

BANCO DE BOGOTÁ S.A.

Financial Statements

At December 31 and June 30, 2016

(Without the Report of Independent Registered Public Accounting Firm)

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

To the Shareholders
Banco de Bogotá S.A.:

Report on the financial statements

I have audited the separate financial statements of Banco de Bogotá S.A. (the Bank), which comprise the separate statements of financial position as at December 31, 2016 and the separate statements of profit or loss, profit or loss and comprehensive income, changes in equity and cash flows for the half-year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

Management's responsibility regarding the separate financial statements

Management is responsible for the fair preparation and presentation of these separate 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 separate 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 separate financial statements based on my audit. I obtained the necessary information and carried out my audit in accordance with Information Assurance Standards 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 separate financial statements are free from material misstatement.

An audit in accordance with those standards involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the separate financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risk of material misstatement in the separate financial statements. In making this risk assessment, the statutory auditor considers the internal control relevant to the preparation and presentation of the separate financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate 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 separate financial statements, taken accurately from books and attached to this report, present fairly, in all material respects, the separate financial position of Banco de Bogotá S.A. as at December 31, 2016, the separate results of its operations, and its separate cash flows for the half-year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis.

Emphasis paragraph

Without qualifying my opinion, I draw attention to note 34 to the separate financial statements, which indicates that Banco de Bogotá S.A. has loan portfolio with the debtor Concesionaria Ruta del Sol S.A.S. as at December 31, 2016 for \$721.145 million, equivalent to 0.90% of total assets. The Bank's management analyzed the recoverability of this portfolio according to the liquidation formula contained in the agreement signed between the Agencia Nacional de Infraestructura and the Concesionaria Ruta del Sol S.A.S. dated February 22, 2017, estimating that resources will be recovered between 2017 and 2021.

Other matters

The separate financial statements as at and for the half-year ended June 30, 2016, are presented only for comparison purposes and were audited by me in accordance with international auditing standards accepted in Colombia and in my report, dated August 12, 2016, I expressed an unqualified opinion thereon.

Report on other legal and regulatory requirements

Based on the results of my tests, I believe:

- a) The Bank's bookkeeping has been performed in conformity with legal rules and accounting pronouncements.
- b) The operations recorded in the books and management performance are in conformity with the bylaws and decisions of the Bank's General Shareholders' Meeting.
- c) The correspondence, the vouchers of accounts and the books of minutes and record of shares have been properly maintained.
- d) The Bank has adopted adequate measures of internal control, which include the risks management systems implemented, maintenance and custody of the Bank's assets and third parties' assets in its possession.

- e) The Bank has fulfilled the standards and instructions of the Financial Superintendence of Colombia regarding to the appropriate administration and accounting of the provision of assets received in payment and the implementation and impact on the statement of financial position and the statement of income of the Risks Management Systems that apply.
- f) The management report prepared by management agrees with the accompanying financial statements, which includes evidence about free circulation of sellers' or suppliers' invoices.
- g) The information contained in the contribution returns submitted to the Social Security System, specifically the information on affiliates and their salary base for determining contributions, has been prepared from the accounting records and supporting documentation. The Bank is up to date in payment of contributions to the Social Security System.

I carried out monitoring to the answers about the recommendation letters addressed to the Bank's management and there are no outstanding material issues that can affect my opinion

(Signed on the original in Spanish)
Pedro Ángel Preciado Villarraga
Statutory Auditor of Banco de Bogotá S.A.
Registration 30723 - T
Member of KPMG S.A.S.

February 27, 2017

BANCO DE BOGOTA S.A.
 Separate Statement of Financial Position
 At December 31, 2016
 (In millions of Colombian pesos)

| <u>Assets</u> | <u>Notes</u> | <u>December 31, 2016</u> | <u>June 30, 2016</u> |
|---|--------------|-----------------------------|--------------------------|
| Cash and cash equivalents | 7, 31 | \$ 7,093,044 | 6,273,807 |
| Financial assets for investments | 8 | 4,956,947 | 5,163,219 |
| Trading securities | | 460,848 | 486,977 |
| Debt securities | | 460,573 | 486,712 |
| Equity securities | | 275 | 265 |
| Available-for-sale | | 3,001,044 | 3,162,059 |
| Debt securities | | 2,846,726 | 3,136,131 |
| Equity securities | | 154,318 | 25,928 |
| Trading derivatives | | 253,041 | 438,122 |
| Held to maturity | | 1,242,014 | 1,076,061 |
| Loan portfolio and finance leases transactions | 9, 31 | 50,311,674 | 49,533,651 |
| Commercial | | 39,460,839 | 39,380,966 |
| Consumer | | 9,886,095 | 9,263,143 |
| Mortgage | | 2,433,523 | 2,176,828 |
| Microcredits | | 375,932 | 369,748 |
| Less: Allowance | | (1,844,715) | (1,657,034) |
| Other accounts receivable | 10, 31 | 483,963 | 260,234 |
| Hedging derivatives | 8 | 117,037 | 400,389 |
| Non-current assets held for sale | 11 | 95,649 | 13,261 |
| Investments in subsidiaries, associates and joint ventures | 13, 31 | 14,860,795 | 14,244,376 |
| Property, plant and equipment | 14 | 752,842 | 758,368 |
| Investment properties | 15 | 40,090 | 40,812 |
| Goodwill | 16 | 465,905 | 465,905 |
| Other intangible assets | 17 | 272,302 | 242,513 |
| Income tax | 18 | 596,818 | 621,394 |
| Current | | 332,071 | 262,654 |
| Deferred | | 264,747 | 358,740 |
| Other assets | 19 | 20,448 | 19,288 |
| Total assets | | \$ <u>80,067,514</u> | <u>78,037,217</u> |

BANCO DE BOGOTA S.A.
 Separate Statement of Financial Position
 At December 31, 2016
 (In millions of Colombian pesos)

| <u>Liabilities and Shareholders' Equity</u> | <u>Notes</u> | <u>December 31, 2016</u> | <u>June 30, 2016</u> |
|---|--------------|--------------------------|----------------------|
| <u>Liabilities</u> | | | |
| Financial liabilities at fair value | | | |
| Trading derivatives | 8 | \$ 329,322 | 432,924 |
| Financial liabilities at amortized cost | | | |
| Customer deposits | | | |
| | 20, 31 | 49,266,464 | 47,455,430 |
| Current accounts | | 12,490,502 | 9,546,135 |
| Time certificates of deposit | | 16,603,801 | 16,596,539 |
| Savings deposits | | 20,108,158 | 21,216,422 |
| Others | | 64,003 | 96,334 |
| Financial obligations | | | |
| | 21, 31 | 12,333,740 | 13,008,929 |
| Interbank funds and overnight | | 947,958 | 1,687,646 |
| Bank loans and others | | 2,944,748 | 4,493,365 |
| Bonds issued | | 6,904,954 | 5,234,008 |
| Borrowing from development entities | | 1,536,080 | 1,593,910 |
| Hedging derivatives | 8 | 35,644 | 75,990 |
| Employee benefits | 22 | 294,825 | 249,894 |
| Provisions | 23 | 39,210 | 26,731 |
| Income tax | | | |
| | 18 | 5,952 | 0 |
| Current | | 5,952 | 0 |
| Deferred | | 0 | 0 |
| Accounts payable and other liabilities | 24, 31 | 1,812,288 | 1,302,745 |
| Total liabilities | | \$ <u>64,117,445</u> | <u>62,552,643</u> |
| <u>Shareholders' Equity</u> | | | |
| Subscribed an paid-in capital | 25 | 3,313 | 3,313 |
| Additional paid-in capital | | 5,721,621 | 5,721,621 |
| Retained earnings | | | |
| | 25 | 9,787,329 | 9,324,226 |
| Reserves | | 8,758,740 | 5,995,781 |
| Net income | | 953,842 | 3,281,053 |
| Net income from previous periods | | 74,747 | 47,392 |
| Other comprehensive income | 26 | 437,806 | 435,414 |
| Total shareholders' equity | | \$ <u>15,950,069</u> | <u>15,484,574</u> |
| Total liabilities and shareholders' equity | | \$ <u>80,067,514</u> | <u>78,037,217</u> |

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

ALEJANDRO FIGUEROA JARAMILLO
 Legal Representative

NÉSTOR ANTONIO PUPO BALLESTAS
 Director of Accounting
 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 27, 2017)

BANCO DE BOGOTA S.A.
 Separate Statement of Income
 For the period of six months ended at December 31, 2016
 (In millions of Colombian pesos, except earnings per share)

| | <u>Notes</u> | <u>December 31, 2016</u> | <u>June 30, 2016</u> |
|---|--------------|--------------------------|----------------------|
| Interest income | | \$ 3,037,975 | 2,704,928 |
| Loan portfolio and finance leases transactions | | 2,933,289 | 2,599,900 |
| Investments | | 104,686 | 105,028 |
| Interest expenses | | 1,585,896 | 1,343,056 |
| Customer deposits | | 1,259,807 | 1,053,782 |
| Current accounts | | 69,125 | 80,958 |
| Time certificates of deposit | | 627,705 | 494,996 |
| Savings deposits | | 562,977 | 477,828 |
| Financial liabilities | | 326,089 | 289,274 |
| Interbank funds and overnight | | 83,783 | 109,247 |
| Bank loans and others | | 70,100 | 62,747 |
| Bonds issue | | 172,206 | 117,280 |
| Net income from interest loan portfolio and investments | | 1,452,079 | 1,361,872 |
| Allowances on financial assets | | 511,188 | 540,330 |
| Loan portfolio and accounts receivable, net | 9, 10 | 510,580 | 539,719 |
| Investments in debt securities | | 608 | 611 |
| Net interest income after allowances | | 940,891 | 821,542 |
| Income for commissions and fees | 31 | 468,090 | 429,359 |
| On banking services | | 281,251 | 251,186 |
| On drafts, checks and checkbooks | | 18,454 | 19,128 |
| On credit and debit cards | | 153,402 | 144,406 |
| Office network services | | 14,983 | 14,639 |
| Expenses for commissions and fees | 27, 31 | 81,008 | 75,584 |
| Net income from commissions | | 387,082 | 353,775 |
| Profit or loss from financial assets or liabilities for trading, net | | 152,719 | 100,526 |
| Loss on financial derivatives for trading, net | | (13,453) | (24,929) |
| Gain on hedging derivatives, net | | 148,415 | 110,821 |
| Gain on investments, net | | 17,757 | 14,634 |
| Gain from deconsolidation (loss of control) the subsidiaries | 12 | 1,066 | 2,199,889 |
| Other income | 28 | 878,254 | 999,437 |
| Participation in investments using the equity method | | 583,471 | 753,517 |
| | | 294,783 | 245,920 |
| Other expenses | | 1,132,440 | 993,370 |
| Personnel expenses | | 351,837 | 316,088 |
| Impairment | | 35,903 | 7,519 |
| Depreciation | | 53,652 | 50,024 |
| Amortization intangible assets | | 14,278 | 5,148 |
| General and administrative expenses | 29 | 652,201 | 604,421 |
| Others | | 24,569 | 10,170 |
| Profit before income tax | | \$ 1,227,572 | 3,481,799 |
| Income tax | 18 | 273,730 | 200,746 |
| Net income | | \$ 953,842 | 3,281,053 |
| Earnings per basic and diluted share (in Colombian Pesos) | 25 | \$ 2,879 | 9,904 |

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

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BANCO DE BOGOTA S.A.
 Separate Statement of Comprehensive Income
 For the six-months ended at December 31, 2016
 (In millions of Colombian pesos)

| | <u>Note</u> | <u>December 31, 2016</u> | <u>June 30, 2016</u> |
|--|-------------|--------------------------|----------------------|
| Net income for the year | | \$ 953,842 | 3,281,053 |
| Items that may be or are subsequently reclassified to the statement of income | | 12,245 | (169,260) |
| Hedge accounting | | | |
| Exchange difference on foreign subsidiaries | | 278,861 | (777,682) |
| Exchange difference from derivatives in foreign currency | | (107,591) | 399,154 |
| Exchange difference from bonds in foreign currency | | (169,454) | 378,259 |
| Unrealized profit from measurement of financial assets available for sale | | 44,309 | 131,356 |
| Adjustment for exchange difference in foreign branches | | 12,924 | (33,429) |
| Interest in other comprehensive income of subsidiaries | | (135,083) | 64,322 |
| Income tax | 18 | 88,279 | (331,240) |
| Items that are reclassified to the statement of income | | 5 | (8,164) |
| Deconsolidation (loss of control) of subsidiaries | | 5 | (8,164) |
| Items that will not be reclassified to income for the period | | (9,858) | (1,318) |
| Changes in actuarial assumptions in defined benefit plans | | (15,209) | (2,063) |
| Deferred income tax | | 5,351 | 745 |
| Total other comprehensive income, net taxes | | 2,392 | (178,742) |
| Total comprehensive income | | \$ 956,234 | 3,102,311 |

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BANCO DE BOGOTA S.A.
 Separate Statement of Changes in Equity
 At December 31, 2016
 (In millions of Colombian pesos, except the figure per share)

| <u>Note</u> | <u>Subscribed and paid-in capital</u> | <u>Additional paid-in capital</u> | <u>Retained earnings</u> | | | <u>Other comprehensive income</u> | <u>Total shareholders' equity</u> |
|---|---------------------------------------|-----------------------------------|--------------------------|-------------------|---|-----------------------------------|-----------------------------------|
| | | | <u>Reserves</u> | <u>Net income</u> | <u>Net Income from previous periods</u> | | |
| Balance at December 31, 2015 | \$ 3,313 | 5,721,621 | 5,218,669 | 1,008,948 | 432,178 | 614,156 | 12,998,885 |
| Transfer of net income for the period to income for previous periods | | | | (1,008,948) | 1,008,948 | | 0 |
| Release of voluntary reserves | | | (536,006) | | 536,006 | | 0 |
| Appropriation of voluntary reserves | | | 583,303 | | (583,303) | | 0 |
| Donation to the Banco de Bogotá Employee Fund | | | | | (10) | | (10) |
| Dividends payable in cash between April 2016 and September 2016 at \$230.00 per share on 331,280,555 shares | 25 | | | | (457,167) | | (457,167) |
| Increase in the legal reserve from appropriation of profits | | | 868,099 | | (868,099) | | 0 |
| Wealth tax | | | (138,284) | | | | (138,284) |
| Gain from deconsolidation (loss of control) Corporación Financiera Colombiana S.A. | 12 | | | | (21,161) | | (21,161) |
| Total comprehensive income | | | | 3,281,053 | | (178,742) | 3,102,311 |
| Balance at June 30, 2016 | \$ 3,313 | 5,721,621 | 5,995,781 | 3,281,053 | 47,392 | 435,414 | 15,484,574 |
| Transfer of net income for the period to income for previous periods | | | | (3,281,053) | 3,281,053 | | 0 |
| Release of voluntary reserves | | | (583,303) | | 583,303 | | 0 |
| Appropriation of voluntary reserves | | | 601,709 | | (601,709) | | 0 |
| Donation to the Banco de Bogotá Employee Fund | | | | | (10) | | (10) |
| Dividends payable in cash between October 2016 and March 2017 at \$250.00 per share on 331,280,555 shares | 25 | | | | (496,921) | | (496,921) |
| Increase in the legal reserve from appropriation of profits | | | 2,744,553 | | (2,744,553) | | 0 |
| Others | | | | | 5,793 | | 5,793 |
| Gain from deconsolidation (loss of control) Casa de Bolsa S.A. | 12 | | | | 399 | | 399 |
| Total comprehensive income | | | | 953,842 | | 2,392 | 956,234 |
| Balance at December 31, 2016 | \$ 3,313 | 5,721,621 | 8,758,740 | 953,842 | 74,747 | 437,806 | 15,950,069 |

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

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BANCO DE BOGOTA S.A.
 Separate Statement of Cash Flow
 For the six months ended at December 31, 2016
 (In millions of Colombian pesos)

| | <u>Notes</u> | <u>December 31, 2016</u> | <u>June 30, 2016</u> |
|--|--------------|--------------------------|----------------------|
| Cash flows from operating activities: | | | |
| Net income | | \$ 953,842 | 3,281,053 |
| Adjustments to reconcile net income to net cash from operating activities: | | | |
| Allowance of the loan portfolio and finance leases transactions, net | 9, 10 | 510,580 | 539,719 |
| Allowance of non-financial assets | 11, 15 | 37,356 | 7,105 |
| Depreciation and amortization | 14, 17 | 67,793 | 55,510 |
| Gain on sale of non-financial assets | 28, 29 | (1,653) | (2,119) |
| Income by the equity method | 28 | (583,471) | (753,517) |
| Gain on valuation and sale of financial assets for investments | | (140,971) | (146,014) |
| Gain from deconsolidation (loss of control) of subsidiaries | 12, 28 | (1,066) | (2,208,053) |
| Adjustment for exchange difference | | 2,362 | (27,652) |
| Interest income | | (3,037,975) | (2,704,928) |
| Interest expenses | | 1,585,896 | 1,343,056 |
| Income tax | 18 | 273,730 | 200,746 |
| Interest received | | 2,888,747 | 2,493,674 |
| Interest paid | | (1,574,341) | (1,277,433) |
| Dividends received | | 117,057 | 64,853 |
| Wealth tax | | (69,142) | (138,284) |
| Others adjustments to reconcile net income | | (987) | 6,795 |
| Changes in operating assets and liabilities: | | | |
| Decrease in financial assets for investments | | 716,659 | 168,943 |
| Increase in the loan portfolio and finance leases transactions | | (1,215,544) | (3,397,348) |
| (Increase) decrease in other accounts receivable | | (236,359) | 308,051 |
| (Increase) decrease in other assets | | (2,861) | 767 |
| Increase in customer deposits | | 1,636,975 | 2,964,574 |
| Increase (decrease) in employee benefits | | 29,717 | (10,531) |
| Increase in allowances | | 12,450 | 457 |
| Increase (decrease) in accounts payable and other liabilities | | 410,650 | (508,472) |
| Net cash from operating activities | | <u>2,379,444</u> | <u>260,952</u> |
| Cash flows from investment activities: | | | |
| Additions to investments held to maturity | | (475,562) | (702,613) |
| Additions to property, plant and equipment | 14 | (50,514) | (42,602) |
| Additions to other intangible assets | 17 | (43,930) | (53,310) |
| Redemption of investments held to maturity | | 334,378 | 772,073 |
| Proceeds from sale of non-financial assets | | 17,044 | 11,756 |
| Net cash used in investment activities | | <u>(218,584)</u> | <u>(14,696)</u> |
| Cash flows from financing activities: | | | |
| Decrease in interbank loans and overnight funds | | (744,046) | (330,699) |
| Acquisition of financial obligations | | 2,462,383 | 1,440,615 |
| Settlement of financial obligations | | (4,200,693) | (2,084,215) |
| Issuance of investment securities | | 1,552,752 | 1,755,009 |
| Dividends paid | | (478,521) | (445,577) |
| Net cash (used in) from financing activities | | <u>(1,408,125)</u> | <u>335,133</u> |
| Effect of exchange difference on cash and cash equivalents | | 66,502 | (235,024) |
| Net increase in cash and cash equivalents | | 819,237 | 346,365 |
| Cash and cash equivalents at the beginning of the period | 7 | 6,273,807 | 5,927,442 |
| Cash and cash equivalents at end of the period | 7 | <u>\$ 7,093,044</u> | <u>6,273,807</u> |

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

ALEJANDRO FIGUEROA JARAMILLO
 Legal Representative

NÉSTOR ANTONIO PUPO BALLESTAS
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 Professional License 43967 -T

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