

# Banco de Bogotá



## Investor Presentation

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**Bank of America Merrill Lynch**

**Emerging Markets Corporate Credit Conference**

May 30<sup>th</sup> – June 1<sup>st</sup>, 2018



The Issuers Recognition IR granted by the Colombian Stock Exchange is not a certification about the quality of the securities listed at the BVC nor the solvency of the issuer.



Banco de Bogotá is an issuer of securities in Colombia. As a financial institution, the Bank, as well as its financial subsidiaries, is subject to inspection and surveillance from the Superintendency of Finance of Colombia.

As an issuer of securities in Colombia, Banco de Bogotá is required to comply with periodic reporting requirements and corporate governance practices. In 2009 the Colombian Congress enacted Law 1314 establishing the implementation of IFRS in Colombia. As a result, since January 1, 2015, financial entities and Colombian issuers of publicly traded securities, such as Banco de Bogotá, must prepare financial statements under IFRS, with some exceptions established by applicable regulation.

IFRS as applicable under Colombian regulations differs in certain aspects from IFRS as currently issued by the IASB. This report was prepared with unaudited consolidated financial information, which is in accordance with IFRS as currently issued by the IASB.

The Colombian peso/dollar end-of-period quarterly and annual revaluation as of March 31, 2018 was 6.8% and 3.6% respectively. In this report, calculations of growth, excluding the exchange rate movement of the Colombian Peso, use the exchange rate as of March 31, 2018 (COP 2,780.47)

This report may include forward-looking statements and actual results may vary from those stated herein as a consequence of changes in general, economic and business conditions, changes in interest and currency rates and other risks factors. Recipients of this document are responsible for the assessment and use of the information provided herein. Banco de Bogotá will not have any obligation to update the information herein and shall not be responsible for any decision taken by investors in connection with this document. The content of this document is not intended to provide full disclosure on Banco de Bogotá or its subsidiaries.

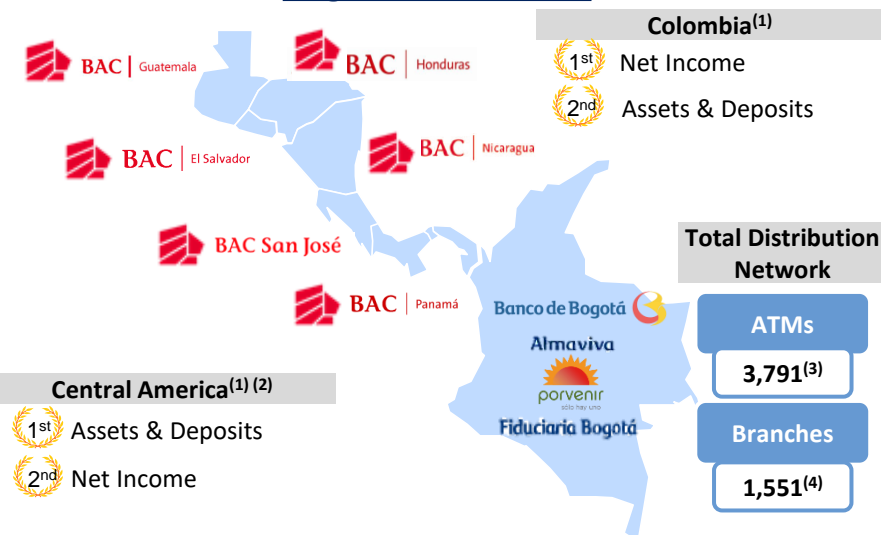
In this document we refer to billions as thousands of millions.

Details of the calculations of Non GAAP measures such as ROAA and ROAE, among others, are explained when required in this report.

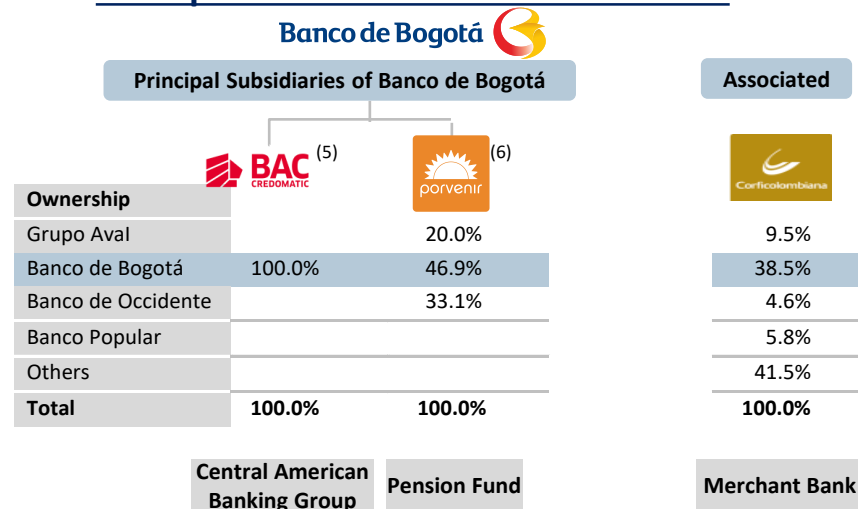
## Key Facts

- ✓ Founded in 1870, Banco de Bogotá is Colombia's oldest financial institution and the principal subsidiary of Grupo Aval, the leading financial group in Colombia
- ✓ Current shareholding structure: Grupo Aval: 68.7%, Other Companies owned by Mr. Sarmiento Angulo 8.3%, Paz Bautista Group 13.3% and Public Float 9.6%
- ✓ Leading presence in Colombia and Central America. Second largest bank in Colombia in terms of assets and deposits, and largest bank in Central America in terms assets, deposits and loans through BAC Credomatic
- ✓ Universal bank with a strong presence in the commercial and consumer lending segments
- ✓ Listed on the Colombian Stock Exchange (BVC), Banco de Bogotá's market capitalization at 25-Sep-2017 was US\$8.1bn

## Regional Franchise

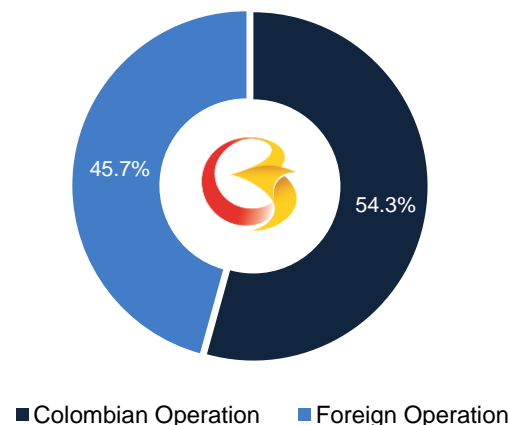


## Principal Subsidiaries and Investments



## Consolidated Assets Breakdown by Geography

USD\$51.7 billions



Sources: Company information. (1) Rankings at March 31, 2018. Net Income rankings based on unconsolidated figures. (2) Rankings at December 30, 2017. Calculated based on data aggregated from the local bank superintendencies of Costa Rica, El Salvador, Guatemala, Honduras, Panamá and Nicaragua. (3) Reflects aggregate number of ATMs of Banco de Bogotá and BAC Credomatic as of March 30, 2018. (4) Reflects aggregate number of branches of Banco de Bogotá, Porvenir, Banco de Bogotá Panamá, Almaviva, Fiduciaria Bogotá and BAC as of March 31, 2018. Banco de Bogotá and BAC Credomatic jointly account for 1,428 branches. (5) Banco de Bogotá owns BAC Credomatic through Leasing Bogotá Panamá. (6) Banco de Bogotá controls Porvenir through shareholders agreements with Grupo Aval and Banco de Occidente.

Attributable Net Income for the period was USD \$219.3 million which represented a 9.2% increase versus 1Q17<sup>(1)</sup>.

## Profitability

### Key Metrics

- ROAA: 1.8% / ROAE: 14.9%
- Net Interest Margin: 5.6%
- Fee Income Ratio: 35.1%
- Efficiency Ratio: 46.4%

### Commentary

- ROAA increased 11bps. ROAE increased 105bps <sup>(2)</sup>.
- NIM decreased 32bps from 1Q17.
- Fee income increased 5.4% primarily due to banking services (6.5% growth excluding FX).
- Efficiency improved 344 bps compared to 1Q17.

## Balance Sheet

- Gross Loans: \$36.0 billion
- Total Deposits: \$35.0 billion
- Deposits / Net Loans: 1.01x
- Deposits % Funding: 80.3%

- Gross Loans increased 4.0%; excluding FX, growth was 5.7%.
- Total Deposits grew 1.5%; excluding FX, growth was 3.1%.
- Deposits / Net Loans remains stable from the first quarter of 2017.

## Credit & Capital

- 90+ Days PDL Ratio<sup>(3)</sup>: 2.1%
- Net Cost of Risk<sup>(4)</sup>: 1.9%
- Tier 1 Ratio: 9.0%
- Total Solvency: 12.8%

- 90+ Days PDL Ratio, excluding Electricaribe, increased from 1.7%.
- Net Cost of Risk, excluding Electricaribe, decreased from 2.0%.
- Tier 1 and Total Solvency ratios are both well above regulatory minimums.

Note: Changes / growths refer to 1Q2018 over 1Q2017, unless otherwise stated. ROAA & ROAE calculated as annualized net income divided by average total assets and attributable shareholders equity, respectively. For 1Q-18 average is calculated between January 1st 2018 (adoption IFRS 9) and March 31st 2018.

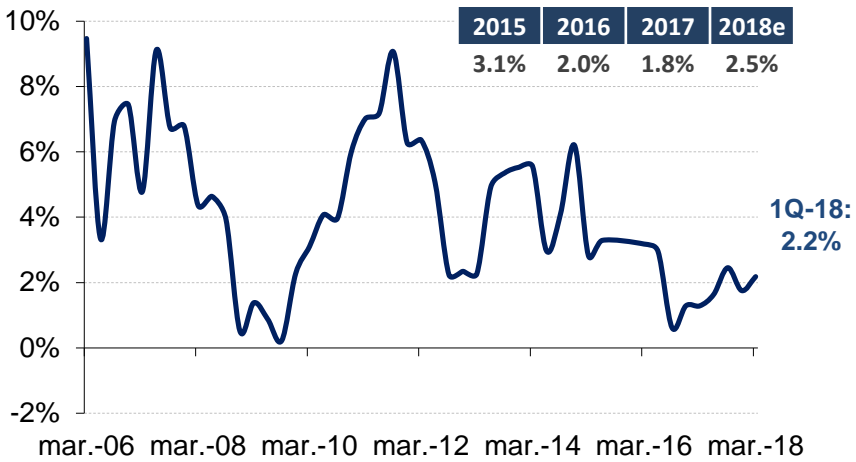
(1) Excluding the wealth tax the attributable net income for 1Q-2017 was USD\$221.8 million, attributable net income for 1Q-2018 would have decreased 1.1%.

(2) Excluding the wealth tax in 1Q-2017 ROAA for 1Q-2018 would have decreased 10 bps and ROAE 40 bps.

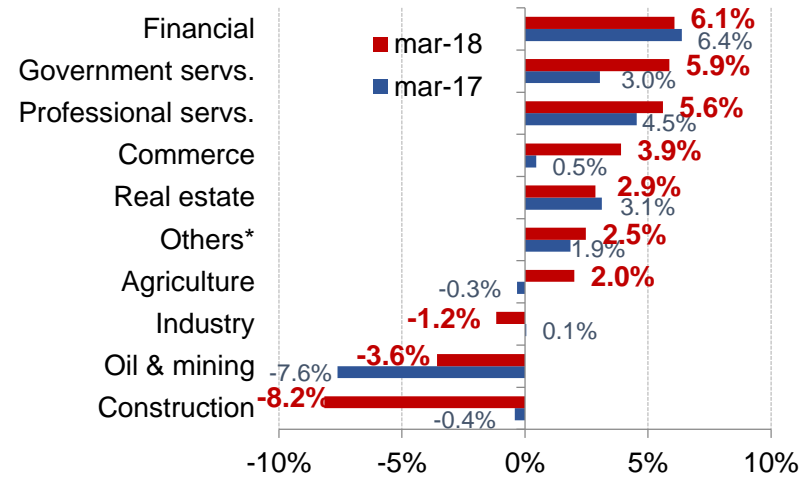
(3) 90+ days PDL Ratio excludes extraordinary past due from Electricaribe. Including this extraordinary the 90+ days PDL ratio was 2.5%

(4) Net Cost of Risk is excluding extraordinary provision from Electricaribe. Including this provision expense this ratio was 2.1%

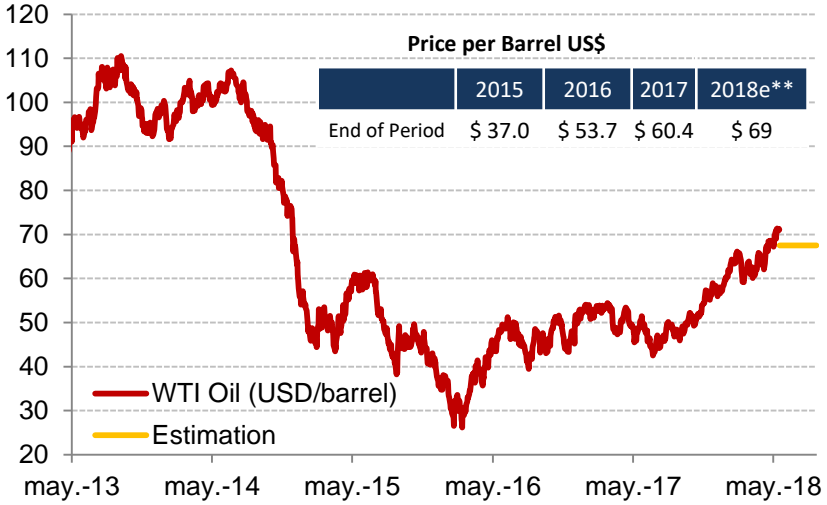
### GDP (YoY %, quarterly)



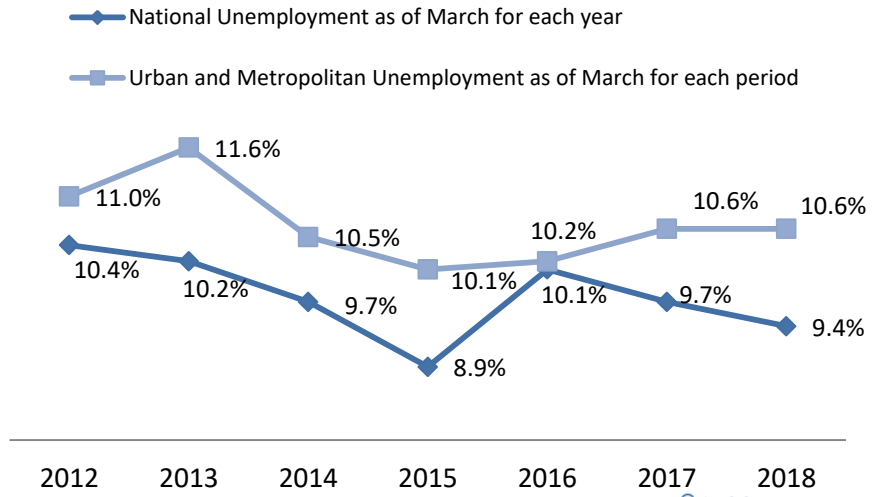
### GDP growth by sector (YoY %)



### WTI oil (USD/barrel)

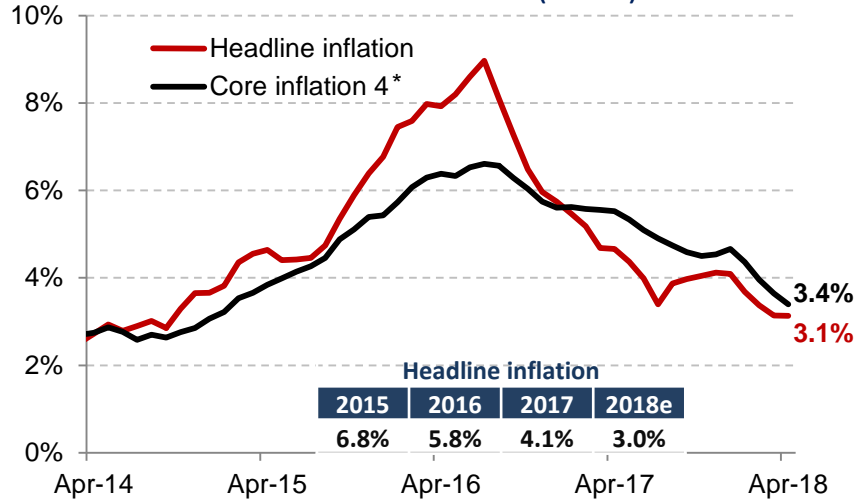


### National & urban unemployment (%)

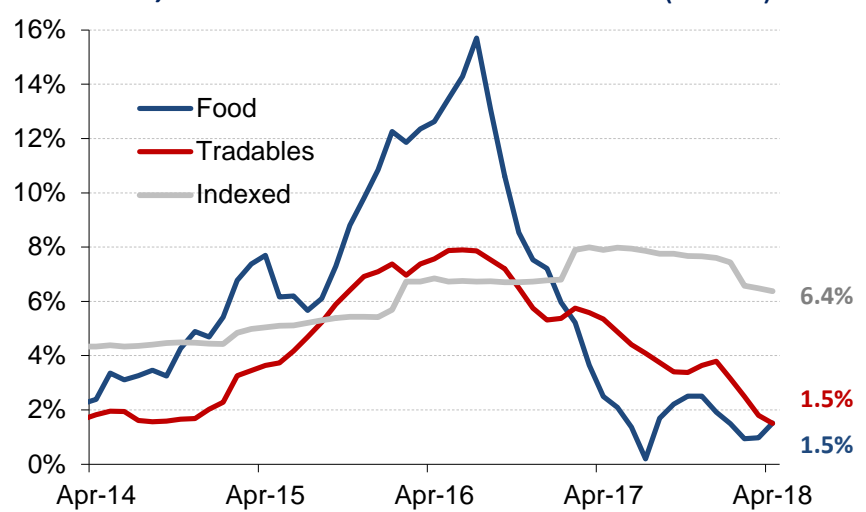


Source: DANE, Bloomberg. Estimates Economic Research Banco de Bogotá. \*Others: Public Services, communications and entertainment \*\* WTI oil price Bloomberg consensus: WTI end of period.

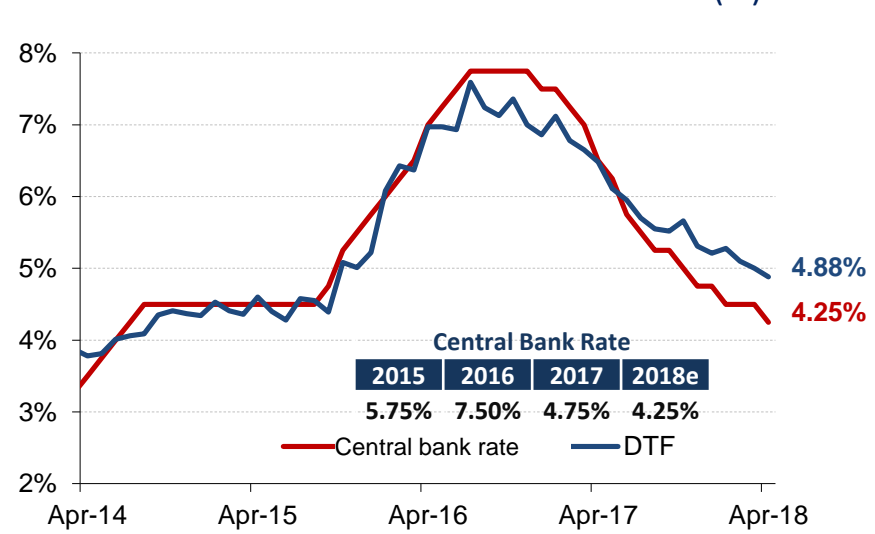
### Total and core inflation (YoY%)



### Food, tradables and indexed inflation (YoY %)



### Central bank interest rate vs. DTF rate\*\* (%)



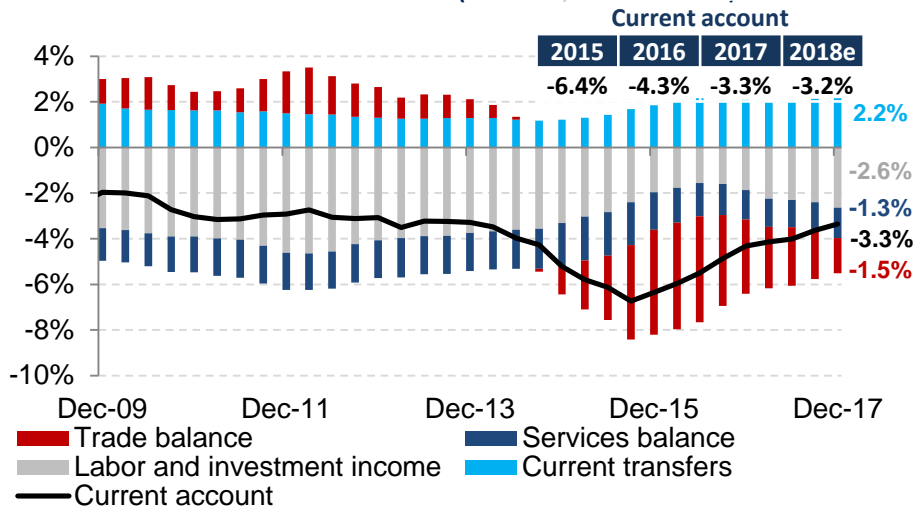
### Exchange Rate (USD/COP)



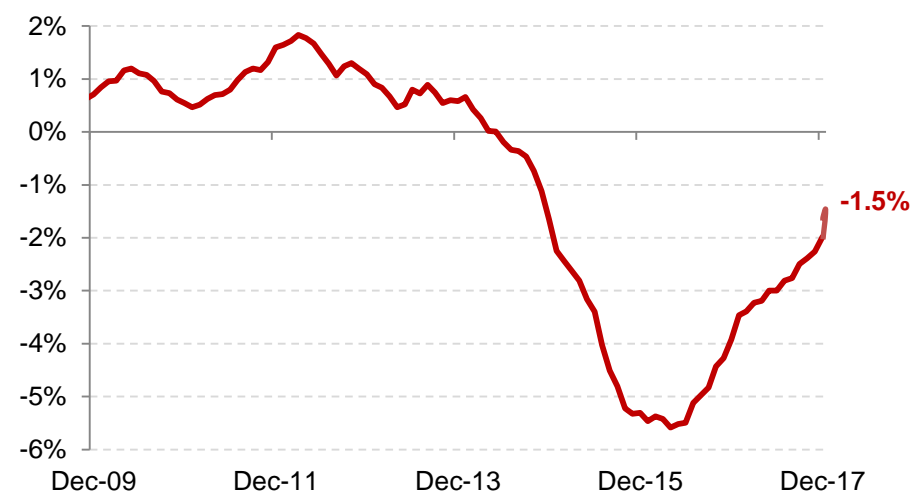
Positive change = COP appreciation  
 Negative change = COP devaluation

Source: DANE, Banco de la República (BR). Estimates Economic Research Banco de Bogotá. \* Average of four measures preferred by the central bank: 1) without foodstuff; 2) without foodstuff and regulated; 3) without foodstuff, public services and gasoline; and 4) core 20. \*\* Monthly average.

### Current Account (% GDP, 12 month)

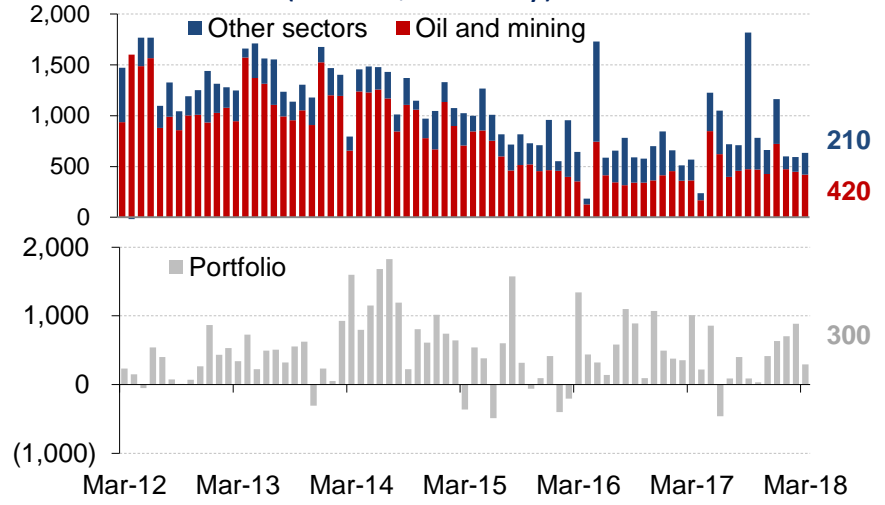


### Trade balance (% GDP, 12 month)

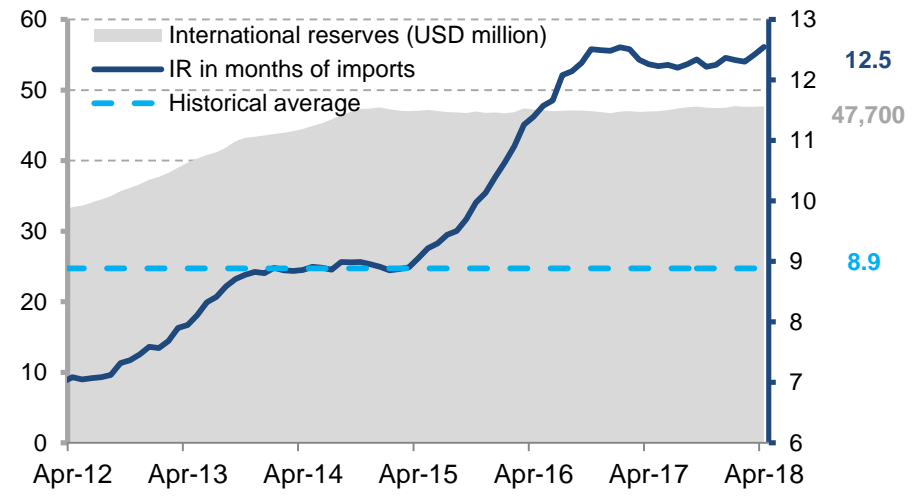


### Foreign investment: direct and portfolio\*

(USD M, monthly)

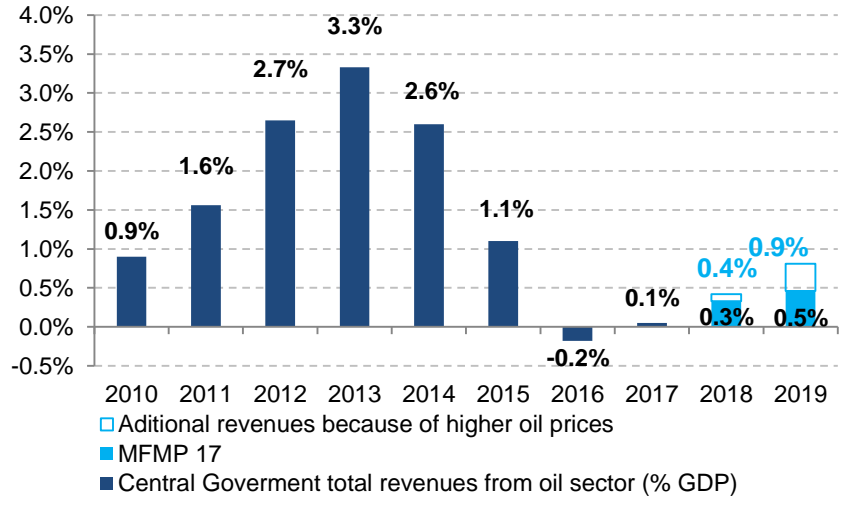


### International reserves (USD M, months of imports)

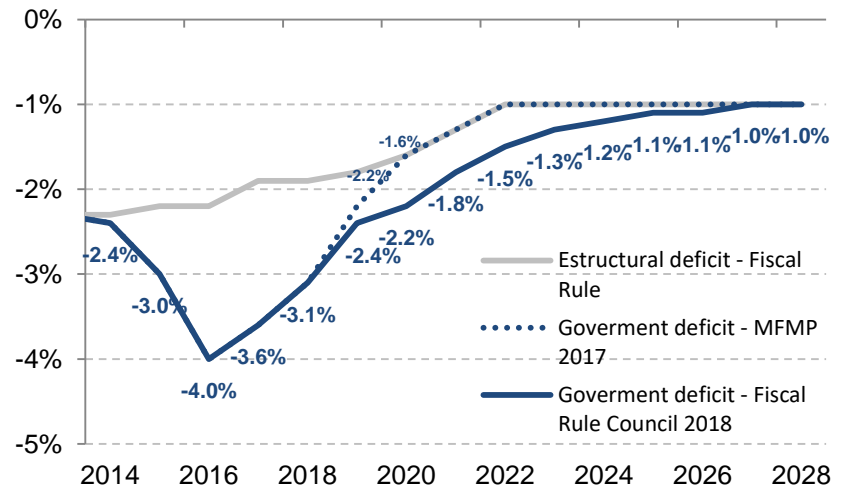


Source: DANE, Banco de la República. Estimates: Economic Research Banco de Bogotá. \* With information from Balanza Cambiaria.

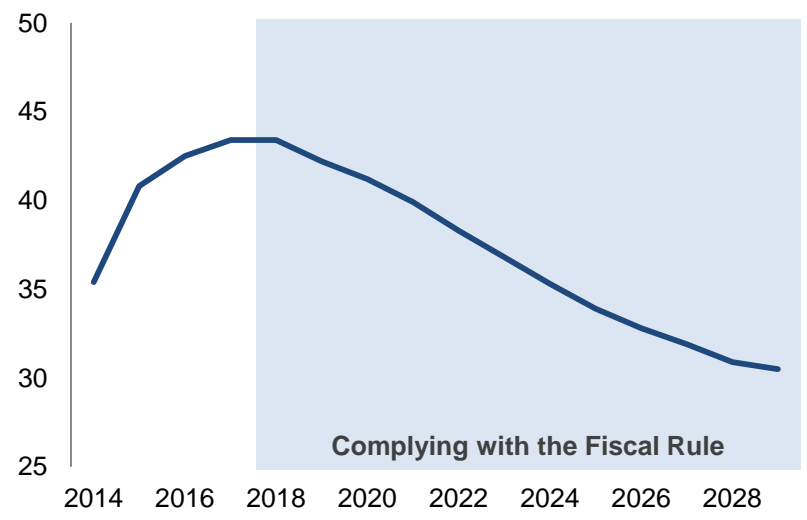
### Government revenues from oil\* (% GDP)



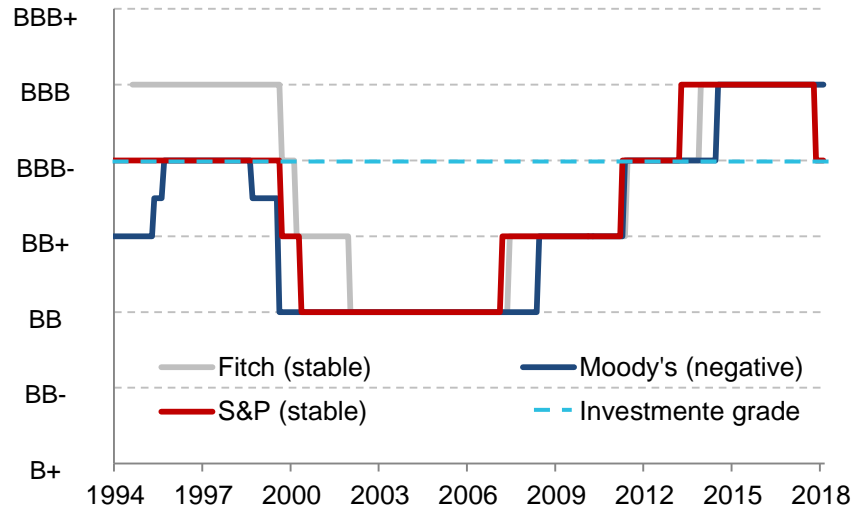
### Fiscal deficit vs. targets under Fiscal Rule (% GDP)



### Public debt / GDP Historical and Projected (% GDP)



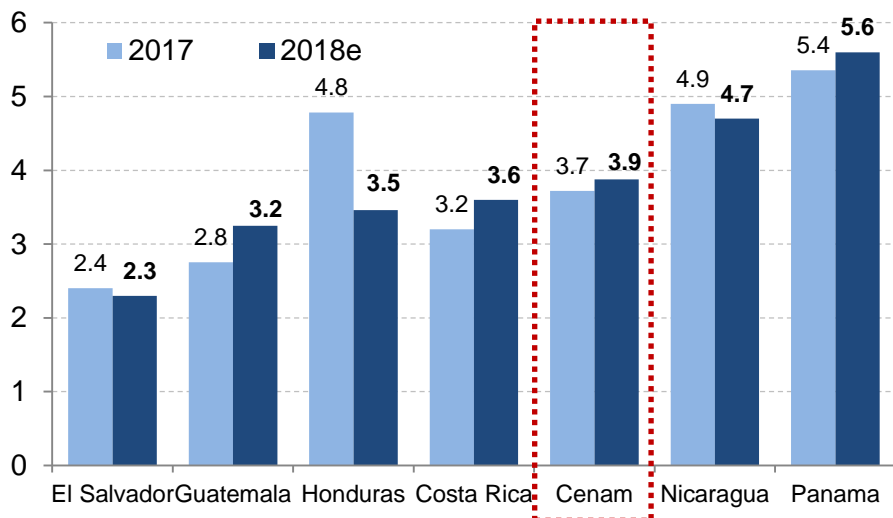
### Colombia's sovereign rating (level)



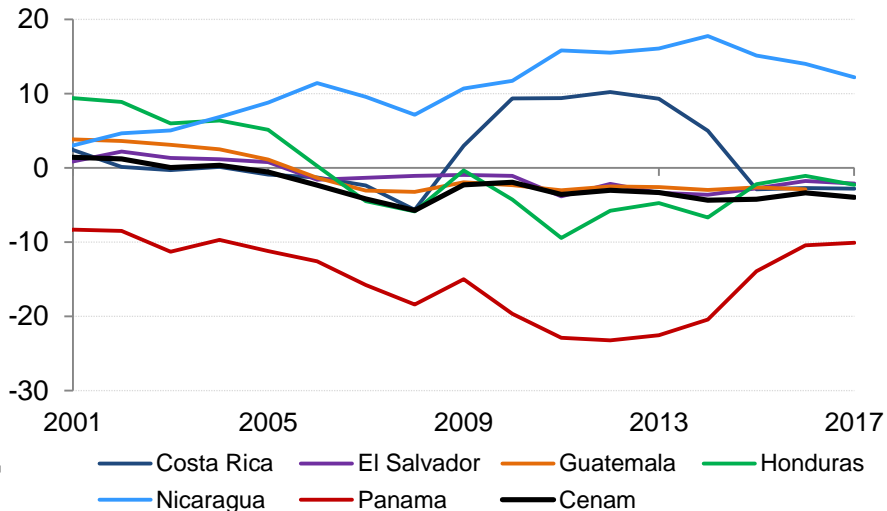
Source: MinHacienda. Estimates: Economic Research Banco de Bogotá. \* Taxes from all oil companies and dividend payments from Ecopetrol.



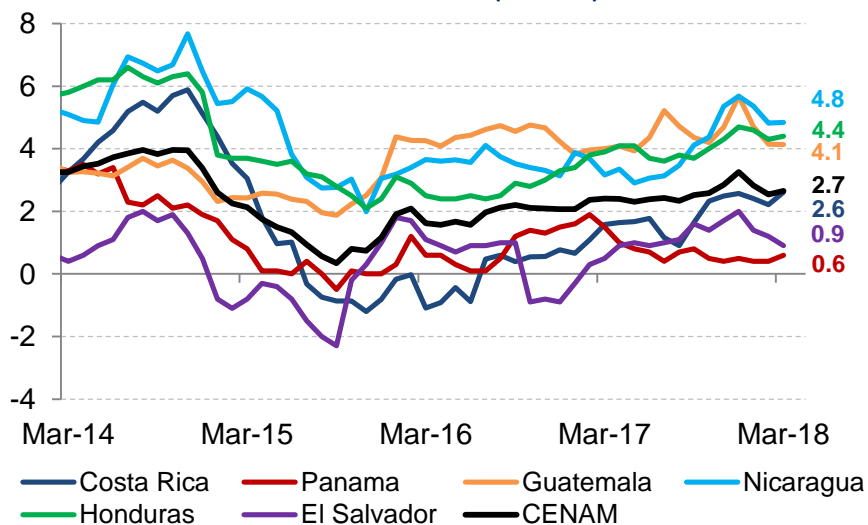
### GDP Growth (YoY %)



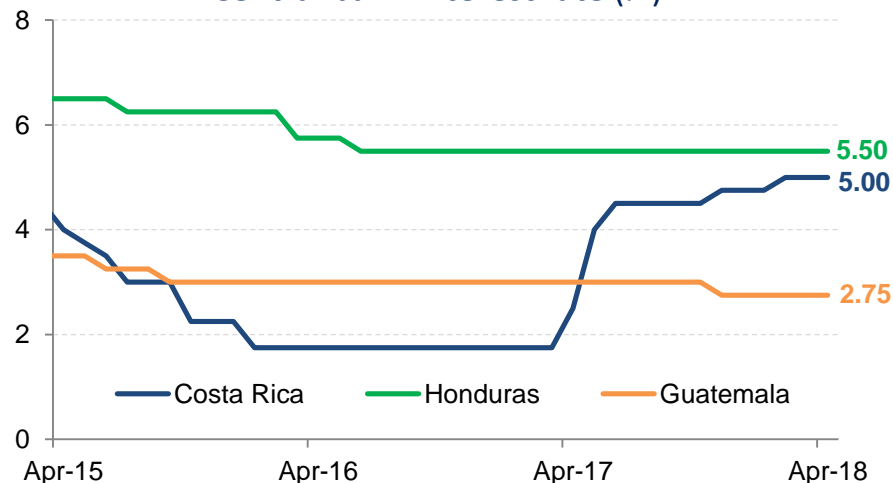
### Trade balance with United States (% of GDP)



### Inflation (YoY %)



### Central bank interest rate (%)

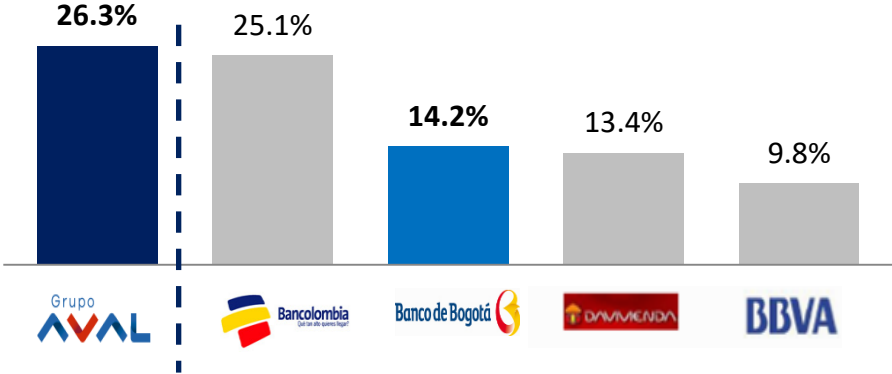


# Significant player in a competitive Colombian market as of March 2018

March 2018

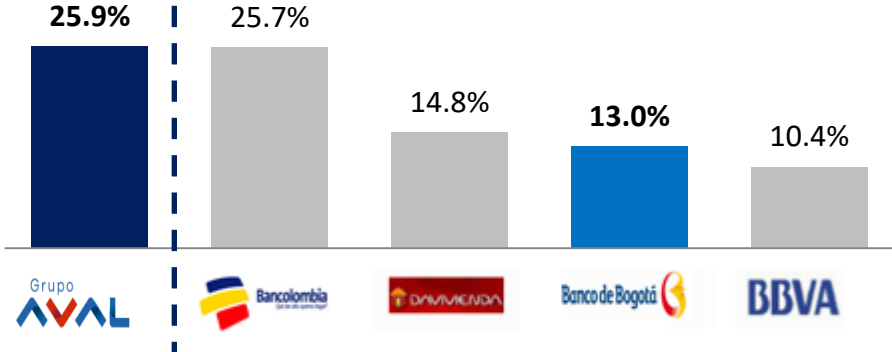
### Assets

System: USD\$209.6 billons



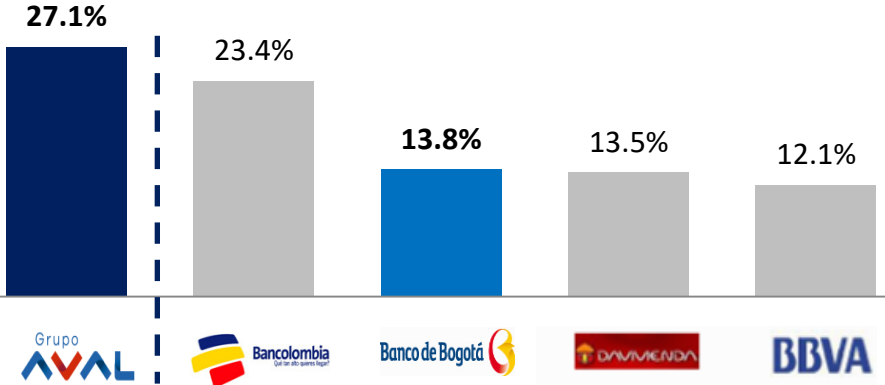
### Net Loans <sup>(1)</sup>

System: USD\$142.9 billons



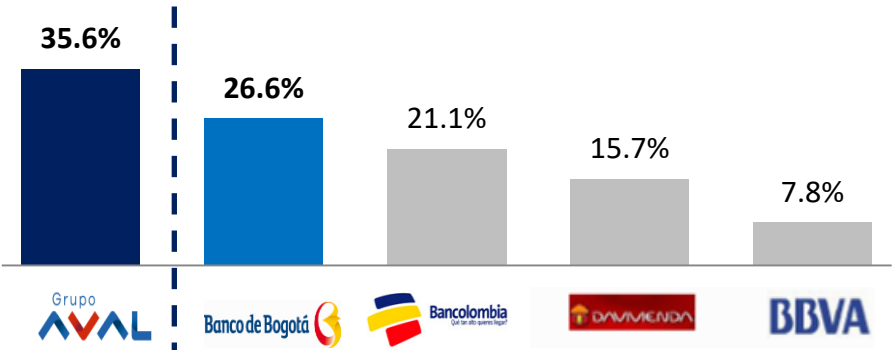
### Deposits <sup>(1)</sup>

System: USD\$132.9 billons



### Net Income

System: USD\$7.2 billons



Source: Unconsolidated information under IFRS filed with the Colombian Superintendency of Finance and published monthly; as of March 31, 2018. System: Sum of banks. Grupo Aval is the sum of Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas.  
Exchange rate: 2,780.47 COP/USD

1/ Figures excluding interbank & overnight funds for comparative purposes. Deposits are calculated as checking accounts, saving accounts and time deposits.

# BAC is market leader in Central America at December 2017

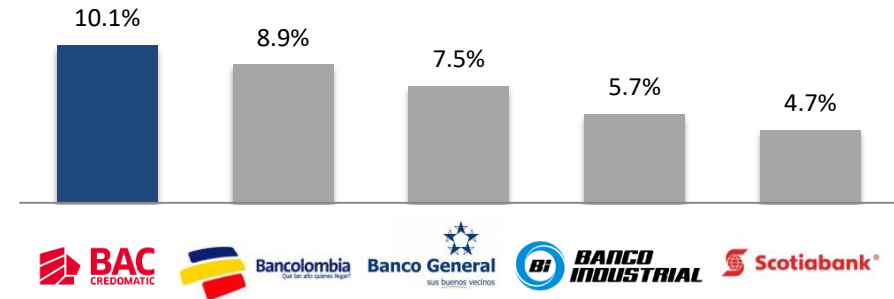
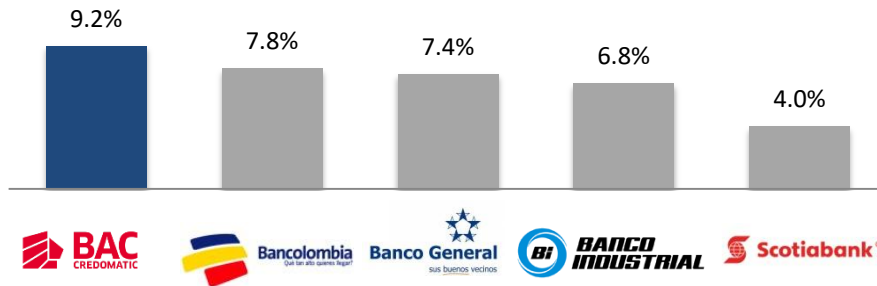
December 2017

Assets<sup>(1)</sup>

Net Loans<sup>(1)</sup>

System: US\$239.2 bn

System: US\$150 bn

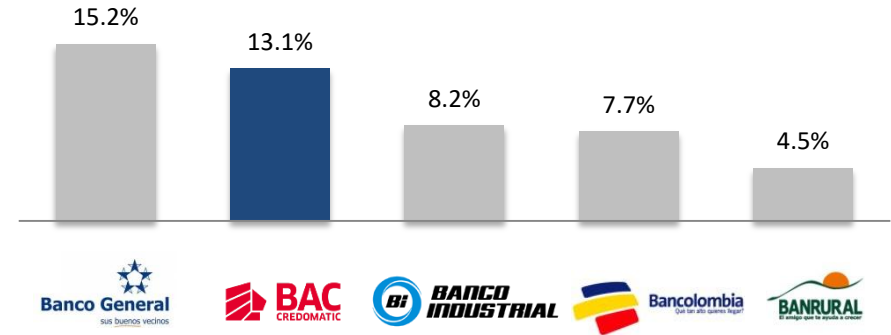
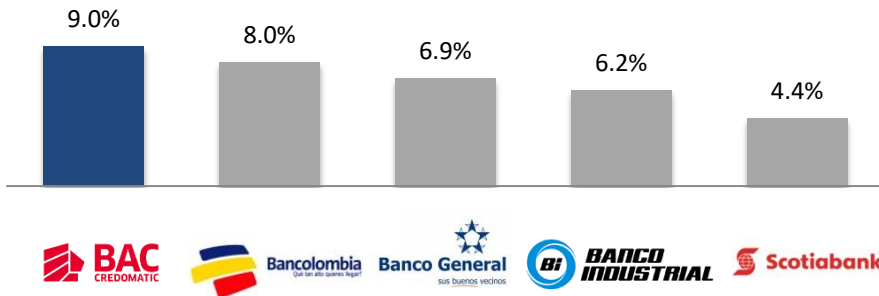


Deposits<sup>(1)</sup>

Net Income

System: US\$165 bn

System: US\$2.9 bn

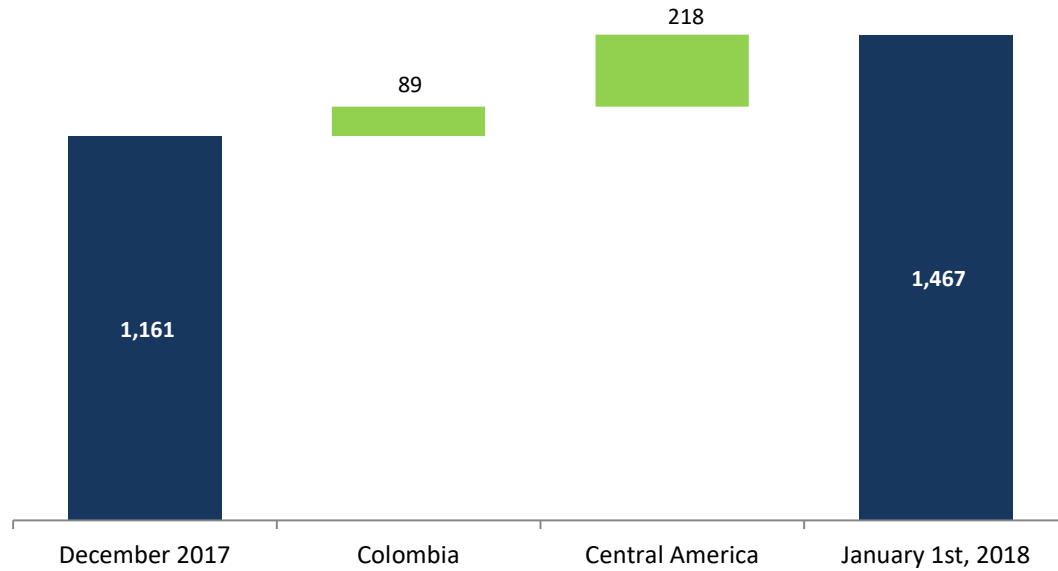


Source: Company's information. Estimations made by Banco de Bogota using public information from each local superintendency of Costa Rica, Honduras, El Salvador, Guatemala, Nicaragua y Panamá

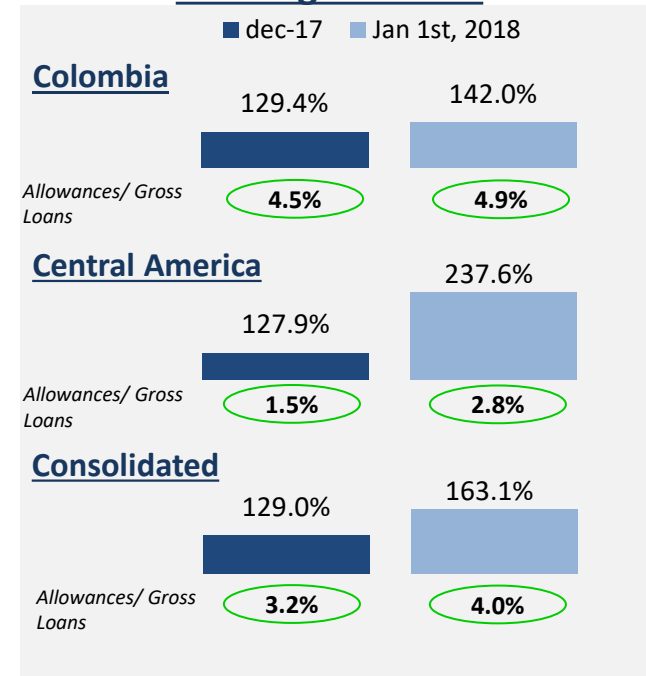
(1) The market share is determined on a consolidated basis of each one of the countries mentioned above. Bancolombia includes Banistmo (Panamá), Bancolombia (Panamá), Grupo Agromercantil (Guatemala) y Banco Agrícola (El Salvador)

Figures in USD. Millions

## Impact on Allowances



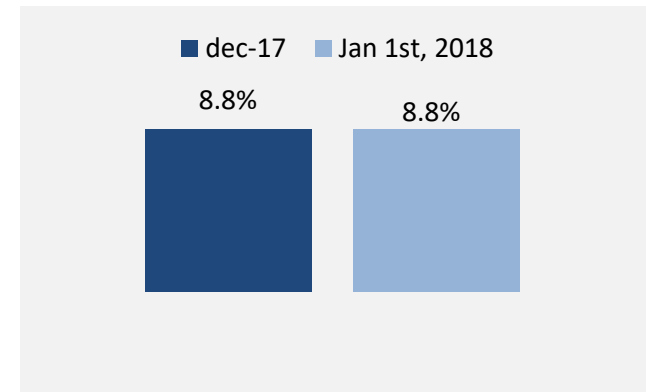
## Coverage Ratio (1)



## Impact on Shareholders' Equity



## Tier 1 Ratio

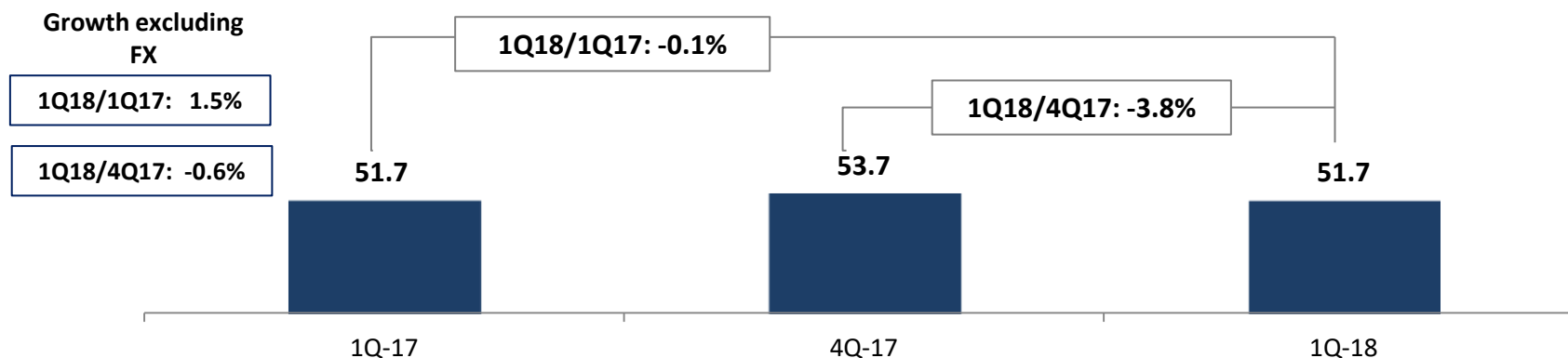


(1) Coverage Ratio = Allowances/90 days PDLs

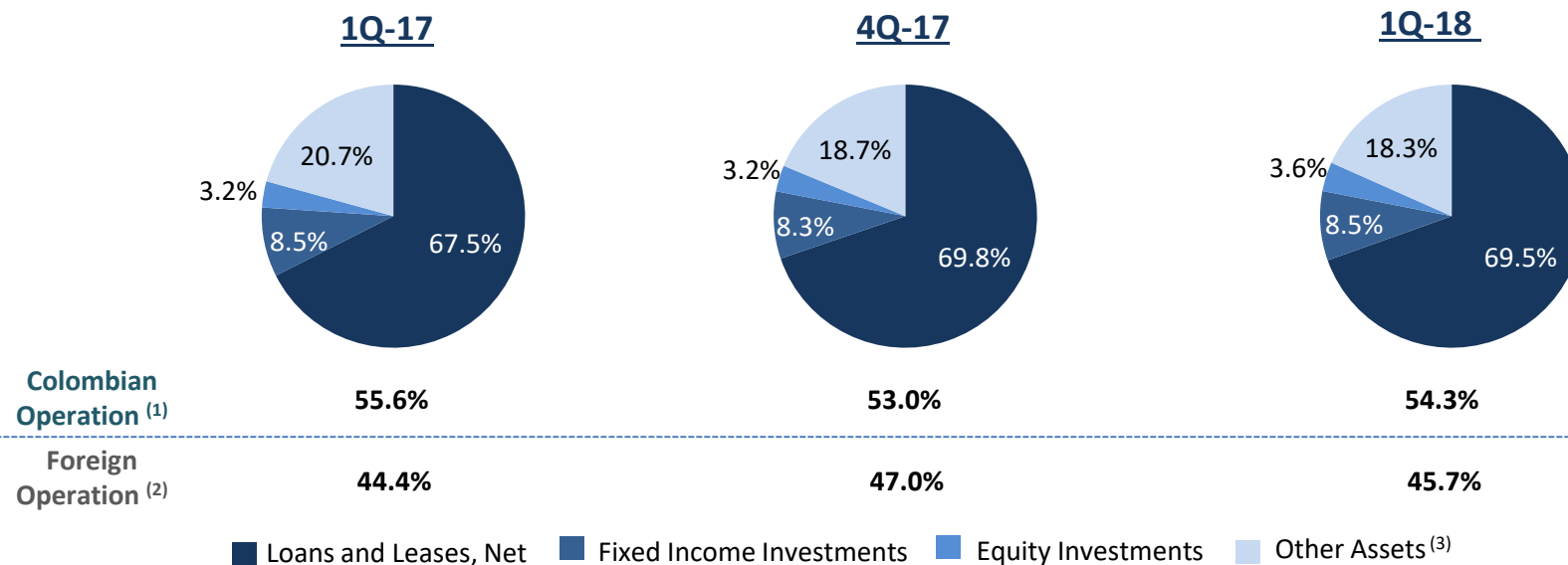
(2) Tangible Capital ratio is calculated as Total Equity minus Goodwill and others Intangible Assets / Total Assets minus Goodwill and other Intangible Assets.

Figures in USD. Billions

## Total Assets



## Assets Breakdown



(1) Includes Banco de Bogotá in Colombia, Porvenir, Fidubogotá, Almaviva, Banco de Bogotá Panamá, Finance, Ficentro and Megalinea.

(2) Foreign operations reflect BAC Credomatic operations in Central America.

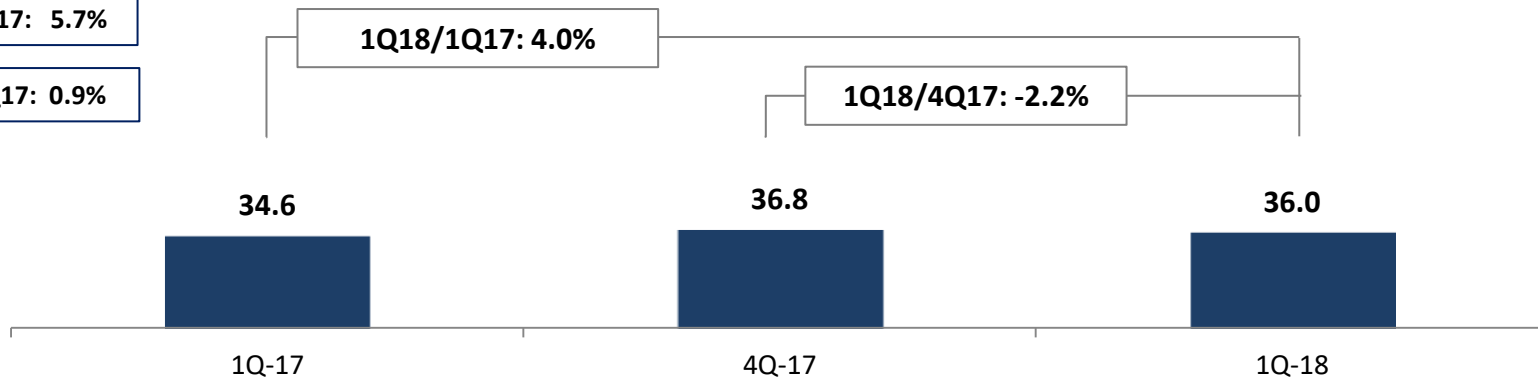
(3) Other Assets: Cash and balances at Central Bank, Derivatives, Allowance for financial assets held for investment, Other financial assets at fair value through profit or loss, Non-current assets held for sale, Tangible Assets, Intangible Assets, Other Accounts Receivable, Derivatives used for hedging, Other Assets and Income Tax Assets (Deferred Tax Asset and Liability included on a net basis)

# Consolidated Loan Portfolio Breakdown by Business Segment

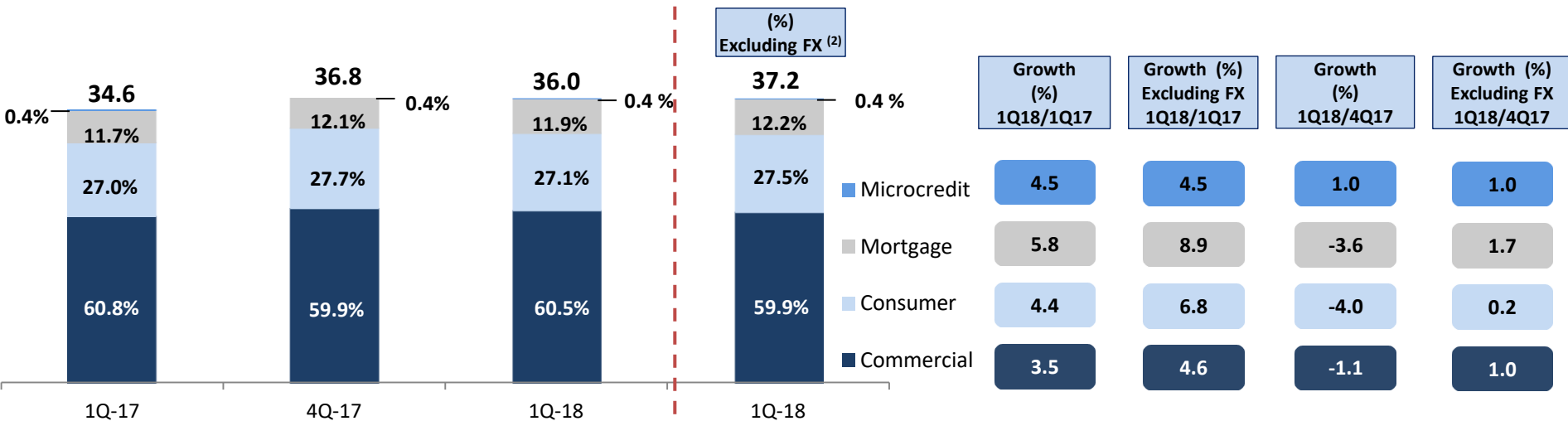
Figures in USD. Billions

## Gross Loan Portfolio (1)

**Growth excluding FX**  
 1Q18/1Q17: 5.7%  
 1Q18/4Q17: 0.9%

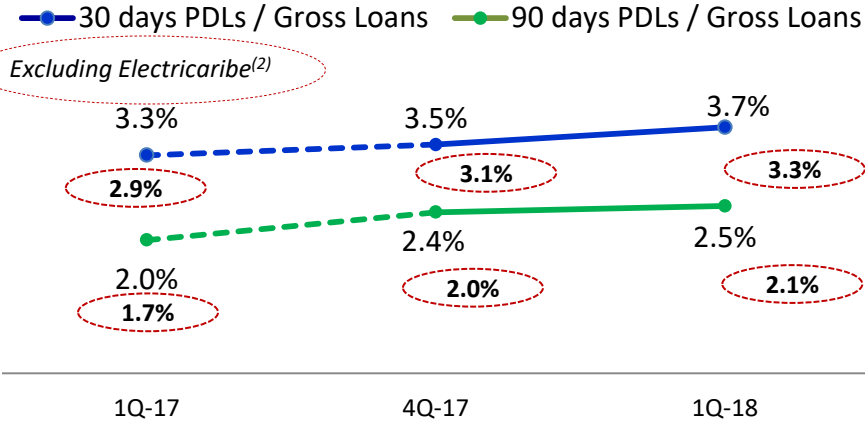


## Gross Loan Portfolio Breakdown

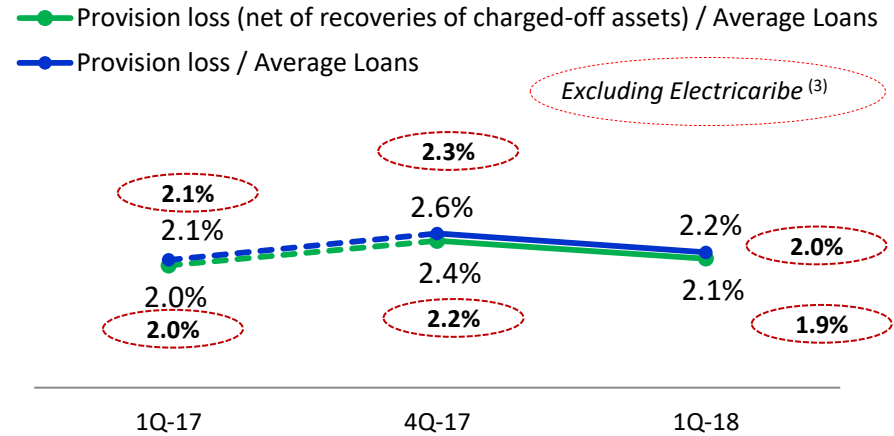


(1) Gross Loans excluding interbank & overnight funds  
 (2) Calculations excluding FX movements of the last quarter.

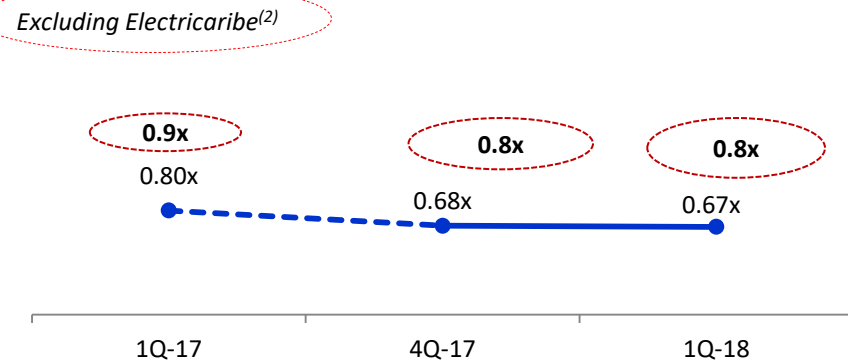
## 30 days PDLs / Gross Loans 90 days PDLs / Gross Loans



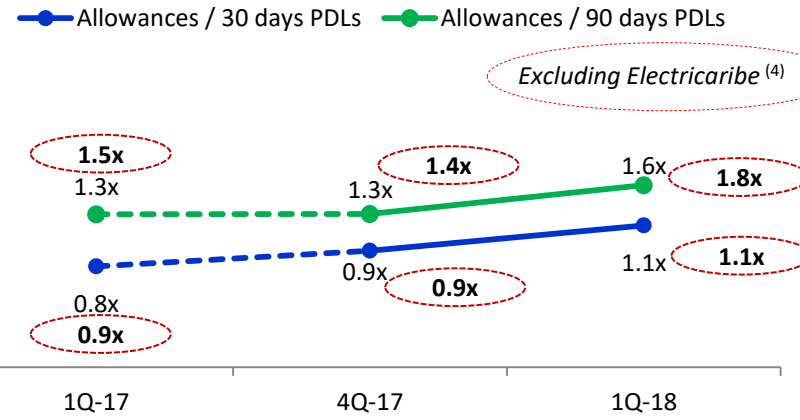
## Cost of Risk <sup>(1)</sup>



## Charge-offs <sup>(1)</sup> / Average 90 days PDLs



## Coverage



- (1) Annualized
- (2) Exclude the extraordinary 30 days PDLs and 90 days PDLs from Electricaribe
- (3) Cost of Risk exclude Electricaribe's provision expense.
- (4) Coverage ratios are excluding extraordinary 30 days PDL and 90 days PDL from Electricaribe.

# Loan Portfolio Quality (2/3) – Colombia <sup>(1)</sup> and Central America

	<u>Colombia COP</u>			<u>Central America USD</u>		
	<u>1Q-17</u>	<u>4Q-17</u>	<u>1Q-18</u>	<u>1Q-17</u>	<u>4Q-17</u>	<u>1Q-18</u>
<b>Delinquency Ratio</b>						
30 day PDLS / Gross Loans	4.0%	4.3%	4.6%	2.4%	2.4%	2.6%
<i>Excluding Electricaribe</i>	<i>3.3%</i>	<i>3.6%</i>	<i>3.8%</i>			
90 day PDLS / Gross Loans	2.8%	3.5%	3.6%	1.1%	1.2%	1.1%
<i>Excluding Electricaribe</i>	<i>2.3%</i>	<i>2.7%</i>	<i>2.9%</i>			
<b>Cost of Risk</b>						
Provision Loss, net of recoveries of charge-off	2.1%	2.8%	2.4%	1.9%	2.0%	1.8%
<i>Excluding Electricaribe</i>	<i>2.0%</i>	<i>2.3%</i>	<i>2.0%</i>			
<b>Charge-Off Ratio</b>						
Charge offs / 90 days PDLs	0.52x	0.42x	0.41x	1.59x	1.62x	1.71x
<i>Excluding Electricaribe</i>	<i>0.58x</i>	<i>0.54x</i>	<i>0.51x</i>			
Charge offs / Avg Loans	1.3%	1.5%	1.4%	1.8%	2.0%	2.0%
<b>Coverage</b>						
Allowance / 30 days PDLs	0.87x	1.04x	1.12x	0.60x	0.63x	1.06x
<i>Excluding Electricaribe</i>	<i>1.06x</i>	<i>1.11x</i>	<i>1.19x</i>			
Allowances / 90 days PDLs	1.26x	1.29x	1.42x	1.39x	1.28x	2.50x
<i>Excluding Electricaribe</i>	<i>1.53x</i>	<i>1.46x</i>	<i>1.59x</i>			
Allowances / Gross Loans	3.5%	4.5%	5.1%	1.5%	1.5%	2.8%

(1) Includes Banco de Bogotá in Colombia, Porvenir, Fidubogotá, Almaviva, Banco de Bogotá Panamá, Finance, Ficentro and Megalínea.



	<u>30 days PDLs</u>			<u>90 days PDLs</u>		
	<u>1Q-17</u>	<u>4Q-17</u>	<u>1Q-18</u>	<u>1Q-17</u>	<u>4Q-17</u>	<u>1Q-18</u>
Commercial	2.7%	2.8%	3.0%	2.1%	2.5%	2.6%
<i>Excluding Electricaribe</i>	<i>2.1%</i>	<i>2.1%</i>	<i>2.3%</i>	<i>1.6%</i>	<i>1.8%</i>	<i>1.9%</i>
Consumer	4.7%	4.9%	5.3%	2.1%	2.5%	2.6%
Mortgage	2.7%	3.2%	3.5%	1.2%	1.7%	1.7%
Microcredit	14.6%	15.1%	15.5%	10.1%	10.7%	11.0%
<b>Total Loans</b>	<b>3.3%</b>	<b>3.5%</b>	<b>3.7%</b>	<b>2.0%</b>	<b>2.4%</b>	<b>2.5%</b>
<i>Excluding Electricaribe</i>	<i>2.9%</i>	<i>3.1%</i>	<i>3.3%</i>	<i>1.7%</i>	<i>2.0%</i>	<i>2.1%</i>
<b>Coverage Ratio</b>	<b>0.8x</b>	<b>0.9x</b>	<b>1.1x</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.6x</b>
<i>Excluding Electricaribe</i>	<i>0.9x</i>	<i>0.9x</i>	<i>1.1x</i>	<i>1.5x</i>	<i>1.4x</i>	<i>1.8x</i>

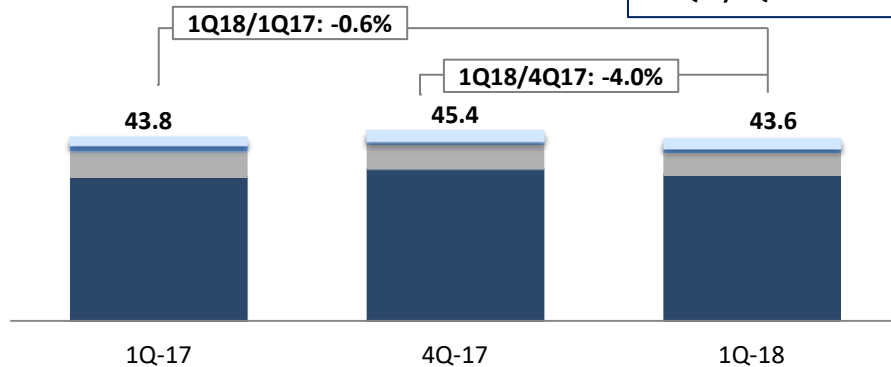
Figures in USD Billions

## Total Funding

Growth excluding FX

1Q18/1Q17: 1.0%

1Q18/4Q17: -1.0%

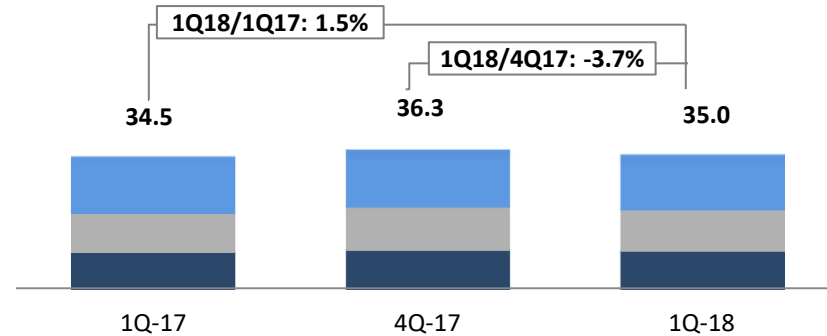


## Total Deposits

Growth excluding FX

1Q18/1Q17: 3.1%

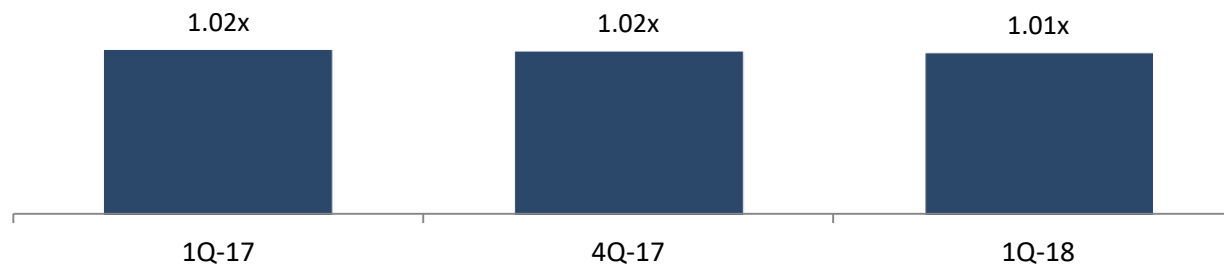
1Q18/4Q17: -0.7%



%	1Q-17	4Q-17	1Q-18
Deposits	78.6	80.0	80.3
Banks and others	13.7	12.7	12.0
Long Term Bonds	5.0	6.3	6.0
Interbank Borrowings	2.8	1.1	1.7

%	1Q-17	4Q-17	1Q-18
Checking Accounts	27.7	27.7	28.0
Saving Accounts	29.2	30.9	30.9
Time Deposits	42.7	41.0	40.7
Others <sup>(1)</sup>	0.4	0.3	0.4

## Deposits / Net Loans (%)<sup>(2)</sup>



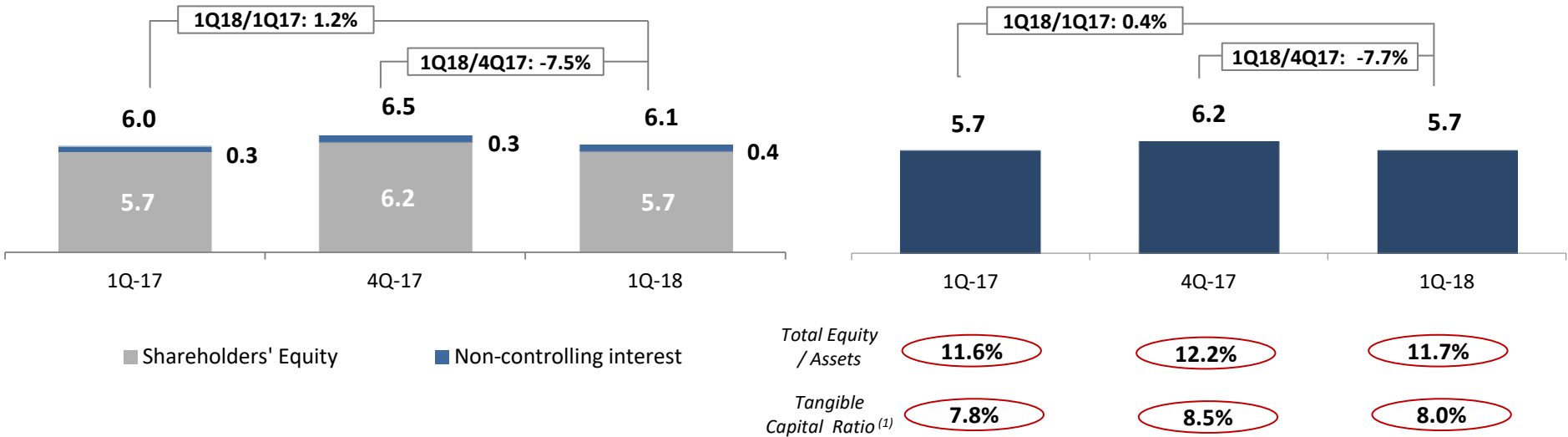
(1) Other Deposits include: Deposits from other Banks and Correspondent Accounts, Banking Services Liabilities, Collection Banking Services and Other Deposit.

(2) Net Loans includes commercial, consumer, mortgages, microcredit and allowances. Deposits include checking, savings, time deposits and other deposits.

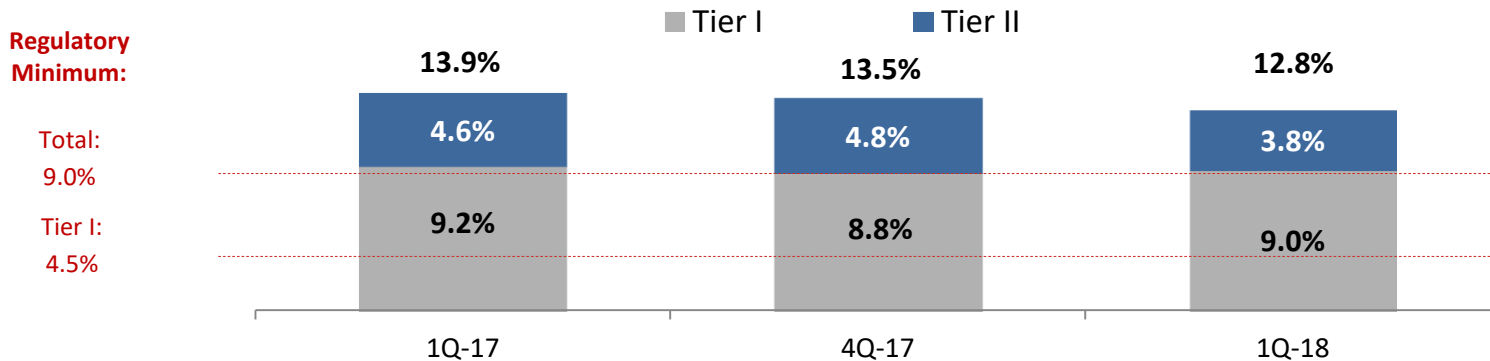
Figures in USD. Billions

## Attributable Equity + Minority Interest

## Shareholders' Equity



## Consolidated Capital Adequacy<sup>(2)</sup>



(1) Tangible Capital ratio is calculated as Total Equity minus Goodwill and others Intangible Assets / Total Assets minus Goodwill and other Intangible Assets.

(2) Capital Ratios are calculated under the methodology of the Colombian Superintendency of Finance.

## Quarterly Net Interest Margin

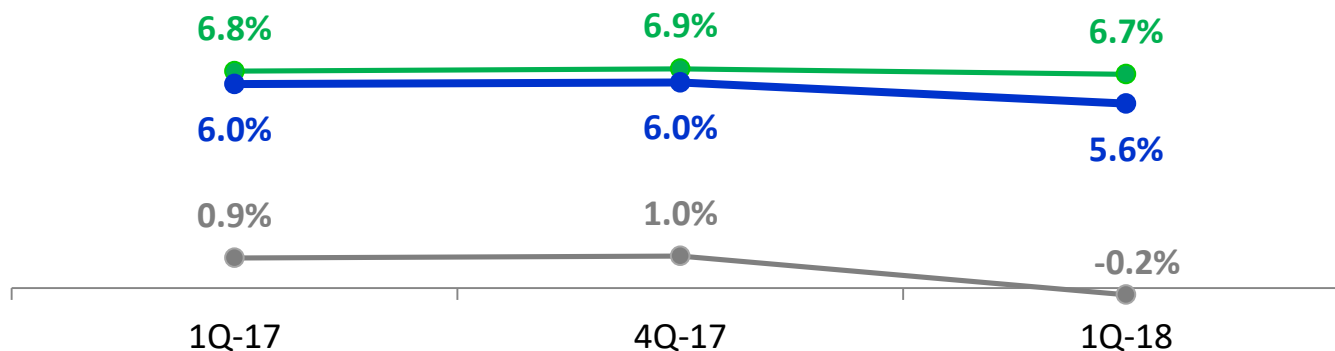
Net Interest Income (USD Million)				
1Q-17	4Q-17	1Q-18	Growth Rate	
			1Q18/1Q17	1Q18/4Q17
585.3	615.6	613.0	4.7%	-0.4%

Growth excluding FX

1Q18/1Q17: 5.9%

1Q18/4Q17: 1.8%

● Net Interest Margin on Investments (1)     
 ● Net Interest Margin on Loans (2)  
● Net Interest Margin (3)



Yield on loans

11.1%

10.6%

10.2%

Yield on fixed income  
(includes Interbank Funds)

5.2%

4.7%

3.3%

Average Funding  
Cost / Total Int.  
Bearing Funding

4.2%

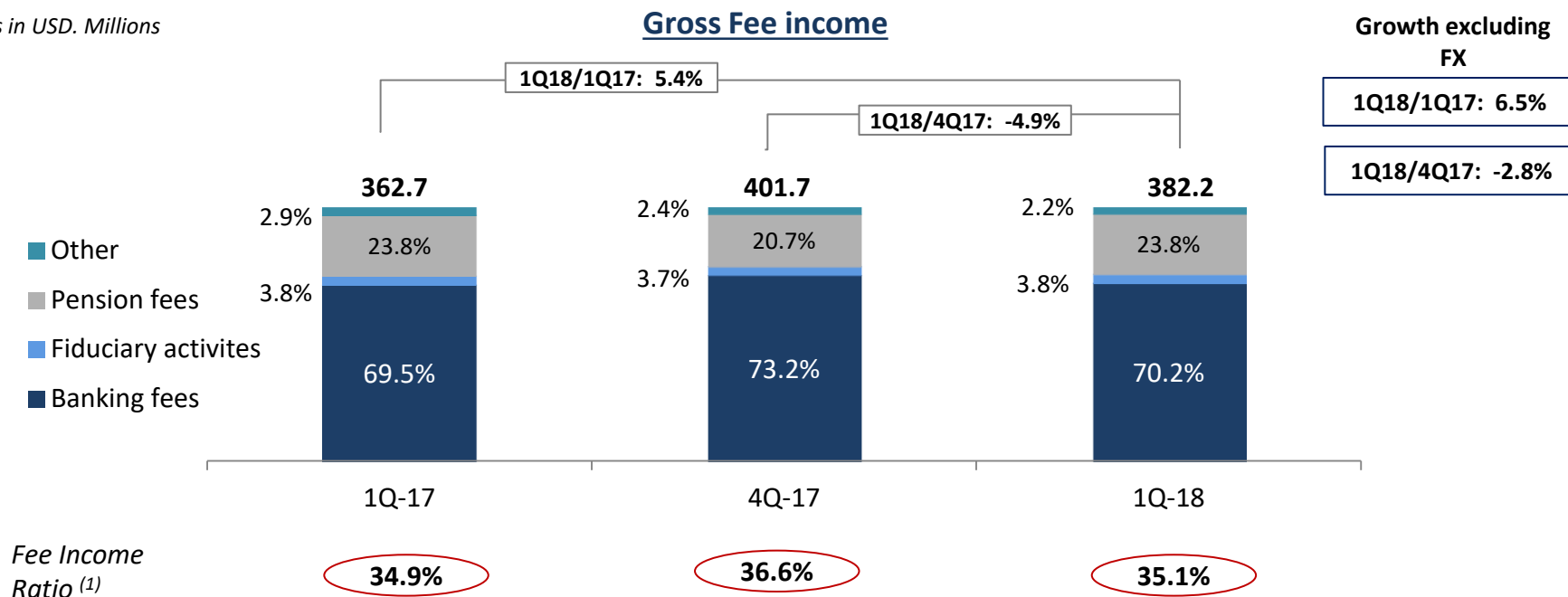
3.9%

3.7%

Source: Banco de Bogotá. Consolidated Figures.

- (1) Investments' Net Interest Margin: Net Interest income on fixed income securities + Net trading income from investment securities held for trading + income from interbank and overnight funds + Net income from Central American hedging activities, for the period, annualized / Average securities + Interbank and overnight funds.
- (2) Loans Net Interest Margin: Net Interest Income on Loans for the period, annualized / Average loans and financial leases.
- (3) Net Interest Income + Net trading income from investment securities held for trading + Net income from Central American hedging activities for the period, annualized / Average interest earning assets.

Figures in USD. Millions



## Other Operating Income

	1Q-17	4Q-17	1Q-18
Derivatives and foreign exchange gains (losses), net	32.7	42.1	50.2
Gain (loss) on investments, net <sup>(2)</sup>	29.3	26.4	-8.4
Other Income <sup>(3)</sup>	18.0	17.8	19.0
Equity method income from associates, dividend income <sup>(4)</sup>	11.8	-6.4	32.1
<b>Total Other Operating Income</b>	<b>91.8</b>	<b>79.9</b>	<b>92.9</b>

(1) Fee Income ratio is calculated: Gross Fee income / Net interest income before provision + Gross fee income + Total Other Operating Income.

(2) Gain (loss) on investments includes: Net trading income from investment securities held for trading

(3) Other income includes: Net gain on sale of investments, earnings on the sale of non-current assets held for sale and other income.

(4) Equity method income from associates includes Corficolombiana, Casa de Bolsa, Pizano and ATH.

## Operating Expenses/ Total Income<sup>(1)</sup>

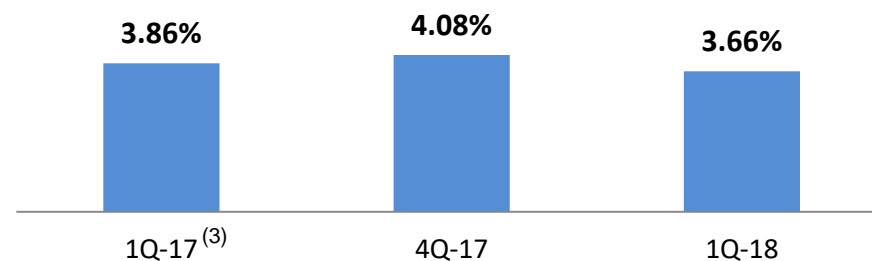
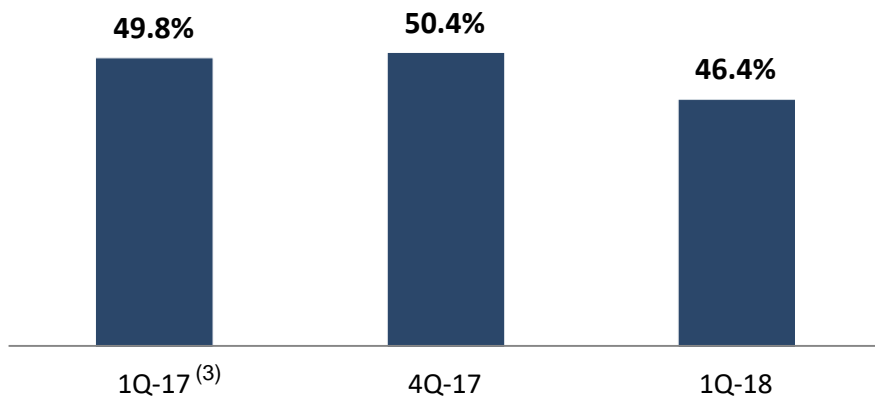
## Operating Expenses/Average Assets <sup>(2)</sup>

Operating Expense (USD Million)				
		Growth Rate		
1Q-17	4Q-17	1Q-18	1Q18/1Q17	1Q18/4Q17
494.6	524.2	470.4	-2.6%	-10.2%

Growth excluding  
FX

1Q18/1Q17: -1.5%

1Q18/4Q17: -8.2%



(1) Calculated as Personnel plus administrative expenses divided by net interest income plus net trading income, income on sale of investment and held for sale assets and fees and other services income, net (excluding other income)

(2) Calculated as annualized personnel plus administrative and other expenses divided by average of total assets.

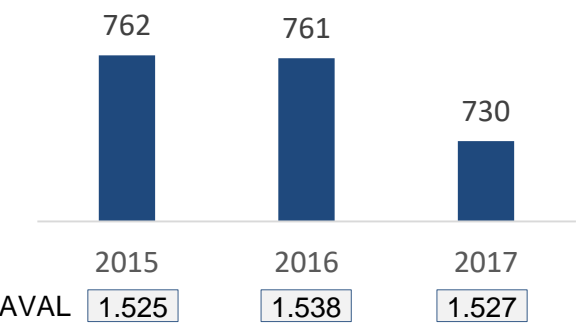
(3) Efficiency Ratios are including the wealth tax. When excluding this tax, efficiency ratio was 47.6% and 3.68%.

## Optimization of our footprint and acceleration of migration towards lower-cost digital channels

2015 - 2017 Results

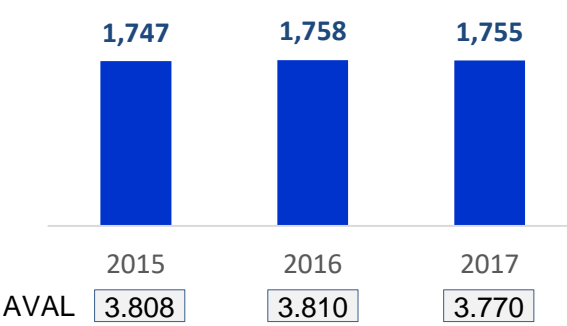
### Branches

- Right size network coverage
- Investment in operations and image



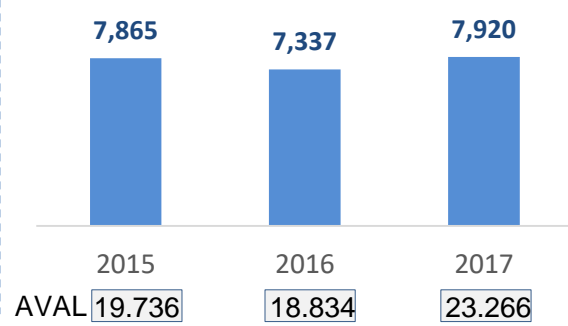
### Electronic Platforms

- New Platforms: Kiosks/Multi-functional ATM
- Reallocations to boost profitability & coverage



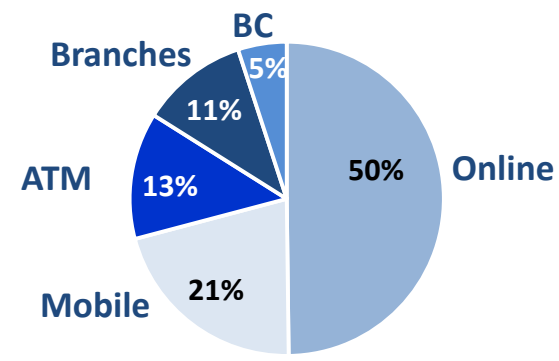
### Banking Correspondents (BC)

- New alliances with specialized networks
- Growth of AVAL network



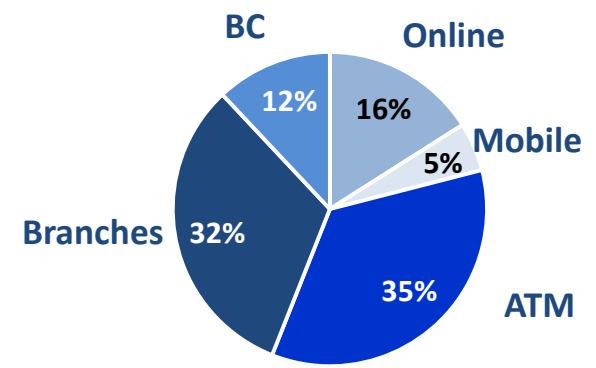
Transactions per Channel

Transaction per Channel – Mix 2017 (%)



Channel	Var 16-17
Digital	+37%
ATM	-2%
Branches	-11%
BC	+26%
<b>Total</b>	<b>+ 23%</b>

Monetary Transaction per Channel – Mix 2017 (%)



Channel	Var 16-17
Digital	+12%
ATM	+1%
Branches	-5%
BC	+30%
<b>Total</b>	<b>+ 4%</b>











## LAB DIGITAL BDB









**150+ Individuals**, skillset mix around commercial, technical, financial and design capabilities



Undertake transformation of our core products and channels with the ultimate goal of positioning ourselves as **Digital Market Leaders**

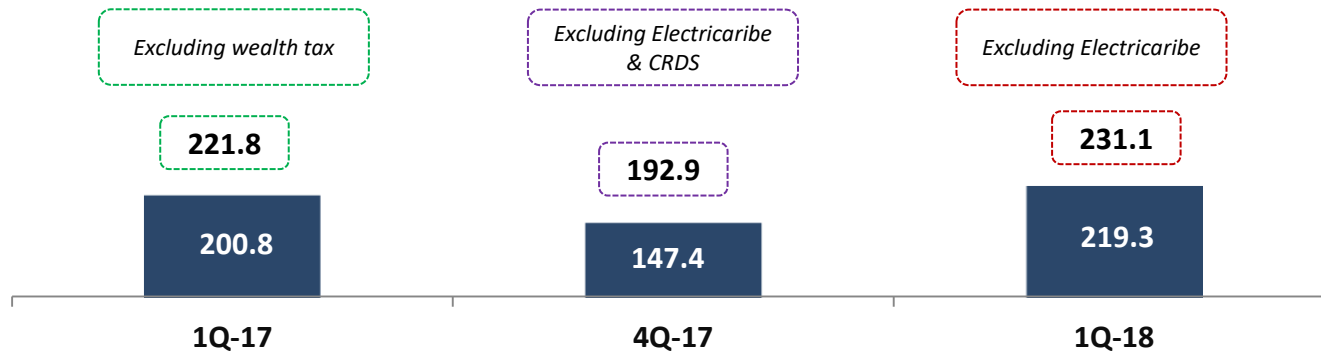
Products & Services	Omni-channel 100% Digital Saving Accounts	Fully automated Credit Card solution	Payrolls	Mortgages	Advanced Analytics & Machine Learning
	 Accounts <b>+34.000</b>  New Customers <b>+70 %</b>	 Credit Cards <b>+900</b>  Total amount <b>&gt;770 MM</b>	 <b>&gt;20</b>  Total amount <b>&gt;300 MM</b>	 Approved <b>&gt;10</b>  Total amount <b>&gt;700 MM</b>	 Consumer lending Collections  Reducing Customer Churn

Impact	Efficiency	Client Experience
	 Self-funded <b>100 %</b>  Reallocation of resources across the bank  Efficiency ratio accretive since Day 1	 Experience <b>4.8/5.0</b>  Selfservice <b>24/7</b>  Response <b>Immediately</b>

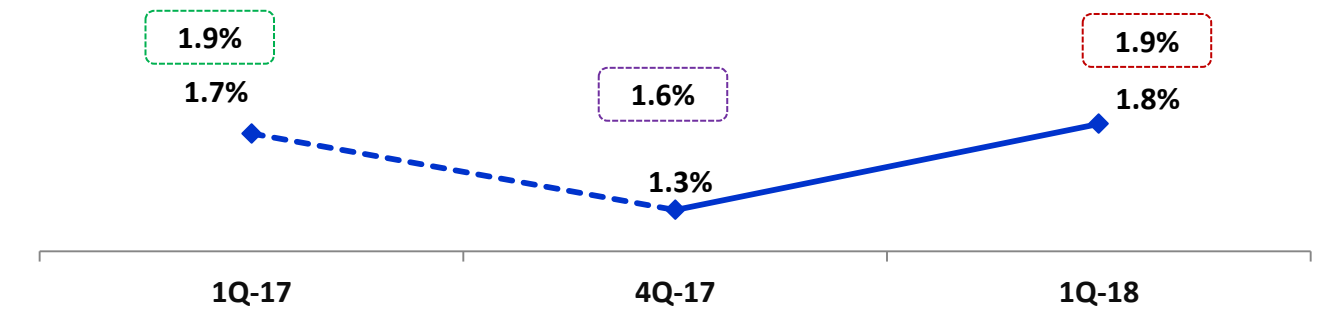


Figures in USD Millions

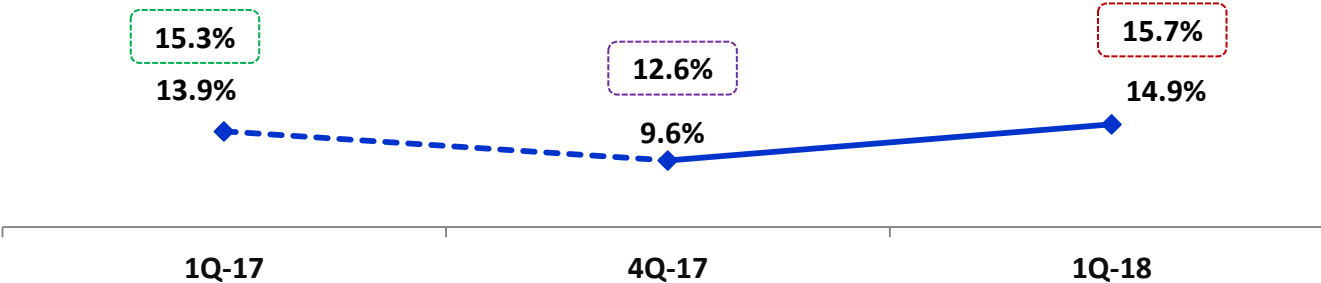
## Net Income attributable to controlling interest



ROAA <sup>(1)</sup>



ROAE <sup>(2)</sup>



(1) ROAA for each quarter is calculated as annualized Net Income divided by average of total assets. For 1Q-18 average is calculated between January 1st, 2018 (adoption IFRS 9) and March 31st, 2018

(2) ROAE for each quarter is calculated as annualized Net Income attributable to shareholders divided by average attributable shareholders' equity. For 1Q-18 average is calculated between January 1st, 2018 (adoption IFRS 9) and March 31st, 2018.

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