

Consolidated Financial Statement

Banco de Bogotá S.A. and Subsidiaries

December 31, 2018 and 2017

(FREE TRANSLATION OF THE REPORT PREVIOUSLY ISSUED IN SPANISH)
STATUTORY AUDITOR'S REPORT

To the Shareholders
Banco de Bogotá S.A.:

I have audited the consolidated financial statements of Banco de Bogotá S.A. and Subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2018 and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

Management's responsibility regarding the consolidated financial statements

Management is responsible for the fair preparation and presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control relevant to the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Statutory Auditor's responsibility

My responsibility is to express an opinion on the consolidated financial statements based on my audit. I obtained the necessary information and carried out my audit in accordance with International Standards on Auditing accepted in Colombia. Such standards require that I comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risk of material misstatement in the consolidated financial statements. In making this risk assessment, the statutory auditor considers internal control relevant to the preparation and presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained provides a reasonable basis for my audit opinion expressed below.

Opinion

In my opinion, the above mentioned consolidated financial statements and attached to this report, present fairly, in all material respects, the consolidated financial position of the Group at December 31, 2018, the consolidated results of its operations, and its consolidated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with previous year, except for the application of IFRS 9 that became effective as of January 1, 2018.

Other matters

The consolidated financial statements at and for the year ending December 31, 2017 are submitted only for comparison purposes, were audited by me and in my report dated February 20, 2018, I expressed an unqualified opinion thereon.

Pedro Ángel Preciado Villarraga
Statutory Auditor of Banco de Bogotá S.A.
Registration 30723 - T
Member of KPMG S.A.S.

February 26, 2019

BANCO DE BOGOTA S.A. AND SUBSIDIARIES
Consolidated Statement of Financial Position
At December 31,
(Figures expressed in million of Colombian pesos)

	<u>Notes</u>	<u>2,018</u>	<u>2,017</u>
<u>Assets</u>			
Cash and cash equivalents	8	22,061,097	16,924,630
Financial assets investment	9	14,001,320	13,912,887
At fair value through profit or loss		2,779,671	6,921,786
Debt securities		962,494	5,406,636
Equity securities		1,817,177	1,515,150
At fair value through other comprehensive income		9,860,475	60,812
Debt securities		9,665,388	0
Equity securities		195,087	60,812
At amortized cost		1,361,174	6,930,289
Debt securities		1,361,174	6,930,289
Financial assets derivatives at fair value	10	356,472	234,492
Trading derivatives		323,491	183,115
Hedging derivatives		32,981	51,377
Loan portfolio and financial leases transactions at amortized cost, net	11	111,018,236	104,243,805
Commercial		70,446,069	66,358,671
Consumer		31,170,583	28,318,599
Mortgage		14,115,974	12,392,696
Microcredit		418,288	400,817
Impairment		(5,132,678)	(3,226,978)
Other accounts receivable, net	12	2,018,868	1,585,407
Non-current assets held for sale	13	165,019	78,059
Investments in associates and joint ventures	14	4,157,015	3,391,459
Property, plant and equipment	15	1,944,314	1,936,321
Investment properties	16	287,651	254,945
Goodwill	17	6,007,901	5,590,364
Other intangible assets	18	522,014	457,057
Income tax	19	520,540	621,003
Current		271,499	578,130
Deferred		249,041	42,873
Other assets		242,062	174,696
Total assets		<u>163,302,509</u>	<u>149,405,125</u>

BANCO DE BOGOTA S.A. AND SUBSIDIARIES
Consolidated Statement of Financial Position
At December 31,
(Figures expressed in million of Colombian pesos)

	<u>Notes</u>	<u>2,018</u>	<u>2,017</u>
<u>Liabilities and equity</u>			
<u>Liabilities</u>			
Financial liabilities derivatives at fair value		561,306	190,535
Trading derivatives		379,995	174,704
Hedging derivatives		181,311	15,831
Financial liabilities at amortized cost		136,964,589	126,241,980
Customer deposits	20	108,404,523	100,947,245
Current accounts		31,653,227	27,955,068
Savings accounts		31,148,792	31,206,574
Time certificates of deposit		45,254,976	41,435,448
Other		347,528	350,155
Financial obligations	21	28,560,066	25,294,735
Interbank borrowings and overnight funds		1,941,616	1,361,832
Borrowings from banks and others		16,417,926	14,379,098
Bonds issued		8,280,888	7,908,068
Borrowings from development entities		1,919,636	1,645,737
Employee benefits	22	567,461	549,839
Provisions	23	266,450	264,234
Income tax	19	509,910	645,707
Current		289,854	193,253
Deferred		220,056	452,454
Accounts payables and other liabilities	24	4,765,019	3,302,609
Total liabilities		<u>143,634,735</u>	<u>131,194,904</u>
<u>Equity</u>			
Controlling interest	25	18,569,546	17,225,637
Subscribed and paid-in capital		3,313	3,313
Additional paid-in capital		5,721,621	5,721,621
Retained earnings		11,991,478	10,638,210
Other comprehensive income	27	853,134	862,493
Non-controlling interest	26	1,098,228	984,584
Total equity		<u>19,667,774</u>	<u>18,210,221</u>
Total liabilities and equity		<u>163,302,509</u>	<u>149,405,125</u>

The accompanying notes are an integral part of these consolidated financial statements.

ALEJANDRO FIGUEROA JARAMILLO
Legal Representative

NÉSTOR ANTONIO PUPO BALLESTAS
Chief Accountant
Professional License 43967 -T

PEDRO ÁNGEL PRECIADO VILLARRAGA
Statutory Auditor
Professional License 30723 - T
Member of KPMG S.A.S.
(See my report dated february 26, 2019)

BANCO DE BOGOTA S.A. AND SUBSIDIARIES
Consolidated Statement of Income
For the year ended at December 31,
(Figures expressed in million of Colombian pesos, except net earnings per share)

	Notes	2,018	2,017
Interest income		\$ 11,195,365	11,154,977
Loan portfolio and financial leases transactions		10,742,547	10,904,710
Investments in debt securities, at amortized cost		452,818	250,267
Interest expenses		4,328,847	4,594,102
Customer deposits		3,155,060	3,440,123
Current accounts		338,085	295,219
Savings accounts		704,932	972,273
Time certificates of deposit		2,112,043	2,172,631
Financial obligations		1,173,787	1,153,979
Interbank borrowings and overnight funds		81,751	90,876
Borrowings from banks and others		575,545	551,731
Bonds issued		434,275	417,208
Borrowings from development entities		82,216	94,164
Net interest income		6,866,518	6,560,875
Net impairment loss on financial assets		2,493,904	2,187,207
Loan portfolio and other accounts receivable		2,610,893	2,295,582
Recoveries		(123,930)	(108,516)
Investments in debt securities		6,941	141
Net interest income, after impairment loss on financial assets		4,372,614	4,373,668
Revenue from contracts with customers for commissions and other services		4,400,966	4,190,209
Banking services		2,032,252	1,924,888
Credit cards		1,084,155	1,012,546
Pension and severance fund management		985,217	924,769
Trust activities and portfolio management		165,816	160,488
Storage services		99,046	109,541
Drafts, checks and checkbooks		23,428	33,689
Office network services		11,052	24,288
Costs and expenses of contracts with customers for commissions and other services	28	378,741	351,072
Revenue from contracts with customers for commissions and other services, net		4,022,225	3,839,137
Net income from trading financial assets or liabilities		412,072	563,174
Gain (loss) on valuation of derivatives instruments for trading		189,817	(73,233)
Gain on valuation of derivative instruments for hedging		207,219	168,022
Gain on valuation of investments for trading		15,036	468,385
Other income	29	1,583,949	629,226
Net gain on exchange difference		302,775	346,507
Others		1,281,174	282,719
Other expenses		6,309,605	6,076,776
Administrative	30	3,171,147	3,004,357
Employee benefits		2,547,111	2,473,502
Depreciation and amortization		363,263	361,621
Others		228,084	237,296
Net income before income tax		4,081,255	3,328,429
Income tax expense	19	950,043	1,031,947
Net income		3,131,212	2,296,482
Net income attributable to:			
Controlling interest		2,937,262	2,064,130
Non-controlling interest		193,950	232,352
Net income		\$ 3,131,212	2,296,482
Basic and diluted net earnings per share of controlling interest, (in colombian pesos)		\$ 8,866	6,231

The accompanying notes are an integral part of these consolidated financial statements.

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BANCO DE BOGOTA S.A. AND SUBSIDIARIES
Consolidated Statement of Other Comprehensive Income
For the year ended at December 31,
(Figures expressed in million of Colombian pesos)

	Notes	2,018	2,017
Net income	\$	3,131,212	2,296,482
Items that may be reclassified to profit or loss		(82,586)	(223,566)
Hedge accounting			
Exchange difference on translation of the financial statements of foreign subsidiaries		1,097,187	(51,494)
Exchange difference on derivatives in foreign currency		(547,310)	16,832
Exchange difference on bonds in foreign currency		(549,332)	34,864
(Expenses) income unrealized profit from measurement of financial assets at fair value		(50,060)	4,591
Impairment of debt instruments at fair value		6,145	0
Exchange difference on translation of the financial statements of foreign agencies, branches and subsidiaries.		(271,251)	(98,683)
Share in other comprehensive income of associates		(69,654)	3,825
Adjustment allowance for loan portfolio for purposes of consolidated financial statements		0	(164,217)
Income tax	19	301,689	30,716
Items that will not be reclassified to profit or loss		35	(12,173)
Actuarial gains from defined benefit plans		1,775	(17,866)
Income tax	19	(1,740)	5,693
Total other comprehensive income, net income tax	\$	(82,551)	(235,739)
Total comprehensive income	\$	3,048,661	2,060,743
Total comprehensive income attributable to:			
Controlling interest		2,861,890	1,828,949
Non-controlling interest		186,771	231,794
Total comprehensive income	\$	3,048,661	2,060,743

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BANCO DE BOGOTA S.A. AND SUBSIDIARIES
Consolidated Statement of Changes in Equity
For the year ended at December 31,
(Figures expressed in million of Colombian pesos)

Attributable to equity holders of the Group							
Notes	Subscribed and paid-in capital	Additional paid-in capital	Retained earnings	Other comprehensive income (OCI)	Controlling interest equity	Non-controlling interest	Total equity
Balances at December 31, 2016	\$ 3,313	5,721,621	9,661,025	1,097,674	16,483,633	827,033	17,310,666
Dividends decreed	0	0	(1,033,595)	0	(1,033,595)	(71,394)	(1,104,989)
Wealth tax	0	0	(53,480)	0	(53,480)	(2,830)	(56,310)
Others	0	0	130	0	130	(19)	111
Net income	0	0	2,064,130	0	2,064,130	232,352	2,296,482
Other comprehensive income	0	0	0	(235,181)	(235,181)	(558)	(235,739)
Balances at December 31, 2017	\$ 3,313	5,721,621	10,638,210	862,493	17,225,637	984,584	18,210,221
Changes in accounting policies	0	0	(511,594)	66,013	(445,581)	4,484	(441,097)
Balances at January 1, 2018 (Adjusted)	\$ 3,313	5,721,621	10,126,616	928,506	16,780,056	989,068	17,769,124
Dividends decreed	0	0	(1,073,349)	0	(1,073,349)	(83,960)	(1,157,309)
Others	0	0	949	0	949	6,349	7,298
Net income	0	0	2,937,262	0	2,937,262	193,950	3,131,212
Other comprehensive income	0	0	0	(75,372)	(75,372)	(7,179)	(82,551)
Balances at December 31, 2018	\$ 3,313	5,721,621	11,991,478	853,134	18,569,546	1,098,228	19,667,774

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BANCO DE BOGOTA S.A. AND SUBSIDIARIES
Consolidated Statement of Cash Flows
For the year ended at December 31,
(Figures expressed in million of Colombian pesos)

	<u>Notes</u>	<u>2,018</u>	<u>2,017</u>
Cash flows from operating activities			
Net income		\$ 3,131,212	2,296,482
Adjustments to reconcile net income for the period to net cash provided by operating activities:			
Impairment loss on loan portfolio, financial leases and other accounts receivable, net	11 y 12	2,611,070	2,295,759
Depreciation and amortization	15 y 16	364,532	363,165
Equity method income	29	(568,196)	(46,060)
Profit on valuation and sale of financial assets, net		(415,796)	(94,789)
Interest income		(11,195,365)	(11,154,977)
Interest expenses		4,328,847	4,594,102
Income tax expense	19	950,043	1,031,947
Adjustment for the foreign exchange		93,598	(117,584)
Income by assignment subscription of shares in associates	29	(123,409)	0
Others adjustments to reconcile net income for the period		(340,606)	13,973
Changes in operating assets and liabilities			
Decrease (increase) in financial assets investments		73,241	(702,172)
Increase in loan portfolio and financial leases		(5,313,938)	(10,301,467)
Increase in other accounts receivable		(377,741)	(123,577)
(Increase) decrease in other assets		(52,726)	34,737
Increase in customer deposits		2,064,062	7,579,857
Increase in accounts payables and other liabilities		1,905,227	285,683
Interest received		10,674,667	11,338,096
Interest paid		(4,086,439)	(4,643,297)
Dividends received		13,297	5,728
Income tax paid		(964,316)	(945,714)
Wealth tax paid		0	(56,310)
Net cash provided by operating activities		<u>2,771,264</u>	<u>1,653,582</u>
Cash flows from investing activities:			
Proceeds from sale in financial assets investment at fair value		1,145,405	0
Additions of financial assets investment at amortized cost		(1,135,138)	(3,880,356)
Acquisition of property, plant and equipment	15	(254,075)	(235,376)
Additions of investment property	16	0	(6,000)
Acquisition of other intangible assets		(200,692)	(122,132)
Redemption of financial assets investment at amortized cost		1,162,843	3,562,606
Proceeds from sale of non-financial assets		83,434	80,643
Non-controlling interest in the acquisition of controlled entities		6,110	0
Net cash provided by (used in) investing activities		<u>807,887</u>	<u>(600,615)</u>
Cash flows from financing activities:			
Increase in interbank borrowings and overnight funds		432,641	119,506
Acquisition of financial obligations		14,072,876	12,790,881
Decrease of financial obligations		(12,967,511)	(13,102,042)
Issuance of outstanding bonds		175,515	2,329,646
Payment of outstanding bonds issued		(443,643)	(2,571,595)
Dividends paid		(1,141,863)	(1,095,049)
Net cash provided by (used in) financing activities		<u>128,015</u>	<u>(1,528,653)</u>
Effect of foreign currency changes on cash and cash equivalents		1,429,301	(428)
Net Increase (decrease) in cash and cash equivalents		5,136,467	(476,114)
Cash and cash equivalents at beginning of the year	8	16,924,630	17,400,744
Cash and cash equivalents at the end of the year	8	<u>\$ 22,061,097</u>	<u>16,924,630</u>

The accompanying notes are an integral part of these consolidated financial statements.

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