



Towards a more Digital Bank

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In our commitment to create personalized value propositions that meet the financial needs of each of our customers, we have moved forward in our strategy to provide much more agile, simple and effective financial solutions, in which we invest significant resources in technology, digital marketing, data and analytics.

Therefore, London publication *The Banker* recognized us as the Best Bank in Colombia in 2018, highlighting our digital strategy and our efforts to improve people's access to banking services. In turn, financial journal *Global Finance* presented us with the Country's Best Bank award in 2018, highlighting our performance on the market and the significant progress in terms of technology.

These distinctions have ranked us as the leader in digital banking, and respond to one of the 6 pillars of our corporate strategy: Analytical Capacity and Digital Transformation, whose objective is to transform the lives of our customers by providing digital experiences, applying technology to business processes and strengthening our skills in data analytics.

Digital experiences that produce outcomes

In digitization, we see an enormous opportunity to provide our customers with tailored products to make processes simpler and more effective.

As a result, we now have more than 1.2 million customers who value the acquisition and use of our digital services and solutions, as they can access in a quick and intuitive manner.

The Bank's digitization process is being developed by our Digital Lab, through which we strengthened and consolidated our digital channels in 2018 as the first choice in our customers' transactions.

Below are the main achievements of our digital strategy:

Increase in the customer base

One out of every three saving accounts and credit cards issued to individuals is sold through digital channels, expediting the process and streamlining the management of the service provided. In addition, 85% of the individuals who access through our digital flows are new customers, which allows us to increase our base, complying with one of the pillars of our strategic plan.

Broadest portfolio of digital products

Thanks to the efforts of our employees, in 2018, we were consolidated as the Bank with the broadest portfolio of 100% digital products on the market. During this period, we launched Mortgage and Non-restricted Loans. These two products have been added to the developments of 2017: Saving Account, Credit Card and Payroll Loans, which can be acquired quickly and dynamically through our web portal, Mobile Banking and our digital modules located in more than 100 offices.

Placement through the digital channel has been widely accepted by our users. In the case of Saving Accounts, more than 36% were placed using this medium, while Digital Credit Cards had a placement of 31%.

Our digital customers perform more than 358 million transactions on our Internet portal and through the Mobile Banking app.

Digital as a tool to leverage traditional channels

With the aim of providing our customers with a better experience at the offices, we decided to bring digitization through the Tu Banco en Minutos [Your Bank in Minutes] initiative, by installing 100 digital self-management modules, added to the 40 existing modules, and they increased openings by 27%.

Our customers can open Saving Accounts and Credit Cards through these modules. To ensure the security of our custom-

ers and processes, digital products are opened using biometric authentication, as a result of the strategic partnership with the National Civil Registry.

In addition, with the aim of familiarizing customers with the new dynamics and making things easy for them, in order to take digitization to all the scenarios, we conducted a pilot test in which the mobile sales force used tablets to offer our digital products. We had excellent results in this process, for which reason we defined, as part of our digital strategy, a deployment plan for 2019 in which we can be closer to our customers by expanding the coverage of digital flows in all of our channels.

Highest rated App of the financial sector

In addition to designing new services for our customers, our Digital Lab has focused on improving the Mobile Banking app and transforming the experience we provide on the Bank's web portal. Thus, we have become the highest rated app of the financial sector with an average score of 4.3, increasing the number of customers who use the digital channels by 33% and transaction volume by 28%.

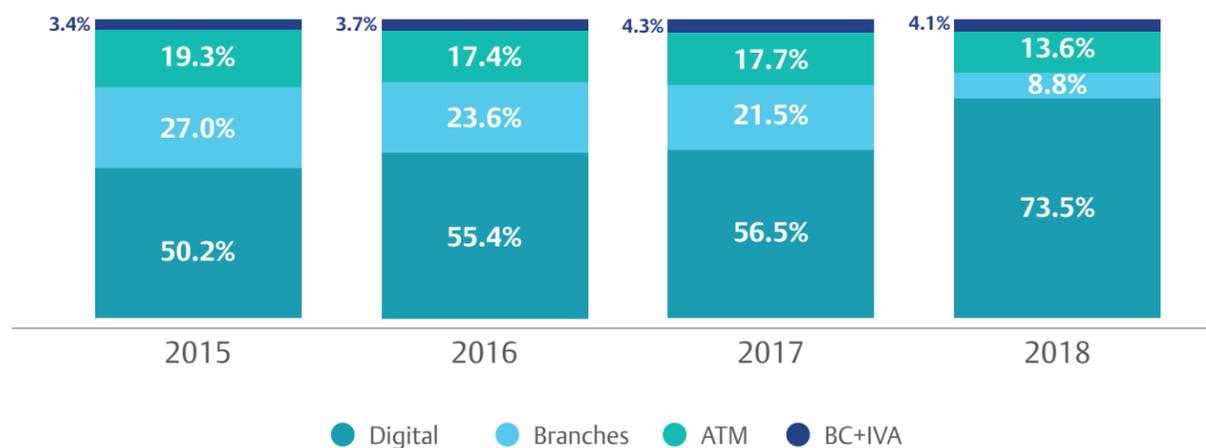
Transaction Migration

In 2018, thanks to the constant technology development and innovation, we strengthened and consolidated the digital channels as the first choice for our customers' transactions; this resulted in a 17 percentage point increase in the share thereof compared to 2017, going from 56.5% to 73.5%.

A fundamental part of this strategy is the implementation of initiatives such as Digital Onboarding, which teaches our customers to perform transactions in the virtual channels by downloading the Mobile Banking app. Also, since their enrollment and by carrying out structured campaigns, we take into account the user profile of the active customers' base, who are invited to use alternatives such as our app and the bank portal. In addition, as part of the continuous improvement plan, in 2018 we identified and reclassified 18.2 million transactions performed by our customers on digital channels that, until last year, were associated with the office channel.



Transactional evolution per channel



Abrev.: BC: Banking Correspondents
IVA: Interactive Voice Answer (self management call channel)
ATM: Automated Teller Machine

Digital Marketing

In accordance with the new Data trends, we have an area working on the planning, analysis, execution and measurement of the impact of campaigns that promote the sale of our digital products through different platforms. Our efforts are divided into two major methodologies: digital advertising and organic positioning strategy.

Based on the task of segmenting our customers, considering their specific needs, we generated campaigns on Google, YouTube, Facebook and Instagram, offering them the digital financial solution they require, in a quick and secure manner.

We also worked on the organic positioning strategy on search engines, which helps attract new customers interested in specific products without paying on the platforms. To do so, we made adjustments to our website to meet the search engine requirements and generated content guided by the needs of the individuals searching for digital products on the Internet.

This effort has decreased the acquisition cost of our digital products by nearly 80%.

Spaces for co-creation with young talent

With the aim of strengthening our capacity for innovation and promoting spaces for co-creation with young people, in 2018, we made an agreement with the Medellín campus of the Universidad Nacional de Colombia, which called on the students of the educational institution to resolve challenges and develop technology solutions to improve the experience of users of the financial services.

This agreement allowed us to work on two strategic areas: innovation in banking and talent management.

For the innovation area, we created interdisciplinary groups between students of the University and employees of our Bank to participate in the Modus Innovation Project, applying a special methodology to discover five technological challenges. The challenges were part of the following projects: sustainable mobility, design of a financial inclusion ecosystem, credit card gamification, financial product for pets and Blockchain.

The winning group proposed a Blockchain-based solution applied to Corporate Banking, which enables finding simi-



larities between companies to promote the exchange of their services.

In the area of talent management, we started a think tank with the University for the Bank to employ apprentices and new graduates, in order to develop their soft skills and specific technical skills for their professional growth and thus, train the best talent for the Bank. As a result of this agreement, we hired 3 analysts in the Technology Development Division in the second half of 2018.

Technology at the Service of Our Customers

We are constantly working to provide our customers with the best experiences, services and products. So through the digitization process, in addition to providing a broad portfolio of products, in 2018, we focused on increasing satisfaction by improving our services.

To do so, we implemented the following initiatives:

Aval Payment Portal

We expanded the service portfolio for our collection customers through three methods of payment: Aval Payment

button, PSE button and Credit Card Payment, in order to enrich the experience and promote the use of the Portal. We also enabled the option for our customers to pay their obligations (consumer loans and credit cards) through accounts at other banks.

Digital identity validation model

As part of our digital strategy, we implemented a new service to validate identities through a digital system that checks the history of digital services accessed by a user (Facebook, Netflix and Twitter, among others), managing to identify and validate a customer's identity. This allows us to enable a new secure enrollment model to provide our customers with the option of opening products digitally.

Virtual Advisor of the Vehicles Unit

In order to improve our customers' experience, we implemented a virtual advisor for the major allied brands of the vehicles unit, which issues a preliminary approval in accordance with the profile of each customer. We also provided support for loan placement management in the 2018 International Car Show with the new system for final approval and online consultation of income, thus optimizing process times.

Automation of the prospect validation process

With the aim of optimizing risk assessment and prospect validation processes related to loan applications, we implemented a robot, in the pilot phase, through which we perform the customer validations necessary with external databases in order to reduce credit analysis time and the risk of identity theft, thus ensuring the security of customers' information and a better experience.

Improvements in SWIFT messaging

We have evolved in the information management model by implementing a regional connectivity service with BAC Credomatic and International Subsidiaries and Agencies in order to make mass payments and offer new services required by the market, maintaining our position as the leading Bank with an international presence.

Security and Improvements to the Technology Platform

Blockchain Technology

As part of our commitment to explore and innovate in the use of technology tools, we launched a project to explore the

blockchain technology, with the participation of the Central Bank of Colombia and other Colombian banks, in which we managed to implement one case of use, focused on an immediate interbank payment system. The project enabled us to validate the operation of the technology and to assess other possible application scenarios.

New WIBBO Service Channel

In the second half of 2018, we implemented the WIBBO (WhatsApp Intelligent Banco de Bogotá) digital channel as part of the digital transformation and optimization process of the service model. This channel allows Bank employees to interact with the Service Desk in a simpler and quicker manner from anywhere, through a mobile device using the instant messaging app WhatsApp. To support the Digital Advisor of the Offices included in Tu Banco en Minutos [Your Bank in Minutes], we have enabled the "WIBBO Digital Office" channel, available in more than 100 offices.

Information Security Governance

To support the sustainability strategy and in line with the business strategies, during the second half of the year we began to redesign the security governance model in order to make it more visible to deal with challenges associated with the digital transformation and mitigate the risks associated with cyberattacks.

