez Perdomo

EXECUTIVE VICE PRESIDENT OF ENGINEERING & HOD
Gregorio Blanco Mesa

EXECUTIVE VICE PRESIDENT OF TALENT AND CULTURE
Jorge Alberto Hernández Merino

VICE PRESIDENTS

EXECUTIVE VICE PRESIDENT
OF RISK
Alfredo López Baca Calo

EXECUTIVE VICE PRESIDENT OF LEGAL
SERVICES AND GENERAL SECRETARIAT
Ulises Canosa Suárez

CEO AREAS

BBVA RESEARCH
Juana Téllez Corredor
STAFF DIRECTOR

COMMUNICATION AND IMAGE
Constanza García Nieto
STAFF DIRECTOR

INTERNAL CONTROL AND COMPLIANCE
Sandra Meza Cuervo
EXECUTIVE DIRECTOR

INTERNAL AUDIT
Carlos Tolosana Gómez
EXECUTIVE DIRECTOR

1.4 Macroeconomic Environment and Economic Outlook

Macroeconomic Environment
GRI-203-2

In 2021, the economic recovery had a good start in Colombia and the world, mainly due to the implementation of the vaccination system in developed countries, starting in the end of 2020, and in emerging countries, mostly in the first quarter of 2021. Entrepreneur and household confidence increased, in an environment of lower health risk due to vaccine protection, and a rapid and intense increase in domestic demand continued, accompanied by a rebound in global trade, with the support of national governments and still expansive monetary policies.

In our country, the few confinements that took place during the year were focused by city, time and activity; they were shorter and had a sectoral scope that was also smaller than the one in force in 2020. In addition, these confinements allowed for a more complete and widespread opening of social interaction services, so much so that most of them had full capacity permitted by the end of the year 2021.

> *"Thanks to the commitment of our employees and the trust placed in us by our customers, we overcame the difficult times caused by the pandemic."*

The country's vaccination process was key to achieving these goals. By the end of 2021, 76% of the country's population had at least one dose of the available biologics, 56% are fully vaccinated and 7% had a booster dose. With these figures, Colombia was above the global average for vaccination and also above the Latin American average.

Fiscal policy continued to play a key role in the recovery. First, extraordinary subsidies to other population groups not covered by the permanent subsidy scheme were maintained, which helped to keep basic spending (mainly food) growing throughout the year, even in the face of the high statistical base implied by its good performance in 2020.

Secondly, the Government supported job creation with the continuation of the Formal Employment Support Program (PAEF, for the Spanish original), which had been created in 2020 as a response to the crisis caused by the pandemic. Under this program, the Government paid part of the salary of persons hired at companies with less than 50 workers and who had suffered a drop in income due to the pandemic, with even greater support if the employee was a woman.

In addition, spending associated with vaccines and the allocation of a larger budget for free public education for low-income individuals also boosted public spending. In total, this item once again grew above the GDP, as one of the most dynamic components of the year's growth. In addition, these measures, among other reasons, explained the maintenance of a high fiscal deficit of the Central National Government (7.1% of the GDP in 2021), despite the higher-than-expected recovery of tax collection.

The performance of private consumption was also outstanding, driven by several factors. On one hand, households had greater confidence, which made them less fearful of losing their jobs and gave them positive expectations about their future, leading to more purchasing decisions.

On the other, household income was supported by the recovery of jobs and the country's wage bill, higher savings from 2020 retained spending, which was used for transactions in 2021, higher remittances and regional income from the high value of the coffee harvest.

Private spending also increased thanks to a change in household habits: the tendency to consume increased considerably, consequently reducing the proportion of income saved. In other words, households not only used the savings generated in 2020, when stronger constraints restricted their spending decisions, but at the same time, in 2021, allocated a larger share of the new income for spending. This last factor drove domestic demand growth during 2021, even above income generation.

However, a continuation of this trend could, in the medium term, reduce the economy's savings, a key variable for financing investment, increasing future production capacity and accelerating the country's potential growth. Likewise, low savings rates and the high imported component of domestic consumption and investment spending, explained the increase in the current account deficit to 5.6% of the GDP, according to BBVA Research estimates.

Despite the effects caused by the pandemic, at BBVA Colombia we have joined the recovery dynamics of the economic activity.

During 2021, household consumption remained mainly driven by spending on goods, rather than services, except for the strong growth in digital betting in the case of the latter. Otherwise, social interaction services, traditionally associated with entertainment and tourism, are still lagging behind other consumption groups. The higher growth of the goods group was not exclusive to Colombia, but also to most countries in the world.

In part, this increased global demand generated some of the bottlenecks observed, as production and transportation logistics did not grow at the same rate as global goods spending. As a result, international cost and price pressures emerged, with effects on monetary policy decisions and on the global supply chain of raw materials and final products.

Indeed, in the United States, the Federal Reserve (FED) began tapering at the end of 2021 and is expected to increase its interest rate in 2022.

In Colombia, monetary policy began a cycle of interest rate increases, taking interest rates from 1.75% (the lowest historical rate achieved in 2020) to 3%. The latter level was still in expansionary territory, although the increases were a response to the inflationary pressures in the country and to the increase in future price expectations.

The transmission of these policy decisions to market interest rates occurred gradually; they were more immediate and complete in interbank rates, without affecting the recovery dynamics that had been occurring in credit to households and companies, which was explained by the recovery of economic activity and the soundness of the financial system.

In 2021, inflation ended at 5.6% annually, driven by higher food prices, exchange rate devaluation and low inventories in some sectors of the economy. Specifically, the average exchange rate increased by 1.4%, due to the strengthening of the US dollar at a global level, the internal volatility caused by the fiscal and external deficits, the loss of investment grade and the logistical problems resulting from the protests in April and May. The latter, along with lagging international shipments and growing domestic demand, led to a reduction in industrial and commercial inventories, which will put pressure on prices, on one hand, and incentives to increase local produc-

"The advances in digitization that occurred at the strongest moments of confinement were, for the most part, maintained in 2021."

tion activity, on the other. In fact, industrial production has already reacted to this momentum with increases in output and increases in employment, albeit of a lesser magnitude in the latter case. However, in terms of production, this sector has already surpassed pre-pandemic figures.

The recovery of domestic production, along with the acceleration in housing construction, led to an upward cycle in fixed investment in Colombia. Producers maintained high rates of installed capacity utilization, encouraging them to increase their purchases of machinery and equipment. Likewise, the acceleration of purchases of low-income housing (LIH), supported by the public subsidies in force, allowed for an improvement in the rates of starting residential construction this year.

On the contrary, the other components of the investment showed low intensity. First, civil works only grew in the mining component and, more moderately, in royalty-financed works. The other items, related to roads, aqueducts and telecommunications conduits, showed mediocre performance.

Second, commercial construction (offices, retail, etc.) will take time to recover as they maintain high levels of inventory and vacancy in the primary and secondary markets.

Since 2020, BBVA has ranked sustainability among its strategic priorities, with the aim of supporting and helping its customers to move towards a more sustainable world. In 2021, we ratified this commitment by financing sustainable operations for COP 1.3 trillion.

In total, GDP in 2021, driven by final consumption and investment in machinery and equipment and in housing, grew 10.6%. Growth in private consumption was 14.6% and in fixed investment 11.2%. As a result of high domestic demand, imports increased significantly, by 27.5%, and exports, although accelerating slowly in non-traditional goods, limited their performance due to low oil and coal production. In total, they grew 14.2%.

In this context, financial markets experienced another year of high volatility, which has been common to most emerging countries. The price of local assets (exchange rate and treasury securities, among others) reacted, above all, to expectations regarding international monetary policy, amid upward pressures on global inflation, and to the consolidation of decisions or signals given by the monetary authorities regarding the gradual withdrawal of monetary stimulus.

The exchange rate, as mentioned above, remained at high levels due to the strengthening of the US dollar in a scenario of higher risk premiums in emerging countries. Government securities rates increased, partly due to the global environment, but also in response to the country's fiscal dynamics. And portfolio capital flows were highly unstable throughout the year, with good inflows in the middle months, but significant outflows at the beginning and end of the year.

This volatility in portfolio flows was offset by a significant inflow of foreign currency for the public sector, as a result of external loans and the amount provided by the IMF to its partner countries, of which Colombia received USD 2,790 million. In addition, they supported the inflow of close to USD 11,000 million in foreign direct investment to provide the country with almost full financing of the 2021 current account deficit. In the end, the country had to have a small decumulation of reserves, maintaining, in any case, a high level thereof in relation to the GDP (around 19%).

Digitalization and Its Impact on Customer Behavior

The advances in digitization that occurred at the strongest moments of confinement were, for the most part, maintained in 2021. With data as of the first half of 2021, 70% of financial transactions were carried out through digital channels, up from 73% in 2020. In addition, the percentage of transactions in physical offices remained at 4%. Remember that, prior to the pandemic, these shares were 64% and 7%, respectively.

The increase in digitalization is explained by greater access to Internet and the greater digital appropriation of the Colombian population. In the first case, during the first half of 2021, the number of fixed Internet accesses grew by 9.6% year-over-year, accelerating from the number in 2020, when it increased by 8.6% for the full year. In addition, the number of accesses increased from 7.0 million in 2019 to 7.6 million in 2020 and 8.2 million by June 2021. In the second case, not only did knowledge and use of the Internet increase, but so did its productive use.

Thirty-nine percent of the Colombian population is familiar with and uses the Internet (compared to 22% before the pandemic) and, 55% of them use it for transactions or education, compared to only 33% before the pandemic.

In turn, the process of enrolling the country's population in banking services continued. In March 2021, 89.4% of the population had access to at least one formal product, an increase of 1.6 percentage points compared to the end of 2020. This meant that 32.7 million adults were enrolled in banking services.

Economic Outlook for 2022

For 2022, BBVA Research expects a GDP growth of 4.0%; this figure may be higher as oil prices are trading higher than expected and household consumption remains strong. In any case, it will mean a deceleration compared to the significant growth in 2021 and the beginning of the gradual landing of growth rates to more sustainable figures in the medium term.

During the year, GDP dynamics will have two distinct periods. In the first two quarters of the year, the year-over-year expansion will be high, driven by the low statistical base of the same period last year (due to the confinements and logistical problems amidst the protests), the high level of economic activity reached in December 2021 (carry-over effect) and the maintenance of high household consumption.

In the second half of the year, the year-over-year variation will be lower due to high levels of activity at the end of 2021, which implies a very demanding statistical base. This is also because of the negative effects of inflation and interest rate increases on household and business spending decisions. Therefore, the annual growth rate will decelerate throughout 2022, because the strong increase in domestic demand that occurred as the previous year progressed is not expected to be repeated.

There will be large differences in 2022 growth compared to 2021 performance. First, final consumption, both public and private, will cease to be the main source of economic expansion and will hand over the lead to exports and fixed investment.

Private consumption will slow down, despite the improved job market outlook, due to the lack of savings plans, which households were counting on in 2021.

Another cause of the slowdown in private consumption will be the progressive reduction in the tendency to consume (the percentage of income allocated to spending), due to the persistence of high rates of informality and the demanding statistical base of certain groups of goods that grew significantly in the previous year (semi-durables such as clothing and footwear, for example). However, the 10.07% increase in the minimum salary will help to increase consumption among the minimum salary earners, partially offsetting the decline in formal employment that this decision may imply. In total, private consumption will grow significantly less than in 2021.

Second, although public consumption will decelerate in 2022 to below GDP growth, it will continue to be relevant because the expenses associated with the purchase of vaccines, the positive real increase in government employees' salaries and the permanence of several transitory subsidies approved in the 2021 tax reform, are maintained. The fiscal deficit, therefore, will remain above 5%, allowing for a minor reduction in public debt, but keeping it close to 64% of the GDP.

Third, imports will grow less than in 2021, not only because domestic demand will grow at a more moderate rate, but also because the expansion profile of consumption and investment will be different. On one hand, private consumption will be driven more by the group of social interaction services than by the group of goods, leading to a lower increase in imports of consumer products and a recovery of employment in the sectors associated with entertainment and tourism.

On the other, investment dynamics will be driven more by the increase in civil works than by the purchase of machinery and equipment, with a component consisting more of imports and housing construction. The latter two will, in any case, remain positive thanks to the economy's high use of installed capacity and housing sales at record levels in 2021, but their year-over-year performance will decline sharply.

Civil works will be driven by the continuation and start of large infrastructure works (4G and 5G awards, Bogotá Metro, and mass transit systems in other cities, among others) and by the increased execution of works by mayors and governors, who had low capacity to execute works in the first two years of their government due to the effects of the pandemic. As a whole, total fixed investment will grow less than in 2021, but more than the total GDP, mostly driven by the components less related to product imports. However, the external deficit will remain high, at around 5.0% of the GDP due to higher dividend remittances abroad, following the outstanding recovery of the economy (and corporate profits) in 2021, but explained by higher oil prices.

Fourth, export growth, which will also be greater than the GDP, will be driven by increased mining, industrial and agricultural production and high international prices. Likewise, external demand from the country's main trading partners will continue to grow, although at a lower rate than in 2021, associated with a global rebound after the recession caused by the pandemic. Non-traditional product shipments, explained more by external demand than by domestic production capacity, will continue to grow.

Inflation will continue on its upward trend during the first half of 2022. This is partly due to the existence of high international costs for raw materials and the maintenance of high tariffs for international transport of goods, which will continue to be transmitted to domestic production costs and consumer prices. Although overall costs will be curbed in the second half of the year, they will remain at high levels.

At the same time, inflation will also be under upward pressure due to price adjustments in social interaction services, the progressive closure of excess installed capacity, as the level of potential output is gradually achieved, and the depreciation of the exchange rate due to monetary decisions in developed countries and the economic and political context of the upcoming electoral period.

In fact, the exchange rate will remain highly volatile and at increased levels in 2022, as a consequence of the valuation of oil prices, the increase in global risk premiums and the electoral environment.

Inflation will end 2022 at 5.7%, but will peak at nearly 8% in the first half of the year. Thus, the Central Bank of Colombia will continue the accelerated cycle of interest rate increases in the first half of the year, but will leave it unchanged in the second half of the year. At the end of the year, the expected intervention rate will be above the neutral rate, that is, there will be a contractionary rate for economic activity. Even so, positive growth rates in economic activity are expected to drive further acceleration in financial system lending, while higher interest rates will help increase the economy's levels of savings and allow for more sustainable growth in the medium and long term.

1 .5 Digitalization, New Consumers and Sustainability

Sustainability

In line with the Bank's overall strategy and the Sustainable Development Goals (SDGs), in 2021, we carried out transactions for more than COP 1.38 trillion in sustainable financing, i.e., financing projects and operations related to the environment, green energy, and social or inclusive growth projects.

Sustainable mobility stood out, with the financing of more than COP 107,355 million for private and corporate vehicles with lower emissions and operations such as that granted to the First Line of the Bogotá Metro project for COP 339,000 million, through which we supported one of the country's most important infrastructure projects and which, being an electric train, becomes a milestone in sustainable financing.

In certified sustainable housing, we financed more than COP 117,000 million, both in construction and in the housing purchase that validate a minimum savings of 25% in both energy and water consumption, in addition to financing COP 98,533 million in low-income housing, certified as a first home, thus promoting a more inclusive future for our country.

Another important milestone was achieved with the first KPI linked loan in the tourism sector associated with the reduction of the energy consumption of Hotel Las Islas; this COP 70,000 million operation is paving the way for this type of financing for companies.

Digitalization

BBVA ended 2021 with close to 1.3 million digital mobile customers and a 38.66% penetration of product sales made through digital channels. This is a consequence of the fact that after the pandemic Colombian consumers are more digital and have increased their use of these channels.

Regarding the contracting of digital products, two of the products that were contracted most through digital platforms were the opening and consultation of savings accounts and making payments. The activation of a fingerprint as a security filter and transaction notifications are among the most frequently consulted functions.

It is important to note that the mobile banking app can also be used to open payroll accounts, credit cards and investment portfolios, among others. Given the consumer trend, it is estimated that in 2022, 47% of its new customers will be enrolled through digital media.

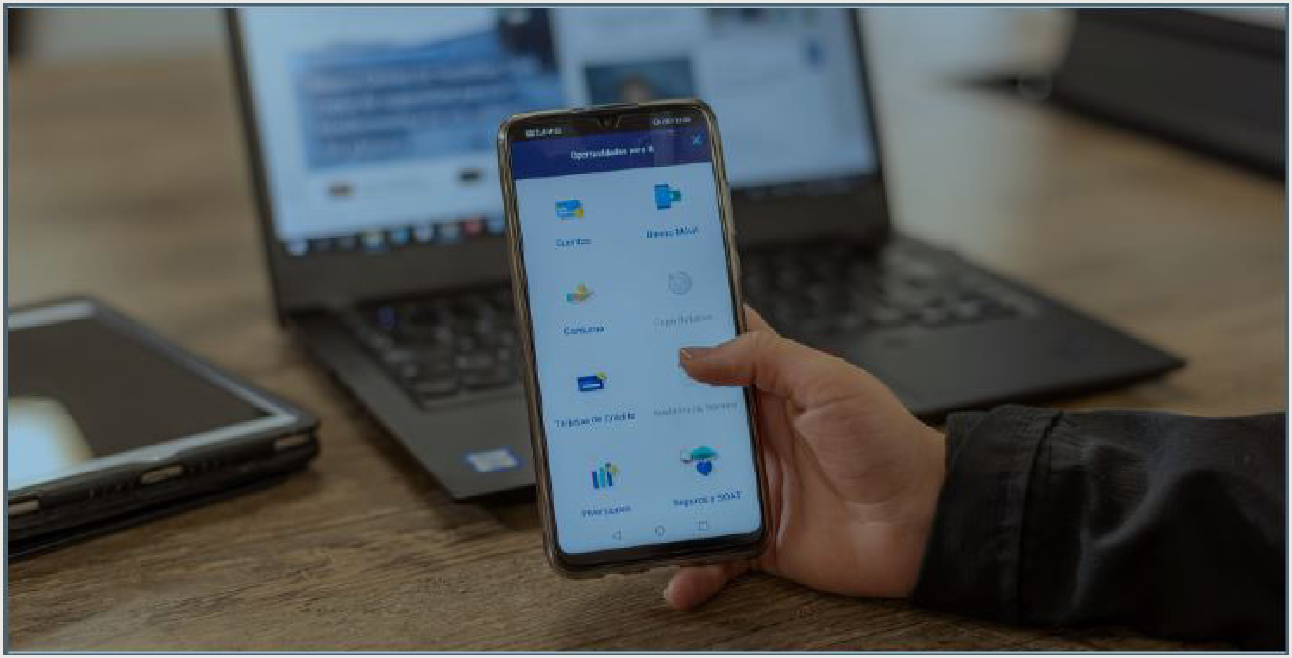
According to data as of December 2021, the number of digital customers who frequently use the mobile banking app log in at least once every three months, thus achieving a growth of 35% compared to 2020.

In 2022, digital penetration is expected to grow by 20%, thanks to the strengthening of the digital offer for both individuals and SMEs.

The increase in Internet use was evident during these years of the pandemic. According to the figures, among Colombians who use the Internet, the productive use of the Internet increased from 33% before the pandemic to 55% by the end of 2020, confirming that we are on the right track and that the way forward is digital.

In addition, these were several important milestones in digital sales:

Payroll account relief: with an improvement in the account conversion rate, which eliminates friction and incidents and recovers our



Two of the products that were contracted most through BBVA digital platforms were the opening and consultation of savings accounts and making payments. The activation of a fingerprint as a security filter and transaction notifications are among the most frequently consulted functions.

digital channel for enrollments. We managed to open 117,000 accounts during the year, placing more than 11 thousand accounts through digital media in December.

Digital Credit Cards: an increase in the rate of product offerings was observed, which enabled us to enroll 7,700 credit cards throughout the year, and achieve more than 4,000 enrollments by December 2021.

Placement of 117,000 high-value consumptions through pre-approved one-click purchases.

1.6 Regulatory environment

During 2021,the regulatory environment made special emphasis on counteracting the economic and social effects of the emergency caused by COVID-19. Specifically, for the financial sector, efforts focused on the need to have a robust capital market and financial system aligned with the context of digital transformation, in order to ensure economic growth and generate social welfare.

BBVA Colombia permanently monitored new developments in legislation, allowing timely adaptation to new regulations and using the most efficient criteria in their implementation. The Bank complied with the legal requirements governing the banking activity and carried out its operations in accordance with the instructions issued by the authorities, always following and adhering to the legal guidelines in its activities.

With this in mind, and considering it is of interest to all our stakeholders, below are the most relevant regulations issued by the authorities in 2021:

New laws

Law 2102/2021: establishes a gradual reduction of the weekly working hours, without reducing workers' salaries or affecting their acquired rights and guarantees. This gradual reduction begins two years after the Law takes effect; at the end of this term, the weekly working hours will be reduced by one hour, and the following year, they will be reduced by another hour. As of the fourth year of the Law's effect, weekly working hours will be reduced by 2 hours each year down to a 42-hour work week.

Law 2121/2021: creates the remote work regime. This is one way to execute the contract of employment in which the entire labor relationship (from beginning to end) must be performed remotely, through the use of information and telecommunication technologies. The employer shall provide all tools and equipment to remote employees. Any employee may use this new form of execution of the contract of employment, provided that it is agreed by both the employer and the employee.

Law 2155/2021: social investment law, which adopts a set of fiscal policy measures that work in an articulated manner. Financial institutions will be required to pay additional income and complementary tax points during the periods from 2022 to 2025. Regarding factoring operations, banks may register in the DIAN's RADIAN platform to enable the negotiation of electronic invoices, without becoming electronic billers.

Law 2157/2021: establishes general provisions on Habeas Data in relation to financial, credit, commercial, service and third-party country information. By meeting certain requirements, it is intended to eliminate negative records of persons reported in credit reporting agencies. This information may not be consulted for making employment-related decisions, nor may it be used for purposes other than the analysis or calculation of the holder's credit risk.

New Decrees

Decree 109/2021: establishes the National COVID-19 Vaccination Plan. The program describes the target population, the criteria for prioritization, the phases, the route for administering the vaccine, the responsibilities of each stakeholder and the procedure to pay the costs of its execution.

Decree 151/2021: amends Decree 2555 mainly in relation to the disclosure of information by issuers of securities. To highlight the main aspects: i) It extends the list of events subject to the reporting of relevant information and determines the information that must be reported; ii) Issuers must keep the National Securities Registry (RNVE) updated, submitting periodic and relevant information to the Financial Superintendence; iii) Orders to transfer money or securities that enter a clearing and settlement system for securities transactions shall be deemed accepted when they have been entered into the system and confirmed by the participants. It also applies to payment systems and foreign exchange clearing and settlement systems.

Decree 257/2021: amends the Exclusive Regulatory Decree of the housing sector, establishing conditions for long-term individual housing loans. It establishes, for both LIH and non-LIH, the maximum percentage that can be financed with respect to the va-

"At the Bank we were ready to comply with and support the regulation related to the National COVID-19 Vaccination Plan"

lue of the property and the maximum percentage of the first installment of the loan with respect to the family income. These percentages also apply to residential leasing operations for the acquisition of family housing.

Decree 660/2021: regulates partnerships with private law entities for the acquisition of vaccines. Legal entities of private law, individually or through representatives of a plural number thereof, may acquire COVID-19 vaccines by entering into contracts or partnerships with the National Unit for Disaster Risk Management.

Decree 890/2021: establishes that any company affected by the causes that gave rise to the declaration of the State of Emergency (pursuant to Decree 417/March 17, 2020), that signs a reorganization agreement and that, in accordance with its legal regime has the capacity to do so, may convert its credits into risk bonds (ordinary or convertible). The foregoing, provided that such issuance is contained in the respective reorganization agreement or in an amendment thereto when it was not initially contemplated.

Decree 938/2021: modifies the accounting standards for financial information with regard to the members of Group 1 (in which the Issuers of Securities are included). The changes, among others, are related to: i) Classification of liabilities as current or non-current;

ii) Property, plant and equipment; iii) Reform of the reference interest rate; iv) Onerous contracts - cost of performance of a contract.

Decree 1084 of 2021: modifies the rules applicable to financial institutions acting as policyholders on behalf of their debtors. It establishes that the debtor must be provided, at the beginning of the loan or lease (and periodically), with information on the insured amount, the coverage included in the policy and the costs associated with the insurance taken. It states that the debtor may take a policy with an insurance company other than the one selected by the financial institution, provided that it complies with the conditions set by the financial institution.

Decree 1399/2021: establishes the incentive for employment generation (formerly called support for the generation of employment for young people). As with other programs, the application and dispersal of funds is carried out through financial institutions.

Decree 1437/2021: amends the Exclusive Regulatory Decree of the Health Sector in relation to the conditions for opening and managing master accounts for the collection of contributions. These amendments entail adjustments to the process of settlement, recognition and payment of the Capitation Payment Unit. Banking entities will be selected and the collection agreement will be signed in accordance with the regulations and parameters defined by the Manager of the Funds of the General Social Security System in Health (ADRES, for the Spanish original).

Decree 555/2021: this Decree adopts the general revision of the Bogotá Land Use Plan. In accordance with the procedures provided for in Laws 388/1997 and 810/2003, and Exclusive Regulatory Decree 1077/2015, the approval of the revision of the Land Use Plan corresponded in the first instance to the Bogotá City Council. However, once the 90-day term granted to the Council by law to make a decision on the approval expired, Mayor Claudia Lopez was authorized to adopt it by Decree.

Notice - Central Bank of Colombia

Regulatory Public Notice DOAM - 148: in relation to the procedures for operations to regulate the liquidity of the economy, it includes the option for an Open Market Operations (OMO) Placement Agent to voluntarily anticipate the maturity of remunerated term money deposits, with an original term greater than or equal to 14 days, up to one business day before the maturity date initially agreed in the operation.

Notices - Financial Superintendence

Public Notice 002/2021: defines the guidelines for overseen entities to expand their customer service channels through mobile and digital correspondents. The mobile correspondent provides services on an itinerant basis, on behalf of the financial institution, using mobile devices connected to it online or offline. A digital correspondent is one that provides its web or mobile apps to financial consumers connected to the financial institution to carry out transactions.

We are facing a real era of opportunities thanks to new technologies, such as artificial intelligence, cloud processing, quantum computing, blockchain technology, etc., which have a major impact on economic growth and productivity.

Public Notice 006/2021: modifies the valuation methodology for equity securities registered in the RNVE and issued by closed mutual investment funds, private equity funds, stand-alone trusts or trusts in securitization processes.

Public Notice 009/2021: provides instructions regarding the authorization regimes for capital investments of Financial Holding Companies. It establishes a general authorization regime and an individual authorization regime, in order to make the respective process more efficient.

Public Notice 016/2021: establishes the guidelines applicable to the controlled testing area for financial innovation activities. By meeting certain requirements, the following may have access: i) Legal entities that intend to implement innovative technological developments (ITD) to carry out activities inherent to the entities supervised by the Superintendence; ii) Overseen entities that intend to implement a development (ITD) to carry out an activity not inherent to their license; iii) Overseen entities that intend to implement a development (ITD) to carry out an activity inherent to their license, but that cannot do so due to legal provisions that they require to be more flexible.

Public Notice 017/2021: provides instructions in relation to the know-your-customer procedure. It exempts overseen entities from verifying the identity of final beneficiaries and shareholders or associates of potential customers, when they are listed in international stock exchanges that have disclosure requirements equivalent to those registered in the National Securities Registry (RNVE). It defines rules related to the simplified know-your-customer procedure for legal entities. It includes in the Basic Legal Notice the provisions of Decree 830/2021 on politically exposed persons (PEP).

Public Notice 018/2021: establishes the Comprehensive Risk Management System (CRMS), integrating the management of credit, market, operational, liquidity, counterparty, guarantee, insurance and country risks. This system is a set of policies, strategies, practices, procedures, methodologies, controls, thresholds and/or limits that allow the entity to, among others: i) Establish and promote a risk culture; ii) Design, implement and monitor the risk appetite framework and the strategy for its execution.

Public Notice 019/2021: provides instructions in relation to the advisory activity in the securities market, establishes criteria for the classification of products (simple or complex) and their distribution, and indicates requirements for the implementation of technological tools in providing professional recommendations. Overseen entities that carry out the respective advisory activity must consider in their Operational Risk Management System (ORMS) the effective management of the risks derived from the development of the activity, among others.

Public Notice 020/2021: in order to promote the proper protection of financial consumers, it strengthens the regulations for carrying out the acquisition activity performed by Credit Institutions and Companies Specializing in Electronic Deposits and Payments (SEDPE, for the Spanish original); it also strengthens the regulations regarding the provision of payment services by the Low Value Payment System Management Entities (EASPBV, for the Spanish original). Credit Institutions and SEDPEs must strictly comply with the principles of due diligence, accountability and transparency established in Law 1328/2009. Acquirers overseen by the Financial Superintendence are responsible for having the proper mechanisms to ensure the identification and authentication of businesses in processing payments.

Public Notice 022/2021: with regard to stockbrokers acting as liquidity builders, it establishes that it is prohibited to simultaneously carry out operations corresponding to their activity as liquidity builders of a security and act as a placement agent in a public offering of the same security.

Public Notice 023/2021: establishes the implementation of the technological development Smartsupervision, which provides the Superintendence with updated information on the management of complaints or claims filed by financial consumers. It modifies the regulatory framework of the Consumer Service System (SAC, for the Spanish original), aligning it with international practices.

Public Notice 024/2021: establishes the implementation of control measures so that entities may provide call center services (Call Center, Contact Center) through employees located outside the corresponding exclusive facilities. These measures include the strengthening of the monitoring of operations carried out with products whose information has been managed in these areas.

Public Notice 026/2021: issues instructions regarding temporary liquidity support. This is in line with the provisions established by the Board of Directors of the Central Bank of Colombia on: (i) including among the securities eligible for temporary liquidity support, investments classified as held-to-maturity; (ii) allowing the use of the aforementioned investments (held in the Central Securities Depository of the Central Bank of Colombia) to implement liquidity operations in the event of disasters.

Public Notice 028/2021: issues instructions in relation to the single accounts for the management of resources of electoral campaigns, overseen entities must, among others: (i) have a special customer service channel through which concerns and queries regarding the opening of these accounts are processed and resolved; (ii) publish in a visible and easily accessible place on the website and in the network of offices, clear and updated information on this channel and how it will operate; (iii) maintain at the disposal of the Superintendence and the National Electoral Council information regarding the requests for opening these accounts.

"Thanks to innovation and technology, BBVA provides access to products, advice and solutions so its customers can make better decisions about their finances and achieve their life and business purposes."

Public Notice 072/2021: publishes the list of systemically important entities for the 2022 fiscal year. BBVA Colombia is on the list along with Bancolombia, Banco de Bogotá and Davivienda. Among other obligations, these entities must constitute an additional capital buffer equivalent to 1% of the value of assets weighted by credit, market and operational risk level, which must be maintained in the Ordinary Basic Equity Net of Deductions (PBO, for the Spanish original).

Other legal provisions

Public Notice 11 of the National Civil Registry: provides the designs, security schemes and main functionalities of the digital citizenship card. These cards aim to increase security, biometric identification and authentication, prevent impersonation, ensure the protection of personal data, and secure identification verification by the authorities, among others.

DIAN Resolution 0017: updates the requirements for the country's banking establishments to obtain authorization in order to receive and collect returns (tax, customs and exchange), including their virtual channels. It establishes guidelines on registration, reporting and penalties for non-compliance.

Notice 018 of the Attorney General's Office: in relation to compliance with Law 1712/2014, on transparency and access to National public information, it establishes: validity and implementation times of the standards, guidelines and requirements defined by the Ministry of Information Technologies; (ii) how the Attorney General's Office carries out preventive activities in this regard; (iii) follow-up and monitoring tools.

It is important to bear in mind that the entities that manage public funds or resources are among the parties required to comply with this Law.

Fines and Penalties of the Financial Superintendence

GRI-419-1

During the 2021 fiscal year, the Bank was notified of the following resolutions:

- Resolution No. 0302/March 30, 2021, whereby the Financial Superintendence of Colombia resolved the appeal filed against Resolution No. 0487/May 21, 2020, which confirms the fine of COP 350 million. The origin of the penalty is the reporting of forms.

- BBVA Colombia was notified of first instance Resolution 0602/June 25, 2021 issued by the Financial Superintendence of Colombia, which imposed a warning and penalty of COP 450,000,000, for the obligation to maintain information on products and/or services at no cost and failed ATM transactions in the branch network. An appeal was filed. The penalty has been provided for.
- On October 6, 2021, BBVA Colombia was notified of first instance Resolution 1113/ October 4, 2021 issued by the Financial Superintendence of Colombia imposing a penalty of COP 300,000,000, for non-compliance with Decree 518/April 04, 2020 related to the Solidarity Income Program (PIS, for the Spanish original). The Bank filed an appeal, whose timing is being challenged by the SFC. The penalty has been provided for.

> *“We want to be our customers’ trusted financial partner to help them improve their financial health, through personalized advice, by virtue of technology and the use of data.”*

1.7 Progress of our Strategy and business model

Our Purpose and Strategic Priorities
GRI-102-15, GRI-102-16

At the end of 2019, BBVA approved its current strategic plan that anticipated many of the major global trends that have been accelerated by the pandemic. These trends include the mass digitization of all sectors and activities, driven by changing consumer habits.

Beyond the use of digital and remote channels, an unprecedented wave of disruption is occurring thanks to technology and data. A real era of opportunities thanks to new technologies, such as artificial intelligence, cloud processing, quantum computing, blockchain technology (which allows for a secure, decentralized, synchronized and distributed record of digital operations, without the need for third-party intermediation), etc., which are transforming the economy and will have a major impact on economic growth and productivity.

Decarbonization of the economy to limit the effects of climate change is the main and most important disruption among those taking place. The challenge of achieving the goal of zero net emissions by 2050 requires drastic changes in habits and behaviors and the deployment of carbon-free technologies in all sectors, not only the energy sector. This requires unprecedented innovation and investment, which some estimates[1] set at around 5% of the global GDP by 2050.

The acceleration of these trends reaffirms BBVA's strategy, which revolves around a single purpose: "making the opportunities of this new era available to everyone". Thanks to innovation and technology, the Bank provides access to products, advice and solutions so that its customers can make better decisions about their finances and achieve their life and business purposes.

> *"BBVA wants to support its customers with financing, advice and innovative solutions in their transition to a more sustainable future, focusing mainly on two areas: climate action and inclusive growth."*

[1] OECD/The World Bank/UN Environment (2018), Financing Climate Futures: Rethinking Infrastructure, OECD Publishing, Paris.

Our Strategic **Priorities**

- Improve the **Financial Health** of our customers
- **Growth** in **Customers**
- The best and most **committed** team
- Assisting our customers in their transition to a **sustainable future**
- Pursue **operational excellence**
- **Data** and **Technology**

Guided by this purpose, BBVA's strategy is centered on six strategic priorities:

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, by advising them in the achievement of their medium and long term business and life goals.

> *"BBVA is committed to providing the best customer experience. To do so, it enables access to its products and services through simple processes."*

Assisting our customers in their transition to a sustainable future

BBVA wants to support its customers with financing, advice and innovative solutions in their transition to a more sustainable future, focusing mainly on two areas:

- Climate action: mobilizing the right resources to manage the challenge of climate change.
- Inclusive growth: mobilizing the necessary investments to build inclusive infrastructure and support inclusive economic development, in an equitable manner and leaving no one behind.

BBVA perceives the commitment to sustainability not only as a challenge that needs to be addressed urgently, but also as an important business opportunity. The energy transition, in particular, will require significant investments over the coming decades to replace fossil fuels with cleaner and more efficient energy sources.

BBVA understands the commitment to sustainability as an important business opportunity. The energy transition, in particular, will require significant investments over the coming decades to replace fossil fuels with cleaner and more efficient energy sources.

This will have an impact on virtually every industry and the way people move around, consume or condition their homes.

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), paying special attention to the most profitable products and segments.

In this regard, the focus of BBVA's profitable growth in the coming years will be centered on activities such as payments, insurance, asset management, and value segments such as SMEs and private banking, as well as Corporate and Investment Banking (CIB) activities.

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 their 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, not to mention the discipline in risk management, both financial and non-financial, and the optimization of the use of capital.

The best and most committed team

The team is a strategic priority to the Group. 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.

"In 2021, BBVA's customer acquisition through digital channels broke an all-time record, standing at more than 3.3 million, which accounts for 40% of our total new customers."

Data and technology

Data and technology are clear drivers of the strategy. The commitment to the development of advanced data analysis capabilities, along with secure and reliable technology, allows the creation of high quality differential solutions.

The use of data and new technologies also makes it possible to generate increasingly global processes that can be used in different regions and are easily scalable, thus reducing the unit cost of processing. BBVA continues to make progress in developing an increasingly robust security and privacy model (cybersecurity, business processes, fraud and data security).

Our Objectives

By executing this strategy, BBVA aims to:

- Be a larger-scale and more profitable bank.
- Be a different entity that stands out for its differential value proposition.
- Continue to lead in efficiency.

In line with the strategic priorities and to closely monitor the degree of progress in their execution, BBVA has defined ambitious financial and business objectives for the coming years in terms of efficiency, profitability, creation of shareholder value, customer growth and the channeling of sustainable financing. These objectives were discussed on Investor Day celebrated on November 18, 2021.

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 and through channels and agreements with third

parties. During the 2021 financial year, the Group has attracted more than 8 million new customers. As a result of improved digital capabilities, customer acquisition through digital channels has steadily increased over the last few years, and in 2021 it broke an all-time record, reaching more than 3.3 million (doubling the number of customers acquired in 2019), which accounts for 40% of the total number of new customers.

Digital customers account for 68% of the total at year-end 2021 and total 40.1 million (+36% since December 2020). Mobile customers grew by 43% in the year, to 37.9 million, and account for 64% of the total. Digital sales now account for 72% of total units sold.

A key aspect to gain scale and competitiveness is investment in innovation, new technologies and disruptive business models. The Group invests in the development of universal digital banking solutions that respond to changing customer needs, with a focus on new and attractive markets. For example, in FY2021, the Group completed the launch of its 100% digital business in Italy. This is a milestone that BBVA has achieved by relying on the Bank's infrastructure in Spain and its leading mobile app in Europe.

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 2021, revenues generated in the SME segment will contribute 13% of the gross margin, making it a critical segment to the Group. With the aim of boosting this segment, in FY2021 the Group worked to implement measures in order to improve remote capabilities. Specifically, we have broadened the catalog, with a 100% digital product offering in all key products, and we have made progress in the development of risk models to make more proactive offers to customers. By the end of 2021, approximately one in three BBVA customers had a proactive offer.

International Enterprise Banking

In 2021, BBVA Pivot (advanced solutions for treasury management) was launched, which makes it possible to renew the range of services for multinationals through a digital solution that facilitates the management of the daily activity of companies.

“BBVA wants to be the partner of reference for entrepreneurs and business, by helping them to sell more and in a secure manner. That’s why we develop both physical and ecommerce payment solutions.”

BBVA Pivot operates in a centralized manner in 15 countries, allowing us to activate treasury services in all necessary markets and through the channel of choice for payments, collections, supply chain finance, single account position, syndicated loans, card expense settlement and more. It is operating for companies with activities in South America (Argentina, Peru, Colombia, Uruguay, Venezuela and Chile), in Spain, Turkey, Belgium, France, Portugal and the United Kingdom, as well as in Mexico, the United States and Hong Kong.

Innovation for Payments

BBVA wants to be the partner of reference for businesses, by helping them to sell more and in a more secure manner. This means having payment solutions in the physical world, but also with accessible and innovative solutions for ecommerce. To this end, in addition to traditional payment products, BBVA offers high-value solutions such as “buy now, pay later” (BNPL) or financing linked to point-of-sale (POS) terminal billing.

In Mexico, BBVA has Openpay, the largest cash payment processing platform with the widest coverage in the country. BBVA is working on extending Openpay to the rest of South America. In the world of private individuals, BBVA has also been able to make innovative products available to its customers. One example is the Aqua card, a safer and smarter card, with no printed numbers and a dynamic CVV (Card Verification Value) to provide maximum security for online purchases.

Insurance
BBVA has strengthened its capabilities by reaching agreements with the main global insurance groups so that its customers can receive modern products and services. In this regard, in 2021, several partnerships were strengthened in Spain and Peru, and new agreements were formalized in Argentina, Mexico and Colombia. The Group's objective is to have the best capabilities per geographic area for its customers.

Private Banking
BBVA offers its Private Banking customers personalized, comprehensive and specialized, increasingly global advice, with an innovative value offer, where ESG factors play a very relevant role. As a result, BBVA was named the world's best private bank for responsible investment by Global Finance in 2021. Also in 2021, the Private Banking unit in Spain was recognized as the best private bank in the world in digital services for customers by PWM/Financial Times Group.

In turn, BBVA continues to be firmly committed to the entrepreneurial ecosystem through:

- Investments through venture capital vehicles such as Propel Venture Partners and Sinovation Ventures, which help position the Bank in new markets with significant growth potential. Propel, which has independent management located in San Francisco, is a vehicle for investing and also gaining insight into the fintech ecosystem. It has invested in over 40 companies, 6 of which have achieved "unicorn" status and 2 of which (Coinbase and Docusign) have successfully gone public. In turn, Sinovation is a leading Chinese asset manager whose focus is to develop the next generation of Chinese high-tech companies based on artificial intelligence.
- Support for companies with high growth potential in innovative sectors related

to new technologies in all the markets in which BBVA operates, with specific products, advice and financing to cover their needs throughout their life cycle.

A different bank that stands out for its differential value proposition

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

Thus, BBVA ranks in the top positions in the Net Promoter Score - NPS[2] , which is reflected in the retention data, which show a positive performance in the levels of customer churn (retail and SMEs), and greater engagement of digital customers, whose churn rate is 7.4% lower than that of non-digital customers.

As of December 31, 2021, BBVA maintained its leadership in the retail NPS indicator in Spain and Mexico. In Turkey, it ranked second, in the same position as 2020. In Argentina, the various plans promoted by senior management at the end of 2020 have enabled us to reverse last year's situation, thus recovering the favorable perception and trust of our customers.

In Colombia, Peru and Uruguay, BBVA lost its leading position, but various plans for its recovery have already been implemented, which have reversed the trend in recent months.

In 2021, BBVA put special focus on helping small and medium-sized companies to recover from the impact of the pandemic, with a close and personalized service model that has positioned BBVA as leader of the segment in Mexico, Turkey, Colombia, Peru and Uruguay, and to occupy the second place in Spain, moving up one position.

[2]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.

In turn, the NPS commercial indicator maintained its leading position in two countries: Mexico and Peru. In Argentina and Colombia, it ranked second. In Spain, BBVA dropped from second to third place.

At the forefront of digitalization

For more than a decade, digitalization has been one of the pillars of BBVA's strategy and during this time it has been evolving its value proposition. Initially, the Group focused on improving customer service through digital channels in order to provide customers with self-service systems that would allow them to carry out transactions and purchase products in a simple and agile manner 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.

Therefore, in 2021 BBVA has worked to continue developing global solutions regarding **Financial Health.**

"We support companies with high growth potential in innovative sectors, related to new technologies, through products, advice and financing to cover their needs throughout their life cycle."

At BBVA, we are approaching the area of Financial Health from two angles: day-to-day control and the achievement of medium and long-term objectives:

1. On one hand, we support customers in the day-to-day management of their finances, helping them to have a better understanding and comprehension of their income and expenses, through solutions such as categorization and prediction of expenses, and even financial equity and proactive notifications of relevant events that, as far as possible, provide them with greater control of their savings. Many of these solutions are already available in the regions where BBVA is operating.
2. In turn, we advise customers in the achievement of medium and long-term objectives. People's needs change over time: from buying a home to saving for their children's college education or planning for retirement are long-term goals that require support until they are achieved. Advice on how to achieve these objectives is also included in the area of Financial Health.

Assistance in day-to-day control is relevant to all customers regardless of their income and expenses. Sharing with them generic rules and personalized recommendations, aimed at controlling income and expenses or reviewing debt levels, are relevant for all customers' day-to-day management. Depending on the customer's financial status, advice is also customized with regard to their Financial Health.

In 2021, we created the Global Sustainability area to boost its strategy, raising sustainability to the highest executive level of the Organization. Sustainability represents a business opportunity and a key growth lever for BBVA. The differential offer of sustainable products provided by BBVA, along with its advisory capacity, gives the Group a competitive advantage.

In addition to a personalized experience, BBVA wants to be its customers' trusted partner by supporting them with proactive experience. Its objective is to provide customers with peace of mind, since the moment an important event that impacts their finances occurs, the bank automatically informs them.

Additionally, through proactive experiences (more than 50 available by the end of 2021), customers receive simple proposals that allow them to solve or mitigate these challenges; for example, making a transfer from another account in case of predicting a possible overdraft due to a credit card payment.

All this has made BBVA the leader in digital experience in Europe for the fifth consecutive year, according to the report 'The Forrester Digital Experience Review TM: European Mobile Banking Apps, Q3 2021.' This report identifies leaders in mobile banking functionality and user experience, and shares best practices that professionals can learn from. BBVA is the only Spanish bank that is the leader in digital mobile banking experience.

Pioneers in sustainability

BBVA incorporates sustainability in its day-to-day business and in everything it does, both in customer relations and internal processes. In this sense, the definition and execution of the strategy, which incorporates sustainability and climate change as one of its priorities, cuts across the entire organization.

In 2021,BBVA created the Global Sustainability area, to boost its strategy, elevating sustainability to the highest executive level of the Organization with reporting to the Managing Director and the CEO on matters regarding the Group's sustainability strategy.

Funds mobilized under the 2025 commitment (millions of euros)

FUNDS MOBILIZED UNDER THE 2025 COMMITMENT (MILLIONS OF EUROS)				
	Production 2021	(%)	Production 2020	(%)
Climate change	30.640	87	15.341	75
Inclusive growth	4.737	13	5.175	25
Total	35.377	100	20.516	100
Total 2025 Commitment (cumulative to 2021)	85.817	43	50.440	

Sustainability represents a business opportunity and a key growth lever for BBVA. The differential offer of sustainable products provided by BBVA, along with its advisory capacity, gives the Group a competitive advantage over other entities.

During FY2021, 12% of the total new business origination at the Group level was linked to sustainability. Between 2018 and 2021, BBVA channeled a total of EUR 85,817 million to sustainable activities. Approximately 20% of them have resulted in incremental business for the Bank.

This accounts for 43% of the channeling target initially set in its 2025 Commitment, which BBVA has increased in 2021 to double that target, bringing it to millions of euros by 2025. Funds mobilized under the 2025 Commitment (millions of euros).

ASSETS UNDER MANAGEMENT WITH SRI CRITERIA (BBVA ASSET MANAGEMENT. MILLIONS OF EUROS)		
	2021	2020
Total assets under management	119.307	109.355
SRI strategy applied		
Exclusion (1)	119.307	109.355
Vote (2)	111.160	72.376
Integration (3)	80.981	9.053

1. The exclusion strategy applies to 100% of the assets under management.
2. The voting strategy applies to 100% of the assets under management in Europe for those instruments in BBVA AM portfolios with voting rights and whose issuers are in Europe.
3. The integration strategy is applied in pension plans and SRI investment funds of the business in Europe.

[3] BBVA uses the activities described in the section "Additional information on BBVA Group sustainability standards and frameworks", in the Green Bond Principles and the Social Bond Principles, the Sustainability Linked Bond Principles of the International Capital Markets Association, as well as the Green Loan Principles, Social Loan Principles, Sustainability Linked Loan Principles of the Loan Market Association and the best market practices as reference standards to fulfill the objectives derived from its 2025 Commitment.

In April 2021, BBVA was one of the founding members of the Net-Zero Banking Alliance: (NZBA).

Climate change

In 2021, BBVA led issuances of green, social, sustainable bonds and bonds linked to environmental indicators of customers in several countries, which accounted for a total volume unbrokered by BBVA of EUR 6,683 million. In addition, BBVA has continued to be very active in the area of sustainable corporate lending and sustainable project financing.

In 2021, BBVA in Spain achieved its commitment to offer a sustainable alternative for all its products in the retail segment. Also in Spain, in 2021 BBVA became the first entity to use data analytics to calculate the carbon footprint of all its private and corporate customers, obtaining an approximate estimate of CO2 emissions based on gas and electricity bills and fuel expenses.

Inclusive growth

During 2021, BBVA mobilized EUR 4,737 million in inclusive growth, of which EUR 2,868 million was allocated to financing social infrastructure and EUR 1,869 million was allocated to financial inclusion and entrepreneurship.

In addition, the Group also reinforced its commitment to the community to support inclusive growth in the countries where it is operating, for which it will allocate directly as support to foundations, EUR 550 million between 2021 and 2025.

(For more information on the commitment to the community, see the "Commitment to the Community" section in the "Our Stakeholders" chapter of this report).

Aligning activity to achieve net zero emissions by 2050

In terms of the alignment of its activity, BBVA has been net emissions neutral for its direct activity since 2020 (on management of direct impacts, see the "Management of direct environmental impacts" section of the "Report on climate change and other environmental and social issues" chapter of this report). In addition, the bank has also committed that its indirect activity, i.e. through its lending and investment portfolio, will also be net greenhouse gas neutral by 2050. In April 2021, BBVA was one of the founding members of the Net-Zero Banking Alliance: (NZBA).

To this end, in 2021 BBVA continued to make progress in the decarbonization of its portfolio. It announced its intention to reduce its exposure to coal-related activities to zero by ceasing to finance companies in these activities by 2030 in developed countries and by 2040 in the rest of the countries in which it is operating.

It also set interim targets to decarbonize its portfolio in four emission-intensive industries, namely the power generation, automobiles, steel and cement sectors, which account for 60% of global emissions.

To this end, the Bank will focus its efforts on supporting its customers with financing, advice and innovative solutions in the joint effort to decarbonize. For more information, see the "Identifying, measuring and integrating climate risk into risk management" section in the "Report on climate change and other environmental issues" of this report.

At BBVA Colombia we are committed to reducing polluting emissions and promoting actions in favor of climate change on a daily basis through our daily activities.

Global benchmark

In 2021, BBVA achieved for the second consecutive year the highest score among European banks in the DJSI, which measures the performance of the largest companies by market capitalization in economic, environmental and social matters. Globally, the Group obtained the second best score (88 points), achieving the highest score (100 points) in the areas of financial inclusion, environmental and social reporting, human capital development and materiality.

BBVA was also included for the fourth consecutive year in the Bloomberg Gender-Equality Index, in recognition of its commitment to creating trustworthy work environments in which the professional development and equal opportunities of all employees are guaranteed, regardless of their gender.

BBVA is a member of the main sustainability indexes (see the "Sustainability indexes" section). This is recognition for the work that BBVA has been doing for more than 20 years through its active participation in different initiatives at the supranational level. BBVA wants to continue to be a leader in the international agenda in favor of inclusion and the fight against climate change, expressing its commitment to various initiatives (see the section "Participation in international initiatives").

BBVA is committed to transparency and therefore, together with this non-financial information, it publishes its annual TCFD (Task Force on Climate-related Financial Disclosure) report in accordance with the recommendations of the FSB (Financial Stability Board) and publishes additional disclosures on sustainability following two of the most advanced standards in the market such as WEF-IBC expanded metrics or Sustainability Accounting Standards Board (SASB) - Mortgage Finance and Consumer Finance Standards.

Continue to lea d in efficiency

BBVA is working to optimize its customer relations and acquisition model, with the aim of achieving customer growth at a reduced cost. In this regard, the Group aims to channel low-value traffic towards a self-service model that is always accessible to the customer and thus, respond to changing consumer habits, which are increasingly digital. Proof of this is that digital transactions increased by 24% compared to 2020, while office transactions declined by 20%.

This new reality means serving more customers and generating more growth by optimizing the cost structure, with a direct positive impact on network productivity and efficiency. Thus, during FY2021, the ratio of customers per office increased by 22% and sales per network employee by 25% 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 our customers in a faster and more efficient manner. Thus, the functionalities placed in the hands of customers on the ‘s mobile app in Spain have increased 3-fold since 2016.

Another example is the number of days from the time a team starts designing a functionality until it is implemented, which has been reduced by 50% in Mexico over the same time frame. 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 for customers' needs. To this end, in recent years the Group has focused on increasing the reuse of technological developments and digital solutions between countries.

Two examples are the mobile app for retail customers in which 75% 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.

This focus on operational excellence has led us to consolidate our leading position in terms of efficiency for yet another year. The efficiency ratio stood at 45.2% at the end of 2021 (53 basis points better than in 2020, in constant terms), while the average of our European competitors stood at 62% at the end of September 2021 (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 through which individual capital is allocated for each transaction, and this is linked to a dynamic pricing system.

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-adjusted return on risk-weighted assets (RORWA) at year-end 2021 stood at 2.01%, 85 basis points higher than at the end of the previous year. For more information on RORWA, see "Alternative Performance Measures (APM)" in the "Other Information" chapter.

1.8 Hand-in-hand with our employees

GRI-102-41, GRI-103-2, GRI-103-3

The best team

The constant progress in cultural transformation at BBVA Colombia has enabled us to quickly and decisively face the global events that have impacted 2020 and 2021. Our cultural attributes based on the values defined by the Group, added to our principles, values and agile practices, strengthen us to continue to move forward in a very competitive world, in which our employees are the fundamental pillar of the internal culture.

However, the levers that mobilize of Talent and Culture (T&C) are continually evolving to meet the needs of the organization and its

In 2021 we carried out 52 training webinars, 150 ideation workshops and 244 team coaching sessions, where valuable information is shared, teams are guided in the use of different tools for problem solving and development, and continuous improvement plans are made.

people. They are a reference to articulate the continuous improvement plans necessary to achieve our objectives.

Based on this, we have found that the adaptation to change achieved by employees and their teams has enabled us to flow as an organization in a different work scheme, moving from a face-to-face environment to virtuality, promoting care for people and their families and supporting labor flexibility in the current situation caused by the pandemic.

In addition, the Agile office is also one of the main drivers of cultural transformation, because it gives rise to valuable interactions that have a cross-cutting impact on the organization.

The results achieved by BBVA in these matters are shown in the following items:

- The positioning and strengthening of the Maturity Model of agile teams drives the internalization of agile principles and values and achieves a recurrent measurement of the dimensions of behaviors and actions, which enables the development of action plans that allow the team to continue advancing according to their needs and those of the organization, optimizing their performance and delivery of value to our customers.

- The results of the measurements carried out in 2021 place us at a halfway point (45% progress) of maturity in the adoption of new ways of working.

- The evolution of the Agile Continuous Improvement Model, which measures the progress of the organization's transformation through different T&C levers, allows the areas to build their specific training plans with the information gathered, assigning responsibilities to the "owners" of the processes or drivers of the levers. In 2021, the model was optimized to achieve a clearer and closer understanding of the transformation, to which new aspects have been added.

- In the measurement carried out in 2021, 1,590 (86%) employees from central areas participated, reaching 66% of transformation promoters and 60% progress in the overall measurement of the continuous improvement model in the teams from central areas.

- Boost in the creation and function of the different agile roles, with 90 Product Owners, 76 Kanban Masters and 13 Scrum Masters. These roles have been involved in specific training processes, enabling people to perform their functions with better results, and a positive impact on the projects they lead.
- On another note, 52 training Webinars, 150 ideation workshops and 244 team coaching sessions were carried out, where valuable information is shared, teams are guided in the use of different tools for problem solving and development, and continuous improvement plans are made.
- In addition to the above, the project ideation process was boosted, creating tools and implementing methodologies that allow the proper development of the organization's projects in order to optimize the workflow.

Organizational transformation

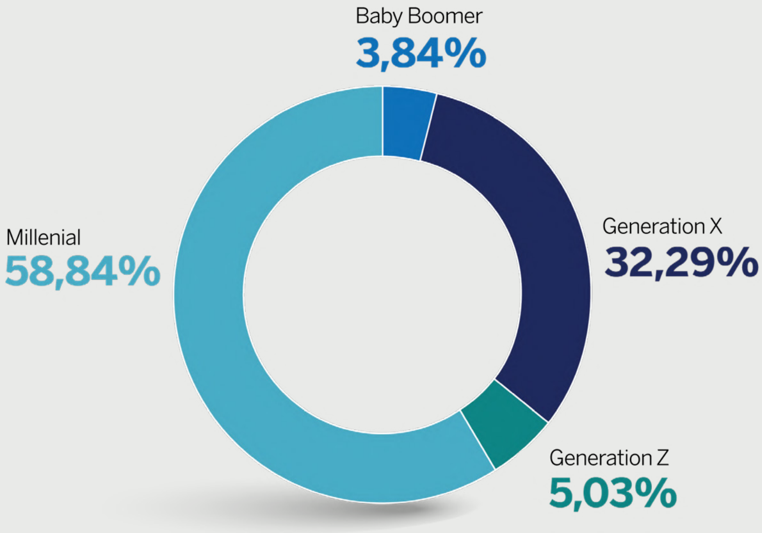
During 2021 BBVA Colombia generated new capabilities in its different areas, leveraging strategic projects for the transformation of products and services. Similarly, the Housing Unit was consolidated and the Payroll and Payroll Loan product was strengthened, which promoted the synergy between each of the Banking areas, ensuring teamwork and achieving excellent results for BBVA Colombia. It also participated in the National Government's initiative with the "My First Job" program, committed to the country's economic recovery and to young Colombian talent.

Likewise, we continued to permeate the Agile Culture through organizational structures in the Agile model, distributed in strategic Building Blocks that allow us to enhance teamwork, breaking down organizational silos, focused on the needs of our customers.

The team in figures

GRI-102-7, GRI-102-8, GRI-202-1, GRI-401-1, GRI-401-2, GRI-404-1, GRI-404-2, GRI-405-1, GRI-405-2

At the end of December 31, 2021, there were 5,284 employees, 57.7% of which were women. Likewise, the BBVA team reflects significant generational diversity, as shown in the graph below, highlighting the substantial representation of Millennials and Generation X, which allows us to enhance team performance and boost employee engagement.



To support the transformation and implementation of the agile model, BBVA has nine Scrum Masters, who support the different groups in terms of coaching, mentoring and team facilitation. They also support digital transformation, through which BBVA has strengthened new capabilities, with at least 308 roles focused on digitality, such as: Software Engineers, Designer User Experience, Infrastructure Engineers, Agile Coach, Security Engineers, and analytics professionals, among others.

By professional category, the core personnel is in basic positions, consisting of 57% of the workforce, and managers and middle management make up 29%, respectively.

In terms of compensation and benefits, the Bank's entry-level salary is 2.42 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. In addition, there are exclusive benefits for auxiliary positions, such as catering for employees who work a continuous workday and the incentive for tellers.

Breakdown of employees by gender

GRI-102-7

Total Bank employees BBVA Colombia 2020	5.284
Men	2.233
Women	3.051
Men (%)	42.26%
Women (%)	57.74%

New employee hires in 2021

GRI-401-1

Gender	Between 25 and 45	Over 45	Under 25	Overall total
Women	203	7	113	323
Men	243	9	66	318
Overall total	446	16	179	641

Staff turnover (hires and dismissals)
GRI-401-1

Gender	Hires	Dismissals	Turnover rate*
Women	323	240	18.97%
Men	318	239	25.87%
Overall total	641	479	
Turnover Rate			21.83%

Breakdown of workforce by employee category and age
GRI-405-1

Positions	Under 25	Between 25 and 45	Over 45	Total
Managers	0	3	8	11
Management Level	0	111	138	249
Middle Management	1	242	202	445
Middle Management II	25	1.066	468	1.559
Entry-level Positions	240	2.032	748	3.020
OverallTotal	266	3.454	1.564	5.284

Breakdown of workforce by employee category and gender
GRI-405-1

Positions	Female	Male	Total
Managers	1	10	11
Management Level	116	133	249

Positions	Female	Make	Total
Middle Management	203	242	445
Middle Management II	832	727	1.559
Entry-level Positions	1.899	1.121	3.020
Overall total	3.051	2.233	5.284

Gender ratio broken down by professional category - Average

GRI-405-2

Positions	Female	Male	Average annual fixed income	Female/male salary ratio
Managers	COP 360,810,982	COP 755,912,635	COP 719,994,303	47.7%
Management Level	COP 186,785,803	COP 241,259,553	COP 215,882,224	77.4%
Middle Management	COP 127,693,399	COP 133,269,090	COP 130,725,573	95.8%
Middle Management II	COP 81,668,598	COP 89,267,622	COP 85,212,210	91.5%
Entry-level Positions	COP 51,926,945	COP 57,083,492	COP 53,841,014	91.0%
Overall Total	COP 70,307,200	COP 89,917,565	COP 78,594,472	78.2%

Starting salary/legal minimum salary ratio

GRI-202-1

Minimum salary BBVA Colombia 2021	Legal minimum salary (SMLV, for the Spanish original)	Salary Ratio
$2.197.927	$ 908.526	2.42

Employee Training and Benefits 2021
GRI-401-2

Beneficio	Valor Pagado (Cifras en Millones)
Meal Stipend	COP 968,8
Eye Surgery Benefit	113,6
Death Benefit	153,1
Children's Educational AssistanceHijos	650,6
Educational Assistance for Disabled Children	22,4
Maternity Assistance	119,5
Eye Care Benefit	1.329,8
Graduate Study Loan	1.334,9
Undergraduate Study Loan	1.305,5
Teller Incentive	297
Seniority bonus	9.263,2
Seniority Vacation Bonus	226,9
Vacation bonus	10.145,3
Extralegal Bonus	66.079,4

Average annual training hours
GRI-404-1

Training hours	Total Hours
BBVA Colombia	258.161,81
Average per person	47,26

*updated to Dec 2021

Training hours broken down by gender
GRI-404-1

Gender	Hours	%
Women	154.262,65	59,75%
Men	103.899,16	40,25%
Total Hours	258.161,81	100,00%

*updated to Dec 2021

Average courses broken down by gender
GRI-404-1

Gender	Average Courses
Women	50,17
Men	41,40
Average	46,48

*updated to Dec 2021

Training hours broken down by employee category
GRI-404-1

Employee category	Hours	%
Managers	276,63	0,11%
Management Level	11.132,36	4,31%
Middle Management	20.719,28	8,03%
Middle Management II	66,870,39	25,90%
Entry-level Positions	159.163,15	61,65%,
Overall total	258.161,81	100,00%

*updated to Dec 2021

Number of employees by type of workday and gender
GRI-102-8

Workday	Women	Men	Total
Part Time	50	12	62
Full Time	3.001	2.221	5.222
Overall total	3.051	2.233	5.284

Number of employees by type of contracts and gender on payroll

Contract *	Women	Men	Total
Permanent	3.051	2.233	5.284

Note 1: In addition, at the end of December, BBVA was employing 291 people between SENA apprentices and trainees (184 women and 107 men).

Note 2: Likewise, as of December 31, BBVA had 988 workers on assignment (842 women and 146 men) who basically support the branch network by covering absences during vacations, disabilities and leaves of absence, among others, thus ensuring adequate customer service and, in the rest of the Organization, for the execution of projects or eventual operational support.

Workforce by type of contract and region

GRI-102-8

Ciudad	Indefinido	Aprendizaje	Total
Bogotá	3.021	170	3.191
Cali	198	13	211
Medellín	297	15	312
Barranquilla	185	11	196
Other cities	1.583	82	1.665
Total	5.284	291	5.575

Percentage of employees covered by collective agreement (Pact - Convention)
GRI-102-41

Employees	Total
Covered by Agreement	100%
Not covered by Agreement	0%

100% of employees are covered by collective agreements; only five expatriate employees are not covered by these agreements.

Accident rate

Types of accidents	With disability	Without disability	Total
Number	23	26	49
Accident frequency rate		0,89	
Absenteeism rate		2,76%	

As part of the 2021 Solutions Development T&C, complying with the purpose of executing transformation and continuous improvement projects, according to the strategic priorities set by the SDA and seeking efficiency in their execution, it focused its actions on the following matters:

Work Day

Change from People Soft's global core T&C platform to Work Day

This is one of the newest tools you can find in the market, but, despite this, its quality is far greater than many other solutions that have been available for a long time, which is why it has managed to spread and be implemented by a large number of companies internationally. Its outstanding attributes include high connectivity, digitality of information and substantial improvement in analytics.

Implementation has been managed along the following lines:

- Data Line: validation of the quality and accuracy of all information managed by T&C.
- Testing Line: functional and technical testing of the core Payroll process.
- Reporting Line: adjustment in reporting.
- Third Party Impact Line: integration with other platforms and applications that require it as a source of data.
- Change Management Line: preparation of the different groups for its use and enjoyment.

This tool is expected to be launched in production by the second quarter of 2022.

Home Office (Diversity and Work-life Balance)

Under the Home Office modality, an efficiency of COP 3,790 million was consolidated as a result of releasing the occupancy of the Media Building and the 17th and 18th floors of the Venados Building.

The Solicita app was put into service to reserve work stations in order to support the hybrid work model, controlling the occupation of the building, with an initial scheme of 2 days at the Bank and 3 days at home; this scheme is under evaluation depending on the evolution of the pandemic and the needs of the areas.

Through the new Training Model required to prepare the sales force, a 100% virtual, digital and gamified training and certification protocol was developed and launched for Enterprise and Government Banking.

Electronic Payroll

We developed and implemented an electronic transmission system whose functionality generates an electronic payroll support document and the consequent transmission to the tax authority (DIAN) as the only legal supporting document. It applies to BBVA and subsidiaries in Colombia. This development is required due to the issuance of DIAN Resolution 0013, which requires employers to submit such report to the oversight body.

It was successfully submitted to the DIAN by each of the subsidiaries and the Comercializadora. The Bank's report will be submitted in May 2022 in accordance with the provisions of the DIAN.

> *"As a lever of transformation, we have built significant momentum to implement a culture of equity, equality, diversity and inclusion in our actions."*

Talento Joven (Young Talent)

This project arose as a response to the need to leverage the development of new capabilities for BBVA Colombia by attracting young talent to generate career plans and rapid cultural adaptation, through partnerships with the education sector. It is focused on the profiles that are not currently in great supply and that are essential for the development of BBVA's strategy (STEM careers). Among the initiatives carried out as part of Talento Joven, it is important to mention:

- Lecture at the Javeriana University: a forum in which relevant BBVA professionals approach the university community. Some of the speakers in 2021 were our CEO Mario Pardo and BBVA Research's chief economist for Colombia, Juana Téllez.
- BBVA - SENA Software Development Program: consists of a closed education offer, focused on educating and training underprivileged young people in development areas, in the programs in highest demand for our technological architecture.
- Professionals in Training: Twenty-four young professionals were hired for training in the Bank's most critical subjects and skills, in areas such as Engineering, Customer Solutions and Risk, all within the framework of the government's youth programs.

Diversity, Equity and Inclusion

As a transformation lever, we have also built significant momentum to implement as part of our recurrent actions, the culture of equity, equality, diversity and inclusion. This has meant working on different lines of action, which are developed with the support and leadership of members of the BBVA Management Committee, thus achieving a greater impact on employees and customers. These actions include:

- **Gender equity:** we are constantly reviewing the levels of the Organization and its participation by gender, as well as monitoring the figures in order to implement measures to maintain internal equity. We are also promoting succession plans where women are leveraged in a differential manner to provide support that facilitates their growth within the Organization.

- **Participation of ethnic groups within BBVA:** for this purpose, we developed an agreement with SENA (National Training Service), whose main purpose is to train young high school graduates in vulnerable conditions, from Black, Afro-Colombian, Raizal, Rrom and Indigenous ethnic groups, through a Software Development program.

- **Inclusion and participation of people from the LGTBQ collective:** we have generated publicity for the Differences Manual defined by the Group, to increase awareness about what it means to belong to the community. In addition, clear guidelines have been implemented for the elimination of bias in contracting products from customers who are members of the community and by the end of 2021, the Company became a member of the Colombian LGTB Chamber of Commerce in order to promote new initiatives in 2022 with its support.

- **Actions for intergenerational inclusion:** we have two lines of action, one related to the team of young people, where initiatives have been deployed for employee well-being and there are talks with psychosocial content and training for employee entrepreneurship. In addition, for the group of older people, we have worked on training for retirement or layoff, focused on the emotional, social and family environment, as well as their life project and family economy.

- **Measures to break down barriers for people with disabilities,** where we examine the situation of current employees in order to improve their conditions and reduce the different barriers they may have for their inclusion.

- **Finally, we have promoted actions for the balance of work and family life**, disconnection from work and respect for work schedules, through the proper use of time to take care of family time, relaxation and good eating habits, among others.

At BBVA Colombia, the diversity of our team makes us proud and confirms our commitment to being a multicultural, multiethnic Bank that values and promotes diversity, equity and inclusion.

Negotiation of Collective Agreements

GRI-102-41

In June 2021, the negotiation processes of the collective agreements were carried out with the representatives of Bank employees and the Bank, achieving an appropriate negotiation for the parties, in order to review and improve the benefits resulting from these provisions. In addition, the process took place in a scenario of dialog and respect among representatives, which allowed for the proper conclusion thereof by market standards. Of the total workforce, 23% are members of a union organization and 77% are members of the Collective Agreement.

Occupational Health and Safety

GRI-403-4, GRI-403-9, GRI-403-10

At BBVA Colombia, we have implemented a comprehensive Occupational Health and Safety Management System to comply with current legislation and to ensure a safe working environment for our employees. Likewise, through the National Risk Prevention Strategy, we provide coverage to all the Organization's work centers, located nationwide, and manage the different health and safety needs, such as dealing with the COVID-19 health emergency by implementing biosafety protocols, a medical assessment circuit, assignment of personal protection elements and training for self-care and prevention.

We have a health case management program leveraged on a reinstatement policy, which allows the management and monitoring of those employees who have occupational health-related recommendations or who return to the work environment after prolonged sick leave.

This program considers the validation of the situation based on the occupational medical examination, discussing the medical opinion with the person, his/her supervisor and with the support of T&C, through which we ensure the protection measures of people; for cases involving mental health, the support of a psychology professional from the occupational risk administrator (ARL, for the Spanish original) is included.

From this information, it can be defined:

Occupational Injuries
GRI-403-9

All employees (calculated rate x 1,000,000)

Item	BBVA 2021
Number and rate of fatalities resulting from occupational injuries.	Deaths: 0
The number and rate of occupational injuries with major consequences (not including deaths).	Accidents: 0
	Occupational injury rate: 0
The number and rate of recordable occupational injuries.	Accidents: 49
	Occupational injury rate: 4.43
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	11.042.640 hours per year
Occupational hazards that involve a risk of injury due to occupational accidents with major consequences	0
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?	There were no serious accidents during the year 2021. 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.

Occupational Diseases and Illnesses
GRI-403-10

Item	BBVA 2021
The number of deaths resulting from an occupational disease or illness.	Deaths: 0
The number of cases of recordable occupational diseases and illnesses.	Casos: 4
Main types of occupational diseases and illnesses.	Reported occupational disease due to musculoskeletal injury.
The measures taken or planned to eliminate such hazards and minimize risks through the hierarchy of control.	Implementation of a strategy of active and cognitive breaks. 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.

Employee participation, consultation and communication on occupational health and safety
GRI-403-4

Item	BBVA 2021
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. An accountability exercise is carried out with employees annually regarding the Occupational Health and Safety Management System (SGSST, for the Spanish original). 4. Delivery of results to Senior Management in accordance with current legal regulations.

Item	BBVA 2021
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. An accountability exercise is carried out with employees annually regarding the Occupational Health and Safety Management System (SGSST, for the Spanish original). 4. Delivery of results to Senior Management in accordance with current legal regulations.

In order to support and provide well-being for our employees in their personal, occupational and family dimensions, we implemented the "BBVA Enjoy Free Time" Strategy, which considered activities aimed at using free time for sports, artistic activities and games.

With **regard to the COVID-19 pandemic,** during 2021, we maintained the entire protection scheme for employees, ensuring the supply of hand sanitizer, masks and the necessary distancing measures.

In addition, we managed the acquisition of vaccines by BBVA with the National Government, achieving the full or partial vaccination schedule of 96% of the total workforce by the end of December 2021. This was done with the support of ongoing communication campaigns that invited everyone to reinforce self-care at work and in the family environment.

Finally, in order to support employees in their personal, work and family well-being, the **"BBVA ENJOY FREE TIME"** Strategy was implemented, which included activities aimed at the use of free time in sports, artistic activities and games, such as: basketball (individual challenges), soccer (teams playing virtually with FIFA and individual challenges), cycling, and athletics (proposing an individual mileage challenge to be met by each person).

Some of them took place on virtual platforms such as Parcheesi, poker, go-karting and billiards. There were also virtual courses in drawing, guitar, photography, writing and reading. A total of 421 employees participated in this activity.

In the workplace, mental well-being activities and strategies geared towards resilience and adaptation to change were developed with Mindfulness sessions (1,500 people).

We also implemented weekly active break sessions with specific focuses (shoulder, visual, psychosocial, etc.) aimed at the physical and mental well-being of our employees (950 employees per month).

In the family dimension, we carried out activities aimed at integrating employees with their family members, including pets. For the family, the following were implemented: personalized virtual gym, pet contests (1,559 participants), cooking workshops, Family Day celebration (2,100 people connected to musical and magic shows, and cooking demonstrations), recreational vacations for children, parents' workshop, and the generation of points to redeem children's gifts (1,200 employees), among others.

The Emprendiendo en casa BBVA (BBVA Starting a Business at Home) space was managed under this line, where employees and their families can post their business ideas created as a result of the pandemic, promoting the theme through the "BBVA buys BBVA" space where employees share classified ads for sale/lease of services and products in good condition that they want to promote within BBVA.

In the family dimension, we carried out activities aimed at integrating employees with their family members, including pets. We implemented the personalized virtual gym, pet contests, cooking workshops, Family Day celebration (2,100 people connected to musical and magic shows, and cooking demonstrations), recreational vacations for children, and the parents' workshop, among others.

Professional Development Model

GRI-404-3

In Talent and Culture, we created opportunities through the consolidation of the best and most committed teams, developing the necessary capabilities to bring them within reach of all the opportunities that this new era has to offer. To this end, during 2021, we continued to leverage this strategic priority by strengthening the professional development model through greater interaction with the areas, thanks to the capillarity provided by our front office team and the liquid structure that has led to greater proximity to the needs of each of the areas, greater depth in the value proposition and support for the different work teams.

In 2021, we achieved greater depth in the knowledge of the professional development model and its tools and advanced towards self-management and empowerment of the leaders and members of the different work teams in the Get-to-Know Yourself, Improve and Explore stages, achieving the following milestones in each:

Explore: the challenges for 2021 were significant in this field since it was fundamental for the development of the strategic plans outlined by BBVA Colombia, due to the need to attract new talent in key areas to fill strategic vacancies with suitable profiles that generate value through the incorporation of new capabilities in a context of change in the economy, technology and society that ended up impacting the labor market by creating greater competition for human talent.

Actions

1. Strengthening of the Mobility process, which allowed us to identify internal talent in order to provide professional development opportunities. This was achieved by changing the endomarketing strategy, strengthening the selection team, improving the process and strengthening our internal mobility policies.

2. Dynamization of the process of attracting and searching for external talent: this was one of the milestones that had the greatest impact due to the need to attract talent with specific skills and knowledge for each

of the Bank's strategic projects. For this item, we continued the process of strengthening the selection team, improving its relationship with the user areas and the hiring managers in order to find profiles that are better adjusted to the needs.

We also continued to implement new employer branding strategies that would enable us to focus on specific markets and continue the data-driven process by creating scorecards to facilitate the tracking of vacant positions.

3. Creation of special programs for young talent: these programs focused mainly on new skills, incorporating into the different areas young talents that are being trained under the needs and action frameworks of BBVA Colombia, such as the incubator programs that will cover part of the future demand for this type of skills.

Results:

1. Movement of 909 employees to other positions, promoting their career and development plans.

2. Incorporation of 707 professionals aligned with the best team strategy, and a positive response to growth needs.

3. Incorporation of 24 professionals in training through the National Government's First Job Program.

4. Creation of the first course exclusive to BBVA for software developers through SENA, offering 30 positions to young people from different regions of the country.

Get-to-Know Yourself: this stage is the central input for our employees to decide the focus of their professional development, identifying the starting point to meet the proposed objectives and thus, identify strengths and areas for improvement, in order to make the best professional decisions.

> *"During 2021, we carried out different initiatives to promote and train young talent at BBVA as an incubator to cover the future demand for employees."*

Therefore, the actions were focused on strengthening the knowledge of tools and improving the annual evaluation process, in order to achieve results that provide value to each of BBVA's employees through a better understanding of their performance and skills development.

Actions

1. Workshops for leaders and their teams on the tools of the professional development model given by T&C Advisors, which provided a better understanding of the tools, their benefits and team empowerment.
2. Annual Evaluation Process carried out since November in which, with the support of T&C Advisors and Unit Partner, a process was developed that includes the evaluation of individuals and the performance evaluation that will be the basis for the construction of the 2021 talent map to be published in February 2022.

Results

1. A total of 120 workshops were held, with 63% of the workforce participating.
2. Participation in the performance evaluation process of 100% of the participants.

Improvement: Having the best and most committed teams is an action that is built through the development of employee knowledge and skills, closing the gaps with regard to their current or desired role. This is why, throughout 2021, actions related to growth plans and open mentoring were strengthened and progress was made in the construction of differential training proposals for different areas based on the needs of BBVA.

Actions*:*

1. Launch of The Camp platform, which is designed based on 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 by taking a series of specialized training elements in each of these areas and obtaining certifications at valley (basic), mountain (intermediate) and summit (expert) levels, thus promoting the Up and Reskilling processes needed to acquire core capabilities for value development at BBVA.
2. Creation of the Enterprise Banking, Government Banking and Construction certifications, which complement the training offer for the main roles of Network Management and thus provide a robust catalog of training elements to facilitate adaptation to the different roles, reduce the learning curve and contribute to improving the experience of BBVA Colombia's customers.
3. Continuity in the processes of growth plans, open mentoring, coaching and sharing, which facilitate the growth processes of BBVA employees.

Results

1. Evolution of training hours from 202,664 in 2020 to 337,965 in 2021 (November), a growth of 66.76%.
2. Evolution of the total number of courses developed from 188,671 in 2020 to 220,258 in 2021, a growth of 16.74%.
3. 2,156 certified Network Management employees (total enrolled 2,816), 82.35%.
4. 4,750 growth plans created by BBVA Colombia employees.
5. 384 out of 654 leaders certified, 58.71%, at the valley level as part of the lidera training roadmap.

Property and Services

In 2021, we continued to work on adapting to the new normal of the home office, since we were still affected by the COVID-19 pandemic during the entire year. Thus, our efforts continued to be aimed at protecting the health of our employees and customers, and we continued to implement controls to ensure adequate compliance with biosafety protocols in our network of offices, in houses, points of service and headquarters nationwide.

With these new ways of working and thinking about the efficient use of the buildings through hybrid work (part time at home and the other part at the office), the Property area coordinated and executed the necessary activities to improve the capacity of the available buildings (General Management and Teusaquillo).

For this purpose, two remotely connected CPU farms were set up in the Teusaquillo building in Bogotá, with a capacity for 1,056 computers, which allowed us to free up of physical workstations and optimize space. Likewise, neighborhoods were created and workstations were reorganized, aimed at allowing the reservation of workstations to comply with the Bank's definitions regarding hybrid work and the permanent attendance of critical staff, with capacity control through the Solicita application.

Additionally, in compliance with Resolution 777/2021, we adapted facilities with a 1x1 capacity, generating space for offices and central areas nationwide, by supplying elements and signs for the better distribution of customers and employees, in order to comply with the biosafety regulations issued by the National Government.

With regard to the Bank's strategic plan for customers, 348 ATMs were installed in the following project lines: ATM renovation: 186, expansion: 89 and relocation: 53.

With respect to the NETWORK of offices and CIB, investments were made in the expansion of new points: Club El Nogal Personal Banking Branch, new Quibdó City Hall In House, BAT

Aje Ramo Cali Out House and branches that required physical improvements and adjustments. Likewise, the Villavicencio office was remodeled and the access to the office and ATMs for people with reduced mobility was solved. In addition, the Turbo City Hall In House was renovated.

In turn, in order to maintain adequate office conditions and to provide optimal and quality service in the work environment, investments were made to change the equipment of the network and central buildings as follows: 631 items, including TVs, UPS, coin and bill counters, motor pumps, generators, chairs, hand dryers, 35 air-conditioning units and 7 compressors. The plan to change ATM equipment continued in order to improve customer service and service times, for which we replaced 8 UPS and 54 air conditioners.

On the occasion of the riots that occurred throughout the country in the first half of 2021, unfortunately, there were points that were vandalized; however, they were deal with in record time, as follows: 12 of 56 offices suffered intrusion and major physical damage and 20 of 51 ATMs suffered total damage requiring machine replacement and site reconstruction.

Budget executed by Property and Maintenance due to vandalism: Offices COP 1,752 million and ATMs COP 167 million.

Leases

The Bank continued the initiative to manage the reduction of lease payments, as part of which it surrendered 9 headquarters, which generated annual savings of COP 3,163 million.

Fixed Assets

In the course of 2021, the following were handed over for administration or sale 15 properties were handed over to the area of Non-Financial Asset Management (GANF, for the Spanish original), with a total area of 5,737 square meters commercially appraised at COP 28,519 million and a carrying value of COP 19,456 million.

1.9 Progress in our Transformation

Although 2021 was a year in which we had to live through the pandemic, it was definitely a better year than 2020, as we began to see the economic reactivation of the country, thanks to the start of vaccination and the decrease in infections, in addition to the commercial behavior of retail sales and industrial manufacturing production. In the light of the foregoing, at BBVA Colombia we had a slightly more stable year in terms of campaigns, offers and, undoubtedly, a much more favorable year in terms of business.

Thus, the Bank focused its efforts on promoting solutions to put the best opportunities of this new era in the hands of its customers. Among the different actions, it is important to highlight the following:

- Traffic to the different digital channels grew significantly, leveraged by an effort in Search Engine Optimization (SEO) on the page for our customers (bbva.com.co), which is demonstrated by the increase in conversions, which doubled compared to the previous year, and the increase in the number of visits to our main digital channels:

    - Customer page traffic: 33.3 M visits (2020) vs 38.2 M visits (2021) +15%

    - 10.7 million single visitors (2020) vs. 14.4 M single visitors (2021) +34%

    - BBVA mobile traffic: 241.4 M visits (2020) vs 295.2 M visits (2021) +22%

    - 5.2 M Unit visitors (2020) vs 5.5 M Unit visitors (2021) +5%

- As for the contact with our customers, through e-mails, SMS and push notifications, through our Sales Force tool, we implemented technological functionalities such as "Goal" that reduce feedback time from the base, allowing us to react very quickly to customer interaction. In turn, we doubled the number of journeys developed in 2020, giving us scalability in customer relationships for issues such as payments, cards and security solutions such as dynamic CVV.

- We developed tests with dynamic content for different communications. Finally, we expanded our inventory and redoubled our communication efforts with customers in order to have a constant presence through the different solutions offered by our portfolio.

- Through Social Studio, a monitoring tool, we expanded the coverage of conversations from 500 K to 10,250 M hashtags, which gives us the ability to react to what customers are saying in social media, regarding news, campaigns and communications.

- We also reactivated optimization capacity, for the timely generation of alerts with the different teams for the correct performance of each bank product. Among the tests performed, it is important to mention the optimization exercise for the use of QR codes for which the "Conversion baseline" was increased from 4.38% to 13.55%, achieving a 209% increase in sales.

- Throughout the year, the results achieved in favor of mobile and digital customers were also highlighted, as follows:
    - 1,295,869 digital customers and 1,709,165 mobile customers; 75.82% of our digital customers use the mobile app.
    - Digital customer growth: 7.70% (November 2020 vs. November 2021)
    - In the pandemic months (March to November), we grew by more than 391,800 digital customers.

In the same process, the growth of digital sales was boosted, and in 2021, in terms of value and share of digital sales over the rest of the bank, they accounted for 38.55% of total sales vs. 34.70% in 2020. Although it was a year that was somehow still affected by the pandemic, growth was identified in products such as credit cards and consumer credit, which grew in sales by 302% and 93%, respectively compared to 2020.

> *“BBVA’s values define our identity and are the pillars for making our Purpose of making the opportunities of this new era available to everyone a reality.”*

1.10 Our Values, a Cornerstone

GRI-102-16

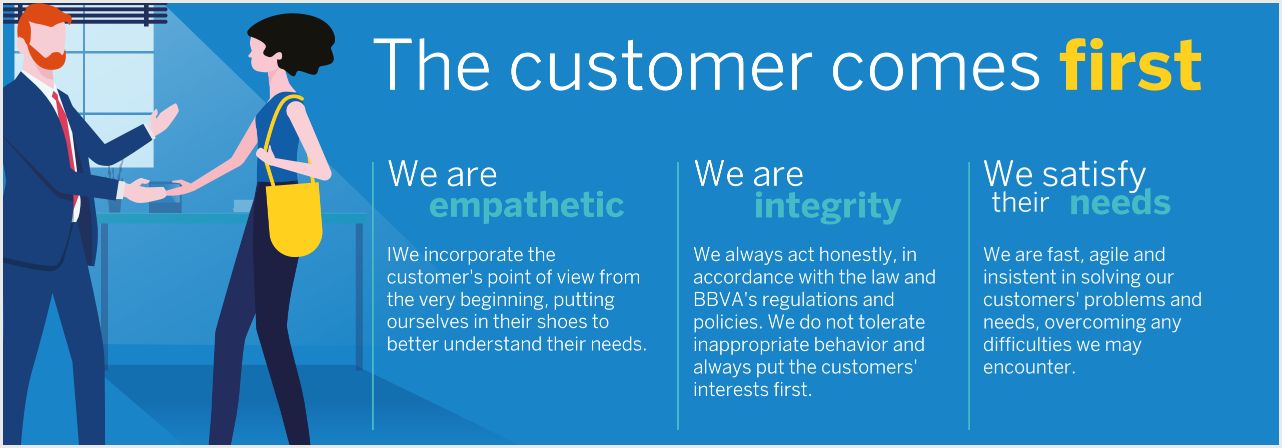
BBVA's values were ratified through an enriching open process that included the opinions of employees from all of the Group's regions and units. They define our identity and are the pillars for making our Purpose a reality. That is why at BBVA Colombia we experience them in this way:

The customer comes first: at BBVA, we have always focused on the customer, but now, this value takes precedence over others, thus achieving a holistic rather than a financial view of the customer. This means, among other things, working with empathy, agility and integrity; this value is reflected as follows:

- We are empathetic: we incorporate the customer's point of view from the very beginning, putting ourselves in their shoes to better understand their needs.

- We have integrity: everything we do is legal, publishable and morally acceptable to society. We always put the customer's interests first.

We satisfy their needs: we are fast, agile and insistent in solving our customers' problems and needs, overcoming any difficulties we may encounter.



We think big: this value is not only about innovation, but also about having a significant impact on people's lives, by increasing their opportunities. BBVA is ambitious, questioning everything and not being satisfied by doing things reasonably well, because excellence is always sought as a standard. This value is reflected as follows:

- **We are ambitious**: we set ambitious and aspirational challenges in order to have a real impact on people's lives.
- **We break the mold:** we question everything we do to consider new ways of doing things, innovating and testing ideas in order to learn.
- **We surprise our customers:** we strive for excellence in everything we do to surprise our customers by creating unique experiences and solutions that exceed their expectations.

We are a team: people are the most important thing to BBVA, and all employees are owners and co-responsible for this project. We break down silos and trust others as we trust ourselves.

We reflect this value as follows:

- I am committed: I am committed to my role and my objectives and I feel empowered and fully responsible for achieving them, working with passion and enthusiasm.
- I trust others: I trust others from the start, and I am generous in my work, collaborating and breaking down silos between areas and hierarchical barriers.
- I am BBVA: I feel a sense of belonging to BBVA. I assume the Organization's objectives as my own and I do everything in my power to achieve them and make our Purpose a reality.

These values are reflected in the daily work of all BBVA employees, and influences all their decisions. The implementation and activation of these values is supported by the entire Organization, including Global Leadership, for launching global and local initiatives that ensure the consistent activation of these values in BBVA.

Accordingly, and with the **"What Moves Us"** slogan, in 2021 the fourth version of Values Day was held. This is a special event that takes place worldwide, with the purpose of taking a break in employees' regular activity to reflect on the importance of BBVA Values in the life of the Organization.

This edition of Values Day was held on October 6 in digital format through the "BBVA Values" platform, which allowed the active participation of 90,819 employees, exceeding the 89,491 employees who participated in 2020, achieving an employee satisfaction rate of 94.7%.

Among the most relevant events of this edition, it is important to mention the use of the Values App with attractive activities to promote values, recognition, games, interactive videos, etc.

These figures reflect the level of acceptance and participation in the main Values Day activities:

- We are driven by our purpose: 16,435 visits
- We are driven by our values: 17,501 visits
- Disconnect to connect: 85,027 visits
- Blank slate: 22,387 users did it
- Values Award: 34,231 employee awards
- Values Trainer: 16,961 users
- I recognize everything you see: 13,796 users and 37,721 awards
- Interactive video: 46,045 views
- Viva 2021 Awards view: 27,344 visits
- The phrase store: 13,895 users
- Leadership tips: 12,703 users
- Values Gamers: 16,228 users
- Interactive video: 43,270 users

> *“We strive for excellence in everything we do to surprise our customers by creating unique experiences and solutions that exceed their expectations.”*

The “We are driven by your opinion” open workshops on Purpose and Values were also held at the work team level, and more than 43 thousand proposals were received from employees. In addition, there was intense activity on Google Currents regarding the workshops, with more than 5,000 interactions by the teams.

The event evaluation survey showed that 94.3% of respondents rated the “We are driven by your opinion” workshops as “useful” (20.9%) and “very useful” (73.6%). In addition, 93.8% consider the degree of connection between the Values and Behaviors app and the achievement of the Bank’s objectives to be high (22.9%) or very high (70.9%). 98.4% would like to celebrate Values Day again in 2022, incorporating a certain face-to-face component: the digital format was voted for the most (40.2%), followed by a hybrid scheme (33.9%) and face-to-face (24.3%).

1.11 Materiality Analysis

GRI-102-40, GRI-102-42, GRI-102-43, GRI-102-46, GRI-102-47, GRI-103-1, GRI-103-2, GRI-103-3

Materiality

In 2021, BBVA decided to maintain the 2020 materiality analysis since it is still considered to be in force, and to focus on introducing two improvements in this chapter in order to better respond to the growing transparency requirements:

- Further explanation of who our stakeholders are, how their needs and expectations are assessed and how they impact the determination of material issues.
- A qualitative dual materiality analysis for the four main issues.

As it does every year, the materiality analysis helps BBVA to prioritize the most relevant issues, both for its key stakeholders and for its business. It is also a source that feeds the Group's strategic planning and determines the priority aspects on which to report.

The analysis integrates the perspective of stakeholders in the main countries in which BBVA operates: Spain, Mexico, the United States, Turkey, Argentina, Colombia and Peru. The United States remains in scope for 2021, since the subsidiary stayed with BBVA throughout the first half of the year.

The methodology for the materiality analysis comprises the following phases:

Identification of stakeholders and material issues

GRI-102-40, GRI-102-42, GRI-102-43, GRI-102-44

BBVA's main stakeholders are customers, employees, investors and analysts, regulators and overseers (sectoral and non-sectoral) and society. As part of society, we take into account not only public opinion, but also organized civil society groups such as NGOs, which closely monitor the Group's activities.

Several sources are used to identify material issues for stakeholders:

Interviews with different areas of BBVA to learn more about the stakeholders. This is how more specific aspects of each of them are identified. The following areas stand out:

- Talent and Culture: employee perspective is obtained.
- Client Solutions: takes into account customers' perspective.
- Investor Relations: aims to find out both mainstream and sustainability expectations.
- Regulatory and Legal Services Areas: to understand the expectations of regulators.
- Communication and Responsible Business: to have the perspective of society and NGOs.

Review of numerous sources of internal research related to stakeholders.

- With customers, we conducted satisfaction surveys, brand and reputation monitoring and complaint analysis; with employees, the Gallup survey and internal reputation surveys; and with investors, investor and analyst questionnaires.

Analysis of trend reports (in order to have a long-term view), global risk reports and monitoring of material issues of other financial entities based on the information they publish.

This identification phase provides us with a fairly granular list of issues that we then synthesize or aggregate in order to arrive at a smaller number of issues whose prioritization is feasible. All the items on the list are relevant in themselves.

In 2021, as indicated at the beginning of the chapter, the 2020 matrix continued to be considered in force. In order not to leave out any relevant issues, an external database was used to identify emerging issues. There is one issue not included in the matrix that is important to consider as such, although it is not explicitly stated in the matrix, and it is Biodiversity; this issue will be discussed in the 2022 Annual Report.

Prioritization of issues based on their importance to stakeholders

To ascertain the priorities of certain stakeholders, interviews and ad-hoc surveys were conducted in the countries covered by the study, asking explicitly about the importance to be given by the Bank to each issue.

For other stakeholders, we used an external database as an analysis tool in all countries except Turkey, where local Turkish sources were used.

Overall, the sources that made it possible to complete the analysis of stakeholders, global trends and key issues in the sector are as follows:

Rep Trak Surveys		Analysts and Investors	Regulator	Trends
Customers	Employees	Sustainability reports and questionnaires	Regulatory documents (1)	Sector trend reports
1619	11584	17	1764	59
News		**Social Media**	**Benchmark**	**NGO**
Sources in English and Spanish (1)		Mill Tweets	Competitor reports	ONG Documents
185	153	649	87	20

(1) Excluding Turkey

Stakeholders are prioritized in two phases. In the first, the issues for each stakeholder group are ranked in order of importance. In the second, based on previous analysis and by aggregation, the hierarchy of issues is obtained for the total number of stakeholders. The latter is detailed in the matrix.

In order to make the exercise more transparent, the most relevant issues for each group are as follows:

- Customers: cybersecurity and data protection issues are a priority in a context where digitalization has been accelerated by the Coronavirus. While there is very little dispersion in customer ratings, all issues are highly important.

- Employees: believe that the focus should be placed on the issues of concern to customers (mentioned above), as well as on continuing to foster an ethical culture that they identify with.

- Investors: solvency, financial results and good governance are their main concerns, but they are also increasingly interested in the management of climate risks and opportunities (a key issue for certain groups of investors and analysts).

- Regulators: Much like investors, climate change gets special regulatory attention.

The entity's solvency, good governance and ethical behavior are also very relevant issues.

- Society: proper management of the Coronavirus and protection of the most vulnerable population, along with caring for their financial health and climate change, are the most important issues for this group.

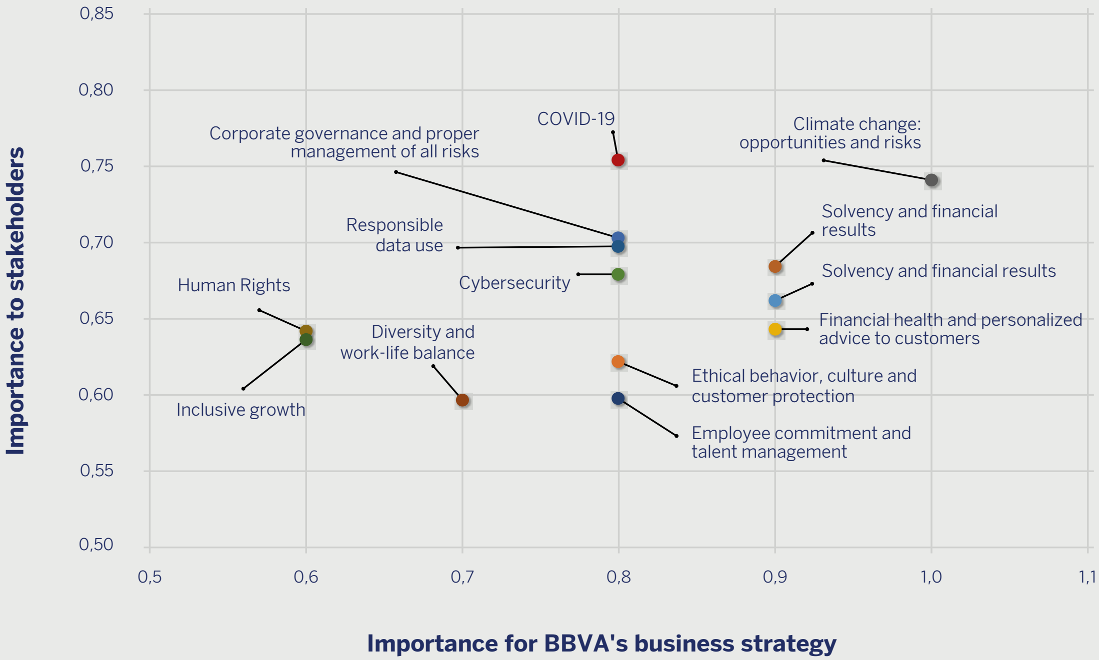
- Competitors: pay special attention to cybersecurity and data issues, financial health and advice, and lastly, climate change.

In terms of trends, digitalization continues to be a leading matter of growing importance due to the pandemic, as well as the issues associated with it (cybersecurity). Financial health is also growing in importance. The reports indicate the key role of the sector in supporting companies and individuals affected by the crisis.

Prioritization of issues according to their impact on BBVA's business strategy

An assessment is made internally of how each of the issues impacts BBVA's six (6) Strategic Priorities. The most relevant issues to BBVA are those that help it to progressively achieve its strategy.

The result of this analysis is the Group's materiality matrix:



Therefore, the four most relevant issues in 2021 were:

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

- **Solvency and financial results**: stakeholders expect BBVA to be a bank with ample capital and liquidity, thus contributing to the stability of the system. They also expect BBVA to be a bank with good results over time. In other words, they demand a sustainable business model in the current ecosystem, characterized by the continuous development of disruptive technologies and the consolidation of Big Tech as competitive factors. A more competitive environment, with more opportunities and also with more risks.

- **Ease, agility and self-service for customers:** stakeholders expect BBVA to continue putting technology and digitalization at the service of customers and the business. Thus, it will be much easier and more agile for customers to operate with the Bank, any time and anywhere (mobile banking, fully digital contracting processes). 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, where appropriate, to propose personalized solutions and recommendations to better manage their financial health and achieve their life goals. This is expected in a proactive and friendly manner.

The information regarding the Group's performance in these relevant issues in 2021 is reflected in the different chapters of this Management Report.

BBVA has set objectives related to the material issues in the materiality matrix above. The objectives and degree of progress are detailed below:

Objectives and degree of progress on material issues by BBVA 2021			
Material issue	Indicator	Objetive	Progress 2021
Climate change	Mobilization of sustainable finance	EUR 200,000 million between 2018-2025	EUR 85.8 billion as of 12-31-2021
	Alignment indicators by sector	Establish objectives and methodologies for portfolio alignment with the Paris Agreement.	Established objectives: (I) To be CO2 neutral in our portfolio (Scope 3) by 2050. (II) Reduce exposure to thermal coal-related activities for power generation to zero by ceasing to finance companies in these activities by 2030 in developed countries and by 2040 in the rest of the countries where it is operating. (III) Align the portfolio of the power generation, auto, steel and cement sectors with emissions intensity targets by the year 2030.
	Renewable energy sources	70% in 2025 and 100% in 2030	79 %
	CO2 emissions (Scopes 1 and 2) (1)	Reduction of -68% in 2015-2025	(67,5) %
	TCFD recommendations	Implementation of TCFD recommendations	TCFD report published
Solvency and financial results	Regulatory capital: fully-loaded CET1 ratio	2021: 11.5%-12%	12,75 %

Objectives and degree of progress on material issues by BBVA 2021			
Material issue	Indicator	Objetive	Progress 2021
Ease, agility and self-service for customers	Growth in customers	% of customers acquired through digital channels (2021 >36%)	40 %
Financial health and personalized advice to customers	BBVA is working to establish objectives and metrics in relation to the fourth material issue, its strategic priority "Improving the financial health of our customers." For more information on performance in this area, see the section "A Different Bank that Stands Out for its Differential Value Proposition" in the "Strategy" chapter of this report.		
(1) Emissions derived from direct energy consumption and calculated based on emission factors from 2006 IPCC Guidelines for National Greenhouse Gas Inventories. The IPCC Fifth Assessment Report and the IEA have been used as sources for conversion to CO2e. From 2021 onwards, emissions from vehicle fleet use and refrigerant gas leaks at our facilities have been included in this scope.			

Financial Health and Personalized Advice to Our Customers

BBVA has been working to establish objectives and metrics in relation to the fourth material issue, i.e. its strategic priority "Financial Health and Personalized Advice for Customers."

Thus, BBVA has continued to help its customers improve their financial health through its focus on the development of new tools and functionalities. In this regard, BBVA's mobile banking app continues to lead the digital experience in Europe for the fifth consecutive year, according to the recent report "The Forrester Digital Experience ReviewTM:

- BBVA has stood out especially for the expertise it offers on financial health, which helps our customers improve their financial well-being through personalized suggestions. This functionality also offers useful content that guides customers in the day-to-day management of their finances, with a clear and intuitive design.

- European Mobile Banking Apps, Q3 2021.

- Advice is positively valued by BBVA customers, which is reflected in the improved Net Promoter Score among users of financial health tools in Spain in the last quarter, which is 39% better than that of other customers.

- Likewise, these financial advisory tools have been a key element in contracting products. Thus, in Spain, in the first nine months of 2021, they contributed 17% of the total number of investment funds contracted and 25% of the total number of mortgages contracted.

Double Dimension

For the most important material issues, both for BBVA's strategy and for stakeholders, a double materiality analysis was performed with a double perspective. On one hand, by analyzing how these issues impact BBVA's situation and results ("Outsider to Insider Perspective"), and on the other, how these issues impact the environment, i.e., how BBVA's activity impacts the different stakeholders ("Insider to Outsider Perspective"). This way, a series of challenges and opportunities are obtained for each material issue that BBVA has to deal with, depending on the dimension in which it is analyzed.

Climate Change			
Impact on BBVA	¿How does Climate Change affect BBVA?	Opportunities	New business opportunities in transition assistance. Increased eligibility through differentiation for climate change management. Improved solvency through comprehensive risk management and greater anticipation. Positioning before overseers and possible differentiation in capital requirements.
		Challenges	Increased risk of default derived from both the physical risk of the customer, caused or promoted by extreme weather events, and the potential physical damage to the Entity's assets in the long term; and the transition risk, as a result of the shift towards a low-carbon economy (such as legislative changes or changes in consumption patterns). Need to align portfolios and therefore, possible loss of business in certain activities. Increased regulatory requirements. Need for upskilling and reskilling. Possible loss of customers, investors. New risks (greenwashing).
Impacts on Stakeholders	¿How does BBVA's management of climate change affect stakeholders?	Opportunities	Customers: assistance in the transition to a more sustainable future by complying with regulations. Employees: healthier workplaces and a more aligned corporate culture. Shareholders and investors: reducing the risk of their investment and protecting long-term value. Suppliers: new business opportunities for sustainable suppliers. Regulators and overseers: comply with regulations. Society: alignment of their expectations and contribution to curbing the impacts of climate change on their lives.
		Challenges	Customers: greater difficulties in accessing financing for those with high climate risks and no plans for transition. Society: risk that the climate transition will not be fair and will leave groups behind.

Solvency and financial results			
Impact on BBVA	How does having good or bad solvency affect BBVA?	Opportunities	Allows business continuity Capital cost savings Less oversight pressure Attracts more capital and investors Attracts more jobs and customers
		Challenges	Risk of system instability Risk of churn of capital, customers and employees
Impacts on Stakeholders	How does BBVA's having good or bad solvency affect stakeholders?	Opportunities	Enables value creation for stakeholders Shareholders and investors: resilient, strong and stable business model with long-term financial results; proper level of solvency to absorb losses under stress scenarios; return on investment: a business model capable of generating financial results above the capital invested and with the capacity to remunerate the shareholder. Regulators and overseers: provides system security.
		Challenges	Customers: greater difficulties in accessing financing for those with high climate risks and no plans for transition. Society: risk that the climate transition will not be fair and will leave groups behind.

Ease, agility and self-service for customers			
Impact on BBVA	How does digitalization affect BBVA?	Opportunities	Increases the potential customer base. Enables better service to customers, through greater availability. Enables the loyalty of a large part of the customers, thanks to better knowledge through data and solutions more adapted to their needs. Reduces unit costs of distribution, product sales and service.
Impact on BBVA	How does digitalization affect BBVA?	Challenges	Necesidad de invertir en la transformación digital. Potencial pérdida de negocio por la competencia de players digitales que prestan servicios financieros. Mayores riesgos para el banco derivados de la digitalización como, por ejemplo, la ciberseguridad. Riesgo de alta dependencia de proveedores tecnológicos.
Impacts on Stakeholders	How does BBVA's digitalization affect stakeholders?	Opportunities	Clientes: ofrece una mayor disponibilidad, así como soluciones financieras adaptadas a sus necesidades gracias a un mayor conocimiento. Accionistas e inversores: mayor rentabilidad de su inversión si la digitalización se traduce en menores costes. Sociedad: facilita el acceso a servicios bancarios a más personas.
		Challenges	Empleados: supone cierre de oficinas y pérdidas de empleo, necesidad de desarrollar nuevas capacidades. Reguladores y supervisores: Necesidad de adaptarse a nuevos ámbitos y desarrollar nuevas regulaciones. Sociedad: puede provocar la exclusión de algunos colectivos.

Financial Health			
Impact on BBVA	How does the existence of customers with different levels of financial health and the fact that this is a concern for people affect BBVA?	Opportunities	Stand out and make a difference in the way we help customers improve their financial health and therefore, become more eligible to customers and investors. Greater legitimacy for positive contribution to society. Maintain a good competitive position against other players that are gaining relevance in the area.
		Challenges	Short-term loss of income due to decisions that ensure customer well-being (losses that are offset in the medium and long term). Lack of information leading to misguided action.
Impacts on Stakeholders	How does BBVA's financial health-related solutions affect stakeholders?	Opportunities	Customers: help them have a better financial well-being and achieve their life goals. Shareholders and investors: if it becomes a differentiating factor, customers will be more satisfied, more users will be attracted and a higher degree of customer loyalty will be achieved. This will also help maintain a good competitive position. Society: it will generate greater awareness regarding the importance and benefits of properly managing financial health.
		Challenges	Customers: perception of a certain intrusion into customers' lives to obtain information in order to take actions to improve their financial health. Shareholders and investors: always looking out for the customers' interest may lead to recommendations that are not the most profitable option to the entity in the short term. However, this apparent disadvantage is offset by the benefits in the medium and long term.

1.12 Customer Relations

CTR (Clear, Transparent and Responsible) Communication

FS-4

In Colombia, through CTR communication, we aim to help customers make informed decisions, through messages and communications that clearly and transparently convey the opportunities that BBVA has to offer. At the same time, through its purpose and this type of initiatives, BBVA aims to encourage the loyalty of new customers and the recommendation of existing ones.

By the end of 2021, we had 240 model responses comprising the typologies created (excluding fraud) for handling PCC (Petitions, Complaints and Claims), under the responsibility of the department by the same name. They were reviewed and updated to be uploaded to the new Salesforce tool to be used by all customer service process resolvers.

Also, due to the increase in the number of requests this year, all the model responses of the Habeas Data typologies and of the new Clean Slate Law 2157 were reviewed with the legal area, in accordance with the regulations in force.

The written responses are structured along with the random review in the Quality Sampling process of the previous day's closings. This is intended to improve aspects of reading comprehension and writing, bearing in mind that the models are frameworks for action that must be adapted to the reality of the specific case.

Consumer Service System (SAC, for the Spanish original)

In 2021, in an effort to continue ensuring the provision of financial services in an inclusive manner, the Consumer Service System (SAC) renewed the virtual sign language interpreter contract for all offices to ensure adequate service for deaf financial consumers.

In July of the same year, Law 2096 was passed, which requires the use of inclusive (transparent) face masks for those in charge of customer service, for which the corresponding implementation must be made. Therefore, face masks with these characteristics were distributed for use by the preferential and specialized service leaders (SOACs, for the Spanish original), and the notice of compliance with the regulation was published in a visible location at the branches.

In 2021, legal declarations were received as part of class action proceedings for the protection of persons with disabilities; likewise, legal verification visits were carried out at all offices in the city of Bucaramanga for the same reasons.

In Colombia, we aim to help customers make informed decisions through clear, transparent and responsible messages and communications.

In the area of Financial Education, the number of external training programs exceeded 100% by the end of the year, and as part of the internal legal update plans, with the "Legal Mystery" course, the staff ended the year at rates of nearly 90% as of December 15, the deadline in order not to affect the annual incentive.

BBVA is in constant contact with the Financial Consumer Advocate. The annual management report was received by April and its summary was shared at the Board of Directors meeting held in August.

Finally, in terms of PCCs, the evolution of the KPIs has been highly satisfactory compared to the results of the previous year, in terms of Quality, Extensions and Replications. New controls and escalation levels were established and detailed manuals for each process were provided to the suppliers in charge of service.

In July 2021, the new Salesforce customer service tool was launched, replacing Khronos in the Individuals segment. The Financial Superintendence published CE023 that created the new observability platform called Smart Supervision, which will require a new way of reporting PCCs and gives special meaning to the SAC in overseen entities.

For a Better Customer Experience

Through the **Experience Plan**, we continue to work for the reduction of Complaints and Claims in the typologies of greatest impact, as well as to find the best practices in customer service and management in order to achieve the best customer experience and their recommendation.

Thus, the Experience Committee was created, which meets on a weekly basis with the participation of the different areas, in order to establish the work plan resulting from the analysis of root causes identified at the pain points reported by our customers through the different customer service channels (PCC, Contact Center, Social Media, Channels). These causes are constantly monitored through the work plan, determining the impact of the actions established in the reduction of primary KPIs (Calls to the Contact Center and number of Complaints and Claims).

An archive of minutes is made for each committee meeting with the commitments agreed by the areas and those responsible for fulfilling them.

In 2021, the experience plan was defined in:

Lines of Work (KPI, No. of Complaints and Claims):

- Review and/or settlement.
- Transaction not recognized.
- Collection of fees.
- Other typologies.
- Organizational Culture Plan - I am BBVA.
- Communication Plan - To Be and To Seem.
- Contact Center Improvement Plan.
- SFC Care Plan | C&C.

In turn, Experience developed the BBVA **Quality System** and it was delivered in April to Business Execution, designed to provide excellence in the responses and solutions delivered to customers. It presented three main areas:

"At BBVA Colombia, we are empathetic: we incorporate the customer's point of view froms the very beginning, putting ourselves in their shoes to better understand their needs and act in a timely manner to provide solutions."

1. **Sampling**: dynamic assurance system focused on:
    - Employees with greater opportunity for improvement and/or in apprenticeships.
    - Model responses according to typology.
    - Daily report of a priori sampling for online correction and team learning.
    - Weekly report of results to the PCC area for decision making and feedback to the resolving officers.
    - Reduction in replications and quality assurance of the PCC response process.
2. **Phase I One-to-One Office**s: management of the application and understanding of the I AM BBVA primer with each branch of the Network. March 2021 to November 2021. Coverage of 100% of offices.
3. **Phase II One-to-One Offices**: strengthening of knowledge and procedures for offices that require it. September 2021 - ongoing.

Implementation of the Salesforce PCC tool, which prevents case duplicity through mandatory completion of all fields.

In relation to the Claim Service Model, it focuses on four basic steps to strengthen Front Services, generate quality in products and services and ensure a Governance model:

Steps:

- Identify: priority service by channel and segment.

- Lead: customer service team, training in all products and channels - Assessment.

- Align processes: redefinition of petty cash policy, root cause analysis and definition of actions, SAC compliance.

- Guide and monitor: definition of mitigation plans, monitoring of response quality indicators, PCC management reports.

Management of Complaints and Claims
BBVA-8

In 2021, the PCC process stabilized, considering the volume of procedures from 2020 (especially since April) and the changes in the trend of the country's economic recovery process.

During the first half of the year, a greater number of non-conformities were identified in the application of the financial consumer support programs; consequently, the number of requests from the regulator increased with reduced attention times, which meant: (I) The reorganization of work teams, (II) The collaborative way of doing it together with the different areas, (III) The creation of squads with those responsible for the processes in most demand. This was done in order to manage cases with quality and speed.

In the second half of the year, in addition to continuing the stabilization process, the new Salesforce tool to deal with individual' PCCs was implemented and changes were made in both management and processes through the publication of new laws.

Work continued hand-in-hand with the Experience Discipline, based on the alerting of relevant situations, which were presented and analyzed in the different committees and working groups, defining strategies with the different areas and analyzing their root causes.

We proceeded with the strategic plan to mitigate the main typologies described below:

1. Review and/or settlement.
2. Transactions not recognized.
3. Collection of services and fees.

However, since the Clean Slate Law was passed, whose first stage considers an amnesty to eliminate the data of those with bad payment behavior, a major management and mitigation strategy had to be deployed because this also implied a reduction in extensions, the application of "silence is consent" and specialization by segment, which led to the creation of new reporting typologies in information centers and the construction of new model responses.

Excellent closing results were achieved due to an 8.9% reduction in the number of complaints compared to the previous year and a decrease in the highest impact typologies, thus leveraging compliance with the strategic KPIs.

- Reduction in replications.
- Reduction in extensions.
- Increased first contact resolution.

The different groups continued to develop actions aimed at meeting the proposed objectives in place since 2020.

Regarding the levels of attention to PCCs: First Level (handled by the provider Teleperformance in Call Center) and Second Level (handled by the provider Comercializadora); a work plan divided into 3 phases was carried out:

1. **Phase I** aims to reinforce the overall quality of responses, with the goal of reducing the number of replications. To this end, training has been reinforced for the entire resolving group, protocols and model responses have been updated, and new controls, monitoring committees and the sampling process have been implemented.

2. **Phase II** aims at the timeliness and fulfillment of the promise, which is reported to the customer in the response. We have focused on creating more effective PCCs management circuits through migration from typologies to first contact resolution, reinforcement with the offices with the highest concentration of complaints, analysis of filings and replications.

3. **Phase III** seeks immediate reimbursement for monetary typologies, at least for those with the greatest impact, by reinforcing the accounting and AMP circuits, as well as the attributions of offices.

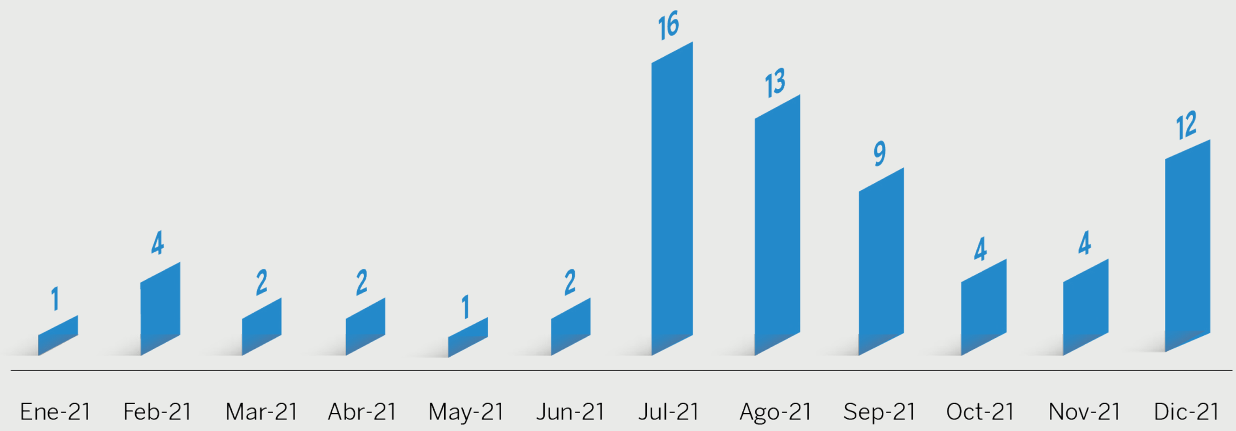
The new PCC tool, Salesforce, began operating on July 1, 2021; in its first stage, it contemplates the attention process for individuals, for which we are still stabilizing the process; the legal segment continues to be managed through Khronos.

In terms of figures, the following results are presented:

Claim Resolution Time
BBVA-6

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Average
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

*Only claims are taken into account for this calculation, not requests.

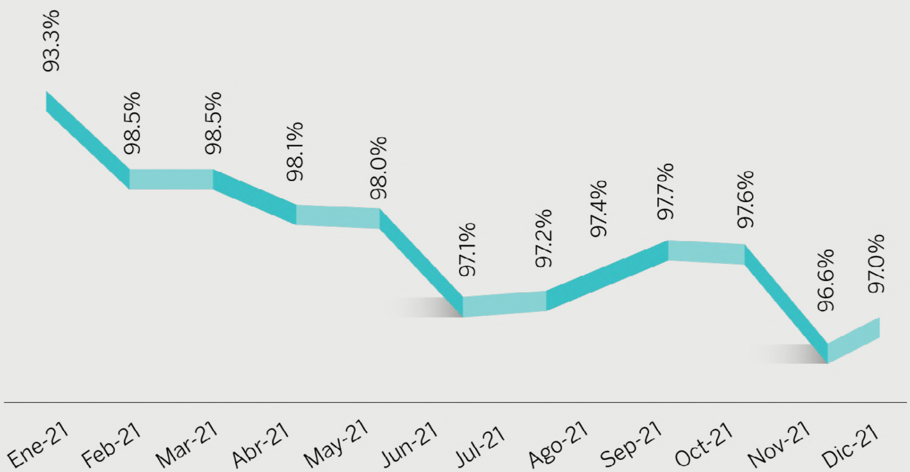


The average claims handled was reduced due to the implementation of different actions to control difficult-to-resolve cases. The implementation of squads in the areas of greatest representation was key, as well as the reorganization of the working groups, mainly those in charge of complaints from oversight bodies.

Percentage of claims resolved in time
BBVA-7

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
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 in 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%

PCC timeliness

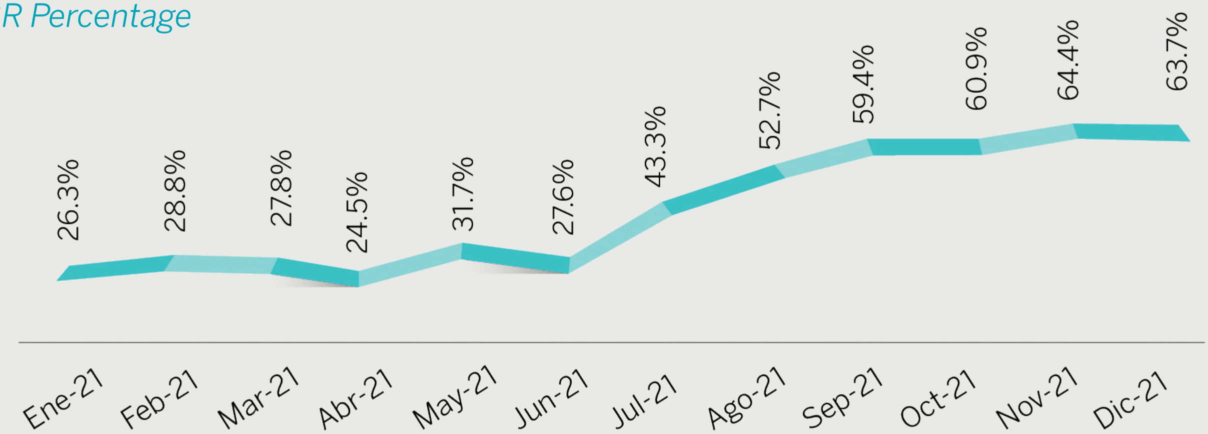


Despite the peaks that have occurred with some cases and on which we have continued to work, the percentage of timely attention to claims improved and was maintained thanks to the support of internal teams and suppliers, despite the priority in the attention times of the oversight bodies.

Percentage of complaints and claims handled by FCR

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
Claims filed FCR	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
Claims handled FCR	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%	38.0%

FCR Percentage



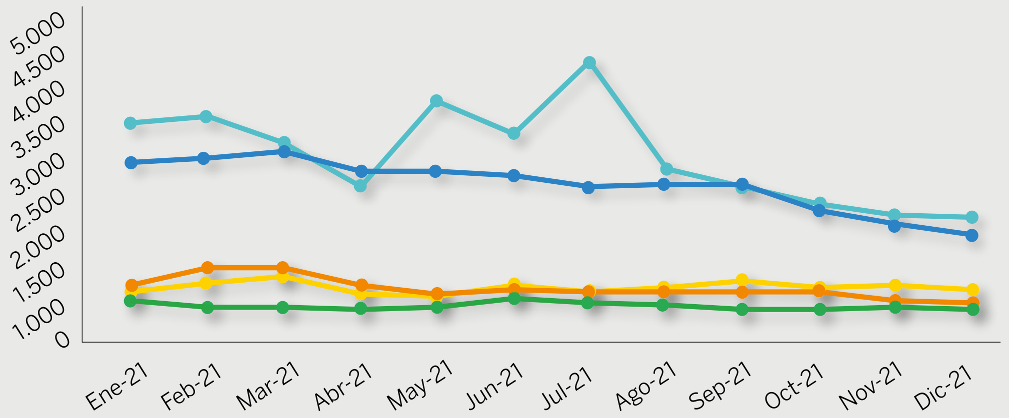
The results of the First Contact Resolution (FCR) in structured work with the Call Center, was one of the major achievements in increasing the speed of service, providing greater attribution, designing new service protocols and migrating more typologies to the first level.

As described above, the increase presented in the year reflects the greater percentage of the typologies of: Tx not recognized, Review, Reassessment and Reporting in Information Centers, due to the implementation of the Clean Slate Law. However, due to the work plan developed, we see how they decreased by the end of the year.

Typologies with the greatest impact in 2021

We place special emphasis on this typolo-

Top typology	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
Tx not recognized	3,333	3,435	2,995	2,306	3,672	3,142	4,307	2,593	2,293	2,011	1,845	1,824	33,756
Review and/or settlement	2,697	2,752	2,852	2,557	2,540	2,472	2,304	2,344	2,327	1,916	1,690	1,519	27,970
Credit bureau report	619	745	859	599	557	709	622	689	788	680	716	659	8,242
Collection of services or fees	705	994	1,011	727	582	643	606	604	621	608	460	445	8,006
Internet failures	468	381	374	345	379	513	458	390	342	325	359	344	4,678
Others	2,730	2,768	2,846	2,675	2,427	2,425	2,498	2,145	1,863	2,012	2,354	2,371	29,114



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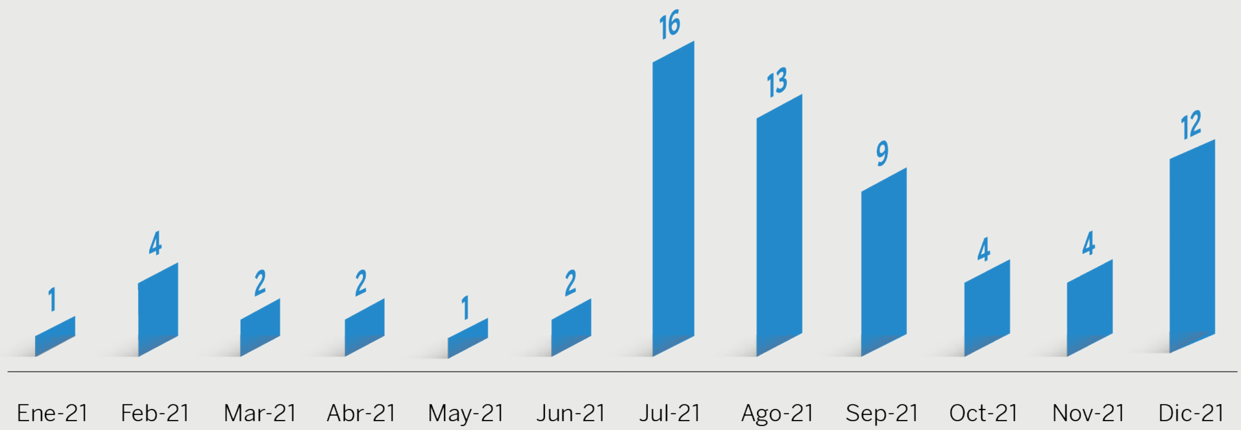
	Jan-21	Feb-21	Mar-21	Abr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
Personal Data Protection Act	1	4	2	2	1	2	16	13	9	4	4	12	70

* * Of the 70 claims received on personal data protection issues, 2 were filed directly with the Financial Superintendence and the Consumer Advocate in April and October 2021.

Personal Data Protection Act



The number of claims related to respect for privacy and personal data breach increased this year, due to the impulse given to financial consumers by the "clean slate law"; however, we worked hand-in-hand with the different areas to control them and for the application of protocols to ensure their management and timely response.

Attention time by typology

Top 5 typologies	Jan-21	Feb-21	Mar-21	Abr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
Tx not recognized	1,4	2,5	2,5	2,5	3,2	3,1	3,9	3,3	2,9	3,1	3,4	4,1	3,0
Review and/or settlement	2,7	4,2	3,9	3,7	4,5	5,5	5,7	5,9	4,8	3,9	4,5	6,0	4,6

Top 5 typologies	Jan-21	Feb-21	Mar-21	Abr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
Credit bureau report	3,1	5,6	5,4	4,3	3,5	3,9	4,7	5,5	5,1	7,4	8,1	7,1	5,3
Collection of services or fees	1,0	1,3	1,3	1,2	1,5	2,0	2,8	2,0	2,0	1,3	2,1	1,4	1,6
Internet failures	2,2	3,6	4,2	4,2	4,6	5,2	5,2	5,3	3,9	3,3	4,0	5,0	4,2

Top 5 typologies and resolution times

So far this year, there has been a substantial increase in transactions in the different channels, with the following results:

	Jan-21	Feb-21	Mar-21	Abr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
Tx not recognized													
Total managed	3.006	3.419	3.084	2.225	3.389	3.466	4.062	2.859	2.293	1.951	1.809	1.818	33.381
Total managed in time	2.999	3.397	3.066	2.208	3.373	3.438	4.023	2.838	2.276	1.940	1.788	1.802	33.148
Timeliness	99,8%	99,4%	99,4%	99,2%	99,5%	99,2%	99,0%	99,3%	99,3%	99,4%	98,8%	99,1%	99,3%

	Jan-21	Feb-21	Mar-21	Abr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
Review and/or settlement													
Total managed	2.209	2.698	2.947	2.409	2.502	2.412	2.418	2.380	2.555	1.915	1.618	1.526	27.589
Total managed in time	2.184	2.635	2.894	2.352	2.432	2.316	2.303	2.308	2.490	1.884	1.568	1.454	26.820
Timeliness	98,9%	97,7%	98,2%	97,6%	97,2%	96,0%	95,2%	97,0%	97,5%	98,4%	96,9%	95,3%	97,2%
Credit bureau report													
Total managed	441	690	956	623	567	632	638	696	731	630	690	813	8.107
Total managed in time	438	667	929	607	551	601	615	686	721	576	614	773	7.778
Timeliness	99,3%	96,7%	97,2%	97,4%	97,2%	95,1%	96,4%	98,6%	98,6%	91,4%	89,0%	95,1%	95,9%
Collection of services or fees													
Total managed	667	991	1.028	721	562	650	613	603	643	583	475	447	7.983
Total managed in time	665	985	1.025	718	556	648	604	597	635	579	459	437	7.908
Timeliness	99,7%	99,4%	99,7%	99,6%	98,9%	99,7%	98,5%	99,0%	98,8%	99,3%	96,6%	97,8%	99,1%
Internet failures													
Total managed	387	393	380	318	340	560	441	430	363	292	349	346	4.599
Total managed in time	386	392	365	306	333	544	427	420	353	288	341	341	4.496
Timeliness	99,7%	99,7%	96,1%	96,2%	97,9%	97,1%	96,8%	97,7%	97,2%	98,6%	97,7%	98,6%	97,8%

1.13 Technology and Innovation Challenges

Systems

2021 continued to be a year of major challenges for the Bank, in which we have worked through Systems to strengthen the strategic priorities towards digitality as a result of the pandemic, while maintaining the stability of mobile and digital channels, providing our customers with DIY (Do It Yourself) functionalities to meet their connectivity and service availability needs and expectations.

This has been done by strengthening the strategies for recruiting specialized talent, redesigning processes and expanding the technological capabilities that leverage frameworks for the construction and development of software, increasing the release of functionalities and deliverables in less time, giving greater value to the business with a focus on automation, productivity, security, control, quality and efficiency; thus consolidating the future vision of the banking platform.

Through Systems in 2021, the level of effectiveness in product delivery to customers continues to grow with high value to the business, executing 279 strategic projects.

High business impact initiatives were developed, such as the GLOMO global mobile solutions for retail banking and the GEMA global mobile solution for companies, which includes most of the functionality of the current mobile solution; in addition, GEMA met its business goals, exceeding 1,240 downloads.

Loan payment management has been made available on Net Cash Web, allowing customers to digitally manage their loan status queries, review transactions and make online payments of active obligations with BBVA; credit card enrollment on Net Cash has reduced the customer's pain points while contracting of the service by facilitating the process; the digital onboarding of acquisitions in the same line is another service available to provide customers with simple and fast contracting, increasing the number of digital customers by company and contributing to the reduction in costs compared to the current operation.

In the enterprise transactional area, high-impact initiatives have been developed, such as the implementation of the Colpensiones National Payment System, which allows for automatic transactions in accordance with customer requirements. This initiative led to a notable 24% increase in the value of pension accounts, as well as a 12% increase in the number of transactions.

The separation of our own payment processes and those of ACH and CENIT led, among other things, to the optimization of processing times for payments and reporting to ACH, ensuring timely delivery; the number of our own cycles was increased, improving time to market in addressing payments requested by customers; our own and ACH cycles were paralyzed and made independent in order to attend them separately. In addition, 24 new web services were implemented for collections from customers.

In ATMs, Notice 029 has been complied with and the functionality to dispense in a single transaction up to COP 2,100,000 has been enabled, as well as to dispense COP 100,000 bills.

Together with the insurance team, we implemented a new model for acquiring parametric theft insurance policies, both by amounts and by zones. The management of customers with Club El Nogal is another focus aspect that strengthens the number of customers, handling a significant number of 2,321 new customers and increasing the Bank's portfolio by COP 8,800 million; the implementation of IATA with COP 730,000 million in collections is another pillar of this type of differential management during 2021.

From the Subsidiaries, corporate functions and CIB front, value was delivered around solutions for employees, who can work at BBVA offices voluntarily through the "Solicita" tool, which controls the capacity at the facilities during the process of returning to collaborative work.

We have also continued to implement the global WorkDay tool, which aligns the Human Resources Department with T&C's global tools and strategies for the management of our human talent.

We enabled the functionality in the ATM network to dispense in a single transaction up to COP 2,100,000 in bills of up to COP 100,000.

In the risk line, credit history (HDC, for the Spanish original) was implemented, migrating the credit history queries of individuals, which reduces risk in granting products and services and increases contracting thanks to the flexibility of admission policies. The above is based on information generated by Experian (Datacrédito credit bureau).

It was implemented on all the Bank's channels (Nacar, CAP, Net, Mobile, Public Web); the wholesale PCO model was also implemented, after maintaining the scoring models for the consumer portfolio for 10 years. Customer profiling has been improved by implementing this project, allowing for a healthier portfolio and effective recovery.

BBVA Fiduciaria implemented Releases 1 and 2 of the Innova Project, which allows the migration of the core fiduciary from Central to Fidusap, expanding automatic functional coverage, reducing operating risk and allowing the expected growth in the construction business.

In 2022, Systems will continue to change the way we manage projects and add value to the business, building parts and functionalities through agile software management with a high impact time to market for our customers.

Data

In Data Engineering, we are working on the following focal points in 2021:

European Central Bank Standard (BCBS239)

- Work plans were launched to improve the compliance ratio of the Tier I processes prioritized for 2021 by the Risk and Finance domains, which resulted in an increase from 2.6/4 to 3.6/4, leaving us in a position of compliance with the standard in this first iteration.
- By 2022, a Gaps plan will be implemented for Tier I and II processes, and the assessment of Tier III processes will begin, some of which have an impact on processes of the Financial Superintendence of Colombia.

We are working on the shutdown of the Regional LAR application for which we have completed the development phase and we are conducting data and processing pilot tests with the Customer Solutions team, for the transformation of the processes associated with segmentation, campaigns and targeting of our customers.

The Office Network Information Transformation Line was launched, starting with the Daily Invoicing Dashboard Pilot, which has an impact on time to market, quality of information and reduction of manual work in the different areas involved in its generation (70% improvement in time).

We achieved 100% compliance with the top-level Data Holding 2021 KPI associated with the DBB and KUC, target 18.4 points, achieved 18.4 points. (Pricing, Whitebox and RORC CDD migration)

At the level of local use cases in Client Solutions, D&B, Risk and Finance domains, the focus was on Pricing issues (Free Investment, Mortgage and Credit Cards), adjustment in Scoring-Rating models and Implementation of regulatory engines in global CDD model; serving as a basis for the issues prioritized in 2022 related to liability pricing, optimization of credit card campaigns and management of pre-approved and pricing FX.

Infrastructure

During 2021, E&O worked on 3 main fronts:

- Execution of different technological renovation projects, mainly aimed at the stability of the services we provide to our internal and external customers.
- Ensure the mobility of our employees, by integrating internal and telephone communications platforms with collaboration tools (e.g. WebEx), so that remote work could be maintained without any inconvenience. At the end of 2021, we started the back to the office project, aiming for a hybrid work model.
- We actively participated in the compliance of several transformation KPIs. The most important ones include the execution of transactions on the new ETHER platform (31% compliance) and the consolidation of a single IT asset inventory called NUCLEUS (99.9% compliance).

Architecture

Through the discipline of Architecture, the transformation process continued during 2021, in line with the group's strategic priorities. The team's achievements are consolidated in 3 strategic lines: Technology, Data and the Best Equipment.

The technology transformation started in 2018 made a breakthrough in 2021, resulting from the use of the Ether platform with the following achievements: migration of 21% of channels, line processing migration of 31.8%, batch processing migration of 5.6% and availability of NextGen ingested data of 8.5% for analytics.

Likewise, various challenges were addressed, supported by the platform's new capabilities, providing Ether coverage for 68% of the projects. In addition, high impact agile benefits were provided to the business in terms of efficiencies, reuse and ease in the execution of processes through the 35% adoption of DevOps practices, in order to leverage high impact projects for the business (with solutions such as remote model), execution of global projects such as GLOMO and GEMA leveraged by enabling 5 Alpha entities, among others.

The use of Cloud capabilities was strengthened as a result of the pandemic, ensuring the continuity of the Bank's operations and the safety of our employees. In this line, the contact center was migrated to the Genesys Cloud, which allows us to control and manage all our customers' calls in NextGen technologies, which was previously outsourced.

We continued to consolidate collaborative work as a single team, implementing solutions with global architectures and achieving increases in the contribution and adoption of the global catalog by +19%, reaching 253 APIs, implemented with reusable business functionalities in 42% for ASO, 17% for APX, 49% for Cells and 77% for Salesforce. In the Steel Program, 72% of the 29 KPIs that make up this portfolio were mobilized, contributing to the Bank's stability and reliability strategy.

Progress was above the goal set for the legacy shutdown, reaching EUR 610 thousand, mainly in the data world.

In the Global Data Models (Alpha), there was a 27% progress in enabling capabilities, providing the core entities of persons, contracts and transactions (the latter two with account and card information) and multichannel infrastructure.

C&B

Functionalities were generated in the CIB Global Markets Business to continue promoting FX trading in digital channels. The project to increase amounts made it possible to increase the trading value automatically in Net Cash and BBVA Net, allowing the integration of transactions over USD 250,000 with all the systems for mobile banking for individuals.

In addition, improvements were made to FX flows, encouraging channel growth and improving the user experience.

The digitization of our channels has been a key factor in creating a customer experience that responds to the new dynamics and needs of the times.

FX automation was carried out through Fixed Income operations, which allows the integration of FX trading derived from fixed income bond operations, registering in internal and external applications such as Set FX, reducing operational risk and improving trading times and money desk operations. In the back office world, global projects such as CDD Based Reporting (RORC - IFRS 9) were installed to provide information on CIB market products, achieving legal compliance with the European Central Bank, as well as enabling the treasury and foreign trade applications for receipt of the new indexes that will replace the LIBOR index as of January 2022.

In the area of foreign trade, compliance with foreign currency purchase negotiations through mobile banking was automated, reducing service times by 95% and reducing the operating costs of digital channels; likewise, the Agrocomex Project contributed to growth in the placement of foreign currency loans. In this line, the Swift 2021 International Standards Regulation Project was also installed, which contemplated updates to the international warranty and standby products.

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.

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 2021, the SOC (Security Operations Center) was implemented and the response operating system was coupled with the Global model. The SOC allows us to improve the visibility, management and investigation of security event alerts. The operational response system allows us to have all the appropriate reaction activities for each of the operational lines.
- **Fraud prevention**: our work has focused on supporting the business areas in

the launch of new services and products, providing our customers with confidence through the securitization of business products with a 360-degree vision and intensive use of data analytics, such as Dynamic CVV and Aqua cards.

- **Protection of sensitive data:** our work has focused on identifying and implementing secure operating procedures and on continuous training for employees and customers on the different modalities of theft of personal information for fraud. In 2021, the Data Privacy Security Model was implemented on the Big Data platform and talks were given to legal entity customers on security issues.

- **Physical security**: we prioritized the securitization of our customers' ATM operations and the strengthening of branch network security protocols.

- **Security data analytics**: its main objective is the development of advanced analytical models to optimize security decisions and layers of security to prevent security breaches from materializing and contribute to a better customer experience.

  During 2021, different analytical models were implemented to attack fraud, such as card compromise point detection models and asset attacks, which allow the team to improve its actions when dealing with new fraud patterns.

We constantly strive to incorporate the best practices of the BBVA Group and the sector in all our areas of action, seeking excellence in security management.

BPE

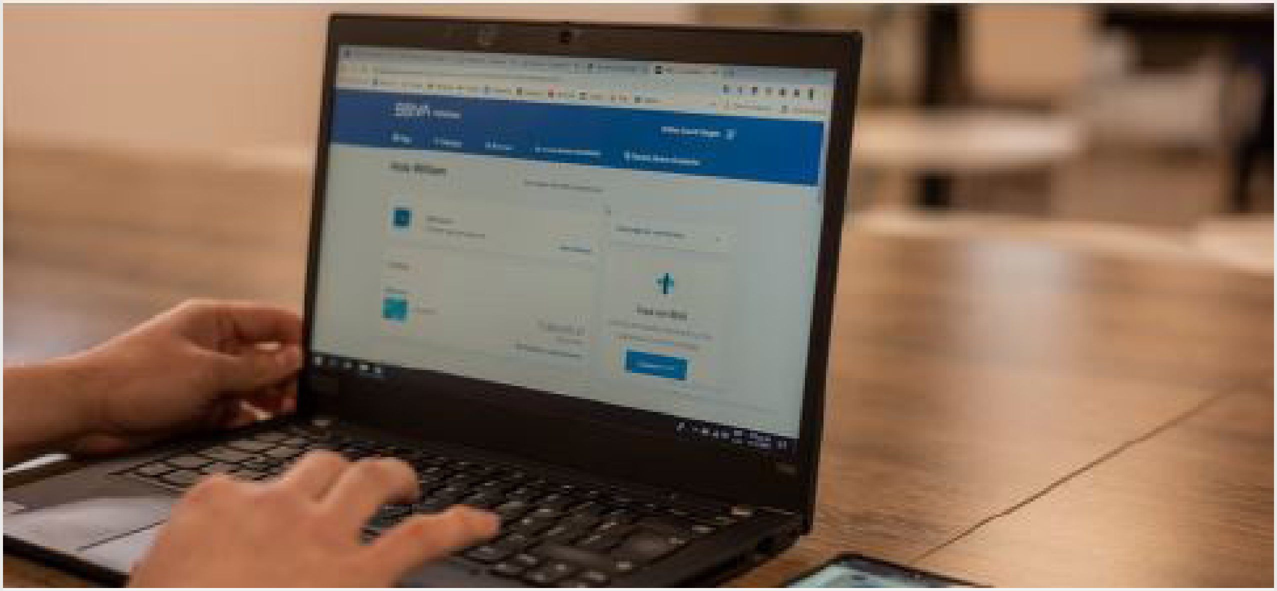
Through the Business Process Engineering (BPE) discipline, we continued to expand the process culture in the Organization, ending the year with 600 pollinated collaborators who, after completing the training cycles, have the knowledge in methodologies and tools necessary for the management of process transformation. We also actively participated in the conceptualization of 265 projects focused on the transformation of processes in core areas and business networks.

Regarding the transformation of processes in central areas, we focused our efforts on those that are essential and transversal to the operation, highlighting the optimization of activities, ensuring the organizational consistency of the process and introducing Robots to achieve greater efficiency with a reduction in costs and execution times.

We also highlighted the transformation of Business Network processes, through projects such as Biometrics, focused on the use and experience of biometric authentication, through the optimization of cascades and the inclusion of new transactions with Biometrics, thus achieving significant improvements in fingerprinting.

We created controls to provide greater security in customer information; to this end, we closed the biometric standardization, which has allowed us to start acquiring a new generation of devices. In turn, the operation of the most common transactions was adjusted, which reduced their execution time.

The distribution and customer service model for individual customers continues to evolve, and to this end, the first phase of the delocalized customer service system was implemented. It is aimed at our high-value customers, and in terms of digital document management, the improvements applied in this regard to the processes of digital hiring of employees, attention to PCCs and opening products (Credit Card, Vehicle, Consumer, Payroll Loan) stand out.



Our priority is to provide our customers with secure and reliable transactions through all our channels, both physical and digital.

Operations

The year 2021 represented a major challenge for the Bank's operation, and in the role of facilitator of the different processes, we managed to contribute to the fulfillment of the Bank's strategic objectives. Thus, working hand in hand with the different areas, we obtained very important achievements, among which it is important to mention the following:

- 46% increase in disbursements managed through the Credit Factory from COP 9 trillion in November 2020 to COP 14 trillion in the same period of 2021.
- Credit cards were formalized for more than COP 894 billion, which represents a 387% increase as of November 2021.

- Likewise, the volume of transactions disbursed in foreign currency increased by 6%, from USD 713 thousand to USD 754 thousand.

- The process of migrating payroll loans to digital circuits was carried out, increasing the inclusion from 10% to 78% of more than 800 active agreements in the Bank, improving response times for the end customer.

- We incorporated new customer service channels to provide support to the offices on different issues and improve response times.

- Synergies were achieved by integrating the ATMs processes with the funds transfer processes already in place in the area, in order to increase the channel's availability and improve the customer experience.

In addition, we focused our efforts on the execution of 19 projects aimed at the automation of processes to reduce response times, improve the quality of information, reduce operational risk and lower the cost of services.

Our commitment and experience has not only been in the Bank; we are a benchmark at the level of the banking system, contributing to important projects such as check truncation and cash clearing, etc.

RCS (Risk Control Specialist)

RCS IT concentrated its management on the following strategic lines, whose cross-cutting objective was to focus efforts on the mitigation of technological risks:

- Definition of governance for the application of the Group's third party management methodology, assigning roles to those responsible for service, contract and monitoring that govern the various activities with suppliers. 381 employees assigned to 210 technology service providers were trained in IT, legal, human resources and outsourcing risk management. Through this activity, the Vice Presidency of Engineering became the first domain to apply the model properly in the region.

- We carried out Technological Risk Culture campaigns, which reached 3,100 Bank and Subsidiary employees, with emphasis on virtual on-line sessions to 613 employees with technical roles, where we were able to learn about concepts such as: data loss events, cybersecurity, digital fraud, physical security and the various schemes for the assessment, management and definition of controls for the mitigation of IT risk in the operation and initiatives.

- Management of the risk of possible information breach, lack of data integrity and failures in the information systems that support the operation, and technological assets not managed by the Vice Presidency of Engineering ("Shadow IT"). With the support of 1 Line of Defense (LoD) and the Risk & Control Assessments (RCAs) of each domain for the Bank and Subsidiaries, we were able to manage action plans to mitigate such risks on 35% of the inventory of Shadow IT assets, concentrating the resolution in assets with High Critical (71%) and Critical (61%) risk. In addition, we have committed to action plans that will end in 2022 and bring the inventory to zero.

- Preventive management of technological risks in initiatives and outsourcing presented in the WG / CARO Admission Circuit, we carried out 86 projects during 2021, generating 184 conditioning factors (19% blocking passage to production and 81% necessary to manage during the various stages of the project), with a 32% degree of implementation by the end of the year.

1.14 Omnichannel Approach

BBVA-9

In 2021, the transaction rate of the offices showed an increase of 4% compared to 2020, as a post-pandemic effect, reflecting economic recovery. However, compared to 2019, we remain at a transaction rate of -32%, leveraged by the direct debit of products, the recurrence of POS transactions in business establishments and the increase of transactions in digital channels.

It is important to mention the transactional behavior on the digital channels as follows: in Mobile Banking, there was a growth of 7.60% and 43.52% on the Net, compared to the end of 2021, leveraged on new functionalities or improvements for customers, such as the new option to redeem the points earned with the BBVA Travel Program in a partnership with Despegar, a platform that provides multiple options in terms of airfare, tourist plans and hotel accommodations, among others.

In terms of security and experience, we implemented the dynamic CVV display on BBVA Mobile and BBVA Net for new customers who contract mobile money, and in online accounts, we implemented a validation integration for greater security. We also promoted greater transactionality by implementing the redirection from our app to the Public Web for opening consumer products and credit cards, among others.

Regarding our white page, we now have the generation of pre-approvals for the lines of acquisition of housing, remodeling and debt purchase, and we implemented improvements that provide a higher percentage of approval of users who want to open their credit card digitally.

In addition to the above, the payment of taxes and universities on the Net was encouraged by offering a special rate benefit for customers who decided to pay by credit card.

A communication plan was developed to encourage customers to pay their utilities by direct debit, where the result of BBVA Net showed a growth of (+132%) with regard to collections.

In 2020, the Fin de semana BBVA (BBVA Weekend) Campaign was also launched for cardholders, providing direct benefits to customers for their credit card purchases, with direct cashback to their card of up to 30% of the value of their purchase in partner brands. In addition, the BBVA Mobile points payment option was incorporated with the push notification, to facilitate the exchange of points earned for purchases in partner stores; this action will continue for 2021.

In 2021, we are working to put closer and more convenient physical channels in the hands of our customers through ATM banking correspondents.

At the end of the year, we expanded our ATM network by 89 ATMs to complement our ATM fleet, reaching 1,415 ATMs.

Along the same lines, in 2021 we focused on strengthening the correspondent banking channel by enrolling new partners such as Gelsa PagaTodo, Supergiros, Apuestas Cúcuta - JJPita, generating new capillarity and robust points to serve the Bank's customers and users in their cash transactions: Collection of agreements, deposits in checking and savings accounts and cardless withdrawals from BBVA accounts.

We went from having 18,000 points concentrated in the main cities to having around 37,000 points nationwide, covering more than 85% of the country's municipalities.

This channel allows us to generate new payroll and collection business for enterprise and government agreements that we were unable to serve due to the lack of a physical channel for customers. In addition, banking correspondents are an important focal point that allows the migration of the transactions that back up the 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.

During 2021, we focused all our efforts for companies on the digitalization of opening products through the channel, delivering projects such as contracting acquisition through Net Cash, opening credit cards, financing payroll, supplier and tax payments, by entirely digital means.

We also implemented the new GEMA mobile application for companies, whose implementation brings an improved customer experience, improved speed, functionalities such as online transfers to BBVA accounts, more than 600 collection agreements available to the customer. This is a commitment to continue growing in the SME segment in the market.

In terms of portal sign-ups, the year ended with 4,932 new portals (71% TAM) signed up through the assisted sign-up circuit, and the Net Cash Mobile App registered 3,613 new customers (42% TAM).

Percentage share of operations in each channel

Item	2020	2021
H2H	32,6%	37,4%
Own ATM	19,5%	16,6%
POS	17,7%	19,3%
Net Cash	9,8%	7,1%
Mobile Banking	12,6%	11,5%
Offices	3,4%	3,2%
Net	3,7%	3,5%
Non-banking Network	0,7%	1,3%

Source: Channel Datastudio

Distribution of BBVA Colombia by department

Department	ATM	Offices	Banking Correspondent
Amazonas	4	1	4
Antioquia	145	49	1.239
Arauca	10	3	232
Atlántico	74	19	2.450
Bogotá D.C	390	110	9.588
Bolívar	47	10	1.782
Boyacá	27	8	315
Caldas	33	8	1.064
Caquetá	10	3	356
Casanare	25	6	417
Cauca	20	5	900
Cesar	36	9	717
Chocó	6	1	224
Córdoba	36	9	932
Cundinamarca	75	17	2.694
Guainía	0	0	22
Guaviare	2	1	90

Department	ATM	Offices	Banking Correspondent
Huila	29	6	147
La Guajira	32	7	568
Magdalena	34	7	1.411
Meta	34	9	652
Nariño	21	6	734
Norte De Santander	38	7	735
Putumayo	14	4	88
Quindío	14	5	438
Risaralda	34	10	712
San Andrés Providencia Y Catalina	4	1	91
Santander	98	22	442
Sucre	21	4	1.128
Tolima	41	8	288
Valle Del Cauca	139	40	3.861
Vaupés	0	0	36
Vichada	4	1	41
TOTAL	1.497	396	34.398

1.15 Compliance System

The Compliance System constitutes one of the bases on which BBVA consolidates its institutional commitment to conduct all its activities and business in accordance with strict standards of ethical behavior. This system consists of a set of policies, standards and procedures (Internal Regulation); organizational structure, governance, tools and technological solutions implemented to ensure that the conduct of the Organization and its employees is in line with the Group's values.

This system is aimed at preventing, mitigating and managing the so-called Compliance and Conduct Risk, understood as the "risk of significant financial or reputational loss that BBVA may suffer: (i) as a consequence of non-compliance with laws or regulations regarding the prevention of money-laundering, customer conduct, market conduct or personal data protection; (ii) as a consequence of non-compliance with internal regulatory standards; or (iii) as a consequence of behavior

involving non-compliance attributable to the entity that may have a detrimental effect on customers, employees, the integrity of the markets or the Company itself".

During the year 2021, the workforce of the AML and Integrity disciplines was reinforced, strengthening the structure of the Compliance Department in order for the functions of the second line of defense to be more independent, promoting an organizational level in line with the internal control model.

With the right organizational structure and a clear assignment of roles and responsibilities, BBVA Colombia fully met the objectives that focused on aspects such as: properly managing and mitigating compliance risks, actively participating in the Operational Risk Admission and Product Governance Committee, providing support and assistance to BBVA's commercial management, submitting internal and external reports in strict compliance, and meeting the requirements of government control and oversight entities in a timely manner, maintain training and communication strategies on Compliance issues to further strengthen the ethical culture in the entity and review the contents of the policies, procedures and manuals related to the operation, in order to verify the effectiveness of the proposed preventive measures, their validity and effective compliance, making the changes that were found to be appropriate in each case.

During the COVID-19 health emergency, adjustments were made to the way the teams worked in order to ensure the continuity of the operation, managing to maintain a control framework in accordance with the demands of the global situation in strict compliance with local regulations and requirements.

Business Integrity

GRI-102-16

The year 2021 has been important for BBVA Colombia in its ongoing commitment to business integrity. To this end, we continued to strengthen our efforts for the continuous improvement of policies and practices that ensure relations with all stakeholders based on integrity and in which BBVA's values, leadership model and Code of Conduct are evident. During the year, the following activities were carried out, among others:

- To this end, and in accordance with corporate guidelines and those of the BBVA Board of Directors, we strengthened and documented new and existing measures and controls that allow us to properly mitigate corruption risks.

- We continued to manage the Whistleblower Channel in compliance with the principles established in the Code of Conduct related to the protection of the bona fide whistleblower, the confidentiality of complaints and whistleblowers, as well as objectivity and fairness in the proceedings, and promoted the ongoing training and communication to employees on the contents of the Code and the use of the Channel.

- In addition, as of May 2021, the new tool for the Whistleblower Channel and consultation of the Code of Conduct applicable to all BBVA entities came into operation, allowing the registration, monitoring and traceability of communications, ensuring the confidentiality and anonymity of complaints received by the Compliance Department.

- Similarly, the design, implementation and monitoring of individual and synthetic indicators for the prevention and detection of possible bad sales practices, non-compliance with financial consumer protection regulations and for the causal analysis of complaints filed by BBVA customers continued.

- Also, the requested reports related to the following were sent to corporate: Code of Conduct, Whistleblower Channel, Claims and Regulations related to Health Emergencies and the Global Model of Customer Compliance Indicators.

- In relation to the redefinition of the organizational structure of the Compliance Department, the Department of Personal Data Protection was incorporated with the Business Integrity Management Unit, to provide continuity of the functions established as a second line of defense, in order to protect and ensure the proper treatment of personal information that BBVA entities in Colombia receive from their customers, shareholders, employees, managers, suppliers, users or anyone else with whom they are related, as a consequence of their business activities.

- We participated in the review of risks and controls aimed at updating the matrices of the Corporate Compliance and Customer Compliance areas and their adaptation, in accordance with corporate guidelines in order to align them with the methodological criteria, structures and new tools implemented in the entity.

- We began to review the regulatory framework and the risk matrix in the Personal Data Protection area to ensure a consistent application of the regulations, which will allow the adoption of standards and tools in BBVA entities in Colombia.

- As a result of the ongoing work and continuous improvement of the function, based on risk review and analysis, controls were reinforced and measures were established to strengthen the three lines of defense model.

- We also reviewed the regulations applicable to the Integrity areas, and did not consider their modification justified, since their content and orientation is appropriate for the management of the areas.

Standards of Conduct

GRI-102-16, GRI-205-1, GRI-205-2

BBVA's Code of Conduct provides behavior guidelines that are in line with our principles of caution, honesty, transparency, integrity and the corporate values. We aim to ensure that the customer comes first in the functions of a team that thinks big and directs its actions in coordination with the achievement of local and corporate goals under strict and high standards of conduct.

The Code includes commitments that contribute to preventing corruption at BBVA, as well as the guidelines that promote transparency, inclusion and financial responsibility.

In addition, BBVA has Policies on Anti-Corruption, Product Governance, Conduct in the Securities Markets, Competition, Conflicts of Interest and the Money Laundering and Terrorist Financing Risk Management System, which develop the principles contained in the Code of Conduct, including specific standards and establishing the guidelines of action expected from the members of BBVA Entities in Colombia in each of these areas of action.

During 2021, BBVA carried out communication and training activities for its employees related to anti-corruption policies and procedures. E-mails were sent to the entire workforce related to the Code of Conduct and 100% of employees were enrolled in training on the General Policy on Anti-corruption, Conflicts of Interest and Code of Conduct, through the Campus platform.

Whistleblower Channel

GRI-205-3

During 2021, the Compliance Department deployed the Whistleblower Channel as the main mechanism for the management of conduct risk at BBVA, through the dissemination of the new tool and mainly virtual training, reviewing and reinforcing the legal update contents through the **Misterio Legal** (Legal Mystery) course, which was completed by

91% of the employees, and the publication of cartoons with practical cases on BBVA's training platform, as well as the dissemination of information in emails and, with the support of the Talent & Culture Department, through the Advisors and the ALDíA mailbox.

The different campaigns highlighted how, through the Whistleblower Channel, employees, customers and suppliers of BBVA Entities can report any non-compliance they observe or become aware of, reminding them of their obligation to not tolerate behaviors that go against the Code.

They also reiterated the way in which communications can be submitted, as follows:

- Superior or his/her representative at Talent & Culture.

- Voice mail at +57 (601) 380 8171.

Whistleblower Channel tool:

www.bkms-system.com/bbva

The Compliance Department has processed the reports received diligently and promptly, promoting their verification and measures for the solution thereof, in accordance with the management procedures of the Whistleblower Channel, which analyzes the information in an objective, fair and confidential manner.

Main aspects to be reported through the Whistleblower Channel:

Intellectual property
- Providing confidential information to third parties
- Sale of databases
- Appropriation of the Entity's applications

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 bodies

Market integrity
- Insider trading
- Conflicts of interest
- Market manipulation

Anti-corruption and Other Aspects

2021 was an important year for BBVA in the framework of the Global Integrity Plan, in an environment of challenges and innovation, in which it has continued its efforts in the dissemination of the Code of Conduct, designing training programs and updating their contents, taking into account internationally recognized standards as good practices in terms of Anti-Corruption and integrity, and promoting the implementation of the BBVA Anti-Corruption Program.

For the implementation of BBVA's Anti-Corruption Program, existing controls were strengthened and those that were considered appropriate to implement at each of the entities, in accordance with the consultancy carried out the previous year, were created with the participation of the SSJJ, T&C, Business, Financial and Risk departments.

In conjunction with the SSJJ, T&C and Business departments, the Compliance Department carried out specialized training sessions aimed at selected groups, according to their level of risk exposure to Anti-corruption, consumer protection, conflicts of interest, prevention of money laundering and financing of terrorism and market conduct, as well as aimed at optimizing the handling of petitions, complaints and claims.

In addition, the Compliance Department continued its work of advising and dealing with queries from the different departments of BBVA Entities in Colombia, regarding the application of the Code of Conduct, fundamentally concerning objectivity in selection, contracting and promotion, the performance of other professional activities, the acceptance of personal benefits or presents, personal data treatment, management of potential conflicts of interest and the management of personal equity.

In the area of consumer protection, we continued the implementation of the Product Governance Policy previously approved by the Board of Directors, which establishes the principles that BBVA must observe when evaluating the characteristics and risks of products and services, as well as when defining their distribution conditions and their monitoring, in such a way that the interests of customers are taken into account at all times and ensuring compliance with the applicable regulations on customer protection, observing the principles of transparency, appropriateness and fair treatment.

During the year 2021, we continued to request the duly completed checklist of minimum compliance requirements before issuing a Compliance assessment for any outsourcing initiative, as well as for the offering of products and services aimed at the open market or BBVA customers. In addition, a new section on Product Governance was included in the forum of the Product Governance and Operational Risk Admission Committee (CAROyGP, for the Spanish original), in order to monitor the target market, distribution strategy, training, indicators and conflicts of interest, among others.

Additionally, during the year 2021, the SOY BBVA (I AM BBVA) Campaign was launched, focused on internal and external customer service, which establishes general guidelines for customer service, provision of service and handling petitions, complaints and claims, enhancing BBVA's principles with permanent communications aimed at the entire workforce.

In turn, also in 2021, the comprehensive evaluation of the Compliance Function was carried out by Internal Audit, which concluded that the Function for entities of the BBVA Group overseen by the Financial Superintendence of Colombia (hereinafter SFC, for the Spanish original), has monitoring schemes aimed at ensuring compliance with legal provisions and the identification of deviations to appropriately manage the risks and identifying opportunities for improvement that have been the subject of the area's activity plan.

In turn, the action plans under the responsibility of the Compliance Department, established by oversight bodies, were addressed within the terms to do so, and permanent monitoring and support was provided to the other Departments of the entity in compliance with their commitments.

Furthermore, we played an active, cross-cutting role in the Committees and meetings at the different Entities and at different levels through the issuance of opinions that involve the aspects within its jurisdiction, as well as any others in which it has a say and voting rights, due to the nature of its own functions.

Likewise, the Bylaws for Compliance approved by the Board of Directors was incorporated at the BBVA entities in Colombia, adjusting the document to local regulations and establishing responsibilities for those in charge of executing the Compliance Function, in order to prevent, mitigate and manage the so-called Compliance and Conduct Risk.

Securities and Derivatives - S&D

The expansion of the activities related to Trade Surveillance in the securities and foreign exchange markets consolidated the Securities & Derivatives discipline as a benchmark in the Department of BBVA's Internal Compliance in Colombia during 2021.

This was the result of the efforts made in the development of a regulatory framework adapted to the particularities of the business, the strengthening of monitoring scenarios for the generation of effective alerts related to alleged conducts associated with Market Abuse, as well as the establishment of processes for the mitigation of S&D risks, in which management reports were submitted to the Board of Directors and the following activities were carried out, among others:

- Training and communication of the contents of the Internal Code of Conduct (RIC, for the Spanish original) continued for persons subject to the Code, and on Campus courses were designed on the subject of Market Abuse for the same group.

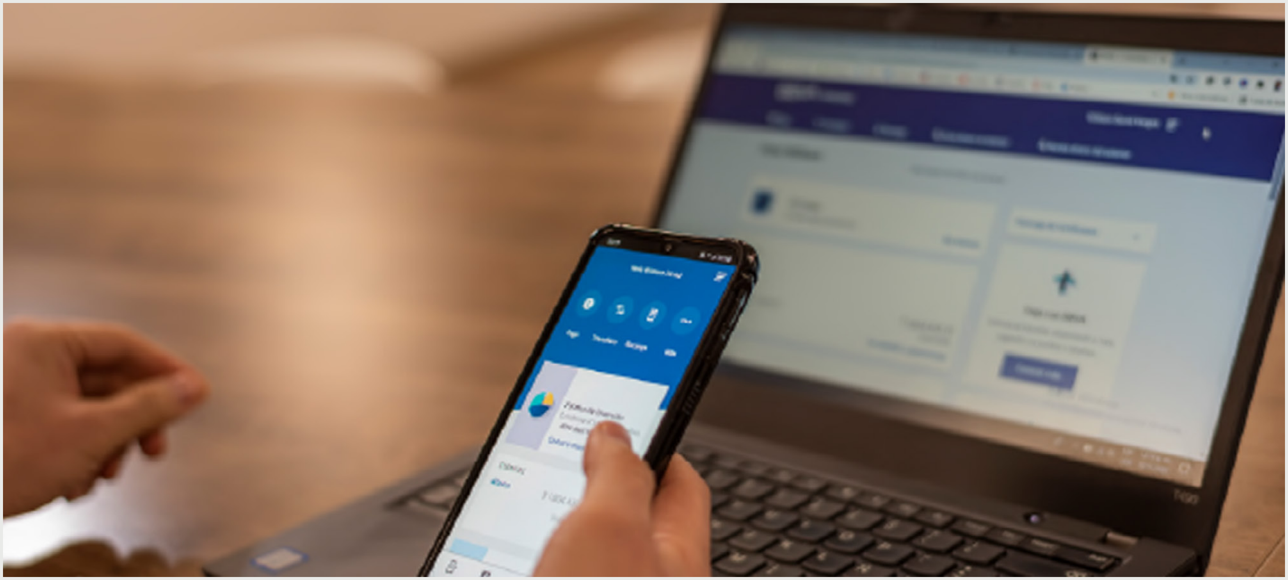
- We continued designing, structuring and implementing monitoring scenarios to prevent market abuse practices based on patterns associated with conflicts of interest, in the contribution to reference indices to comply with internal regulations.

- Mandatory on Campus courses were designed, led by the holding company, on market abuse, focused on market manipulation for employees with access to trading and logging systems, insider trading for other employees subject to the RIC, as well as micro-learning courses with exclusive content to mitigate S&D risks.

- Training in market issues was promoted for compliance officers in association with the Colombian Securities Exchange.

- The Internal Code of Conduct in the Securities Market (RIC) in the Securities Market was updated, extending its application to proprietary trading of persons subject to the Code in the foreign exchange market.

- The requested reports related to the following were sent to corporate: RIC, Proprietary Trading, Management Limits, Separate Areas, Market Abuse and Special Operating Measures for the proper management of the units in the new work modalities required due to the health emergency, as well as the new reporting related to alerts associated with possible Market Abuse.



We know that staying at the forefront of technology will enable us to maintain and surpass our leadership in our region and continue to earn the preference of our customers and stakeholders.

- We participated in the design and reporting of the Market Abuse indicators and the new Risk Appetite Framework (RAF) indicators in accordance with the parameters defined by the Corporation.

- We carried out the review of risks and controls aimed at updating the matrices of the area and their adaptation, in accordance with corporate guidelines in order to align them with the methodological criteria, structures and new tools implemented in the Entity.

- The Insider Information Files and Special Confidential Projects were managed to ensure compliance with obligations related to confidentiality and to mitigate the risk of wrongful use of insider information by the persons familiar with said information, while actively participating in the generation of proprietary concepts of the areas under its responsibility when so required by the initiatives.

- The regulations applicable to the Securities and Derivatives area were reviewed, adhering to the Corporate standards related to the Volcker Rule and the Rule on the Contribution to Reference Indexes resulting from the financial markets in which the jurisdiction participates.

- We participated in the attention, consolidation, submission of information and execution of action plans to internal and external regulatory, oversight and control bodies, by virtue of the visits attended by Compliance associated with Corporate Governance in matters of market abuse and the Compliance Function.

Risk management of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction

- The prevention of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction (hereinafter, AML&FT) is, above all, a constant in the objectives that BBVA Colombia associates with its commitment to improve the different social environments in which it operates.

- To BBVA Colombia, preventing its products and services from being used for unlawful purposes is also an essential requirement for preserving corporate integrity and, thus, one of its main assets: the trust of the individuals and institutions with which it relates on a daily basis (customers, employees, shareholders, suppliers, etc.).

- In order to do so, as part of a global financial group with branches and subsidiaries operating around the globe, BBVA Colombia has a corporate risk management model that includes all compliance issues (see description in the Compliance System section).

- This model not only considers Colombian regulations, but also includes the best practices of the international financial industry on the matter, as well as the recommendations issued by international bodies, such as FATF (Financial Action Task Force).

- In addition, it should be noted that the AML&FT risk management model is a model under permanent development, subject to continuous independent review. In particular, the risk analyses carried out reinforce the controls and establish, where appropriate, additional mitigating measures to strengthen the model.

- During 2021, BBVA Colombia continued to strengthen this model, for which it implemented important actions focused on preventing funds of unlawful origins from accessing and using the financial system. In view of the foregoing, and considering the entry into effect of Public Notice 027/2020 of the Financial Superintendence of Colombia, through which "Instructions regarding money laundering and terrorist financing risk management" are issued, as of September 1, 2021, the following changes were implemented in the Entity's risk management system:

- In the process of onboarding and updating legal entity customers, we implemented the capture of information from boards of directors and their cross-referencing with blacklists for Colombia.

- The risk assessment was adjusted by reducing the qualitative levels from four to three.

- New criteria were defined for updating customer information (with an update frequency of one to three years), considering the ML/FT risk profile assigned to each customer, as a result of the application of the ML/FT risk management system procedures.

- Automatic procedures were designed for the purpose of categorizing customers in order to inform them in a timely manner of their duty to update information that will allow the Entity to have an updated database for the application of ML/FT risk management system procedures.

- The module for attracting shareholders was strengthened and controls were implemented for the identification and classification of the type and class of companies based on the business name.

- The ML/FT risk management system policy, standards, procedures, guides and forms that are part of the regulatory framework were updated in accordance with external regulations and internal guidelines.

- The differential onboarding policy for customers with activities related to cannabis for medicinal and scientific purposes was updated, and controls for this group were strengthened.

- The procedure for opening political campaign accounts was updated and the control framework for transactional monitoring and management conditions was strengthened.

- The positions of Politically Exposed Persons at the national and foreign levels were updated in the Entity's core parametric tables and Decree 830/July 2021 was implemented in the system.

- The Information Updating Committee was established to analyze and evaluate the strategies and processes for obtaining and updating customer information in the office network and through mass processes in order to improve the indicators of population, quality and updating of customer information.

- The Networks Department continued to manage and monitoring on the population in the database of final shareholders/ beneficiaries of legal entity customers, achieving an acceptable percentage of the database population.

- Semiannual control monitoring and the corresponding risk and control survey were carried out.

- A complete review of sources, methodologies and segmentation models of ML/FT risk factors was carried out. The methodology for the assessment of the Employee ML/FT Risk Factor, which is part of the Entity's Consolidated Risk assessment, was reviewed.

- The Area's internal process management application continued to be strengthened, automating sources and establishing controls in the tool to ensure the management integrity and traceability in each of the operating lines.

- The requirements of the Financial Superintendence of Colombia were addressed in a timely manner, as were the information requirements of State investigative authorities.

- Specific controls were kept in place to identify and prevent possible transactions involving virtual currencies.

- The study of ML/FT typologies applicable to the business of each of the companies and the review of local monitoring scenarios began in order to make the adjustments and calibrations required in the model to detect possible money laundering and terrorist financing operations.

- We continued to monitor the operation of credit and debit cards issued abroad in our own ATMs located in Colombia.

- The annual training plan was carried out for all Bank personnel, mainly through virtual channels. During the year, new training content was developed in the different areas of the Compliance Function in accordance with the risk level of employees.

- The Basic Course on ML/FT risk management was updated, which must be taken by all individuals joining the Entity.

- The action plans of the oversight bodies were addressed within the established deadlines.

- Special risk analyses were conducted for specific groups: customers with activities related to Medical Cannabis, Gold Trading and Gambling.

- The review of risks and controls aimed at updating the matrices of the area and their adaptation continued in accordance with corporate guidelines in order to align them with the methodological criteria, structures and new tools implemented in the Entity.

- The synthetic indicators for the management of suspicious activities were monitored, establishing action plans and customer documentation.

- We played an active role in the Admission and Operational Risk and Product Governance Committee, issuing concepts for new products and services, mainly in digital channels, in order to ensure compliance with applicable ML/FT risk management regulations.

1.16 Compliance with legal requirements (Legal Situation BBVA Colombia)

Disclosure and Control of Financial Information (Art. 46 Law 964/2005)

BBVA Colombia's management kept adequate disclosure, monitoring and control systems in place for its financial information during 2021, relying on the control and monitoring systems and processes implemented by the Bank and areas specialized in risk management. This was aimed at ensuring that the financial and accounting information is presented appropriately and in compliance with legal requirements.

Specifically, the financial information prepared by BBVA Colombia is subject to an Internal Control System (ICS), in order to provide reasonable assurance of its reliability and integrity and to ensure that transactions are performed and processed in accordance with the criteria established by applicable local regulations, corporate policies and BBVA Colombia's management.

In line with the foregoing, analysis and control activities are being carried out on the procedures and systems related to accounting information, among which it is important to mention the following:

- Continued strengthening of the Internal Control Model where risks related to financial information are identified and periodically assessed to ensure their proper mitigation.

- Management and monitoring of internal control weaknesses identified as a result of periodic assessments and on operational risk events until they are resolved.

- Internal Audit constantly assesses the effectiveness of the procedures and controls established for the operation of BBVA Colombia's information systems and the plans to mitigate identified risks are implemented or in the process of being implemented.

Finally, considering the assessments and controls performed on the accounting and financial information systems, the Board of Directors and Management of BBVA Colombia have verified that the information disclosure and control systems reasonably comply with the quality, sufficiency and timeliness of the financial information of the BBVA Colombia Group.

BBVA's risk identification and assessment system is dynamic, evolves over time and reflects the reality of the business at all times.

1.17 Internal Control and Country Operational Risk

Definition of Operational Risk

BBVA has a General Risk Management and Control Model adapted to its business model and its Organization, which allows it to carry out its activities within the framework of its risk management and control strategy and policy, as well as to adapt to a changing economic and regulatory environment.

It assumes the definition of Operational Risk as defined by the Basel Bank for International Settlements (BIS): "Operational Risk is that which may result in losses as a result of human error, inadequate or faulty internal processes, systems failures, and as a consequence of external events."

This definition includes legal, compliance and conduct risk and 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 the management of operational risks to the extent that it arises as a result of operational events.

BBVA developed this definition of Operational Risk in order to delimit the scope of its management: "Operational risk materializes in losses caused as a result of human error; inadequate or defective internal processes; inappropriate conduct towards customers, in the markets or against the Entity; failures, interruptions or deficiencies in systems or communications, theft, loss or misuse of information, as well as deterioration of its quality, internal or external frauds including, in all cases, those derived from cyber-attacks; theft or physical harm to assets or persons; legal risks, risks derived from workforce management and occupational health, and inadequate service provided by suppliers."

Operational Risk Methodology

Internal Control and Country Operational Risk is the unit responsible for defining the instruments, methodologies and procedures for the Entity to effectively manage operational risks, in accordance with the guidelines, stages and elements set forth in the local regulation of operational risk and internal control, particularly 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 makes it possible to identify risks in the areas, generate analysis reports in which risks are prioritized according to their estimated residual risk (after incorporating the effect of controls), link risks to processes and establish a target level for each risk which, by comparison with the residual risk, leads to gaps for its management.

Operation of the Internal Control System (ICS)

The following is the report on the ICS prepared by the Audit Committee in accordance with Section 6.1.2.1, Chapter IV, Title I, Part I of the Basic Legal Notice of the SFC:

General Policies Established for the Implementation of the Entity's ICS

BBVA Colombia has a corporate Internal Control Model, whose main objective is aimed at reinforcing the field of action of i) the Internal Control and Country Operational Risk unit (Non-Financial Risk - NFR), of the Risk Control Specialists (RCS) and who report to the Executive Department of Internal Control and Compliance, which make up the Second Line of Defense (2LoD); and ii) the Front Line, business units that make up the First Line of Defense (1LoD), which execute and support the processes of identification, monitoring and mitigation of operational risks.

The model is based on the principles of self-control, self-management and self-regulation, complemented by the BBVA Code of Conduct approved by the Board of Directors.

The application of the model is based on an 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 makes it possible to identify risks in the areas, generate analysis reports in which risks are prioritized according to their estimated residual risk (after incorporating the effect of controls), link risks to processes and establish a target level for each risk which, by comparison with the residual risk, leads to gaps for its management.

This allows control and business decisions to be made under three lines of defense in line with international best practices, as follows:

Three Lines of Defense Model

First Line (1LoD): Composed of the Business and Support Areas, responsible for the management of operational risks in their products, activities, processes and systems; as well as for the identification, assessment and management of operational risks, for which they must execute the controls and mitigation plans for those risks with a residual level higher than that which can be assumed. The Risk Control Assurer (RCA) is in place to support the units in risk management and ensure a control environment within them.

The Second Line of Defense (2LoD) is made up of: (i) Internal Control and Country Operational Risk, which is responsible for designing and maintaining the Operational Risk management model, and for assessing the degree of implementation in the different areas; (ii) the Control Specialist Units (hereinafter Risk Control Specialists), in the areas of compliance, risk, finance, processes, technological security, physical security, information and data security, legal, persons and third parties.

Risk Control Specialists define the mitigation, control and monitoring framework in their area of expertise and contrast it with the framework implemented by the First Line. Risk Control Specialists work across all the the geographies, performing their duties in the Areas in which the operational risks of their area of expertise may materialize and; (iii) Communication and Image (Responsible Business) is responsible for the management of Reputational Risk.

Internal Control and Country Operational Risk and Risk Control Specialists (RCS) maintain a reporting line with the Internal Control and Compliance Department in order to ensure the coordinated action of the Second Line of Defense and to preserve their independence from the First Line of Defense.

The Third Line of Defense (3LoD) is Internal Audit, which performs an independent review of the control model, verifying compliance with and effectiveness of established general policies.

The Internal Control Model is coordinated at the corporate level through the Internal Control and Regulation Department and at the local level through the Internal Control and Compliance Unit, which is responsible for directing BBVA's Second Line of Defense in Colombia and for promoting the global model of management and control of non-financial risks in the country, reporting directly to the Chief Executive Officer.

The business or support departments have RCAs that are part of the Front Line of the 1LoD and are responsible for ensuring adequate operational risk management in their respective departments, extending the risk identification methodology, establishing controls and promoting mitigation measures.

Process to Review the Effectiveness of the ICS:

The assessment of risks and the effectiveness of their controls is based on Management's knowledge and understanding of the business and the operating process under analysis, taking into account both quantitative materiality criteria, probability of occurrence and economic impact, as well as qualitative criteria associated with the type, complexity, nature of the risks or the structure of the business or process itself.

The internal control risk identification and assessment system is dynamic, evolving continuously over time, reflecting at all times the reality of the business, changes in operating processes, the risks that affect them and the controls that mitigate them. All this is recorded in the MIGRO corporate tool, where the taxonomy of processes, risks and controls managed by the different Risk Control Assurers and Risk Control Specialists (RCS) are documented.

In addition, Internal Audit issues an annual opinion on the effectiveness of the Internal Control System. As for the year 2021, it reported that the ICS implemented by the Bank reasonably complies with the criteria established by the Financial Superintendence of Colombia in Chapter IV, Title I, Part I of the Basic Legal Notice and that the improvement plans established by the Bank to mitigate risks

identified in the assessments carried out during 2021 are implemented or in the process of being implemented.

Operational Risk Appetite

BBVA Colombia has a Risk Appetite Framework, integrated in the General Risk Control and Management Model approved by the Board of Directors. It is the fundamental element in risk management and the level that BBVA is willing to assume in order to achieve the objectives expressed in terms of solvency, and it is reviewed annually.

The management of operational risk is aimed at identifying its root causes, in order to prevent its occurrence and mitigate its possible consequences, by establishing control and monitoring frameworks and developing mitigation plans, in order to minimize the consequent economic and reputational losses and their impact on the recurring generation of income. For the purpose of measuring this relationship, we have the following in place:

The Operational Risk Appetite Indicator (ORI), which is the ratio of materialized losses from operational risk events to gross margin, calculated on a monthly basis, whose limit is approved by the Board of Directors, and in addition, 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.

Operational Risk Governance Model

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

Corporate Assurance Committee: its main function is to have an integral and consistent vision of the situation of the main non-financial risks and relevant situations of the control environment. Knowledge of the these aspects allows it to make quick and proactive decisions to implement measures to mitigate these risks, or to assume them as part of the appetite thresholds defined by the Group.

In line with the relevance of the issues discussed and the scope of the decisions, the forum is made up of the Chief Executive Officer (CEO) and the Management Committee, with the assistance of the Internal Control and Country Operational Risk unit (secretariat).

The main non-financial risks and relevant issues faced by BBVA Colombia, known as "issues", undergo a process of escalation and treatment in previous areas (working groups) with the assistance of the three (3) lines of defense, in order to anticipate measures and action plans to mitigate their effects.

Operational Risk Admission and Product Governance Committee (CARO&GP, for the Spanish original) Its purpose is to ensure the proper assessment of initiatives with significant operational risk (new businesses, products, outsourcing, process transformation and new systems, among others), from the perspective of operational risk and the approval of the proposed control environment. In the same line, it aims to comply with the Product Governance Policy in order to protect customers' interests and comply with financial consumer protection regulations in all BBVA Entities in Colombia.

Admission, as a stage in the operational risk life cycle, has evolved as a whole in order to leverage business processes and contribute to the Group's sustained growth. In this regard, improvements have been made to optimize the admission flow, such as:

- Early definition of initiatives subject to pass through the operational risk admission flow.
- Formalization of controls to ensure that the defined control framework and demands (constraints) are implemented prior to production and/or operation.

During the 2021 fiscal year, 66 initiatives were processed through the admission flow (outsourcing: 46; product, business, processes and inherent risks: 20).

Area Internal Control and Operational Risk Committee: its purpose is to ensure the correct implementation of the Operational Risk Management Model in the areas and promote its active management, making mitigation decisions in the event that control weaknesses are identified and monitoring them. The committee must be attended by the unit's management team with executive capacity to make decisions during the committee meeting and by the control specialists (RCS) covering the main risks presented.

High-Quality Event Logging

Public Notice 025 issued on July 7, 2020 by the Financial Superintendence regarding the Operational Risk Management System and, in particular, the provisions of Section 3.2.5.1 establishes that "...for the management of operational risk, all entities must have a high quality operational risk event log...".Therefore, BBVA Colombia started a project to implement changes in internal processes, additions to related regulations, software developments and acquisition of IT solutions in order to comply with this requirement.

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

The project for the implementation of the global MIGRO application continued and maintained a significant dedication to the planned phases of the project. 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.

In order to standardize risk identification, the concept of risk library was implemented as a set of risks existing in each of the theoretical processes of the Group's taxonomy of processes. Progress was made in several relevant milestones and modules related to operational risk admission, risk and control assessment 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

With regard to the prevention culture, training activities were carried out together with the Talent & Culture Department, for the entire workforce.

The following virtual courses were made available to employees: "El Misterio Legal " (The Legal Mystery), which discusses aspects related to the Operational Risk Management System (ORMS); "Gestión de Terceros" (Third-Party Management), which focuses on outsourcing risk management; and three specific courses on operational risk management: "Introduction, Governance and Methodology", "Planning and Admission", "Monitoring, Mitigation and Reporting".

ORMS training for third-party outsourcing service providers was carried out through Asobancaria and concluded in September 2021 with the participation of an expert trainer from the Entity.

Third-Party Risk Control Specialist

The purpose of the Third-Party RCS function is to ensure compliance with regulations in terms of specialty and discipline at the geographic level for all BBVA entities in Colombia, including Outsourcing, Vendors and Third Parties.

Responsibility as a Risk Control Specialist (RCS) consists of generating mitigation, control and challenge frameworks for risks derived from the inadequate management of relationships with third parties that may cause interruptions and/or inadequate levels in the provision of services, incorrect invoicing, financial losses, and negative customer experiences, among others.

In turn, the vision as a discipline is focused on the processes in which a third party intervenes to monitor compliance with the policies and procedures to control outsourcing risks as part of the framework of the Internal Control Model. It also manages the operational risk admission related to outsourcing, implementing the defined policies and methodologies and ensuring the appropriate updating of tools to guarantee monitoring and reporting to local and corporate bodies.

The specialty comprises, in the first place, Third-Party emphasis on quality in the provision of outsourcing services, invoicing in accordance with the SLA and agreed rates, subcontracting, proper contractual compliance, unwanted extensions, unavailability, exit and/or transition strategies; and in the second place, the emphasis on procurement aimed at the selection of suppliers, concentration and/or excessive dependence and country risk, presentation in the admission and contracting circuits and the existence, scope and validity of contracts.

Implemented Regulatory Framework

In order to comply with best practices in third-party risk management and to comply with regulatory requirements, the following were implemented:

- Guidelines issued by the European Banking Authority (EBA) for any new initiative or renewal of outsourcing services that establish guidelines in relation to internal governance systems and proper risk management when outsourcing functions, especially if they are essential.

- Aspects contained in Public Notice 025/2020 of the Financial Superintendence of Colombia, which expands the requirements to hire individuals and/or legal entities under the outsourcing modality for the performance of its processes without delegating professionalism, reasonably complying with the requirements of the risk analysis to determine the processes to be outsourced, understand the operational risk, establish effective policies to incorporate the risks derived from outsourcing in the strategy and determine those that are considered critical.

Assurance Projects

Between 2020 and 2021, the projects called Third Party Assessment and Adaptation of EBA Guidelines were developed under the leadership of CIRO Country Management and the Third Party specialty with the participation of the 1LoD (Outsourcing Units, RCAs, Procurement and Legal Services) and other members of the 2LoD (RCSs).

The objective of the Third Party Assessment was oriented towards the processes identified as relevant in the Entity, assessing aspects of supplier selection, contractual relationship and proper monitoring by those responsible for the services; as well as the identification of possible pain points and weaknesses associated with outsourcing, defining action and mitigation plans.

In order to ensure compliance with the EBA guidelines, a significant volume of contracts was adapted, focusing on two lines of work, concentrating on reviewing and ensuring that:

- Comply with the guidelines and include the mandatory clauses (technical and legal) or otherwise renegotiate their terms with suppliers.
- They have the information updated and available in the outsourcing management tools for use as an updated repository of information on outsourcing agreements.

Processes - Risk Control Specialist

It is responsible for promoting the general mitigation and control framework defined for the risks within its scope, for their management and adaptation by the 1LoD, both in the operational risk admission processes and in the Risk Model in general.

RCS Processes as a control specialty mainly covers the risks of:

- **Fraud**: external fraud committed by a third party in relation to a product or process in face-to-face channels by providing fraudulent documentation or identity theft and internal fraud due to unauthorized activities performed by employees or the use or disclosure of internal operational or business information.

- **Transaction Processing**: deficiencies in product or process design; inadequate, incomplete or untimely execution of processes/transactions and deficiencies in the delivery of products, services or execution of customer instructions.

- **Data Management**: risks due to deficiencies in Data Governance not related to technological aspects, encompassing the following dimensions: risk of lack of ownership, lack of knowledge of the content, lack of quality, and from the functional standpoint, lack of integrity and risk of unavailability.

In order to contribute to the reinforcement of the control elements linked to the goods and services procurement process under the Kaizen Project led by the Corporate Finance Department, progress was made 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).

Internal Risk Control

The Internal Risk Control Department acts as a control unit in the activities of the Risk Department. In this regard, it verifies that the regulatory framework and the management and control measures in place are sufficient and appropriate for each type of financial risk.

It also monitors its application and operation, and confirms that the Risk Department's decisions are made independently of the lines of business. In addition, in the Control Model implemented, it acts as a Risk Control Specialist (RCS) to establish the mitigation and control frameworks and to challenge the risks of which it is the owner. In addition, it has cross-cutting role, exercising its functions in the areas where operational risks in its area of expertise may materialize.

It has the following units:

- **CIR Processes:** responsible for validating that the operation of the financial risk control and management processes is appropriate and in accordance with regulations, detecting possible opportunities for improvement. To do so, it has a main methodology that works through assessments framed in each type of risk (Credit, Issuer, Counterparty, Liquidity, IFRS 9, among others) with coverage in the Bank, Joint Ventures and Subsidiaries where these types of risks are originated and managed.

- **Technical Secretariat (TS)**: is responsible for promoting the consistency and completeness of the regulations, coordinates the definition and structure of Risk Committees, and verifies their application and proper functioning.

- In this regard, the work in the Risk Department is framed in eight (8) committees established to make decisions on financial risk management in terms of policies, processes, regulations and credit admissions of customers in all the segments.

- **Internal Validation (IV)**: its main function is to independently contrast the models of the Risk Department, in order to ensure their accuracy, robustness and stability. To do so, it establishes an annual plan whose activity is intended to cover the models with a focus on regulatory models and those of greater relevance and/or materiality. In any case, full coverage of the models must be guaranteed.

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.

In the management for the year 2021, still under the challenge of the COVID-19 contingency, but with a relevant impulse in credit reactivation, among others, we undertook financial risk assurance work using a methodology of specific assessments that amounted to a total of thirteen (13), mainly to assess:

Internal regulatory management, risk governance, data governance (BCBS239 Project), credit admission and delegations, Monitoring and Reporting, Asset Allocation, and management of market, liquidity and structural risks in general.

Compliance of the activity planned for the year was 100%, where the main focal points analyzed were the following: credit delegations, credit score in the systems, compliance with the leveraged lending policy, specialized lending, connected clients, fallen angels; proactive admission management (pre-approved/pre-offered), stress test, recovery management with emphasis on the so-called Emerge Plan for compliance mainly with the Local Regulator's guidelines on post-COVID credit management, in accordance with the scope of each process.

We have originated nine (9) action plans: five (5) significant and four (4) moderate. In addition, six (6) have been resolved, most of them corresponding to retail credit risk and counterparty, liquidity and funding risks. By the end of 2021, there was a total of seven (7) open plans, all within deadlines and with continuous management.

We also have a dashboard of indicators "CIR Indicators" that, through the "constant" evaluation of (36) indicators, provides us with the status of the functioning of the activities within Risks.

Based on the above, we can conclude that, in general terms, the operation has been satisfactory, although some opportunities for improvement have been detected, which are subject to continuous assurance management.

In 2022, we will validate strategic issues such as sustainability and, in particular, the work plans committed to by the Risk Department in this regard (metrics and stress test - implementation), as well as the Control Model on data governance.

In portfolio management, we will again carry out specific operational work on the COVID portfolio, deterioration management through personalized analysis and validation of the Work Out circuit, assurance of the action frameworks (integration in management), and monitoring of the implementation and maintenance of the new definition of default (nDoD).

As for business plans, our focus will be on growth in SMEs (engines and models), specific plans for CIBs (tools and control frameworks) and work with specific scopes in terms of financial risks and governance in the Joint Venture and Subsidiaries established in the country.

Regarding the work of the Technical Secretariat, measures will be sought to improve the efficiency of the committees and the structuring of the corporate standards applicable to the geographies with more concise wording, as well as strict compliance with deadlines for adherence/transpositions.

1.18 Responsible Banking

GRI-102-12, GRI-103-2, GRI-103-3, FS-1

BBVA is a purpose-driven bank: “Making the opportunities of this new era available to everyone.” This purpose aims to have a positive impact on the lives of individuals, companies and society as a whole. Therefore, BBVA’s commitment to **sustainability** is possibly one of the clearest ways to materialize this purpose and help its customers in this transition.

For their part, customers, markets and society as a whole not only expect major companies to create value, but also expect them to make a positive contribution to society. In particular, they expect the economic development to which they contribute through their activity to be inclusive.

In 2019, BBVA undertook a strategic reflection process to further deepen its transformation and adapt to the major trends that are changing the world and the financial industry and incorporated sustainability as one of its six strategic priorities, focusing on the fight against climate change and inclusive growth.

Supporting customers in the energy transition in the face of climate change and focusing on inclusive growth are the group's two pillars in terms of sustainability.

Beyond its key role in driving sustainable finance, BBVA promotes a new way of banking that is more sustainable.

To this end, the Bank has actively participated in numerous initiatives, always in close collaboration with all stakeholders such as the industry itself, regulators and supervisors, investors and civil society organizations. These initiatives revolve around the following five priority areas:

- Universal frames of reference.
- Alignment with the Paris Agreement.
- Market standards.
- Transparency.
- Financial regulation.

BBVA's push for sustainable financing began in 2007 when it participated in the first issue of a green bond whose issuer was the European Investment Bank (hereinafter, EIB). One year later, the employee pension plan manager in Spain was the first in the market to sign the **Principles for Responsible Investment**. In 2020, BBVA Seguros joined these Principles.

In 2018, BBVA presented its **2025 Commitment** to contribute to the achievement of the SDGs and the challenges arising from the **Paris Agreement** on climate change. Since then, the Group has made progress in developing this priority, integrating sustainability in a cross-cutting manner in internal management and processes, as well as in its relations with customers and other stakeholders.

On December 4, 2018, the **Katowice Commitment** was signed. BBVA joined four other European banks in a joint commitment to align their loan portfolios with the targets set out in the Paris Agreement against climate change. In an open letter to world leaders and heads of state gathered at the 24th United Nations Climate Summit in Katowice, Poland, these entities committed to finance and designed the financial services needed to support customers in the transition to a low-carbon economy. On September 22, 2019, BBVA signed with 206 other banks the **Principles for Responsible Banking**, a framework of 6 principles to help any bank align its strategy with social goals. **The Principles for Responsible Banking are driven by the United Nations Environment Program Finance Initiative (UNEP FI)** with the aim of addressing the challenges of climate emergency and sustainability facing society today.

BBVA also joined the **Collective Commitment to Climate** Action at the climate summit, held in New York at the same time. This initiative, promoted by UNEP FI, is an important step towards working as a truly global coalition. At the time and in the opinion of experts, it was the financial sector's most ambitious climate milestone. It was signed by 36 banks.

On April 21, 2021, BBVA became one of the 43 founding members of **the Net-Zero Banking Alliance (NZBA)**. The banks in this international alliance commit to making all their loan and investment portfolios net greenhouse gas neutral by 2050 as a target date, in line with the science and the more ambitious goals of the Paris Agreement. In addition, the direct impact of its activity will also have to be neutral, something that BBVA already achieved in 2020 in all the geographies where it operates, including Colombia.

“On April 21, 2021, BBVA became one of the 43 founding members of the net zero emissions banking alliance, an important commitment to the sustainability of the planet and humanity.”

In July 2021, BBVA gave new impetus to its strategy by elevating sustainability to the highest executive level of the organization and created the global Sustainability Department, which will form part of the highest executive level of the Organization, the Global Leadership Team, and will report to the Managing Director. In addition, considering the highly strategic and transformational nature of the area, a report to the Group's CEO on these matters has been established.

Furthermore, in July 2021 the Bank announced that it will channel EUR 200,000 million, doubling the initial figure stipulated in the 2025 commitment.

In November 2021, BBVA announced targets for the decarbonization of its loan portfolio by 2030 for CO2-intensive industries. These are intermediate targets, which along with the announcement to stop financing companies involved in coal-related activities (2,040 in Colombia), show that BBVA has its sights set on being carbon neutral by 2050.

BBVA's '2025 Commitment' is based on three lines of action: finance, integrate and involve.

1. Finance: BBVA is committed to mobilizing EUR 200,000 million in green finance, social infrastructure and sustainable agribusiness, entrepreneurship and financial inclusion.

2. Manage the environmental and social risks associated with the Bank's activities, in order to minimize their potential direct and indirect negative impacts.

3. Engage all stakeholders to collectively promote the financial sector's contribution to sustainable development.

The transition to a low-carbon economy has relevant implications for the value chains of most productive sectors, and may require significant investments in numerous industries.

However, technological advances in energy efficiency, renewable energies, efficient mobility or the circular economy are a source of new opportunities for everyone.

In this context, BBVA has defined a set of values, principles and criteria contained in the **Group's Sustainability Policy** in order to create sustained value for shareholders, employees, customers and society as a whole.

Integration of sustainability in the executive environment

BBVA incorporates the sustainability dimension in its day-to-day business and in everything it does, both in customer relations and internal processes. In this regard, the definition and execution of the sustainability strategy has a cross-cutting approach, where it is the responsibility of all departments of the Group to progressively incorporate it in their strategic agenda and work dynamics.

Taking into consideration the two main focal points of action in the area of sustainability (climate change and inclusive and sustainable social development), the Bank has four specific objectives, which are materialized in different lines of work whose execution is the responsibility of different departments and for each of which a person in charge has been appointed. The objectives and lines of work for each department are as follows:

Promote the development of sustainable solutions: identify opportunities, develop sustainable products and offer advice for private and corporate customers.

- Sustainable solutions for retail customers.
- Sustainable solutions for corporate customers.
- Sustainable solutions for corporate and institutional customers.
- Communications & marketing.

Integrate sustainability risk in its processes: integrate the risks associated with climate change, whether physical or transitional, in the Bank's management processes.

- Risk Management.
- Sustainability Standards.
- Processes.

Establish a single agenda with stakeholders: promote transparency regarding our commitments and performance, reduce our direct impact and promote active engagement with all our stakeholders to promote sustainability in the financial sector.

- Reporting and transparency.
- Direct Impact.
- Public dialog.

Develop new competencies in the area of sustainability: leverage the Group's capabilities in the area of data and technology to promote the development of the sustainability strategy within the Organization, as well as to promote training on these issues among all employees.

- Data and Technology.
- Talent.

Products with High Social and Environmental Impact

GRI-203-1, FS-1, FS-14, BBVA-2, BBVA-3, BBVA-4, BBVA-5

One of the strategic priorities of the Responsible Banking Model has to do with products that have a high social impact, which are developed as financial products and services in which differential social and environmental attributes are integrated.

During 2021, the BBVA Group's mobilization goal was doubled to reach EUR 200,000 million by 2025, in products that not only meet environmental but also social objectives. Thus, BBVA Colombia redoubled its efforts through the development of products that comply with the BBVA Sustainability Standard and strengthen the portfolio with solutions.

In order to offer our customers the best sustainable financing options, our employees must be trained to convey the impacts on finance, competitiveness and the environmental and social settings. Thus, we managed to train 93% of the Bank's employees in sustainability, in addition to specialized training for 85% of the sales force of individual and SMEs banking.

Sustainable Finance Products

GRI-203-1

Sustainable products correspond to the standards of the BBVA Group's own taxonomy, which is based on the European Union's taxonomy for sustainable finance. This is how we meet high standards when marking an operation as sustainable.

In order to be taken into account in sustainable financing, we must be able to identify that the resources disbursed will be used in one of the sustainability categories endorsed by the Group's standard; these categories can be both environmental and social, as follows:

Environmental:

- Sustainable mobility.
- Energy efficiency.
- Renewable energy.
- Circular economy.

Social:

- Medical equipment.
- Inclusive infrastructure.
- Financial inclusion.

During 2021, we participated in the financing of hybrid and electric vehicles for the private segment, in addition to the participation in SME and corporate banking in the replacement of technology with more efficient combustion engines, complying with the current regulations in the country.

Energy Efficiency Achievements

Sustainable finance products are instruments that channel funds to finance customers' transactions in sectors such as renewable energy, energy efficiency, waste management and water treatment, as well as their access to social goods and services such as housing, education, health and employment. BBVA wants to help create the capital mobilization needed to curb climate change and achieve the SDGs established by the United Nations.

During 2020, BBVA Colombia launched a portfolio of sustainable financial products, including mortgages for families, residential leasing and financing for construction companies that develop sustainable housing, and loans for the acquisition of electric and hybrid cars and electric motorcycles. Thus, in the area of sustainable housing, BBVA disbursed loans for COP 1,036 million to construction companies and families; in loans for hybrid and electric vehicles, disbursements amounted to nearly COP 35,000 million.

Among other results last year, BBVA issued a line of sureties for more than COP 290,429 million for the construction, operation and maintenance of the first line of the Bogotá metro. The operation was the result of a joint effort between the BBVA Asia and Colombia teams.

Additionally, it issued a guarantee to Tigo (Colombia Móvil S.A. ESP) amounting to COP 161,200 million for the execution of one of the radio spectrum blocks authorized by the Ministry of Information and Communication Technologies (MinTic) in the auction held in February 2020. The project includes the expansion of 4G Internet and telephone coverage in nearly 400 municipalities in rural areas of the country that did not have this service.

BBVA developed other sustainable products in 2021, such as green loans for the company Colombina, to which long-term resources were disbursed for more than COP 45,000 million; working capital loans to Nestlé for more than COP 115,000 million; and a social confirming line was opened for the company Jerónimo Martins, which will allows the suppliers of this supermarket chain to access advance funds for more than COP 26,000 million.

Key figures in sustainable financing:

- Hybrid and electric vehicle financing: COP 34,937 million
- Sustainable Housing: COP 1,036 million
- Guarantees: Bogotá Metro COP 290,429 million
- Colombia Móvil SA: COP 161,200 million
- Leaseback: BIOS Group - COP 39,568 million
- Confirming: Jerónimo Martins - COP 26,000 million
- Working capital: Nestlé - COP 115,000 million
- Long-term financing (KPI Link loan): Colombina COP 45,000 million
- Long-term financing (KPI Link loan): Aviatur COP 770,000 million

Fundación Microfinanzas

FS-13

As part of its commitment to financial inclusion, in 2007 the BBVA Fundación Microfinanzas (FMBBVA) was created; it is a non-profit organization whose purpose is to promote the sustainable development of vulnerable individuals who have productive activities. Through Productive Finance, its specialty and methodology, it works for the development of these individuals in five Latin American countries, to whom it offers personalized attention, bringing a complete range of financial products and services to their family businesses, as well as training and advice on the management of their small enterprises.

Despite the crisis generated by COVID-19, in 2021, the Fundación Microfinanzas BBVA continued its work and remained close to the nearly 2.8 million entrepreneurs it serves thanks to the digital transformation process, which it had begun years earlier. Fifty-seven percent of them are women, which contributes directly to reducing gender inequality.

In 2021, despite the crisis generated by COVID-19, FMBBVA continued its work and has remained close to the nearly 2.8 million entrepreneurs it serves thanks to the digital transformation process, which it had begun years earlier. Fifty-seven percent of them are women, which contributes directly to reducing gender inequality and adds to FMBBVA's continuous effort to reach the most remote and needy geographic areas.

Since its incorporation, the entities of Fundación Microfinanzas BBVA have disbursed in Latin America an aggregate volume of more than USD 16,500 million to individuals with few resources for the development of their productive activities (2007-2021) and has thus become the largest private philanthropic initiative in the region.

Thanks to this work, Fundación Microfinanzas BBVA has once again been recognized in 2021 as the first foundation in contribution to development in Latin America and the first in the world in contribution to development for gender equality, 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.

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. 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 2021, Bancamía served 1.5 million people (56% women), and of those with loans: 44% live in rural areas, 43% have at most primary education and 85% are vulnerable in terms of income.

The Foundation's purpose and methodology have been recognized on several occasions by the United Nations for its contribution to the Sustainable Development Goals (SDGs) of the 2030 Agenda. In fact, it directly impacts SDG 1, eradicate poverty; SDG 2, end hunger and promote sustainable agriculture; SDG 3, ensure healthy lives and promote well-being at all ages; SDG 4, promote inclusive education; SDG 5, achieve gender equality; SDG 6, promote access to water and sanitation; SDG 8, promote sustainable and inclusive economic growth and decent work; SDG 10, reduce inequality; SDG 11, sustainable cities and communities; SDG 12, responsible production and consumption; SDG 13, take urgent action to combat climate change and its impacts; SDG 16, promote peace; and SDG 17, enable partnerships to achieve the goals, among others.

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.

These were some of the highlights of FMBBVA's activities during 2021:

- H.M. the Queen of Spain presided over the event "Connected by Digital Opportunity", organized by FMBBVA to discuss how to promote a more innovative and inclusive economy through technology that leaves no one behind, with the participation of a banking correspondent from Bancamía, which is participating in the pilot program of FMBBVA to expand Internet access in remote areas of Colombia and Peru through satellite connectivity. In addition, the Foundation organized the event "Women's Entrepreneurship as an Engine for Development", together with the Spanish public entity ICEX, and another to bring its services to women entrepreneurs in the region together with the International Trade Center (ITC), the joint agency of the World Trade Organization and the United Nations.

- The FMBBVA played an active role in the 13th Business Meeting within the framework of the 27th Ibero-American Summit, the Equality Generation Forum convened by the United Nations, the European SDG Summit, the "Leaders of the Americas" conference series of the Trust for the Americas of the Organization of American States (OAS) and the 3rd Specialized Meeting of the Inter-American Council for Integral Development of High Cooperation Authorities.

- In a commitment to the education of the most vulnerable, Bancamía and BBVA Colombia awarded 5 university scholarships to the children of low-income micro-entrepreneurs served by Bancamía, in a new edition of its "Transformando Realidades" (Transforming Realities) scholarship, to which nearly 1,000 life stories and examples of entrepreneurs and their children were nominated from 320 municipalities around the country. This number was 60% higher than last year's applications, of which 72% were female entrepreneurs, 81% are economically vulnerable, 34% live in rural areas, and 42% have an elementary school education at most.

This recognition, which covers the payment of the semesters of a university program, monthly maintenance and, in addition, study devices such as computers, was presented by the CEO of the BBVA Group, Carlos Torres Vila, who learned first-hand about the dreams of these young Colombians who want to get ahead and contribute to their communities.

- The digital strategy of FMBBVA was awarded the EQUALS in Tech Award in the "Access" category. EQUALS, whose founding partners are several United Nations agencies and organizations and Global System for Mobile Communications (GSMA), cu-

"Nearly 1,000 life stories and examples of entrepreneurs and their children from 320 municipalities around the country were nominated for the 2021 edition of the 'BBVA and Bancamía Transforming Realities' scholarship, 60% more than last year's applications."

rrently brings together more than 100 international organizations.

FMBBVA also won an Honorable Mention as 'Responsible Digital Innovator of the Year' in the Global SME Finance Awards 2021 (an initiative of IFC [World Bank Group] and the G20 Global Partnership for Financial Inclusion). In addition, UN Women has highlighted in its report published on December 2, 2021 Finance for All Women, experiences and innovative initiatives for the financial inclusion of women and a recovery with a gender lens in Latin America, the women's empowerment strategy and social impact measurement system of Fundación Microfinanzas BBVA (FMBBVA), and the good practices of financial inclusion of its entity in Colombia, Bancamía.

Bancamía was named 'Microfinance Institution of the Year' at the Latin Finance Awards. Also, its participation in facilitating financial inclusion for the delivery of state aid for people in vulnerable situations during the pandemic, has been chosen as one of 'The 10 Best Social Innovation Initiatives in Ibero-America', by CAF and Compromiso Empresarial. In addition, Empropaz, its program that serves entrepreneurs and micro-entrepreneurs in areas affected by violence and poverty, has received RedEAmérica's Transformadores Award.

In 2022, the Foundation will continue to work to promote a sustainable and inclusive recovery. It will continue to increase its range and scope with an expanded value proposition for the progress of its entrepreneurs, through technology and digitalization as tools for development, in addition to improving efficiency, processes and leveraging synergies.

Banking Correspondents

In 2021, we focused on strengthening the correspondent banking channel by enrolling new partners such as Gelsa PagaTodo, Supergiros, Apuestas Cúcuta - JJPita, generating new capillarity and robust points to serve the Bank's customers and users in their cash transactions: Collection of agreements, deposits in checking and savings accounts and cardless withdrawals from BBVA accounts.

We went from having 18,000 points concentrated in the main cities to having around 37,000 points nationwide, covering more than 85% of the country's municipalities.

This channel allows us to generate new payroll and collection business for enterprise and government agreements that we were unable to serve due to the lack of a physical channel for customers. In addition, banking correspondents are an important focal point that allows the migration of the transactions that back up the offices.

In 2021, our network of banking correspondents grew to 35,000 points and we now cover more than 85% of the country's municipalities.

> *"Through the Heroes Program in an agreement with the Ministry of Defense, BBVA contributed more than COP 321.5 million through the Matamoros Foundation."*

In 2021, our network of banking correspondents grew to 35,000 points and we now cover more than 85% of the country's municipalities.

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.

Support for Individuals with Special Needs
FS-14

"Heroes" affinity card: BBVA continued to strengthen its commercial relationship with active and administrative members of the National Police and the Colombian Armed Forces, making it easier for them to achieve their goals through preferential products and services in payroll, payroll loans, credit cards and other asset and liability products. By the end of 2021, there were 59,032 customers who had this card, purchasing more than COP 62 billion. Apart from promoting the new Heroes Credit Card exclusively for this group, the portfolio is focused on promoting products such as savings, payroll and leveraged loans; it also promotes the use of our transactional channels such as BBVA Mobile and BBVA Net, among others.

By the end of 2021, BBVA's Heroes Program, in an agreement with the Ministry of Defense, contributed more than COP 321.5 million through the Matamoros Foundation."

World Vision co-branded credit card: World Vision is an international humanitarian NGO dedicated to transforming the lives of the most vulnerable children. BBVA Colombia and World Vision have developed a partnership committed to the socioeconomic development of the country and significantly impacting the history of many families in different regions of Colombia. BBVA Colombia donates 0.5% of the interest received on purchases made with the credit card, amounting to a contribution of COP 38 million in 2021, a year in which customers who have the World Vision card supported Colombian children. Today, more than 18,000 customers have this card.

Ecuador Principles

GRI-102-11

Energy, transportation and social services infrastructures, which drive economic development and generate employment, can have impacts on the environment and society. BBVA's commitment is to assess the financing of these projects in order to reduce and avoid negative impacts and thus enhance their economic, social and environmental value.

All project financing decisions must be based on the criterion of principled cost-effectiveness. This implies meeting the expectations of stakeholders and the social demand for adaptation to climate change and respect for human rights.

In line with this commitment, since 2004, BBVA has adhered to the Equator Principles (EPs), which include a series of standards for managing environmental and social risk in project financing. The EPs were developed based on the International Finance Corporation (IFC) Policy and Performance Standards on Social and Environmental Sustainability and the World Bank's General Guidelines on Environment, Health and Safety. These principles have become the benchmark for responsible finance.

Project analysis consists of 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 require-

During 2021, the BBVA Group's sustainable finance mobilization goal was doubled to reach EUR 200,000 million by 2025

ments 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 in the internal processes of transaction structuring, approval and monitoring and is subject to periodic controls by the Internal Audit Department.

BBVA has reinforced due diligence procedures associated with the financing of projects whose development affects Indigenous communities. When this circumstance arises, the free, prior and informed consent of these communities must be obtained, regardless of the geographical location of the project.

The fourth version of the EPs came into force in 2020. This update, following an extensive public consultation period, incorporates new and more stringent requirements in the review of projects in relation to human rights and climate change. BBVA has played an active role in the updating process and its contribution in recent years has been recognized with a new mandate on the Steering Committee of the Equator Principles Association.

Eco-efficiency.

GRI-301-1, GRI-301-2, GRI-302-1, GRI-303-1, GRI-305-1, GRI-305-2, GRI-305-3, GRI-306-1, GRI-306-2, FS-1

In keeping with its commitment to reduce its carbon footprint and environmental impact, BBVA established a new Global Eco-efficiency Plan (PGE, for the Spanish original) for the 2021-2025 period, once the objectives proposed in the previous PGE, which ended in 2020 (2016-2020), had been met. The base year of this new plan is 2019, since the end year of the previous 2020 PGE is not representative of normal building activity due to the pandemic. The aim is to increasingly improve results and reduce direct impacts while maintaining a strategic position in the sector in the face of climate change, projected towards a greener future.

The new KPIs set for BBVA Colombia in the 2021-2025 PGE and their progress at the end of 2021 are as follows:

COLOMBIA	GRI	2019	ADVANCES IN 2021		KPI
		Base year	Indicador	%	Δ 21-25
% Energy from renewable sources	302-1	17%	100%	100%	30%
Electricity consumption per occupant (kWh/FTE)	302-1	3,86	3,13	-19%	-5%
Water consumption per occupant (m3/FTE)	303-5	30,39	39,68	31%	0%
Paper consumption per employee (kg/FTE)	301-1	38,04	35,28	-7%	-15%

COLOMBIA	GRI	2019	ADVANCES IN 2021		KPI
		Base year	Indicator	%	Δ 21-25
Net waste per employee (ton/FTE)	306-5	6,54	0,00	-68%	-3%
CO_2e emissions Scope 1 (tonCO_2e)	305-1	3.071,40	1.823,74	-41%	-4%
CO_2e emissions Scope 2 (tonCO_2e)	305-2		0,00		
Certified Surface %		11%	21.052	11%	30%

Energy

GRI-302-1

At BBVA Colombia, efficient energy management is a growing commitment and a challenge that led us to determine our Energy Model, defining goals related to direct operation around energy savings and clean energies with less environmental impact, such as:

- Renewable Energy: by 2021, 100% of the energy consumed at our facilities will be renewable, through the purchase of renewable energy certificates (RECs) that guarantee zero emissions, thus exceeding the renewable energy target set for 2025, in anticipation of meeting the 2030 target.
- Energy Efficiency: In 2021, we have implemented new technologies focused on energy efficiency through the Energy Master tool, continually monitoring our consumption. This has made it easier to focus on actions to mitigate deviations, high consumption, identification of reactive energy and maintenance needs in order to comply with the intended goals.

  The centralization of utility management has resulted in energy savings of COP 74 million in 7 months.

Main initiatives implemented in 2021:

- We are developing the project to switch the energy supplier for 74 offices nationwide and thus reduce energy rates by approximately 10%, thus increasing stability in the face of market price variations in the coming years, achieving savings and a return on investment in the short-term.

- Investments to replace old or obsolete electrical and electronic equipment with state-of-the-art, environmentally friendly equipment (network of offices and Headquarters). In 2021, 35 ACs and 7 compressors were replaced in the network of offices, and at the Headquarters (DG and Teusaquillo), a condensate bank for reactive energy was replaced, and 54 ACs and 8 UPSs were replaced for ATMs.

Water

We are in the process of implementing technology for the measurement of the water utility to periodically monitor consumption and thus detect leaks, overcharges and implement corrective actions to prevent and reduce deviations and monetize savings in this utility.

During this year, there has been an increase in water consumption due to the biosafety measures implemented due to the pandemic (such as deep cleaning at the headquarters, washing tanks, constant hand washing by employees).

Paper

GRI-301-1

In terms of the 2021-2025 PGE, progress has been made in the reporting of this indicator by including other types of paper used by the Bank, printing paper, chemical paper, forms and marketing paper (flyers, posters, brochures, etc.). Although these new categories were not considered in the data of the previous PGE, there was a 7% reduction in consumption, in line with the Sustainability strategy of introducing all elements that can be used to reduce or mitigate environmental impacts.

In particular, as for chemical paper, we are working on a project to reduce the use of transaction receipts in eleven types of transactions that will no longer be printed for customers in three phases. Phase 1 Q4 2021 and Phases 2 and 3 Q1 and Q2 2022.

Waste
GRI-306-2

We have made progress in properly managing 59.73 tons of waste, 68% of which is usable waste, contributing to the country's Circular Economy, ensuring that the remaining non-usable waste is managed correctly, through its final disposal in landfills or proper treatment given its hazardous characteristics.

In compliance with the regulations of Resolution 2184/2019 (separation of waste according to the white, green and black color code), 440 ecological points and color-coded bags were implemented nationwide in the Network of offices and Central Areas to optimize the separation of waste generated by our headquarters.

Carbon Footprint (CO2)

Since 2020, the BBVA Group, as part of its strategy to contribute to a zero carbon economy, has carried out the following actions:

- In 2020, it decided to provide an economic compensation for unmitigated emissions by developing the Peralta Wind Farm Project in Tacuarembó, Uruguay, acquiring carbon credits from the Voluntary Market in which BBVA Colombia participated, which were certified by the firm Clean CO2, specialized in carbon offsetting and reduction.

- For the year 2021, this definition was maintained and BBVA Colombia estimates it will offset 100% of CO2 emissions.

- The recent objectives proposed to integrate new concepts that generate emissions in the footprint measurements, such as AC refrigerants, waste management and employee commuting, which must be reduced or offset, are part of the transition to a low-carbon economy that generates contributions to mitigate climate change.

- Implementation of energy saving campaigns at its headquarters.

- We are working with our employees to encourage sustainable mobility through the use of bicycles, scooters and walking to and from our headquarters.

- At DG, we have more than 100 bike racks and 16 charging stations for scooters.

Environmental Management System

BBVA-10

In Colombia, BBVA Colombia's headquarters and three other buildings in Bogotá were certified under the ISO 14001 standard, which recognizes them as environmentally sustainable. In the new period of the 2021-2025 PGE,

we are going to environmentally certify 30% of the total surface area of the Bank's properties, increasing by 11%, from 21,112 m2 to 63,669 m2. With regard to the previous PGE (2016- 2020), a change has been introduced in the measurement of this indicator from measuring the % of occupants in certified buildings to measuring the % of certified m2.

Environmental Awareness Initiatives

We have continued to comply with the social and environmental policies and procedures applicable to our lines of business:

- We designed an environmental contest in which we involved the families of our employees so that they could contribute innovative ideas applicable to the Bank's internal activities. We received 44 proposals, which we are analyzing and evaluating in order to choose those that are applicable to the operation and can be implemented.

- We continued to participate the worldwide Earth Hour event in which the buildings of General Management, the Mortgage Center, Teusaquillo and the Cali Territorial Directorate were all turned off as a symbol of our commitment to the environment.

- Thirteen "El Planeta te necesita" (The Planet Needs You) campaigns were carried out to strengthen internal communication to continue raising awareness among employees about the responsible use of water, paper, energy and toner, as well as the proper separation of waste at the source.

Investment in the Community and CR Management

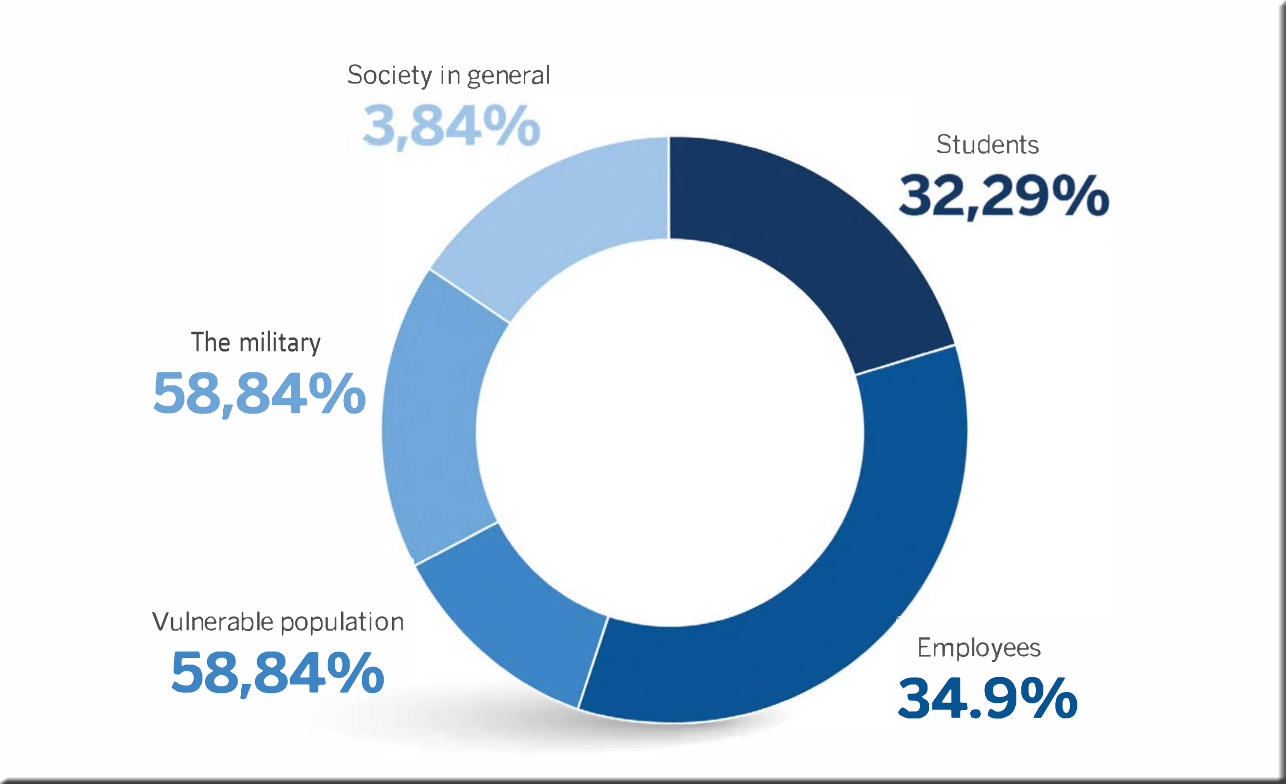
Investment in Social Programs BBVA-1, BBVA-12

At BBVA Colombia, we have maintained our commitment to the community. Therefore, in 2021, we allocated COP 7,800 million to carry out social actions that will benefit more than 100,000 individuals in vulnerable conditions. 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.

In 2021, we focused our efforts on the following initiatives:

Financial Education

As a financial entity, we understand the importance of acquiring knowledge about proper money management, financial planning, short and long-term investments, saving habits and bank security. Therefore, our Finance for the Future Program trained around 26,500 Colombians, 51% of whom were women and 49% men, through our workshops on Savings, Credit Health, Housing and Cybersecurity, reaching the following groups:



Education for Everyone

In 2021,we strengthened our support for Colombian education, creating opportunities for access to higher education, providing psychosocial support to students, contributing to closing the digital gap in schools around the country, recognizing the work of our teachers and supporting the country's children by providing school kits.

At BBVA, we are committed to education as a lever for development, which is why we invest more than COP 3,000 million in programs that promote the academic development of young people and children in Colombia.

During that year, we invested more than COP 3,000 million in joint efforts with foundations and universities that work to offer quality education to our Colombian children and youth.

Our initiatives in 2021:

Support for Higher Education:

Transforming Realities: through this initiative, we are supporting micro-entrepreneurs who, due to their economic conditions, cannot provide quality higher education for their children, which is why in 2021, we will carry out the second version of the program together with Bancamía.

For this edition, we awarded scholarships to five young people from Cúcuta, Paz de Ariporo, Chiquinquirá, San Vicente de Chucurí and Bogotá. More than 1,000 people registered to participate in the event. We coordinated this program with the Solidaridad por Colombia Foundation, which supports these young people through psychosocial assistance and administers the academic payments and monthly fees for their support.

We are currently benefiting six young people with this program, five of whom were winners of the first version of the program and Angie Hincapié, the daughter of a Bancamía micro-entrepreneur customer in Medellín, who is studying medicine and was the precursor of this program.

2nd Youth and Peace Building Fund: this program was created in conjunction with the Manos Visibles Foundation to create opportunities for young people in the Pacific region by providing access to higher education and strengthening their leadership skills.

In this program, we provided scholarships to eight young Afro-descendants who are enrolled in university programs at the ICESI University in the following programs:

- Communication.
- Music.
- Business Administration.
- Industrial Engineering.

They are volunteers in community organizations and agents of change supporting the initiatives cultural expression for peace and

In a commitment to the education of the most vulnerable population, Bancamía and BBVA Colombia awarded five university scholarships in 2021 to the children of low-income microentrepreneurs served by Bancamía, in a new edition of its "Transforming Realities" scholarship, to which nearly 1,000 life stories and examples of entrepreneurs and their children from 320 municipalities in the country were nominated.

black community processes, and contribute their knowledge in the entities Escuela de Música Bogando, Macoas, Escuela Robótica del Chocó, Walking on Money, Investic, Pacific Dance, Sinecio Mina.

Utopia Project: this project is led by the Universidad de La Salle, which has an academic campus that offers quality education to rural youth through an Agronomy Engineering program so that in the future they can be agrarian leaders.

The objectives of the program include:

- Business-oriented farms and knowledge transfer.
- Social development.

- Peace building.
- Sustainable development.
- Entrepreneurship.

BBVA Colombia joined the program by initially supporting five productive projects in areas of origin; these projects are led and executed by Utopia students and their objective is to technify crops in their areas; in this first investment, we provided support for crops of corn, peas, beans and cocoa to be planted in the departments of Casanare, Tolima, Huila and Cundinamarca.

We supported Young Talent by providing laptops to 30 low-income young people who began their training cycle with SENA for subsequent hiring by BBVA in the areas of Engineering.

Vamos Pa'lante: an initiative led by W Radio which aims to support the completion of university programs by young people in vulnerable situations around the country; BBVA joined the program providing 15 scholarships.

Afro-descendant women with undergraduate degrees: a program of the ICESI University that aims to promote quality teacher training in the Colombian Pacific region to ensure the development of future generations, through scholarships for Afro-descendant women. On this occasion, we provided scholarships for five young women, contributing 60% of the total cost of their university studies.

Additionally, in a partnership with Manos Visibles, we will carry out the Pacific Front End Program, which aims to train 100 Afro-descendant young people in software development; this will be executed in the first semester of 2022, following the allocation of resources and project planning in 2021.

Support for primary and secondary education

In 2021, we strengthened our support for young Colombians by creating opportunities for access.

Creando Conexiones: this program, in a partnership with Fundalectura, aims to support the digitalization of more than 35 schools around the country through digital libraries with more than 200 academic and cultural contents (created by Colombians and registered with the Ministry of Education) to which students will have access through computers donated by BBVA.

Given the current situation due to COVID-19, the provision of computers and training cycles in digital skills will begin in 2022 with the return to face-to-face classes for students and teachers.

6th version of the National Teacher Award: we continue to recognize the work of our teachers who, through their efforts, promote reading and writing among students by innovating their teaching processes.

In this edition, awards were given for reading and writing practices that stood out due to their creativity in these times of pandemic and hybrid learning. More than 800 teachers applied with 413 proposals and we awarded six initiatives in the following categories:

Meaningful experiences in reading and writing in times of pandemic:

- Critique: Philosophy in school.
- How long is forever? An experience in arts and education to address the issue of the Colombian armed conflict.
- Pedagogical strategy for teaching reading and writing in times of pandemic.

“At BBVA Colombia, we have maintained our commitment to the community, by allocating COP 7,800 million, benefiting more than 100,000 individuals in vulnerable condition.”

Innovative reading and writing proposals for hybrid learning:

- The aromas of creative writing.
- Rimay Churupi Raymi (party of the spiral word).
- Development of reading skills for hypertextual digital texts.

In addition, in 2021, we have an additional award for the experiences with the most votes on the award portal in each category, where the most voted were:

- **Helprofe**: Creative, critical and reflexive reading and writing, in the category of meaningful experiences in reading and writing in times of pandemic.

- **Oral tradition**: narrating cultural and intercultural territories as part of the framework of the reading and writing process in transition grade of the educational institution in Arroyo de Piedra and its campuses, in the category of Innovative reading and writing proposals for hybrid learning.

- **School kit**s: in 2021, despite the challenges caused by virtuality, we continued to deliver our school kits to more than 13,000 Colombian children, reaching more than 70 municipalities as a sign of our commitment to education.

- **CreeSer para el futur**o: we support the CreeSer Foundation so that they can carry out their program, which seeks the social transformation of the Altos de Mengua community in Cali through the promotion of education and child protection.

- **Jóvenes solidarios de Lorica**: through Solidaridad por Colombia, we sponsored 13 young people to continue their education in the tenth grade. Since 2018, we have supported 57 students to be agents of change in their communities.

In addition to these initiatives, during 2021, in a partnership with Corpoeducación, we structured the Pensar, Formar y Transformar, Jóvenes con Futuro! Program, which supports the completion of secondary education for overage youth in vulnerable conditions and the migrant population.

It will be executed during the 2022 school year and the resources were allocated in 2021.

BBVA Volunteers

BBVA-11

Our officers also contributed their efforts to the country's social construction. Our volunteer program has supported more than 4,000 Colombians in vulnerable conditions, joining initiatives that we articulate hand-in-hand with foundations through which we have managed to:

- Deliver more than 1,800 care packages of groceries to families living in poverty through the Bogotá Food Bank.

- Build school vegetable gardens that benefited more than 1,500 children and young people in collaboration with the Catalina Muñoz Foundation.

- Help 16 Colombians living in poverty by building four houses together with TECHO para mi País.

- Donate eight wigs to the Ámese Foundation for women diagnosed with breast cancer.

- Benefit more than 300 children and elderly people through laughter therapy with the Dr. Clown Foundation.

- Plant more than 160 trees in the villages supported by Fundación Humedales Bogotá.

- Accommodate a bicycle parking lot in collaboration with Niñas sin Miedo.

- Spend time with children and young drug addicts in rehabilitation.

Partnerships with Foundations

In 2021, we made donations amounting to more than COP 800 million to foundations that work with disadvantaged communities, benefiting more than 19,500 Colombians in vulnerable conditions, as a sign of our commitment to the country's development.

Our social actions included:

- **Solidarity for Colombia**: in December, we reached 4,500 families in 25 departments with care packages of groceries and gifts, supporting the Christmas holiday of the country's most vulnerable communities.

Our customers and users also contributed to families in need by donating around COP 500 million collected through our ATM network in the Program Ayudar nos hace bien (Helping Does Us Good).

- **Colombianitos Foundation**: through this foundation we joined Claro Colombia in the reconstruction of Providencia, a municipality affected by Hurricane Iota, with the construction of the Junín de Providencia Educational Institution where preschool and elementary school programs will be developed. The school will be hurricane resistant as it will be built based on the parameters of the Florida Building Code for Miami Dade County.

Through our Corporate Responsibility initiatives, we promoted the training of teenage mothers in productive trades, thus breaking the cycles of poverty.

- **Juan Felipe Gómez Escobar Foundation**: through this donation, we promoted the training of adolescent women in productive trades, thus breaking the cycles of poverty and giving them access to a better quality of life for themselves and their children.

- **Matamoros Foundation**: we support our disabled heroes who were wounded in combat through this donation to the program that trains them as web developers and promoting their access to the job market.

- **World Vision**: we generate well-being for the children of Colombia through programs that promote education, child protection, health and nutrition, capacity building, citizen participation and peace building.

- **Probono**: we support the provision of legal services to vulnerable populations and organizations that do not have sufficient resources to access quality legal services.

- **Corporación Excelencia en la Justicia**: we contribute to the development of access to justice programs by helping vulnerable populations that have difficulty accessing the judicial system.

- **Corporación Mundial de la Mujer**: executor of the Gran Tierra Project, which aims to strengthen the artworks of the Indigenous communities of Putumayo by consolidating the productive cycle of their handicrafts in their organizational, production and marketing dynamics, promoting environmental care, cultural preservation and the development of innovative products. We contribute in collaboration with Gran Tierra Energy, which drives this initiative.

- **A-Kasa Foundation**: we contributed to the economic and social development of the fishing community located in Iscuandé, Nariño by building a storage center that will benefit the families in the area whose main source of income is artisanal fishing, agriculture and commerce, and cannot carry out their economic activities with the minimum quality standards due to the precarious infrastructure of the municipality.

Construction of the storage center will begin in the first half of 2022.

Responsible Purchasing

GRI-102-9, GRI-204-1

During 2021, BBVA Colombia continued to strengthen its relationship with suppliers in order to ensure a suitable supply circuit. To this end, bids are based on a validation process in which the following aspects are evaluated: productive, technical, financial, legal, commercial and reputational capacity, ensuring compliance with the contracted commitments, as well as validating that suppliers are following the Responsible Purchasing Policy, the Local Standard for the Acquisition of Goods and Contracting of Services and the BBVA Code of Conduct.

These documents establish criteria that affect the supplier assessment process as well as the bidding documents and contracts; in turn, the Purchasing Standard was updated in all matters related to the supplier evaluation process, which will be handled locally.

At the same time, the Suppliers Portal was updated (it allows online interaction between BBVA companies in Colombia and their suppliers, through a collaborative environment; it covers the main scenarios of the procurement process, from the issuance of orders to the logging of invoices, and allows the electronic exchange of documents, making the process paperless), which consists of the following collaborative environments:

- **Public environment**: this is a website that provides general information on the procurement process and other relevant aspects of the Purchasing Model, making it easier for companies that intend to offer their products and services to register themselves and keep their information up to date.

- **Private environment**: allows suppliers who are registered at www.adquira.es to operate electronically with the Bank for the comprehensive management of the procurement cycle, covering the processes of negotiation, issuance, dispatch, receipt of orders and issuance of electronic preliminary invoices.

Also, suppliers now have integration to the Facilities Maintenance Management (GMI, for the Spanish original) module, which is a tool for preventive and corrective maintenance services for all BBVA Colombia facilities nationwide, which has been implemented 100%.

In turn, the Kaizen Project was implemented, which is led by Corporate and locally through the Finance Department. All departments of the Bank that contract outside the perimeter of Procurement, Non-Financial Risk, T&C, Compliance, Communication, Audit and the Office of the Chairman and CEO were involved in this project, which is mainly structured around the following objectives:

Reduce "non-standard contracting":

Aims to strengthen the mechanisms to control the processes of negotiable financial invoices, receipt of goods and acceptance of services, and the Delegated Acquiring Units (UDAs, for the Spanish original).

Improve and extend the Supplier Assessment process:

Benefits:

1. Control, traceability and visibility of the preliminary approval and negotiation processes.
2. Automatic updating of company information.
3. Online management by the user areas of the orders, as well as the acceptance of the goods and/or services delivered.
4. Reduction in errors as a result of process integration and automation.
5. Comprehensive training and support for portal operations.

BBVA complies with the payment commitments contractually agreed with suppliers of goods and services, as well as the obligations to the Tax Authority and Withholding Agents in accordance with the tax status of each of the suppliers when settling their payment.

In addition, the Company once again attended the course on Sustainable Purchases conducted by the Financial Superintendence of Colombia, in order to incorporate shared responsibility in the area's processes and thus ensure a sustainable circuit from beginning to end.

Proportion of Spending on Local Suppliers

GRI-204-1

Item	2021	2020
Percentage of payment to local suppliers*	79,46%	74,03%

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

Supplier information

Item	2021	2020
Number of online negotiations with ADQUIRA (1)	118	168
Number of petitions registered in Neon	196	305
Number of petitions registered by GPS (2)	1.051	862
Suppliers approved/assessed by the end of the year	723	455

1. Number of online negotiations with ADQUIRA. Colombia and Corporate processes are reported for all of 2021.

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. Subsidiaries began to operate through the GPS tool on 09/17/21, so the amount recorded indicates Bank (974) and subsidiary (77) requests.

4. Percentage increase of assessed suppliers. Variation is reported for the year 2021 as the new standard requires that 100% of procurements above EUR 2,000 must have the supplier assessed.

Share and relational capital

Item	2021	2020
Volume invoiced by suppliers (COP millions)	983.947	1.007.661
Volume invoiced by suppliers (USD millions)*	262,8	282
Volume invoiced by suppliers (EUR millions)*	222,6	244
Average payment time to suppliers (days)**	30	22

*Using the average exchange rate for the year 2021: US dollar: COP 3,743.09 - Euro: COP 4,419.56

** Payment Policy (Payment within 30 days)

2. Financial Information

2. Financial Information

2.1 Economic Value and Tax Contribution

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. This sustainable and shared value, as a whole and according to the methodology established by GRI, can be measured and detailed as economic value generated, distributed and retained by BBVA Colombia.

Economic value generated and distributed (COP millions)

Value Indicator	2021	2020
Economic Value Generated (EVG)	COP 3.682.433	COP 3.550.513
Interest margin	3.155.633	3.092.598
Net commissions	428.547	324.976
Trading results	279.403	300.179
Other net gains or losses (1)	-181.150	-167.239
Economic Value Distributed (EVD)	COP 2.071.506	COP 1.616.153
Dividends	425.635	COP 224.190
Results attributed to minority interest	20.383	COP 10.735
Suppliers and other administrative expenses (excluding wages and salaries)	531.440	COP 500.780
Taxes	490.695	COP 294.639
Personnel expenses	603.352	COP 585.809
Economic Value Retained (EVR=EVG-EVD)	COP 1.610.928	COP 1.934.360
Reserves	COP 449.224	COP 234.925
Provisions and amortizations (2)	1.158.819	COP 1.699.435

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

Group	Value Indicator	2021	2020	Var. %
Shareholders	Dividends 1	COP 446.019	COP 234.925	90
Employees	Personnel expenses	COP 648.650	COP 618.502	5
Customers	Interest and similar charges	COP 1.382.468	COP 1.899.076	- 27
Suppliers	Other administrative expenses 2	COP 981.319	COP 850.744	15
Companies	Contributions, taxes on profits and other taxes	COP 532.111	COP 335.026	59

Balance and Activity

Balance

BBVA Colombia's total assets ended Q4 2021 with a balance of COP 79,330,474. They presented an annual increase of 16.5%, which accounts for a variation of +COP 11,233,814.

Item	Dec-21	Dec-20	TAM Var	
Cash and cash equivalents	10.268.052	5.745.189	4.522.862	78,7
Active positions in market operations	737.064	484.399	252.664	52,2
Investments and operations with derivatives	10.830.911	11.421.427	(590.515)	(5,2)
Loan portfolio and leasing	57.632.221	50.983.302	6.648.918	13,0
Impairment	(3.440.545)	(3.431.013)	(9.532)	0,3
Other assets	3.302.771	2.893.355	409.416	14,2
Assets	79.330.474	68.096.660	11.233.814	16,5
Deposits and current liabilities	61.586.139	54.291.221	7.294.918	13,4
Passive positions in market operations	3.697.100	506.348	3.190.752	630,2
Financial instruments at fair value	3.454.783	4.107.191	(652.408)	(15,9)
Banks and other financial obligations	2.974.166	2.606.926	367.240	14,1
Accounts payable	1.000.168	763.938	236.230	30,9
Labor liabilities	245.734	237.716	8.018	3,4
Other liabilities	685.083	618.106	66.977	10,8
Liabilities	73.643.172	63.131.445	10.511.727	16,7
Share capital	89.779	89.779	-	-
Reserves and earmarked funds	3.643.354	3.408.311	235.043	6,9
Earmarked funds	-	-	-	NC
Surplus	1.074.480	1.043.935	30.545	2,9
Gains or losses	879.688	423.189	456.499	107,9
Equity	5.687.302	4.965.214	722.087	14,5
Total liabilities and equity	79.330.474	68.096.660	11.233.814	16,5

In relation to the Bank's liquidity resources, the available assets increased by +COP 4,522,862 compared to 2020. This increase was due to a variation of +COP 4,545,994 in the cash and equivalents in banks and other financial entities, of COP 200,568 in the Central Bank of Colombia and +COP 177,295 in the Bank's cash.

Active Positions in Market Operations closed with a balance of COP 737,064 and increased by 52.2% compared to the same period in 2020. This increase of COP 252,665 was due to a higher volume in simultaneous operations, which presented a variation of +COP 252,661 and the COP 4 increase in interbank operations.

In turn, Investments and Operations with derivatives presented a negative variation of 5.2% compared to December 2020, closing with a balance of COP 10,830,911.

The gross Loan and Leasing portfolio recorded an annual growth of 13.0% or COP 6,648,918, ending December 2021 with a balance of COP 57,632,221. The Impairment account, which corresponds to specific and generic portfolio provisions, grew by 0.3%. The Other Assets account showed an increase of 14.2% (+COP 409,417).

Regarding liabilities accounts, deposits and current liabilities showed an annual growth of 13.4% or +COP 7,294,918, closing with a balance of COP 61,586,139. This increase is due to a variation of -COP 2,505,485 in Certificates of Deposit (CDs), in special deposits of +COP 55,542, in investment securities of -COP 167,950 and increases in checking account deposits of +COP 873,941, in Savings Deposits of +COP 2,429,283 and of +COP 149,579 in current liabilities for utilities.

Passive positions in market operations increased by COP 3,190,752, due to a variation of -COP 171,490 in simultaneous operations, +COP 250,048 in interbank funds, +COP 459,359 in short position commitments and +COP 50,035 in Repo Operations.

Financial instruments at Fair Value closed with a balance of COP 3,454,783, which represented a decrease of 15.9% compared to 2020.

This variation is explained by the decrease in trading swaps (-COP 1,527,525) and trading forwards (-COP 305,619). In turn, trading options showed a decrease (-COP 8,181).

The line of Credits with Banks and Other Financial Obligations showed an increase of COP 367,240, due to a COP 386,702 increase in Foreign Financial Entities and obligations with Findeter and Finagro (+COP 100,664 and +COP 159,824, respectively). In turn, there was a +COP 117,370 increase in Bancoldex.

Accounts payable presented a variation of +30.9% while labor liabilities increased by 3.4%. Other liabilities increased 10.8% or COP 66,977, closing with a balance of COP 685,083.

Finally, Equity increased by 14.5% and closed at COP 5,687,302.

Loan Portfolio

In December 2021, the gross loan portfolio closed with a balance of COP 57,632,221 and showed a variation of +13.0% compared to the same period of 2020. The net loan portfolio showed a positive variation of 14.0% and closed with a balance of COP 54,191,676.

Loan portfolio - Table 1

	Dec-21	Dec-20	TAM Var	
Gross Loan Portfolio	57,632,221	50,983,302	6,648,918	13.0
Consumer	20,872,693	18,900,896	1,971,797	10,4
Commercial	20,194,331	16,723,869	3,470,462	20,8
Micro-credits	-	-	-	N,C
Mortgages	13,231,546	12,156,191	1,075,355	8,8
Leasing	1,530,845	1,573,017	(42,172)	(2,7)
Non-performing Loan Portfolio	203,367	198,839	4,529	2,3
Delinquent Loan Portfolio	1,599,439	1,430,491	168,947	11,8
Provisions	(3,440,545)	(3,431,013)	(9,532)	(0,3)
Net Loan Portfolio	54,191,676	47,552,289	6,639,387	14.0

BBVA Colombia's portfolio maintained its focus on the Individual segment, which accounted for 59.2% of the gross loan portfolio at the end of December 2021. This segment increased by 9.8% compared to 2020 and closed with a balance of COP 34,104,239.

The consumer loan portfolio, made up of Payroll Loan, Vehicle, Free Investment, Revolving Credit, Individual Credit Cards and Individual Overdraft loans, presented an annual increase of 9.3%. Payroll loans had the largest share in the consumer loan portfolio, followed by Consumer Loans and Vehicle Loans. The growth in Payroll Loans compared to the previous year (+15.9%) stood out.

The mortgage portfolio increased by 8.8%, which is a variation of COP 1,075,355. By the end of the Q4 2021, it accounted for 23.0% of the gross loan portfolio.

The commercial loan portfolio presented an annual variation of +20.8%, which is a variation of +COP 3,470,462. In turn, the leasing portfolio decreased by of 2.7%, which is a variation of -COP 42,172.

Performance Measures and Indicators

The proper risk management carried out in BBVA Colombia allows the Bank to develop its commercial operations while maintaining good portfolio quality indicators and a prudent risk profile.

	dic-21	dic-20	TAM Var
Gross Loan Portfolio	57.632.221	50.983.302	6,2%
Total non-performing loan portfolio	1.871.833	1.759.825	-4,0%
Non-performing loan portfolio	277.892	299.176	-7,1%
Delinquent loan portfolio	1.593.941	1.460.649	-3,4%
Portfolio indexes	%	%	%
Non-performing loan portfolio	0,51	0,58	-0,07
Delinquent loan portfolio quality	2,93	3,22	-0,29
Provisions	3.476.345	3.407.563	2,02%
Delinquent loan portfolio hedging	218,10	206,54	11,55

Customer Funds

At the end of the Q4 2021, customer funds remained in line with the Bank's liquidity needs. Total customer funds increased by (13.4%), which accounted for a variation of +COP 7,294,918, ending the quarter at COP 61,586,139. CDs accounted for 29.3% of total funds with a variation of -6.1%, reaching a balance of COP 18,022,109.

	Dec-21	Dec-20	TAM Var	
Demand deposits	9,299,354	8,632,106	667,247	7.7
Savings deposits	30,484,003	23,109,180	7,374,823	31.9
Certificates of deposit	18,022,109	19,194,165	(1,172,057)	(6.1)
Other deposits	1,392,142	1,051,507	340,635	32.4
Total customer deposits	59,197,608	51,986,959	7,210,649	13.9
Outstanding investment securities	2,388,531	2,304,263	84,269	3.7
Total customer funds	61,586,139	54,291,221	7,294,918	13.4

Transactional deposits (demand and savings) increased 25.3%, accounting for a variation of +COP 8,042,071. These deposits accounted for 64.6% of total customer funds.

Outstanding investment securities closed at COP 2,388,532 with a variation of +3.7% compared to 2020.

Solvency

Sufficient Equity and Solvency Ratio

The Entity's book equity showed a variation of +16.6% and closed at COP 5,687,302.

This increase is mainly explained by a COP 235,043 increase in reserves and a COP 425,392 increase in income for the year.

Technical equity ended Q4 2021 with a balance of COP 6,813,134 showing a variation of +6.6%. The required equity according to Colombian regulations was COP 5,075,880, which implies an equity surplus of COP 1,737,254.

Item	dic-21	dic-20	%
Book equity	COP 5.687.302	COP 4.966.322	14,5%
Computable sufficient equity	COP 6.813.134	COP 6.389.435	6,6%
Ordinary core equity	COP 5.111.125	COP 4.452.921	14,8%
Additional core equity	COP 2.994	COP 2.994	0,0%
Additional equity (less deductions)	COP 1.699.015	COP 1.933.521	-12,1%
Technical equity	COP 6.813.134	COP 6.389.435	6,6%
Required sufficient equity	COP 5.075.880	COP 4.449.959	14,1%
Surplus equity	COP 1.737.254	COP 1.939.476	-10,4%
Risk-weighted assets and contingencies	COP 41.134.818	COP 37.198.568	10,6%
Market Value at Risk (VaR)	COP 435.730	COP 336.344	29,5%
Operational Value at Risk (OpVaR)	COP 319.007	COP 223.066	43,0%
Basic solvency ratio*	10,33%	10,26%	+7pbs
Total solvency ratio	13,76%	14,72%	-96pbs

*Core equity compared to risk-weighted assets

Risk-weighted assets closed at COP 41,134,818, a 10.6% increase. The market value at risk increased by 29.5%, and the capital consumption for operational risk increased by 43%. The Bank's solvency ratio closed at 13.76%, a variation of -96 bps compared to the same period of 2020.

Income

BBVA Colombia's accumulated income at the end of Q4 2021 and 2020 are presented below:

	Dec-21	Dec-20	TAM Var	
Loan portfolio	4,646,921	5,053,725	(406,804)	(8.0)
Interest expenses	(1,383,310)	(1,899,076)	515,766	(27.2)
NET INTEREST INCOME	3,263,611	3,154,650	108,961	3.5
NET FEE INCOME	146,263	143,960	2,303	1.6
Investment portfolio	465,845	511,770	(45,925)	(9.0)
Dividends	17,143	14,512	2,631	18.1
Other income	204,236	71,979	132,257	183.7
OTHER OPERATING INCOME	687,224	598,261	88,963	14.9
GROSS MARGIN	4,097,098	3,896,870	200,228	5.1
Net asset provision	(978,756)	(1,500,858)	522,102	(34.8)
General administrative expenses	(1,798,070)	(1,699,364)	(98,706)	5.8
Personnel expenses	(648,650)	(618,502)	(30,149)	4.9
Overhead	(482,308)	(444,321)	(37,987)	8.5
Taxes and contributions	(125,109)	(126,482)	1,373	(1.1)
Others	(524,176)	(490,318)	(33,857)	6.9

	Dec-21	Dec-20	TAM Var	
Operational risk	(17,828)	(19,741)	1,913	(9.7)
OPERATING EXPENSES	(2,776,826)	(3,200,222)	423,396	(13.2)
UTILIDAD ANTES DE IMPUESTO	1,320,272	696,648	623,624	89.5
Income tax	(425,030)	(226,798)	(198,232)	87.4
NET PROFIT	895,242	469,850	425,392	90.5

Interest margin recorded a year-over-year increase of 3.5%. Income from the loan portfolio recorded a decrease of -COP 406,804 and expenses recorded a decrease of COP 514,544. This was driven by the Bank's good management. As a result, net interest income increased by COP 108,961.

Net fee income closed with a variation of +1.6%. In turn, income generated by the investment portfolio decreased by COP 45,925 or -9.0%. Dividends recorded an increase of 18.1% and closed with a balance of COP 17,143. In turn, the line of other income, which includes operating income from financial services rendered and recoveries of operating risk and others, recorded an increase of 183.7%.

The net asset provision closed with a balance of COP 978,756, a decrease of 34.8%.

Administrative expenses increased by COP 98,706 compared to the previous year. Personnel expenses increased by 4.9% when compared to 2020. In turn, general expenses increased by 8.5%. Tax and contribution expenses decreased by 1.1%.

Finally, BBVA Colombia recorded a net income of COP 895,242 by the end of December 2021, which was 90.5% higher than the previous year's profit.

2.2 Business

Individuals

FS-14

For 2021, the Individuals segment managed a significant increase and a budget compliance of 101% in NTI, driven mainly by the strategy of attracting stable resources with incentives in the sale of fixed savings and CDs along with our focus on attracting payrolls through multiple commercial actions, adjustment to the incentive of the sales force, prices and a competitive offer in the market; presenting a TAM of 14.78% with a variation of COP 1.6 trillion.

The implementation of mass enrollment of pensions in banking services brought in a total of 5,856 new pension accounts with effective pension crediting and a potential of 12,339 customers with pending account formalization.

The implementation of reporting new developments contributed 136 companies with an average crediting effectiveness of 64% in the first month, ensuring their receipt and avoiding the drop in payroll from not reporting to the employer; the offer in points and the bonus of the employee and payer-focused welcome plan contributed 11,357 payrolls with 31 new issuers. In addition to the foregoing, a benefit of COP 100,000 was granted to public sector employees for bringing their payroll. This resulted in a TAM variation of 10% in payrolls greater than COP 1 million and 11% TAM in active payrolls > COP 1 million.

The investment behavior curve of the Individual segment in 2021 was positive, achieving a 9.5% growth in balances, mainly due to the growth in the payroll loan portfolio, where despite having significant restrictions on access to companies, we achieved a growth of 16%, which accounts for a contribution of more than COP 1.8 trillion to the balance.

To achieve these results, our main focus was on boosting public sector and strengthening

our presence in the private sector, where we managed to increase our turnover 5 times more than we did in 2020 and onboarded more than 500 new companies to BBVA.

In terms of Housing finance, the average monthly invoicing for 2021 was over COP 310 million, reaching a record in December of COP 371 million, driven by a broad portfolio that comprises a competitive offer, which is being reinforced through digital media.

The residential leasing invoicing stood out, which ended the year at COP 1.2 trillion, and which we have continued to consolidate as one of our strategic lines of business.

During 2021, COP 726 million were disbursed in 5,484 operations with coverage allocations (3,860 of Frech Non-LIH and 1,624 of the different modalities of LIH), which confirms BBVA's interest in supporting the housing programs promoted by the National Government.

Bancaseguros

The effects of the COVID-19 pandemic and its variants have significantly affected our customers. Through the insurance company that covers the different products for its debtors (customers) and those freely contracted by others, BBVA has paid claims in excess of COP 42,700 million and at least 26 cases are in progress, involving payments of more than COP 900 million. With the appearance of new variants of the virus with lower mortality, it is expected that the number of infections will increase in 2022, but the payment of claims for this reason will decrease.

In addition to the effects generated by COVID-19, BBVA's customers have been affected by natural disasters, for which reason, to date, 14 claims have been handled, for an estimated value of COP 219 million.

In 2021, BBVA carried out different bids in search of benefits for its debtors (customers), resulting in improved conditions of insurability, automatic coverage, strengthened coverage, and reduced response times in dealing with claims and cases. In addition, insurance premium rates and tariffs were improved.

Furthermore, BBVA worked on the optimization of marketing, collection and service processes, achieving a reduction in the number of complaints filed by customers for alleged misselling.

Finally, BBVA launched the voluntary Unemployment and Total and Temporary Disability insurance "Cuota Segura" (Sure Payment), a product through which it provides protection to customers in the event that they are unable to carry out their livelihood, either due to unjustified dismissal or as a result of disability for self-employed workers, by offering an additional protection option for our customers.

Legal

After a peculiar year in 2020, conditioned by the impacts of the pandemic, starting in 2021, BBVA set stabilization and growth objectives in all lines of business associated with Legal

Entity customers, bearing in mind the enormous challenge inherent in these objectives, given that it was clear that the impact of COVID-19 would still be present for most of the year.

To this end, very detailed action plans were defined, aimed at increasing the share of business and the number of valuable customers for the corporate and SME customer segments. Likewise, improvement plans were implemented for a positive, cross-cutting impact on strengthening the transactional business and growth in key financing lines such as Foreign Currency, Leasing and Factoring.

These action plans were built with a holistic approach, addressing aspects ranging from those related to commercial structures or management models, to the review of risk policies, assessment of new products, adjustments to current products or the assessment and development of new management tools.

Below are some of the most relevant actions carried out throughout 2021, which, as a whole, represent a very good start for the ambitious growth plan that BBVA Colombia has set for the Legal segment for the 2021-2024 period, as follows:

SMEs

BBVA-2, BBVA-3

In 2021, SME Banking was consolidated with a model based on specialty, proximity, capillarity and a better experience, for which we implemented the universal and comprehensive management model for SME customers throughout our office network and in other channels.

Continuing with the ambitious objective of positioning the SME business, being a reference in the market and the Group's global experience, the following strategic pillars were proposed: the relationship model with an increase in the specialized sales force by 51 SME executives, amounting to 221 and 2 SME management units for a total of 18 nationwide. As part of the plan to increase capillarity, the new role of junior SME executive was created with a career plan located in offices with potential. The main function of this role is to onboard

During the year 2021, we managed to consolidate SME Banking with a model based on specialty, proximity, capillarity and a better experience, thanks to the implementation of the universal and comprehensive management model for micro, small and medium-sized enterprise customers.

and create a portfolio with new high-value customers.

Additionally, a training program was created for all sales teams in sustainability and reinforcement in the SME portfolio, and we redefined the role of the individual manager as a sales manager as part of the comprehensive management of individuals and SMEs, achieving greater capillarity leveraged on our office network.

With regard to our objectives, we accelerated and continued working at speed, and we ended a successful year in different lines, exceeding the goals in our KPIs: in investment, we grew by COP 338 million (12%); in resources, we achieved a growth of COP 618 million (16%); fees COP 13 million (22%); in FX, we achieved a growth of COP 9 million (56%); and in payrolls, stock grew by 15% with more than 30,000 new payrolls.

Additionally, in order to promote the long-term profitable investment through Leasing, a new sales channel called "Vendor" was launched in August, whose objective is to promote the product to the different dealers of productive vehicles and machinery, turning these partners into referrers of new business.

We started out with 8 sales managers employed through the Financial Services Reseller (CSF, for the Spanish original), whose pilot did business totaling COP 7,000 million and has ongoing business amounting to COP 5,000 million.

The support provided by the risk area was essential in this process, in areas such as updating the debt purchase policy, increasing the working capital limit to 24 months, and creating a light circuit for customers with sales of less than COP 2,000 million. This way, we managed to eliminate the financial statements for the basic portfolio up to COP 80 million in the corporate credit card, SME working capital and overdraft products.

Another contributor to the results were the pre-approved offers where we had more than 3,000 offers in the following lines: corporate credit card, working capital for COP 450 million and debt purchase for COP 280 million.

Thinking of a value offer tailored to the needs of our SME customers, we launched the economic reactivation line to support financing and economic opening, granting working capital with a grace period of up to 6 months for a term of up to 36 months, with a benefit in the financial cost of up to -75 bp for the creation of new jobs.

In sustainability, we launched new financing products such as Green Leasing, Sustainable Agro-industry, Constructor and the first approvals of working capital loans for sustainability, achieving a invoicing of COP 61,000 million.

Growth in digitality was one of our priorities in 2021. During the year, we launched several products and digital solutions, such as digital credit card transactions, click and pay for the payment of payroll, suppliers, taxes and/or short-term working capital, acquisition contracts for new customers in the payment system, and payment links to receive payments for online sales. Most of these functionalities are now contracted through Net Cash and Payment Links on BBVA Mobile.

Along the same lines, GEMA, the new mobile app for legal entity customers, was launched. With this launch, we began the migration of the most necessary functionalities for customers (queries, transfers, utility payments and My Sales) and we also had the first downloads and use by customers, achieving more than 1,500 downloads by December.

Given the economic reactivation in 2021, we were able to participate in different events, especially in the agro-industrial sector. Between October and November, BBVA participated in the 23rd version of Agroexpo held in Bogotá with an offer of special rates to customers and non-customers who participated in this fair through BBVA, where we achieved a total of +200 interested parties and, so far, COP 6,500 million in formalizations.

In Data & Technology, we launched our SME welcome journey based on an analytics model to identify new high value customers and the inclination to a better offer according to products held; as well as the creation of the attrition model that aims to identify possible customer churn.

Finally, we ended this year as the number one bank in terms of SME customer experience in Colombia, ahead of Bancolombia and Banco Davivienda, after starting the year in third place in the ranking.

Enterprise

The beginning of 2021 brought changes for corporate banking in the management model, through which we were able to provide better customer service, and strengthen and position BBVA's participation in this segment.

First, a sub-segmentation was implemented within the Bank, where account managers' portfolios were assigned according to the companies' sales ranges, allowing for more consistent customer portfolios. Secondly, the leasing and factoring specialties were separated for greater focus on each product. In addition, the structure of the corporate banking risk team was modified, reducing operations for the sales team and improving response times to customers.

To support the portfolio activity, opportunities for growth were identified in customers with low payments or no debt in BBVA, focused plans were developed according to customer size, customers whose economic activity is expanding were strengthened and special emphasis was made on customer onboarding, as a lever for payment growth.

Likewise, the financing portfolio was strengthened with the launch of new products, including Agrocomex and the sustainable agriculture lines. The result was extraordinary and allowed portfolio balances to grow by more than COP 1 trillion. In addition, and conscious of helping customers in the transition to a greener future, it is important to mention the financing of sustainable projects for more than COP 240 billion.

The resources item was boosted by focused actions aimed at reducing the cost of liabilities and attracting transactional resources from customers through treasury solutions. This led to a growth in average balances of more than COP 1.5 trillion.

Through the Cross Border Program supported by our parent company, we increased the number of Colombian customers with operations in countries where BBVA is operating.

Similarly, referred customers from the Group's other geographies were onboarded and increased, making it easier to address their financial needs, and bilateral growth plans were made with the most important countries for the Cross Border business.

As a result, the gross margin of these customers grew by nearly 35%. Similarly, by tapping into BBVA's global product offering, more than 192 customer solutions were created, including Net Cash and Global Commercial Cards.

In turn, in order to increase banking profitability and in synergy with the money desk team, transactional specialties and the Insurance and Trust subsidiaries, we achieved an annual growth of 17% and 47% in trading results and net commissions, respectively.

In addition, with the vision of a single bank, as a team with retail banking, a leveraged strategy was implemented with a winning offer in payroll and payroll loans, to onboard and strengthen our customers' employees, achieving a growth in payroll accounts of more than 20% and a growth of nearly 340% in the invoicing of payroll loan agreements compared to the previous year.

During the year 2021, transactional management consolidated a structure based on three pillars that led to great progress in terms of strategy. The Banking Correspondents channel has become the most important physical channel, increasing from 230 thousand transactions to almost 1.8 million transactions, and during 2022, it should be consolidated so that it will allow us to migrate and increase the transactional resources of our customers. The PSE online payment platform continued to grow, this time with a 30% TAM invoicing and Open Pay is increasingly leading the way in our customers' payment gateways.

Government Banking

The year 2021 was defined by the consolidation of the Government Banking management model, evidenced by the fulfillment of the main budgetary objectives: growth in investment, stabilization of resources at lower cost and the strengthening of transactionality.

These achievements were made in the midst of a complex economic environment, as the different sectors of the economy continued to be affected by the pandemic, for which reason the State extended the provisioning of resources through the Emergency Mitigation Fund (FOME, for the Spanish original) and temporarily made resources available through Findeter to carry out credit transactions as a Tier 1 bank, which represented a threat to the financial system due to the final rates offered. This situation is expected to continue through 2022, for which COP 850 million has been made available.

The strategy focused on actions aimed at ensuring the flow of resources and support for the use of lines of financing.

Government Banking managed to rank first place in credit investment in Departments at 21.3% and in municipalities at 18.2%, holding onto second place, in both cases gaining share vs. the same period of the previous year as of September 2021. This situation may be further improved by the end of December, when significant disbursements were made, which will show a greater share of participation.

As for liabilities, the strategy was focused on the growth of low-cost resources, deconcentrating treasury peaks and strengthening transactional resources in new groups, which has allowed us to hold onto third place in the official market share as of September and to contribute extensively to the Bank's fund-raising strategy.

At the transactional level, we focused on increasing the collection of own income by promoting the use of electronic channels, where the participation of departmental, municipal and district taxes stood out with a variation of 37% compared to the previous year.

Following the Bank's general guidelines, CS Governance worked on generating higher profitability and new fees, thus contributing to the Bank's P&L.

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. Through Corporate and Investment Banking, we provide solutions to our customers through a diversified portfolio of products and services with high added value, which sets us apart both locally and internationally.

In the midst of a recovery process following the global setback caused by COVID-19, 2021 was a year of great expectations exhibited in significant achievements for the Corporate and Investment Banking area. In this context of the economic upturn experienced by the country in 2021, especially in the second half of the year, we were very close to our customers, proposing solutions to leverage their strategic plans for the coming years.

Improve the financial health of our customers:

Throughout the duration of the emergency unleashed by COVID-19, BBVA has stood out for its firm support to our customers, responding to this strategic priority aimed at improving their financial health. In fact, the NPS survey showed that our customers continue to consider BBVA as a relevant partner in their operations and more than 80% of our customers even reported receiving help from BBVA in the COVID-19 situation during 2021, which is a reflection of our management.

Thus, 2021 brought a series of opportunities that allowed us to achieve very relevant milestones for Corporate and Investment Banking, such as a historical maximum in portfolio balances, which enabled us to increase our market share and gain positioning, by engaging in highly relevant and notorious businesses in the country. The actions that stood out the most in this field were:

Assistance for customers in the transition to a sustainable future:

The global situation due to COVID-19 which has stood since 2020, has heightened awareness of the damage caused to the environment and, in particular, climate change.

This has led corporations and the different economic sectors to mobilize their efforts towards purposes more related to solving environmental problems, thus promoting sustainability as a pillar of work. 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 2021, we achieved very noteworthy operations such as sustainable collateral, placement of Social Bonds, a very prominent role in the placement of green bonds of the Republic of Colombia and participation in the financing of the first line of the Bogotá metro, which has the sustainability seal since it is 100% electric. At BBVA, we are committed to a sustainable future and we will continue to make our best efforts so that our customers can continue to grow in this purpose.

Growth in customers:

In 2021, a strategy was implemented to increase Corporate and Investment Banking activity with customers that have not been tapped into 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, through Corporate and Investment Banking, we continue to promote innovation in products, services and processes, in order to stand out through a value-added offer geared towards digitality that allows us to continue increasing our customer base.

Pursuing operational excellence:

Since the global situation due to COVID-19 continued in 2021, at BBVA, we continued to work under the home office model in the different areas of the Bank, complying with all biosafety requirements and ensuring the continuity of the operation in a successful manner and 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.

The best and most committed team:

Through CIB, we are constantly driving the attraction and retention of high-performance personnel, as well as the development, continuous training (BBVA Campus) and promotion of the team.

For the year 2021, 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. At Corporate and Investment Banking, we made sure that all members had the necessary tools to perform their duties virtually, as well as to continue their training plan. We also ensured that biosafety protocols were followed by the team, for their own well-being as well as for the people in their areas.

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.

During the year, thanks to data analytics, we have consolidated a rigorous analysis of market trends in different products, which has given us an advantage to offer 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 Valores Colombia S.A.

This subsidiary of BBVA Colombia offers advisory, investment and support services in the Colombian capital markets, aimed at customers of BBVA's corporate, private, premium and personal banking in Colombia, as well as direct customers or international customers with interests in the local fixed-income and equity markets. In addition, through its Investment Banking and Structured Finance team, BBVA Valores is responsible for providing strategic support and advice to companies in Colombia and the region.

BBVA Valores' strategic priorities for 2021 were developed as follows:

- **Provide the best possible customer experience:** during 2021, BBVA Valores improved its relationship with customers by working hand-in-hand with the bankers of the Bank's network and offering personalized investment alternatives tailored to the needs of each of them, achieving better interaction within the Group and always aiming to meet and provide solutions to all customer needs.
- **Promotion of digital sale**s: a process is underway to change the broker's technological platform, in order to improve the customer experience and customer service. In the future, this is expected to enable the 360º view of all the customer's products in the Group on a single platform, for a better management of their resources.

- **New business models**: BBVA Valores is currently in the process of implementing its strategic plan, aimed at intensifying three lines of business, which reinforce the work of BBVA Valores and complement the Group's work in Colombia. With differentiated levels of service and advice according to each of the lines of business, we aim to deliver to our customers all the potential that a global group such as BBVA can offer.

- **Leading position in terms of efficiency:** through teamwork and supporting the work of bankers and the Bank's network, throughout the year, BBVA Valores facilitated the offering of portfolio investment products and specific products such as the intermediation of bonds, CDs and Tax Refund Titles (Tidis for the Spanish original), as well as the purchase and sale of shares in the local market. 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.

In turn, and as a result of the relationship with the Group, BBVA Valores has agreements in place with suppliers of BBVA Colombia, ensuring the provision of top quality services while optimizing costs.

The best team: BBVA Valores has an integral staff committed to the Group's objectives, working as a single team and creating opportunities to offer excellent service to all customers.

The broker's internal areas work and cooperate on a permanent basis with all the Group's subsidiaries in Colombia, always focused on the fulfillment of the proposed goals and objectives.

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 Fiduciaria

Business development

BBVA Asset Management is the unit of the BBVA Group that encompasses the Investment and Pension Fund management companies at the global level. It is a global benchmark in the world of asset management with leading positions in both Spain and Latin America.

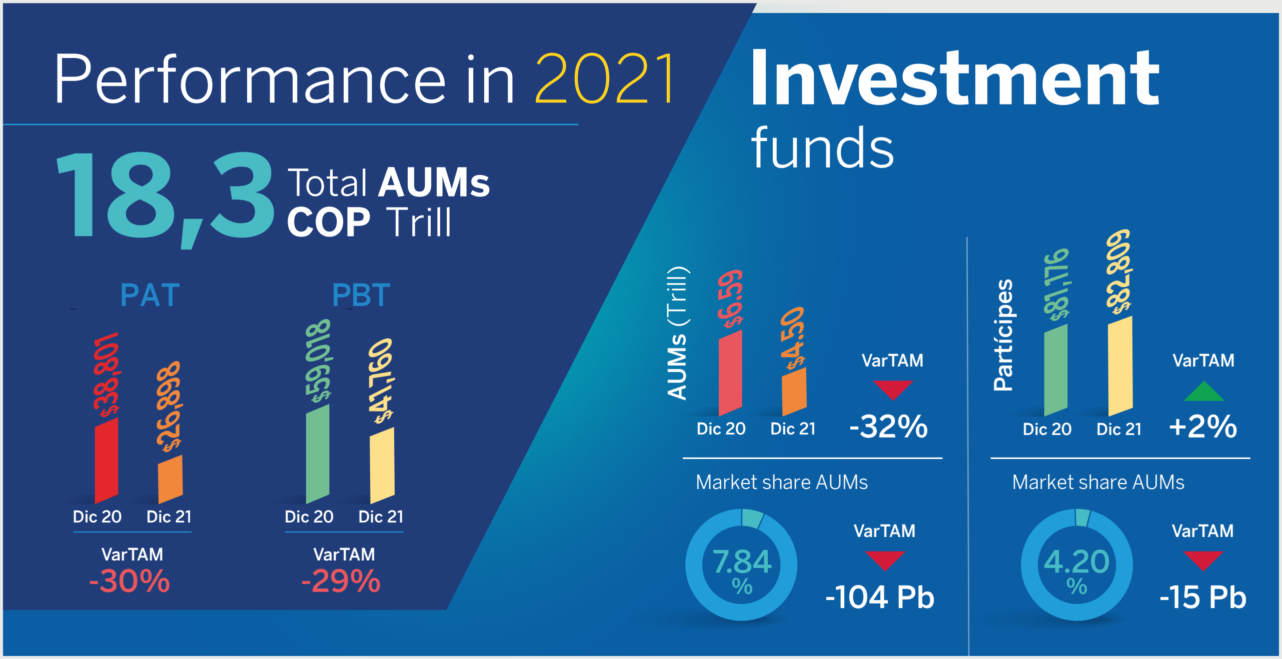
BBVA Asset Management S.A. Sociedad Fiduciaria ("BBVA AM"), a subsidiary of BBVA Colombia, has been responsible for managing resources in Investment Funds and Structured Trust for more than 40 years.

BBVA AM is ranked as one of the top 5 trust companies in the management of Collective Investment Funds (without private equity funds) with a differentiated product offering, and it is a strategic partner for our customers who require 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.

2021 was one of the most challenging years for the AM Industry, due to the local pressure on financial assets, generating high volatility in the market and therefore devaluations in managed portfolios. BBVA AM performed well in resource management, closing with peak balances of COP 4.5 trillion managed in mutual funds, which means a -32% drop compared to 2020.

As for mutual fund shareholders, the result was more positive with a +2% variation, closing at 82,809.

Total assets under management amounted to COP 18.33 trillion.



Management priorities

In line with the Group's strategic priorities and with the aim of boosting the profitability of the business, BBVA AM has established the priority of focusing on promoting digital metrics, improving the customer experience and launching new products in order to serve as a benchmark in the market and the best partner of our customers.

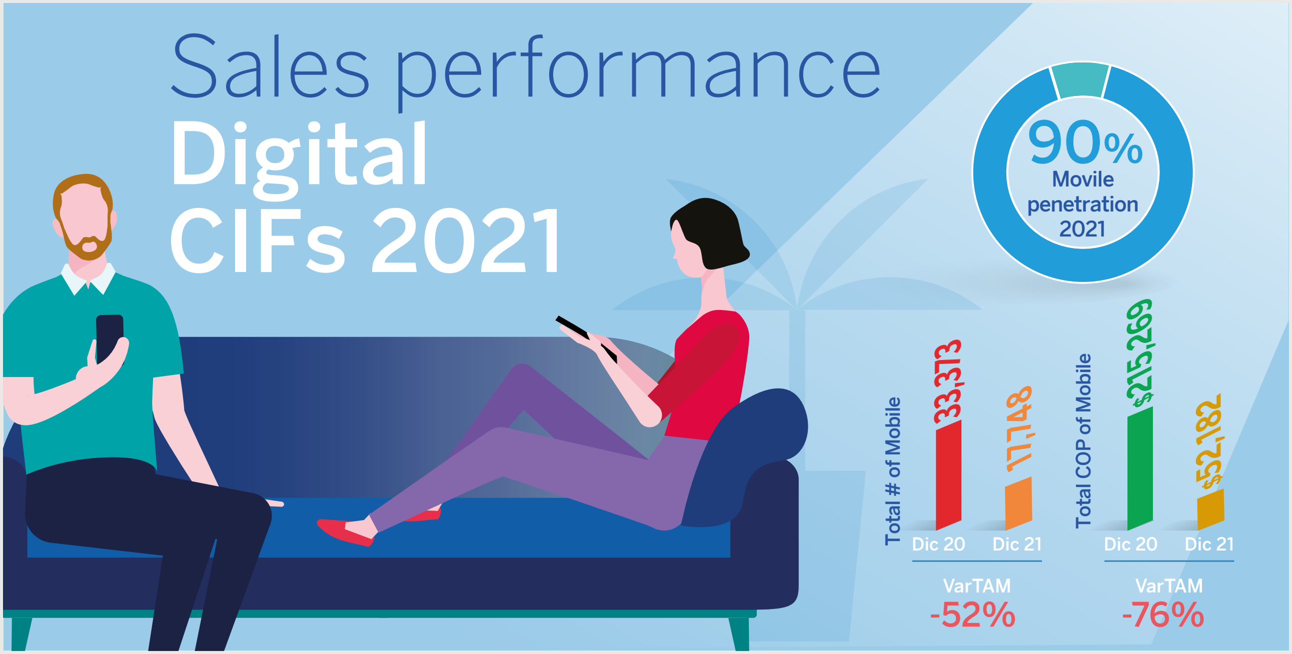
Providing the best possible customer experience

In 2020, BBVA AM became an industry benchmark, positioning the brand among the entities in recommendation of individual and legal customers of mutual funds and structured trusts. 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.

Digital sales

The use of digital channels was decisive in increasing productivity in mutual fund enrollments, where mobile penetration accounted for more than 90% of total enrollments, but perhaps one of the most outstanding achievements was being able to offer our entire value proposition on the mobile channel, making us the first fund manager in the industry to do so, responding to the needs of our customers as a result of the pandemic and virtuality.

In 2021, we closed with a total of 17,748 new enrollments amounting to COP 52,182 million through the mobile application.



New business models

In such a challenging year for both the Investment Funds and Structured Trust business, we focused on improving technological processes to generate greater efficiencies and improve the customer experience. The progress of the ALPHA Platform optimized operational processes and response times with customers, helping to strengthen the relationship with corporate customers, aiming to be the leading transactional manager in the industry.

Leading position in terms of efficiency

BBVA AM has consolidated its position as one of the leading entities in terms of efficiency thanks to the work carried out by all areas, where priority is given to the continuous monitoring and correct allocation of resources, along with market-leading sales dynamics.

The best team

The development and professional advancement of our team is one of BBVA AM's strategic pillars. In 2021, we have been carrying out activities and initiatives to strengthen their personal and professional growth, which have helped us to become a champion and a benchmark in the sector.

Corporate responsibility

2021 was a year of many challenges at all levels, but through BBVA AM, we did not want to miss the opportunity to propose initiatives committed to the current reality and to do so, we launched the first BBVA GAIA Balanced Fund that follows ESG sustainable investment criteria.

The BBVA GAIA Fund adds to our value proposition with investment solutions to have an impact on society, such as the Paramo Fund, which donates part of its management fee to initiatives to protect the country's natural reserves.

2.3 Risk Management

General Risk Management and Control Model

BBVA Colombia has a General Risk Management and Control Model aligned with the general Model of the BBVA Group and locally adapted to its business model and organization. The Model allows it to carry out its activity within the framework of the strategy and the Risk Management and Control Policy defined by the Board of Directors; and to adapt to a changing economic and regulatory environment, addressing management in a global manner and according to the circumstances of any given time.

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 at BBVA Colombia is characterized by a special involvement of the Board of Directors, both in the establishment of the risk strategy and in the continuous monitoring and supervision of its implementation.

Thus, the Board of Directors approves the risk strategy and the general policies according to the different risk typologies, and the Internal Control and Compliance Risk areas are responsible for their implementation and development, reporting to the Comprehensive Risk Committee and the Board of Directors.

The Board of Directors is also responsible for approving and monitoring the strategic and business plan, the annual budgets and management objectives, as well as the investment and financing policy, all in a manner consistent and aligned with the approved Risk Appetite Framework.

The Risk function has a decision-making process supported by a committee structure, where the Risk Management Committee (RMC) is the highest committee in this area, and it proposes, contrasts and, if necessary, approves for consideration by the Board of Directors, among others, the internal risk regulatory framework, the procedures and infrastructure necessary to identify, assess, measure and manage the risks faced by BBVA Colombia in the course of business and the risk limits by portfolios.

The highest body of the Risk Area at the Senior Management level is the Executive Vice President of Risks of BBVA Colombia, who is appointed by the Board of Directors and reports directly to the Board of Directors for the performance of its duties. 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, Recovery & Workout, Wholesale Credit, Retail Credit.

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.

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**: sets out the general principles of the Bank's risk strategy and target risk profile.

- **Key statements and metrics:** starting with the appetite statement, statements are developed to specify the general principles of risk management in terms of solvency, liquidity and funding, and profitability and recurrence of results. Likewise, the key metrics reflect in quantitative terms the principles and the objective risk profile set forth 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: maximum level of risk that the Bank is willing to accept in the ordinary course of business.

    - Maximum capacity: maximum level of risk that the Bank could assume which, for some metrics, is associated with regulatory requirements.

- **Statements and metrics by type of risk:** based on the key metrics and their thresholds for each risk typology, statements are developed setting forth the general principles of risk management and a series of metrics are determined, whose compliance enables compliance with the key metrics and the Bank's Risk Appetite Statement. These metrics have a maximum appetite threshold.

In addition to this framework, there is a level of management limits, which is defined and managed by the areas responsible for the management of each type of risk in the development of the structure of metrics by type of risk, in order to ensure that the anticipatory management of risks adheres to this structure and, in general, the established Risk Appetite Framework.

BBVA Colombia has its own Risk Appetite Framework, made up of its local Risk Appetite Statement, key statements and metrics and metrics and statements by type of risk, which must be consistent with those set at the Group level, but according to their reality and which are 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 area works together with the different risk units of BBVA Colombia to define its Risk Appetite Framework, so that it is coordinated and framed within that of the Group, ensuring that its profile is in line with the one defined for this purpose. 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 Area, following a scheme similar to that of the Group, in accordance with its own corporate governance systems.

Assessment, Monitoring and Reporting

Assessment, monitoring and reporting is a cross-cutting function at the BBVA Colombia level 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 incorporated into the activities of the risk units and is carried out in the following phases:

1. Monitoring of identified risk factors that may compromise the Bank's performance in relation to the defined risk thresholds.

2. 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.

3. 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.

4. 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.

5. Reporting: complete and reliable information on the evolution of risks to the Board of Directors with the frequency and completeness corresponding to the nature, importance and complexity of the risks reported. The principle of transparency governs all risk information reporting.

Infrastructure

For the implementation of the Risk Management and Control Model, the Bank has the necessary resources for effective risk management and monitoring, and for the achievement of its objectives. In this regard, the risk function of BBVA Colombia:

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. Has technological systems that: support the Risk Appetite Framework in its broadest definition;

Enable the calculation and measurement of variables and data specific to the risk function; support risk management in accordance with this model; and provide an environment for the storage and exploitation of data necessary for risk management and reporting to oversight bodies.

4. Promotes proper data governance to ensure solid quality standards in the processes in accordance with internal regulations on this matter.

This is reported to the Board of Directors of BBVA Colombia, so that it can ensure that the Bank is provided 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.

This set of internal rules establishes the framework to guide BBVA Colombia's credit risk management and control, determining the respective standards and limits.

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 shareholders' equity, borrowed funds and the generation of recurring income, prioritizing risk diversification and avoiding relevant 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).

- The borrower's payment capacity to meet, in due time and form, all financial obligations assumed using income from their usual business or source of income, without depending on guarantors, sureties or assets provided as collateral, is the main criterion for granting credit risk.

During fiscal year 2021, as part of the prudential oversight activities carried out by the Financial Superintendence of Colombia, an active risk management communication channel was maintained, including meetings with the regulator to present the Bank's risk strategy, the forecasts for 2021, the monitoring of the measures applied through the Debtor Support Program (PAD, for the Spanish original) and the solution to specific requirements such as:

- Portfolio assessment methodologies.
- Risk Function within the Conglomerate.

The impact of the habeas data law and the entry into force of the Integrated Risk Management System (SIAR, for the Spanish original) have been discussed. Internally, working groups have been created to develop action plans that will lead to the implementation of both the law and the integrated system.

Exposure to Credit Risk

With figures as of October 2021, the latest available at the sector level, BBVA is ranked as the fourth largest competitor in the Colombian market, with a 10.3% share of loans and advances. The annual growth of this investment at the date referenced above was 8.3%, in the portfolio mix, and the share of Commercial as well as Consumer loans was 38%. For this period, the annual growth of the consumer portfolio was +9.2%, while Mortgage was +7.9% and Commercial increased +7.7%.

Through Retail Risks, in Individuals, the following changes are defined in the Admission and Product policies in the Global Risk Framework defined by the Holding Company and the national regulatory notices. The main decisions are:

1. The restoration of credit risk allocations in the Commercial Network in all products under a more limited profile, mainly in payroll.

2. Continuity in the digital culture processes, aligning policies to the new environment that led to growth in digital sales.

3. Support for the implementation of the re-estimation of credit risk models and changes in the bureau operator that will enable a greater number of approvals.

The following guidelines are defined as a strategy and focal point to increase placement:

- Growth in pre-approved offers to payroll and non-payroll customers leveraged on social security sources.
- Payroll loans in private sector agreements.
- D+0 Credit Card as a banking enrollment strategy.
- Mortgage loans with greater focus on customers in the LIH segment and improvements in the appraisal process.

Through the SME Risk Area, we kept the strategy aligned with the country's economic situation and continued the post-COVID lines in the admission and product policies of the Global Risk Framework defined by the Holding Company and the national regulatory notices. The main decisions are:

1. Viability was maintained in resilient sectors consistent with the conditions of the gradual opening of economic activities.

2. Continuation of the Pre-Approval strategy in high value and high reciprocity profiles.

3. Invoicing dynamics mostly had suitable guarantees, where the guarantee of the National Guarantee Fund (FNG, for the Spanish original) from 70% to 90% was the most representative in accordance with the SFC's Unidos por Colombia Program, considering the use of the resources.

4. The SME PCO Project was completed with the flow of the reactive circuit related to the application and sanctioning of limits, capturing information for the deci-

sion-making body and the control of delegations in the SME segment.

In view of the foregoing, the efficiency of the credit factory was kept at service levels, a key factor in the budgetary achievement of invoicing.

In 2021, the Wholesale Risk area 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 growth of 20%, highlighting a COP 1.4 trillion increase in Business Banking (annual variation of 21%), COP 1.2 trillion in Corporate Banking (annual variation of 28%) and COP 800 billion in Government Banking (annual variation of 22%).

As for the post-COVID relief and solutions granted in 2020 for a total of COP 3.7 trillion, by the end of 2021, 100% of the relief and 61% of those redefined had completed their grace period. Ninety-six percent of the total portfolio that received post-COVID relief measures and solutions is up to date.

As a strategy to anticipate the impairment of the portfolio, we focused efforts on the preventive alert of customers with activity in the more vulnerable economic sectors, with a decrease in their rating and possible defaults in the early stages at BBVA and other entities of the financial sector, keeping the Emerge Plan implemented in the second half of 2020. This led to a decrease in the non-performing loan ratio from 0.18% in December 2020 to 0.05% in the same period of 2021.

Finally, at the end of 2021, the rating validation indicator was 98% in terms of amount and 76% in terms of number of customers.

The classification and rating by type of loan portfolio as of December 31, 2021 is as follows:

Loan portfolio	Capital	Interest	Others
Commercial:			
Category "A"	COP 20,505,107	COP 126,813	COP 40,948
Category "B"	588,095	10,274	2,100
Category "C"	497,312	11,244	14,655
Category "D"	67,524	3,928	3,725
Category "E"	558,404	28,811	18,535
Total commercial	22,216,442	181,070	79,963
Consumer :			
Category "A"	19,891,361	307,293	$ 13,600
Category "B"	307,482	19,408	1,498
Category "C"	249,558	19,212	1,425
Category "D"	220,908	18,226	1,470
Category "E"	1,070,084	87,203	8,688
Total consumer	21,739,393	451.342	26.681

Loan portfolio	Capital	Interest	Others
Micro-credit:	-		
Category "A"	-	-	-
Category "B"	-	-	-
Category "C"	-	-	-
Category "D"	-	-	-
Category "E"	2	-	-
Total micro-credit	2	-	-
Mortgage:			
Category "A"	11,845,342	217,845	22,961
Category "B"	670,470	44,993	5,043
Category "C"	186,197	16,056	2,089
Category "D"	160,396	9,028	1,263
Category "E"	315,989	10,343	5,080
Total mortgage	13,178,394	298,265	36,436

Loan portfolio	Capital	Interest	Others
Employee mortgage			
Category "A"	382.429	2226	-
Category "B"	2325	147	-
Category "C"	203	16	-
Category "D"	448	8	-
Category "E"	545	10	-
Total employee mortgage	385,950	2,407	-
Employee consumer with other collateral			
Category "A"	110,960	719	-
Category "B"	524	5	-
Category "C"	118	-	-
Category "D"	128	2	-
Category "E"	310	9	-
Total employee consumer	112,040	735	-

Loan portfolio	Capital	Interest	Others
General mortgage provision	-	-	-
General employees provision	-	-	-
General consumer provision	-	-	-
General commercial provision	-	-	-
Individual countercyclical commercial provision	-	-	-
Individual countercyclical consumer provision	-	-	-
Others	-	5,602	-
Total loan portfolio	$ 57,632,221	$ 939,421	$ 143,080

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 that the debtor can generate sufficient resources to allow the repayment of the contracted risk, under the agreed conditions.

Accordingly, 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 try to make the customer's financing needs (commercial/financial, short-term/long-term, etc.) as compatible as possible with the Bank's interests.

- Consideration is given to 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, 2021, was distributed among debtors engaged in the following economic activities:

Activity	2021	2020
Association – education – health activities	1,663,476.00	1,614,245
Recreation activities – cultural activities	178,568.00	214,612
Real estate – companies – rental activities	1,461,232.00	1,369,683
Water collection - treatment - distribution	72,603.00	57,192
Wholesale trade – commission – contracting	2,242,152.00	1,724,585
Retail trade – non-specialized establishments	2,133,568.00	2,038,120

Activity	2021	2020
Construction – reconditioning – finishing	1,145,908.00	1,244,520
Mail and telecommunications	612,489.00	615,221
Production of food and beverage products	2,186,375.00	1,447,136
Exploration of public administration and defense	2,942,616.00	2,260,351
Exploitation of non-metallic minerals	11,158.00	15,715
Coal mining	4,022.00	6,308
Extraction of metallic minerals	1,365.00	1,198
Extraction of oil and gas – natural gas	232,441.00	248,624
Manufacturing paper - cardboard and their products	68,802.00	56,216
Manufacturing– refinement – petroleum–chemicals	889,749.00	759,270
Manufacturing non-metallic minerals	351,057.00	234,535
Manufacturing other manufacturing industries	56,207.00	46,959
Manufacturing metallic products – machinery	537,258.00	403,892
Manufacturing of textile products	335,766.00	351,076
Financing insurance plans	75,477.00	20,263
Power generation – gas – water	2,817,557.00	2,107,813

Activity	2021	2020
Hotels and restaurants	249,320.00	314,287
Industry - manufacturing - metals	83,979.00	44,965
Financial intermediation	1,950,710.00	1,787,232
Wage earners	32,088,505.00	28,203,220
Capital investors	325,656.00	376,727
Printing activities	45,847.00	41,780
Non-differentiated activities of individual households	1,545.00	1,140
Extraterritorial organizations and bodies	5,086.00	6,404
Other community service activities	833,969.00	1,175,427
Fish production fish hatchery - farm	27,521.00	14,173
Agricultural and livestock production	894,028.00	929,150
Sanitation and similar services	74,382.00	131,971
Forestry, wood extraction and services	33,624.00	32,583
Transformation– factory– basketwork	9,763.00	15,064
Transportation	988,440.00	1,071,646
Total	COP 57,632,221.00	COP 50,983,303.00

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 the products contracted. The purpose of this scoring is to monitor the customer's creditworthiness and is used to pre-approve new transactions.

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. Likewise, although both are based on statistical studies, by incorporating a business vision in the development of rating tools, greater weight is given to business criteria than in 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 in order to enable the classification, in consistent terms, of its different risk portfolios.

Below is 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)		
		Mean	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

External Ratings Standard&Poor's Scale	Internal Ratings Reduced Scale (22 groups))	Probability of Default (basis points)		
		Mean	Minimum from >=	Maximum
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	1061
CCC+	CCC+	1191	1061	1336
CCC	CCC	1500	1336	1684
CCC-	CCC-	1890	1684	2121
CC+	CC+	2381	2121	2673
CC	CC	3000	2673	3367
CC-	CC-	3780	3367	4243

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. This is how the probability of default levels of the BBVA Master Scale are established. Calibrations (mapping of scores to PD tranches/ Master Scale levels) are performed by the tool for BBVA Colombia.

During the year 2021, the Risk Center of Expertise (CoE) addressed two topics to be highlighted: first, the reestimation of reactive models for the individual and corporate segments, and second, the calibration of parameters based on IFRS 9.

Scoring

The reactive models of the Consumer and Credit Card portfolios, built in 2012 and 2014 respectively, were reestimated. These models had not been updated at the date the reestimation began.

The models were developed based on corporate methodologies together with the local Analytics Holding, Intake and Individual Tracking teams.

In terms of discriminating capacity, the new models developed are a significant improvement for the segments assessed as follows.

Discriminating Capacity

Consumer		
Models	Old	New
Vehicle	44%	55%
Payroll Loan	36%	42%
Free Investment - Customer	47%	50%
Free Investment - Non-Customer	35%	36%

Credit Card		
Models	Old	New
Customer	35%	44%
Non-Customer	25%	40%
No Trace	28%	41%

Rating

The models were reestimated for the companies segment, the most relevant aspects being:

- Opening of models for companies with sales between COP 6 million and COP 15 million and with sales greater than COP 15 million and less than USD 50 million.
- The new rating uses the same information blocks as the old rating, with the addition of a transactionality block.

In terms of discriminating capacity, the new models developed are a significant improvement for the segments assessed as follows.

Company Rating		
Models	Old	New
Less than 15 million	12%	43%
Greater than 15 million	22%	57%

Calibration of Parameters Based on IFRS 9 Standards

The calibration of parameters for the calculation of expected loss under IFRS9 was addressed, including on this occasion and for the first time an estimate in accordance with the new definition of default (NDoD).

During this development, improvement points detected in previous calibrations were included, which served to obtain more solid estimates in accordance with the reality of the geography, accounting for an increase in provision without including NDoD of +0.5%, and including NDoD of +7%.

In addition to the improvement points included, an EAD decay factor was incorporated in accordance with the recommendation of the internal audit, which was pending implementation.

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:

BBVA's non-performing loan portfolio, according to figures published by the regulator as of October 2021, with an annual variation of -0.2%. The Sector variation is -1.5%.

	Days Outstanding
Consumer	> 60 días
CC	> 60 días
Mortgage	> 120 días
Commercial	> 90 días

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, 2021:

Loan Portfolio	Principal Provision	Interest Provision	Other Provision	Collateral
Commercial:				
Category "A"	COP 184,441	COP 2,450	COP 822	COP 13,799,688
Category "B"	26,147	702	145	2,373,589
Category "C"	54,132	1,833	2,172	982,973
Category "D"	37,956	3,138	3,412	123,584
Category "E"	504,004	28,695	18,647	881,166
Total commercial	806,680	36,818	25,198	18,161,000
Consumer:				
Category "A"	333,134	7,980	351	890,929
Category "B"	25,460	2,561	188	29,662
Categoríy "C"	40,276	7,510	595	31,229
Category "D"	201,153	16,395	1,337	13,679
Category "E"	1,059,291	87,180	8,696	131,995
Total consumer	1,659,314	121,626	11,167	1,097,494

Loan Portfolio	Principal Provision	Interest Provision	Other Provision	Collateral
Micro-credit:				
Category "A"	-	-	-	-
Category "B"	-	-	-	-
Category "C"	-	-	-	-
Category "D"	-	-	-	-
Category "E"	2	-	-	-
Total micro-credit	2	-	-	-
Mortgage				
Category "A"	120,113	6,992	507	24,201,540
Category "B"	22,995	43,739	4,890	1,671,138
Category "C"	18,730	15,975	2,081	480,872
Category "D"	32,542	8,977	1,246	730,945
Category "E"	191,054	9,927	4,977	794,604
Total mortgage	385,434	85,610	13,701	27,879,099

Loan Portfolio	Principal Provision	Interest Provision	Other Provision	Collateral
Employee mortgage				
Category "A"	3,845	18	-	842,407
Category "B"	54	84	-	7,930
Category "C"	24	16	-	427
Category "D"	82	8	-	1,181
Category "E"	425	11	-	1,885
Total employee mortgage	4,430	137	-	853,830
Employee consumer with other collateral				
Category "A"	1,775	12	-	1,338
Category "B"	26	-	-	-
Category "C"	24	-	-	-
Category "D"	64	2	-	-
Category "E"	310	9	-	-
Total employee consumer	2,199	23	-	1,338

Loan Portfolio	Principal Provision	Interest Provision	Other Provision	Collateral
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	-	-	-	-
Total loan portfolio	COP 3,440,545	COP 287,984	COP 51,410	COP 47,992,761

Recoveries

The year 2021 was also affected by the health emergency caused by COVID-19. Therefore, the Recoveries area continued its plan, which focuses efforts on anticipating and containing the default of the portfolio. BBVA plays an important role in assisting customers affected by the pandemic who required an alternative to continue meeting their financial commitments under new Notices 022 and 039 issued by the Financial Superintendence of Colombia.

BBVA continued to make digital channels available for the receipt of Debtor Assistance Plan (PAD, for the Spanish original) applications.

In addition, the Emerge Plan continues to set the roadmap for anticipation, offering solutions for customers to meet their current obligations, through the specialization of the different management channels.

The main milestones of 2021 were:

PAD Service:

BBVA has deployed the implementation of Notices 022 and 039 regarding the PAD (Debtor Assistance Program) as of August 1, 2020, in which it sought out to contact the customers who required an alternative to continue meeting their financial commitments. On August 31, 2021, the PAD ended and the last grants were successfully applied.

Emerge Plan

Since June 2020, BBVA Colombia has been designing and implementing a key strategic plan to meet the needs of its customers under the new economic scenario, and for 2021, it remains in force.

This plan relies on the efforts of all the Entity's Vice-Presidencies, focusing on anticipating and offering solutions for customers to meet their current obligations, for which management has focused on the following three vectors:

- **Preventive management**: this is carried out through virtual channels such as SMS and IVR, in order to reach our customers who are at medium risk of possible default in the early stages in a more agile manner.

- **Default management**: 1 to 90 days supported by the Risk Anticipation Executives (EAR, for the Spanish original), FUVEX and external collection agencies.

- **Delinquent portfolio (over 90 days)**: exclusive management of external collection agencies, with normalization and negotiation portfolios for debtors.

In August 2021, the Emerge Plan was resized, so the number of Risk Anticipation Executives was reduced by 60% in the Individual segment, and for specialized banking, such as SME, Wealth and Personal & Premium, the allocation was reduced by 80%.

The objectives of this plan are as follows:

- Build customer loyalty once they overcome this situation.

- Protect the Bank's loan portfolio.

- Identify vulnerable customers and reinforce monitoring and normalization.

- Transformation of portfolio management processes and channels.
- Continue to advance digitalization processes to integrate them into our channels.

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 ris**k: 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 to control and monitor market risk at BBVA Colombia are in line with the best international practices, making the Bank a point of reference on 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 risks inherent to trading activity, considering the existing relationships between them, providing the prediction of losses that the trading portfolio could experience as a result of price variations in the interest rate and exchange rate markets. Market risk analysis includes consideration of the following risks: basis between different instruments and correlation risk.

Most of the items on BBVA Colombia's consolidated balance sheet that are subject to market risk are positions whose main metric for measuring market risk is VaR.

The current management structure includes monitoring of market risk limits consisting of a VaR (Value at Risk) based limit scheme, economic capital (based on VaR measurements) and VaR sub-limits, as well as stop-loss limits for each of the Treasury 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.

Also, and in accordance with the guidelines established by European authorities, BBVA Colombia includes metrics in addition to the VaR in order to meet the regulatory requirements of Banco de España for the purposes of calculating 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.

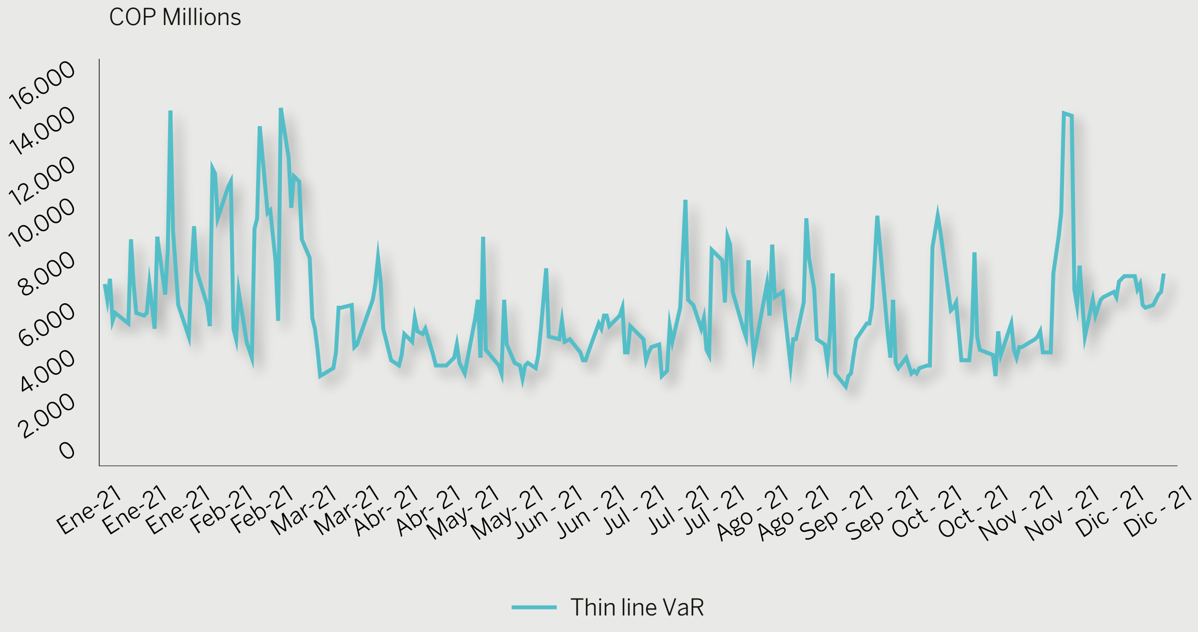
- **Specific Risk**: Incremental Risk Capital (IRC). Quantification of default risks and downgrading of bond positions.

The incremental capital burden is determined based on associated losses (at 99.9% over a 1-year horizon under the assumption of constant risk) resulting from rating migration and/or default by the issuer of the asset. In addition, price risk is included in sovereign debtor positions for the items mentioned above.

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 2021

BBVA Colombia's market risk remains at stable levels compared to 2020 risk levels. This is a result of conducting most of the activity as a franchise operation resulting in the assumption of low leverage risk in the proprietary position.



During 2021, the average VaR stood at COP 6,390 million, with a high of COP 14,809 million reached on March 05. Below is the evolution of BBVA Colombia's market risk during 2021, 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 presenting a concentration of the short-term position held mainly by TCO and TES with maturities of less than one year, as well as CDs. In turn, the derivatives portfolio maintained the composition by type of product; the main products are USD-COP forwards and IRS in IBR. 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.

At December 31, 2021 and 2020, the VaR balance was COP 7,831 million and COP 5,060 million, respectively. These figures are broken down as follows:

	COP million		
VaR by Risk Factors	Interest Risk	Exchange Risk	Total
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

	COP million		
VaR by Risk Factors	Interest Risk	Exchange Risk	Total
Year 2020			
Average VaR for the period	5,854	1,092	6,946
Maximum VaR for the period	16,329	8,301	24,630
Minimum VaR for the period	1,431	83	1,671
VaR at the end of the period	4,644	1,430	6,074

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.

The main characteristics of this methodology are: a) the simulations generated follow the correlation structure of the data, b) flexibility in the inclusion of new risk factors and c) it allows the introduction of a lot of variability in the simulations (advisable to consider extreme events).

Structural Risks

The Assets and Liabilities Committee (COAP, for the Spanish original) is the main body in the management of structural risks related to liquidity, funding, interest rate and foreign currency. 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.

The exercises consider both the analysis of unfavorable macroeconomic scenarios, specifically designed by BBVA Research, and a broad spectrum of potential scenarios, which aim to identify interest rate environments that are particularly detrimental to 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).

For 2021, a change was made in the provisioning process for the calculation of metrics for SIRR, in which there are greater details of the characteristics of the operations, which allows for greater granularity, leading to greater accuracy in the final calculation.

Below are the average interest-rate risk levels in terms of sensitivity for the BBVA Colombia balance sheet during the 2021 fiscal year:

Aggregate Interest Rate Sensitivity Analysis	Interest Margin Impact		Impacto valor económico	
	100 Basis-point Increase	100 Basis-point Decrease	100 Basis-point Increase	100 Basis-point Decrease
January - December 2020	COP 52.591	COP 45.794	COP 153.190	COP 158.840
January - October 2021*	COP 42.199	COP 37.916	COP 238.468	COP 240.785

*latest information available

During 2021, the uncertainty in the financial market and the economy in general continued, so the recovery was more evident in the second half of the year, which significantly boosted portfolio placement in the financial sector in both the retail and wholesale segments.

Structural Exchange Rate Risk

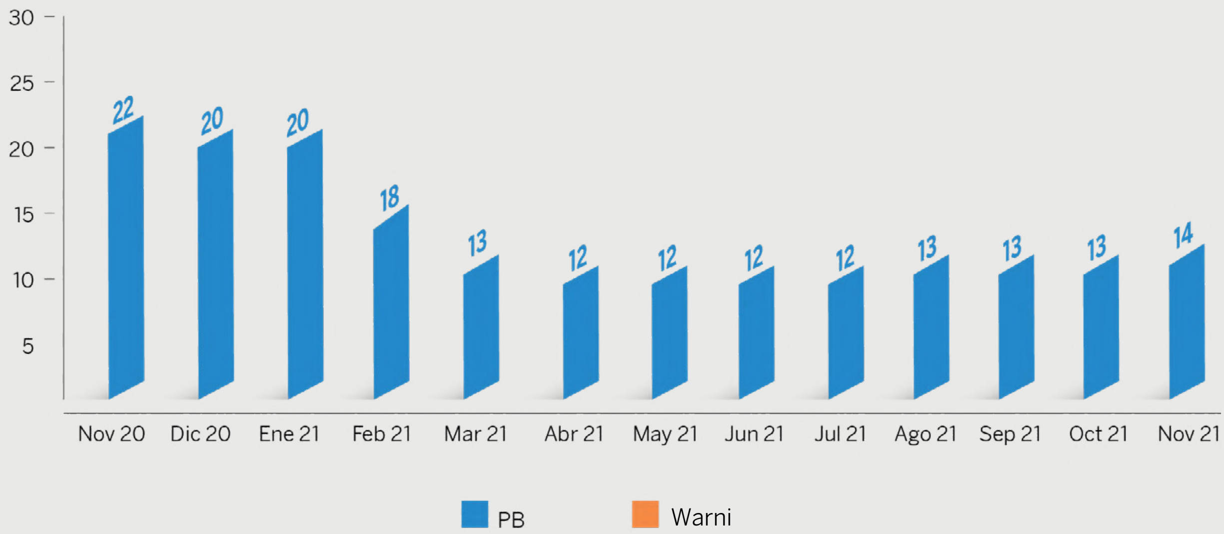
At BBVA Colombia, structural exchange rate risk arises from the structural balance sheet exposure to foreign currency positions and its impact on solvency.

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. BBVA Colombia's level of exposure to structural exchange rate risk is around 14 bp of its solvency in the event of a 10% variation in the Colombian peso.

Throughout 2021, the exchange rate was highly dynamic, with a marked depreciation at the end of the year, which was 549 Colombian pesos higher than at the end of 2020. 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.

Solvency sensitivity to variations in exchange rates.



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 strength 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.

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-day maturities.

The table below shows the available liquidity by instruments, which are part of the collateral, as of December 30, 2021 for BBVA Colombia:

Dec-21	BBVA Colombia
Cash and cash equivalents	COP 4,911,177
Eligible fixed income	COP 2,457,504
TES	COP 2,420,919
Corporate and other bonds	COP 556,113
Collateral received as collateral	COP 565,643

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) 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%.

Throughout 2021, 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) has been reported, which relates the Available Stable Funding vs. Required Stable Funding, which should be above 90% by March 2021 and 100% by March 2022; throughout 2021, the NSFR level for BBVA Colombia has remained above 100%, at comfortable levels.

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 required internal levels are aimed at meeting the implementation of the 2021 regulatory requirement early and efficiently enough, at a level above 115% for the LCR and 108% for the NSFR. Throughout 2021, the Entity's LCR and NSFR level has remained above this level.

In short, in 2021, the Entity has maintained a solid liquidity position, complying with the indicators at the local and corporate levels.

3. Annual Corporate Governance Report

3. Annual Corporate Governance Report

3.1 Corporate Governance System

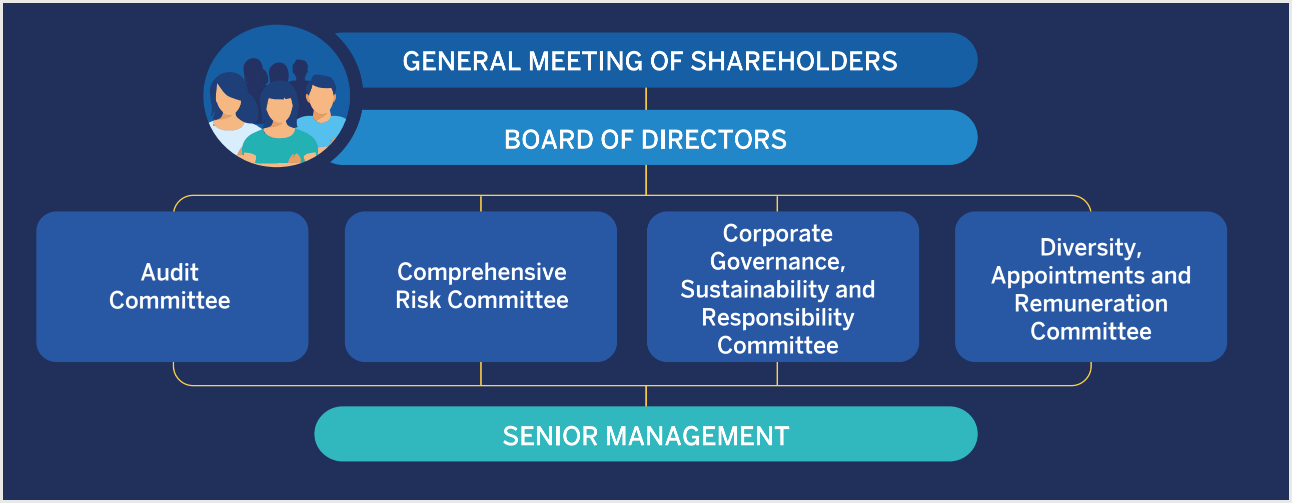
GRI-102-12, GRI-102-18

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 Supporting 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 affiliates, using as reference rules and standards of best corporate governance practices.

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



3.2 Código País Implementation Report for the 2021 Fiscal Year

BBVA Colombia filled out and submitted to the Financial Superintendence of Colombia, on January 28, 2022, the Report on Implementation of Best Corporate Practices - New Código País for fiscal year 2021, available at the Bank's website, at the following link: https://www.bbva.com.co/personas/atencion-al-inversionista/gobier- no 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 2021, with the respective justification.

3.3 Investor Relations (IR) Issuers Recognition[3]

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 89.5% of the standard on disclosure of information and corporate governance practices.

[3] 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.

This recognition indicates that BBVA Colombia has direct communication channels in place with investor stakeholders, which position it as the main foreign bank in the country, and reiterates its commitment to the implementation of good practices on disclosure of information and corporate governance, strengthening security, confidence and credibility among the national and international investment community.

3.4 Capital and Ownership Structure of BBVA

Capital and Ownership Structure of BBVA Colombia

BBVA Colombia has authorized capital of COP 645,000,000,000.00, divided into 103,365,384,615 shares, of which 88,977,695,544 are in reserve and 14,387,689,071 are outstanding.

Of the shares outstanding, 13,907,929,071 are ordinary and 479,760,000 are shares with preferred dividend. At December 31, 2021 BBVA Colombia reported 65,182 shareholders.

BBVA Colombia's shareholder structure

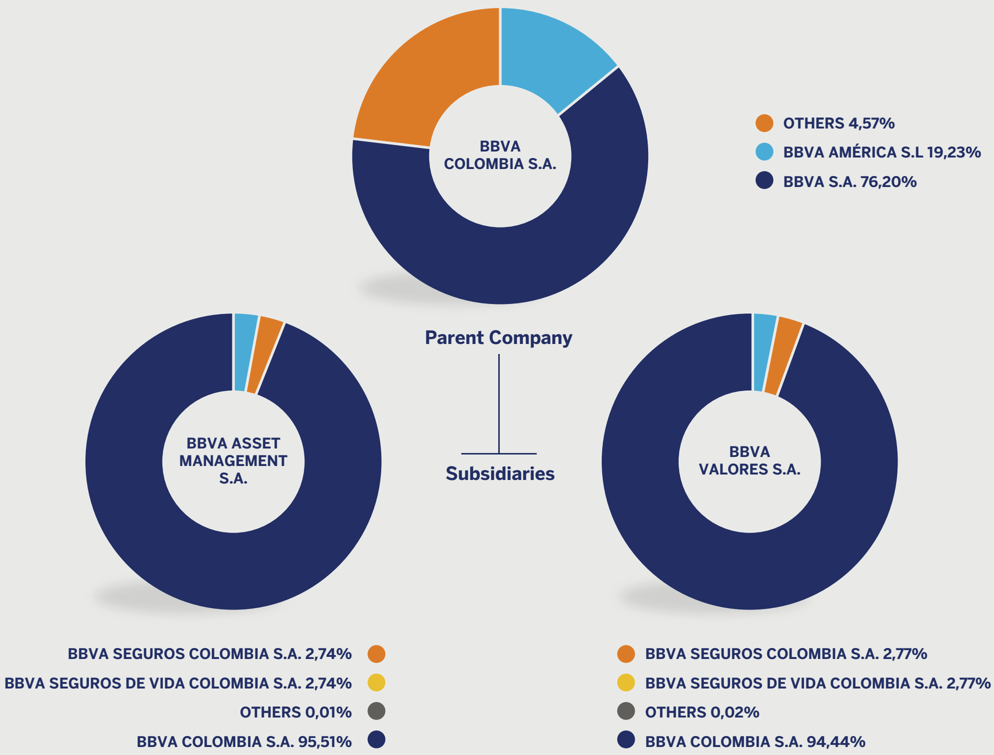
Name	Number of ordinary shares	Number of shares with preferred dividends	Percentage of shareholdings
Banco Bilbao Vizcaya Argentaria S.A.	10.766.099.008	196.857.652	76,20%
BBV América SL.	2.511.124.962	256.150.000	19,23%
Others	630.705.101	26.752.348	4,57%
Total	13.907.929.071	479.760.000	100,00%

BBVA Colombia has registered its group status and its control over its affiliates 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	
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%
OTROS	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 2021, 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.

3.5 Management Structure of BBVA Colombia

Composition of the Board of Directors
GRI-405-1

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 Grupo BBVA 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 2021, the Board of Directors was comprised by 5 Directors, of whom 2 were independent members, 2 shareholder members and 1 executive member, as follows:

Director	Origin	Position	Date of first appointment	Date of latest reelection
Carlos Eduardo Caballero Argáez	Independent	Chairman	March 17, 2005	March 26, 2021
Xavier Queralt Blanch	Shareholder	First Vice Chair	May 30, 2018	March 26, 2021
Camila Escobar Corredor	Independent	Second Vice Chair	March 26, 2021	N/A
Antonio del Campo de los Santos	Shareholder	Board Member	March 26, 2021	N/A
Mario Pardo Bayona	Executive	Chief Executive Officer and Board Member	February 28, 2020	March 26, 2021

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

Carlos Eduardo Caballero Argáez

Chairman of the Board of Directors, of 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 newspapers and has authored several books. He has acted as advisor for companies and has been a member of several boards of directors.

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.

Xavier Queralt Blanch

First Vice Chair of the Board of Directors, of Shareholder Origin

Graduated 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 Management Councils of the insurance companies UNNIM Vida and CX Vida.

Camila Escobar Corredor

Second Vice Chair of the Board of Directors, of 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 has been a member of the boards of directors of Corferias and ANDI Cundinamarca and Boyacá Regional Office.

Antonio del Campo de los Santos

Member of the Board of Directors, of Shareholder Origin

Graduated in Economics and Business Sciences at Cardenal Cisneros; and has a Doctorate – Icade and PDG – IESE.

Over his professional career he has held positions as Chattel Investment Fund Manager; General Director at Sogecapital, S.A. (SGIIC); Inspector at CNMV; Responsible for Rules of Conduct in the Securities Market; Director of Markets and Securities – Regulatory Compliance Area; Capital Markets Global Director - Regulatory Compliance Area; Director of Regulatory Compliance Europe and Capital Market; Regulatory Compliance Officer. Currently nearing retirement.

Mario Pardo Bayona

Chief Executive Officer, of Executive Origin

Graduated in Economics and Business Sciences from ICADE; joined BBVA in 2008 following over a decade of experience in some of the world's most important investment banks.

Since he jointed BBVA, he has worked in M&A at CIB, and later took on the role of Director of Strategy and Transformation at CIB; in 2017, he held the position of Director of Enterprise Clients as part of the Client Solution corporate team. He is currently the Chief Executive Officer of BBVA Colombia.

The full profiles of the members of the Board of Directors of BBVA Colombia are published on the website, at the link: Investor Assistance/ Corporate Governance/

Board of Directors:

https://www.bbva.com.co/personas/aten-cion-al-inversionista/gobierno-corporativo/junta-directiva.html#integracion-junta-direc-tiva-bbva-colombia-periodo-2020-2022

Main Characteristics of the Composition of the Board of Directors

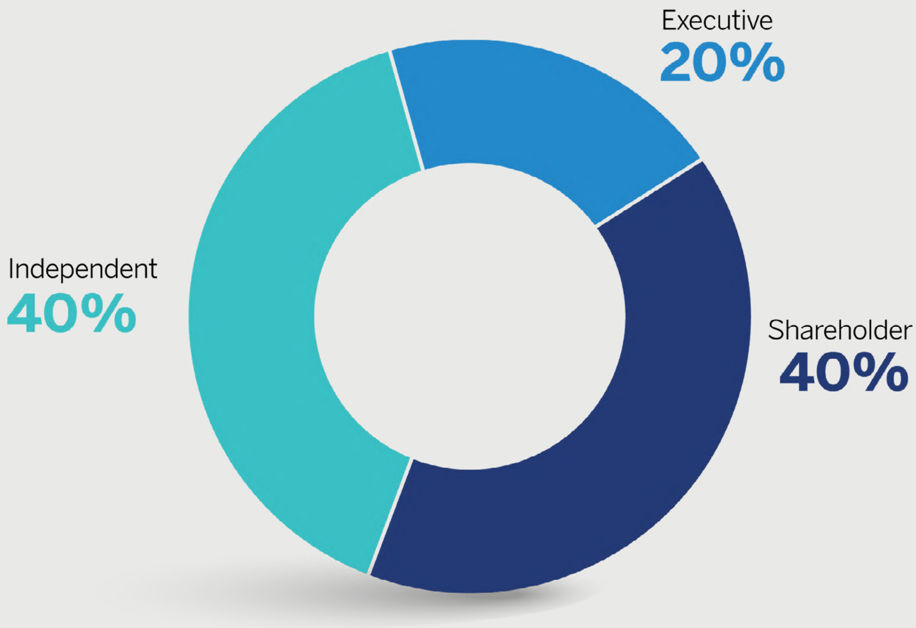
Independence

Law 964/2005 establishes that 25% of the Directors must be of independent origin.

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. One of the candidate's independence from the Company, its shareholders and members of Senior Management, which is instrumented through the Acceptance Letter;
2. and the other of the Board of Directors regarding the candidate's independence.

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



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 affiliates, their businesses and the financial sector in general, and profiles with business experience and knowledge of the local environment and market.

During 2021, following the resignation of two Board members, and pursuant to the Policy on Selection, Appointment and Succession of the Board of Directors, the Good Governance Committee (currently the Corporate Governance, Sustainability and Social Responsibility Committee), hereinafter, the "Committee", reviewed its composition and the need for having members with diversity of knowledge, skills, gender and experience, to enable the adequate performance of its functions.

The Committee assessed the CVs, profiles, and academic and professional backgrounds of Camila Escobar Corredor – Candidate to Independent Member, and of Antonio del Campo de los Santos – Candidate to Shareholder Member, in view of the structure, size and composition of the Board of Directors, as well as the Policy on Selection, Appointment and Succession. The Committee considered that the nominations were appropriate and submitted to the General Meeting of Shareholders, through the Board of Directors, the proposal to select Camila Escobar Corredor and Antonio del Campo de los Santos, professionals with broad education and experience, locally and internationally, in the fields of business, economics and finance, and on the local environment, as well as the willingness to devote the necessary time, and the requirements on qualifications.

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

Director	Gender	Nationality	Profession
Carlos Eduardo Caballero Argáez	Male	Colombian	Civil Engineer
Xavier Queralt Blanch	Male	Spanish	Professional in Law
Camila Escobar Corredor	Femenino	Colombian	Industrial Engineer
Antonio del Campo de los Santos	Male	Spanish	Professional in Economics and Business Sciences
Mario Pardo Bayona	Male	Spanish	Professional in Economics and Business Sciences

Qualifications:

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 qualifications 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 qualifications required to adequately perform their duties and to ensure good governance at the Entity.

The Good Governance Committee (currently the Corporate Governance, Sustainability and Social Responsibility Committee) is responsible for overseeing compliance at all times with the requirements of the procedure for the selection of members of the Board of Directors, by assessing their qualifications, any disqualifications or limitations, professional and academic track record, and in general performing an assessment of qualifications of the candidates and members of this governance body.

During 2021, there were no reports of any circumstance that affects the suitability of the Directors for performing their positions.

Composition of the Support Committees of the Board of Directors:

The following was the composition of the Support Committees of the Board of Directors in 2021:

Committees	Directors						
	Mario Pardo Bayona	Carlos Caballero Argáez	Felipe Cifuentes Muñoz(*)	Xavier Queralt Blanch	Juan Eugenio Rogero González(*)	Camila Escobar Corredor (**)	Antonio del Campo de los Santos (**)
Audit		Chair	X		X	X	X
Comprehensive Risk (previously Risk)		Chair		X	X		X

Committees	Directors						
	Mario Pardo Bayona	Carlos Caballero Argáez	Felipe Cifuentes Muñoz(*)	Xavier Queralt Blanch	Juan Eugenio Rogero González(*)	Camila Escobar Corredor (**)	Antonio del Campo de los Santos (**)
Corporate Governance, Sustainability and Social Responsibility (previously Good Governance)		Chair	X	X		X	X
Diversity, Appointments and Compensation (previously Appointments and Remuneration)			Chair	X	X	Chair	X

Chair Chair

(*) Until March 26, 2021 (**) Starting on March 26, 2021

Changes in the Board of Directors during 2021

The ordinary General Meeting of Shareholders held on March 26, 2021, approved the appointment of Camila Escobar Corredor in the capacity of Independent member, replacing Felipe Cifuentes Muñoz; and Antonio del Campo de los Santos as Shareholder member, replacing Eugenio Rogero González. The appointments of those designated was authorized by the Appointments Committee of the Financial Superintendence of Colombia at a meeting held on April 22, 2021. 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 28, 2021, for the statutory period from March 2021 to March 2022.

Members of the Board of Directors of BBVA Colombia who are members of the boards of directors or who hold executive positions at the affiliates.

The Directors of BBVA Colombia are not members of the boards of directors and do not hold executive positions at the affiliates.

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. They are appointed by the highest governance body and the nominated candidates must meet the qualifications required to perform the position, have adequate knowledge and experience to perform their functions, avoid situations of conflicts of interest and comply with the regime on incompatibilities and limitations.

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 (previously Good Governance), 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 assesses 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 evaluates 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.

Policy on Remuneration of the 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, which includes Directors and Officers, life and accident insurance policies.

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.

Remuneration of the Board of Directors and Senior Management

The ordinary General Meeting of Shareholders held on February 28, 2020, approved maintaining as professional fees for the non-executive Directors the amount of eight million Colombian pesos (COP 8,000,000) per month for belonging to and attending the meetings of the Board of Directors and its Committees; and for the Chairman of the Board of Directors, Carlos Eduardo Caballero Argáez, it approved the amount of ten million Colombian pesos (COP 10,000,000) per month.

Consequently, the General Meeting of Shareholders agreed to allocate for payment of the approved professional fees, and for other expenses required by this management body for its operation, the annual amount of five hundred twenty-seven million Colombian pesos (COP 527,000,000); however, because all meetings were held virtually, no travel expenses were incurred.

Regarding the Directors who were selected at the ordinary General Meeting of Shareholders held on March 26, 2021, Antonio del Campo de los Santos did not receive any economic remuneration because he held the position on an ad-honorem basis.

Based on the above, the Good Governance Committee (currently the Corporate Governance, Sustainability and Social Responsibility Committee) verified compliance with the Policy on Remuneration of the Board of Directors, as well as the allocations approved for the 2020- 2022 period, finding that BBVA Colombia paid as remuneration to the Board of Directors the total amount of two hundred eighty million Colombian pesos local currency (COP 280,000,000) with the following breakdown:

Item	Total
Fixed compensation	COP 280.000.000,00
In-kind compensation (travel expenses)	COP 0
Total	COP 280.000.000,00

Details on the remuneration received by the Directors, as well as by Senior Management, is disclosed in the Notes to the Financial Statements under the heading "Transactions with Related Parties."

Attendance and Quorum of Board of Directors Meetings

During 2021, the Board of Directors held 12 meetings, as set out in the schedule established at the beginning of the year. Attendance by members at the meetings of the Board of Directors and its Committees was 100%.

The following is a list of the meetings held during 2021 and the attendance by the Directors:

Meeting	Number of meetings	Attendance
Board of Directors	12	100%
Audit Committee	4	100%
Comprehensive Risk Committee	9	100%
Corporate Governance, Sustainability and Social Responsibility Committee	4	100%
Diversity, Appointments and Compensation Committee	5	100%

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.

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

The Board members took office at the meeting of the Board of Directors held on April 28, 2021, during which they elected dignitaries and named Carlos Caballero Argáez as Chairman. The functions and duties of the Chairman of the Board of Directors are set out in Article 43 of the Corporate Bylaws and in Section 11A of the Internal Rules of Procedure of the Board of Directors. These documents are available at the Bank's website through the following links:

Corporate Bylaws:
https://www.bbva.com.co/meta/aten-cion-al-inversionista/estatutos-sociales/

Rules of Procedure of the Board of Directors:
https://www.bbva.com.co/content/dam/publicweb/colombia/documents/home/pre-footer/gobiernocorporativo/junta-directiva/DO-01-REGLAMENTO_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 28, 2021, reelected Ulises Canosa Suárez, Legal Services Executive Vice President and General Secretary, as Secretary of the Board of Directors of BBVA Colombia.

His functions are described in Section 11B of the Internal Rules of Procedure of the Board of Directors. This document is published on the Bank's website at the following link:

https://www.bbva.com.co/content/dam/publicweb/colombia/documents/home/pre-footer/gobiernocorporativo/junta-directiva/ DO-01-REGLAMENTO_JUNTA_DIRECTIVA-.pdf

Relationship of the Board of Directors with the Statutory Auditor

During 2021, the Board of Directors and the Audit Committee established a channel for interacting with the Statutory Auditor, KPMG S.A.S., through which these management bodies have been provided direct information in all their meetings.

The Audit Committee reviewed and approved the Statutory Auditor's 2021 Work Plan, and followed up on performance of the work, the recommendations made and the plans adopted by the Entity for their implementation.

Additionally, the Committee supervised the Statutory Auditor's services throughout the year and verified that they were provided with quality, independence and effectiveness. Said verification is documented in the periodic assessment made by the members of the Audit Committee, which highlights the professionalism of the teams and that they are allies for the governance and management bodies in their functions of supervising the effectiveness of internal controls and the risk management and compliance systems.

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.

Activities of the Committees of the Board of Directors

In order to better perform its management and control functions and to have an adequate decision-making process, the Board of

Directors has established four Committees, whose functions are assigned in their Rules of Procedure, which support the Board on matters within their purview.

The four Committees: Audit; Comprehensive Risk; Corporate Governance, Sustainability and Social Responsibility; and Diversity, Appointments and Compensation, are chaired by independent Directors and comprised exclusively by non-executive Directors. The majority of the directors members of the Audit Committee and the Corporate Governance, Sustainability and Social Responsibility Committee are independent members.

The Committees have broad powers and full autonomy in their management, and may summon any meetings they deem necessary, participate in preparing the agenda, and receive assistance from external experts when they deem it convenient to do so, and it is also important to mention that they have direct access to the Bank's executives, who report both to the Committees and the Board of Directors on a regular basis.

In this way, the Corporate Governance System of BBVA Colombia enables the Directors to control the proposals and the implementation and development of the matters approved by the Board, supported fundamentally 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.

Information on Performance of Assessments of the Board of Directors

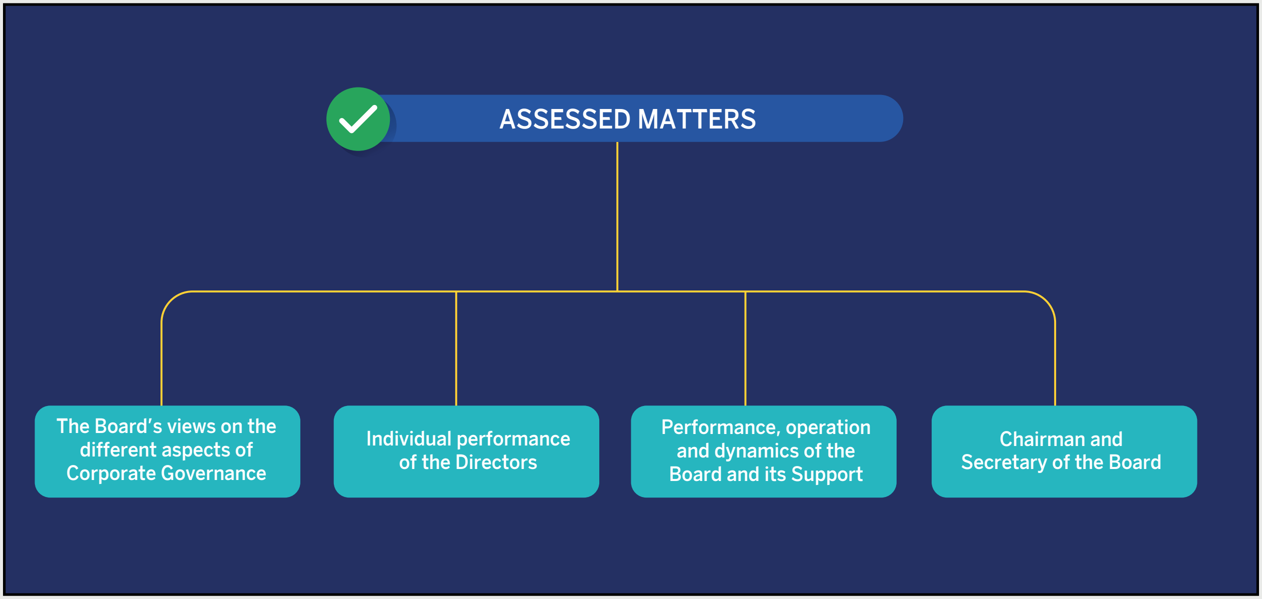
Self-assessment of the Board of Directors

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 2021, 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 2021 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.

3.6 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, affiliates or related parties, the transactions complied with all rules 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.

3.7 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 monitoring 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. They have been approved by the Board of Directors and are published on the Bank's website.

3.8 Shareholders Communications and Information

On March 26, 2021, BBVA Colombia held the ordinary General Meeting of Shareholders, in abidance with all the precautions established by the National Government derived from the COVID-19 health emergency. Consequently, the ordinary meeting was held virtually, rather than face-to-face, through the Webex Events platform, pursuant to the provisions of Article 422 of the Code of Commerce, Article 19 of Law 222/1995, as amended by Article 148 of Decree 019/2012 and Decree 398/2020, the Corporate Bylaws and the Rules of Procedure of the General Meeting of Shareholders of BBVA Colombia.

Subject	Date
Publication of call to meeting	In the newspaper La República, in the issue dated February 19, 2021 and on the Bank's website www.bbva.com.co
Right to inspection	Starting on March 3, 2021
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	96.04%
Publication of the Meeting	The decisions were published on the website and the RNVE
Copy of the minutes submitted to SFC	April 20, 2021

Subject	Date
Sent by the Statutory Auditor	Within 15 business days from the ordinary General Meeting of Shareholders
Publication of Financial Statements	Within one month from the ordinary General Meeting of Shareholders, the general purpose financial statements, compared to the same period of the previous fiscal year, including its notes and the Statutory Auditor's opinion, were published on the website

Main Decisions Passed by the 2021 General Meeting of Shareholders

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

- Annual report of the Chief Executive Officer and the Board of Directors.
- Separate and consolidated financial statements and clean opinion issued by the Statutory Auditor.
- 2020 Profit Distribution Proposal, which totaled COP 469,850,235,116.10 distributed as follows: 50.0251% to increase the Legal Reserve and 49.9749% to pay a cash dividend.
- Allocation of 1% of 2020 profits to Corporate Responsibility activities.
- Approval of a partial reform of the Corporate Bylaws: articles 13, 38, sections 6, 12 and 18 and Article 43 Bis.
- Approval of a partial reform of the Corporate Governance Code, articles 3.3, 3.4 and 15
- Approval of the election of the Board of Directors for the remaining statutory period (March 2021- March 2022).

- Approval of the allocation and fees set for the Statutory Auditor.

The partial reform of the Corporate Bylaws was carried out as follows:

Articles 13, 38 #6, 12, 18 and 43 Bis: The names and functions of the Support Committees of the Board of Directors were updated.

The comparative information of the articles of the Corporate Bylaws that were submitted to consideration of shareholders at the ordinary meeting held on March 26, 2021, is published on the website at the link Investor Assistance/ Corporate Governance/ General Meeting of Shareholders/2020:

https://www.bbva.com.co/content/dam/public-web/colombia/documents/home/body/inversionista/espanol/gobierno-corpo-rativo/asamblea-accionista/2020/Propues- ta-punto-13-Reforma-Estatutos.pdf

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.

Shareholders and investors also have available a section on the Bank’s website with full and sufficient information of interest, at the link “Investor Assistance”. This same section also provides shareholders all the information published on the SFC portal:

1. Information on current bond issue programs;
2. Financial information;
3. Information on shares;
4. The Calendar of corporate events and their associated documents;
5. Frequently asked questions section, and
6. Ratings.

4. Relevant Information

4. Relevant Information

GRI-102-7, GRI-203-2

BBVA Shares

Behavior of the Main Stock Market Indicators during 2021

During 2021, the COLCAP posted a negative change of 2%, following a drop of over 10% in 2020, which was out of step with the vigorous recovery of the real sector, and it only surpassed Brazil in terms of the performance of stocks in the main countries of the region.

The loss of the investment grade credit rating in mid-year and the low inflow of foreign capital may have affected stock prices, as a result of which the improved results of companies were not transmitted to the financial market.

On the other hand, towards year end, the prevailing international uncertainty following the appearance of a new variant of COVID-19 unleashed an increase in the risk premium and valuation losses for internal assets. Instead, the index was pushed up by the positive movement of international oil prices.

The COLCAP index closed the year at 1,410 points. The stocks with best results in the indicator's basket were Terpel (+20.2%), Ecopetrol (+19.8%), Grupo de Inversiones Nutresa (19.3%) and Grupo de Inversiones Sura (+18.7%). The worst performing stocks were Promigas (-15.5%), ISA (-12.8%) and Mineros (-12.8%).

Trends in BBVA Colombia Share Prices.

The price of Ordinary Shares closed at year-end 2021 at COP 320, up 4.57% from the price at December 31, 2020, which was COP 306.

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 dynamics are displayed in the prices of the non-voting preferred dividend shares, which have a low level of trading in the market, and whose price remained unchanged at year-end, at COP 385 in both 2020 and 2021. Shares of this type are classified under the modality of Instrument by Auction.

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

Type of shares	Number
Ordinary Shares	630.705.101
Non-voting preferred shares	26.752.348

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

Year	2019	2020	2021
Stock Market Capitalization Amount	5.386.273	4.440.533	4.635.244

Evolution of BBVA Colombia Share Prices

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

BBVA Colombia shares and stock market ratios

Item	December 31, 2020	December 31, 2021
Number of shareholders	65,169	65,182
Number of shares outstanding	14,387,689,071.00	14,387,689,071.00
Maximum price (ordinary share)	425	340

Item	December 31, 2020	December 31, 2021
Closing price (ordinary share)	306	320
Minimum price (ordinary share)	281	286
Maximum price (non-voting preferred share)	385	385
Closing price (non-voting preferred share)	385	385
Minimum price (non-voting preferred share)	320	385
Carrying value per share	347.26	395.29
Stock market capitalization (millions of Colombian pesos)	4,440,533.00	4,635,244.00
Price / Carrying value -- Ordinary share	0.881	0.810
Price / Carrying value -- Preferred share	1.109	0.974

Item	December 31, 2020	December 31, 2021
P/E (Price/earnings) -- Ordinary share	5.96	9.80
P/E (Price/earnings) -- Preferred share	7.50	11.79
Dividend yield (Dividend / Price) Ordinary share	0.0839	0.0510
Dividend yield (Dividend / Price) Preferred share	0.0666	0.0424
Dividends declared	25.66	16.32
Earnings per share	51.3195	32.6534

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 2021 totaled COP 16.32 payable in two installments, in June and October 2021.

Shareholdings structure at December 31, 2021

	Shareholders		Shares	
Tranche of shares	Number	%	Number	%
Up to 1,000	28197	43.26	9376343	0.07
From 1,001 to 10,000	27266	41.83	98502246	0.68
From 10,001 to 50,000	8177	12.54	174402655	1.21
From 50,001 to 100,000	1029	1.58	69999126	0.49
From 100,001 to 1,000,000	473	0.73	94565584	0.66
More than 1,000,000	40	0.06	13940843117	96.89
	65182	100	14387689071	100

BBVA Colombia shares are listed on the Colombian Securities Exchange, under the mnemonics BBVACOL for ordinary shares and PFBBVACOL for non-voting preferred dividend shares. Under the new classification system of the Colombian Securities Exchange, they are classified as follows:

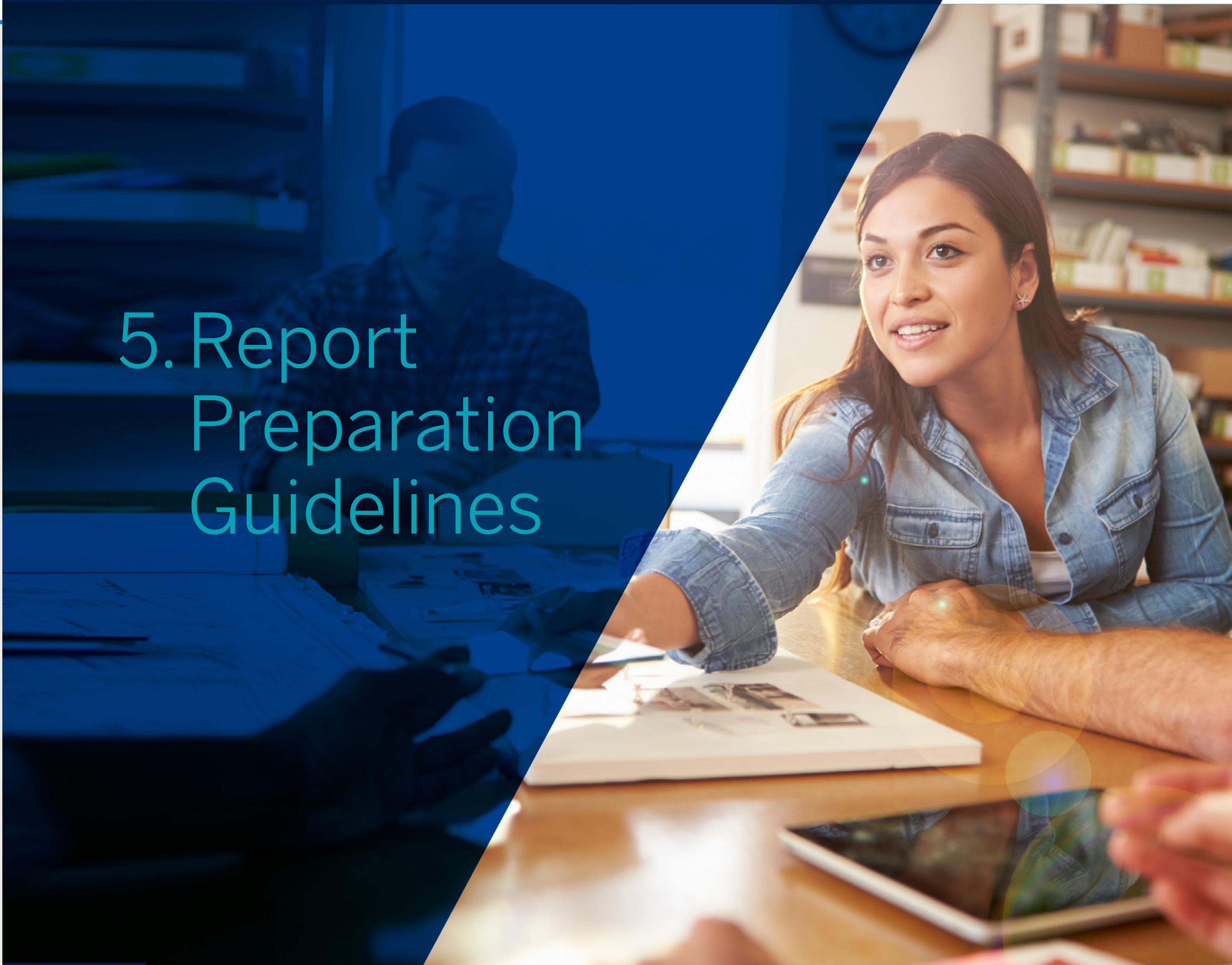
- Ordinary shares are classified under the modality of Continuous Instruments, and the non-voting preferred shares under the modality of Instrument by Auction. This new classification is based on the stocks' trading level in the securities market.

- BBVA Colombia shares are included in the COLEQTY index, which is a general index comprised by 40 stocks with best selection function in the Colombian Securities Exchange, where the weight of each share in the index is determined by the number of floating shares (adjusted capitalization) of each instrument.

- This basket published by the Colombian Securities Exchange contains the top 40 shares listed on the Exchange, and BBVA's share of the basket is 0.10%.

- COLIR is an index comprised by companies that have received IR Issuer recognition and that are part of COLEQTY, where the weight of each share in the index is determined by the number of floating shares of each instrument. This basket includes 29 companies that have received IR Issuer recognition, including BBVA Colombia, whose share of the basket is 0.10%.

5. Report Preparation Guidelines



5. Report Preparation Guidelines

5.1 Information Criteria and Standards

GRI-102-54

Profile, scope, relevance, materiality and coverage of the report

This report has been prepared for submission to the ordinary General Meeting of Shareholders, in accordance with the GRI standards, core option.

The use of these methodologies enables the Bank to present and consolidate in a single document the Management Report and the Corporate Responsibility Report, to improve the quality of the information and promote a more consistent and efficient approach to communicating the factors that influence value creation at the Bank, to improve accountability and manage and inform the stakeholder groups of the environmental, social and economic repercussions of the Bank's activities, among others.

In 2021, BBVA decided to maintain the 2020 materiality analysis since it is still considered to be in force, and to focus on introducing two improvements under this topic in order to better respond to the growing transparency requirements:

- Further explanation of who the stakeholders are, how their needs and expectations are assessed and how they impact the determination of material issues.

- A qualitative dual materiality analysis for the four main issues.

The degree of relevance and materiality was determined through ongoing consultations, in accordance with the recommendations established in the Global Reporting Initiative (GRI) standard for preparing sustainability reports.

To this end, specific analyses have been carried out using public information and information available at BBVA Colombia to assess the validity and relevance of these issues in the current context.

Basic References and International Standards

GRI-102-54

This report has been prepared in accordance with best practices and the most widely recognized international standards, and complies with the core option of the GRI methodology.

It also reports on actions related to the United Nations' millennium development goals, and addresses the Communication on Progress on fulfillment of the United Nations Global Compact, following the guidelines of the GRI and Global Compact, making the connections.

Rigor and Verification

BBVA Colombia has several instruments to assure quality. The process involves different areas that provide information and that are additionally subject to the Bank's standard supervision, verification and auditing methods.

Secondly, the Corporate Responsibility reports are forwarded to the Group through the information management system, which assures their quality and scope. The Bank's Communication and Image Department is the area responsible for gathering the information. This report is verified by KPMG Advisory, Tax & Legal S.A.S.

5,2 GRI Indicators

GRI-102-55

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
GRI-102 Version 2016	GRI-102-1 Name of the Organization.	BBVA Colombia Profile	8 DECENT WORK AND ECONOMIC GROWTH	22	
GRI-102 Version 2016	GRI-102-2 Activities, brands, products and services.	BBVA Colombia Profile	8 DECENT WORK AND ECONOMIC GROWTH	22	
GRI-102 Version 2016	GRI-102-3 Location of the organization's headquarters.	Cra. 9 No. 72 - 21 Bogotá, Colombia	8 DECENT WORK AND ECONOMIC GROWTH		
GRI-102 Version 2016	GRI-102-4 Location of operations.	BBVA Group currently operates in 32 countries, including Colombia.	8 DECENT WORK AND ECONOMIC GROWTH		
GRI-102 Version 2016	GRI-102-5 Nature of ownership and legal form.	BBVA Colombia Profile	8 DECENT WORK AND ECONOMIC GROWTH	22	
GRI-102 Version 2016	GRI-102-6 Markets served.	BBVA provides services nationwide to the sectors of companies, industry, government, trade and personal banking. Its customers are both individuals and legal entities.	8 DECENT WORK AND ECONOMIC GROWTH		

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
GRI-102 Version 2016	GRI-102-7 Scale of the reporting organization Version 2016	BBVA Colombia Profile, the Team in Figures, Relevant Information, Breakdown of employees by gender.	8 DECENT WORK AND ECONOMIC GROWTH	22-85-87-344	
GRI-102 Version 2016	GRI-102-8 Information on employees and other workers.	The Team in Figures – Number of Employees by Type of Workday and Gender – Workforce by Type of Contract and Region.	8 DECENT WORK AND ECONOMIC GROWTH 5 GENDER EQUALITY	85-92-93	
GRI-102 Version 2016	GRI-102-9 Supply chain.	Responsible Purchasing	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	232	
GRI-102 Version 2016	GRI-102-10 Significant changes to the organization and its supply chain.	In the period from January 1 to December 31, 2021, no significant changes were made in the organization's size, structure, ownership or supply chain.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION		
GRI-102 Version 2016	GRI-102-11 Precautionary Principle or approach.	Ecuador Principles	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	215	

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GRI-102 Version 2016	GRI-102-12 External initiatives.	Responsible Banking - Corporate Governance System	12 Responsible Consumption and Production; 8 Decent Work and Economic Growth; 17 Partnerships for the Goals	199-314	
GRI-102 Version 2016	GRI-102-13 Memberships of associations.	Asobancaria, Asobolsa, Asofiduciaria, Consejo Privado de Competitividad.	17 Partnerships for the Goals		
Strategy and Analysis					
GRI-102 Version 2016	GRI-102-14 Statement from senior decision-maker.	Letter from the CEO	8 Decent Work and Economic Growth	13	
GRI-102 Version 2016	GRI-102-15 Description of the main impacts, risks and opportunities.	Our Purpose and Strategic Priorities	8 Decent Work and Economic Growth	59	

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
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Ethics and Integrity					
GRI-102 Version 2016	GRI-102-16 Values, principles, standards and norms of behavior.	Our Values, Our Cornerstone; Our Purpose and Strategic Priorities, Business Integrity, Standards of Conduct.	16 Peace, Justice and Strong Institutions 8 Decent Work and Economic Growth	59-115 168-170	
Gobernance					
GRI-102 Version 2016	GRI-102-18 Estructura de gobierno.	Corporate Governance System	8 Decent Work and Economic Growth	314	
Stakeholder Engagement					
GRI-102 Version 2016	GRI-102-40 List of stakeholder groups.	Materiality Analysis - Identification of stakeholders and material issues..	16 Peace, Justice and Strong Institutions 8 Decent Work and Economic Growth	120-121	
GRI-102 Version 2016	GRI-102-41 Collective bargaining agreements.	Hand-in-hand with our employees - Negotiation of collective agreements - Percentage of employees covered by collective agreement (Pact - Convention)	16 Peace, Justice and Strong Institutions 8 Decent Work and Economic Growth 17 Partnerships for the Goals	82-94-100	

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
GRI-102 Version 2016	GRI-102-42 Identifying and selecting stakeholders.	Materiality Analysis - Identification of stakeholders and material issues.	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	120-121	
GRI-102 Version 2016	GRI-102-43 Approach to stakeholder engagement.	Materiality Analysis - Identification of stakeholders and material issues.	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	120-121	
GRI-102 Version 2016	GRI-102-44 Key topics and concerns raised.	Materiality Analysis - Identification of stakeholders and material issues..	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	121	
Report Preparation Practices					
GRI-102 Version 2016	GRI-102-45 Entities included in the consolidated financial statements..	Banco BBVA, BBVA Asset Management, BBVA Valores	8 DECENT WORK AND ECONOMIC GROWTH	22	

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
GRI-102 Version 2016	GRI-102-46 Defining report content and topic boundaries	Materiality Analysis	8 DECENT WORK AND ECONOMIC GROWTH	120	
GRI-102 Version 2016	GRI-102-47 List of material topics.	Materiality Analysis	8 DECENT WORK AND ECONOMIC GROWTH	120	
GRI-102 Version 2016	GRI-102-48 Restatements of information.	No restatements were made in the period from January 1 to December 31, 2021.	8 DECENT WORK AND ECONOMIC GROWTH		
GRI-102 Version 2016	GRI-102-49 Changes in reporting.	No changes were made to the methodology and information presented in the report.	8 DECENT WORK AND ECONOMIC GROWTH		
GRI-102 Version 2016	GRI-102-50 Reporting period.	From January 1 to December 31, 2021.	8 DECENT WORK AND ECONOMIC GROWTH		
GRI-102 Version 2016	GRI-102-51 Date of most recent report.	2020	8 DECENT WORK AND ECONOMIC GROWTH		
GRI-102 Version 2016	GRI-102-52 Reporting cycle.	Annual	8 DECENT WORK AND ECONOMIC GROWTH		
GRI-102 Version 2016	GRI-102-53 Contact point for questions regarding the report.	Carrera 9 No. 72 - 21, Piso 10 Bogotá, Colombia	8 DECENT WORK AND ECONOMIC GROWTH		

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
GRI-102 Version 2016	GRI-102-54 Claims of reporting in accordance with the GRI Standards.	Information Criteria and Standards/ Basic references and international standards. "This report has been prepared in accordance with the Core option of the GRI Standards"	SUSTAINABLE DEVELOPMENT GOALS	352-353	
GRI-102 Version 2016	GRI-102-55 GRI Content Index.	GRI Indicators	SUSTAINABLE DEVELOPMENT GOALS	354	
Management Approach					
GRI-103 Version 2016	GRI-103-1 Explanation of the material topic and its Boundary..	Management Approach Materiality Analysis. The 2020 Materiality Analysis has been maintained because it is deemed to remain current. Two enhancements were introduced. It is one of the sources for the Group's strategic planning of top priority topics for each stakeholder group.	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	120	
GRI-103 Version 2016	GRI-103-2 The management approach and its components..	Materiality Analysis – Hand-in-hand with our employees, Responsible Banking	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	82-120-199	

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
GRI-103 Version 2016	GRI-103-3 Evaluation of the management approach	Materiality Analysis – Hand-in-hand with our employees, Responsible Banking	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	82-120 -199	
Economic Performance					
GRI-201 Version 2016	GRI-201-1 Direct economic value generated and distributed.	Products with High Social and Environmental Impact - Economic Value and Tax Contribution.	8 DECENT WORK AND ECONOMIC GROWTH 13 CLIMATE ACTION 15 LIFE ON LAND	238-239	✔
Market Presence					
GRI-202 Version 2016	GRI-202-1 Ratios of standard entry level wage by gender compared to local minimum wage.	The Team in Figures – Starting salary/legal minimum salary ratio	8 DECENT WORK AND ECONOMIC GROWTH 5 GENDER EQUALITY	85-89	✔

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
Indirect Economic Impacts					
GRI-203 Version 2016	GRI-203-1 Infrastructure investments and services supported	Products with High Social and Environmental Impact - Sustainable Financing Products.	4 Quality Education; 11 Sustainable Cities and Communities; 8 Decent Work and Economic Growth; 13 Climate Action; 10 Reduced Inequalities; 15 Life on Land	205	
GRI-203 Version 2016	GRI-203-2 Significant indirect economic impacts.	Macroeconomic Environment Relevant Information – Topics related to COVID-19	3 Good Health and Well-Being; 8 Decent Work and Economic Growth	34-344	
ProcurementPractices					
GRI-204 Version 2016	GRI-204-1 Pesponsible consumption and production	Macroeconomic Environment Relevant Information – Topics related to Covid-19	12 Responsible Consumption and Production	232-234	✔
Anti-corruption					
GRI-205 Version 2016	GRI-205-1 Operations assessed for risks related to corruption	Standards of Conduct. 100% of the Bank's operation is assessed for risks related to corruption.	8 Decent Work and Economic Growth	170	✔

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
GRI-205 Version 2016	GRI-205-2 Communication and training about anti-corruption policies and procedures.	Standards of Conduct. E-mails were sent to the entire workforce related to the Code of Conduct and 100% of employees were enrolled in training on the General Policy on Anti-corruption, Conflicts of Interest and Code of Conduct, through the Campus platform.	8 DECENT WORK AND ECONOMIC GROWTH	170	✓
GRI-205 Version 2016	GRI-205-3 Confirmed incidents of corruption and actions taken.	Whistleblower Channel – In the period from January 1 to December 31, 2021, no corruption cases were reported, and therefore no disciplinary measures, contract terminations or legal proceedings were initiated in connection with this matter.	8 DECENT WORK AND ECONOMIC GROWTH	171	✓
Anti-competitive Behavior					
GRI-206 Version 2016	GRI-206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	No legal actions related to anti-competitive behavior were reported during 2021.	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION		✓

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
Materials					
GRI-301 Version 2016	GRI-301-1 Materials used by weight or volume.	Eco-efficiency. Total paper consumption: 232,181 Kg.	13 CLIMATE ACTION 15 LIFE ON LAND	217-218-220	
GRI-301 Version 2016	GRI-301-2 Recycled input materials used.	Eco-efficiency.	13 CLIMATE ACTION 15 LIFE ON LAND	217	
Energy					
GRI-302 Version 2016	GRI-302-1 Energy consumption within the organization.	Eco-efficiency – Energy. Electric power consumption is estimated based on the protocol and methodology for obtaining the Bank's environmental indicators. Energy consumption by the entity during 2021 totaled: 20,588,757 KW/hour.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION 15 LIFE ON LAND	217-218-219	✔
Water					
GRI-303 Version 2018	GRI-303-5 Water consumption.	Eco-efficiency – Water. The estimation of extraction of consumed water is based on the protocol and methodology for obtaining the Bank's environmental indicators. Water consumption in 2021 totaled: 261,104.00 m3	6 CLEAN WATER AND SANITATION 13 CLIMATE ACTION 7 AFFORDABLE AND CLEAN ENERGY 15 LIFE ON LAND	217	

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
					Emissions
GRI-305 Version 2016	GRI-305-1 Direct (Scope 1) GHG emissions	Letter from the CEO	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND	218	✔
GRI-305 Version 2016	GRI-305-2 Energy indirect (Scope 2) GHG emissions.	Starting in 2021, BBVA Colombia has acquired renewable energy, and consequently such emissions are at 0.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 15 LIFE ON LAND	218	✔

Contenidos Generales					
Estándar Utilizado	Indicador	Respuesta	ODS al que impacta	Página	Auditoría Externa
Perfil de la Organización					
GRI-305 Version 2016	GRI-305-3 Other indirect (Scope 3) GHG emissions.	Scope 3 emission at the Bank total 345.17 Ton. CO2eq. Source used: - DEFRA Greenhouse gas reporting: conversion factors 2021. The factors used are 0.245 Kg. 0.153 Kg. and 0.193 Kg. of CO2 per kilometer. The Bank has no biogenic emissions due to its line of business. According to the source DEFRA Greenhouse gas reporting: conversion factors 2021, the factors are divided in three segments depending on the length of travel: Sections of less than 500 Km., the equivalent factor is 0.245; Sections between 500 and 3,700 Km., the equivalent factor is 0.153; Sections longer than 3,700 Km., the equivalent factor is 0.193.		218	
Effluents and Waste					
GRI-306 Version 2016	GRI-306-1 Water discharge by quality and destination.	Eco-efficiency. All BBVA Bank offices discharge water into the sewage systems and not into bodies of water, in all regions where the offices are located.		217	✓

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
GRI-306 Version 2016	GRI-306-2 Waste by type and disposal method..	Eco-efficiency. The information provided on weight of units of waste is obtained from the waste collection and final disposal provider contracted by the Bank. Generation of hazardous waste: 1,324 Kg. Generation of non-hazardous waste: 58,405 Kg.	12 Responsible Consumption and Production 13 Climate Action 15 Life on Land	217	✓
Environmental Compliance					
GRI-307 Version 2016	GRI-307-1 Non-compliance with environmental laws and regulations.	No cases were reported on non-compliance with environmental laws and regulations during 2021.	6 Clean Water and Sanitation 12 Responsible Consumption and Production 7 Affordable and Clean Energy 13 Climate Action 15 Life on Land		✓
Employment					
GRI-401 Version 2016	GRI-401-1 New employee hires and employee turnover.	The Team in Figures – Staff turnover (hires and dismissals) Breakdown of workforce of new hires by gender and age.	8 Decent Work and Economic Growth	85-87-88	✓
GRI-401 Version 2016	GRI-401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees.	The Team in Figures - Employee Training and Benefits 2021	3 Good Health and Well-Being 4 Quality Education 8 Decent Work and Economic Growth	85-90	✓
Customer Health and Safety					

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
GRI-403 Version 2016	GRI-403-4 Worker participation, consultation, and communication on occupational health and safety.	Occupational Health and Safety - Worker participation, consultation and communication on occupational health and safety.	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	100-102	✔
GRI-403 Version 2016	GRI-403-9 Work-related injuries.	Occupational health and safety – Occupational injuries.	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	100-101	✔
GRI-403 Version 2016	GRI-403-10 Work-related injuries and ill health.	Occupational health and safety – Occupational diseases and illnesses.	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	100-102	✔

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
Training and Education					
GRI-404 Version 2016	GRI-404-1 Average hours of training per year per employee..	The Team in Figures – Average annual training hours. - Training hours broken down by gender - Average courses broken down by gender - Training hours broken down by employee category	4 Quality Education 8 Decent Work and Economic Growth 12 Responsible Consumption and Production	85-91-92	✔
GRI-404 Version 2016	GRI-404-2 Programs for upgrading employee skills and transition assistance programs.	The team in figures.	4 Quality Education 8 Decent Work and Economic Growth 12 Responsible Consumption and Production	85	
GRI-404 Version 2016	GRI-404-3 Percentage of employees receiving regular performance and career development reviews.	Professional Development Model.	4 Quality Education 8 Decent Work and Economic Growth 12 Responsible Consumption and Production	106	✔

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
Materials					
GRI-405 Version 2016	GRI-405-1 Diversity of governance bodies and employees.	The Team in Figures – Breakdown of workforce by employee category and gender - Composition of the Board of Directors.	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	85-88-320	✓
GRI-405 Version 2016	GRI-405-2 Ratio of basic salary and remuneration of women to men..	The Team in Figures – Gender ratio broken down by professional category - Average	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	85-89	✓
Non-discrimination					
GRI-406 Version 2016	GRI-406-1 Incidents of discrimination and corrective actions taken..	No discrimination cases were reported.	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION		✓
Customer Health and Safety					
GRI-416 Version 2016	GRI-416-1 Assessment of the health and safety impacts of product and service categories.	0% and we are working on implementing assessments of this type in future years.	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION		

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
GRI-416 Version 2016	GRI-416-2 Incidents of non-compliance concerning the health and safety impacts of products and services.	During 2021, no incidents were reported concerning health impacts.	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION		
Marketing and Labeling					
GRI-417 Version 2016	GRI-417-1 Requirements for product and service information and labeling.	The purpose of the Digital Marketing and Sales Department is to achieve the business objectives through digital sales and building of the brand. To achieve these objectives, we issue different types of communications to customers through various strategies and channels. We do not develop physical products and are not involved in labeling of physical products.	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION		✓
GRI-417 Version 2016	GRI-417-2 Incidents of non-compliance concerning product and service information and labeling.	There were no reports of incidents of non-compliance concerning product and service information and labeling.	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION		

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
GRI-417 Version 2016	GRI-417-3 Incidents of non-compliance concerning marketing communications.	During 2021, there were no reports of incidents of non-compliance with regulations related to marketing communications, including advertising, promotion and sponsorships.	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION		✓
Customer Privacy					
GRI-418 Version 2016	GRI-418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data.	Personal Data Protection Act.	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	145	✓
Socioeconomic Compliance					
GRI-419 Version 2016	GRI-419-1 Non-compliance with laws and regulations in the social and economic area.	Fines and Penalties of the Financial Superintendence. During the 2021 fiscal year, the Bank was notified of the following resolutions: Resolution No. 0302/March 30, 2021. BBVA Colombia was served notice of first instance Resolution 0602/ June 25, 2021, issued by the Financial Superintendence of Colombia. On October 6, 2021, BBVA Colombia was served notice of first instance Resolution 1113/ October 4, 2021.	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	58	✓

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
Sector Supplement					
	FS-1 Policies with specific environmental and social components applied to business lines.	Products with High Social and Environmental Impact – Eco-efficiency, Responsible Banking. BBVA has a specialized financing policy with specific components related to social and environmental topics.		205	
	FS-1 Policies with specific environmental and social components applied to business lines.	These policies are corporate guidelines that establish how to assess projects that may be financed by the Bank and how social and environmental risks can be mitigated. The same is true for the Ecuador Principles, whose purpose is for the Bank to commit to implementing them in its internal environmental and social policies for project financing.		199-205 217	

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
	FS-4 Processes for improving workforce competency to implement the environmental and social policies and procedures as applied to business lines..	TCR communication		134	
	FS-7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	BBVA is working on methodologies to calculate this ratio to enable reporting these metrics in future years.			
	FS-8 Monetary value of products and services designed to deliver a specific environmental benefit for each product line and broken down by purpose.	Currently not available. The reported amount is not broken down by product line or by purpose. This breakdown is expected to be reported in future years.			

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
	FS-13 Access points in low-populated or economically disadvantaged areas.	Fundación Microfinanzas	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	207	
	FS-14 Initiatives to improve access to financial services for disadvantaged people.	Products with High Social and Environmental Impact - Support for individuals with special needs – Individuals -	SUSTAINABLE DEVELOPMENT GOALS	205-214 250	
Own					
	Own BBVA-1 Number of beneficiaries of the Financial Education Program "Finanzas para el futuro".	Investment in Social Programs	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	222	
	Own BBVA-2 Number of SME customers.	Products with High Social and Environmental Impact - SMEs	6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 15 LIFE ON LAND	205-253	

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
	Own BBVA-3 Number of loans to SME customers.	Products with High Social and Environmental Impact - SMEs		205-253	
	Own BBVA-4 This amount is the disbursements in 2018 to finance sustainable development and infrastructure and energy efficiency projects.	Products with High Social and Environmental Impact		205	
	Own BBVA-5 Amount of loans granted to finance agro-industrial projects.	Products with High Social and Environmental Impact.		205	

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
	Own BBVA-6 Claim resolution time..	Claim resolution time	12 Responsible Consumption and Production	141	
	Own BBVA-7 Percentage of claims resolved in time.	Percentage of Claims Resolved in Time	12 Responsible Consumption and Production	142	
	Own BBVA-8 Percentage of claims, complaints and requests managed by FCR.	Management of Complaints and Claims	12 Responsible Consumption and Production	139	
	Own BBVA-9 Transactions by channel.	Multi-channel Approach	12 Responsible Consumption and Production	162	
	Own BBVA-10 Percentage of employees at facilities certified under ISO 14001 and LEED.	Environmental Management System	6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 8 Decent Work and Economic Growth; 12 Responsible Consumption and Production; 13 Climate Action; 15 Life on Land	221	

General Contents					
Standard Used	Indicator	Response	Impacted SDG	Page	External Audit
Company Profile					
	Own BBVA-11 Number of BBVA volunteers.	BBVA Volunteers	4 QUALITY EDUCATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	229	
	Own BBVA-12 Number of beneficiaries of education support programs (handbags with school utensils and educational scholarships).	Investment in Social Programs	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	222	

Independent Assurance Report

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Independent Auditor's Limited Assurance Report for Banco Bilbao Vizcaya Argentaria Colombia S.A.

We have been engaged by the Management of **Banco Bilbao Vizcaya Argentaria Colombia S.A**., hereinafter **BBVA Colombia S.A.**, to provide limited assurance regarding the sustainability parameters and contents included in the annual report of **BBVA Colombia S.A.,** (hereinafter, the "Report") for the year ended on December 31, 2021.

The following are the sustainability parameters and contents covered by this limited assurance engagement:

No.	Assured Sustainability Parameters	Assured Standard
1	Direct economic value generated and distributed	201-1
2	Ratios of standard entry level wage by gender compared to local minimum wage	202-1
3	Proportion of spending on local suppliers	204-1
4	Operations assessed for risks related to corruption	205-1

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5	Communication and training about anti-corruption policies and procedures	205-2
6	Confirmed incidents of corruption and actions taken	205-3
7	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	206-1
8	Energy consumption within the organization	302-1
9	Water extraction by source	303-1
10	Direct (Scope 1) GHG emissions	305-1
11	Energy indirect (Scope 2) GHG emissions	305-2
12	Other indirect (Scope 3) GHG emissions	305-3
13	Water discharge by quality and destination	306-1
14	Waste by type and disposal method	306-2
15	Non-compliance with environmental laws and regulations	307-1
16	New employee hires and employee turnover	401-1
17	Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2
18	Worker participation, consultation, and communication on occupational health and safety	403-4
19	Occupational injuries	403-9
20	Occupational diseases and illnesses	403-10
21	Average hours of training per year per employee	404-1
22	Percentage of employees receiving regular performance and career development reviews	404-3
23	Diversity of governance bodies and employees	405-1

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24	Ratio of basic salary and remuneration of women to men	405-2
25	Incidents of discrimination and corrective actions taken	406
26	Requirements for product and service information and labeling	417-1
27	Incidents of non-compliance concerning marketing communications	417-3
28	Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1
29	Non-compliance with laws and regulations in the social and economic area	419-1

Management's Responsibility

Management is responsible for the preparation and presentation of the sustainability parameters and contents covered by the limited assurance, according to the Global Reporting Initiative (GRI) standard for the preparation of sustainability reports, as described in the subsection "About this Report". Said subsection indicates the option used for the self-statement of conformance.

This responsibility includes: Designing, implementing and maintaining the internal controls necessary to prepare the assured sustainability parameters and contents free from material misstatements due to fraud or error.

Management is also responsible for preventing and detecting any fraud, and for identifying and ensuring that the Company complies with the laws and regulations that apply to its activities.

Management is also responsible for ensuring that those involved in the preparation and presentation of the report are adequately trained and that the information systems are updated.

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KPMG's Responsibility

Our responsibility is to issue a limited assurance conclusion on the preparation and presentation of the aforementioned sustainability parameters included in the Annual Report of **BBVA Colombia S.A.**

We have performed our work in accordance with the international standards on assurance engagements ISAE 3000 and ISAE 3410. Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

The firm applies international quality control standard 1 and maintains a comprehensive quality control system, which includes documented policies and procedures in connection with compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other requirements included in the Code of Ethics of the Federation of Accountants issued by the International Ethics Standards Board for Accountants, which establishes fundamental principles related to integrity, objectivity, confidentiality, and professional behavior and competence. Based on the above, we confirm that we have performed this engagement for **BBVA Colombia S.A**.in an independent manner free from any conflicts of interest.

ISAE 3000 requires us to plan and perform our work so as to obtain limited assurance on whether the sustainability parameters and contents are free from material misstatements.

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Limited Assurance on the Sustainability Parameters and Contents

Our limited assurance work on the sustainability parameters and contents consisted in making inquiries, mainly with those responsible for the preparation of the sustainability parameters and contents, and in applying analytical and other procedures that were deemed appropriate. Such procedures included:

- Interviews with Management and relevant personnel at the corporate level in connection with the sustainability strategy and the policies on material topics, and their implementation at the Company.

- Inquiries with Management to obtain an understanding of the process carried out by **BBVA Colombia S.A**., to determine the material topics, as well as the participation of stakeholders in this process.

- Interviews with relevant personnel of **BBVA Colombia S.A**., at the corporate level, responsible for the preparation of the parameters and contents covered by the limited assurance.

- Inquiries on the design and implementation of the systems and methods used to gather and report the parameters and contents covered by the limited assurance, including the consolidation of the reported information.

- Comparison of the sustainability parameters covered by the limited assurance to underlying relevant sources by means of a sample base to determine whether all relevant information has been adequately included in the Report.

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- Comparison of the sustainability parameters and contents covered by the limited assurance against relevant underlying sources based on sampling, to determine whether they have been adequately included in the Report.

- No on-site verifications were performed due to force majeure causes (COVID19), which limited the verification of physical evidence.

- Reading of the sustainability parameters and contents covered by the limited assurance presented in the Report to determine whether they are in line with our general knowledge and experience regarding the sustainability performance of **BBVA Colombia S.A**.

The procedures carried out in a limited assurance engagement vary in nature and time, and their scope is less than that of reasonable assurance engagement, which implies that the level of assurance obtained is substantially less than the assurance that would have been obtained in a reasonable assurance engagement. Consequently, we do not issue a reasonable assurance conclusion on the sustainability parameters and contents covered by the limited assurance.

Purpose of Our Report

According to the terms of our engagement, this assurance report has been prepared for **BBVA Colombia S.A.** with the purpose of assisting Management in determining whether the sustainability parameters and contents covered by the limited assurance have been prepared and presented in accordance with the Global Reporting Initiative (GRI) standards for preparing sustainability reports.

Restrictions for Use of the Report

This report should not be considered appropriate for use, or to be relied upon, by any third party that may wish to acquire rights against KPMG other than **BBVA Colombia S.A.**, for any purpose or in any other context. Any third party other than **BBVA Colombia S.A.** that has access to our report or part of it, and decides to use it or any part of it as basis for any action, shall do so at its own risk. To the maximum extent allowable by law, we do not accept or take on any responsibility towards third parties other than **BBVA Colombia S.A**., for our work, for this limited assurance report, or for the conclusions we have arrived at.

Our report is delivered to **BBVA Colombia S.A**. on the basis that it must not be copied, referred to or published, in full or in part (except for internal purposes by **BBVA Colombia S.A.**), without our prior written consent.

Our Conclusions

We have arrived at our conclusion based on, and subject to, the matters described in this report. We believe the evidence we have obtained is sufficient and appropriate grounds for issuing the conclusions we express below:

Based on the procedures described above and on the evidence obtained, nothing has caught our attention that would lead us to believe that the sustainability parameters and contents mentioned in the above table, for the year ended on December 31, 2021, of **BBVA Colombia S.A.**, have not been prepared and presented in an adequate manner, for all material effects, in accordance with Global Reporting Initiative (GRI) standard for preparing sustainability reports.

In a separate document, we have provided Management of **Banco Bilbao Vizcaya Argentaria Colombia S.A.** an internal report containing our findings and areas for improvement.

KPMG Advisory, Tax & Legal S.A.S.

Fabián Echeverría Junco
Professional License No. 62943 - T
Partner
March 14, 2022

6. Reports and Certificates

6. Reports and Certificate

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STATUTORY AUDITOR'S REPORT

Dear Shareholders
Banco Bilbao Vizcaya Argentaria Colombia S A.:

Audit Report on the Financial Statements

Opinion

I have audited the Separate Financial Statements of Banco Bilbao Vizcaya Argentaria Colombia, S. A. (the Bank), which include the Separate Statement of Financial Position at December 31, 2021, and the Separate Statements of Income, of Other Comprehensive Income, of Changes in Equity and of Cash Flow for the year ended on that date, along with their respective notes, which include the significant accounting policies and other explanatory information.

In my opinion, the aforementioned Separate Financial Statements attached hereto, prepared based on information faithfully taken from the books, reasonably represent, for all material effects, the separate financial position of the Bank at December 31, 2021, the separate results and cash flows for the year then ended, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year.

Basis for the Opinion

I carried out my audit in accordance with the International Standards on Auditing (ISA) accepted in Colombia. My responsibilities, according to said standards, are described in the section of my report named "Responsibilities of the Statutory Auditor Regarding the Audit of the Separate Financial Statements." I am independent from the Bank, in accordance with the International Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA), included in the Reporting Assurance Standards accepted in Colombia, as well as the relevant ethical requirements established in Colombia for my audit of the Separate Financial Statements, and I have fulfilled all other ethical responsibilities in accordance with the aforementioned IESBA Code. I believe the audit evidence I have obtained offers sufficient and appropriate grounds to issue my opinion.

Key Audit Matters

The key audit matters are those that, in my professional judgment, were most relevant for my audit of the Separate Financial Statements of the current period. These matters were agreed in the context of my audit of the Separate Financial Statements as a whole in forming my opinion in this regard, and I do not issue a separate opinion on these matters.

Assessment of the credit risk allowance for the commercial loan portfolio in accordance with the Guidelines of the Financial Superintendence of Colombia as applied to the Separate Financial Statements (see notes 3.9 and 10 of the Financial Statements)	
Key Audit Matter	**How it was Addressed by the Audit**
The balances of the commercial loan portfolio and its credit risk allowance at December 31, 2021, totaled COP 22,477,475 million, and COP 996,071 million, respectively. The Bank recognizes the allowance for the commercial loan portfolio as prescribed by the Financial Superintendence of Colombia, which establishes the minimum allowances to be made according to expected losses as determined by the credit risk rating methodology defined in the Model of Reference. I considered the methodology for assigning the credit risk rating to customers classified under the commercial loan portfolio a key audit matter, because the key assumptions of the analysis incorporate significant elements of judgment.	The following, among others, were the audit procedures used to assess the assignment of the credit risk ratings and their effects on the allowance: 1. Involvement of professionals with experience and knowledge in the assessment of credit risk and information technologies, to assess certain internal controls related to the Bank's process for determining the allowance on commercial loans. This included controls associated with: (1) Validation of the methodology and/or models for assigning credit risk ratings according to regulatory provisions, (2) monitoring of the Bank's assignment of credit risk ratings and the resulting amount of the allowances, (3) information technology controls on the input data for the models to determine the loan loss allowance, as well as the calculations of the allowances; and (4) an assessment to identify whether there were any significant changes in credit risk.

	2. Inspection of a sample of files from the loan portfolio, to verify that the ratings assigned to commercial loan portfolio customers comply with the guidelines set by the Financial Superintendence of Colombia for the system of allowances and that they are consistent with the financial, qualitative or economic characteristics of the customer, and that they are subsequently incorporated in the Model of Reference for the calculation of allowances. 3. Recalculation of the allowance on the total commercial loan portfolio, in accordance with the regulatory accounting standard in effect at December 31, 2021.

Other Matters

The Separate Financial Statements for the year ended on December 31, 2020, which are presented exclusively for comparative purposes, were audited by me, and in my report dated February 23, 2021, I issued a clean opinion on them.

Other Information

Management is responsible for all other information. Other information includes that included in the annual report, but does not include the Separate Financial Statements and my corresponding audit report, nor the management report on which I issue an opinion in the section on "Other Legal and Regulatory Requirements," pursuant to the provisions of Article 38 of Law 222/1995.

My opinion on the Separate Financial Statements does not cover the other information and I do not express any type of assurance conclusion on such information.

Regarding my audit of the Separate Financial Statements, my responsibility is to read the other information, and in doing so, to consider whether any material inconsistency exists between such information and the Separate Financial Statements or the knowledge I have obtained through my audit or by any other means, or whether it contains any material misstatements.

If, based on my work, I conclude that such other information contains a material misstatement, I am under the obligation of reporting this fact. I have nothing to report in this regard.

Responsibility of Management and of those Charged with Corporate Governance at the Bank Regarding the Separate Financial Statements

Management is responsible for the preparation and reasonable presentation of these Separate Financial Statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing, implementing and maintaining the internal control that Management deems necessary for the preparation and presentation of Separate Financial Statements that are free of material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable under the circumstances.

In preparing the Separate Financial Statements, Management is responsible for assessing the Bank's capacity to continue as a going concern, and for disclosing, if applicable, any matters related to its continuity and the use of the going concern accounting assumption, unless Management intends to liquidate the Bank or cease its operations, or if there is not other realistic alternative than to do so.

Those charged with corporate governance are responsible for supervising the Bank's financial reporting process.

Responsibilities of the Statutory Auditor regarding the Audit of the Separate Financial Statements

My objective is to obtain reasonable assurance on whether the Separate Financial Statements, considered as a whole, are free from material misstatements, either by fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit carried out in accordance with the ISA will always detect existing material misstatements. Misstatements may due to fraud or error, and they are considered material if, individually or in combination, they could be reasonably expected to influence the decisions made by users based on these Separate Financial Statements.

As part of an audit carried out in accordance with the ISA: I use my professional judgment and maintain my professional skepticism throughout the audit. I also:

Identify and assess the risk of material misstatements in the Separate Financial Statements, either by fraud or error; design and perform audit procedures to address such risks, and obtain audit evidence that provides sufficient and appropriate grounds to issue my opinion. The risk of failing to detect a material misstatement arising from fraud is greater than for misstatements arising from error, because fraud may involve collusion, forgery, intentional omissions, misleading representations, or disabling or bypassing of internal controls.

- I obtain an understanding of the relevant internal controls for the audit in order to design audit procedures that are appropriate under the circumstances.

- I assess the appropriateness of the policies and controls used and the reasonableness of the accounting estimates and their related disclosures made by Management.

- I conclude on the appropriateness of Management's use of the going concern assumption, and based on the audit evidence obtained, on whether or not material uncertainty exists in connection with events or conditions that may give rise to significant doubts about the Bank's capacity to remain a going concern. If I conclude that such material uncertainty exists, in my report I must bring to attention the disclosure that describes this situation in the Separate Financial Statements, or if such disclosure is inadequate, I must qualify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Bank to no longer operate as a going concern.

- I assess 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.

- I obtain sufficient and appropriate audit evidence on the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. I am responsible for the direction, supervision and performance of the audit of the Group. I continue to be solely responsible for my audit opinion.

I communicate to those charged with governance at the Bank, among other matters, the planned scope and timing of the audit, as well as any significant audit findings, including any significant deficiencies of internal controls I may identify during my audit.

I also provide those charged with corporate governance confirmation that I have fulfilled all relevant ethical requirements of independence, and I have communicated all relationships and other matters that could reasonably be considered to influence my independence and, if applicable, the associated safeguards.

Based on the matters communicated to those charged with corporate governance, I determine the most significant matters for the audit of the Separate Financial Statements in the current period, which are therefore the key audit matters. I describe these matters in the Statutory Auditor's report, unless laws or regulations prevent public disclosure of the matter, or when, in extremely exceptional circumstances, I determine that the matter should not be communicated in my report because the adverse consequences of doing so would reasonably outweigh the benefit to the public interest of publishing such information.

Report on Other Legal and Regulatory Requirements

1. Based on the results of my tests, in my opinion, during 2021:

    - The Bank's accounting has been carried in accordance with legal regulations and accounting technique.
    - The transactions recorded in the books are consistent with the bylaws and the decisions of the General Meeting of Shareholders.
    - The correspondence, accounting vouchers, books of minutes and shareholder registries are adequately carried and preserved.
    - The Bank has complied with the regulations and instructions of the Financial Superintendence of Colombia related to the adequate management and provisioning of assets received as payment and with the implementation or impact on the Statement of Financial Position and the statements of income and other comprehensive income of the applicable risk management systems.
    - The attached financial statements are consistent with the management report prepared by Management, which includes a certificate by Management on the free circulation of invoices issued by vendors or suppliers.

- The information contained in the self-assessed statements of contributions to the comprehensive social security system, in particular regarding affiliation and the reported income base for their calculation, has been taken from the accounting records and supporting documents. The Bank is not past due in its payments into the comprehensive social security system.

In compliance with the requirements of articles 1.2.1.2. and 1 2.1.5. of Single Regulatory Decree 2420/2015, in performance of my responsibilities as Statutory Auditor contained in sections 1 and 3 of Article 209 of the Code of Commerce, related to an assessment as to whether the acts of the Company's Management are consistent with the bylaws and the orders or instructions of the General Meeting of Shareholders, and as to whether internal control measures exist and are adequate for the preservation and custody of the assets of the Company or of third parties in its power, I issued a separate report dated February 22, 2022.

2. I followed up on the replies to the letters of recommendation addressed to the Bank's Management and there are no material matters pending that would affect my opinion.

Adriana Rocío Clavijo Cuesta
Statutory Auditor of Banco Bilbao Vizcaya Argentaria Colombia S.A.
Prof. License No. 115083-T
Member of KPMG S.A.S.

February 22, 2022

Statutory Auditor's Independent Report on Compliance with Sections 1) and 3) of Article 209 of the Code of Commerce

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STATUTORY AUDITOR'S INDEPENDENT REPORT ON COMPLIANCE WITH SECTIONS 1) AND 3) OF ARTICLE 209 OF THE CODE OF COMMERCE

Dear Shareholders
Banco Bilbao Vizcaya Argentaria Colombia S.A.

Description of the Main Matter

As part of my duties as Statutory Auditor, and in compliance with articles 1.2.1 2 and 1.2.1.5 of Single Regulatory Decree 2420/2015, amended by articles 4 and 5 of Decree 2496/2015, respectively, I must report on the compliance by the Bank (hereinafter, the "Company") with sections 1) and 3) of Article 209 of the Code of Commerce, as specified below, at December 31, 2021, in the form of an independent reasonable assurance conclusion on whether the acts of Management comply with bylaw provisions and the decisions of the General Meeting of Shareholders, and on whether adequate internal control measures exist, for all material effects, in accordance with the criteria set out in the paragraph under the heading "Criteria for this Report":

Whether the acts of the Company's Management are consistent with the bylaws and the orders or instructions issued by the General Meeting of Shareholders. And whether the acts of the Company's Management are consistent with the bylaws and the orders or instructions issued by the General Meeting of Shareholders, and

Whether internal control measures exist and are adequate for the preservation and custody of assets of the Company or of third parties in its power.

Management's Responsibility

The Company's Management is responsible for compliance with the bylaw provisions and the decisions of the General Meeting of Shareholders, and for designing, implementing and maintaining adequate internal control measures, including the implemented risk management systems (Money Laundering and Terrorism Financing Risk Management System, Operating Risk Management System, Market Risk Management System, Liquidity Risk Management System, Credit Risk Management System and the Financial Consumer Service System), and the measures for the preservation and custody of assets of the Company and of third parties in its power, in accordance with the requirements of Part 1, Title 1, Chapter IV of the Basic Legal Public Notice of the Financial Superintendence of Colombia.

Statutory Auditor's Responsibility

My responsibility consists in assessing whether the acts of the Company's Management are consistent with the bylaws and the orders or instructions issued by the General Meeting of Shareholders, and if internal control measures exist and are adequate for the preservation and custody of the assets of the Company or of third parties in its power, and to report on this matter in the form of an independent reasonable assurance conclusion based on the evidence obtained. I carried out my procedures in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB), translated into Spanish in 2018 and accepted in Colombia.

Said regulation requires me to plan and carry out the procedures I deem necessary to obtain reasonable assurance of whether the acts of Management are consistent with the bylaws and the decisions of the General Meeting of Shareholders and on whether internal control measures exist and are adequate, which include the implemented risk management systems (Money Laundering and Terrorism Financing Risk Management System, Operating Risk Management System, Market Risk Management System, Liquidity Risk Management System and Credit Risk Management System and the Financial Consumer Service System), and the measures for the preservation and custody of assets of the Company and of third parties in its power, in accordance with the requirements of Part 1, Title 1, Chapter IV of the Basic Legal Public Notice of the Financial Superintendence of Colombia, in all material aspects.

The accounting firm I belong to and that assigned me as Statutory Auditor of the Company, applies International Quality Control Standard No. 1, and consequently maintains a complete quality control system that includes documented policies and procedures on compliance with ethical requirements and applicable professional, legal and regulatory standards.

I have complied with the independence and ethical requirements of the International Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on my professional judgment, including an assessment of the risk that the acts of Management are not consistent with the bylaws and the decisions of the General Meeting of Shareholders and that the measures of internal control, which include the implemented risk management systems (Money Laundering and Terrorism Financing Risk Management System, Operating Risk Management System, Market Risk Management System, Liquidity Risk Management System and Credit Risk Management System and the Financial Consumer Service System), and the measures for the preservation and custody of assets of the Company and of third parties in its power are not adequately designed and implemented, in accordance with the requirements of Part 1, Title 1, Chapter IV of the Basic Legal Public Notice of the Financial Superintendence of Colombia.

This reasonable assurance engagement includes information obtained at December 31, 2021. The procedures include:

- Obtain a written representation by Management on whether the acts of management are consistent with the bylaws and the decisions of the General Meeting of Shareholders and on whether internal control measures exist and are adequate, which include the implemented risk management systems (Money Laundering and Terrorism Financing Risk Management System, Operating Risk Management System, Market Risk Management System, Liquidity Risk Management System and Credit Risk Management System and the Financial Consumer Service System), and the measures for the preservation and custody of assets of the Company and of third parties in its power, in accordance with the requirements of Part 1. Title 1. Chapter IV of the Basic Legal Public Notice of the Financial Superintendence of Colombia.

- Reading and verification of compliance with the Company's bylaws.

- Obtain a certification from Management on the meetings of the General Meeting of Shareholders, documented in minutes.

- Reading of the minutes of the General Meeting of Shareholders and the bylaws and verification that the acts of Management are consistent with them.

- Inquiries with Management on changes or plans to amend the Company's bylaws during the assessed period and validation of their implementation.

- An assessment of whether internal control measures exist and are adequate, which includes the implemented risk management systems (Money Laundering and Terrorism Financing Risk Management System, Operating Risk Management System, Market Risk Management System, Liquidity Risk Management System and Credit Risk Management System and the Financial Consumer Service System), and the measures for the preservation and custody of assets of the Company and of third parties in its power, pursuant to the requirements of Part 1, Title 1, Chapter IV of the Basic Legal Public Notice of the Financial Superintendence of Colombia, which includes:

  - Tests on the design, implementation and operational effectiveness of the relevant controls of the components of internal control on financial reporting and the elements established by the Company, such as: control environment, the entity's risk assessment process, the information systems, control activities and monitoring of controls.

  - Assessment of the design, implementation and operational effectiveness of the relevant manual and automated controls of the key business processes related to the significant financial statement accounts.

  - Verification of appropriate compliance with the rules and instructions of the risk management systems and the consumer service systems that apply to the Company: (SARC, SARM, SARL, SARLAFT, SAC, SARO).

  - Submit letters to Management with my recommendations on internal control deficiencies that were not considered significant and that were identified during my statutory auditing work.

  - Follow up on the matters included in the recommendations letters I issued related to internal control deficiencies.

Inherent Limitations

Due to inherent limitations to any internal control structure, it is possible that certain controls that were effective at the time of my review will no longer be effective in future periods, because my report is based on selective tests and because internal control assessments are subject to the risk of becoming inadequate due to changes in conditions or because the degree of compliance with the policies and procedures may deteriorate. Additionally, the inherent limitations of internal control include human error, failure due to collusion of two or more people, or inappropriate bypassing of controls by Management.

Criteria

The criteria taken into consideration for the assessment of the matters mentioned in the paragraph on “Description of the Main Matter” include: a) the corporate bylaws and the minutes of the General Meeting of Shareholders, and b) the components of internal control implemented by the Company, such as the control environment, the risk assessment procedures, the information and communications systems, and monitoring of controls by Management and by those charged with corporate governance, which are based on the provisions of Part 1. Title 1. Chapter IV of the Basic Legal Public Notice of the Financial Superintendence of Colombia.

Conclusion

My conclusion is based on the evidence obtained on the described matters, and is subject to the inherent limitations described in this report. I believe that the audit evidence I obtained provides a basis of reasonable assurance for the conclusion I express below.

In my opinion, the actions of Management are consistent with the bylaws and the decisions of the General Meeting of Shareholders and internal control measures exist and are adequate, which include the implemented risk management systems (Money Laundering and Terrorism Financing

Risk Management System, Operating Risk Management System, Market Risk Management System, Liquidity Risk Management System and Credit Risk Management System and the Financial Consumer Service System), and the measures for the preservation and custody of assets of the Company and of third parties in its power, in all material aspects, in accordance with the requirements of Part 1, Title 1, Chapter IV of the Basic Legal Public Notice of the Financial Superintendence of Colombia.

Adriana Rocío Clavijo Cuesta
Statutory Auditor of Banco Bilbao Vizcaya Argentaria Colombia S.A.
Prof. License No. 115083-T
Member of KPMG S.A.S.

February 22, 2022

Certification by the Registered Agent and General Accountant

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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, 2021, 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, 2021.

- All the assets and liabilities listed in the Bank's financial statements at December 31, 2021, 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, 2021 have been recognized 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, 2021.
- 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.

GERMAN ENRIQUE RODRIGUEZ
REGISTERED AGENT
BBVA COLOMBIA

OSCAR ENRIQUE RODRÍGUEZ ACOSTA
GENERAL ACCOUNTANT
Prof. License No. 179552 T


BBVA

7. Separate Financial Statements

7. Separate Financial Statements

7.1 2021 Separate Financial Statements

At December 31, 2021 and 2020

(in millions of COP)

ITEM	Note	At December 31,		
		2021		2020
ASSETS				
Cash and cash equivalents	**(8)**	**COP 11.005.116**	_	**COP 6.229.588**
Cash and deposits in banks		10.268.052	_	5.745.189
Money market transactions		737.064	_	484.399
Financial investment assets	**(9)**	**COP 7.218.558**	_	**COP 7.310.746**
Tradeable investments		2.723.473	_	2.819.595

ITEM	Note	At December 31,		
		2021		2020
Investments at fair value through profit or loss		2.554.424	_	2.701.871
Investments at fair value through profit or loss provided in money market transactions		169.049	_	117.724
Investments available for sale		**2.313.254**	_	**2.263.560**
Investments at fair value through OCI Debt instruments		616.053	_	1.151.941
Investments at fair value through OCI Equity instruments		282.267	_	246.522
Investments at fair value through OCI provided in money market transactions		770.469	_	146.761
Investments at fair value through OCI provided as collateral in transactions		644.465	_	718.336
Investments at amortized cost (net)		**2.082.071**	_	**2.127.166**
Investments at amortized cost		55.422	_	2.131.188
Investments at amortized cost through profit or loss provided in money market transactions		2.030.671	_	-
Impairment of investments at amortized cost		(4.022)	_	(4.022)
Investments in non-controlled entities		99.760	_	100.425
Derivative financial instruments and cash operations		**COP 3.290.980**	_	**COP 3.809.914**

ITEM	Note	At December 31,	
		2021	2020
For trading	(14)	2.960.451	3.657.534
For hedging	(15)	330.529	152.380
Cartera de créditos y operaciones de leasing financiero (neto)	**(10)**	**COP 54.191.677**	**COP 47.552.290**
Commercial		22.216.442	18.826.188
Consumer		21.739.393	19.518.776
Mortgage		13.178.087	12.159.294
Micro-credit		2	2
Employees (mortgage and consumer)		498.298	479.043
Impairment of loan portfolio and financial leases		(3.440.545)	(3.431.013)
Interest on loan portfolio and other items (net)	**(10)**	**COP 743.107**	**COP 807.982**
Commercial.		261.032	258.481
Consumer		478.020	510.434
Mortgage		334.701	370.722
Employees (mortgage and consumer)		3.145	3.236
Other interest on portfolio		5.602	7.794
Impairment of loan portfolio and financial lease interest and other items, net		(339.393)	(342.685)

ITEM	Note	At December 31,	
		2021	2020
Accounts receivable (net)	(16)	1.237.236	997.088
Investments in subsidiaries and joint ventures	(20)	321.374	300.767
Advances to contracts and suppliers	(22)	139.803	62.440
Non-current assets held for sale	(17)	58.932	51.675
Property and equipment, net	(18)	670.232	700.326
Right-of-use fixed assets	(11)	109.124	136.443
Intangible assets, net	(19)	128.560	111.299
Deferred tax assets, net	(31)	170.325	139.979
Other tax assets		605	564
Prepaid expenses	(22)	37.138	17.333
Other assets (net)	(21)	7.707	3.492
Total assets		COP 79.330.474	COP 68.231.926
LIABILITIES			
Deposits and on-demand liabilities	**(23)**	**COP 59.197.608**	**COP 51.986.958**
On-demand		41.175.499	32.792.793
Term		18.022.109	19.194.165
Money market and simultaneous transactions	(24)	3.697.100	506.348

ITEM	Note	At December 31,	
		2021	2020
Derivative financial instruments and cash operations		**$ 3.454.783**	**$ 4.107.191**
For trading	(27)	3.454.783	4.106.964
For hedging	(15)	-	227
Financial obligations			
Bank credits and other financial obligations	(25)	2.974.166	2.606.926
Taxes		**$ 290.722**	**$ 157.722**
Other tax liabilities		139.469	140.181
Current taxes, net		151.253	17.541
Estimated liabilities and provisions	(30)	229.887	223.925
Lease liabilities		115.796	141.036
Accounts payable	(26)	709.446	710.375
Labor liabilities	(31)	245.734	237.716
Other liabilities	(29)	339.399	253.144
Outstanding investment securities	(28)	2.388.531	2.304.263
Total liabilities		COP 73.643.172	COP 63.235.604
SHAREHOLDERS' EQUITY			
Subscribed and paid-in capital	(33)	COP 89.779	COP 89.779

ITEM	Note	At December 31,	
		2021	2020
Reserves	(34)	3.643.354	3.408.311
Share issue premium		651.950	651.950
Current year net income		895.242	469.850
Retained earnings		253.674	253.318
Other comprehensive income (OCI)		152.797	122.608
Article 6 Law 4/80		506	506
Total shareholders' equity		COP 5.687.302	COP 4.996.322
Total liabilities and shareholders' equity		COP 6.026.701	COP 5.249.466

See the notes attached hereto, which are an integral part of the Separate Financial Statements

Germán Enrique Rodríguez Perdomo,
Registered Agent[1]

Oscar Enrique Rodríguez Acosta
General Accountant[1]
Prof. License No. 179552-T

Adriana Rocío Clavijo Cuesta
Statutory Auditor
Prof. License No. 115083-T
Member of KPMG S.A.S
See my report of February 22, 2022

[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 Company's ledgers.

7.2 Separate Statement of Income

For the year ended on December 31, 2021 and 2020

(in millions of COP)

Item	Note	For the year ended on December 31, 2021 and 2020	
		2021	2020
INTEREST REVENUES	**(40)**		
Loan portfolio		**COP 4.646.922**	**COP 5.053.726**
Commercial		820.478	1.061.332
Consumer		2.117.571	2.280.643
Credit card		404.305	390.838
Mortgage		858.606	874.155
Factoring		32.681	35.399
Operating Leases		-	1.359
Financial leases		101.411	133.363
Residential leases		311.870	276.637
Interest expenses		**(1.383.310)**	**(1.899.076)**
Savings accounts		(277.430)	(524.799)
Term deposits and adjustment of income at actual value		(1.019.432)	(1.268.596)

Item	Note	For the year ended on December 31, 2021 and 2020			
		2021		2020	
Bank credits and financial obligations			(85.606)		(105.681)
Other interest expenses			(842)		-
Interest revenues, net		**COP**	**3.263.612**	**COP**	**3.154.650**
FEE REVENUES	**(41)**				
Fee revenues		COP	586.756	COP	495.642
Fee expenses			(440.493)		(351.682)
Fee revenues, net		**COP**	**146.263**	**COP**	**143.960**
NON-INTEREST REVENUES	**(41)**				
Securities			**890.022**		**1.137.145**
Income by the equity method			**63.870**		**53.656**
Derivatives			**20.454.645**		**25.508.493**
Disposals			**170.544**		**134.334**
NON-INTEREST EXPENSES	**(42)**				
Securities			**(830.830)**		**(893.477)**
Derivatives			**(20.595.124)**		**(25.090.194)**

Item	Note	For the year ended on December 31, 2021 and 2020	
		2021	2020
Disposals		**(141.329)**	**(141.073)**
IMPAIRMENT OF ASSETS			
Impairment of loan portfolio and financial leases, net		**(976.369)**	**(1.500.452)**
Reversion of impairment on loan portfolio		1.998.388	1.379.509
Impairment of loan portfolio and finance leases		(2.974.757)	(2.879.961)
Impairment of non-current assets held for sale		(21.823)	(8.025)
Impairment of property and equipment		(83)	(1.397)
Reversion of other impairment		**19.520**	**9.015**
Impairment of assets, net		**(978.755)**	**(1.500.859)**
OTHER OPERATING REVENUES			
Other operating revenues	**(41)**	**COP 192.163**	**COP 93.229**
Other operating expenses	**(42)**	**COP (1.798.070)**	**COP (1.699.363)**
Exchange differences, net	**(41)**	**483.261**	**(203.853)**
Pretax profits		**COP 1.320.272**	**COP 696.648**

Item	Note	For the year ended on December 31, 2021 and 2020	
		2021	2020
Income tax	(32)	(453.250)	(376.916)
Deferred tax	(32)	28.220	150.118
Current year net income		COP 895.242	COP 469.850
Earnings per ordinary share (in COP)			
Basic	(35)	62	33

See the notes attached hereto, which are an integral part of the Separate Financial Statements

Germán Enrique Rodríguez Perdomo,
Registered Agent[1]

Oscar Enrique Rodríguez Acosta
General Accountant[1]
Prof. License No. 179552-T

Adriana Rocío Clavijo Cuesta
Statutory Auditor
Prof. License No. 115083-T
Member of KPMG S.A.S
See my report of February 22, 2022

[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 Company's ledgers.

7. 3 Separate Statement of Changes in Equity

For the year ended on December 31, 2021 and 2020

(In millions of COP and thousands of shares)

For the year ended on December 31, 2021 and 2020	Subscribed and paid-in capital					
	Shares with non-voting preferred dividend		Ordinary shares			
	Number	Value	Number	Value	Reserves	
BALANCE AT JANUARY 1, 2020	479.760	COP 2.994	13.907.929	COP 86.785	COP 3.039.130	
Transfers	-	-	-	-	-	
Dividends paid in cash on preferred and common shares	-	-	-	-	-	
Appropriation for legal reserve	-	-	-	-	369.181	
Current year net income	-	-	-	-	-	
Updated appraisal of fixed assets	-	-	-	-	-	
Deferred taxes (net)	-	-	-	-	-	
Other comprehensive income						
Gain on cash flow hedging	-	-	-	-	-	
Gain on investments by the equity method	-	-	-	-	-	
Actuarial gain on defined benefit plans	-	-	-	-	-	
Share in other comprehensive income of non-controlled entities	-	-	-	-	-	

	Share issue premium	Current year net income	Retained earnings	Adjustment on first-time adoption of IFRS	Other Comprehensive Income (OCI)	Article 6 Law 4/1980	Total shareholders' equity
	COP 651.950	COP 738.369	COP	COP 255.370	COP 104.181	COP 506	COP 4.879.285
	-	(738.369)	738.369	-	-	-	-
	-	-	(369.188)	-	-	-	(369.188)
	-	-	(369.181)	-	-	-	-
	-	469.850	-	-	-	-	469.850
	-	-	-	(2.437)	-	-	(2.437)
	-	-	-	385	-	-	385
	-	-	-	-	7.900	-	7.900
	-	-	-	-	274	-	274
	-	-	-	-	2.427	-	2.427
	-	-	-	-	(1.031)	-	(1.031)

For the year ended on December 31, 2021 and 2020	Subscribed and paid-in capital				
	Shares with non-voting preferred dividend		Ordinary shares		
	Number	Value	Number	Value	Reserves
Retained earnings from remeasurement of financial assets available for sale	-	-	-	-	-
Deferred taxes, net	-	-	-	-	-
BALANCES AT DECEMBER 31, 2020	479.760	COP 2.994	13.907.929	COP 86.785	COP 3.408.311
Transfers	-	-	-	-	-
Dividends paid in cash on preferred and common shares	-	-	-	-	-
Appropriation for legal reserve	-	-	-	-	235.043
Statement of Income	-	-	-	-	-
Updated appraisal of fixed assets	-	-	-	-	-
Sale of non-current assets held for sale	-	-	-	-	-
Deferred taxes (net)	-	-	-	-	-
Other comprehensive income					
Gain on cash flow hedging	-	-	-	-	-
Loss on investments by equity method	-	-	-	-	-

	Share issue premium	Current year net income	Retained earnings	Adjustment on first-time adoption of IFRS	Other Comprehensive Income (OCI)	Article 6 Law 4/1980	Total shareholders' equity
	-	-	-	-	16.367	-	16.369
	-	-	-	-	(7.510)	-	(7.512)
	COP 651.950	COP 469.850	COP	COP 253.318	COP 122.608	COP 506	COP 4.996.322
	-	(469.850)	469.850	-	-	-	-
	-	-	(234.807)	-	-	-	(234.807)
	-	-	(235.043)	-	-	-	-
	-	895.242	-	-	-	-	895.242
	-	-	-	296	-	-	296
	-	-	-	(521)	-	-	(521)
	-	-	-	581	-	-	581
	-	-	-	-	31.243	-	31.243
	-	-	-	-	(1.093)	-	(1.093)

For the year ended on December 31, 2021 and 2020	Subscribed and paid-in capital				
	Shares with non-voting preferred dividend		Ordinary shares		
	Number	Value	Number	Value	Reserves
Actuarial gain on defined benefit plans	-	-	-	-	-
Share in other comprehensive income of non-controlled entities	-	-	-	-	-
Loss on remeasurement of financial assets available for sale	-	-	-	-	-
Deferred taxes, net	-	-	-	-	-
BALANCES AT December 31, 2021	479.760	COP 2.994	13.907.929	COP 86.785	COP 3.643.354

See the notes attached hereto, which are an integral part of the Separate Financial Statements

	Share issue premium	Current year net income	Retained earnings	Adjustment on first-time adoption of IFRS	Other Comprehensive Income (OCI)	Article 6 Law 4/1980	Total shareholders' equity
	-	-	-	-	15.268	-	15.268
	-	-	-	-	33.776	-	33.776
	-	-	-	-	(50.549)	-	(50.549)
	-	-	-	-	1.544	-	1.544
	COP 651.950	COP 895.242	COP	COP 253.674	COP 152.797	COP 506	COP 5.687.302

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7.4 Separate Statement of Cash Flow

For the year ended on December 31, 2021 and 2020

(in millions of COP)

	For the years ended on December 31,	
	2021	2020
Balance at the beginning of period	**COP 6.229.589**	**COP 5.640.019**
CASH FLOWS IN OPERATING ACTIVITIES:		
Disbursements and payments received from loan portfolio and leasing customers	(4.882.834)	(28.184)
Payments and reception of on-demand deposits	8.041.495	4.749.942
Payments and reception of term deposits	(1.172.355)	(388.060)
Payments and reception of other deposits and on-demand liabilities	988.639	(1.351.488)
Payments and redemptions received on financial debt and derivative instruments	418.799	1.362.128
Payments to suppliers and employees	(4.156.886)	(3.202.365)
Interest received from loan portfolio and leasing customers and others	4.287.993	4.112.354
Interest paid on deposits and on-demand liabilities	(1.297.187)	(1.793.225)
Income tax paid	(425.142)	(492.381)
Cash advances and loans granted to third parties	(703.293)	(489.539)
Collections on the reimbursement of advances and loans granted to third parties	625.930	489.100

	For the years ended on December 31,	
	2021	2020
Cash flow provided by operating activities	**1.725.159**	**2.968.282**
CASH FLOWS IN INVESTMENT ACTIVITIES:		
Payments on investments held to maturity	(88.151.732)	(68.839.581)
Collections on investments held to maturity	90.227.498	66.809.502
Dividends received	19.068	12.025
Acquisition of property and equipment	(50.331)	(50.948)
Sale price of property and equipment	39.346	2.907
Cash inflows from investment activities	190.030	320.816
Net cash flow provided by (used in) investment activities	**2.273.879**	**(1.745.279)**
CASH FLOW IN FINANCING ACTIVITIES:		
Payment of loans and other financial liabilities	(4.569.924)	(3.946.743)
Collection of loans and other financial liabilities	4.656.562	3.567.380
Dividends paid to owners	(229.321)	(359.478)

	For the years ended on December 31,	
	2021	2020
Cash inflows from financing activities	98.485	426.932
Cash flow used in financing activities	**(44.198)**	**(311.909)**
CASH AND CASH EQUIVALENTS:		
Effect of exchange rate fluctuations on cash held in foreign currency	820.687	(321.524)
BALANCES AT THE END OF PERIOD	COP 11.005.116	COP 6.229.589

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7.5 Separate Statement of Other Comprehensive Income

For the year ended on December 31, 2021 and 2020

(in millions of COP)

		For the years ended on December 31,	
	Note	2021	2020
CURRENT YEAR NET INCOME		**COP 895.242**	**COP 469.850**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss for the period:			
Loss (Gain) on investments by the equity method		(1.093)	274
Actuarial gain on defined benefit plans		15.268	2.427
Share in other comprehensive income of non-controlled entities		33.776	(1.031)
Total items that will not be reclassified to profit or loss for the period		47.951	1.670
Items that may subsequently be reclassified to profit or loss for the period:			
Loss (gain) on remeasurement of financial assets available for sale		(50.549)	16.367
Gain on cash flow hedging		31.243	7.900
Total items that may subsequently be reclassified to profit or loss for the period.		(19.306)	24.267
Total Other Comprehensive Income		28.645	25.937

		For the years ended on December 31,	
	Note	2021	2020
Deferred tax:			
On investments in equity instruments of other comprehensive income		(4.062)	361
On assets available for sale		16.024	(4.300)
On cash flow hedges		(10.418)	(3.571)
Total deferred tax		1.544	(7.510)
Total other comprehensive income, net from taxes	(36)	30.189	18.427
Total statement of comprehensive income for the period		COP 925.431	COP 488.277

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8. Notes to the Separate Financial Statements

8. Notes to the Separate Financial Statements

BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.

At December 31, 2021 and 2020

(Expressed in millions of COP, except for the exchange rate and net earnings per share)

1. Reporting Entity

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.

t also carries out international banking activities, privatizations, financial projects and other banking activities in general, and provides leasing services.

The following are the most important reforms made to the Bank's bylaws:

Public Instrument 2599/March 12, 1998, of Notary 29 of Bogotá, business name change to Banco Ganadero, preceded by the acronym BBVA.

Public Instrument 2886/October 30, 1998, of Notary 47 of Bogotá, merger with Leasing Ganadero.

Public Instrument 2730/April 21, 1999, of Notary 29 of Bogotá, duration until 2099.

Public Instrument 1821/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 18 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/July 15, 2009, known as the Financial Reform, allowed bank institutions such as ours to offer leasing services, which must be done through a separate company to manage the resources through this economic arrangement. This enables BBVA Colombia to manage from our offices lease transactions with purchase option starting in 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 511 and 534 offices at December 31, 2021 and 2020, respectively, located in different cities of Colombia, distributed as follows:

	2021	2020
Branch offices	360	38[illegible]
In house	85	8[illegible]
Service centers	7	1[illegible]
Agencies	31	2[illegible]
Remote banking	28	2[illegible]
Total offices	511	53[illegible]

Additionally, BBVA Colombia has 36 financial services contracts through Non-Banking Correspondents (NBC), which provide 43,179 and 17,758 points of service at December 31, 2021 and 2020, respectively.

It also has investments in the following affiliates:

Affiliates	Share %	Location
BBVA Asset Management S.A. Sociedad Fiduciaria	94,51	Bogot[illegible]
BBVA Valores Colombia S.A. Comisionista de Bolsa	94,44	Bogot[illegible]

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 2021 and 2020, amounted to 5,284 and 5,137 employees, respectively.

2. Bases for the preparation and presentation of the Separate Financial Statements

2.1 Statement of Compliance

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 938/2021, BBVA Colombia 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 2020, as well as the incorporation of the amendment to IFRS 16 - Leases: COVID-19-Related Rent Concessions, except for the provisions of the technical regulations issued by the Financial Superintendence of Colombia.

In compliance with the Laws, Decrees and other applicable regulations, the Bank applies the following accounting criteria that differ from the IFRS issued by the IASB:

Decree 2420 of December 14, 2015, whereby the Single Regulatory Decree of Accounting, Financial Reporting and Information Assurance Standards is issued. The Decree establishes that preparers of financial reports classified as public interest entities, and that receive, manage or administer funds from the public, must not apply IFRS 9 – Financial Instruments: Recognition and measurement, regarding the treatment of the loan portfolio and impairment, and the classification and measurement of the investments.

Public Notice No. 36/2014 of the Financial Superintendence of Colombia, which establishes how to apply IFRS 1 First-time Adoption of IFRS, and includes the following, among others:

It applies 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 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 first-time adoption of the NCIF produces significant net differences, they must be deducted from technical capital, and if this results in a shortfall in technical equity, it will be necessary to adjust the financial statements at the corresponding cut-off date, and within the established term submit an adjustment plan to the Superintendence if the shortfall cannot be resolved by ordinary means within two (2) months and it significantly affects the entity's operating 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.

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 method for separate financial statements, in accordance with Article 35 of Law 222/1995.

Also through this decree, it is determined that the parameters to establish post-employment benefits for the treatment of IAS 19 should be those established in Decree 2783/2001, as the best market estimate. This decree establishes the actuarial assumptions for calculating future increases of salaries and pensions, the applicable technical interest rate and the form of considering the expected increase in income for active and retired personnel.

Decree 2131/2016, which determines that 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, reporting the variables used and the differences with the calculation in accordance with IAS 19 - Employee Benefits, which represents a change in the accounting estimates.

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).

Decree 1311/2021 regulates Social Investment Law 2155/2021, which seeks, through a series of fiscal measures, to contribute to the reactivation of the economy, to job creation, to the protection of the business social fabric and to support the most vulnerable populations, in a framework of macroeconomic stability.

The Separate Financial Statements were prepared in compliance with the legal provisions that apply to the Bank as separate 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.

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, 2021, 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, were approved by the Bank's Board of Directors for issuance on February 22, 2022. 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 16, 2022.

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:

- Financial investment assets 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, in relation 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 selling.

2.3 Functional and Reporting Currency

The Bank's bylaws establish that the cut-off date for preparing and publishing the annual general-purpose financial statements is December 31. These financial statements are presented in Colombian pesos, which is the presentation and reporting currency for all effects. 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

In preparing and presenting the financial statements, the Bank has taken into consideration the materiality of amounts, which is established in relation to key indicators that apply depending on the item in question.

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 them, Management has used judgments, estimates and assumptions to quantify the carrying amounts of certain assets and liabilities, which are apparently not derived from other sources, based on past 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.

The most important estimates and sources of uncertainty in preparing the Bank's Separate Financial Statements are the impairment allowances on loans, interest and other items of the commercial loan portfolio (Note 10).

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

BBVA Colombia classifies cash on hand, immediately available deposits in Banks (including the Central Bank), checks in clearing process and remittances in transit as cash, regarding which the following criteria are validated:

- They must meet the definition of assets.
- It is probable that the economic benefits 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, 2021 and 2020, 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:

- Monetary assets and liabilities denominated in foreign currency are translated using the accounting exchange rate at the reporting date.
- 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.
- Non-monetary assets and liabilities measured at fair value are translated using the exchange rate on the date on which the 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, 2021 and 2020 was COP 3,981.16 and COP 3,432.50 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 the financial income over the relevant period. The effective interest rate is the discount rate that exactly matches the estimated receivable or payable cash flows (including fees, interest basis 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 originating 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, Chapters I-1 and II.

If in subsequent periods the impairment amount decreases, and such decrease is objectively related to an event that took place after the initial impairment was recognized, the impairment amount recognized previously will be reversed from the allowance account and the amount of the reversal will be recognized through profit or loss 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 cannot be classified in homogeneous groups of instruments in terms of risk, the assessment of the amounts to write off is determined individually, even though there is a possibility of collectively measuring the financial assets of small value that can be 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 is in reference to the recognition criteria of the Conceptual Framework, they will only be derecognized with prior authorization by the Board of Directors and/or in accordance with the levels of authorization established in the Internal Rules and Procedures (PNI, for the 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 Superintendence. They include the investments acquired by the Bank with the purpose of maintaining a secondary liquidity reserve and to comply with legal or regulatory provisions, with the objective of maximizing the risk/return ratio of the portfolios and/or assets managed and to take advantage of opportunities that arise in the markets in which the Bank is involved.

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 trading investments, held-to-maturity investments, or available for sale investments. Depending on this classification, they will be valued, recognized and measured either at fair value with changes through profit or loss, at amortized cost, or at fair value with changes through OCI, 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 measurement of equity instruments and their corresponding recognition 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. This involves active buying and selling.

Characteristics of the investments available for sale: 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:

- 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.

- 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 Tthrough 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 maturity: 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.

Payable returns pending collection are recognized 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 financial statements 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, 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.

Category/Risk	Features	Provisions
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 the 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, and whose 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 according to the financial statements and other available information are considered uncollectible.	An allowance is made for the full amount of these investments.

The external ratings used for this type of valuation must be issued by a credit rating agency authorized by the Superintendence, or by an internationally recognized credit rating agency, in the case of 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 directly or indirectly exercises control, i.e., when all the following conditions are met:

- 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.

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 prescribe the accounting treatment of investments in subsidiaries, affiliates, associates and joint ventures, they must follow the requirements established in IAS 27, IAS 28 and IAS 11, 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 gain 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 profit or loss will depend on the nature of the hedging relationship and on its effectiveness.

Financial derivative contracts are presented 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 derivative financial instruments 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, and own for the DVA.
- 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.
- Credit 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 its own for DVA.

- 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, 2021 and 2020, the Bank did not hold any implicit derivatives balances.

3.8 Hedge Accounting

A derivative financial instrument intended to financially hedge a certain risk is designated in accounting as for hedging purposes if, when it is traded, 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 outset, which should be documented in the trading of the derivative financial instrument and during the hedging period. The Bank continues to apply IAS 39 for hedge accounting.

The Bank designates certain hedging instruments, which include implicit derivatives, 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 hedge, 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 shall include the manner in which the entity will measure the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged item or to changes in cash flow attributable to the hedged risk.

Note 15 includes details on the fair value of derivatives used for hedging purposes.

Fair value hedging: The changes in the fair value of derivatives that are designated and rated as fair value hedges, recognized from the time that the effective hedge is designated, in 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 settled, or it no longer meets the criteria for hedge accounting.

Cash flow hedging: The portion of the changes in the fair value of derivatives designated 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 under Other Comprehensive Income and accumulated in equity are reclassified to profit or loss of the periods when the hedged item affects income, under the same line item as the recognized hedge item. However, if hedge of a planned transaction subsequently gives rise to the recognition of 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 cost of the non-financial asset or liability.

- Hedge accounting is suspended when the Bank revokes the hedging relationship, when the hedging instrument expires, or is sold, resolved or settled, or it no longer meets the criteria for hedge accounting. The profit or loss that has been recognized under Other Comprehensive Income and accumulated as equity will remain under equity and will 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 in profit or loss.

3.9 Loan Portfolio, Financial Lease Transactions, Interest on Loans 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 recognizes, regardless of the amount, the loans granted to 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 UVR is currently published by the Central Bank of Colombia 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 over the entire term of the loan, unless a reduction thereof is agreed. They must be expressed only in terms of annual effective rates.

- 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-VIS housing, the financing shall be for 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 10).

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 based on these the allowances are recognized.

According to regulations, the loans are rated by risk level as follows: (A- Normal, B- Acceptable, C- Considerable, D- Significant and E- Uncollectible). The loan portfolio assessment seeks to identify subjective risk factors, determining the short- and medium-term payment capacity; in this fashion, it is possible to anticipate potential 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 contains the 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 reporting:

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

The classification and rating of mortgage and micro-credit loans is based on the time past due, as indicated below:

Risk	Micro-credit (Months past due)	Mortgage (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" Significativo	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 keep 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.

Puntaje= 1/(1+e^(-z))

The table for determining the rating according to the score obtained is:

	Score up to		
Rating	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, a lower-risk rating category may be assigned, subject to meeting the conditions established by the Financial Superintendence of Colombia.

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 loans: 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%

Additionally, if the loan has remained in category E for 2 and 3 consecutive years, an allowance is made on 60% and 100% of the secured portion, respectively.

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%

Collateral: For allowance calculation purposes, collateral is weighted using the following percentages according to the time past due of the loans:

Mortgage Collateral or Mortgage Collateral Trusts		Non-mortgage Collateral	
Time Past Due (months)	Percentage	Time Past Due (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 regulations, as from January 1, 2002, the weight assigned to collateral in the form of a pledge on the debtor's commercial or industrial establishments, a mortgage on a property where the respective establishment operates, and collateral on properties for destination that are part of the respective establishment, is 0% of their value. Consequently, they have been reclassified as unsuitable 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 over a 12-month period a debtor will incur in 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%
Incumplido	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 Since 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.

Consumer loans: The expected loss of consumer loans is calculated using the following formula:

Expected loss = (PD) * (exposure of asset) * (LGD) *(Term Adjustment)

Where:

Term Adjustment (TA) = ([Remaining Term]/[72])

Remaining Term: 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 2021 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 consumer loans LGD by type of collateral is as follows:

Type of Collateral	LGD	Days Since 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	60%	210	70%	420	100%
Payroll loan collateral	45%				
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.

The probability of default in 2021 was defined as follows:

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 Since Default	New LGD	Days Since Default	New LGD
Non-admissible collateral	55%	270	70%	540	100%
Subordinated loans	75%	270	90%	540	100%
Subordinated loans	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.

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): It 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): It is the portion of the individual loan loss allowance 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 such situations arise. 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 assessed on a monthly basis:

- Real quarterly variation (deflated) of individual loan loss allowances B, C, D and E.
- Quarterly accumulated allowance net of recoveries (of loans and leases) as a percentage of the quarterly accumulated interest revenue from the loans and leasing portfolios.
- Quarterly accumulated allowances net of recoveries of loans and leases as a percentage of the quarterly accumulated gross adjusted financial margin.
- Real annual growth rate (deflated) of the gross loan 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:

$$(\Delta \mathrm{Pr}\ ovInd_{BCDE})_T \geq 9\% \text{ y } (PNR / IxC)_T \geq 17\% \text{ y}$$
$$[(PNR / MFB_{Ajustado})_T \leq 0\% \text{ ó } (PNR / MFB_{Ajustado})_T \geq 42\%] \text{ y } \Delta CB_T < 23\%$$

Methodology of calculation in the cumulative phase: For each modality of loan, subject to the models of reference, the individual loan loss allowance is calculated independently, defined as the sum of two components (CIP + CIC). To these effects, i is defined as each obligation and t as the time when the allowance is calculated:

Individual Procyclical Component (CIP): For the entire loan portfolio, the individual procyclical component is the expected loss calculated with Matrix A, i.e., the result obtained from multiplying the debtor's exposure, the Probability of Default (hereinafter, PD) of Matrix A and the Loss Given Default (LGD) associated with the debtor's collateral, as established in the corresponding model of reference.

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:

$$\max\left(CIC_{i,t-1} * \left(\frac{Exp_{i,t}}{Exp_{i,t-1}}\right); (PE_B - PE_A)_{i,t}\right) \text{ con } 0 \leq \left(\frac{Exp_{i,t}}{Exp_{i,t-1}}\right) \leq 1$$

Where:

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 $\left(\frac{Exp_{i,t}}{Exp_{i,t-t}}\right) > 1$ it takes the value of 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). To these effects, i is defined as each obligation, and t is the time when the allowance is calculated.

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 the loan portfolios B, C, D, and E, it is the expected loss calculated with Matrix B, i.e., the result obtained from multiplying the debtor's exposure, the PD of Matrix B and the LGD associated to the debtor's collateral, as established in the corresponding model of reference.

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:

$$CIC_{i,t} = CIC_{i,t-1} - \max\left\{ \mathrm{FD}_{i,t} ; CIC_{i,t-1} * \left(1 - \left(\frac{Exp_{i,t}}{Exp_{i,t-1}} \right) \right) \right\}$$

The de-accumulation factor is calculated as follows:

$$\mathrm{FD}_{i,t} = \left(\frac{CIC_{i,t-1}}{\sum_{activas(t)} CIC_{i,t-1}} \right)_m *(40\% *PNR_{CIP-m})$$

- PNRCIP-m: They are the allowances net of recoveries for the month, associated to the individual procyclical component in the respective loan modality (m).

- ∑ CICi,t-1 : It is the sum of active obligations at the time of calculating the allowance (t) for the respective modality (m), of the balance of the individual countercyclical component thereof in (t-1).

- FDi,t ≥ 0, if the amount is negative, it takes the value of zero.

- When (Expi,t)/(Expi,t-1) > 1, it takes the value of 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:

According to legal provisions, the Bank has the following obligations:

- 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, they are derecognized from the accounts and the corresponding report is submitted to the Superintendence in the form designed for that purpose.

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.

Simultaneously with the suspension of return accrual, an allowance is made for the full amount pending collection on such items.

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: A 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, restructuring also includes the agreements made in the framework of Laws 550/1999, 617/2000 and 1116/2006, or regulations that supplement or replace them, as well as extraordinary restructuring and novation arrangements.

Public Notice 026/2017 of the Financial Superintendence, which is effective as of October 31, 2017, standardizes the policies for the adequate management of loans whose terms and conditions have been amended because of the actual or potential impairment of the debtors' payment capacity.

Said Notice 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 consecutive 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.

According to Public Notice 007/2020 of the Financial Superintendence, which is effective as of March 17, 2020, the situation of stress produced by the health emergency (COVID-19 pandemic) requires the implementation of temporary measures that enable establishing effective policies and procedures to identify customers who are eligible for application of special expedite measures.

The Notice emphasizes the segments or sectors that have been classified as of special attention by the national government and that meet the following parameters as a minimum: i) For loans that at February 29, 2020 were not past due 30 days or more (including amended and/or restructured loans), grace periods may be established to cover the particular situation of each customer. ii) Over the determined grace period, these loans will conserve the rating they had at February 29, 2020. iii) In the case of revolving credit lines and credit cards of customers in the conditions defined herein, the entity shall not restrict the availability of limits.

For commercial and consumer loan portfolios, the Bank may initiate the de-cumulative phase of the individual countercyclical component. Calculate the individual procyclical component based on Matrix A and not establish the individual countercyclical component on loans that originated on or after March 17, 2020. For the mortgage and micro-credit loan portfolios, the balance of the general allowance can be used to cover the allowance expense net of recoveries, and no general allowance need be established on the loan portfolio starting on the same date.

Public Notice 014/2020 of the Financial Superintendence, which is effective as of March 30, 2020, in view of the health emergency caused by the Coronavirus COVID-19, with the purpose of promoting effective compliance with the instructions given in Public Notice 007, but to the benefit of the financial consumers, allows the Bank to establish policies on amendments to the loan terms, including grace periods and extensions, which must be structured ensuring that no interest rate increases are made, that no interest is charged on interest, or any other arrangement that implies the capitalization of interest.

No interest must be charged on handling fees, commissions and insurance charges that have been deferred. In consumer loans (other than credit cards and revolving credit lines), mortgage loans and micro-credit loans, the terms may be adjusted in a manner that does not increase the value of the customer's installments. In the cases when the measure implies an increase in the value of the installments paid by the customer, and the customer accepts it, the number of pending installments over the term of the loan can only be extended proportionately to the grace period or extension that was granted. The measures may be applied to loans that at February 29, 2020, had payments between 30 and 60 days past due.

Public Notice 022/2020 of the Financial Superintendence, which is effective as of June 30, 2020, establishes that due to the persistence of the COVID-19 phenomenon it is necessary to continue with a prudential balance between the application of measures aimed at recognizing the effects on payment capacity and the adequate management, disclosure and coverage of risks.

The Bank must establish a Debor Assistance Program (PAD, for the Spanish original) that enables implementing structural payment solutions by redefining the terms of the loans for debtors whose income or payment capacity has been affected by the situation produced by COVID-19.

The following 3 groups of debtors must be established: i) those who are able to continue to make ordinary payments on their loans; ii) those whose income or payment capacity was partially affected, and iii) those whose income or payment capacity has been temporarily substantially or totally affected.

By means of the implementation of measures for debtors in bankruptcy proceedings under Law 1116/2006 and Legislative Decrees 560 and 772/2020, and by means of the amendment of item b) of Section 1.3.3.1 of Chapter II of the Basic Accounting and Financial Notice, financial entities are allowed to assign a risk rating to the debtor rather than automatically assigning a default status to the debtor.

The credit risk management shall not give rise to the reversal of allowances. The Bank must establish a general allowance on interest (hereinafter, the general allowance on interest) on

unpaid accrued interest (hereinafter, UAI) during the grace periods and extensions. For the allowance on commercial and consumer loan portfolios, the difference between the expected loss over the UAI must be calculated using the Probability of Default of Matrix A associated to the current rating of the debtor stressed by at least two additional risk categories, and the individual procyclical allowance of the UAI.

For the mortgage and micro-credit loan portfolios, the difference between the individual allowance over the UAI must be calculated using the percentages defined in Annex 1 of Chapter II of the Basic Accounting and Financial Notice associated with the debtor's current rating stressed by at least two additional risk categories, and the individual allowance of the UAI.

The Exclusive Financial Reporting Catalog (CUIF, for the Spanish original) was amended to include codes for the recognition of the additional general allowance and the general allowance on interest.

Starting on August 1, 2020, the Bank may maintain or initiate the use of the countercyclical component of the individual allowance on the commercial and consumer loan portfolios and the general allowance on the mortgage and micro-credit loan portfolios, and continue in the de-cumulative phase for such allowances. However, starting on July 1, 2021, based on the financial information at the end of June 2021, the process will be initiated of reestablishing the countercyclical component of the individual allowances of the consumer and commercial loan portfolios, and of the general allowance of the mortgage and micro-credit loan portfolios, for a maximum period of 2 years. The Bank must design a communication and customer service strategy for financial consumers.

Public Notice 039/2020 of the Financial Superintendence, which is effective as of December 15, 2020, extends application of the Debtor Assistance Program defined in Public Notice 022/2020, until June 30, 2021, in the same terms of that Notice, by amending the instruction of Public Notice 022/2020, which will read as follows: until June 30, 2021, both for the process of granting new loans as for the redefinition of the loans described in this Notice, the supervised entities may establish procedures that use alternative information that enables them to obtain a reasonable and objective perception of the actual or potential payment capacity of the debtor and that recognizes additional variables on the future reactivation of the economic sector in which it carries out its income generation activities.

Credit establishments must continue to perform the loan portfolio assessment and rating process in the terms and within the time frames established in Chapter II of the Basic Accounting and Financial Notice. They must also continue to establish the general allowance on interest on the unpaid accrued interest (UAI) during the granted grace periods and extensions, as well as maintain in their analysis the prospective analysis of the potential impairment of the loan portfolio associated with the economic activity of the debtors, the grace periods and other measures adopted by virtue of Notices 007 and 014 and the implementation of the PAD measures.

Agreements with creditors: 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 allowance on accounts receivable, taking into account the type of accounts it holds, their volume and the risk involved in recovering said accounts, it must make an allowance equivalent to 100% of an account receivable whenever it is 180 or more days past due.

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 groups of assets for disposal) classified as held-for-sale are measured at whichever is lowest between the carrying value and the fair value of the assets less the costs of sale. The difference between the two is recognized through 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, and management must be committed to an appropriate plan to sell the asset (or group of assets for disposal) by means of an active program to find a buyer and to actively negotiate a fair price to 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 arises from the reclassification of another asset, at the time of reclassification it is recognized at the carrying amount, and when it is received in lieu of payment or through repossession, it is recognized at the fair value of the asset received or repossessed less its cost of sale.

Subsequently, non-current assets held-for-sale originating from awards or recoveries are measured at fair value, taking as a reference the appraisals made by the certified appraisal firms in the geographic 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 a real estate property is updated with a new appraisal, whose date of issue must be within the latest three (3) years; however, impairment testing must be performed at least once per year.

The Bank strictly follows assessment rules when recognizing assets of this class, to which end the Non-financial Asset Management (GANF, for the Spanish original) Department establishes the percentages at which these assets can be received. This receiving amount is adjusted by variables such as current market conditions, the type of real estate property, its location, its physical conditions and legal status.

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 a consideration.

As lessee: At the beginning or upon amending a contract containing a lease component, BBVA Colombia allocates the consideration of the contract to each lease component on the basis of separate relative prices. 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 as-

set 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 unpaid lease installments at the start date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental funding 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 whenever a change is made to future lease payments arising from a change in an index or rate.

In the event of a change in the estimate of the amount that is expected to be paid, under a residual value guarantee, BBVA Colombia will change its assessment depending on whether it will exercise an option to purchase, extend or terminate, or if the fixed lease payment is revised in essence.

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 low-value assets and short-term leases, including technological equipment and common areas. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

As lessor: At the beginning or upon amending a contract containing a lease component, BBVA Colombia assigns the consideration in the contract to each lease component on the basis of 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 substantially all the risks and rewards inherent to ownership are 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 assets of the same class.

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, for lease 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. For new acquisitions, their recognition in the financial statements is compared to reliable valuations according to the guidelines of the IFRS applicable in Colombia.

Initially attributable costs: The cost of property and equipment items includes:

- Their acquisition price, including import duties and indirect and non-recoverable indirect taxes accrued in the acquisition, after deducting any discount or rebates.
- 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.
- 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 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:

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.

Assets	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

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, 2021 and 2020, no amounts were recognized for such transactions.

Subsequent costs from initial recognition: Subsequent costs from initial recognition, such as additions and improvements that increase efficiency, are capitalized and included as a greater cost of the asset only if it is probable that they will produce additional future economic benefits to those initially assessed, and they can be reliably measured. Certain maintenance costs of elements that significantly affect the proper operation of the asset are also included in the cost 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) proving 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 the close of each reporting period, the Bank analyzes whether there are internal or external signs 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 comparessaid amount with the net carrying value of the asset and when the carrying value exceeds the appraised value, an impairment loss of the asset is recognized and the charges for the asset's depreciation will be adjusted in future periods systematically over 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 to have been completed when the significant risks and rewards derived from ownership of the asset have been transferred. No involvement is retained by the seller in managing the property, and no effective control is 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 sale 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 to be used for 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, on account of research disbursements, when they are development disbursements that do not meet the requirements for being recognized as an intangible asset.

Subsequent disbursements are recognized as intangible assets in the case of a development disbursement that meets the requirements for being recognized as an intangible asset. This item includes all computer programs that are considered strategic by the Group, in addition to projects with long estimated useful lives. These projects generally involve a significant cost. The Bank includes software licenses under this item. 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, has 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 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 scheme 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 current value of 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. When said bills are accepted, the net value of the right and the obligation of the banker's acceptance are recognized in liabilities. Subsequently, the value of the rights is assessed for credit risk.

3.19 Outstanding Investment Securities

They 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 initially recorded amount, 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 recognized on a monthly basis and adjusted at the end of each year based on legal provisions and labor agreements currently in force. The payroll system calculates the liability amount 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 discounting techniques (measurement and actuarial discount techniques) where it is required to use the actuarial hypotheses, directly affecting actuarial gains and losses in the income statement, for seniority bonus benefits given to employees per five years of employment.

Post-retirement benefits: Post-retirement benefits other than defined contributions are recognized based on the report generated by the independent actuary by applying the Projected Credit Unit method.

Retirement pensions: The present values for these commitments are calculated on an individual basis, having applied, in the case of active employees, the "Projected Unit Credit" valuation method; this involves treating each year of service as 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 measurement 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 retirement.

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 plans.

Defined contribution plan: In 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: The 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 the contributions from the Bank and its employees to the General Pension System, and those entities are responsible for covering the disability, old age and death risks defined by the System in favor of the employees.

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 recognized in accordance with IAS 19 guidelines, where the present cost of the service and the net interest of the liability are recognized in the statement of income for the period, while new measurements of the liability for defined benefits are recognized in Other Comprehensive Income.

3.21 Estimated Liabilities and Provisions

They 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 of which is expected to produce an outflow of resources representing economic benefits from the Bank.

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.

The 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 payment is not likely to decrease resources representing 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 is also recognized for all the deductible temporary differences, to the extent that the entity is likely to have future taxable income against which it can offset 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 Real Value Unit – UVR

The Real Value Unit (UVR, for the Spanish original) is certified by the Central Bank and reflects purchasing power based on the variation of the Consumer Price Index (CPI) during the calendar month immediately prior to the month when the calculation period starts.

The UVR is a unit of measure used for calculating the cost of mortgage loans that allows financial entities to maintain the purchasing power of the money lent. The methodology used for calculating such indicator was established by the Board of Directors of the Central Bank, in strict compliance with the order issued by the Constitutional Court in Ruling C-955/2000.

The Bank carries out transactions to obtain savings deposits, and to grant short- and long-term loans and investments, in Real Value Units (UVR), translated into local currency in accordance with the provisions of Law 546/ December 23, 1999, which created the legal framework for housing financing.

This law established the general objectives and criteria the National Government should be subject to in order to regulate the system, further creating savings instruments devoted to such financing; the financing system is stated in Real Value Units (UVR) and shall reflect the purchasing power of money, which implies that it is linked to the consumer price index.

At December 31, 2021 and 2020 the published price of the Real Value Unit (UVR) was COP 288.06191 and COP 277.0626, respectively.

3.24 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 may not be lower than 4.5%.

$$\text{Basic Solvency} = \frac{PBO}{APNR + \frac{100}{9}(VeR_{RM} + VeR_{RO})} \geq 4.5\%$$

- **Additional Basic Solvency Ratio**: It is defined as the value of Technical Equity (PT, for the Spanish original) divided by the value of the APNR and market and operational risks. Additional Basic Solvency Ratio: It is 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 may not be lower than 6%.

$$\text{Additional Basic Solvency} = \frac{PBO + PBA}{APNR + \frac{100}{9}(VeR_{RM} + VeR_{RO})} \geq 6\%$$

- **Leverage Ratio**: It is defined as the sum of the values of PBO and PBA divided by the leverage value. This ratio may not be lower than 3%.

$$\text{Leverage Ratio} = \frac{PBO + PBA}{Leverage\ Value} \geq 3\%$$

- **Total Solvency Ratio**: It is defined as the value of Technical Equity (PT) divided by the value of the APNR and market and operational risks. This ratio may not be lower than 9%.

$$\text{Total Solvency} = \frac{PT}{APNR + \frac{100}{9}(VeR_{RM} + VeR_{RO})} \geq 9\%$$

Where:

APNR= Credit Risk Weighted Value of Assets calculated according to the instructions provided in Subsection 2.4. of this Chapter and in Form 239 (Proforma F.1000-141 “Report on the Solvency Margin and Other Equity Requirements and Solvency Margin 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 operational risk exposure calculated as per the instructions given in Chapter XXIII “Rules Concerning the Operational Risk Management System" of the Basic Accounting and Financial Notice of the CBCF.

- **Leverage value**: It is the sum of the value of all assets net of allowances; net exposures in all repurchase and repo, simultaneous and temporary security transfer transactions; credit exposures in all derivative financial instruments; and the exposure value of all contingencies. To determine the exposure value of the contingencies, the nominal amount of the exposure, net of allowances, must be multiplied by the applicable credit conversion factor as established in items a) to c) of Article 2.1.1.3.5 of Decree 2555/2010.

The value of the assets deducted for the effects of calculating PBO, in accordance with section

2.1.1.3.2 of the aforementioned Decree 2555/2010, must be set to zero for the effects of determining the leverage value.

The calculation of each item that is part of 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.

- **Total solvency ratio**: It is defined as the Technical Equity value divided by the value of assets weighted by credit and market risk levels. This ratio may not be lower than nine percent (9%).

$$\text{Total Solvency} = \frac{PT}{APNR + \frac{100}{9}\,(VeR_{RM}} \geq 9\%$$

Where:

PT= Technical Equity calculated as per the instructions given by the SFC in Chapter XIII-13 of the Basic Accounting and Financial Notice (CBCF- Public Notice 100/95).

APNR: Assets Weighted by Credit Risk Level calculated as per the instructions given by the SFC in Chapter XIII-13 of the Basic Accounting and Financial Notice (CBCF - Public Notice 100/95).

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 CBCF (Public Notice 100/95 of the Financial Superintendence of Colombia).

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.

3.25 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 that is 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.

3.26 Recognition of Revenue and Expenses

The Bank recognizes revenues when their amount can be reliably measured. It is probable that future economic benefits will flow into the entity, and when the specific criteria for each Bank activity 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 from associates, non-controlling interests 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, 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.

3.27 Statements of Cash Flow

Supervised preparers of financial reports can report the Statement of Cash Flow-Direct Method, or the Statement of Cash Flow-Indirect Method, or both, in accordance with Public Notice 011/2015 of the Financial Superintendence of Colombia (SFC).

The Bank presents the accompanying statements of cash flow using the direct method, according to which the main categories of inflows and outflows are presented separately in gross terms in accordance with the criteria of IAS 7.

3.28 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 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.

3.29 Standards Issued by the IASB Not Yet Effective

The amendments issued by the IASB in 2021 and 2020 are listed below. Some of them became effective internationally as of January 1, 2020 and 2021, and others will become effective as of January 1, 2022 and 2023. These standards have not yet been adopted in Colombia.

Financial Reporting Standard	Topic of the Standard or Amendment	Details
IFRS 9 – Financial Instruments IAS 39 – Financial Instruments: Recognition and Measurement IFRS 7 – Financial Instruments: Disclosures	Benchmark Interest Rate Reform (amendments to IFRS 9, IAS 39 and IFRS 7)	Paragraphs 102A to 102N and 108G are included in IAS 39 regarding temporary exceptions to the application of specific hedge accounting requirements. Paragraph 24H on uncertainty arising from the reform of the benchmark interest rate, 44DE and 44DF (effective date and transition) are added. The amendment applies as of January 1, 2020 and early application is permitted (although no material impact is expected for the Colombian entities) and its requirements will be applied retrospectively only to hedging relationships that existed at the beginning of the reporting period in which the entity first applies said requirements.
IFRS 9 – Financial Instruments IAS 39 – Financial Instruments: Recognition and Measurement IFRS 7 – Financial Instruments: Disclosures IFRS 4 - Insurance Contracts IFRS 16 - Leases	Benchmark Interest Rate Reform – Phase 2	Paragraphs 5.4.5 to 5.4.9 are added, changing the base for determining contractual cash flows as a result of the Benchmark Interest Rate Reform (measurement at amortized cost), 6.8.13 on the end of application of the temporary exception for hedge accounting, 6.9.1 to 6.9.13 with additional temporary exceptions arising from the Benchmark Interest Rate Reform, 7.1.10 on effective date, and 7.2.43 to 7.2.46 on the transition for the Benchmark Interest Rate Reform Phase 2 of IFRS 9. Amendments are made to Paragraph 102M on the end of application of the temporary exceptions for hedge accounting, Paragraphs 102O to 102Z3 are added with additional temporary exceptions arising from the Benchmark Interest Rate Reform, and 108H to 108K on effective and transition dates, and new headers are added to IAS 39. Paragraphs 24I, 24J are added on additional disclosures related to the Benchmark Interest Rate Reform, 44GG and 44HH with effective and transition dates, and new headers are added to IFRS 7.

Financial Reporting Standard	Topic of the Standard or Amendment	Details
IFRS 9 - Financial Instruments IAS 39 - Financial Instruments: Recognition and Measurement IFRS 7 - Financial Instruments: Disclosures IFRS 4 - Insurance Contracts IFRS 16 - Leases	Benchmark Interest Rate Reform – Phase 2	Paragraphs 20R and 20S are added with changes in the base for determining contractual cash flows as a result of the Benchmark Interest Rate Reform, and Paragraphs 50 and 51 with the effective and transition dates, and new headers are added to IFRS 4. Amendments are made to Paragraphs 104 to 106 on temporary exceptions arising from the Benchmark Interest Rate Reform, and Paragraphs C20C and C20D are added on Benchmark Interest Rate Reform Phase 2 of IFRS 16. The amendment was issued in August 2020 and is effective as of January 1, 2021, and early application is permitted.
IFRS 3 - Business Combinations	Amendments by reference to the conceptual framework	Amendments are made to the references to align them with the conceptual framework issued by the IASB in 2018 and incorporated into our legislation. To this effect, the identifiable assets acquired and liabilities assumed in a business combination, at the transaction date, will be those that meet the definition of assets and liabilities described in the conceptual framework. Paragraphs 21A, 21B and 21C are incorporated regarding exceptions to the recognition principle for liabilities and contingent liabilities within the scope of IAS 37 and IFRIC 21. Paragraph 23A is incorporated to define a contingent asset and clarify that the acquirer in a business combination shall not recognize a contingent asset at the acquisition date. The amendment applies as of January 1, 2022 and early application is permitted. Any effects from its application will be made prospectively.

Financial Reporting Standard	Topic of the Standard or Amendment	Details
IAS 16 - Property, Plant and Equipment	Amendment related to proceeds obtained before intended use.	The amendment discusses costs directly attributable to the acquisition of the asset (which are part of the PP&E item) and refer to "the costs of verifying that the asset is functioning properly (i.e., whether the technical and physical performance of the asset is such that it can be used in the production or supply of goods or services, for leasing to third parties or for administrative purposes)." Paragraph 20A states that the production of inventories, once the PP&E item is in the conditions expected by Management, at the time of sale, will affect the income of the period, together with its corresponding cost. The amendment applies as of January 1, 2022 and early application is permitted. • Any effect from its application will be made retrospectively, but only to those PP&E items that are brought to the location and conditions necessary for them to operate in the manner intended by management as of the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The cumulative effect of the initial application of the amendments will be recognized as an adjustment to the opening balance of retained earnings (or another equity component, as appropriate) at the beginning of the earliest period presented.
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts - Cost of Fulfilling a Contract	It is clarified that the cost of fulfilling a contract comprises costs directly related to the contract (the costs of direct labor and materials, and the allocation of costs directly related to the contract). The amendment applies as of January 1, 2022 and early application is permitted.

Financial Reporting Standard	Topic of the Standard or Amendment	Details
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts - Cost of Fulfilling a Contract	The effect of applying the amendment will not restate comparative information. Instead, the cumulative effect of the initial application of the amendments will be recognized as an adjustment to the opening balance of retained earnings or another equity component, as appropriate, at the date of initial application.
Annual Improvements to IFRS Standards 2018– 2020 Cycle	Amendments to IFRS 1 - First Time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments and IAS 41 – Agriculture	Amendments to IFRS 1. Subsidiary that adopts IFRS for first time. Paragraph D13A is added to IFRS 1, incorporating an exemption for subsidiaries that adopt IFRS for the first time and that use as opening balance in their Statement of Financial Position the carrying values included in the controlling entity's financial statements (item a) of Paragraph D16 of IFRS 1) to measure accumulated currency exchange differences on the carrying amount of said item in the financial statements of the controlling entity (it also applies to associates and joint ventures). Amendments to IFRS 9. Fees in the "10% test" for derecognition of financial liabilities. Text was added to Paragraph B3.3.6 and Paragraph B3.3.6A is added, mainly to clarify the recognition of fees paid (through profit or loss in the case of settlement of a liability, or as lesser amount of the liability if it is not a settlement). Amendments to IAS 41. Taxation in fair value measurements. The phrase "nor cash flows from taxation" is deleted from Paragraph 22 of IAS 41, because "before the Annual Improvements to IFRS Standards 2018– 2020 Cycle, IAS 41 required an entity to use pretax cash flows to measure fair value, but did not require the use of a pretax discount rate for discounting such cash flows." It thereby aligns the requirements of IAS 41 with those of IFRS 13. The amendment applies as of January 1, 2022 and early application is permitted.

Financial Reporting Standard	Topic of the Standard or Amendment	Details
IAS 1 - Presentation of Financial Statements	Amendments were made related to classification as current or non-current liabilities.	The amendment was issued in January 2020 and was subsequently amended in July 2020. It modifies the requirement to classify a liability as current by stating that a liability is classified as current when "it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months following the reporting date." It added text to Paragraph 72A to clarify that "an entity's right to defer settlement of a liability for at least twelve months following the reporting period must be substantive and, as illustrated in Paragraphs 73-75, must exist at the end of the reporting period." The amendment applies as of January 1, 2023 and early application is permitted. The effect of the application on comparative information will be carried out retrospectively.
Extension of the Temporary Exemption for Application of IFRS 9 – Financial Instruments	Amendments to IFRS 4 - Insurance Contracts	Paragraphs 20A, 20J and 20O of IFRS 4 are amended to enable a temporary exemption that allows, but does not require, the insurer to apply IAS 39 - Financial Instruments: Recognition and Measurement instead of IFRS 9 for annual periods that begin before January 1, 2023 (because starting on that date a new international requirement was established, contained in IFRS 17).
IFRS 17 - Insurance Contracts	Application of IFRS 17 and amendment of IFRS 17 issued in June 2020.	IFRS 17 introduces a new measurement model for insurance contracts. Its scope is similar to that of IFRS 4. However, the requirements for separating components not related to insurance in insurance contracts are significantly different from those of IFRS 4. As in the case of IFRS 4, IFRS 17 focuses more on the types of contracts than on the types of entities. Consequently, it applies to all entities, whether or not they are regulated as insurance entities. Annual periods starting on January 1, 2023 or later. Early adoption is allowed if IFRS 9 is also applied at the date of adoption or earlier.

The Bank shall quantify the impact on the financial statements once the Decree that incorporates them in the Colombian Technical Regulatory Framework has been issued.

4. Relevant Events

The Bank has granted benefits based on Public Notices 007/2020 and 022/2021 issued by the Financial Superintendence of Colombia, aimed at addressing the situation caused by the COVID-19 health emergency. At December 2021, the following is the breakdown of active loans that received relief measures in each modality: In mortgage loans, 54,514 transactions for COP 5,005,255 in principal; in consumer loans 238,852 transactions for COP 2,826,419 in principal; in commercial loans 9,157 transactions for COP 2,121,926 in principal, for a total of 302,523 transactions for COP 9,953,600. At December 2021, 0.08% of the transactions still had the benefit of the relief measures provided.

The Bank has assigned to the transactions that benefited with relief measures due to the health emergency at December 2021 a total of COP 1,232,809 in individual loan portfolio allowances and COP 34,142 in general allowance for interest, in compliance with the provisions of Public Notice 022/2020 issued by the Financial Superintendence of Colombia and Chapter II of Public Notice 100/95.

Additionally, the following transactions were carried out with the National Guarantee Fund of the Unidos por Colombia Program, at December 2021: In commercial loans, 7,795 transactions for COP 1,038,928 in principal; in consumer loans 105 transactions for COP 1,058 in principal, for a total of 7,795 transactions and principal of COP 1,038,986, on which allowances have been made on principal for COP 22,315.

The Bank's solvency, capital and liquidity ratios were not significantly impacted by the pandemic. This is demonstrated by our solvency indicator for 2021, which remained at 13.76%, liquidity ratio (LCR) of over 160% and APNR of 49.5 trillion, in line with expectations.

5. Business Segments

5.1 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, 2021 compared to the year 2020.

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):** This segment is 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 portfolio going to and from 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: This group covers banking segments other than those mentioned above, such as the central 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 profitability generated by such 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 profitability of the other banking segment in which the profit was initially recorded, using the Bank's offsetting accounts.

5.2 Results by Segments at December 31, 2021 and 2020

Below are the details of the accumulated Statement of Financial Position for the periods at December 2021 and 2020 by business segments:

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

Item	Total Bank	Commercial Banking	EIB	CIB	COAP	Other
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.

Results by Business Segment at December 31, 2020

Item	Total Bank	Commercial Banking	EIB	CIB	COAP	Other
Cash and central banks	COP 4,918,709	COP 1,857,172	COP 5,463	COP 13,806	COP 2,723,403	COP 318,865
Financial intermediaries	1,656,751	285,906	8,530,007	1,840,942	(9,409,991)	409,887
Securities portfolio	10,931,791	-	-	6,631,186	4,300,605	-
Net credit investment	48,412,787	33,658,714	10,423,978	4,354,659	(2,986)	(21,578)
Consumer	17,363,333	17,391,636	552	-	-	(28,855)
Cards	1,897,971	1,897,797	138	-	-	36
Mortgage	11,993,976	11,992,088	673	-	-	1,215
Enterprise	18,527,598	3,437,418	10,672,330	4,416,814	1,036	-
Other	(1,370,091)	(1,060,225)	(249,715)	(62,155)	(4,022)	6,026

Item	Total Bank	Commercial Banking	EIB	CIB	COAP	Other
Net fixed assets	1,027,651	188,060	2,220	9,809	-	827,562
Other assets	1,284,237	143,863	15,640	415,125	336,750	372,859
Total assets	COP 68,231,926	COP 36,133,715	COP 18,977,308	COP 13,265,527	COP (2,052,219)	COP 1,907,595
Financial intermediaries	268,290	16,576,849	3,419,203	3,584,325	(24,238,022)	925,935
Customer resources	53,414,673	17,879,672	14,172,179	4,190,651	17,169,714	2,457
On-demand	8,822,326	3,086,655	4,878,753	854,999	-	1,919
Savings	23,107,810	11,617,068	8,253,564	3,236,640	-	538
CDs	19,196,095	3,175,949	1,039,862	99,012	14,881,272	-
Bonds	2,288,442	-	-	-	2,288,442	-
Other liabilities	9,552,641	1,479,040	1,163,688	5,201,429	365,779	1,342,705
Total liabilities and equity	COP 63,235,604	COP 35,935,561	COP 18,755,070	COP 12,976,405	COP (6,702,529)	COP 2,271,097

Note: Grouping presented to the highest decision-making body by the Financial Planning and Management Department, balance at December 2020.

The breakdown of the balance sheet at December 2021 indicates that the banking segments that concentrate most of the Bank's assets are Commercial at 51.3%, Enterprise and Institutional Banking (EIB) at 28.0%, followed by Corporate and Investment Banking (CIB) at 22.8%.

Regarding liabilities, the banking segments with the highest share in terms of customer funds are Commercial at 34.4%, EIB at 29.4%, COAP at 27.9% and CIB at 8.3%.

In terms of line items, BBVA's Cash and Central Banks item recorded an annual variation of -0.5%. The securities portfolio decreased by 5.2%, which is explained by the reduction of CIB by -COP 715,479. Net Credit Investment increased by 13.7%, mainly driven by growth in Commercial +COP 3,427,469, EIB +COP 1,985,964 and CIB +COP 1,236,438. In Commercial Banking, the growth of Credit Investment is mainly due to the +13.7% increase in Cards, the +9.4% increase in Consumer Loans and the +8.7% increase in Corporate Loans. In EIB, the growth in credit is also mainly due to the 18.6% increase in Corporate Loans.

Total Assets grew by16.3%, where CIB with +COP 4,860,825 and Commercial with +COP 4,578,960 were the segments with the highest growth.

On their part, liability financial intermediaries posted growth of 922.6%. In relation to customer deposits through on-demand and savings accounts, they were obtained by EIB +COP 3,917,774, Commercial +COP 3,165,145 and CIB +COP 882,807.

In turn, the COAP, which is the area responsible for raising corporate customer funds through certificates of deposit, accounts for 80.3% of the Bank's total CDs. These CDs increased by +COP 79,994 compared to 2020, while Bonds increased by +COP 249,618 compared to the previous year.

The COAP displayed a reduction in assets and liabilities, arising from the Financial Intermediaries lines of the Statement of Financial Position (in Assets and Liabilities). This is because the COAP manages the funding of the banking segments through them. 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. Asset financial intermediaries displayed a year-on-year decrease of -COP 860,432, while liability financial intermediaries displayed a year-on-year decrease of -COP 1,244,693, which is 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 to the other banking segments. The Means area includes the Formalization Center, which mainly manages credit investments that are not segmented. The Central area includes the central account, which reconciles the Bank's Statement of Financial Position and is where the equity investments in subsidiaries are included. The assets of the Other segment is 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 2021 and 2020 by business segments:

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)

Item	Total Bank	Commercial Banking	EIB	CIB	COAP	Other
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)
PBT	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
PAT	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.

Results by Segment at December 31, 2020

Item	Total Bank	Commercial Banking	EIB	CIB	COAP	Other
Interest margin	COP 3,092,598	COP 2,235,390	COP 643,880	COP 216,679	COP 289,090	COP (292,441)
Net fees	324,976	288,426	58,555	79,725	(3,870)	(97,860)
Other financial transactions	300,178	29,694	23,271	239,211	6,058	1,944
Other net ordinary income	(156,413)	(22,343)	(5,742)	(4,541)	(103,599)	(20,188)
Gross margin	3,561,339	2,531,167	719,964	531,074	187,679	(408,545)
General administrative expenses	(1,154,430)	(736,876)	(59,365)	(55,365)	(1,525)	(301,299)
- Personnel expenses	(585,809)	(297,698)	(35,165)	(28,814)	(1)	(224,131)
- Overhead	(500,780)	(388,822)	(17,050)	(19,583)	(1,312)	(74,013)
- Taxes	(67,841)	(50,356)	(7,150)	(6,968)	(212)	(3,155)
Amortization and depreciation	(112,094)	(48,746)	(647)	(2,916)	(2)	(59,783)
Apportionment of expenses	-	(259,345)	(61,343)	(30,519)	(10,080)	361,286
Net margin	2,294,815	1,486,200	598,609	442,274	176,072	(408,341)
Asset impairment loss	(1,539,672)	(1,197,874)	(268,097)	(14,846)	37	(58,892)
Credit to provisions	(47,669)	(1,004)	(8)	(428)	865	(47,094)
Other non-ordinary income	(10,826)	(1,267)	(72)	(12)	-	(9,475)
PBT	696,648	286,055	330,432	426,988	176,974	(523,802)
Corporate tax	(226,798)	(87,902)	(108,193)	(137,867)	(53,135)	160,299
PAT	COP 469,850	COP 198,153	COP 222,239	COP 289,121	COP 123,839	COP (363,503)

Note: Grouping presented to the highest decision-making body by the Financial Planning and Management Department, balance at December 2020.

In terms of the statement of income for the year 2021, the segment that generated the greatest profitability for the Bank was Commercial Banking, followed by CIB, EIB and COAP. 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. It showed a variation of +COP 168,269 in the interest margin. The gross margin stood at COP 327,134.

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 central areas and the adjustments to the Financial Statements of the Business Areas (EFAN). 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 2.0% compared to 2020, explained by the increase in interest revenue. The most important were COAP with an increase of +COP 168,269 (+0.0%) and CIB with an increase of +COP 25,520 (+0.0%).

The Bank's gross margin grew by 3.8% compared to the same period in 2020, for which COAP showed the best performance with a variation of +COP 139,456 (+0.0%), followed by CIB with a variation of +COP 25,520 (+0.0%).

The Bank's general administrative expenses recorded an increase of 4.2% and the greatest increases were of Commercial and CIB.

Finally, the Bank's pretax profit increased by 90.5% compared to the same period in 2020 as a result of the reduction in the Asset Impairment Losses of 33.6% and a 31.9% increase in Net Fees. The best performing banking segments were Commercial and CIB.

6. 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's loan portfolio maturity analysis involves an assessment of the expiration dates of financial assets and liabilities, for which the periodic amortization of the principal and interest of each obligation is taken into account, as contractually agreed with the customer. The maturity analysis is carried out by considering the balance sheet asset positions of the credit investments, segmented in accordance with the final maturity date of each contract, classified by commercial, consumer, mortgage and micro-credit loans, separating those in local currency and total currencies.

Financial investment 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 maturity 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 on-demand 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 for the maturity of deposits. Fixed term certificates of deposit mature according to the conditions agreed with the customer.

Below is a list of the maturities of discounted and non-discounted financial assets and liabilities:

December 31, 2021 Maturity of Assets

Item	Years				Total
	0-1	1-3	3-5	More than 5	
Cash and deposits in banks	$ 10,268,052	$ -	$ -	$ -	$ 10,268,052
Money market transactions	737,064	-	-	-	737,064
Investments at fair value through profit or loss	2,052,060	367,923	126,426	177,064	2,723,473
Investments at fair value through other comprehensive income (OCI)	204,186	173,154	1,798,967	136,947	2,313,254
Investments at amortized cost through profit or loss	2,011,892	7,800	-	66,401	2,086,093
Investments at amortized cost	-	-	-	321,374	321,374
Hedging swaps	-	-	330,529	-	330,529
Derivatives	2,331,741	144,368	30,304	454,038	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

Item	Years				Total
	0-1	1-3	3-5	More than 5	
Interest on loan portfolio	1,076,898	-	-	-	1,076,898
Other portfolio items	5,602	-	-	-	5,602
Other non-maturing assets	-	-	-	2,046,193	2,046,193
Total maturity of assets	COP 41,530,779	COP 15,863,608	COP 12,497,688	COP 12,609,130	COP 82,501,205

December 31, 2021 Maturity of Liabilities

Item	Years				Total
	0-1	1-3	3-5	More than 5	
Checking accounts	COP 9,299,354	COP -	COP -	COP -	COP 9,299,354
Certificates of deposit	8,397,045	6,721,794	2,316,570	586,700	18,022,109
Savings deposits, single deposits, special savings accounts and real value savings certificates	13,799,286	9,845,062	3,631,476	3,216,320	30,492,144
Current liabilities for services	546,516	-	-	-	546,516
Money market transactions	3,697,100	-	-	-	3,697,100
Special deposits	837,485	-	-	-	837,485
Derivatives	-	185,640	3,269,143	-	3,454,783
Hedging swaps	-	-	-	-	-
Bank credits and other financial obligations	288,414	597,710	977,684	1,110,358	2,974,166

Item	Years				Total
	0-1	1-3	3-5	More than 5	
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 36,865,200	COP 17,880,162	COP 10,653,583	COP 8,244,226	COP 73,643,172

The total loan portfolio and leasing transactions does not include an allowance for COP 3,779,938.

December 31, 2020 Maturity of Assets

Item	Years				Total
	0-1	1-3	3-5	More than 5	
Cash and deposits in banks	COP 5,745,189	COP -	COP -	COP -	COP 5,745,189
Money market transactions	484,399	-	-	-	484,399
Investments at fair value through profit or loss	2,117,608	379,404	166,436	156,147	2,819,595
Investments at fair value through other comprehensive income (OCI)	191,539	178,026	1,749,933	144,062	2,263,560
Investments at amortized cost through profit or loss	2,112,003	7,969	-	11,216	2,131,188
Investments at amortized cost	-	-	-	300,767	300,767
Hedging swaps	-	-	152,380		152,380
Derivatives	2,807,634	251,512	110,590	487,798	3,657,534
Commercial loan portfolio	8,143,281	5,148,867	3,218,869	2,315,171	18,826,188

Item	Years				Total
	0-1	1-3	3-5	More than 5	
Consumer loan portfolio	3,272,106	6,349,900	4,986,560	4,910,210	19,518,776
Mortgage loan portfolio and finance lease transactions	756,183	1,608,016	1,683,925	8,111,170	12,159,294
Employee loan and micro-credit portfolio	63,154	128,693	116,907	170,291	479,045
Interest on loan portfolio	1,142,873	-	-	-	1,142,873
Other portfolio items	7,794	-	-	-	7,794
Other non-maturing assets	-	-	-	1,522,313	1,522,313
Total maturity of assets	COP 26,843,763	COP 14,052,387	COP 12,185,600	COP 18,129,145	COP 71,210,895

December 31, 2020 Maturity of Liabilities

Item	Years				Total
	0-1	1-3	3-5	More than 5	
Checking accounts	COP 4,595,775	COP -	COP -	COP -	COP 4,595,775
Certificates of deposit	7,954,834	4,722,458	2,870,511	3,646,362	19,194,165
Savings deposits, single deposits, special savings accounts and real value savings certificates	27,150,995	-	-	-	27,150,995

Item	Years				Total
	0-1	1-3	3-5	More than 5	
Current liabilities for services	532,730	-	-	-	532,730
Money market transactions	506,348	-	-	-	506,348
Special deposits	513,293	-	-	-	513,293
Derivatives	2,873,739	393,224	194,493	645,508	4,106,964
Hedging swaps	-	-	-	227	227
Bank credits and other financial obligations	467,753	443,022	309,716	1,386,435	2,606,926
Outstanding investment securities	153,163	104,744	1,848,727	197,629	2,304,263
Other financial liabilities Non maturing	-	-	-	1,723,918	1,723,918
Total maturity of liabilities	COP 44,748,630	COP 5,663,448	COP 5,223,447	COP 7,600,079	COP 63,235,604

The total loan portfolio and leasing transactions does not include an allowance for COP 3,431,013.

7. Foreign currency transactions

During 2021, the Bank carried out 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) transactions, of which the latter currency was the most significant for the Bank's operations.

Therefore, at December 31, 2021 and 2020, the balances in foreign currency were restated in terms of US dollars (USD):

Item	2021	2020
Spot proprietary position	USD 1,531	USD 339
Proprietary position	46	40
Gross leverage position	USD 25,614	USD 17,837

These values are within the current legal limits established by the Central Bank of Colombia.

At December 31, 2021 and 2020, the breakdown of foreign-currency assets and liabilities, equivalent in thousands of US dollars, is as follows:

Assets	Nota		2021	2020
Cash and deposits in banks	(8)	USD	1,349	241
Financial investment assets	(9)		2	16
Loan portfolio and financial lease transactions (net)	(10)		373	190
Interest on loan portfolio and other items (net)	(10)		209	176
Total assets in foreign currency			1,933	623

Liabilities	Note		2021	2020
Deposits and on-demand liabilities	(22)	USD	108	72
Bank credits and other financial obligations	(24)		152	106
Outstanding investment securities	(27)		403	403
Accounts payable	(26)		14	12
Other liabilities	(28)		1	-
Total liabilities in foreign currency			678	593
Net assets in foreign currency			1,255	30

Rights		2021	2020
Spot transactions in USD		29	-
Foreign currency spot transactions		1	-
Forex		1	5
Total rights		31	5
Obligations			
Spot transactions in USD		**82**	**21**
Cash transactions in securities		2	-
Forex		1	5
Total liabilities		85	26
Net rights (liabilities) in foreign currency		(55)	(21)
Exclusions according to the standards of DODM-139/05-25-2015 issued by the Central Bank of Colombia		330	330
Spot proprietary position	USD	1,531	339

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).

The official exchange rates for the 2021 and 2020 periods were:

Item	2021	2020
Spot exchange rate (TRM)	COP 3,981.16	COP 3,432.50

The exchange difference reflected in the statement of income, in revenue and expenses, is a result of the restatement of assets and liabilities, the realization of assets from transactions in currencies other than the functional currency and the translation at the exchange rates in force.

At December 31, 2021 and 2020, the details of the exchange difference in income are as follows:

Item	2021	2020
Operating revenue - exchange gain	COP 630,420	COP 384,799
Operating expenses - exchange loss	(147,159)	(588,652)
Gain (Loss)	COP 483,261	COP (203,853)

BBVA Creating Opportunities

Item	2021	2020
Operating revenue - gain on sales	COP 120,529	COP -
Operating expenses - loss on sales	-	(316,249)
Gain (Loss)	120,529	(316,249)
Operating revenue -gain due to exchange adjustment	509,891	384,799
Operating revenue -loss due to exchange adjustment	(147,159)	(272,403)
Gain (Loss)	362,732	112,396
Gain (loss)	COP 483,261	COP (203,853)

* Figures provided in USD and COP

Below is the calculation of the gain from the exchange difference in 2021:

Item	Value in USD	Figures in Millions of Colombian Pesos	Average Exchange Rate
Spot proprietary position in Dec 2020	339	1,163,704	3,432.50
Purchases	43,166	161,785,799	3,747.50
Position before sales	43,506	162,949,502	3,745.49
Sales	41,974	157,337,291	3,748.41
Profit (loss) on sales		**120,529**	
Adjusted proprietary position	1,531	6,095,472	3,981.16
Profit (loss) due to exchange adjustment		362,732	
Net gain		**COP 483,261**	

At December 31, 2021, the spot exchange rate increased by 15.98% (COP 548.66) compared to the same date in 2020.

At year-end 2021, the net gain totaled 483,261. At December 2021, assets displayed a substantial 210.407% increase, equivalent to USD 1,310,927. Similarly, liabilities increased by 32.13%, equivalent to USD 84,594.

In turn, the volume of both purchases and sales for 2021 increased by USD 241 million and USD 438 million, respectively. The increase in the net gain is basically due to the increase in assets, as well as rate fluctuations during the quarter, especially in November (4,004.54), as well as at the end of the fourth quarter of 2021.

Even though uncertainty remains to a lesser extent due to the pandemic, the positive surprise of reactivation in 2021 must be highlighted. The economic recovery, supported by the rapid advance of the vaccination plan and the resilience of the Colombian economy, was above all forecasts.

8. Cash and Cash Equivalents

At December 31, 2021 and 2020, the balance of this account is summarized as follows:

Item	2021	2020
Local currency in Colombian pesos:		
Cash	COP 2,439,197	COP 2,261,586
Deposits in the Central Bank	2,455,534	2,656,102
Deposits in other banks	1,428	1,049
Remittances in transit of negotiated checks	242	101
Subtotal cash and deposits in banks in local currency	**4,896,401**	**4,918,838**

Item	2021	2020
Foreign currency		
Cash	715	1,030
Foreign correspondents	5,370,936	825,321
Subtotal cash and deposits in banks in foreign currency	**5,371,651**	**826,351**
Total cash and deposits in banks	10,268,052	5,745,189
Money market transactions	737,064	484,399
Total cash and cash equivalents	COP 11,005,116	COP 6,229,588

Cash and/or cash equivalents include cash, bank deposits, remittances, funds in clearance and money market asset transactions. During 2021 and 2020, most foreign currency transactions were made through Correspondent Banks Abroad, due to the increase in balances denominated in USD.

This variation is due to 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.

At December 31, the balance of money market and related operations was broken down as follows:

Public sector entities						
Description	Days	Rate	2021	Days	Rate	2020
Ordinary interbank funds sold						
Financial corporations	-	-	-	4 a 8 días	1.71%	30,006
Banks	4 a 8 días	2.92%	30,010	-	-	-
Total ordinary interbank funds sold			30,010			30,006

Public sector entities						
Description	Days	Rate	2021	Days	Rate	2020
Asset simultaneous transactions						
Central Bank of Colombia	4 a 8 días	0.28%	226,161	4 a 8 días	0.78%	183,190
Insurance and reinsurance companies	-	3.05%	71,135	Mayor a 15 días	1.71%	28,986
Counterparty Clearing House	4 a 8 días	2.44%	400,918	Mayor a 15 días	1.74%	228,377
Nación	4 a 8 días	-0.01%	8,841	4 a 8 días	-0.03%	13,841
Total asset simultaneous transactions			707,054			454,394
Total money market and related transactions			COP 737,064			COP 484.399

The COP 252,665 increase in 2021 compared to 2020 of money market transaction balances is mainly due to transactions through the Counterparty Clearing House.

Legal reserve in Colombia: At December 31, 2021 and 2020, the legal reserve required and maintained in the Central Bank of Colombia amounted to COP 3,451,692 and COP 3,684,121, 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.

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 placed, have the following international risk ratings.

International Rating Agency	Moody's	Fitch Ratings
BBVA Colombia rating	Baa2	BBB-

Rating of foreign entities:

Credit Quality					
Bank Name	Divisa	Interna	Externa		
			S&P	FITCH	Moody´s
JP Morgan Chase	USD	A	A-	AA-	A2
Citibank N.Y.	USD	A-	BBB+	A	A3
Wachovia	USD	A	BBB+	A+	A2
Toronto Dominion	CAD	AA-	AA-	AA-	Aa1
UBS	CHF	A-	A-	A+	-
Barclays	GBP	BBB	BBB	A	Baa2
Bank of Tokyo	JPY	A	A	A-	A1
BBVA Hong Kong	CNY	-	-	-	-
Bbva N.Y. USA	USD	A+	A	A+	Aa3
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	Baa2
Bbva Madrid	SEK	A	A	BBB+	A2

The reduction in the allowance on cash between 2021 and 2020 arises from the efforts made to regularize pending items, such as an item for USD 24,000 that was pending at year-end in the reconciliation in current differences, the largest amount of which is for EUR 13,877.15.

9. Financial Investment Assets

At December 31, the balance of this account is

Item	2021	2020
Tradeable investments		
At fair value through profit or loss		
Treasury securities - TES	COP 1,920,434	COP 2,084,313
Other securities issued by the National Government	13,013	27,287
Other domestic issuers	620,977	590,271
Total investments at fair value through profit or loss	2,554,424	2,701,871
At fair value through profit or loss provided in money market transactions		
Treasury securities - TES	168,975	117,718
Other domestic issuers	74	6
Total investments at fair value through profit or loss provided in money market transactions	169,049	117,724
Treasury securities - TES	589,987	1,122,614
Other domestic issuers	26,066	29,327
Total at fair value through OCI - Debt securities	616,053	1,151,941

Item	2021	2020
At fair value through OCI - Equity instruments		
Domestic issuers	282,267	246,522
Total at fair value through OCI	282,267	246,522
At fair value through OCI - provided in money market transactions		
Treasury securities - TES	770,469	146,761
Total investments at fair value through OCI provided in money market transactions	770,469	146,761
Treasury securities - TES	644,465	718,336
Total investments at fair value through OCI provided in money market transactions	644,465	718,336
Treasury securities - TES	-	48,062
Other securities issued by the National Government	40,254	2,063,941
Other domestic issuers	15,168	19,185
Total investments at amortized cost	55,422	2,131,188
At amortized cost through profit or loss provided in money market transactions		
Other securities issued by the National Government	2,030,671	-
Total investments at amortized cost through profit or loss provided in money market transactions	2,030,671	-

Concepto	2021	2020
Impairment of investments in debt instruments	(4,022)	(4,022)
Total impairment of investments	(4,022)	(4,022)
Investments in non-controlled entities		
Fondo para el Financiamiento del Sector Agropecuario "FINAGRO"	97,117	98,896
Cámara de Riesgo Central de la Contraparte S.A.	2,643	1,529
Total investments in non-controlling interests	99,760	100,425
Total inversiones	COP 7,218,558	COP 7,310,746

- Between December 2021 and 2020, there was an increase in the portfolio measured at fair value through profit or loss, basically in the "Treasury Securities" (TES) due to the sale of tradeable securities for speculative purposes, which due to the nature of the business, are carried out as part of the Bank's liquidity management activities. In turn, government and other domestic issuers' securities were sold to a lesser extent. On the other hand, securities at fair value through profit or loss provided in money market transactions displayed a slight increase, both in Treasury Securities and Other Domestic Issuers.

- Between December 2021 and 2020, there was a significant increase in the portfolio measured at fair value through OCI, basically in the purchase of Treasury Securities - TES, and to a lesser extent of Other Domestic Issuers. However, in investments measured at fair value through OCI delivered in money market transactions, there was a slight increase in Treasury Securities - TES.

- In 2021, the portfolio measured at amortized cost displayed a significant decrease in other securities issued by the government, unlike the portfolio measured at amortized cost through profit or loss delivered in money market transactions, in which securities of this type given as collateral increased considerably, represented in TDA´s and Solidarity Securities issued by the National Government.

- On their part, at December 31, 2021, Corporate Bonds in US dollars measured at fair value through profit or loss decreased significantly by COP 20,244 compared to December 2020; at December 31, 2021, such investments totaled COP 8,598.

In the case of investments classified as non-controlled entities (Cámara de Riesgo Central de la Contraparte S.A. and Fondo para el Financiamiento del Sector Pecuario - Finagro), they are measured according to the marketability index on the valuation date or considering the changes in equity 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 2021.

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; at the end of December 2021 and 2020, the price was COP 97.11 and COP 98.32, respectively.

In the case of the equity interest in Bolsa de Valores de Colombia, 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 11,880 at the end of December 2021 and December 2020, respectively.

As for investments in ACH de Colombia S.A and Redeban S.A., they are presented herein with the valuation of the price vendor Precia, due to the change in the valuation method.

According to the reports submitted based on the Cash Flow method, they reflect that the share valuation was COP 136,471.01 for ACH Colombia S.A. and COP 19,179.85 for Redeban 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.

For the years 2021 and 2020, the entities with non-controlled interests declared dividends as follows:

Entity	2021			2020		
	In Shares	In Cash	Total	In Cash	En Efectivo	Total
Fondo para el Financiamiento del sector pecuario "FINAGRO"	COP 1,303	COP 5,213	COP 6,516	COP 1,451	COP 5,804	COP 7,255
Bolsa de Valores de Colombia	-	5,137	5,137	-	1,854	1,854
ACH Colombia S.A.	-	4,891	4,891	-	3,157	3,157
Cámara de Compensación de Divisas de Colombia S.A.	-	-	-	-	120	120
Cámara de Riesgo Central de Contraparte de Colombia S.A	-	89	89	-	54	54
Credibanco S.A.	-	510	510	-	2,072	2,072
Total	COP 1,303	COP 15,840	COP 17,143	COP 1,451	COP 13,061	COP 14,512

Investments in non-controlled interests: These are investments in equity instruments in non-controlled entities, consisting of the following at December 31, 2021 and 2020:

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 pecuario "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	1365	2.66%	2,643	109,822,755	109,723,410	5,729
Total investments in non-controlled entities					COP 99,760			

December 31, 2020

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 pecuario "FINAGRO"	Bogotá D.C.	400,162	36,375	9,09%	98,896	12,581,342	11,493,368	86,291
Cámara de Riesgo Central de Contraparte de Colombia S.A	Bogotá D.C.	43,148	992	2.66%	1,529	78,938,987	78,876,712	5,768
Total investments in non-controlled entities					COP 100,425			

The following is the breakdown of investment financial assets by classification and type, excluding impairment, at December 31, 2021:

Breakdown of the Securities Portfolio at year-end 2021							
Class of Security	Inv. at Fair Value through Profit or Loss		Inv. At Amortized Cost		Inv. at Fair Value through OCI		Overall Total
	Amount	%	**Amount**	%	**Amount**	%	
Ordinary bonds	COP 59,888	2%	COP -	0%	COP -	0%	59,888
CDTs	528,832	19%	-	0%	9,954	0%	538,786
TDAs	-	0%	372,598	18%	-	0%	372,598
TIPS	-	0%	615,931	30%	16,112	1%	632,043
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	1,534,982		99,258		181,094		1,815,335
% Profitability		56%		5%		9%	

Breakdown of the Securities Portfolio at year-end 2021

Breakdown of the Securities Portfolio at year-end 2020							
Class of Security	Inv. at Fair Value through Profit or Loss		Inv. At Amortized Cost		Inv. at Fair Value through OCI		Overall Total
	Amount	%	**Amount**	%	**Amount**	%	
Ordinary bonds	COP 29,557	1%	-	0%	-	0%	COP 29,557
CDTs	503,483	18%	-	0%	12,592	1%	516,075
TDAs	-	0%	609,473	29%	-	0%	609,473
TIPS	-	0%	372,463	17%	16,735	1%	389,198
TDS	-	0%	1,101,190	52%	-	0%	1,101,190
Treasury Securities - TES	2,202,031	78%	48,062	2%	1,987,711	88%	4,237,804
Corporate bonds Colombian Pesos	57,237	2%	-	0%	-	0%	57,237
Yankee bonds	27,287	1%	-	0%	-	0%	27,287
Shares stock exchange	-	0%	-	0%	52,706	2%	52,706
A.C.H. Colombia S.A.	-	0%	-	0%	50,277	2%	50,277
Redeban S.A.	-	0%	-	0%	31,173	1%	31,173
Credibanco S.A.	-	0%	-	0%	112,366	5%	112,366
Overall Total	COP 2,819,595	100%	COP 2,131,188	100%	COP 2,263,560	89%	COP 7,214,343
Contribution to year's net income	1,323,779		39,095		86,951		1,449,825
% Profitability		47%		2%		4%	

The investment portfolio at December 31, 2020 was comprised as follows:

Maturity of the securities portfolio			2021	
Range	Inv. at Fair Value through Profit or Loss	Inv. At Amortized Cost	Inv. at Fair Value through OCI	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

Maturity of the securities portfolio			2020	
Range	Inv. at Fair Value through Profit or Loss	Inv. At Amortized Cost	Inv. at Fair Value through OCI	Overall Total
Less than 1 year	COP 2,117,608	COP 2,112,004	COP 298,101	COP 4,527,713
From 1 to 5 years	545,840	7,969	1,589,927	2,143,736
More than 5 years	156,147	11,215	375,532	542,894
Overall Total	COP 2,819,595	COP 2,131,188	COP 2,263,560	COP 7,214,343

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, 2021 and 2020, allowances were made on securities (TITIP0B0097/INSC15061232/INSZ15061232) for a total of COP 4,020 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 2020 and 2021, the Bank did not participate in securitization processes.

There are currently eight series on the market, of which the Bank holds series B, MZ and C of the N-6 Colombian Pesos issuance, and the N-16 Colombian Pesos issuance for a total balance at December 31, 2021 and 2020 of COP 31,280 and COP 35,920, respectively. The table below displays the breakdown and balances of the securities derived from securitization processes (TIPS):

Series	Nominal Value	Issue Date	Maturity Date	Term	2021	2020
TIPS Colombian Pesos N-16 B 2032	COP 16,604	7/12/2017	7/12/2032	15	16,112	$ 16,736
TIPS Colombian Pesos N-16 MZ 2032	3,180	7/12/2017	7/12/2032	15	3,207	3,207
TIPS Colombian Pesos N-16 C 2032	830	7/12/2017	7/12/2032	15	839	839
Subtotal	20,614				20,158	20,782
TIPS Colombian Pesos N-6 B 2027	26,641	23/8/2012	23/8/2027	15	3,952	7,968
TIPS Colombian Pesos N-6 MZ 2027	6,104	23/8/2012	23/8/2027	15	6,104	6,104
TIPS Colombian Pesos N-6 C 2027	1,066	23/8/2012	23/8/2027	15	1,066	1,066
Subtotal	33,811				11,122	15,138
Total	COP 54,425				COP 31,280	COP 35,921

At December 31, 2021, the distribution by rating of debt securities of investments at fair value through other comprehensive income and investments at amortized cost through profit or loss, was as follows:

Debt Securities Available for Sale				Debt Securities Held to Maturity			
S&P Global Rating ISSUE	Carrying Value Sovereign Debt	Carrying Value - Other Debt	%	ISSUANCE S&P Global Rating	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%

December 2020

Debt Securities Available for Sale				Debt Securities Held to Maturity			
S&P Global Rating ISSUE	Carrying Value Sovereign Debt	Carrying Value - Other Debt	%	ISSUANCE S&P Global Rating	Carrying Value Sovereign Debt	Carrying Value - Other Debt	%
A	-	246,522	11%	AA	19,185	-	1%
AA	-	29,327	1%	AAA	962,751	-	45%
Unclassified	-	1,987,711	88%	Unclassified	-	1,149,252	54%
TOTAL	-	2,263,560	100%	TOTAL	981,936	1,149,252	100%

Global Rating

ISSUER	CDT	TDA	TES	TIPS
Bancolombia S.A.	AAA			
DTN National Government (TES)			BBB	
FINAGRO		AAA		
Titularizadora Colombiana				
TITIP0CD0099-142732				CC
TITIPMZD0098-142733				CC
TITIP0BD0097-142730				BBB+
INSC15061232-229718				BB-
INSZ15061232-229722				BB+
TIPN16B32-229723				BBB

10. 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, 2021 and 2020 by type of currency:

December 31, 2021

Modalities	Legal 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

December 31, 2020

Modalities	Legal Currency	Foreign Currency	RVU	Total Foreign Currency
Commercial	COP 17,124,843	COP 655,865	COP 168,549	COP 17,949,257
Consumer	18,111,831	-	-	18,111,831
Mortgage	12,246,943	-	52,241	12,299,184
Total Loan Portfolio and Finance Lease Transactions (Net) and Interest on Loan Portfolio and Other Items (Net)	COP 47,483,617	COP 655,865	COP 220,790	COP 48,360,272

During 2021, the loan portfolio's annual accumulated growth was higher than that recorded for the same period of 2020; it is important to mention the recovery of the Commercial portfolio, which grew by 19.65%, and the Consumer and Mortgage portfolios, which grew by 11.49% and 7.85%, respectively. The dynamics of this segment have shown recovery due to the economic reactivation taking place throughout the year.

These portfolios show satisfactory recovery; the Mortgage portfolio is reversing the downward trend it was on during the course of the pandemic as a result of the multiple shutdowns and the difficulty experienced a year ago for the disbursement of a significant number of operations.

In addition, the current corporate portfolio has grown significantly, with a variation of 18.7% compared to the same period in 2020. This growth is derived from a greater amount in the total performing Loan portfolio and in the Individual portfolio, which grew 9.8% and 13.1%, respectively.

This is associated with the proper management of Risk teams and the economy's increased resilience to the obstacles posed by the pandemic has kept impairments at controllable levels. That is why a 14% increase was observed for the year 2021.

Below is a summary of the loan portfolio and finance lease transactions as of December 31, 2021 and 2020 by modality and risk type as of December 31, 2021 and 2020:

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	$ 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

Loan Portfolio	Capital	Interest	Others	Principal Provision	Interest Provision	Other Provision	Collateral
Consumer:							
Category "A"	COP 19,891,361	COP 307,231	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	451,268	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 11,845,034	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	13,178,086	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

Loan Portfolio	Capital	Interest	Others	Principal Provision	Interest Provision	Other Provision	Collateral
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
Loan Portfolio	**Capital**	**Interest**	**Others**	**Principal Provision**	**Interest Provision**	**Other Provision**	**Collateral**
General mortgage provision	-	-	-	131,781	15,761	-	-
General employees provision	-	-	-	4,983	99	-	-

Loan Portfolio	Capital	Interest	Others	Principal Provision	Interest Provision	Other Provision	Collateral
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 57,632,221	COP 939,421	COP 143,080	COP 3,440,545	COP 287,983	COP 51,410	COP 47,992,761

In 2021, the provision required in Public Notice 047/2016 was created in the amount of COP 35,213.

December 31, 2020

Loan Portfolio	Capital	Interest	Others	Principal Provision	Interest Provision	Other Provision	Collateral
Commercial:							
Category "A"	COP 15,880,959	COP 107,335	COP 7,483	COP 130,279	1,691	COP 168	11,191,381
Category "B"	1,498,995	32,271	3,823	65,221	2,097	258	2,500,840
Category "C"	728,845	26,398	15,468	66,030	3,799	4,604	1,079,827
Category "D"	59,547	3,308	809	46,201	3,248	788	115,255
Category "E"	657,842	39,983	21,603	617,372	38,785	21,445	1,035,925
Total commercial	18,826,188	209,295	49,186	925,103	49,620	27,263	15,923,228
Consummer:							
Category "A"	16,868,452	326,767	18,142	280,127	8,918	447	722,368
Category "B"	1,052,528	62,296	4,817	83,398	5,749	400	140,279
Category "C"	445,337	26,294	1,913	85,690	7,740	612	57,049
Category "D"	161,137	10,758	760	142,512	10,203	706	16,023
Category "E"	991,322	53,558	5,129	977,080	53,497	5,146	135,610
Total consummer	19,518,776	479,673	30,761	1,568,807	86,107	7,311	1,071,329
Micro-credit							
Category "E"	2	-	-	2	-	-	-
Total micro-credit	2	-	-	2	-	-	-
Vivienda:							
Category "A"	9,358,436	245,171	25,959	94,428	7,203	389	23,527,210

Loan Portfolio	Capital	Interest	Others	Principal Provision	Interest Provision	Other Provision	Collateral
Category "B"	2,177,092	69,195	7,405	71,000	57,340	6,317	4,665,814
Category "C"	109,759	2,832	437	10,430	2,832	430	301,049
Category "D"	191,841	6,177	1,119	38,352	6,181	1,111	805,785
Category "E"	322,166	7,232	5,195	147,122	7,134	5,184	831,088
Total mortgage	12,159,294	330,607	40,115	361,332	80,690	13,431	30,130,946
Employee mortgage							
Category "A"	358,864	2,187	-	3,542	30	-	830,753
Category "B"	8,472	316	-	255	282	-	24,500
Category "C"	289	1	-	725	1	-	656
Category "D"	344	2	-	69	2	-	1,206
Category "E"	969	23	-	537	22	-	2,724
Total employee mortgage	368,938	2,529	-	5,128	337	-	859,839
Employee consumer							
With other collateral							
Category "A"	107,944	679	-	1,727	11	-	2,179
Categoríý "B"	774	14	-	39	4	-	-
Category "C"	212	3	-	43	1	-	-
Category "D"	419	3	-	209	2	-	-
Category "E"	756	8	-	756	6	-	-
Total employee consumer	110,105	707	-	2,774	24	-	2,179

Loan Portfolio	Capital	Interest	Others	Principal Provision	Interest Provision	Other Provision	Collateral
Loan Portfolio	Capital	Interest	Others	Principal Provision	Interest Provision	Other Provision	Collateral
General mortgage provision	-	-	-	121,593	22,502	-	-
General employees provision	-	-	-	4,790	118	-	-
General consumer provision	-	-	-	-	28,387	-	-
General commercial provision	-	-	-	-	13,894	-	-
Countercyclical individual commercial provision	-	-	-	118,416	2,078	311	-
Countercyclical individual consumer provision	-	-	-	323,068	9,958	654	-
Others	-	7,794	-	-	-	-	-
Total provisions	-	7,794	-	567,867	76,937	965	-
Total Loan Portfolio and Finance Lease Transactions (Net) and Interest on Loan Portfolio and Other Items (Net)	COP 50,983,303	COP 1,030,605	COP 120,062	COP 3,431,013	COP 293,715	COP 48,970	COP 47,987,521

In 2020, the provision required in Public Notice 047/2016 was created in the amount of COP 17,290.

The changes in the account for impairment (provisions) of loan portfolios and finance lease transactions during the year ended were as follows:

December 31, 2021

Item Commercial Consumer Mortgage Employees Micro-credit Total

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

Item	Commercial	Consumer	Mortgage	Employees	Micro-credit	Total
Balance at the beginning of year	COP 729,948	COP 1,823,657	COP 382,508	COP 11,514	COP 2	COP 2,947,629
Impairment charged to expenses in the year	1,117,004	1,232,260	215,708	3,799	5	2,568,776
Less – Impairment recovery	(688,100)	(476,856)	(67,448)	(2,431)	-	(1,234,835)

Item	Commercial	Consumer	Mortgage	Employees	Micro-credit	Total
Loans written off as uncollectable	(92,822)	(622,171)	(19,488)	-	-	(734,481)
Debt forgiveness	(21,268)	(65,076)	(28,356)	-	(5)	(114,705)
Other movements	(1,243)	61	1	(190)	-	(1,371)
Balance at year end	COP 1,043,519	COP 1,891,875	COP 482,925	COP 12,692	COP 2	COP 3,431,013

The changes in the account for impairment (provisions) of loan portfolios, interest and accounts receivable during the year ended were as follows:

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	137,462	62,081	111	237,267
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)	(5,364)	54	(29)	(6,170)
Balance at year end	COP 69,526	COP 154,536	COP 115,072	COP 259	COP 339,393

December 31, 2020

Item	Commercial	Consumer	Mortgage	Employees	Total
Balance at the beginning of year	COP 53,229	COP 45,252	COP 19,914	COP 59	COP 118,454
Impairment charged to expenses in the year	68,007	130,547	107,170	444	306,168
Less – Impairment recovery	(18,778)	(13,937)	(9,487)	(22)	(42,224)
Loans written off as uncollectable	(7,539)	(28,084)	(920)	-	(36,543)
Debt forgiveness	(1,136)	(9)	(5)	-	(1,150)
Other movements	(617)	(1,352)	(49)	(2)	(2,020)
Balance at year end	COP 93,166	COP 132,417	COP 116,623	COP 479	COP 342,685

As of December 31, 2021, the classification of the loan portfolio and finance lease transactions and provisions by geographic area was as follows:

December 31, 2021

Area	Capital	Interest	Others	Principal Provision	Interest Provision	Provision
						Others
Barranquilla	COP 9,553,613	COP 181,812	COP 34,055	679,437	COP 67,940	COP 11,372
Bogotá	19,763,707	285,087	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

Creating Opportunities

Area	Capital	Interest	Others	Principal Provision	Interest Provision	Provision Others
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 57,632,221	COP 939,421	COP 143,080	COP 3,440,545	COP 287,983	COP 51,410

December 31, 2020

Area	Capital	Interest	Others	Principal Provision	Interest Provision	Provision Others
Barranquilla	COP 8,574,992	COP 192,053	COP 26,497	686,650	COP 64,100	COP 11,907
Bogotá	16,863,671	319,341	32,495	1,111,178	91,337	12,834
Cali	5,291,518	111,982	16,545	336,442	28,863	5,110
Cundiboyacá	1,878,537	48,712	5,064	157,627	15,195	1,835
Coffee-growing region	2,270,753	44,545	7,109	140,579	11,645	4,167
Huila	1,335,833	27,999	2,461	93,216	8,289	926
Eastern plains region	2,062,389	52,211	8,006	211,799	17,396	3,328
Medellín	7,618,540	123,848	10,430	345,306	27,623	3,824
Santander	3,914,158	84,542	8,733	260,070	21,952	3,795
Tolima	1,172,912	25,372	2,722	88,146	7,315	1,244
Total	COP 50,983,303	COP 1,030,605	COP 120,062	COP 3,431,013	COP 293,715	COP 48,970

As of December 31, 2021 and 2020, the Bank's loan portfolio and finance lease transactions were distributed among debtors engaged in the following economic activities:

Activity	2021	2020
Association – education – health activities	1,663,476	1,614,245
Recreation activities – cultural activities	178,568	214,612
Real estate – companies – rental activities	1,461,232	1,369,683
Water collection - treatment - distribution	72,603	57,192
Comercio al por mayor – comisión – contratación	2,242,152	1,724,585
Retail trade – non-specialized establishments	2,133,568	2,038,120
Construction – reconditioning – finishing	1,145,908	1,244,520
Mail and telecommunications	612,489	615,221
Production of food and beverage products	2,186,375	1,447,136
Explotación administración pública y defensa	2,942,616	2,260,351
Exploitation of non-metallic minerals	11,158	15,715
Coal mining	4,022	6,308
Extraction of metallic minerals	1,365	1,198
Extraction of oil and gas – natural gas	232,441	248,624
Manufacturing paper, cardboard and their products	68,802	56,216
Manufacturing– refinement – petroleum–chemicals	889,749	759,270
Manufacturing non-metallic minerals	351,057	234,535
Fabricación otras industrias manufactureras	56,207	46,959

Activity	2021	2020
Manufacturing metallic products – machinery	537,258	403,892
Manufacturing of textile products	335,766	351,076
Financing insurance plans	75,477	20,263
Power generation – gas – water	2,817,557	2,107,813
Hotels and restaurants	249,320	314,287
Industry – manufacturing – metals	83,979	44,965
Financial intermediation	1,950,710	1,787,232
Wage earners	32,088,505	28,203,220
Capital investors	325,656	376,727
Printing activities	45,847	41,780
Non-differentiated activities of individual households	1,545	1,140
Extraterritorial organizations and bodies	5,086	6,404
Other community service activities	833,969	1,175,427
Fish production fish hatchery - farm	27,521	14,173
Agricultural and livestock production	894,028	929,150
Sanitation and similar services	74,382	131,971
Forestry, wood extraction and services	33,624	32,583
Transformation– factory– basketwork	9,763	15,064
Transportation	988,440	1,071,646
Total	COP 57,632,221	COP 50,983,303

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, 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	795	38	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

Restructured	Capital	Interest	Others	Capital Impairment	Interest Impairment	Impairment Others	Collateral
Mortgage:							
Category "A"	33,035	1,552	165	521	233	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

December 31, 2020

Restructured	Capital	Interest	Others	Capital Impairment	Interest Impairment	Impairment Others	Collateral
Commercial:							
Category "A"	COP 29,164	COP 1,863	COP 135	COP 4,635	COP 367	COP 24	COP 3,024
Category "B"	7,468	36	1	512	3	-	9,403
Category "C"	97,696	5,323	657	3,125	5,151	633	179,216
Total commercial	134,328	7,222	793	8,272	5,521	657	191,643

Restructured	Capital	Interest	Others	Capital Impairment	Interest Impairment	Impairment Others	Collateral
Consumer:							
Category "A"	494,723	26,974	2,173	472,801	26,221	2,104	2,337
Category "B"	273,589	21,993	8,528	250,444	20,782	8,528	3,230
Category "C"	182,715	5,776	1,407	48,384	3,548	1,141	4,416
Total consumer	951,027	54,743	12,108	771,629	50,551	11,773	9,983
Mortgage:							
Category "A"	47,750	2,973	213	23,038	1,810	113	194,635
Category "B"	138,671	4,923	5,870	29,847	2,186	2,265	338,102
Category "C"	164,050	5,948	719	30,333	5,947	718	51,354
Total mortgage	350,471	13,844	6,802	83,218	9,943	3,096	584,091
Total restructured loan portfolio	COP 1,435,826	COP 75,809	COP 19,703	COP 863,119	COP 66,015	COP 15,526	COP 785,717

BBVA has deployed the implementation of Notices 022 and 039 regarding the PAD (Debtor Assistance Program) as of August 1, 2020, in which it sought out to contact the customers who required an alternative to continue meeting their financial commitments. On August 31, 2021, the PAD ended and the last grants were successfully applied.

The Bank provided digital channels in order to receive PAD applications; additionally, the Emerge Plan supported the management of customer contact through the network of offices and external Agencies, in order to find the best solution for each customer according to their financial position.

As of December 31 (with the PAD already finalized) we have applied COP 4,250 million in individuals and SMEs and COP 747 million in Companies as PAD to BBVA customers.

Although the PAD has ended, Public Notice 026/2017 continues to be in force, which regulates and defines modifications and restructuring.

The Bank has granted benefits based on Public Notice 007/2020 issued by the Financial Superintendence of Colombia, aimed at addressing the situation caused by the COVID-19 health emergency. At December 2021, the following is the breakdown of active loans that received relief measures in each modality: In Mortgage loans, 54,514 transactions for COP 5,005,255 in principal; in Consumer loans, 238,852 transactions for COP 2,826,419 in principal; in Commercial loans, 9,157 transactions for COP 2,121,926 in principal, for a total of 302,523 transactions for COP 9,953,600. At December 2021, 0.08% of the transactions still had the benefit of the relief measures provided.

Additionally, the following transactions were carried out with the National Guarantee Fund of the Unidos por Colombia Program, at December 2021: In Commercial loans, 7,795 transactions for COP 1,038,928 in principal; in Consumer loans 105 transactions for COP 1,058 in principal, for a total of 7,795 transactions and principal of COP 1,038,986, on which provisions have been made on principal for COP 22,315.

Emerge Plan

In compliance with Notices 022, 039 and 012 issued by the Financial Superintendence of Colombia, which ended on August 31, 2021, BBVA Colombia designed and implemented a fundamental strategic plan in June 2020 to meet the needs of its customers under the new economic setting.

This plan relies on the efforts of all the Entity's Vice-Presidencies, focusing on anticipating and offering solutions for customers to meet their current obligations, through the specialization of the different management channels, including the office network.

This involves managing customers, whether they are up-to-date or delinquent in their payments. The objectives of this plan are as follows:

- Build customer loyalty once they overcome this situation.
- Protect the Bank's loan portfolio.
- Identify vulnerable customers and
- reinforce monitoring and standardization.
- Transformation of portfolio management processes and channels.
- Continue to advance digitalization processes to integrate them into our channels.

The plan was executed in three phases, as detailed below:

1. **Diagnosis**: At this stage, vulnerable sectors were identified, the new customer service structure was measured and the economic impact was quantified.

2. **Strategy**: New commercial actions were established, including the definition of service circuits and protocols, as well as measurement and incentives according to budgetary objectives. Management priorities were determined according to amount, maturity dates of obligations, customer segments and the customer's economic sector. The human capital involved in the plan was configured according to the profile, skills and roles played in the Organization.

3. **Implementation**: The plan began with the implementation of the definitions considered in the service protocols and channels. In order to sustain the efficiency of our processes, management results are monitored periodically.

Since August 2021, the Emerge Plan has been resized, so the number of Risk Anticipation Executives has been reduced by 60% in the individual segment, and for specialized banking, such as SME, Wealth and Personal & Premium, the allocation has been reduced by 80%.

Portfolio management returns to pre-pandemic mode, which reactivates preventive management in full (-7 to 0 days of non-payment) in virtual mode, and in the defaulted portfolio, both external channels and Risk Anticipation Executives continue to carry out collection and standardization management.

At the end of December, the Plan continues to be in effect, with favorable results in the anticipation and containment of the portfolio more than 30 days past due.

The following are the details by economic sector of the values of restructured loans and in charge of the companies with which informal agreements were achieved and of those that were requesting meetings of creditors; 33,327 and 41,850 operations as of December 31, 2021 and 2020, respectively:

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

By Economic Sector	Capital	Interest and Accounts Receivable	Provision
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

By Economic Sector	Capital	Interest and Accounts Receivable	Provision
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, 2020

By Economic Sector	Capital	Interest and Accounts Receivable	Provision
Association – education – health activities	COP 42,894	COP 2,258	COP 25,317
Recreation activities – cultural activities	5,090	522	4,041
Printing activities	524	71	505
Real estate – companies – rental activities	71,119	4,701	51,045
Public administration and defense	8,762	282	2,901
Water collection - treatment - distribution	201	13	146
Wholesale trade – commission – contracting	65,054	9,227	56,693
Retail trade – non-specialized establishments	73,104	4,730	53,620
Construction – reconditioning – finishing	106,357	7,629	45,046
Mail and telecommunications	4,569	305	3,671
Production of food and beverage products	7,445	524	6,593
Exploitation of non-metallic minerals	1,479	119	1,558

By Economic Sector	Capital	Interest and Accounts Receivable	Provision
Coal mining	957	41	638
Extraction of metallic minerals	31	-	31
Extraction of oil and gas – natural gas	57,076	3,032	47,376
Manufacturing paper, cardboard and their products	313	29	121
Manufacturing– refinement – petroleum–chemicals	15,889	2,838	15,361
Manufacturing non-metallic minerals	2,860	299	1,523
Manufacturing other manufacturing industries	2,558	186	1,563
Manufacturing metallic products – machinery	18,684	1,657	16,892
Manufacturing of textile products	6,705	671	5,033
Financing insurance plans	1,211	54	797
Power generation – gas – water	1,066	87	782
Hotels and restaurants	14,621	966	10,328
Industry – manufacturing – metals	232	23	209
Financial intermediation	35,862	5,056	10,441
Wage earners	653,148	35,079	426,472
Capital investors	59,592	3,094	36,852
Non-differentiated activities of individual households	28	1	23
Extraterritorial organizations and bodies	417	24	134
Other community service activities	84,057	4,829	52,218
Fish production fish hatchery - farm	497	28	245

By Economic Sector	Capital	Interest and Accounts Receivable	Provision
Agricultural and livestock production	61,583	4,463	42,929
Sanitation and similar services	3,057	236	2,043
Forestry, wood extraction and services	535	40	526
Transformation– factory– basketwork	2,075	181	1,754
Transportation	26,174	2,217	20,677
Total	COP 1,435,826	COP 95,512	COP 946,104

As of December 31, 2020. The classification of restructured loans by geographic area was as follows:

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

December 31, 2020

By Geographic Area	Capital		Interest and Other Accounts Receivable		Impairment	
Barranquilla	COP	307,442	COP	23,668	COP	199,446
Bogotá		468,634		25,908		316,349
Cali		111,579		7,309		76,094
Cundiboyacá		79,210		4,682		50,631
Coffee-growing region		48,821		4,773		36,127
Huila		45,312		2,716		28,157
Eastern plains region		113,916		7,863		74,699
Medellín		123,844		9,741		74,364
Santander		98,891		6,245		66,097
Tolima		38,177		2,607		24,140
Total	COP	1,435,826	COP	95,512	COP	946,104

Portfolio Sales Year 2021

During 2021, the Bank conducted portfolio sale transactions for a total of COP 1,119,934, where 97% of said asset was written-off.

The breakdown of the portfolio disposed of by modality was made up of: Mortgage, 2%; Commercial, 23%; and Consumer, 75%. These transactions were carried out in the following months:

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	**75.00%**	**2.00%**	**23.00%**	**100.00%**

Amount includes principal, interest and accounts receivable balances.

Year 2020

During 2020, the Bank conducted portfolio sale transactions for a total of COP 392,073, where 93% of said asset was written-off.

The breakdown of the portfolio transferred by modality was made up of: Mortgage, 0.90%; Commercial, 7.16%; and Consumer, 91.94%; these transactions were conducted in the months listed in the attached table:

Month	Total Debt by Portfolio Type(*)			
	Consumer	Mortgage	Commercial	Total Debt
January	COP 210	COP 265	COP 272	COP 747
February	98	298	-	396
March	358,580	-	1,805	360,385
April	-	-	-	-
May	-	-	580	580
June	45	198	-	243
July	236	56	-	292
August	45	215	-	260
October	5	210	1,045	1,260
December	230	1,195	88	1,513
Total	COP 360,469	COP 3,520	COP 28,084	COP 392,073
% of portfolio share sold	**91.94%**	**0.90%**	**7.16%**	**100.00%**

Amount includes principal, interest and accounts receivable balances.

11. Right-of-use Fixed Assets

At December 31, the balance of this account is summarized as follows:

Item	2021	2020
Right-of-use fixed assets		
Buildings (Premises and ATMs)	187,909	195,396
Accumulated depreciation	(78,785)	(58,953)
Total right-of-use fixed assets	COP 109,124	COP 136,443

liabilities for an amount equal to the present value of the committed future payments. The determination process is mainly derived from the regulations that contain the necessary guidelines to define a series of criteria that facilitate the negotiation, classification of the contract, and estimation of the parameters of IFRS 16.

These criteria are defined by the IFRS 16 Governing Bodies, which are responsible for providing the Lease Management areas with the global criteria defined in accordance with the Bank's needs.

The following criteria are applied to identify the leases that are in line with the standard:

The keys to determining whether a contract contains a lease are:

- The asset subject to the lease must be identified either implicitly or explicitly; the lessee has the right to obtain all economic benefits from the right to use that identified asset; and the right to direct the use of that identified asset.

At this point, it is important to take the following concepts into account:

Term of the lease

The term of the lease is defined as the non-cancellable period of a lease, where the Lessee has the option to use an underlying asset together with: periods covered by the option to extend the lease or periods covered by the option to terminate the lease, if the lessee is reasonably certain of exercising that option, respectively.

The Entity shall take into account all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option or not.

If only the lessor has the right to terminate the lease, the non-cancellable period of the lease includes the period covered up to the option to terminate the lease.

The lessee shall review the term of the lease if there is a significant change or event in the circumstances under its control.

Discount rate

The interest rate implicit in a lease is defined as the rate at which the present value of (a) the lease payments and (b) the unguaranteed residual value equals the sum of (i) the fair value of the underlying asset and (ii) any initial direct costs of the lessor (IFRS 16 Appendix A). The discount rate applied is 5.73%.

Lease payments are discounted using (IFRS 16.26):

- The interest rate implicit in the lease; or
- If the interest rate implicit in the lease cannot be easily determined, the lessee shall use the incremental interest rate on the lessee's debt.

The incremental interest rate on the lessee's debt is defined as the interest rate to be paid to borrow, for a similar term and with similar collateral, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. (IFRS 16 Appendix A).

If a lease contract involves a payment made in a currency other than that of the lessee, the incremental interest rate must be determined on the basis of a similar loan taken in the foreign currency. The Bank has decided to apply the fund transfer price (FTP) as a discount rate.

Once a lease is identified under IFRS 16, the lessee shall recognize in its assets the right to use the asset and in its liabilities the obligation to make the future lease payments committed.

The impact at year-end in 2021 on right-of-use assets recorded a balance of COP 109,124 and COP 124,403 on lease liabilities, which includes the disassembly provision.

At December 31, 2021, the following are the details of the right-of-use fixed assets:

Assets

Item	2021	Movement in 2021	2020
Right-of-use premises	COP 129,592	COP (16,958)	COP 146,550
Right-of-use ATMs	58,317	9,471	48,846
Depreciation right-of-use premises	(70,725)	(20,695)	(50,030)
Depreciation right-of-use premises terminated leases	7,929	6,654	1,275
Depreciation right-of-use ATMs	(16,057)	(5,808)	(10,249)
Depreciation right-of-use ATMs terminated leases	68	17	51
Total	COP 109,124	COP (27,319)	COP 136,443

Liabilities

Item	2021	Movement in 2021	2020
Lease liabilities premises	69,933	(29,954)	99,887
Lease liabilities ATMs	45,863	4,714	41,149
Disassembly provision	8,607	195	8,412
Total	COP 124,403	COP (25,045)	COP 149,448

Amounts recognized in the separate statement of income:

Item	2021	2020
Interest on lease liabilities	COP 8,320	COP 11,908
Real estate rental expenses	2,294	1,964
Depreciation right-of-use ATMs	20,695	25,393
Depreciation right-of-use premises	5,808	5,389

There are differences between the value of the accumulated depreciation against the expense for this item. This is due to leases that were terminated during the year, an ATM lease and thirteen leases for commercial premises during 2021.

Maturity analysis - undiscounted contractual cash flows:

Lease Liabilities for Premises	2021	2020
No more than one year	COP 23,416	COP 27,115
More than one year and less than three years	39,642	53,368
More than three years and less than five years	12,917	27,661
More than five years	2,643	6,866
TOTAL UNDISCOUNTED LEASE LIABILITIES	COP 78,618	COP 115,010

Lease liabilities for ATMs	2021	2020
No more than one year	COP 8,396	COP 7,428
More than one year and less than three years	16,261	13,788
More than three years and less than five years	14,860	12,596
More than five years	22,570	22,236
TOTAL UNDISCOUNTED LEASE LIABILITIES	COP 62,087	COP 56,048

BBVA as a Lessee

Lease commitments - The Bank, for its functioning and according to its expansion process, leases offices on the national level by entering into agreements with the terms listed in the following table:

Range	2021	2020
One year or less	4,549	5,614
From one to five years	64,667	72,036
More than five years	15,423	32,284
Total	COP 84,639	COP 109,934

The lease rates are adjusted as agreed in the lease contract and/or as legally required. The expense recognized for the years ended December 31, 2021 and December 31, 2020 was COP 84,639 and COP 109,934, respectively.

12. 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 Bank's policy to select customers that will allow the efficient performance of the transaction, for which it chooses sound portfolios.

Productive portfolio securitization: In 2021, 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, 2021 and 2020, are as follows:

	2021		2020	
Issuance	Managed portfolio – total principal	Balances in BBVA TIPS securities	Managed portfolio – total principal	Balances in BBVA TIPS securities
TIPS E-9	COP -	COP -	COP 720	COP -
TIPS E-10	-	-	1,035	-
TIPS E-11	-	-	638	-
TIPS E-12	-	-	199	-
TIPS N-6	7,681	11,122	10,753	15,138
TIPS N-16	59,764	20,158	79,315	20,781
Total	COP 67,445	COP 31,280	COP 92,660	COP 35,919

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 debt balance	COP -	COP 616	COP 72	COP 373	COP 49	COP 103	COP -	COP -	COP 16	COP 129	COP 3,026	COP 235	4,619

Portfolio buybacks: In 2020, 20 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 1,716, which included buybacks due to the request to decrease rates, refurbishment and write-offs as follows:

Item	Ene	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. of credits	-	2	2	-	-	1	1	3	1	2	7	1	20
Total balance of principal	COP -	COP 62	COP 280	COP -	COP -	COP 2	COP 38	COP 203	COP 50	COP 420	COP 606	COP 18	1,679
Total Debt Balance	COP -	COP 63	COP 281	COP -	COP -	COP 2	COP 38	COP 228	COP 51	COP 424	COP 611	COP 18	1,716

History of productive portfolio securitization

TIPS E-9 Pesos – In December 2008, TIPS E-9 were issued for a total of COP 401,000, of which BBVA had a share of COP 140,000. The Class A TIPS for COP 369,000, Class B TIPS for COP 30,000 and Class MZ TIPS for COP 2,000 have ratings of AAA, AA- and BBB, respectively, and their maturity is between 2010 and 2023.

In March 2016, the securities of the TIPS E-9 issuance were paid.

TIPS E-10 Pesos – In March 2009, TIPS E-10 were issued for a total of COP 498,593, of which BBVA had a share of COP 74,233. The Class A TIPS for COP 458,000, Class B TIPS for COP 37,000 and Class MZ TIPS for COP 10,000 issued have ratings of AAA, AA-, and BBB, respectively, and their maturity is between 2019 and 2024.

In May 2015, the securities of the TIPS E-10 issuance were paid.

TIPS E-11 Pesos – In May 2009, TIPS E-11 were issued for a total of COP 431,857, of which BBVA had a share of COP 48,650. The TIPS E-11 in Class A for COP 399,000, Class B for COP 32,000 and Class MZ for COP 11,000 issued have ratings of AAA, AA, and BBB-, respectively, and their maturity is between 2019 and 2024.

In November 2014, the securities of the TIPS E-11 issuance were paid.

TIPS E-12 Pesos – In August 2009, TIPS E-12 were issued for a total of COP 376,820, of which BBVA had a share of COP 78,745. The TIPS E-12 in Class A for COP 349,000, Class B for COP 28,000 and MZ for COP 9,000 issued have ratings of AAA, AA, and BBB-, respectively, and their maturity is between 2019 and 2024.

In June 2015, the securities of the TIPS E-12 issue were paid.

As of November 2021 prior to settlement, the income from residual rights of the E9, E10, E11 and E12 issuances was:

Universality	Value
Tips Pesos E9	COP 727
Tips Pesos E10	503
Tips Pesos E11	310
Tips Pesos E12	435
Total	COP 1,975

In November 17, the value in favor of BBVA Colombia for residual rights at the settlement cut-off was:

Universality	Value
Tips Pesos E9	COP 1,145
Tips Pesos E10	688
Tips Pesos E11	473
Tips Pesos E12	716
Total	COP 3,022

This amount was paid in kind with the portfolio managed by the Bank of these issues, and the differential was paid in cash.

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, the TIPs N16 Pesos LIH and Non-LIH 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, the 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.

13. 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 2021 and 2020, there were no transfers of financial instruments measured at fair value between the levels of hierarchy.

Valuation Techniques

Approach of Internal 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: 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 are 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 Equity: 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. That 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 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.

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.

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.

Assets	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	COP 54,934,784	COP 58,773,057	COP -	COP -	$ 58,773,057

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 -	$ 59,406,371

Assets	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Commercial loan portfolio	17,949,257	19,831,642	-	-	19,831,642
Mortgage portfolio	12,299,184	13,968,485	-	-	13,968,485
Consumer portfolio	18,111,831	22,611,315	-	-	22,611,315
Total loan portfolio	COP 48,360,272	COP 56,411,442	COP -	COP -	COP 56,411,442

Liabilities	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Demand deposits	32,792,793	28,996,494	-	-	28,996,494
Term deposits	19,194,165	20,338,749	-	-	20,338,749
Total customer deposits	COP 51,986,958	COP 49,335,243	COP -	COP -	COP 49,335,243

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 not 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 2021 and 2020 periods, this is the variation for TIPS.

Derivative Financial Instruments

According to the standards of the Superintendence, transactions with derivatives are defined as contracts between two or more parties to purchase or sell financial instruments at a future date, or contracts where the underlying asset is a spot price or index. 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, fair value is calculated based on listed market prices of comparable contracts and represents the amount that the entity would have received from or paid to a counterparty to write-off the contract at market rates on the date of the Separate Statement of Financial Position; therefore, the valuation process is described by product:

- **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 2021.

Assets and Liabilities	December 31, 2021				
Hierarchies	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets	COP 7,683,242	COP 7,683,242	COP 3,191,237	COP 4,237,437	COP 254,568
Assets at fair value measured on a recurring basis	7,683,242	7,683,242	3,191,237	4,237,437	254,568
Investments at fair value	4,392,262	4,392,262	3,191,237	946,457	254,568
Investments at fair value through profit or loss	2,554,424	2,554,424	1,617,995	936,429	-
Bonds	105,231	105,231	45,343	59,888	-
Certificate of deposit	528,758	528,758	-	528,758	-
Treasury securities - TES	1,920,435	1,920,435	1,572,652	347,783	-
Investments at fair value through profit or loss provided in Money Market transactions	169,049	169,049	168,975	74	-
Certificate of deposit	74	74	-	74	-

Assets and Liabilities	December 31, 2021				
Hierarchies	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Treasury securities - TES	168,975	168,975	168,975	-	-
Investments at fair value through OCI Debt Instruments	616,053	616,053	589,987	9,954	16,112
Treasury securities - TES	589,987	589,987	589,987	-	-
Certificate of deposit	9,954	9,954	-	9,954	-
Mortgage securities - TIPS	16,112	16,112	-	-	16,112
Investments at fair value through OCI Equity Instruments	282,267	282,267	43,811	-	238,456
Bolsa de Valores de Colombia S.A	43,811	43,811	43,811	-	-
Credibanco	110,983	110,983	-	-	110,983
Redeban S.A.	30,993	30,993	-	-	30,993
ACH Colombia	96,480	96,480	-	-	96,480
Investments at fair value through OCI provided in Money Market transactions	770,469	770,469	770,469	-	-
Treasury securities - TES	770,469	770,469	770,469	-	-
Investments at fair value through OCI provided as Collateral in transactions	644,465	644,465	644,465	-	-

Assets and Liabilities	December 31, 2021				
Hierarchies	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Treasury securities - TES	644,465	644,465	644,465	-	-
Investments at amortized cost	2,082,071	2,060,650	-	-	2,060,650
Investments at amortized cost	2,082,071	2,060,650	-	-	2,060,650
Agricultural development securities	973,360	953,111	-	-	953,111
Solidarity Securities	1,097,564	1,092,674	-	-	1,092,674
Mortgage securities - TIPS	11,147	14,865	-	-	14,865
Instrumentos financieros derivados y operaciones de contado (Activo)	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	-

BBVA Creating Opportunities

Assets and Liabilities	December 31, 2021				
Hierarchies	Carrying Value	Fair Value	Level 1	Level 2	Level 3
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	-	-	-

Hierarchies	Carrying Value	Amortized Cost	Level 1	Level 2	Level 3
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 29,931,722	COP 29,931,722	COP 13,459,289	COP 10,817,815	COP 3,228,734

Fair value hierarchy of financial assets and liabilities in 2020

Assets and Liabilities	December 31, 2020				
Hierarchies	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets	COP 8,174,733	COP 8,174,733	COP 3,590,694	COP 4,373,487	COP 210,552
Assets at fair value measured on a recurring basis	8,174,733	8,174,733	3,590,694	4,373,487	210,552
Investments at fair value	4,364,819	4,364,819	3,590,694	563,573	210,552
Investments at fair value through profit or loss	2,701,871	2,701,871	2,150,895	550,976	-
Bonds	114,075	114,075	66,752	47,323	-

Assets and Liabilities	December 31, 2020				
Hierarchies	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Certificate of deposit	503,483	503,483	-	503,483	-
Treasury securities - TES	2,084,313	2,084,313	2,084,143	170	-
Investments at fair value through profit or loss provided in Money Market transactions	117,724	117,724	117,718	6	-
Bonds	6	6	-	6	-
Treasury securities - TES	117,718	117,718	117,718	-	-
Investments at fair value through OCI Debt Instruments	1,151,941	1,151,941	1,122,614	12,591	16,736
Treasury securities - TES	1,122,614	1,122,614	1,122,614	-	-
Certificate of deposit	12,591	12,591	-	12,591	-
Mortgage securities - TIPS	16,736	16,736	-	-	16,736
Investments at fair value through OCI Equity Instruments	246,522	246,522	52,706	-	193,816
Bolsa de Valores de Colombia S.A	52,706	52,706	52,706	-	-
Credibanco	112,366	112,366	-	-	112,366
Redeban S.A.	31,173	31,173	-	-	31,173

Assets and Liabilities	December 31, 2020				
Hierarchies	Carrying Value	Fair Value	Level 1	Level 2	Level 3
ACH Colombia	50,277	50,277	-	-	50,277
Investments at fair value through OCI provided in Money Market transactions	146,761	146,761	146,761	-	-
Títulos de Tesorería - TES	146,761	146,761	146,761	-	-
Investments at fair value through OCI provided as Collateral in transactions	718,336	718,336	718,336	-	-
Treasury securities - TES	718,336	718,336	718,336	-	-
Investments at amortized cost	2,127,166	2,125,832	-	-	2,125,832
Investments at amortized cost	**2,127,166**	**2,125,832**	**-**	**-**	**2,125,832**
Treasury securities - TES	48,062	48,374	-	-	48,374
Agricultural development securities	962,751	949,852	-	-	949,852
Solidarity Securities	1,101,190	1,108,359	-	-	1,108,359
Mortgage securities - TIPS	15,163	19,247	-	-	19,247
Derivative financial instruments and (asset) cash transactions	3,809,914	3,809,914	-	3,809,914	-
Trading	3,657,534	3,657,534	-	3,657,534	-

Assets and Liabilities	December 31, 2020				
Hierarchies	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Forward contracts	1,316,595	1,316,595	-	1,316,595	-
Cash transactions	79	79	-	79	-
Options	5,377	5,377	-	5,377	-
Swaps	2,335,483	2,335,483	-	2,335,483	-
Hedging	152,380	152,380	-	152,380	-
Swaps	152,380	152,380	-	152,380	-
Liabilities	4,107,191	4,107,191	-	4,107,191	-
Liabilities at fair value measured on a recurring basis	4,107,191	4,107,191	-	4,107,191	-
Derivative financial instruments and (liability) cash transactions	4,107,191	4,107,191	-	4,107,191	-
Trading	4,106,964	4,106,964	-	4,106,964	-
Forward contracts	1,205,516	1,205,516	-	1,205,516	-
Cash transactions	134	134	-	134	-
Options	5,379	5,379	-	5,379	-
Swaps	2,895,935	2,895,935	-	2,895,935	-
Hedging	227	227	-	227	-
Swaps	227	227	-	227	-

Hierarchies	Carrying Value	Amortized Cost	Level 1	Level 2	Level 3
Assets	7,289,117	7,289,117	5,745,190	484,399	-
Assets measured on a non-recurring basis	7,289,117	7,289,117	5,745,190	484,399	-
Cash, cash balances in central banks and other demand deposits	6,229,589	6,229,589	5,745,190	484,399	-
Cash and deposits in banks	5,745,190	5,745,190	5,745,190	-	-
Money market and related transactions	484,399	484,399	-	484,399	-
Others	1,059,528	1,059,528	-	-	-
Advances to contracts and suppliers	62,440	62,440	-	-	-
Accounts receivable (net)	997,088	997,088	-	-	-
Liabilities	5,874,708	5,874,708	-	2,304,263	2,606,926
Investment securities	2,304,263	2,304,263	-	2,304,263	-
Outstanding investment securities	2,304,263	2,304,263	-	2,304,263	-
Financial obligations	2,606,926	2,606,926	-	-	2,606,926
Bank credits and other financial obligations	2,606,926	2,606,926	-	-	2,606,926
Others	963,519	963,519	-	-	-
Accounts payable	710,375	710,375	-	-	-
Other liabilities	253,144	253,144	-	-	-
Total assets and liabilities at fair value	COP 25,445,749	COP 25,445,749	COP 9,335,884	COP 11,269,340	COP 2,817,478

BBVA Colombia discloses transfers between the levels of fair value hierarchy at the end of the period during which the change occurred. In 2021 and 2020, there were no transfers of financial instruments measured at fair value between the levels of hierarchy.

14. Derivative Financial Instruments and Cash Operations

For this type of financial instrument, the difference in valuation between previous GAAP and the IFRS is the incorporation of the credit risk in each transaction, which is known as the CVA and DVA (credit or debit value adjustments), as applicable.

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 an asset is summarized as follows:

Item	Notional Value		Fair Value	
FORWARD TRANSACTIONS	2021	2020	2021	2020
Purchase on foreign currency				
Rights	COP 32,647,678	COP 2,808,486	COP 32,287,858	COP 2,834,051
Obligations	-	-	(31,119,626)	(2,796,069)
Sale on foreign currency				
Rights	12,058,014	24,396,660	11,911,192	24,207,801
Obligations	-	-	(11,813,588)	(22,927,266)
Less credit risk	-	-	(822)	(1,921)
Total forward contracts	44,705,692	27,205,146	1,265,014	1,316,596

Item	Notional Value		Fair Value	
FORWARD TRANSACTIONS	2021	2020	2021	2020
Purchase on foreign currency				
Rights	COP 20,387	COP 302	COP 20,378	COP 302
Obligations	-	-	(20,369)	(302)
Sales on foreign currency				
Rights	333,891	-	330,788	-
Obligations	-	-	(327,765)	-
Purchase on securities				
Rights	11,352	-	11,229	25,442
Obligations	-	-	(11,212)	(25,395)
Sales on securities				
Rights	42,670	-	41,481	13,026
Obligations	-	-	(41,360)	(12,994)
Less CVA credit risk			-	-
Total cash transactions	408,300	302	3,170	79

Item	Notional Value		Fair Value	
OPTIONS	2021	2020	2021	2020
Options on foreign currencies purchased - put:				
Rights *	-	-	206,178	101,289
Purchase - Put	206,178	101,289	2,515	5,001
Options on foreign currencies purchased - call:				
Rights *	-	-	179,598	329,165
Purchase - Call	179,598	329,165	5,349	378
Less CVA credit risk	-	-	(108)	(2)
Total fair exchange price	385,776	430,454	7,756	5,377
Swaps	2021	2020	2021	2020
On interest rates:				
Rights	75,190,549	57,647,703	6,629,390	5,958,436
Obligations	-	-	(5,646,979)	(4,081,194)

Item	Notional Value		Fair Value	
On currencies				
Rights	8,873,792	5,520,240	8,725,019	5,947,159
Obligations	-	-	(8,012,182)	(5,468,882)
Less CVA credit risk	-	-	(10,736)	(20,037)
Total Swaps	84,064,341	63,167,943	1,684,512	2,335,482
Futures	2021	2020	2021	2020
Purchase on foreign currency				
Rights	6,134,009	6,814,249	6,134,009	6,817,515
Obligations	-	-	(6,134,009)	(6,817,515)
Sale on foreign currency				
Rights	6,413,140	2,306,349	6,346,629	2,306,349
Obligations	-	-	(6,346,629)	(2,306,349)
Total futures	12,547,149	9,120,598	-	-
Total cash transactions and derivatives	COP 142,111,258	COP 99,924,443	COP 2,960,452	COP 3,657,534

At December 31, 2021 and 2020, the total CVA (Credit Value Adjustments) and DVA (Debit Value Adjustments) was COP 11,657 and COP 17,732, respectively. The most significant counterparties represent 68.57%, as follows:

Counterparty	Rating	2021	2020
Sociedad Portuaria de Santa Marta	BB-	$ 801	$ 418
GPC TUGS S.A.	B	263	1,418
Contecar	BB+	215	397
Sociedad Portuaria de Cartagena	B+	142	466
Seguros de Vida Alfa	BB-	-	62
FPO Porvenir Moderado	BBB	544	646
BBVA Madrid Tesorería		5,980	15,464
Constructora Urbana San Rafael S.A	B	55	737
Total		COP 8,000	COP 19,608

Below is the information on the value of CVA and DVA broken down by product, showing the product with the greatest impact for 2021 and 2020, respectively: Swaps represent 94.20% 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 2021:

Product	2021	2020
DVA		
FW FOREIGN CURRENCIES	COP 46	COP 12
FW US DOLLARS	776	322
OPTIONS	108	-
SWAP	10,736	17,398
TOTAL	COP 11,666	COP 17,732
CVA		
FW FOREIGN CURRENCIES	COP 29	COP 32
FW US DOLLARS	386	1,889
OPTIONS	2	2
SWAP	11,102	20,037
TOTAL	COP 11,519	COP 21,960

Derivative transactions are basically covered with cross forwards.

The Bank carried out forward transactions on foreign currencies and securities; there was an increase in securities by the end of 2021 compared to the immediately preceding year. This is due to the increase in the trading transactions of this portfolio, from 32 transactions in the previous year to 38 contracts for the year 2021. 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 foreign currencies, swaps on foreign 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).

As a general policy for derivative transactions, the Bank is ruled by the standards issued by the Financial Superintendence of Colombia and it takes into account the restrictions and limits of proprietary position, the spot proprietary position, the leveraging position, and the interest rates established by the BBVA Group.

At December 31, 2021 and 2020, 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 is a result of the fluctuations of the exchange rate throughout the year 2021.

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

Maturity in Days							
Type of Instrument	Type of Transaction	Currency	Minimum	Maximum	Value Right	Value Obligation	Net Result
Currency forward	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

Maturity in Days							
Type of Instrument	Type of Transaction	Currency	Minimum	Maximum	Value Right	Value Obligation	Net Result
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

Maturity in Days							
Type of Instrument	Type of Transaction	Currency	Minimum	Maximum	Value Right	Value Obligation	Net Result
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)

At December 31, 2020, 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
Currency forward	Purchase	USD/COP	4	3340	COP 31,615,751	COP (32,773,521)	COP (1,157,770)
	Purchase	EUR/COP	20	74	112	(102)	10
	Purchase	EUR/USD	13	1474	299,605	(295,400)	4,205
	Purchase	GBP/COP	287	287	1,122	(1,118)	4
	Purchase	CAD/COP	250	250	150	(146)	4
	Sale	COP/USD	4	2400	32,478,469	(31,214,077)	1,264,392
	Sale	COP/EUR	8	138	60,758	(60,308)	450
	Sale	USD/EUR	13	1474	74,844	(75,054)	(210)

			Maturity in Days				
Type of Instrument	Type of Transaction	Currency	Minimum	Maximum	Value Right	Value Obligation	Net
	Sale	USD/CAD	33	33	144	(150)	(6)
Total currency forward					64,530,955	(64,419,876)	111,079
Spot on currency	Purchase	USD/COP	4	4	256	(256)	-
	Purchase	EUR/COP	4	4	93	(92)	1
Total spot on currency					349	(348)	1
Spot on securities	Purchase	COP	4	5	25,442	(25,395)	47
	Sale	COP	4	6	32,400	(32,409)	(9)
Total spot on securities					57,842	(57,804)	38
Total spot					58,191	(58,152)	39
Financial options	Purchase-PUT	USD/COP	6	340	4,999	-	4,999
	Purchase-CALL	USD/COP	7	340	378	-	378
	Sale - PUT	USD/COP	6	340	-	(5,001)	(5,001)
	Sale - CALL	USD/COP	7	340	-	(378)	(378)
Total financial options					5,377	(5,379)	(2)
Interest rate swap	IRS	COP	4	5471	8,474,931	(8,927,852)	(452,921)
	IRS	USD	13	3609	290,429	(314,024)	(23,595)
	OIS	COP	4	3603	370,124	(389,367)	(19,243)

Maturity in Days							
Type of Instrument	Type of Transaction	Currency	Minimum	Maximum	Value Right	Value Obligation	Net
Total swap on interest rates					9,135,484	(9,631,243)	(495,759)
Swap currencies	CCS	USD	4	3616	10,624,477	(10,689,170)	(64,693)
Total swap sobre monedas					10,624,477	(10,689,170)	(64,693)
Swap on currencies hedging	CCS	COP	1572	1572	1,393,625	(1,241,473)	152,152
Total swap on currencies hedging					1,393,625	(1,241,473)	152,152
Total swap					21,153,586	(21,561,886)	(408,300)
TOTAL					COP 85,748,109	COP (86,045,293)	COP (297,184)

The collateral received and delivered in derivative transactions at December 31, were:

Counterparty	DIV	2021	2020
Active			
Banco Santander Central Hispano	EUR	212,415	212,415
Banco Bancomer México	USD	2,820,000	150,000
BBVA Madrid (1)	USD	160,702,891	134,273,819
Passive			
Morgan Stanley and Co Internacional	USD	(86,338,850)	(47,498,850)

(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 (CVA)

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. At a certain point in the 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.

Below is the change in measurement between 2020 and 2021; the change in reported CVA is mainly due to improvement in counterparty rating and a decrease in potential consumption, as well as decrease in Mark to Market (MtM).

In the case of DVA, this is mainly due to an improvement in counterparty rating and a decrease in potential consumption, as well as a decrease in MtM specifically with BBVA Madrid.

	Year	December-Amount-Millions	Max Mill.	Min Mill.	Avg Mill.
CVA	2020	21,920	28,153	6,099	16,211
	2021	11,667	22,199	10,077	13,544
DVA	2020	17,732	20,122	581	12,955
	2021	11,518	24,088	11,006	13,211

15. Financial Instruments - Hedging Derivatives

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 cash flow and fair value hedges to hedge the exchange risk and 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.

Transaction	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 111,840

Transaction	Nominal Value of Right	EA Right Rate	Nominal Value of Obligation	EA Obligation Rate	Right Value 2020	Obligation Value 2020	Other Comprehensive Income 2021
9217724	USD 40	9,98%	COP 129,200	4,88%	COP 168,924	COP 169,151	COP (227)
9315701	USD 40	10,64%	124,000	4,88%	168,924	165,870	3,054
9346154	USD 40	10,71%	117,600	4,88%	168,924	157,664	11,260
Total							COP 14,087

- 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.

Transaction	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

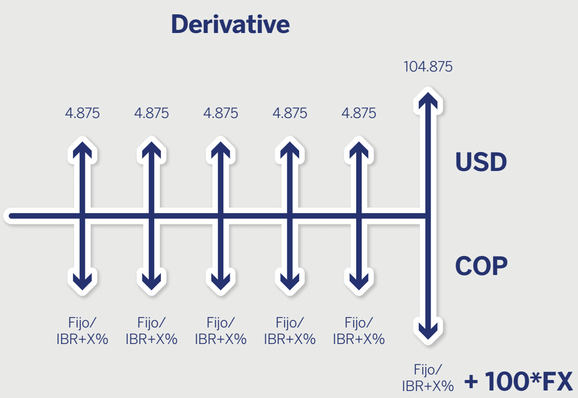
Transaction	Nominal Value of Right	EA Right Rate	Nominal Value of Obligation	EA Obligation Rate	Right Value 2020	Obligation Value 2020	Other Comprehensive Income2020
9217722	USD 70	4,88%	COP 226,100	IBR+3,19%	COP 295,618	COP 257,936	COP 37,682
9315699	USD 70	4,88%	217,000	IBR+3,57%	295,618	251,108	44,510
9346145	USD 70	4,88%	205,800	IBR+3,75%	295,618	239,744	55,874
Total							COP 138,066

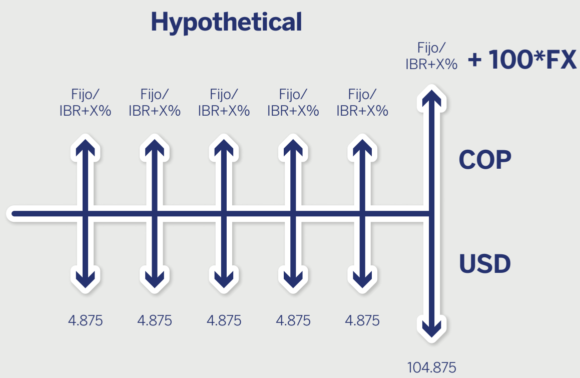
Measurement of Hedge Effectiveness

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, 2021 and 2020, the items of valuation and items of the cash flow hedging swap were recorded in Other Comprehensive Income (OCI) for COP 111,840 and COP

14,087, 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 2021 and 2020, is as follows:

Active hedging - CCS swap

The hedging transaction negotiated at the lowest rate recorded a positive valuation (Income); therefore, for this period there was recognition in the active part for COP 178,149 compared to the previous year.

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 active hedging						COP 330,529

At December 31, 2020

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 (886,853)	COP 748,787	COP 138,066	COP -	COP -
Cash flow		(337,849)	323,534	-	-	14,315
Total				COP 138,066	COP -	COP 14,315
Total active hedging						COP 152,381

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 -**

Passive hedging - CCS swap 2020

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		(168,924)	169,151	-	-	277
			Total	COP -	COP -	277
Total passive hedging						**COP 277**

In 2021, the value equivalent to the restatement of the cash flow hedge was COP 119,986 over USD 120 million. Due to fluctuations in the exchange rate during 2021, there is an 121.59% increase in OCI compared to 2020, which means a decrease in our interest obligation balance for the cash flow hedge transactions.

16. Accounts Receivable, Net

At December 31, the balance of this account is summarized as follows:

Item	2021	2020
Deposits for executive proceedings, collateral and others (1)	COP 820,771	COP638,607
Accounts transferred to ICETEX (2)	145,697	145,365
Inactive National Treasury Department accounts (3)	28,987	28,123
Fees	7,433	7,816
Securities depositories (4)	1	3,938
Securitization process (5)	7	2,822
Dividends and shares (6)	-	1,036
To employees (7)	160	89
To the parent company, Subsidiaries, related parties and associates (8)	-	52
Other (9)	260,971	191,358
Subtotal	**1,264,027**	**1,019,206**
Impairment of other accounts receivable	(26,790)	(22,118)
Total other accounts receivable, net	**COP 1,237,237**	**COP 997,088**

(1) The increase refers to Margin Calls of derivatives in foreign currency, where there is a significant variation in the closing rate for December 2020 of COP 3,432.50, and for December 2021 of COP 3,981.16, representing an increase of COP 548.66 per US dollar, generating an increase in operations of COP 182,164 for the year 2021.

(2) This item also includes Residential Lease Deposits, which decreased in their placement, generating a variation in 2021 of COP 30,478 (part of the variation of the total item of deposits for executive proceedings, collateral and others).

(3) 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 2021 is especially reflected in the transfer of Savings Accounts with an increase of 84% and Current Accounts with a variation of 16% in 2021. This item showed a total variation of COP 332.

(4) Increase due to the transfer of inactive accounts to the National Treasury Department (DTN, for the Spanish original), whose balance is less than 322 RVU and have been inactive for less than 36 months, in accordance with Decree 2331/1998. This item showed a total variation of COP 864.

(5) The decrease is due to the PAYDEN custodian that was pending in 2020, which was regularized on the first business day of 2021. This item showed a total variation of -COP 3,937.

The variation in the Securitization Process item is due to the full settlement of the residual rights of issues E9, E10, E11 and E12, with payment in kind in the month of November 2021 for COP 2,821. This item showed a total variation of -COP 2,815.

(6) These are Credibanco dividends and shares paid during the year COP 1,036. This was the total variation in this item between 2021 and 2020.

(7) There was an increase in accounts receivable in Bank Corporate Cards and an increase in employee advances. This item showed a total variation of COP 72.

(8) The variation is due to the payment of leases by the subsidiaries BBVA Seguros de Vida y Generales and Comercializadora Servicios Financieros and the payment of accounts receivable corporate social responsibility BBVA Seguros Generales. This item showed a total variation of -COP 52.

(9) The variation is due to the payment of the commission of National Guarantee Fund COVID-19 in the amount of COP 21,059, as well as a 55% increase in the amounts contracted in contract settlement transactions with the Counterparty Clearing House carried out in December 2021 for COP 75,990 and 23% in the account receivable for the settlement of derivative transactions at the end of 2021 for COP 155,793. This item showed a total variation of COP 69,613.

The movement of the accounts receivable protection provision account in the year ended December 31, 2021 was as follows:

Movements of Provision Accounts	2021	2020
Balance at the beginning of year	COP 22,118	COP 20,188
Provision charged to expenses in the year (1)	10,786	6,697
Transfer other items	105	48
Provision recovery (2)	(6,219)	(4,816)
Balance at year end	COP 26,790	COP 22,118

(1) The increase is due to provisions made for commercial leasing contracts that had an outstanding advance payment with a term of more than one year, which are not expected to be paid in the short term. This item ended with a provision in 2021 for COP 9,433.

(2) There is a recovery due to payment of a ruling of COP 2,240 by the Caja Agraria, which is under liquidation. The proceedings were carried out at the 46th Civil Court of the Bogotá Circle under filing number 110013103028200600466.

17. Non-current Assets Held for Sale

Non-current assets held for sale are mainly realizable assets received from the loan portfolio debtors, which the Bank intends to sell in the short term; there are departments, processes and programs in place 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	December 31, 2021	December 31, 2020
Realizable assets		
Real estate	COP 40,022	COP 41,340
Subtotal realizable assets	**40,022**	**41,340**
Assets restituted in lease agreements		
Real estate	14,697	12,636
Vehicles	725	234

Item	December 31, 2021	December 31, 2020
Machinery and equipment	259	15
Real estate given under residential leasing	28,956	24,249
Subtotal assets restituted in Lease Agreements	**44,637**	**37,134**
Assets not used for the corporate purpose		
Lands	3,641	58
Buildings	13,523	551
Furniture and fixtures	1,541	209
Subtotal assets not used for the corporate purpose	**18,705**	**818**
Trusts	7,175	7,175
Subtotal trusts	**7,175**	**7,175**
Subtotal realizable and restituted assets	**110,539**	**86,467**
Impairment of non-current assets held for sale		
Realizable assets	(24,057)	(17,733)
Assets restituted in lease agreements	(19,608)	(11,434)
Trusts	(6,401)	(5,416)
Furniture and fixtures	(1,541)	(209)
Subtotal impairment	**(51,607)**	**(34,792)**
Total realizable assets, assets received as payment and restituted assets, net	COP 58,932	COP 51,675

At December 31, 2021, the Bank had 282 Non-Current Assets Held for Sale amounting to COP 110,539 and an impairment of COP 51,607. At December 31, 2020, the Bank had 247 Non-Current Assets Held for Sale amounting to COP 86,467 and an impairment of COP 34,792.

Non-current assets held for sale over two years for the year 2021 and 2020 amounted to COP 44,015 and COP 16,229 respectively.

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	2021	2020
Balance at the beginning of year	COP 34,792	COP 26,694
Provision charged to expenses in the year	21,823	17,292
Transfers	(209)	(88)
Presentation adjustment	1,541	-
Less – Withdrawal for sales and recoveries	(6,340)	(9,106)
Balance at year end	**COP 51,607**	**COP 34,792**

The amounts, permanence time and provision level of non-current assets held-for-sale in the periods compared were:

Type of Asset	2021	2020	Permanence Time (1)	Provision	Permanence Time (1)	Provision
Real estate	COP 110.539	86,467	20	COP 51,607	15	COP 34,792
TOTAL	COP 110,539	COP 86,467		COP 51,607		COP 34,792

(1) Stated as average permanence time in months.

18. Property and Equipment

At December 31, the balance of this account is summarized as follows:

Item	Lands	Buildings (1)	Vehicles	Fixtures and Accessories (2)	Computers
Cost					
Balance at December 31, 2020	**COP 152,181**	**COP 647,261**	**COP 2,942**	**COP 278,607**	**COP 304,250**
Acquisitions	-	696	198	17,615	20,985
Additions	-	2,012	-	-	2,066
Sales	(5,281)	(23,554)	(1,976)	(88)	-
Withdrawals	-	-	-	(52,402)	(30,143)
Cost balance at December 31, 2021	**146,900**	**626,415**	**1,164**	**243,732**	**297,158**

Item	Lands	Buildings (1)	Vehicles	Fixtures and Accessories (2)	Computers
Depreciation and impairment losses					
Balance at December 31, 2020	**COP -**	**COP 224,939**	**COP 2,610**	**COP 194,871**	**COP 236,326**
Depreciation for the fiscal year	-	6,066	198	19,096	28,807
Derecognition of obsolete real estate	-	-	-	(52,192)	(21,934)
Sale of real estate	-	(7,008)	(1,976)	(86)	(8,209)
Impairment balance at December 31, 2021	**-**	**223,997**	**832**	**161,689**	**234,990**
Impairment	5,862	36,840	-	-	-
Carrying value at December 31, 2021	**COP 141,038**	**COP 365,578**	**COP 332**	**COP 82,043**	**COP 62,168**

Item	Machinery, Plant and Equipment in Assembly	Improvements to Assets under Lease	Constructions in Progress (1)	Total
Cost				
Balance at December 31, 2020	**COP 397**	**COP 17,503**	**COP 2,735**	**COP 1,405,876**
Acquisitions	-	-	-	39,494
Additions	5,264	765	2,088	12,195
Sales	-	-	-	(30,899)
Withdrawals	-	-	-	(82,545)
Accounting adjustments	(3,585)	(2,620)	(3,474)	(9,679)
Saldo costo a 31 de diciembre de 2021	**2,076**	**15,648**	**1,349**	**1,334,442**

Item	Machinery, Plant and Equipment in Assembly	Improvements to Assets under Lease	Constructions in Progress (1)	Total
Depreciation and impairment losses				
Balance at December 31, 2020	**COP -**	**COP -**	**COP -**	**COP 658,746**
Depreciation for the fiscal year	-	-	-	54,167
Derecognition of obsolete real estate	-	-	-	(74,126)
Sale of real estate	-	-	-	(17,279)
Impairment balance at December 31, 2021	**-**	**-**	**-**	**621,508**
Impairment	-	-	-	42,702
Carrying value at December 31, 2021	**COP 2,076**	**COP 15,648**	**COP 1,349**	**COP 670,232**

(1) For the year 2021, there was a decrease in Buildings of COP 20,846, accounting for the sale thereof; due to the COVID-19 pandemic, the number of offices decreased.

(2) There is a COP 34,874 decrease in Fixtures and Accessories, corresponding mainly to the Bank's withdrawals to make optimal adjustments for the execution of the processes, considering the health emergency caused by COVID-19.

Item	Lands	Buildings (1)	Vehicles	Fixtures and Accessories (2)	Computers
Cost					
Balance at December 31, 2019	**COP 152,193**	**COP 640,148**	**COP 2,942**	**COP 278,026**	**COP 281,050**
Acquisitions	-	-	-	12,995	29,338
Additions	-	7,228	-	-	1,387
Sales	(12)	(115)	-	(2,781)	-
Withdrawals	-	-	-	(9,633)	(7,525)
Accounting adjustments	-	-	-	-	-
Cost balance at December 31, 2020	**152,181**	**647,261**	**2,942**	**278,607**	**304,250**
Depreciation and impairment losses					
Saldo al 31 de diciembre de 2019	**COP -**	**COP 218,866**	**COP 2,610**	**COP 188,175**	**COP 214,015**
Depreciation for the fiscal year	-	6,107	-	18,027	29,835
Derecognition of obsolete real estate	-	-	-	(9,502)	(2,436)
Sale of real estate	-	(34)	-	(1,829)	(5,088)
Impairment balance at December 31, 2020	**-**	**224,939**	**2,610**	**194,871**	**236,326**
Impairment	6,227	40,577	-	-	-
Carrying value at December 31, 2020	**COP 145,954**	**COP 381,745**	**COP 332**	**COP 83,736**	**COP 67,924**

Item	Machinery, Plant and Equipment in Assembly	Improvements to Assets under Lease	Constructions in Progress (1)	Total
Cost				
Balance at December 31, 2019	**COP 548**	**COP 19,123**	**COP 7,563**	**COP 1,381,593**
Acquisitions	-	-	-	42,333
Additions	1,361	-	3,857	13,833
Sales	-	-	-	(2,908)
Withdrawals	-	-	-	(17,158)
Accounting adjustments	(1,512)	(1,620)	(8,685)	(11,817)
Cost balance at December 31, 2020	**397**	**17,503**	**2,735**	**1,405,876**
Depreciation and impairment losses				
Balance at December 31, 2019	**COP -**	**COP -**	**COP -**	**COP 623,666**
Depreciation for the fiscal year	-	-	-	53,969
Derecognition of obsolete real estate	-	-	-	(11,938)
Sale of real estate	-	-	-	(6,951)
Impairment balance at December 31, 2020	**-**	**-**	**-**	**658,746**
Impairment	-	-	-	46,804
Carrying value at December 31, 2020	**COP 397**	**COP 17,503**	**COP 2,735**	**COP 700,326**

(1) There is an increase in IT equipment in the amount of COP 23,200, corresponding to the investment made by the Bank to meet the needs of employees working at home by providing them with computers.

(2) In 2020, there was a decrease in the improvements of assets received under lease since the number of offices decreased due to the COVID-19 pandemic; and the construction works in progress in most of the Bank's buildings were activated.

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 valuation on the real estate, 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, 2021, appraisals were conducted on 2% of the Bank's real estate.

Appraisal Date	Number	Share %
2019	259	100%
2020	66	25%
2021	4	2%

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 asset 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 2021 and 2020 was COP 42,702 and COP 46,804, respectively. The decrease in impairment is mainly due to the reversal of impairment losses from the sale of buildings in 2021.

19. Intangible Assets

Intangible assets at December 31 are summarized as follows:

Item	2021	2020
Software and applications	COP 128,560	COP 111,299
Total intangible assets	COP 128,560	COP 111,299

The change in software and applications during the years 2021 and 2020 was as follows:

At December 31, 2021

Item	Useful Life	Balance at Dec 31, 2020	Addition	Amortization/ Withdrawal	Balance at Dec 31, 2021
Software and applications	5	COP 111,299	COP 48,695	COP (31,435)	COP 128,559
Total		COP 111,299	COP 48,695	COP (31,435)	COP 128,559

At December 31, 2020

Item	Useful Life	Balance at Dec 31, 2020	Addition	Amortization/ Withdrawal	Balance at Dec 31, 2021
Software and applications	5	COP 95,388	COP 42,857	COP 26,946	COP 111,299
Total		COP 95,388	COP 42,857	COP 26,946	COP 111,299

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The additions in 2021 correspond to payments made for Corporate Software development contracts, Mobile Banking and licenses in 2021.

Amortization for intangible assets for the years 2021 and 2020 was COP 31,435 and COP 26,946, respectively.

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. At the end of 2021, the assessment was carried out and it was determined which assets met the impairment condition; the corresponding impairments will be recorded in Q1 2022.

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.

20. Investments in Subsidiaries and Joint Ventures

The balance of the account at December 31 consisted of the following:

Item	2021	2020
Investments in subsidiaries	COP 141,688	COP 151,027
Investments in joint arrangements	179,686	149,740
Total investments in subsidiaries and joint arrangements	COP 321,374	COP 300,767

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 6.9% increase, represented by COP 20,607 in investments in subsidiaries and joint arrangements, mainly due to the profit distribution project for COP 40,714 for 2020, of which the most representative is BBVA Fiduciaria for COP 35,068. These dividends were previously agreed at each of the Shareholders' Meetings and the application of the equity method for 2021. 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: These are investments in equity instruments in controlled entities, consisting of the following at December 31, 2021 and December 2020, consisting 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 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 subsidiaries 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.

At December 31, 2021

Item	Domicilie	Capital	Equity Capital	Share Percentage	Carrying Value
Investments in subsidiaries:					COP 141,688
BBVA Asset Management S.A.	Bogotá	55,090	52,067	94.51%	102,559
BBVA Valores Colombia S.A. Comisionista de Bolsa	Bogotá	29,000	27,388	94.44%	39,129
Investments in Joint Arrangements:					COP 179,686
RCI Banque Colombia S.A.	Medellín	234,942	115,122	48.99%	179,686
Total investments in subsidiaries and joint arrangements					COP 321,374

Item	Solvency and Market Risk Rating	Assets	Liabilities	Profits and/ or Losses
Investments in subsidiaries:				
BBVA Asset Management S.A.	A	117,060	8,547	26,898
BBVA Valores Colombia S.A. Comisionista de Bolsa	A	43,777	2,345	1,483
Investments in Joint Arrangements:				
RCI Banque Colombia S.A.	A	2,841,497	2,474,791	68,562
Total investments in subsidiaries and joint arrangements				

At December 31, 2020

Item	Domicilie	Capital	Equity Capital	Share Percentage	Carrying Value
Investments in subsidiaries					COP 151,027
BBVA Asset Management S.A.	Bogotá	55,090	52,067	94.51%	112,787
BBVA Valores Colombia S.A. Comisionista de Bolsa	Bogotá	29,000	27,388	94.44%	38,240
Investments in Joint Arrangements:					COP 149,740
RCI Banque Colombia S.A.	Medellín	234,942	115,122	48.99%	149,740
Total investments in subsidiaries and joint arrangements					COP 300,767

Item	Solvency and Market Risk Rating	Assets	Liabilities	Profits and/ or Losses
Investments in subsidiaries:				
BBVA Asset Management S.A.	A	130,991	11,655	38,722
BBVA Valores Colombia S.A. Comisionista de Bolsa	A	42,175	1,684	1,011
Investments in Joint Arrangements:				
RCI Banque Colombia S.A.	A	2,364,720	2,059,129	30,114
Total investments in subsidiaries and joint arrangements				

21. Other Assets (Net)

The balance of the account at December 31 consisted of the following:

OTHER ASSETS	2021	2020
Letters of credit of deferred payment (1)	COP -	COP 536
Art and cultural assets	1,108	1,108
Sundries (2)	7,721	3,160
Subtotal	8,829	4,804
Impairment of other assets	(1,122)	(1,313)
Total other net assets	COP 7,707	COP 3,491

(1) This variation is the full payment of the deferred letter of credit in foreign currency by customers during the year to date.

(2) In sundries accounts, the most representative amounts are due to:

1. An increase in national and international exchange representation transactions and electronic deposit transactions, since the Bank has onboarded merchants with a high number of operations and transactions of foreign cardholders, thus generating an increase in invoicing.

2. New development in the securities transportation company due to the provisioning and collection of cash, arising from the closing of customer funds.

3. Transaction pending in cross-referencing for payment of investment through cashier's check.

22. Prepaid Expenses and Advances to Contracts and Suppliers

Prepaid expenses are summarized as follows:

Item	2021	2020
Prepaid expenses		
Corporate software maintenance	COP 29,893	COP 11,597
Insurance	3,912	1,869
Electronics	3,009	3,460
Others	324	407
Total prepaid expenses	37,138	17,333
Advances to contracts and suppliers		
Advances to contracts and suppliers (1)	139,803	62,440
Total advances to contracts and suppliers	139,803	62,440
Total prepaid expenses and advances to contracts and suppliers	COP 176,941	COP 79,773

(1) At December 31, 2021 the Bank had 241 advances totaling COP 139,803 and at the end of 2020, it had 101 advances amounting to COP 62,440; in 2021, a total of 92 contracts were paid in the amount of COP 53,741; 232 new contracts were generated for COP 129,206 and there are still 9 contracts for COP 19,292.

The movement of prepaid expenses during the years 2021 and 2020 was as follows:

Item	Balance 2020	Addition	Amortization/ Withdrawal	Balance 2021
Software maintenance	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
Data transmission	-	32,075	32,075	-
Others	407	19,565	19,648	324
Total	COP 17,333	COP 128,946	COP 109,141	COP 37,138

Item	Balance 2020	Addition	Amortization/ Withdrawal	Balance 2020
Software maintenance	COP 17,113	COP 37,691	COP (43,207)	COP 11,597
Insurance	1,587	8,133	(7,851)	1,869
Electronics	4,091	6,349	(6,980)	3,460
Data transmission	-	34,169	(34,169)	-
Others	585	18,179	(18,357)	407
Total	COP 23,376	COP 104,521	COP (110,564)	COP 17,333

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 2021 in Prepaid Expenses correspond to payments made as follows:

- Payments made to acquire global, multi-risk, life and vehicle insurance policies.
- Payments made for renewals of software maintenance and support, transfer prices and technical data storage services.

The withdrawals generated in 2021 correspond to amortizations generated during the year, received for services or whose costs or expenses are incurred.

8.23 Deposits and Current Liabilities

BBVA Colombia's passive portfolio at December 31, 2021 consisted of the following:

Item	2021	2020
Savings deposits	COP 30,148,156	COP 22,779,220
Deposits in checking accounts	9,299,355	8,632,106
Current liabilities for services	546,516	532,730
Special deposits	837,485	513,293
Special savings accounts	333,841	327,656
Single deposits	2,006	2,304
Canceled accounts	737	743

Item	2021	2020
Banks and correspondents	2,756	2,423
Electronic deposits	4,647	2,318
TOTAL DEPOSITS AND DEMAND CURRENT LIABILITIES	41,175,499	32,792,793
Certificates of deposit	18,011,495	19,183,673
Real value savings certificates	10,614	10,492
TOTAL DEPOSITS AND TERM CURRENT LIABILITIES	18,022,109	19,194,165
TOTAL DEPOSITS AND CURRENT LIABILITIES	COP 59,197,608	COP 51,986,958

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

	Local Currency	Foreign Currency	Total Currency
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			
Official 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

Below is a summary of deposits and current liabilities as of December 31, 2020:

	Local Currency	Foreign Currency	Total Currency
Checking account			
Official sector	COP 1,852,622	COP -	COP 1,852,622
Private sector	6,775,329	4,155	6,779,484
Total checking account	8,627,951	4,155	8,632,106
Single deposit			
Private sector	2,303	-	2,303
Total single deposit	2,303	-	2,303
CDT - COP			
Official sector	1,820,644	-	1,820,644
Private sector	17,363,029	-	17,363,029
Total CDT-COP	19,183,673	-	19,183,673
Savings deposits			
Deposits:			
Official sector	6,163,345	-	6,163,345
Private sector	16,615,875	-	16,615,875
Special savings:			
Private sector	327,656	-	327,656
Total savings deposits	23,106,876	-	23,106,876

	Local Currency	Foreign Currency	Total Currency
CDT– RVU			
Private sector	10,492	-	10,492
Total CDT-RVU	10,492	-	10,492
Other deposits			
Banks and correspondents	2,424	-	2,424
Special deposits	163,026	163,040	326,066
Tax collection	189,546	-	189,546
Banking services	453,366	79,363	532,729
Total other deposits	808,362	242,403	1,050,765
Others			
Canceled accounts	743	-	743
Total deposits and current liabilities	COP 51,740,400	COP 246,558	COP 51,986,958

- There was a significant increase of 32% in savings account deposits, corresponding to 13% for the public sector and 19% for the private sector.

- The increase in special deposits consists of Collateral with the counterparty Morgan Stanley for COP 343,729 million and collection with the agency and airline IATA for COP 83,414 million.

- There was an 8% increase in checking accounts compared to 2020, due to an 11% increase for the private sector, a 16% decrease for the public sector and a 3% increase in other segments.

- There was an 8% decrease in certificates of deposit, broken down into 7% for the public sector and 1% for the private sector.

24. Money Market and Simultaneous Transactions

At December 31, the balance of this account is summarized as follows:

Item	Rate	2021	Rate	2020
Ordinary interbank funds purchased:				
Banks	2.92%	COP 347,120	1.70%	COP 80,008
Total interbank funds purchased		**347,120**		**80,008**
Transfer commitments in closed repo transactions:				
Central Bank of Colombia	2.91%	2,167,417	1.26%	85,574
Comisionista de Bolsa		-	1.62%	38,558
Counterparty Clearing House	2.66%	606,513	1.68%	119,493
Total closed repo transactions		2,773,929		243,624
Commitments originated in short positions for simultaneous transactions				
Central Bank of Colombia		445,457		66,877
Banks		-		-
Insurance companies		19,700		-
Brokerage Firms		40,211		-

Item	Rate	2021	Rate	2020
Banks and financial corporations		4,575		-
Trust companies		-		9,984
Fund management companies		-		28,927
Foreign residents		66,107		76,929
Total commitments for simultaneous transactions		576,050		182,716
Total passive positions in money market transactions		COP 3,697,100		COP 506,348

In December 2021, ordinary purchased interbank funds of COP 347,120 were agreed at an average rate of 2.92% with a maturity of 1 day, while at December 2020, they were agreed at a rate of 1.70% with a maturity of 3 days.

In turn, at December 31, 2021, repo transactions were agreed with the Central Bank of Colombia at an average rate of 2.91%, with maturities between 1 and 3 calendar days, while at the end of December 2020, closed repo transactions were agreed with the Central Bank of Colombia at an average rate of 1.26% and a maturity between 3 and 8 calendar days.

Additionally, at December 31, 2021, there was a slight increase in repo transactions with the Counterparty Clearing House at an average rate of 2.66%, with maturities from 1 to 8 calendar days, while at December 31,2020, closed repo transactions were agreed with the Counterparty Clearing House at an average rate of 1.68% and a maturity between 4 and 7 calendar days.

There is a 630.15% increase amounting to COP 3,190,752, at the end of Q4 2021 with a liquidity requirement that had to be covered by overnight repos, particularly with the Central Bank of Colombia. The opposite was the case at the end of 2020, when there was no need to contract repos due to the Bank's timely liquidity. Transaction costs were in line with estimates for liquidity coverage needs.

25. Bank Credits and Other Financial Obligations

At December 31, the balance of this account is summarized as follows:

Item	2021	2020
Foreign currency		
Bancoldex S.A.	COP 114,787	COP -
Wells Fargo Bank N.A.	199,289	-
The Toronto Dominion Bank	59,769	-
Bank Of Nova Scotia	231,064	191,872
Banco Itau Uruguay Sa	-	68,658
Banco Del Estado De Chile-Chile	-	102,981
Total foreign currency	604,909	363,511

ITEM	2021	2020
Legal currency		
Financiera de Desarrollo Territorial - FINDETER	1,048,112	1,087,903
Banco de Comercio Exterior S.A. - BANCOLDEX	387,865	296,829
Fondo para el Fomento del Sector Agropecuario - FINAGRO	527,923	453,938
International Finance Corporation IFC	405,357	404,745
Total legal currency	2,369,257	2,243,415
Total Bank credits and other financial obligations	COP 2,974,166	COP 2,606,926

The increase between 2021 and 2020 of the funds obtained in foreign currency is due to financing with Bancoldex for approximately USD 82 million, which increased by more than 50% in the portfolio from 5 transactions in 2020 to 15 transactions at present.

Foreign-currency denominated financial obligations were contracted to maintain the Bank's liquidity and were acquired without collateral. The rate on foreign currency obligations averaged LIBOR + 032% for short-term obligations with a maturity of up to 1 year as of December 31, 2021. 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 contracted.

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 the customers.

The classification bases for the temporality of financing are:

Foreign Currency			Local Currency		
No.	Category	Tiempo	No.	Category	Tiempo
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, 2021

		Capital			
	Interest	Short-term	Medium-term	Long-term	Total
Bancoldex S.A.	COP 229	COP 98,634	COP 15,924	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 588,117	COP 15,924	COP -	COP 604,909

December 31, 2020

	Interest	Capital			Total
		Short-term	Medium-term	Long-term	
Bank Of Nova Scotia	COP 308	COP 191,564	COP -	COP -	COP 191,872
Banco Itau Uruguay Sa	8	68,650	-	-	68,658
Banco Del Estado De Chile-Chile	6	102,975	-	-	102,981
Total	COP 322	COP 363,189	COP -	COP -	COP 363,511

The breakdown by term in legal currency is as follows:

Legal currency obligations

December 31, 2021

	Interest	Capital			Total
		Short-term	Medium-term	Long-term	
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

December 31, 2020

		Capital			
	Interest	Short-term	Medium-term	Long-term	Total
Financiera de Desarrollo Territorial - FINDETER	COP 1,299	COP 16,308	COP 76,741	COP 993,555	COP 1,087,903
Banco de Comercio Exterior S.A. – BANCOLDEX	652	28,010	184,390	83,777	296,829
Fondo para el Fomento del Sector Agropecuario – FINAGRO	3,160	53,391	181,891	215,496	453,938
International Finance Corporation IFC	1,422	-	-	403,323	404,745
Total	COP 6,533	COP 97,709	COP 443,022	COP 1,696,151	COP 2,243,415

By the end of 2021, there was an increase in portfolio placement with rediscount funds compared to the end of the previous year, mainly through Bancoldex due to the lines offered to support those affected by the pandemic and the economic reactivation of this sector and the excellent commercial strategies proposed and carried out by the network of offices.

In compliance with IAS 07 Paragraphs 44a and 44c, the reconciliation of cash flow financing activities is disclosed.

	Note	Bank Credits and Others 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, 2021		COP 2,606,926	COP 2,304,263	COP 89,779	COP 651,950	COP 122,608	COP 723,168	COP 3,408,311	$ 506	$ 9,907,511
Changes in financing cash flows										
Payment of loans and other financial liabilities		(4,431,607)	(138,317)							(4,569,924)
Collection of loans and other financial liabilities		4,656,562	-							4,656,562
Dividends and coupons paid on equity instruments			-	-				(229,321)		(229,321)
Other cash inflows (outflows)			(136,493)					234,978		98,485
Total changes in cash flow from financing		224,955	(274,810)	-	-	-	(229,321)	234,978	-	(44,198)
Effect of changes in foreign currency exchange rates		140,979	356,335							497,314

	Note	Bank Credits and Others 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
Changes in fair value										-
Other changes										-
Interest expenses		77,287	138,317				-			215,604
Interest payment		(75,981)	(135,574)							(211,555)
Total other changes related to liabilities		1,306	2,743	-	-	-		-	-	4,049
Total other changes related to equity		-				30,189	655,069	65		685,323
Balances as of December 31, 2021		COP 2,974,166	COP 2,388,531	COP 89,779	COP 651,950	COP 152,797	COP 1,148,916	$3,643,354	$ 506	$11,049,999

26. Accounts Payable

At December 31, the balance of this account is summarized as follows:

Item	2021	2020
Suppliers (1)	COP 169,036	COP 175,616
Labor contributions	5,406	5,393
Fogafín deposit insurance (2)	98,842	79,769
Dividends and surplus	89,536	83,879
Seizure management	2,963	3,826
National Law 546/1999	42,475	38,303
Non-bank Colpensiones agreements payroll (3)	-	12,075
Loan transaction surplus and others	50,509	39,522
Uncollected checks	23,749	25,613
Intended purchasers (4)	27,150	35,228
Costs and expenses payable	1,421	6,286
Settlement of National Treasury Department transfer Decree 2331/98	258	421
Settlement and offsetting of POS Counterparty Clearing House (5)	65,429	90,034

Item	2021	2020
Collection of fees and VAT payable to the Fondo Nacional de Garantías	4,459	2,517
Miles for points (6)	-	6,268
Visa and MasterCard advertising campaigns	1,074	938
Commissions and fees	1,414	707
Transfer of check disbursements from other markets (7)	10,598	10,540
Other accounts payable (8)	115,127	93,440
Total accounts payable	709,446	COP 710,375

(1) Vendor payments due mainly for advertising, security, leasing and technology.

(2) Amount to be transferred to Fogafín for deposit insurance, which is calculated monthly but paid quarterly. The balance at 2021 consists of the payment of the last two quarters.

(3) The cancellation is due to the automation of the Colpensiones payroll payment process.

(4) This item is due to an increase in the additional charges for residential leasing, pending a request for orders to proceed with disbursements.

(5) The variation is due to the decrease in the values contracted in contract settlement transactions with the Counterparty Clearing House carried out on December 30, 2021.

(6) The cancellation is due to the termination of the Life Miles Agreement and the transfer of points to miles.

(7) This entry is due to the increase in loans pending disbursement, which are accounted for by the formalization center so that the corresponding checks can be drawn by the Office Network. At the end of 2021, the balance of this item amounted to COP 10,598.

(8) Other accounts payable include withholdings for VAT, ICA and withholding at the source.

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.

27. Derivative Financial Instruments and (Liability) Cash Transactions

For this class of financial instrument, the difference in valuation between previous GAAP and the IFRS is the incorporation of the credit risk in each transaction, which is known as the CVA and DVA (credit or debit value adjustments), as applicable.

The financial instruments traded by BBVA are classified as assets or liabilities (see Note 28) according to their results.

At December 31, the balance of this account classified as liabilities is summarized as follows:

	Notional Value		Carrying Value	
Forward Contracts	**2021**	**2020**	**2021**	**2020**
Compra sobre divisas				
Rights	COP 7,613,981	COP 20,604,642	COP (7,526,148)	COP (19,232,629)
Obligations	-	-	7,592,887	20,424,225
Sale on foreign currency				
Rights	31,091,237	3,420,303	(30,680,948)	(3,409,202)
Obligations	-	-	31,809,210	3,423,456
Sale on securities				
Less credit risk	-	-	(415)	(334)
Total forward contracts	**38,705,218**	**24,024,945**	**1,194,586**	**1,205,516**

	Notional Value		Carrying Value	
Forward Contracts	**2021**	**2020**	**2021**	**2020**
Purchase on foreign currency				
Rights	97,274	-	(96,522)	-
Obligations	-	-	97,255	-
Sale on foreign currency				
Rights	-	-	-	(71,425)
Obligations	-	-	-	71,519
Purchase on securities				
Rights	33,676	-	(37,490)	-
Obligations	-	-	37,512	-
Sales on securities				
Rights	29,417	17,251	(26,898)	(19,374)
Obligations	-	-	26,931	19,414
Total cash transactions	160,367	17,251	788	134

	Notional Value		Carrying Value	
Options	**2021**	**2020**	**2021**	**2020**
Options on foreign currencies issued - Put:				
Obligations	-	-	206,178	101,289
Sale - Put	206,178	101,289	2,517	5,001
Options on foreign currencies issued - Call:				

Obligations	-	-	179,598	329,165
Sales - Call	179,598	329,165	5,348	378
Less CVA credit risk	-	-	(2)	-
Total fair exchange price	385,776	430,454	7,863	5,379
	Notional Value		**Carrying Value**	
Swaps	**2021**	**2020**	**2021**	**2020**
On interest rates:				
Rights	63,530,898	60,739,922	(4,964,320)	(3,176,646)
Obligations	-	-	6,246,325	5,550,050
Rights	6,487,950	4,810,086	(6,370,594)	(4,680,359)
Obligations	-	-	7,351,237	5,220,287
Less CVA credit risk	-	-	(11,102)	(17,398)
Total Swaps	70,018,848	65,550,008	2,251,546	2,895,934
Total cash transactions and derivatives	COP 109,270,209	COP 90,022,658	COP 3,454,783	COP 4,106,963

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 covered with IBR swaps, which grew in 2021; also, several local offshore customers have sought hedges which can be seen in the growth in the position of all the Bank's derivatives.

Counterparty	2021	2020
BBVA Madrid Tesorería (1)	10,914	9,321
GPC TUGS S.A.	-	1,418
Total	COP 10,914	COP 10,739

(1) The value with BBVA Madrid Tesorería includes BBVA Madrid and BBVA Madrid Clearing Broker

28. Outstanding Investment Securities

At December 31, the balance of this account is summarized as follows:

	2021			2020		
Item	Subordinated Bonds	Ordinary Bonds	Total	Subordinated Bonds	Ordinary Bonds	Total
Capital	COP 2,363,464	COP -	COP 2,363,464	COP 2,250,000	COP -	COP 2,250,000
Interest	20,095	-	20,095	15,821	-	15,821
Costs and valuation	4,972	-	4,972	38,442	-	38,442
Total	COP 2,388,531	COP -	COP 2,388,531	COP 2,304,263	COP -	COP 2,304,263

The first issuance of Series G - 2009 subordinated bonds amounting to COP 364,000 was made on September 19, 2011 with a redemption term between 10 and 15 years, at CPI + 4.45% for 10 years, and of CPI + 4.70% for 15 years. 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 return 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 return 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 return of 4.875%.

The issuance prospects 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 settlement, 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 buy-back 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 (FOGAFÍN, 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 (FOGAFÍN).

- 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 2,000,000	15	IPC+4.70%	TV	COP 156,000	19/9/2011	19/9/2026
Subordinated 2013		10	IPC+3.60%	TV	200,000	19/2/2013	19/2/2023
		15	IPC+3.89%	TV	165,000	19/2/2013	19/2/2028
		15	IPC+4.38%	TV	90,000	26/11/2014	26/11/2029
Subordinated 2014		20	IPC+4.50%	TV	160,000	26/11/2014	26/11/2034
Subordinated in USD 2015	USD 500	10	4.88%	SV	USD 400	21/4/2015	21/4/2025
Total bonds COP	**COP 2,000,000**				**COP 771,000**		
Total bonds USD	**USD 500**				**USD 400**		

29. Other Liabilities

At December 31, the balance of this account is summarized as follows:

Item	2021	2020
Overdue principal and interest CD (1)	COP 132,141	COP 87,790
Loans and CC subject to collection (2)	30,461	43,424
Deferred partial payments	4,259	5,214
Balances to apply to obligations (3)	22,480	7,091
Network clearance	10,108	9,791
Unearned income (4)	24,395	5,081

Item	2021	2020
Network transaction surplus (5)	73,421	61,781
Letters of credit of deferred payment (6)	-	535
Ascredibanco international purchases	9,734	7,818
Credit balances in foreign currency	1,992	1,142
Surpluses in exchange	37	37
Other liabilities	30,371	23,440
Total other liabilities	COP 339,399	COP 253,144

(1) CD securities were paid mainly through the ALCO in the last month of the year to different customers in significant amounts.

(2) The variation between 2021 and 2020 was driven by payments made by checks except for those subject to collection for transactions with cards, swap transactions and CD constitution transactions for the purpose of an obligation, displaying normal variation in line with the behavior of each customer.

(3) At the end of 2021, there were balances pending application in lease transactions and additional payments for contracts with financing other than 100%, due to the increase in pre-settled transactions on the last day of closing for disbursement.

(4) The increase in the last year was due to prepaid income with ZURICH COLOMBIA SEGUROS SA.

(5) The increase is mainly due to surpluses in cash, swaps and cards with a balance in favor.

(6) In December 2021, COMERCIALIZADORA INDUCASCOS SAS paid the last deferred payment letter of credit in foreign currency.

30. Estimated Liabilities and Provisions

The Bank records provision liabilities based on the concept of experts from the Legal, Labor Relations and Tax Consultancy departments, 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:

- Likely: They are recorded and disclosed.
- Remote: They are not recorded or disclosed.

At December 31, the balance of this account is summarized as follows:

Item	2021	2020
Expenses for invoices pending payment (1)	COP 63,753	COP 42,282
Lawsuits due to breach of contracts (2)	51,890	75,627
FOGAFIN contingencies	8,587	8,652
Provision for fines and penalties (3)	3,533	3,133
Labor lawsuits	14,362	14,604
Fines and penalties other administrative authorities	922	1,207
Commission sales force (CF, for the Spanish original)	1,152	1,552
Other personnel expenses	6	1,809
IFRS 16 disassembly costs (4)	8,607	8,412
Other (5)	77,075	66,647
Total estimated liabilities and provisions	COP 229,887	COP 223,925

(1) This is the estimated provision for supplier invoices received and pending payment at the end of each accounting period.

(2) Corresponds to the provisions recorded by civil proceedings that are currently underway against the Bank.

(3) These are the provisions recorded for the inspection processes underway against the Bank. In addition, it paid the penalty applied by Unión de Gestión de Pensión y Parafiscales (UGPP) for the adjustments of contributions with retroactive application, since the UGPP's stance was the only one validated and it could not be rebutted. It is important to mention that the change in the interpretation of the standards gave rise to the issue, and it was not considered an error before that.

(4) In compliance with the implementation of IFRS 16, in accordance with the corresponding regulations (Decree 2170/2017, amended by Exclusive Decree 2420/2015 and Resolution 033/2018 of the Colombian General Accounting Office (CGN, for the Spanish original), a provision is made in disassembly costs, whose value is given by the expert opinion of the architects, for each lease contract.

(5) These are provisions accounted mainly for: Fees on electronic services for credit and debit card holders (ACH, CENITH, SOIN and PSE, Banking support), gift mortgage and insurance payment, insurance premium fee to BBVA.

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)
Withdrawal	(34,015)	-	(34,015)
Closing balance	COP 67,174	COP 162,713	COP 229,887

At December 31, 2020, the movements of estimated liabilities were as follows:

Item	Proceedings	Others	Total
Initial balance	COP 89,728	COP 153,474	COP 243,202
Increase	2,902	29,582	32,484
Income	1,559	-	1,559
Payment	(1,538)	(50,569)	(52,107)
Withdrawal	(925)	-	(925)
Decrease	(288)	-	(288)
Closing balance	COP 91,438	COP 132,487	COP 223,925

Legal Contingencies

The Bank is involved in eight hundred and ninety-two (892) legal proceedings of a civil, criminal, administrative, tax and labor nature, derived from the normal course of its activity and businesses for an approximate value of COP 411,603.

Provisions have been created for legal contingencies in the amount of COP 67,174. In addition, for the processes guaranteed by Fogafín, there is a coverage between 85% and 95% of the net economic effect, in accordance with the contingencies contract terms granted by the Fund as part of the privatization process of Banco Granahorrar.

In the opinion of Management, after consulting with its internal and external legal advisors, these proceedings would not reasonably have an adverse material effect on the Bank's financial condition or on the results of its operations and they are adequately rated and provisioned. The main proceedings currently underway against the Entity are as follows:

Civil Proceedings

a. Declaratory action of Servientrega: They are requesting that BBVA Colombia, BBVA Fiduciaria, BBVA Valores, BAC International Bank INC and Fenalco be ordered to pay due to facts related to Banco de Caldas (BNC). The claims amount to COP 74,940. On February 3, 2020, the Bogotá Court ruled in favor of the Bank in connection with the claims filed by Servientrega. The proceedings continue due to the counterclaim filed by the Bank against Servientrega and the claims filed by Servientrega against Fenalco which held the Bank as an impleader. The appeal for annulment filed before the Supreme Court resulted in the second-instance ruling in favor of the Bank. The contingency is classified as remote.

b. Executory proceedings of IFI vs. Corfigan: This claim is for the collection of the settlement of a contract in which Corfigan was involved in joint venture. There are executory proceedings underway against the Bank that ordered payment of COP 6,409 with interest since 1999, in which an adverse first-instance ruling was issued and annulment proceedings were brought by the Bank in the Bolivar Court in which the annulment of the contract was declared by the first instance, only to be revoked by the Council of State. The Bank filed a lawsuit with claims for direct reparation for judicial error against the Nation - Judicial Branch - and Fiducoldex. There is a provision of COP 42,513 for this contingency. The contingency is classified as probable.

c. Declaratory action of Protección Agrícola S.A. (PROTAG S.A.): A request was made to declare that the plaintiff, as the integrator for several banks to grant association loans to small-scale producers, was acting as a simple agent, and not in the capacity of a debtor and, therefore, is claiming the refund of the amount paid with damages for COP 155,000 against all defendants, including BBVA at 3%. The demurrer proposed by the Bank was accepted regarding the lack of jurisdiction and ordered the dismissal of the lawsuit and the referral of the file to the Superintendence of Corporations.

   To resolve the conflict of jurisdiction that had arisen, the Superior Court of Bogotá declared that this action was to be heard by the 50th Civil Court of the Bogotá Circuit. The contingency is classified as remote.

d. Declaratory action of Sandra Patricia Galvis and others. A lawsuit was filed due to defective properties in the project of "Ciudadela Paseo Real de Soacha," built by the Provisoc construction company and financed by Granahorrar. The contingency is valued at COP 6,000 and is classified as remote, without provision, and guaranteed by Fogafín. Pending ruling in the first instance.

e. Class actions and group actions: There are several lawsuits filed by BBVA or Granahorrar customers or users regarding mortgage and other types of loans, termination of executory proceedings, revision of rates, fees, impairment of property provided as collateral, interest on mortgage loans and credit cards. These undetermined-amount proceedings have been classified as a "remote" contingency, with no rulings against the Entity.

Labor Proceedings

At the end of December 2021, Banco BBVA had a total of 156 labor proceedings totaling COP 19,697 (million for which there are provisions for 108 proceedings in the amount of COP 14,362). The main reasons for the lawsuits are payments of pension-related contributions, reinstatements, salaried employment, damages for alleged unfair dismissals, disputes regarding the legal nature of the conventional vacation and seniority bonuses. These processes are adequately provisioned as per legal standards, the procedures set forth by the Bank, and the guidelines of the Financial Superintendence of Colombia. 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.

Tax Proceedings

The Bank is currently engaged in eighteen (18) tax proceedings through administrative channelsand in the administrative jurisdiction with estimated claims amounting to COP 1,019. The provisions amount to COP 922, which correspond to the class action proceedings for withholding tax on financial transactions and proceedings regarding regional taxes for property, public lighting, untimely provision of information and tax collection proceedings. The probability of execution of these proceedings is high, so the corresponding provisions have been made considering their classification and characteristics.

Others

Banco BBVA has provision for a total of COP 162,713 for items such as: audit processes, provision for supplier payments, provision for personnel expenses; and others such as: fees for electronic services for credit and debit card holders (ACH, CENITH, SOIN and PSE, banking support), gift mortgage and insurance payments, insurance premium fee.

31. Labor Liabilities

The details of the component of short-term labor liabilities at December 31, 2021 and 2020 are as follows:

Item	2021	2020
Severance pay	COP 14,411	COP 14,394
Interest on severance pay	1,681	1,718
Vacations	36,051	34,617
Current provisions for employee benefits	76,919	56,259
Other benefits	18,505	15,164
Total short-term benefits	147,567	122,152

Non-current provisions for employee benefits	2021	2020
Seniority bonus	49,917	55,484
Seniority-based vacation Bonus	2,750	2,931
Retirement pension actuarial calculation	43,546	54,776
Retirement plan premium	1,954	2,373
Total long-term benefits	98,167	115,564
Total labor liabilities	COP 245,734	COP 237,716

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 with the time worked.

The Bank also grants an additional vacation period (15 days) to employees who have been with the Bank for 30, 35 or 40 years, in recognition of their stability. 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 2021, the fixed amount is equivalent to COP 2,040,858.

Item	2021	2020
Liabilities for benefits at the beginning of the 2021 and 2020 period	COP 55,484	COP 57,890
1- Cost of services	6,192	6,275
2- Cost of interest	3,304	3,418
3- Cash flow	(9,299)	(10,514)
Adjustment for experience	(413)	(252)
Adjustment for change in financial assumptions	(5,351)	(1,333)
Liabilities at the end of the 2021 and 2020 period	COP 49,917	COP 55,484

Reconciliation

Item	2021	2020
Balance at December 31, 2021 and 2020	COP 55,484	COP 57,890
Payment of seniority bonus	(9,299)	(10,992)
Expense for seniority bonus benefit	6,192	6,275
Financial cost of seniority bonus	3,304	3,418
Other transfer of funds	-	478
Change in demographic variables	(5,764)	(1,585)
Liabilities at the end of the 2021 and 2020 period	COP 49,917	COP 55,484

Actuarial calculation of retirement plan premium:

The Bank carried out the actuarial valuation at December 31, 2021 and 2020 for the retirement plan premium commitment made by BBVA with its pensioned and active participants. The following are the details of the actuarial calculation and the results of the study at December 31, 2021 and 2020:

Item	2021	2020
Liabilities for benefits at the beginning of the 2021 and 2020 period	COP 2,373	COP 2,464
1- Cost of services	128	133
2- Cost of interest	148	154
3- Cash flow	(28)	(327)
Adjustment for experience	(331)	59
Adjustment for change in financial assumptions	(336)	(109)
Transfer	-	(1)
Liabilities at the end of the 2021 and 2020 period	COP 1,954	COP 2,373

Reconciliation

Item	2021	2020
Balance at December 31, 2021 and 2020	COP 2,373	COP 2,464
Actuarial calculation adjustment by hypothesis	(667)	(50)
Actuarial calculation adjustment debited to expenses	276	287
Transfer (1)	(28)	(328)
Liabilities at the end of the 2021 and 2020 period	COP 1,954	COP 2,373

(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 year.

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 monthly payment. This is the payment of 15 days in June and 15 days in December.

- One funeral benefit for a total of COP 3,041,428 upon the death of the retiree and COP 714,007 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 144,788 per year in the case of natural death and COP 27,495 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 144,788.

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.

Survivors' pensions: Survivors' pensions 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 IS**S: 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 assessment 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	2021	2020
Balance at December 31, 2021 and 2020	COP 54,776	COP 58,193
Payment of seniority bonus	(4,260)	(4,314)
Expense for seniority bonus benefit	3,421	3,631
Financial cost of seniority bonus	(10,391)	(2,734)
Liabilities at the end of the 2021 and 2020 period	COP 43,546	COP 54,776

Sensitivity of the actuarial calculation

2021 Disclosure and 2022 Expense	Pensions	Additional Benefits	Retirement bonus	Seniority bonus	Vacation bonus	Comments
Refund obligation at year end						
Ref. Obl. at year end due to a 25 bp increase	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. Obl. at year end due to a 25 bp decrease	43,537	883	1,986	50,459	2,791	
Long-term inflation rate (CPI)						
Ref. Obl. at year end due to a 25 bp increase	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. Obl. at year end due to a 25 bp decrease	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 valuation 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, 2021 and the determination of cost for the 2022 fiscal year
Discount rate	8.75%
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)

Economic and Demographic Hypotheses	For the financing situation at December 31, 2021 and the determination of cost for the 2022 fiscal year
Disability	Active employee disability table - Banking Superintendence Resolution 0585/1994
Turnover	BBVA turnover table based on age, adjusted to 90%

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 3.91%.
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 46,180	COP 43,547

32. Income Tax and Deferred Tax

32.1 Components of the Income Tax Expense

The income tax expense for the years 2021 and 2020 is made up of the following:

Item	2021	2020
Current income tax	COP 447,359	COP 381,512
Deferred tax	(28,220)	(150,118)
Tax position provision	5,000	-
Income tax of previous years	891	(4,596)
Total income tax	COP 425,030	COP 226,798

32.2 Reconciliation of the Tax Rate in Accordance with Tax Provisions and the Effective Rate:

The current tax provisions applicable to the Bank stipulate that in Colombia:

- According to Social Investment Law 2155/2021, the income tax rate for legal entities from 2020 to 2025 will be 35%. Additionally, financial institutions are required to add 3 additional percentage points, for an overall income tax rate of 38%.

- The income tax rate for 2021 is 31% plus 3 additional points for a surtax applicable to financial entities; for 2020, the income tax rate was 32%. In addition, an additional 4% income tax applies to financial institutions with taxable income greater than or equal to 120,000 Tax Value Units (UVTs, for the Spanish original) during the period.

- In 2020, the minimum presumed income for determining income tax was 0.5% of net worth on the last day of the preceding tax year. Presumed income for 2021 was reduced to 0% by the Economic Growth Law 2010/2019.

- Starting in 2017, tax losses can be offset against ordinary taxable income obtained in the following 12 tax years.

- Excess presumptive income can be offset in the following 5 tax years.

- Through the Economic Growth Law (Law 2010/2019), the income tax returns of taxpayers who report or offset tax losses or are subject to the transfer pricing regime, will become final in 5 years.

- The capital gains tax rate is 10%.

- 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 2021 and 2020, respectively, and the tax expense actually recognized in the Statement of Income.

	2021		2020	
Profit before Taxes from Continuing Operations	Relación %	COP 1,320,272	Ratio %	COP 696,648
Income tax expense calculated at 34% for the year 2021 and 36% for the year 2020	34.00%	448,892	36.00%	250,793
Dividends received that are not taxable income	(0.40%)	(5,246)	(0.67%)	(4,702)
Exempt income	(1,70%)	(22,435)	(3.53%)	(24,583)
Gain from valuation using the equity method	(1,64%)	(21,716)	(3.53%)	(19,316)
Other non-taxable income	(1,24%)	(16,357)	(2.77%)	(8,300)
Other non-deductible expenses	2,57%	33,910	0,0%	-
Non-deductible taxes	1,84%	24,304	2.92%	20,358
Rate difference effect of deferred tax vs. nominal rate	(1,44%)	(19,069)	1.93%	13,457
Fines, penalties and other non-deductible expenses	0,44%	5,764	3.04%	21,199
Retirement pensions and social security expenses	0,0%	-	0.29%	1,997
Income tax of previous years	0,07%	891	(0.66%)	(4,596)

	2021		2020	
Profit before taxes from continuing operations	Ratio %	COP 1,320,272	Ratio%	COP 696,648
Tax position provision	0,38%	5,000	0,0%	-
Tax credits	(1,31%)	(17,275)	(3.04%)	(21,169)
Others	(0,63%)	8,363	0.24%	1,660
Income tax expense recognized in the statement of income (related to continuing operations)	**32.19%**	**COP 425,030**	**32.56%**	**COP 226,798**

32.3 Current Tax Assets and Liabilities

Item	2021	2020
Income tax payable	(151,253)	(17,541)
Total	COP (151,253)	COP (17,541)

32.4 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, 2021 and 2020 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, 2021 and 2020:

Item	2021	2020
Deferred tax asset	353,595	319,008
Deferred tax liability	(183,270)	(179,029)
Total	COP 170,325	COP 139,979

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

2021	Opening Balance	Recognized in the Income Statement	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Closing Balance
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

Year ended December 31, 2020

2020	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	15,935	-	(3,571)	-	12,364
Net investment hedges	-	151,368	-	-	151,368
Repos, simultaneous transactions and temporary security transfers	560	(560)	-	-	-
Property, plant and equipment	39,731	(3,537)	-	385	36,579
Intangible assets	1,015	281	-	-	1,296
Provisions	31,659	5,250	-	-	36,909
Defined benefit liabilities	24,094	(8,547)	-	-	15,547
Restatement of assets and liabilities in FC	54,667	(2,461)	-	-	52,206
Leases	2,715	1,707	-	-	4,422
Industry and commerce tax	-	8,040	-	-	8,040
Others	-	274	-	-	274
Total deferred tax asset	170,376	151,815	(3,571)	385	319,007
Deferred tax liability related to:					
Net investment hedges	(1,493)	1,493	-	-	-

2020	Opening Balance	Recognized in the Income Statement	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Closing Balance
Investments in shares	(22,691)	(1,358)	361	-	(23,688)
Property, plant and equipment	(121,685)	2,964	-	-	(118,721)
Repos, simultaneous transactions and temporary security transfers	-	(41)	-	-	(41)
On assets available-for-sale	(23,669)	(924)	(4,300)	-	(28,893)
Subordinated bonds issuance costs	(2,157)	503	-	-	(1,654)
Others	(1,695)	(4,334)	-	-	(6,029)
Total deferred tax liability	(173,390)	(1,697)	(3,939)	-	(179,026)
Net deferred tax	COP (3,014)	COP 150,118	COP (7,510)	COP 385	COP 139,979

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.

32.4 Deferred taxes of subsidiaries and joint operations

At December 31, 2021 and 2020, the Bank has not recorded deferred tax liabilities related to temporary differences of its investments in Subsidiaries, as it has the power to control the reversion of these temporary differences, and it does not plan to reverse them in the near future (exception of IAS 12).

If this deferred tax liability had been recognized, the difference would amount to COP 26,830 and COP 40,481 at December 31, 2021 and 2020, respectively.

32.4.2 Effect of Current and Deferred Taxes on each Component of Other Comprehensive Income under Equity

The effects of current and deferred taxes on each component of other comprehensive income are detailed below:

Component	Movement at December 31, 2021			Movement at December 31, 2020		
	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 (1,093)	COP -	COP (1,093)	COP 274	COP -	COP 274
Share in other comprehensive income of non-controlled entities	33,776	(4,062)	29,714	(1,031)	361	(670)
Defined benefit liabilities	15,268	-	15,268	2,427	-	2,427
Items that may be subsequently reclassified to the statement of income for the period						
Financial assets available-for-sale	(50,549)	16,024	(34,525)	16,367	(4,300)	12,067
Cash flow hedges	31,243	(10,418)	20,825	7,900	(3,571)	4,329
TOTAL	COP 28,645	COP 1,544	COP 30,189	COP 25,937	COP (7,510)	COP 18,427

32.5. Transfer Prices

In compliance with the provisions of Laws 788/2002, 863/2003, 1607/2012 and 1819/2016, regulated by Decree 2120/2017, the Bank has prepared a transfer price study on the transactions carried out with related parties abroad during the 2020 tax year. The study did not give rise to any adjustments that would affect the Bank's taxable income, expenses or tax expense.

Although the transfer price study for the year 2021 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 involving the recording of additional provisions on this account.

33. 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, 2021 and 2020, 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.

34. Reserves

At December 31, the balance of this account is summarized as follows:

Item	2021	2020
Legal reserve	COP 3,642,821	COP 3,407,778
Occasional reserves:		
Available to the Board of Directors	1	1
To protect investments	532	532
Total reservas	COP 3,643,354	COP 3,408,311

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.

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	2021	2020
Net income from previous year, 2020 and 2019	COP 469,850	COP 549,312
Outstanding preferred shares (units)	479,760,000	479,760,000
Dividends per preferred share (Colombian pesos)	16,32 por acción	25,66 por acción
Total dividends declared for preferred shares	7,830	12,310
Ordinary shares outstanding (units)	13,907,929,071	13,907,929,071
Dividends per ordinary share (Colombian pesos)	16,32 por acción	25,66 por acción
Total dividends declared for ordinary shares	226,977	356,877
Dividends declared at December 31, 2020 and 2019	234,807	369,188
Dividends payable at December 31, 2020 and 2019	COP 89,536	COP 83,878
Basic earnings per ordinary and preferred share:		
Net earnings attributable to shareholders	COP 895,242	COP 469,850
Average number of shares outstanding	14,387,689,071	14,387,689,071
Basic earnings per share (*)	62	33
Diluted earnings per share (*)	62	33

Preferred and ordinary dividends of the 2020 period were paid in cash in two (2) equal installments on June 10 and October 14, 2021.

Preferred and ordinary dividends of the 2019 period were paid in cash in two (2) equal installments on June 11 and October 08, 2020.

Restrictions on dividend payments

According to Decree 4766/December 14, 2011, 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.

35. Earnings per Share

Basic and diluted earnings per share are calculated in accordance with the criteria set forth in IAS 33.

Item	2021	2020
Basic earnings per ordinary and preferred share:		
Net earnings attributable to shareholders	COP 895,242	COP 469,850
Average number of shares outstanding	14,387,689,071	14,387,689,071
Basic earnings per share (*)	62	33
Diluted earnings per share (*)	62	33

(*) Values in Colombian pesos

During the years ended December 31, 2021 and 2020, 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.

36. Other Comprehensive Income (OCI)

The details on the movements in Other Comprehensive Income for the years ended on December 31, 2021 and 2020, respectively, are as follows:

ITEM	2021	Movements During the Fiscal Year	2020
Earnings on investments in equity instruments, before taxes	COP 4,565	COP (1,093)	COP 5,658
Actuarial gains (losses) on defined benefit plans, before taxes	11,058	15,268	(4,210)
Gains from non-controlled interests	137,420	33,776	103,644
Total Other Comprehensive Income that will not be reclassified to the period's profit or loss, before taxes	**153,043**	**47,951**	**105,092**
Gains from remeasurement of financial assets available-for-sale, before taxes	42,596	(52,157)	94,753
Reclassification adjustments, financial assets available-for-sale, before taxes	(13,542)	1,608	(15,150)
Cash flow hedge losses, before taxes	(5,124)	31,243	(36,367)
Total Other Comprehensive Income that will be reclassified to the period's profit or loss, before taxes	**23,930**	**(19,306)**	**43,236**
Total Other Comprehensive Income, before taxes	**176,973**	**28,645**	**148,328**
Income tax related to investments in equity instruments in Other Comprehensive Income	(15,084)	(4,062)	(11,022)

ITEM	2021	Movements During the Fiscal Year	2020
Cumulative income taxes related to components of Other Comprehensive Income that will not be reclassified to the period's profit or loss	**(15,084)**	**(4,062)**	**(11,022)**
Income tax related to financial assets available-for-sale in Other Comprehensive Income	(11,038)	16,024	(27,062)
Income tax related to cash flow hedges in Other Comprehensive Income	1,946	(10,418)	12,364
Cumulative income tax related to components of Other Comprehensive Income that will be reclassified to the period's profit or loss	**(9,092)**	**5,606**	**(14,698)**
TOTAL OTHER COMPREHENSIVE INCOME	COP 152,797	COP 30,189	COP 122,608

The following were the changes in investments in equity securities before taxes at December 31, 2021:

ITEM	2021	2020	Variation
BBVA Fiduciaria (OCI valuation)	COP 275	COP 857	COP (582)
BBVA Valores (OCI valuation)	3,554	4,065	(511)
RCI Banque Colombia	736	736	-
Total	COP 4,565	COP 5,658	COP (1,093)

Movement of valuation of equity instruments carried under OCI:

Item	2021	2020	Variation
Credibanco	COP 110,983	COP 112,366	COP (1,383)
Bolsa de Valores de Colombia	43,811	52,706	(8,895)
FINAGRO	92,227	95,310	(3,083)
Redeban	30,993	31,173	(180)
ACH Colombia	96,480	50,276	46,204
Central Clearing House	2,449	1,336	1,113
Total	COP 376,943	COP 343,167	COP 33,776

The variation of COP 52,157 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 2021.

The movement of COP 1,608 for adjustment from reclassifications of financial assets available-for-sale, the most noteworthy of which is the sale of the security TUVT10100321 in the amount of COP 760 and TCO364090321 for COP 779, of the National Treasury Department, which were held at December 2020.

The following were the movements of cash flow hedges:

Date	Valuation	Accrued Interest	Exchange Difference	Variations
December 2021	111,840	3,021	(119,985)	
December 2020	14,087	3,692	(54,146)	
Total	COP 97,753	COP (671)	COP (65,839)	COP 31,243

37. Legal Controls

In the years 2021 and 2020, the Bank complied with all regulations related to legal controls established 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, which became effective in January 2021. This process was completed with submission as of June 2020 to the SFC 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 2020 stood at 9.625%, and at year-end 2021 at 10.25%, within the adjustment period provided for in the regulations.

At December 31, 2021 and 2020, the Bank's technical equity represented 13.76% and 14.72%, respectively, of its assets and credit-risk-related contingencies calculated based on the non-Consolidated Financial Statements.

38. Financial Reporting and Control Disclosure Accounts

As part of its ordinary course of business, the Bank had the following contingent liabilities and commitments at December 31, 2021 and 2020, recognized in memorandum accounts:

Item	2021	2020
Contingent debit accounts		
Loan portfolio interest	COP 355,163	COP 360,939
Finance lease interest	8,948	12,548
Monetary adjustment loan portfolio	4,142	3,504
Lease installments receivable	1,861,113	1,868,661
Purchase options receivable	64,264	73,692
Others	385,776	430,453
Total contingent debit accounts	2,679,405	2,749,797
Memorandum debit accounts		
Assets and securities delivered in escrow	3,413,596	4,448,732
Assets and securities delivered as collateral	2,976,512	244,236
Written-off assets	2,173,767	2,129,308
Provision for individuals in bankruptcy proceedings	1,905	1,905
Others	516,259,764	440,119,989
Total contingent debit accounts	524,825,543	446,944,170

Item	2021	2020
Contingent credit accounts		
Loans approved but not disbursed	1,131,063	784,486
Opening of credits	5,072,602	4,578,901
Others	5,474,093	4,479,816
Total contingent credit accounts	11,677,758	9,843,203
Memorandum credit accounts		
Assets and securities received in escrow	15,737	14,451
Assets and securities received as collateral	105,738,188	100,846,124
Consumer loan rating	22,323,065	20,345,460
Commercial loan rating	20,868,911	17,457,323
Micro-credit rating	2	346
Lease transaction rating	1,615,689	1,665,178
Mortgage rating	13,826,595	13,027,486
Others	102,323,214	76,730,879
Securities received in simultaneous transactions	606,351	395,097
Total memorandum credit accounts	COP 267,317,752	COP 230,482,344

39. Commitments and Contingencies

During the normal course of business, the Bank issues financial instruments that are recognized in contingent accounts. The Bank's 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, 2020, the Bank recognized the following balances:

Item	2021	2020
Endorsements	COP 878	COP 21,029
Bank guarantees	2,015,166	2,080,051
Total endorsements and Bank guarantees LC	COP 2,016,044	COP 2,101,080

In foreign currency (stated in millions of foreign currency)

December 31, 2021

Item	USD	EUR
Bank guarantees	451	31
Letters of Credit (LC)	46	4

Item	USD	EUR
Total in foreign currency	497	35
Exchange rates (applied on cutoff date)	3,981	4,511
Total in Colombian pesos	1,978,755	155,782

In foreign currency (stated in millions of foreign currency)

December 31, 2020

Item	USD	EUR
Bank guarantees	265	33
Letters of Credit (LC)	32	7
Total in foreign currency	297	40
Exchange rates (applied on cutoff date)	3,433	4,222
Total in Colombian pesos	1,020,036	168,886

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., a provision would be recognized based on the parameters established by IAS 37-Provisions, Contingent Liabilities and Contingent Assets, by applying the following decision tree:

DECISION TREE BREAKDOWN - ITEMS TO ASSESS TO DEFINE CRITERIA	
CONTINGENT LIABILITY - 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?

The Risk Department was requested the rating of customers who, at December 30, 2021, 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 2021.

b. A rating was assigned to identifications that do not have active credit transactions.

The rating is assigned by the analysis of a set of qualitative and quantitative variables established in models, which are analyzed by the Bank's Tools Department; these variables assign a final weight to each customer in order to establish and define the overall 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 in the five levels established by Notice 100.

Bank guarantees in local currency (stated in COP millions) The rating of the

The rating of the information at December 31, 2021 is as follows:

Rating	COP	Percentage
A	878	100%
Total in Colombian pesos	878	100%

The rating of the information at December 31, 2020 is as follows:

Rating	COP	Percentage
A	21,029	100%
Total in Colombian pesos	$ 21,029	100%

Bank Guarantees in foreign currency (stated in millions of foreign currency)

The rating of the information at December 31, 2021 is as follows:

Rating	USD	EUR	Percentage
A	450	31	99.87%
D	0.22	0	0.05%
NR	0.36	0.04	0.08%
Total in foreign currency	451	31	
Exchange rates (applied on cutoff date)	**3,981.16**	**4,511.05**	**19**
Total in COP	1,794,280	138,919	100%

Bank guarantees in foreign currency (stated in millions of foreign currency)

The rating of the information at December 31, 2020 is as follows:

Rating	USD	EUR	Percentage
A	263	33	99.47%
D	0.22	-	0.07%
E	0.9	-	0.29%
NR	0.51	-	0.17%
Total in foreign currency	265	33	
Exchange rates (applied on cutoff date)	**3,432.50**	**4,222.15**	**2**8
Total in COP	910,029	139,604	100%

Letters of credit in foreign currency (stated in millions of foreign currency)

The rating of the information at December 31, 2021 is as follows:

Rating	USD	EUR	Percentage
A	45.47	3.74	98.28%
E	0.87	0	1.72%
Total in foreign currency	46.3	3.7	
Exchange rates (applied on cutoff date)	3,981	4,511	
Total in COP	184,474	16,863	100%

The rating of the information at December 31, 2020 is as follows:

Rating	USD	EUR	Percentage
A	30	-	92.43%
E	2	-	6.81%
Total in foreign currency	32	-	
Exchange rates (applied on cutoff date)	**3,433**	**4,222**	
Total in COP	110,012	844	100%

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 2021, 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 local currency do not pose any level of risk, as their economic Group rating is "A".
- 98.28% of the letters of credit issued for the quarter in question have the highest rating, which is an A rating.
- Of the total Guarantees issued in foreign currency, over 99.87% are for customers who are rated in category A, followed by 0.05%, or one customer, rated in category C within this group, as follows:

Velnec S.A., as was the case in the second quarter, its rating is B. Currently, its most important lines of business are: consulting, project structuring and oversight or audit of infrastructure projects.

This company has several projects such as MetroCali, Ositran and others awarded by INVIAS, with potential customers such as Aeronáutica Civil, and projection in the market through contracts such as the administration of the Puerta de Hierro road in Magangué.

In accordance with the revised bases, at the end of 2021, 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. The guarantees created in the name of Velnec SA., despite being classified as category B, only account for a total of USD 223,600, which when compared to the account total (0.05%) is not significant, and therefore, no impairment is recognized.

40. Interest Revenues

Revenues from ordinary activities for the years ended December 31, 2021 and 2020 consist of the following:

INTEREST REVENUES	2021	2020
Commercial loan portfolio (1)		
Commercial loans	COP 722,486	COP 956,404
Overdrafts commercial loans	4,557	6,993
Commercial loan portfolio discount operations	3,010	4,051
Commercial loan portfolio rediscount operations	73,513	76,342
Commercial portfolio late payment interest	16,912	17,542
Total commercial loan portfolio	820,478	1,061,332
Consumer loan portfolio (2)		
Consumer loans	2,085,173	2,249,184

INTEREST REVENUES	2021	2020
Consumer loan overdrafts	358	592
Consumer loan portfolio late charge interest	32,040	30,867
Total consumer loan portfolio	2,117,571	2,280,643
Credit card loan portfolio		
Commercial credit card loan portfolio	4,451	4,658
Consumer credit card portfolio	399,854	386,180
Total credit card loan portfolio	404,305	390,838
Mortgage loan portfolio (3)		
Mortgage loans and residential leases	816,634	851,472
Late charge interest on mortgage and residential leasing loans	16,744	9,703
Readjustment of the real value unit (UVR)	25,228	12,979
Total mortgage loan portfolio	858,606	874,154
Factoring transactions loan portfolio (4)		
Factoring transactions	32,681	35,399
Total factoring transactions portfolio	32,681	35,399
Operating lease loan portfolio		
Operating lease rates	-	676
Profit on sale of assets in operating leases	-	683
Total operating lease loan portfolio	-	1,359
Finance lease portfolio (5)		
Penalties for breach of finance lease agreements	2,711	3,247
Financial component of finance leases - consumer	224	214
Financial component of finance leases - commercial	98,476	129,901
Total finance leasing loan portfolio	101,411	133,362

INTEREST REVENUES	2021	2020
Residential lease portfolio (6)		
Financial component of residential lease	311,870	276,637
Total residential lease portfolio	311,870	276,637
TOTAL INTEREST REVENUES	4,646,922	5,053,724
INTEREST EXPENSES		
Savings deposits (7)	277,430	524,799
Certificates of deposit (8)	1,018,915	1,268,426
Readjustment of the real value unit (UVR)	517	170
Bank credits and financial obligations (9)	85,606	105,681
Other interest	842	-
TOTAL INTEREST EXPENSES	1,383,310	1,899,076
TOTAL INTEREST REVENUES, NET	COP 3,263,612	COP 3,154,648

(1) Interest income from the commercial portfolio decreased by COP 240,854, mainly due to lower interest on commercial loans by -COP 98,973; agro-industrial loans by -COP 42,995; Leases by -COP 32,793 and International Trade by -COP 18,774.

(2) Consumer loan revenues decreased by COP 163,072; of this total, -COP 230,293 is due to a rate reduction of 153 Bp, offset by an increase in balances for COP 963,311, which produced a positive impact of COP 67,221.

(3) Mortgage loans decreased by COP 15,548, due to a rate reduction of 60 Bp.

(4) Revenues from Discounting and Factoring/Confirming operations decreased by COP 2,718, mainly due to a rate reduction of 189 Bp.

(5) Finance leases decreased by COP 31,951 due to a 183 Bp rate reduction and a COP 41,613 decrease in average balances.

(6) Residential leases generated higher revenue of COP 35,233 due to a volume increase of COP 563,190 in average balances.

(7) Interest expenses on savings accounts decreased by COP 247,369 due to a rate reduction of 99 Bp.

(8) Interest expenses on term certificates of deposit (CDs) decreased by COP 249,511, due to a COP 2,994,872 reduction in volume, which led to a decrease in expenses of COP 173,980 and a rate reduction of 37 Bp, which produced a decrease of COP 75,531.

(9) The interest expenses of Banks and Financial Obligations are directly related to the variation in Rediscounting rates, which in 2021 was -94 Bp.

Consumer and commercial loans increased, even though interest rates decreased as a result of a substantial rate reduction by the Central Bank of Colombia during the COVID-19 crisis. Due to this, during most of 2021 we had the lowest rates in Colombia's history.

41. Non-interest Revenues

For the years ended December 31, 2021 and 2020, the balances of these accounts are summarized as follows:

Item	2021	2020
Fees		
Fee revenues	586,756	495,642
Fee expenses	(440,493)	(351,682)
Total fees	146,263	143,960
Securities		
Money market transactions		
Financial income from money market transactions and other interest	44,327	71,183
Valuation of short positions for open repo and simultaneous transactions and temporary security transfers (1)	147,513	180,147
Valuation of spot transactions	3,311	324

Item	2021	2020
Investments at fair value		
Valuation of debt instruments at fair value (2)	470,782	728,261
Investments at amortized cost		
Valuation of investments at amortized cost	224,089	157,230
By equity method	63,870	53,656
Total securities	953,892	1,190,801
Derivatives		
Speculation derivatives (3)	20,454,645	25,508,493
Total derivatives	20,454,645	25,508,493
Disposals		
Sale of non-current assets held-for-sale	2,399	1,096
Sale of property and equipment	3	-
Sale of investments	168,142	133,238
Total disposals	170,544	134,334
Total operating income	21,725,344	26,977,588
Equity shares		-
Net exchange difference (4)	**483,261**	**(203,853)**
Other operating revenues		
Sale of checkbooks	8,630	8,035
VISA financing payment	14,394	12,377
Dividends	17,143	14,512

Item	2021	2020
Operational risk	44,104	2,869
Reversal of allowances	3,792	3,792
SWIFT messages	3,555	2,862
Leases	2,207	2,554
Payment of the regional VISA agreement	13,131	6,662
Sale of cash	426	650
Advertising agency discounts	11,971	7,896
Commercial information for customers	362	357
Other revenue	72,448	30,663
Total other operating revenues	192,163	93,229
Total other revenue other than interests	COP 22,400,768	COP 26,866,964

Revenues other than interest decreased by -COP 4,466,196, with the following breakdown:

(1) Short money market operations decreased compared to the previous year, and any increase depends on the business strategy in place at the trading desk at the time the balance is assessed. In 2021, there was a reduction of -COP 32,634, equivalent to 1% of the total change.

(2) The most significant variation was in TES issued and guaranteed by the Nation, with a -COP 257,479 reduction in 2021, equivalent to a 6% overall decrease.

(3) Speculation Derivatives are from the settlement of currency futures transactions, which deceased by COP 5,053,848 in 2021 compared to 2020, equivalent to 113%. The decrease of this item was mainly due to the loss of rights on Peso/Dollar forwards and futures.

(4) In December, the exchange rate increased substantially to COP 3,981.16 (Peso/Dollar), which enabled realizing financial assets, leading to an increase in the Bank's proprietary position by COP 687,114, equivalent to 15%.

42. Non-interest Expenses

For the years ended December 31, 2021 and 2020, the balances of these accounts are summarized as follows:

Item	2021	2020
Securities		
Money market transactions		
Financial income from money market transactions and other interest	COP 156,399	COP 161,726
Valuation of short positions for open repo and simultaneous transactions, and temporary security transfers (1)	121,497	216,146
Valuation of spot transactions	868	136
Investments at fair value		
Valuation of debt instruments at fair value	495,798	477,152
Investments at amortized cost		
Valuation of investments at amortized cost	56,268	38,317
Total securities	830,830	893,477
Derivatives		
Speculation derivatives (2)	20,577,777	25,072,970
Hedging derivatives	17,347	17,224
Total derivatives	20,595,124	25,090,194
Disposals		
Sale of non-current assets held-for-sale	685	2,226
Sale of property and equipment	61	-
Sale of investments	131,249	126,475
Portfolio sales	9,334	12,372
Total disposals	141,329	141,073
Other operating expenses		
Employee salaries and benefits	648,650	618,502

Item	2021	2020
Fees	37,637	31,623
Statutory Audit fees	3,025	3,028
Depreciation of property and equipment	80,670	85,185
Amortization of intangible assets	33,784	29,624
Taxes	107,081	108,228
Leases	6,099	5,929
Insurance	206,721	177,665
Contributions and memberships	18,028	18,254
Maintenance, improvements and repairs	111,765	107,804
Operational risk	23,130	31,207
Penalties and sanctions, lawsuits, damages	16,953	5,339
Temporary services	77,860	67,021
Advertising	20,786	18,288
Public relations	919	885
Utilities	29,311	26,341
Electronic data processing	121,476	105,346
Travel expenses	2,531	3,485
Transportation	39,920	36,175
Office supplies and stationery	4,257	4,737
Miscellaneous administrative expenses	12,168	14,505
Miscellaneous administrative expenses of products	31,163	32,793
Gasto plantilla externa	3,849	7,985
Queries with credit bureaus and repositories	9,792	8,811
Loyalty incentive and customer cost	8,945	5,672

Item	2021	2020
Asset product formalization cost	1,339	2,116
Costs on MEP	9,208	7,375
Filing and custody	7,620	7,641
IT developments and support	12,152	13,151
Corporate responsibility	4,683	7,384
Customer loyalty	583	36,856
Cost of deposits	-	73
TES UVR update 546	4,172	2,324
ROF costs	5,860	-
Digital sales	3,189	2,655
Other - Miscellaneous	92,744	65,356
Total other operating expenses	1,798,070	1,699,363
TOTAL EXPENSES OTHER THAN INTEREST	COP 23,365,353	COP 27,824,107

Expenses other than interest decreased by -COP 4,458,754, with the following breakdown:

(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 2021, there was a COP 94,649 reduction, equivalent to a 2% overall change.

(2) Speculation Derivatives are for the settlement of losses in foreign currency future transactions that reflect a reduction between 2020 and 2021 of COP 4,495,193, equivalent to 101%. This item also reflects the loss of rights in Peso/Dollar forward transactions and the transfer of the reversal in January 2021 of their valuation at the cut-off date of December 31, 2020.

Other expenses increased by COP 125,228, equivalent to 3% of the total change. Luptis et aut labo.

43. Transactions with Related Parties

Controlling Entity and Main Controlling Entity

As the Group's main controlling entity, Banco Bilbao Vizcaya Argentaria holds a 95.43% equity stake in BBVA Colombia, and its transactions are disclosed below as shareholders with shares of more than 10% of the Company.

Recognition of Relationship with Related Parties

Individuals Related to the Entity

BBVA Colombia recognizes as related parties the members of the Board of Directors and the registered agents and/or key management personnel that have a significant influence over the organization's decision-making.

Subsidiaries

BBVA Colombia holds a 94.44% equity interest in BBVA Valores Comisionista de Bolsa S.A., whose main activity is securities brokerage. It also holds a 94.51% equity interest in BBVA Asset Management Fiduciaria S.A., whose economic activity consists of trust management activities. These activities are carried out at the General Office of Banco BBVA based at Cra 9 No. 72-21 on the 6th and 7th floors in Bogotá D.C.

Joint ventures

In July 2015, Compañía de Financiamiento RCI Colombia was incorporated in a joint arrangement with RCI Banque, owned by the Renault Group. 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 in the business of selling general or damage insurance products; and BBVA Seguros de Vida, which only sells life insurance. Considering that BBVA Group holds 99.95% of their shares, 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 a related party, since it is a partner responsible for facilitating customers access to some of the products and services of BBVA Colombia.

BBVA Seguros Colombia has a significant share of its shareholding structure.

This same group includes Telefónica Factoring Colombia, S.A., Opplus Operaciones y Servicios S.A., Fideicomiso de Administración Redetrans, Fideicomiso Horizontes Villa Campestre and Fideicomiso Lote 6.1 Zaragoza.

Other related parties abroad

BBVA Colombia recognizes as economically related parties the companies that are part of the Business Group or those over which it has significant influence, directly or indirectly. The following are recognized in this group: BBVA Bancomer, Banco Continental, S.A, Banco Provincial S.A, BBVA Banco Francés S.A, BBVA Suiza S.A., BBVA Securities and Aplica Tecnología Avanzada S.A.

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 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	2021	2020
Short-term employee benefits	COP 9,059	COP 23,632
Post-employment benefits	-	88
Share-based payment	577	1,224
Remuneration of key management personnel	8,859	273
	COP 18,495	COP 25,217

In addition to the remunerations mentioned above, key management personnel and Board members claimed travel expenses for 2021 in the amount of COP 220 and COP 116 for 2020, which they paid using corporate cards.

Board members received compensation for fees and attendance of board meetings in the amount of COP 311 for 2021 and COP 611 for 2020.

Transactions Recognized with Shareholders Who Hold a Share of More Than 10% in the Company

For comparative effects, at December 2021, BBVA Colombia had a balance of COP 1,259,186 in correspondent banks of BBVA Madrid, as well as recognition of Accounts Receivable for COP 155,659 and accounts payable for COP 53,620, arising from the settlement of derivative trades, and a Margin Call in the amount of COP 639,784 in favor of BBVA

Madrid. Additionally, BBVA Colombia has recognized revenues for COP 2,222 in fees, and expenses for COP 66,225 for technology transfer, and lastly, in derivative trades, a Mark to Market (MTM) was recognized in the Asset portion for COP 958,365, and in the Liability portion for COP 2,015,268.

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	2021	2020
Bank Guarantees in domestic currency	COP 431,964	COP 427,209
Bank Guarantees in foreign currency	164,647	279,139
Letters of credit in foreign currency	8,795	896
	COP 605,406	**COP 707,244**

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, 2021:

		Subsidiary Companies		Joint Ventures
Year 2021	Shareholders with Over 10% of Shares	BBVA Valores	BBVA Fiduciaria	RCI COLOMBIA
Assets:				
Loan portfolio and interest	COP -	COP -	COP -	COP 742,003
Investments	-	39,129	102,559	198,796
Derivatives and spot transactions	2,292,973	-	-	-
Banks and other financial entities	1,259,186	-	-	-
Accounts receivable	155,659	1	29	4,768
Deposits as collateral	639,784	-	-	-
Non-current assets held-for-sale	-	-	-	-
Other assets	-	-	-	-
Total	4,347,602	39,130	102,588	945,567
Liabilities:				
Deposits (savings and checking accounts)	-	15,617	16,055	75,533
Outstanding investment securities	-	-	-	-
Derivatives and spot transactions	3,027,008	-	-	-

		Subsidiary Companies		Joint Ventures
Year 2021	Shareholders with Over 10% of Shares	BBVA Valores	BBVA Fiduciaria	RCI COLOMBIA
Accounts payable	53,620	119	16	1
Total	3,080,628	15,736	16,071	75,534
Revenue:				
Dividends from the equity method	-	1,400	25,422	37,047
Interest and/or return on investments	405	-	-	35,769
Fees	1,817	-	230	37
Leases	-	-	130	-
Total	2,222	1,400	25,782	72,853
Expenses:				
Interest	134	98	159	483
Fees	4,770	-	-	-
Employee benefits	-	-	-	-
Insurance	-	-	-	-
Other expenses	-	-	-	2,531
Advisory and consultancy fees	-	-	-	-
Corporate application services	61,321	-	-	-
Total	66,225	98	159	3,014
Contingent commitments and obligations	555,159	-	-	-
Call and put purchase commitments	-	-	-	-
Total	COP 555,159	COP -	COP -	COP -

			Other companies of the BBVA Group that are not subsidiaries of BBVA Colombia			
Year 2021	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 278	COP 3,737	COP -	COP 2	COP 3	COP -
Inversiones	-	-	-	-	-	-
Derivatives and spot transactions	-	-	-	-	-	6,051
Banks and other financial entities	-	-	-	-	-	228
Accounts receivable	-	-	-	-	58	-
Deposits as collateral	-	-	-	-	-	11,227
Prepaid expenses	-	-	2,897	-	-	-
Non-current assets held-for-sale	-	-	-	-	13,576	-
Other assets	-	-	-	-	-	-
Total	278	3,737	2,897	2	13,637	17,506
Liabilities:						
Deposits (Savings - Checking and CDs)	50	1,941	49,606	120,170	29,924	-
Outstanding investment securities		-	-	17,089	-	-
Derivatives and spot transactions		-	-	-	-	14,318
Accounts payable	-	-	6	263	943	1,075
Total	50	1,941	49,612	137,522	30,867	15,393

			Other companies of the BBVA Group that are not subsidiaries of BBVA Colombia			
Year 2021	Board Members	Registered Agents and Key Management Personnel	BBVA Seguros	BBVA Seguros de Vida	Other Domestic Related Parties	Other Related Parties Abroad
Revenue:						
Dividends from the equity method	-	-	-	-	-	-
Interest and/or return on investments	13	255	-	-	20	29
Fees	2	16	25,405	83,124	43	522
Leases	-	-	16	64	1,201	-
Total	15	271	25,421	83,188	1,264	551
Expenses:						
Interest	3	203	157	4,040	118	1
Fees	-	21	-	-	168,336	9,555
Employee benefits	-	576,933	-	-	-	-
Insurance	-	-	9,291	-	-	-
Other expenses	-	220	-	2	945	-
Advisory and consultancy fees	346	121	-	-	6,830	-
Corporate application services	-	-	-	-	5,475	83,724
Total	349	577,498	9,448	4,042	181,704	93,280
Contingent commitments and obligations	-	-	-	-	-	50,247
Call and put purchase commitments	-	-	-	-	-	180,498
Total	COP -	COP -	COP -	COP -	COP -	COP 230,745

BBVA
Creating Opportunities

The following are the details of transactions with related parties at December 31, 2020:

		Subsidiary Companies		Joint Ventures
Year 2020	Shareholders with over 10% of shares	BBVA Valores	BBVA Fiduciaria	RCI COLOMBIA
Assets:				
Loan portfolio and interest	COP -	COP -	COP -	COP 552,005
Investments	-	38,240	112,787	149,740
Derivatives and spot transactions	2,896,383	-	-	-
Banks and other financial entities	66,914	-	-	-
Accounts receivable	119,411	4	92	2,138
Deposits as collateral	460,895	-	-	-
Prepaid expenses	-	-	-	-
Total	3,543,603	38,244	112,879	703,883
Deposits (savings and checking accounts)	-	7,846	27,512	50,322
Outstanding investment securities	-	-	-	-
Derivatives and spot transactions	3,425,634	-	-	-
Accounts payable	39,880	-	-	-
Total	3,465,514	7,846	27,512	50,322
Revenue:				
Dividends from the equity method	-	954	36,597	16,104
Interest and/or return on investments	879	-	-	36,187
Fees	2,178	-	295	488

Leases	-	-	128	-
Total	3,057	954	37,020	52,779
Expenses:				
Interest	9	416	1,050	1,574
Fees	5,136	3,109	39	-
Employee benefits	-	-	-	-
Insurance	-	-	-	-
Other expenses	-	-	-	-
Advisory and consultancy fees	-	-	-	-
Corporate application services	41,611	-	40	-
Total	46,756	3,525	1,129	1,574
Contingent commitments and obligations	574,046	-	-	-
Call and put purchase commitments	10,545	-	-	-
Total	$ 584,591	$ -	$ -	$ -

Year 2020	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 39	COP 4,897	COP -	COP -	COP -	COP -
Investments	-	-	-	-	-	-
Derivatives and spot transactions	-	-	-	-	-	5,232
Banks and other financial entities	-	-	-	-	-	771

Year 2020	Board Members	Registered Agents and Key Management Personnel	BBVA Seguros	BBVA Seguros de Vida	Other Domestic Related Parties	Other Related Parties Abroad
Accounts receivable	-	-	-	-	-	7
Deposits as collateral	-	-	-	-	-	515
Prepaid expenses	-	-	1,396	-	-	-
Non-current assets held-for-sale	-	-	-	-	12,591	-
Other assets	-	-	-	-	-	-
Total	39	4,897	1,396	-	12,591	6,525
Liabilities:						
Deposits (Savings - Checking and CDs)	80	1,138	50,117	86,271	29,170	-
Outstanding investment securities	-	-	-	35,188	-	-
Derivatives and spot transactions	-	-	-	-	-	5,571
Accounts payable	-	-	-	24	-	-
Total	80	1,138	50,117	121,483	29,170	5,571
Revenue:						
Dividends from the equity method	-	-	-	-	-	-
Interest and/or return on investments	12	613	-	-	1,190	38
Fees	4	33	20,403	72,403	40	531
Leases	-	-	16	64	1,322	-
Total	16	646	20,419	72,467	2,552	569

Year 2020	Board Members	Registered Agents and Key Management Personnel	BBVA Seguros	BBVA Seguros de Vida	Other Domestic Related Parties	Other Related Parties Abroad
Expenses:						
Interest	3	466	1,060	9,950	67	23
Fees	5	59	-	-	113,832	6,153
Employee benefits	-	25,217	-	-	-	-
Insurance	-	-	9,264	104	-	-
Other expenses	32	116	-	-	844	-
Advisory and consultancy fees	702	-	-	-	-	-
Corporate application services	-	-	-	-	-	71,996
Total	742	25,858	10,324	10,054	114,743	78,172
Contingent commitments and obligations	-	-	-	-	-	133,198
Call and put purchase commitments	-	-	-	-	-	419,908
Total	COP -	COP -	COP -	COP -	COP -	COP 553,106

For comparative effects, it is disclosed that at December 31, 2021, BBVA recognizes its investments in subsidiaries using the equity method, as follows: BBVA Fiduciaria recognizes Deposits in Savings and/or Checking Accounts for COP 16,055 and in BBVA Valores for COP 15,617; additionally, at the reporting date, there is an Account Receivable for COP 30 for use of the network. In Income Statement Accounts, BBVA Colombia recognizes income from dividends for COP 26,822 and an expense for COP 257 arising from the accrual of interest for the deposit accounts.

For comparative effects, it is disclosed that at December 2021 BBVA recognized its equity interest in the RCI joint venture, with a Loan Portfolio of COP 746,771 and Deposits for COP 75,533, in addition to a gain by the equity method for COP 37,047. In Income Statement Accounts, BBVA Colombia recognized income for COP 35,806, arising from interest on the loan portfolio and expenses for COP 2,034 for interest accrued on deposit accounts. The contingent commitments recognized were due to credit limits granted on corporate credit cards for COP 152.

44. Market, Interest and Structural Risk Report

The exposure and management of the risk at December 2021 and 2020 was as follows:

Maximum Risk Exposure	2021	2020
Cash and cash equivalents	COP 8,314,581	COP 3,376,456
Financial assets held for trading	2,750,236	1,128,015
Financial assets available-for-sale	1,876,189	224,893
Investments held to maturity	2,092,811	2,082,345
Derivatives and hedge accounting	2,308,641	2,308,641
Consumer portfolio	22,330,191	20,140,022
Commercial loan portfolio	22,478,302	19,085,944
Mortgage portfolio	13,906,229	12,908,004
Credit investment	58,714,722	52,133,970
Loans approved but not disbursed	1,131,063	784,486
Credit limits	5,072,602	4,578,901
Bank Guarantees	3,944,637	3,148,963
Letters of credit	951,968	616,205
TOTAL NET MAXIMUM RISK EXPOSURE	COP 11,100,270	COP 9,128,555

At June 1, 2020, Public Notice 31/2019 of the Financial Superintendence of Colombia was implemented, which amended the credit exposure of derivatives computed in the solvency calculation, so the Bank's total credit exposure is COP 2,978,568 at December 31, 2021.

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.

8.44.1. 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 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 has 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.

8.44.1.1 Segregation of duties: Depending on the role that the contracting, accounting, compliance or risk monitoring activities are related to, the responsibility was assigned to each of the following departments:

- 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 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).

44.1.2 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.

- 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 on its own 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. To this end, it has an organizational structure comprised of a trading desk (interest rates and foreign 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 by which the Bank is affected 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 to measure VaR are assessed on a periodic basis 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.

44.1.3 Limits The following are the established risk exposure limits for global market activities:

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.

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 (VaR): 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.

To monitor and control limits for the Global Market operations, a measurement is carried out based on the "VaR without exponential smoothing" methodology, using two years of information on the financial markets.

	VaR Figures in COP million			
	December	Minimum	Maximum	Average
Year 2020	5.060	1.512	16.261	5.i756
Year 2021	7.831	3.081	14.809	6.390

- Stop Loss: This is a 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 2021 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: It is 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 2021.

	SVaR according to Lehman, Figures in COP million			
	December	Minimum	Maximum	Average
Year 2020	12.577	5.500	16.182	9.503
Year 2021	8.914	6.952	26.380	14.544

- Sensitivity (Delta): This is another measure BBVA Colombia uses to estimate the exposure of the Global Market 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.

44.1.15 Market Risk Profile and Positions

Positions of Global Markets for the years 2021 and 2020 (in billions)

Below is a comparative table of the Bank's portfolio positions.

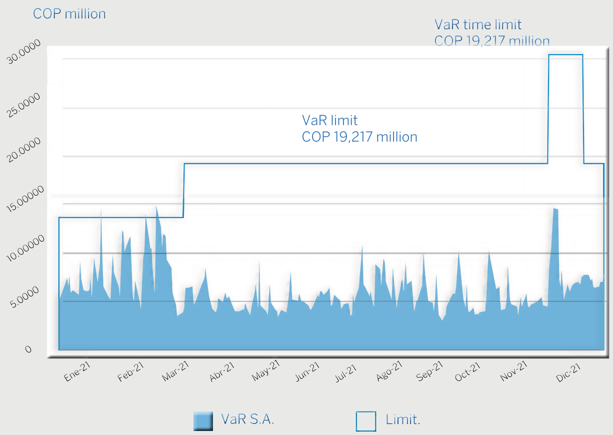
Classification	Dec-21	Local Currency		Other Currencies		Dic-20	Local Currency		Other Currencies	
	Amount	Average	Maximum	Average	Maximum	Amount	Average	Maximum	Average	Maximum
Public debt	2089.41	1529.18	2133.37	12.24	54.05	2229.32	2751.39	3778.27	35.69	92.26
Corporate securities	634.06	494.68	625.47	41.21	68.18	590.28	788.99	1316.55	33.69	68.98
Cash FX	2.30	0.21	2.30	0.01	0.05	(0.05)	0.01	0.41	1.05	4.90
Forward	70.83	(94.62)	204.79	(6.95)	1.37	544.91	(15.81)	382.61	638.52	1583.52
Shares without subsidiaries*	561.7	520.1	561.7	-	-	496.7	515.6	985.8	-	-

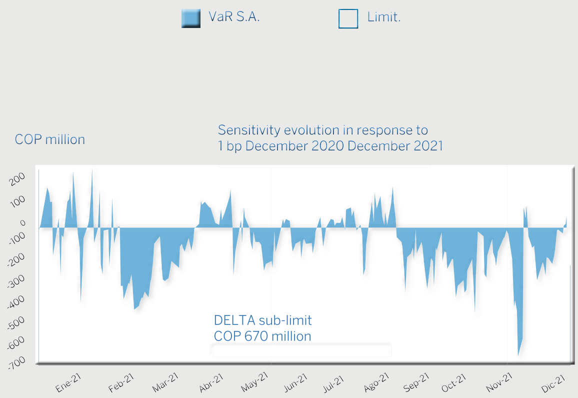
Global Market Risks	December 2021	Average	Maximum	Minimum	December 2020	Average	Maximum	Minimum
VaR - Interest rates	8,003	6,114	15,240	2,785	4,644	5,879	16,329	1,431
VaR - Exchange rates	1,211	1,217	6,837	80	1,430	1,092	8,301	83
Total VaR	7,831	6,390	14,809	3,081	5,060	5,756	16,261	1,512
Economic capital consumption limit	42%	37%	48%	32%	28%	29%	30%	27%
Total Delta to 1 bp	58	(84)	294	(642)	(16)	(226)	(2)	(487)
Delta consumption sublimit	8,7%	20%	96%	0,30%	2,4%	34%	73%	0,24%

In 2021, the average market risk consumption (VaR) of trading operations was COP 6,390 million, with a consumption exceeding the internal limit for authorized economic capital by 42%. The average sensitivity of the interest rate to one basis point (Delta) was COP 84 million with 20% consumption over the authorized internal limit.

Evolution of the trading market risk: Daily measurements and controls were carried out in 2021 on the consumption levels of the authorized internal limits, regularly reporting their compliance to Senior Management.

The following graphs show their evolution:





During the year, the fixed-income trading portfolio was characterized by presenting a concentration of the short-term position held mainly by TCO and TES with short-term maturities, as well as Certificates of Deposit (CDs). Although its financial instruments are still the traditional ones, there are also sovereign green bonds.

In 2021, the Ministry of Finance issued the first sovereign green bonds in the country in order to be aligned with international best practices on environmental benefits, sustainable financing, transparency and accountability to investors. The first green bond issue will 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. Although these financial derivatives are the most traditional ones, BBVA Colombia wants to offer new derivative products that consider sustainability-related KPIs. 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.

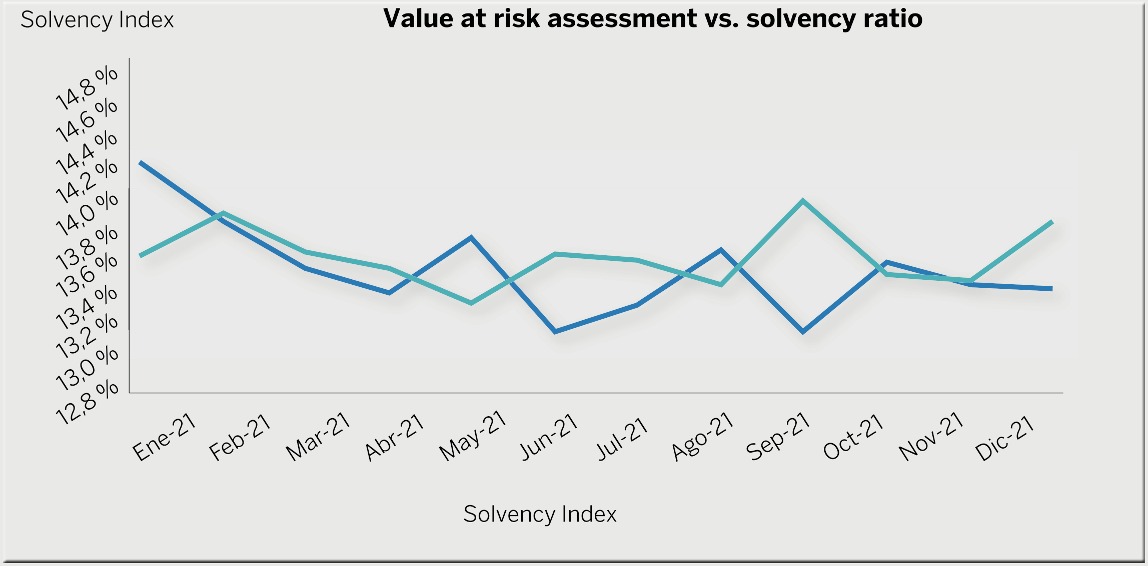
It subjects the positions held to strong hypothetical market oscillations based on historical or possible situations obtained through the generation of scenarios. This is done to quantify the effect of the results in order to identify possible adverse impacts and those greater than the VaR figures that 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 has been assessing 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 tradable positions, and securities classified upon maturity that are delivered to create 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 (Figures in millions)	2021	2020
Interest rate	COP 416,683	COP 319,750
Exchange rate	19,046	16,593
Total Value at Risk (VaR)	COP 435,729	COP 336,343

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 2021 and 2020. This increase is reflected in the interest rate exposure, which increased by 30%, mainly due to an increase in CD and TCO positions.

Liquidity Risk

The liquidity and financing risk is defined as the potential loss caused by events that affect the capacity to have funds available to fulfill passive obligations, either because of the impossibility to sell the assets, the 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

In 2021, there were no changes in the metrics of the internal model to measure the financing structure liquidity in comparison with 2020; these calculations were made on a daily basis using three indicators defined as follows:

- 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 2021 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 2021, 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 2021, 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 banks, focusing on commercial banking. The strategy to maintain the diversification of the sources of financing and the robustness of the financing structure is maintained.

The following tables show the evolution of short-term liquidity for 2021 and 2020:

Month	2021			2020		
	LtSCD (%)	BC 30 D (%)	Negative operating cash flow (billion)	LtSCD (%)	BC (%)	Negative operating cash flow (billion)
January	107%	796%	4.685	108%	242%	7.415
February	108%	1443%	4.887	108%	437%	5.656
March	108%	2083%	4.452	103%	420%	5.005
April	107%	N.C	3.263	101%	N.C	3.159
May	104%	N.C	2.532	100%	N.C	2.377
June	104%	N.C	2.984	98%	N.C	2.451
July	107%	N.C	4.465	101%	N.C	2.998
August	108%	872%	4.288	106%	4691%	4.312
September	108%	2625%	5.28	106%	1421%	5.079
October	104%	N.C	3.137	104%	N.C	4.398
November	103%	N.C	3.582	105%	757%	5.171
December	107%	N.C	5.192	105%	475%	4.43
Limit	120%	140%	13,000	120%	140%	13,000

Details of Basic Capacity by time frames December 2021 and 2020:

2021			2020		
1 month	3 months	12 months	1 month	3 months	12 months
C.N.	224%	121%	475%	234%	137%

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 2021, the Liquidity Risk Indicator (LRI) with a 7-day time frame stood at average levels (808%), while the 30-day LRI stood at an average of (206%), which indicates that for a short-term horizon, BBVA Colombia has more than enough liquidity to fulfill its short-term financing commitments.

LRI	2021		2020	
	7 Days (%)	30 Days (%)	7 Days (%)	30 Days (%)
January	1029.80%	242.30%	1001.80%	248.50%
February	977.20%	208.40%	841.00%	240.90%
March	813.40%	202.90%	1177.30%	230.20%
April	977.40%	258.50%	972.30%	244.70%
May	656.30%	234.40%	911.30%	237.40%
June	947.60%	217.90%	964.70%	267.70%
July	780.10%	176.10%	976.10%	220.00%
August	878.60%	222.20%	688.30%	185.70%
September	710.70%	182.10%	845.30%	213.10%

LRI	2021		2020	
	7 Days (%)	30 Days (%)	7 Days (%)	30 Days (%)
October	974.70%	223.60%	956.40%	240.00%
November	743.00%	202.80%	891.70%	232.50%
December	857.70%	213.30%	960.90%	208.70%
Limit	100%	100%	100%	100%
Management Limit	150%	150%	150%	150%

By the end of 2020 and 2021, the 30-day LRI is summarized as follows:

LRI	Contractual Maturities in 2020			
	in COP million			
	Days 1 to 7 - Total	Days 8 to 15 - Total	Days 16 to 30 - Total	Days 31 to 30 - Total
CDs	305,948	346,749	599,060	1,251,757
INTERBANK FUNDS	80,018	-	-	80,019
REPOS, SIMULTANEOUS and T.T.S.	205,094	-	38,602	243,696
TRANSACTIONS WITH DERIVATIVE FINANCIAL INSTRUMENTS	208,440	205,220	501,551	915,213
BANK CREDITS AND OTHER FINANCIAL OBLIGATIONS	54,554	-	171,697	226,252
ACCOUNTS PAYABLE NOT ASSOCIATED WITH CDs AND SAVINGS CERTIFICATES (CDATs, FOR THE SPANISH ORIGINAL)	100,879	115,291	216,170	432,341
OTHER LIABILITIES AND CREDIT CONTINGENCIES	379,600	36,893	101,752	518,245

Note: They are contractual maturities of principal and interest for periods of no more than 90 days.

LRI	Contractual Maturities in 2020			
	in COP million			
	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.

The monitoring encompasses the Banking Book positions and excludes all the Trading Book positions, is carried out on a monthly basis and consists of a wide range of scenarios, which include sensitivities in the event of changes parallel to the different impacts, and 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. 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.

Below are the average interest-rate risk levels in terms of sensitivity for the BBVA Colombia balance sheet as of December 2021:

	Limit	2021	2020
Margin sensitivity warning (- 100 basis points)	4.00%	0.49%	0.78%
Margin at risk limit (*)	7.00%	1.85%	1.31%
Economic value sensitivity warning (+100 basis points)	725,000	326.025	690.888
Economic capital limit	700,000	399.251	568.855

(*) Percentage in relation to the projected "1 year" interest margin of each unit.

(**) Values presented in the balance

Structural exchange rate risk: Its purpose is to assess and control potential impacts caused by fluctuations in exchange rates by positions in foreign currency, on the solvency and income of BBVA Colombia. During 2021, the impact on solvency is maintained in the face of movements in 10% of the representative exchange rate (TRM, for the Spanish original):

Sensitivity to solvency to variations in exchange rates for December 2021 and 2020:

Impact in the Event of a 10% Change in the TRM			
2021		2020	
Impact on Solvency Ratio	Real Solvency Ratio	Impact on Solvency Ratio	Real Solvency Ratio
13 basis points	13.76%	20 basis points	14.72%

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 ended with a growth trend in terms of investment in Q421, varying compared to the previous quarter as follows (Q321 □ +2.8%; Q421 □ +5.9). Investment growth is concentrated in the Wholesale area, in Corporate +COP 1,003 million; +21.5%. In the case of Individuals, there was growth in leveraged Payroll Loans (+COP 577 million; +4.4%) and Mortgages (+COP 323 million; +2.4%).

Non-performing loanportfolios ended with a stable outlook compared to Q321, growing COP 227 million y-o-y, bringing the non-performing ratio to 2.97% in 2021, which is -17 bps compared to the previous quarter.

The recovery efficiency rate for the quarter was 45.20%, which is -63 p.p. versus Q420. The cumulative figure for the year is 41%.

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 Department, 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

The Retail Risk Department includes the following units:

- Individuals Admission Management: Dedicated to the process of analysis and decision regarding credit operations originated for individuals through the different channels. It is also responsible for managing the application of the policies developed for the different lines of credit.

It also provides 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.

This area 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. There is also permanent support and training of the commercial staff in place for the correct implementation of the operations focused on the target market for the Bank.

- SME Admission Department

  This is the department responsible for the admission of all the Bank's legal entity customers with sales under COP 12,000, as a centralized process since December 2017 in a single office, which carries out a process of validation and arrangement of information of each of the proposals, before assessment by the Risk Admission analysts.

  The Bpm CAP - PCO tool was used on a mass scale in September 2020, where the filing of credit applications for new funds of the SME segment is centralized. This tool communicates with the Power Curve Origination tool in order to obtain customer information to mitigate reprocessing. The automatic allocation of credit transactions to the SME risk admission team is already in production and there is an assessment model for customers with sales of up to COP 6,000, based on qualitative and quantitative information. The SME PCO Project was completed with the flow of the reactive circuit related to the application and sanctioning of limits, capturing information for the decision-making body and the control of delegations in the SME segment.

  In line with the country's economic situation and in support of Government regulations, admission was focused on assessing customers with an 70%, 80% and 90% FNG collateral under the Unidos por Colombia Program. Sector reports will be updated with Guidelines by subsector so that both the office network and the admissions departments can take them into account when making decisions.

- 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.

It also performs 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.

It is responsible for 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, support is provided in the preventive management of 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

  It is responsible for updating the regulations in accordance with the guidelines of the corporate and the local regulator. It also defines the new policies and adjustments of admissions based on the periodic review of the portfolio behavior and economic evolution.

  In general, the implementation and alignment of policies continues according to the guidelines issued by corporate and in coordination with Business, figures are reviewed and evaluated to support the admission process by adapting the most relevant filters.

  In line with the country's economic situation, adjustments are made to policies, the Commercial Network's credit attributions for Consumer products remain suspended, approvals are concentrated in Risks, and the capacities are returned as of October 2020 for housing products. With regard to customer profiles, there is a focus on the Mortgage line, aimed at Payroll and Non-Payroll Wage-earning customers, in Payroll Loans, with an in-depth focus on Public Sector agreements and in CIB companies and Large Companies in resilient sectors.

Automatic, cross-cutting and comprehensive credit processes are being promoted through Retail Policies and Campaigns, and while they involve and adapt to the established risk levels, they allow the development of a digital culture both within the Bank and for a better customer experience.

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.

The generation of Pre-approved offers is limited to Payroll Customers only, aimed at the public and private sector (Resilient Companies), focused mainly on the pre-approval of payroll loans and credit cards.

Recovery & Workout

With the completion of the PAD on August 31, 2021, in Q421, priority was given to containing entries in non-performing loan portfolio and recovering outstanding loans, with the support of our Emerge Plan, through which we have increased contact with customers and thus closed our debtors' promises to pay.

Risk Anticipation Executives (EAR, for the Spanish original), FUVEX and external collection agencies have made every effort to end the year 2021 in compliance with the objectives set by BBVA.

The above actions have led to the achievement of important results in the recovery and containment of the local non-performing loan portfolio during the quarter, with a recovery efficiency of 50% in October, 62% in November and 61% in December. In December,Free Investment loans stood out with an efficiency of 58%, Mortgage loans (over 90 days) 113% and Vehicle loans at 108%.

The sources of recoveries are centered on actual payment by customers, the range of the recovery engine and to a lesser extent, restructuring.

Wholesale Credit

In 2021, 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 growth of 20%, highlighting a COP 1.4 trillion increase in Business Banking (annual variation of 21%); COP 1.2 trillion in Corporate Banking (annual variation of 28%); and COP 800 billion in Government Banking (annual variation of 22%).

As for the post-COVID relief and solutions granted in 2020 for a total of COP 3.7 trillion, by the end of 2021, 100% of the relief and 61% of those redefined had completed their grace period. 96% of the total portfolio that received post-COVID relief measures and solutions is up to date.

As a strategy to anticipate the impairment of the portfolio, we focused efforts on the preventive alert of customers with activity in the more vulnerable economic sectors, with a decrease in their rating and possible defaults in the early stages at BBVA and other entities of the financial sector, keeping the Emerge Plan implemented in the second half of 2020. This led to a decrease the non-performing loan portfolio ratio from 0.18% in December 2020 to 0.05% in the same period of 2021.

Finally, at the end of 2021, the rating validation indicator was 98% in terms of amount and 76% in terms of number of customers.

45 Corporate Governance

BBVA Colombia's Corporate Governance System is in line with international, corporate and local trends and recommendations. 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.

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 Colombia's Corporate Governance is based on the distribution of roles between the Board of Directors and its different supporting committees, each with specific roles allowing an appropriate decision-making.

The Bank's Bylaws establish that the Board of Directors is the Company's administration, management and oversight body, and in 2021, it was made up of five Board members, two of whom are independent, 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 2021 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 Committee, Comprehensive Risk Committee, Corporate Governance Committee, Sustainability and Corporate Social Responsibility and the Diversity, Appointment and Remuneration Committee) 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.

Notwithstanding the foregoing, the activity of the Committees during 2021 fiscal year has monitored the risks impacted most by the COVID-19 pandemic, focusing on the issues within the authority of each committee.

As part of the annual assessment of the Board of Directors, the Corporate Governance 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.

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.

Risk Management

Regarding our Risk Management Policy, in the first instance, the Board of Directors is responsible for approving the risk management strategy and policies, as well as for overseeing the internal control and management systems which are incorporated in the institution's other activities. In greater detail, the risk strategy approved by the Board of Directors includes at least: a) the statement of the risk appetite; b) the fundamental metrics and basic structure of limits; c) the types of risk and classes of assets; and d) the foundations of the control and risk management models.

In Senior Management or the Bank's Management, the role of risk management is led by the Executive Risk Vice-Presidency, which has a decision-making process supported by a system of committees comprised of highly-qualified professionals on the subject. These professionals study and propose the strategies, policies, procedures and infrastructures necessary to identify, assess, measure and manage the material risks that BBVA Colombia faces in the development of its businesses.

As a result, please note that the Board of Directors and Senior Management are duly aware of the Entity's business structure and processes, and provide the proper support, monitoring and supervision; the final determination of policies, the risk profile and the approval of the operating limits of the different transactions under the responsibility of the Board of Directors.

Therefore, building on the framework established by the Board of Directors and Senior Management, the business units have the responsibility of daily risk management. Similarly, in order to manage risk management adequately, it is understood as an exclusive, global and independent role of the sales units.

At each ordinary meeting of the Board of Directors, the Entity's risk positions are clearly, concisely, quickly and accurately reported, indicating exposures by type of risk, business unit and portfolio, and their budget alignment with the approved risk appetite. Similarly, the credit transactions corresponding to its level of delegation are reported, including the companies or individuals associated with the Bank.

Our Entity's risk function is unique and independent, where the risks assumed must be compatible with the target level of solvency, they must be identified, measured and assessed, and there must be procedures in place for monitoring and management, as well as solid control and mitigation mechanisms. All risks must be managed in a comprehensive manner throughout their life cycle with differentiated treatment according to type. The Risk Integration Model recognizes the diversification between different types of risk: credit, market, liquidity, operational, etc.

The business areas are responsible for proposing and maintaining the risk profile within their autonomy and framework (defined as the set of risk policies and procedures).

The risk infrastructure is adequate in terms of human resources, tools and technology, information systems, and methodologies for measuring the different types of risks and procedures, which facilitates the clear definition of roles and responsibilities, ensuring independence between the trading, risk control and accounting departments, as well as the efficient allocation of funds.

Regarding the technology infrastructure of the Risk Department, it is important to highlight the ongoing optimization and implementation of the tools throughout the life cycle of the managed risks. This is reflected in the following aspects: i) The closing of the implementation of Power Curve for all lines of credit for Individuals, and the constant improvement of the pre-approved mechanism in digital banking; ii) The development and implementation of PF Lite as control and monitoring tools in the Corporate segment; iii) The project to modernize the tool for the SME segment continued; iv) The incorporation of structural issues in the Single Development Agenda (SDA), such as information automation and process redefinition, to help in the reduction of response times and risk management.

Also, please note that the existing methods for risk management perfectly identify the different kinds of risk. Therefore, in 2018, BBVA Colombia carried out Enterprise Risk Management through the development of models and tools that allow the coordination of monitoring and control activities with a dynamic and anticipatory vision which makes the fulfillment of the risk appetite approved by the Board of Directors possible.

In the Loan Acceptance Departments, policies, mechanisms and regulations were reviewed on a regular basis with the continuous training for the network, maintaining the adequate use of authorities, which has allowed it to maintain the leading position in terms of portfolio quality and the sustained increase in the market limit.

Regarding market risk, during the fiscal year, the established controls continued: The measurement limits of Treasury VaR were maintained and the short-term liquidity was regularly reviewed, along with the financial structure of the Statement of Financial Position.

From a corporate perspective, BBVA has processes for risk identification and analysis of scenarios that allow the Group to carry out dynamic and prospective risk management. The risks are demonstrated and measured with the methods deemed appropriate in each case.

Their measurement includes the design and application of scenario analysis and stress testing, and controls to which the risks are subject are taken into account. In this context, emerging risks have been identified that could affect the evolution of the Group's business, which include macroeconomic and geopolitical risk, and regulatory, legal and reputational risks. Therefore, changes in the regulatory framework are monitored on a constant basis, in order to anticipate and adapt to them in time, adopting the most efficient and rigorous best practices and criteria in their implementation.

It is also evident that the financial sector is subject to a growing level of scrutiny by regulators, governments and society itself. Therefore, negative news or inappropriate behavior can cause significant damages to reputation and affect an entity's capacity to develop a sustainable business. For these reasons, the behavior of the Group's members is governed by principles of integrity, honesty, long-term vision and best practices, all under the Group's Internal Control Model, Code of Conduct and Responsible Business Strategy.

A final risk identified by the Group is business and operational risk, which results from the evolution of the digital and information technology world, which involves significant challenges for financial entities, leading to threats and new opportunities, a new framework of customer relations, greater capacity to adapt to customer needs, and new products and distribution channels. Therefore, digital transformation is a priority for the Group.

In terms of internal control and operational risk, removing control weaknesses identified in the Risk and Control Self-Assessment (RCSA); operational risk management's focus on critical processes; and detailed monitoring of the operating losses were relevant, promoting improvements for the control and mitigation processes and activities.

At the same time, and considering threats that have been identified as cyber attacks, fraud in payment systems, etc., important investment is required in security, from both the technological and human perspective. At BBVA Colombia, with the support of the HR Department, work has continued in the training and generation of a culture of control for this kind of risk. Additionally, the local regulatory requirements on operational risk in cyber security were met, and through the Technology Risk Management Department, the necessary campaigns were carried out to raise awareness in the digital transformation framework at BBVA.

Audit

In turn, the Internal Auditor and Statutory Auditor are aware of the Entity's operations and made recommendations regarding compliance with the limits, closure of operations and market conditions, as well as the transactions carried out between related parties. Specifically, the Statutory Audit reported that it had not observed significant situations that would give it the opinion that BBVA Colombia is not complying with the practices, methodologies, procedures and standards established for management of the different kinds of risk.

All of the above leads to the conclusion that BBVA Colombia has an adequate general control and management model for its business profile, organization and region in which it operates, which allows it to develop its activity in the framework of the Corporate Governance System, in turn, adapting to a changing economic and regulatory environment.

IR (Investor Relations) Recognition

For the sixth consecutive time, BBVA Colombia received the Issuer Recognition (IR) certification awarded by the IR Committee of Bolsa de Valores de Colombia (BVC) for the 2019-2020 period. The IR certification is awarded by Bolsa de Valores de Colombia to issuers that voluntarily certify compliance with best practices in matters of investor relations and disclosure of information to investors and the market in general.

Considering the relevance of having sufficient and timely information, at the time of making investment decisions and with the objective of making Colombia a more attractive market for investment, the Bolsa de Valores de Colombia (BVC) promotes among issuers the adoption of best practices in terms of information disclosure and investor relations.

As a result of the measures taken, BBVA Colombia has positioned itself as the main Foreign Bank in the country and is listed as one of the issuers with the best content standards, with the highest standards in Corporate Governance and with the greatest progress between 2016 and 2019, thus rating its commitment to adopting best practices in disclosure and Corporate Governance, thereby strengthening the security and confidence of our domestic and foreign investors.

46. Other Matters of Interest

a. Transition from LIBOR

For years, banks have used benchmark interest rates (IBORs) in their processes and products, such as the LIBOR (London Interbank Offered Rate) or the EONIA (Euro Overnight Index Average) in their processes and products.

However, cases of attempted manipulation of these benchmark rates at the global level, together with the decrease in liquidity in the interbank unsecured funding markets following the crisis, have diluted their representativeness and reliability.

As a consequence, in July 2017, the UK Financial Conduct Authority (FCA) declared that after December 31, 2021, IBOR rates would come to an end. As a result, different regulators formed working groups comprised of representatives from the public and private sectors to develop alternative rates that would serve as a replacement for the IBOR rates currently applied. They have been referred to as alternative Risk Free Rates (RFRs).

For example, the ARRC (Alternative Reference Rates Committee) is a body created in 2014 by the Federal Reserve and the New York Fed for supporting the successful transition from USD LIBOR to SOFR (Secured Overnight Financing Rate). The latter is considered a more robust reference rate (RFRs), mainly because it is based on a large market of repo (USD) transactions collateralized by U.S. Treasury securities. To that extent, the ARRC, with the support of multiple market players, has repeatedly recommended ceasing further operations under USD LIBOR as of January 2022, thus giving way to the implementation of the new reference rates.

Update on the Timing of the Transition from LIBOR to Alternative Risk-free Rates (RFR) On March 5, 2021, the Financial Conduct Authority (FCA)1 announced the dates on which all LIBOR rate terms will cease to be published by any administrator or, failing that, will cease to be representative. This announcement follows notification by the ICE Benchmark Administration (IBA)2 that it will not be able to publish LIBOR terms on a representational basis beyond these dates.

The following dates apply to each currency and term of LIBOR rates:

- All LIBOR maturities in GBP, EUR3, CHF and JPY will cease to be published or cease to be representative after December 31, 2021.
- For USD LIBOR maturities, publication will cease or cease to be representative in accordance with the following provisions:
    - ♦ For one-week and two-month maturities, after December 31, 2021.
    - ♦ For overnight, one-month, three-month, six-month and twelve-month maturities, after June 30, 2023.

Official Recommendation of Term SOFR (USD)

- On July 29, 2021, the ARRC issued its official recommendation of Term SOFR (USD) as the acceptable reference rate for the market. These rates are administered by the CME Group (CBA), which publishes them for 1-month, 3-month, 6-month and 12-month maturities. This rate, unlike the SOFR overnight, has a forward-looking format and uses information from SOFR-linked derivatives for its construction. This allows it to incorporate implicit market expectations regarding the behavior of the SOFR rate at the indicated maturities. As a milestone, it is important due to the usefulness of this rate for the operation of certain products, particularly those linked to term LIBOR rates such as business loans.
- Confirmation of technical and functional requirements (Dec-12-19 to Mar-29-20): Regarding the two branches of operation

(Global Markets and Client Solutions), together with the different departments, awareness sessions and work tables were held by application (Bank-Trade, Murex, Dialogo, STAR, Asset Control, Mentor, Set Fx, Swaps Conciliator and Blotter) to identify any adjustments required due to the transition from the IBOR indexes, definitions and necessary revisions at technical and functional levels, and to propose lines of work incorporating time and economic estimates. In this regard, some of the most important items identified at this stage were:

- Creation and/or enabling of new indexes (SOFR, €STR9), generators and curves for the different applications. The activities associated with this item, on multiple occasions, involved parallel configurations between applications for the correct processing of the new indexes. Two (2) examples can be mentioned in this line: 1. Generators for Murex and Dialogo. 2. Asset Control in relation to the provision of market prices. It is precisely for this reason that end-to-end and non-impact testing exercises were essential to ensure the correct functioning before the adoption of the new SOFR and €STR rates.

- With regard to accounting, the impact on this scope was assessed for the different applications; no impact was identified since the accounting applications and processes were not affected by the rate change.

- Technical implications were reviewed for the premise of allowing the coexistence of operations under the IBOR and RFR indices (LIBOR EONIA and SOFR - €STR) to the extent that both are available and accepted for market use.

- Definition of strategies at the business and systems levels for the restructuring of operations (active loans, funding and derivatives associated or not with this portfolio) whose maturity is subsequent to the eventual disappearance of the IBOR indexes as accessible and/or acceptable reference rates. This includes both the development of clauses to amend the contracts signed and the enabling of events for the modification of operations in the systems (e.g. Restructure and Unwind in Murex).

- Reporting: A review of the possible impacts at the reporting level (regulatory and others) was carried out from the beginning. With regard to the Financial Superintendence of Colombia, initially there were no definitions in this regard to determine any impact for reports such as codes 531 and 472. Subsequently this changed, and through Notice 40 issued on July 9, 2021, the regulator indicated the codes to be used for the reporting of the new SOFR reference rates.

- To manage the active portfolio in foreign currency (Comex), BankTrade has been parameterized to allow it to operate under the new rate conventions for this product. To this end, meetings were held with holding companies to establish clear guidelines on BBVA's business decisions as a group. As a result of these meetings and according to the definition established on September 14, 2021 by the Comex Business Department, it was locally determined that for operations in USD, the rates for loans would be SOFR Simple In Advance and Term SOFR; with options to use Simple In Arrears if the market eventually inclined in their direction. As a result, the Comex Business Department decided to reject the project to enable the In Arrears methodology.

- Consolidation of contractual alternatives for the migration of foreign currency loan operations (June 01, 2021 and November 30, 2021) or Addendum: for the addendum to the contract in operations under LIBOR whose maturity is after June 30, 2023, a form was prepared through which customers accept the change in Clauses 1 and 4 of the contract for LIBOR-referenced loans ("OPERATION DATA" and "BASIS FOR PAYMENT OF INTEREST"); this is due to the change in the reference rate established to calculate interest. Once the Addendum is signed, Clause 4 would read as follows: "Or Restructuring as new Comex contracts under SOFR: Another option is to restructure the operation in question, signing a new contract that directly incorporates all the provisions related to the new SOFR 18 indexes."

- New format for Comex contracts under SOFR 18: Starting in 2022, the Foreign

Trade Department will begin to implement its offer through the new SOFR benchmarks; prioritizing the use of Term SOFR in its conditions. To this end, together with the legal team, throughout Q42021, we worked on the construction of a new format to be able to start signing contracts under this market index.

- Contractual tools for the transition in derivative markets or for the purpose of mitigating the impact on entities with exposure to IBOR rates through derivative instruments because of the disappearance of this market reference index, and various guidelines and market templates have emerged at the international level to facilitate the transition process.

  At the international level, ISDA established its concept of Robust IBOR Fallback Contract Language12 through its Protocol and Supplement documents (2020). The participants of a transaction entered into under ISDA regulations that adhere to this Protocol and Supplement may incorporate the new provisions as of January 25, 2021, on which date both documents become effective.

  In addition, after that date, all new transactions under the ISDA framework will also have this fallback language. In this regard, BBVA Colombia has complied with both documents since December 29, 2020. On the local scale, and in line with the purposes of the ISDA documentation, Asobancaria updated its master contract 14 for local derivatives originated in 2009. Although the new version includes several changes, one particularly relevant to the IBOR Transition is the provision added in Clause 11 on "Termination Events" (Section 11.1.9). According to the new master contract, if prior to the Compliance Date15 , the index being used as a reference for the settlement of a transaction disappears or is declared as non-representative by a competent authority, this will constitute grounds for early termination of the transaction if, after thirty (30) days following the occurrence of the event, the parties have not determined a replacement index by mutual agreement (Asobancaria, 2020). This provision will apply to entities that have signed the memorandum of understanding with Asobancaria, which BBVA Colombia did in April 2021.

Below are the details of activities carried out on derivatives during the year 2021:

- In US dollars, the first operation to be migrated was the discount of the LIBOR Overnight operations to SOFR Overnight, the first operation to be transitioned was the Interest Rate Swap in USD and COP that were being cleared by a central international counterparty clearing house through BBVA Clearing Services in October 2020, with a minimum impact of USD 102.9. As of December 31, 2021, BBVA Colombia did not modify any CSA.

- In EUR, an ISDA was modified where the collateral was remunerated to EONIA to take it to ESTER. The valuation impact was EUR 67 and it affected three swaps. This process was carried out in December 2021.

- The impacts described above are at the management level, since the regulatory valuation model established by Precia does not recognize collateral as a variable to be considered for discounting operations. At the regulatory level, the discount of all operations in the dollar leg was changed to

SOFR in May 2021, with no impact on the methodology used by the price vendor.

The following inventories show in nominal terms the operations that remained sensitive to the change in LIBOR at each cut-off date:

	USD-LIBOR
	Total amount of unaltered contracts
Figures in COP millions	
December 31, 2021	
Financial assets	
Loans	1,486,772
Financial liabilities	
Secured bank loans	
Derivatives	
CCS and IRS swaps	63,578,266
December 31, 2020	
Financial assets	
Loans	651,921
Financial liabilities	
Secured bank loans	
Derivatives	
CCS and IRS swaps	49,640,245

The following were the risks assessed for the transition:

Financial Risk Management Market Risk

- Market risk is the risk associated with changes in market prices, for example: exchange rates, interest rates and share prices, which affect the income and/or value of positions in financial instruments approved by the Bank. The objective of market risk management is to manage and control risk exposure within acceptable parameters, optimizing return. BBVA Colombia uses derivatives to manage market risk. These transactions are carried out within the guidelines established by the Risk Management Committee.

- Management of benchmark interest rate reform and associated risks, overview.

- In the securities market, a fundamental reform of the main global benchmark interest rates is underway, including the replacement of certain interbank offered rates (IBORs) with alternative risk-free rates (referred to as "IBOR reform"). BBVA Colombia has IBOR exposures in its financial instruments, which will be replaced or reformed as part of these market initiatives.

  BBVA Colombia's main IBOR exposure as of December 31, 2021 was concentrated in US dollar LIBOR, whose alternative reference rate will be the SOFR Guaranteed Overnight Financing Rate. Although US dollar LIBOR was planned to be suspended at the end of 2021, in November 2020, ICE Benchmark Administration (IBA), the FCA's authorized and regulated administrator of LIBOR, announced that it had begun consulting on its intention to suspend publication of certain U.S. dollar LIBOR maturities after June 2023.

- As of December 31, 2021, BBVA Colombia was not exposed to derivatives indexed to SOFR. Regarding valuation methodologies, BBVA Colombia uses the inputs and methodologies of its official price vendor PRECIA S.A. for the valuation of its financial instruments. Precia has followed international guidelines and best practices, considering the reality of the markets and the announcements of the main administrators of these indexes. During 2021, Precia began using information from these SOFR indices to incorporate them into the zero-coupon curve calibration process. The related impact on the Bank's books was negligible because the level of the zero coupon SOFR vs. zero coupon LIBOR curves were comparable.

BBVA Colombia has interest rate and currency swaps for risk management purposes, which are designated in cash flow hedging relationships. Some of these swaps are tied to U.S. dollar LIBOR rates. For these contracts, the Legal Department is validating the issues of the fallback clauses to reconcile with the different customers and to be able to migrate to the new rates when necessary.

b. Company's Recent Situation

In order to conclude on the continuity of BBVA Colombia's business, the Company's recent situation will be analyzed so that its financial situation can be demonstrated.

When analyzing the breakdown of the balance sheet as of December 2021, total assets showed a growth of 16.3% (+COP 11,098,548); the lines that concentrate the greatest growth in the Bank's assets are Loan Portfolio, Lease Transactions and Interest, net at 52% and cash and cash equivalents at 41%.

In terms of line items, the Bank's Cash and cash equivalents item recorded an annual variation of 76%. The loan portfolio increased by 14%,credit investment increased by 6.85% and accounts receivable increased by 24.08%.

In turn, liabilities grew by 15.2%(+COP 10,407,568). With regard to customer deposits through demand and savings products, deposits and current liabilities were the most representative line, with an increase of 69% over the annual variation.

The Bank's interest margin grew by 3.4% compared to 2020, explained by the increase in interest revenue. Operating expenses recorded a 5.8% increase, with the fee and insurance lines showing the greatest increase.

Finally, the Bank's income for the period increased by 90.5% compared to the same period in 2020, i.e., it ended 2021 with a profit of COP 895,243, one of the highest in BBVA's history in Colombia.

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 BBVA Colombia's business performance.

Projected Financial Information

Similarly, when reviewing the Company's projections in the country, it was found that, in its current financial planning, it is expected to have profits of more than COP 900,000 for the next twelve months and portfolio growth of more than 10% 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

If we bear in mind both the situation in the recent past, as well as what is expected in the near future, we can assert that the Bank has a proper financial structure, which will 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 2021 and 2020

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 2021 and 2020, in order to assess the financial management carried out and thus assess whether the going concern assumption is appropriate:

Indicator	2021	2020	Income
Equity position	COP 5,687,302	COP 4,996,322	Total equity > 0
Statement of income	COP 895,242	COP 469,850	Statement of income Dec 2021 > 0) and (Statement of income 2020 >0)
Working capital	COP 0,11	COP 0,12	Income < 0.5
Return on Assets (ROA)	2%	1%	Income > 0

The proper management carried out at BBVA Colombia allows it to perform its operations while maintaining good equity quality and solvency indicators, and therefore, it is concluded that there are no events or conditions that would cast significant doubt on the Bank's ability to continue as a going concern.

c. Sustainability Policies

As we have mentioned throughout this report, BBVA incorporated sustainability among its six strategic priorities, with the aim of helping its customers in the transition to a greener future and boosting economic growth to leave no one behind and create opportunities for everyone.

The BBVA Group will establish the following as its focal points of action in the area of sustainability: (i) climate change, and (ii) inclusive and sustainable social development; and will set priorities in both areas, particularly in the objectives where it considers it can have the greatest impact.

The Bank's priorities in these areas are, initially, as follows:

- Regarding climate change:
  - ♦ Energy efficiency.
  - ♦ Circular economy.
  - ♦ Reduction of carbon emissions.

- Regarding inclusive and sustainable social development:
  - ♦ Facilitating access to financial services for groups who are not using banking services through basic digital solutions.
  - ♦ Inclusive infrastructure, including basic services and transportation systems.
  - ♦ Supporting entrepreneurs, promoting economic growth and full and productive employment.

8.47 Subsequent Events

The Bank is considering the possibility of carrying out the early settlement of the N-6 issue of the securitized portfolio, because in February 2022 the causes that allow such transaction will be fulfilled, since on December 23, 2021 Titularizadora Colombiana informed the Financial Superintendence that the TIPS Pesos N-6 Issuance Regulations established that the early settlement of the issue would take place when the total principal balance of the mortgage loans on the payment date is less than or equal to 5% of the total principal balance of the mortgage loans on the date of issuance (August 23, 2012).

The TIPS Pesos N-6 Issuance Regulations established that, in order to carry out the early settlement process of the issue, the process to sell the underlying assets would have to be carried out within a term of 3 months following the formalization of the grounds for early settlement.

The proceeds from the sale must be used to pay the obligations of the issue, strictly subject to the priority of payments defined in the TIPS Pesos N-6 Issue Regulations. If the underlying assets cannot be sold within three (3) months from the date of formalization of the early settlement decision, the obligations may be paid in kind, by allocating the underlying assets to the investors up to the concurrence of their value, taking the book balance as a reference.

As of December 31, 2021, the Bank had 216 loans amounting to COP 7,681 in the administration of this issue. The administrators are expected to acquire this portfolio in the settlement proposal. Likewise, the Bank has TIPS of this issue amounting to a market value of COP 11,122 as of December 2021; according to the projection made by Titulizadora, the MZ securities will be covered by 92.40% and the C securities will not be covered.

9. Profit Distribution Project (PDP)

9. Profit Distribution Project (PDP) 2021

BOARD OF DIRECTORS

BBVA COLOMBIA

Meeting held on January 31, 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 49.82% of the profits as follows:

<table>
<tr><th colspan="7">PROFIT DISTRIBUTION PROJECT</th></tr>
<tr><td colspan="3">Profit 2021</td><td colspan="2">895,242,034,869.58</td><td colspan="2">COP</td></tr>
<tr><td>Legal reserve</td><td colspan="2">50,1790%</td><td colspan="2">449,223,673,668.58</td><td colspan="2">COP</td></tr>
<tr><td>Dividend payment</td><td colspan="2">49,8210%</td><td colspan="2">446,018,361,201.00</td><td colspan="2">COP</td></tr>
<tr><td rowspan="4">Dividend Payment in Cash, payable on June 16 in the amount of COP 15.50 and on October 13, 2022 in the amount of COP 15.50</td><td>Type of Shares</td><td>Dividend</td><td colspan="2">No. Shares (*)</td><td>Amount</td><td>COP</td></tr>
<tr><td>Preferenciales</td><td>31.00</td><td colspan="2">479,760,000</td><td>14,872,560,000.00</td><td>COP</td></tr>
<tr><td>Ordinarias</td><td>31.00</td><td colspan="2">13,907,929,071</td><td>431,145,801,201.00</td><td>COP</td></tr>
<tr><td>Total</td><td></td><td colspan="2">14,387,689,071</td><td>446,018,361,201.00</td><td>COP</td></tr>
</table>

(*) Units

The net income for the year, which amounted to COP 895,242,034,869.58, is proposed to be distributed as follows:

COP 449,223,673,668.58 to increase the legal reserve.

COP 446,018,361,201.00 corresponding to non-taxable profits of the shareholder, to distribute dividends at the rate of COP 31 for each of the Bank's 14,387,689,071 shares, both ordinary and preferred shares without voting rights, payable in cash on June 16, 2022 at COP 15.50 and on October 13, 2022, COP 15.50.

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
Friday, June 10, 2022	Wednesday, June 15, 2022
Friday, October 07, 2022	Wednesday, October 12, 2022

Management Committee

Mario Pardo Bayona
Chief Executive Officer

Jorge Alberto Hernández Merino
Executive Vice President
of Talent and Culture

Germán E. Rodríguez Perdomo
Executive Vice President
of the Financial Department

Ulises Canosa Suárez
Executive Vice President of Legal
Services and General Secretary

Gregorio Blanco Mesa
Executive Vice President
of Engineering

Carlos Alberto Rodríguez López
Executive Vice President
of Corporate & Investment Banking

Hernando A. Rodríguez Sandoval
Executive Vice President
of Network Management

Alfredo López Baca Calo
Executive Vice President
of the Risk Department

Guillermo A. González Vargas
Executive Vice President
of Client Solutions

Board Members

Carlos Eduardo Caballero Argáez
Chairman of the Board of Directors

Antonio del Campo de los Santos
First Vice Chair of the Board of Directors

Xavier Queralt Blanch
Second Vice Chair of the Board of Directors

Camila Escobar Corredor
Board Member

Mario Pardo Bayona
Chief Executive Officer

BBVA Colombia Establecimiento Bancario