

Consolidated Financial Statement

**Banco de Bogotá S.A.
and Subsidiaries**

December 31, 2017 and 2016

(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, 2017 and the consolidated statements of income, 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, taken accurately from books and attached to this report, present fairly, in all material respects, the consolidated financial position of the Group at December 31, 2017, 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.

Emphasis paragraph

Without qualifying mi opinion, I draw attention to note 1 to the consolidated financial statements, which indicates that the Bank's bylaws were modified in 2016 regarding to the accounting closing established for the presentation of the financial statements, defining an annual period ending at December 31; until 2016 were applied semi-annual closings ended on June 30 and December 31 of each year. For comparison purposes, figures were included in the consolidated statements of income, comprehensive income, changes in equity and cash flows, as well as in the respective notes, for the year ended December 31, 2016.

Other matters

The consolidated financial statements at and for the year ending December 31, 2016 were prepared based on the consolidated financial statements at and for the six-month periods ended December 31 and June 30, 2016, which were audited by me and in my reports, dated February 27, 2017 and September 12, 2016, respectively, 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 20, 2018

BANCO DE BOGOTA S.A. AND SUBSIDIARIES
Consolidated Statement of Financial Position
At December 31, 2017
(Figures expressed in million of Colombian pesos)

<u>Assets</u>	<u>Notes</u>	<u>December 31, 2017</u>	<u>December 30, 2016</u>
Cash and cash equivalents	8	\$ 16,924,630	17,400,744
Investments in financial assets	9	14,096,002	12,861,409
At fair value through profit and loss		7,104,901	6,419,052
Debt securities		5,406,636	4,878,756
Equity securities		1,515,150	1,287,106
Trading derivatives	10	183,115	253,190
At amortized cost		6,930,289	6,378,126
Debt securities		6,930,289	6,378,126
At fair value through other comprehensive income		60,812	64,231
Loan portfolio and financial leasing at amortized cost, net	11	104,243,805	97,169,520
Commercial		66,358,671	61,375,603
Consumer		28,318,599	26,364,834
Mortgage		12,392,696	11,411,148
Microcredits		400,817	389,709
Less: Allowance		(3,226,978)	(2,371,774)
Other accounts receivable, net	12	1,585,407	1,464,003
Hedging derivatives	10	51,377	123,018
Non-current assets held for sale	13	78,059	210,707
Investments in associates and joint ventures	16	3,391,459	3,341,859
Property, plant and equipment	17	1,936,321	2,002,099
Investment properties	18	254,945	169,004
Goodwill	19	5,590,364	5,616,618
Other intangible assets	20	457,057	433,707
Income tax	21	621,003	489,484
Current		578,130	429,230
Deferred		42,873	60,254
Other assets		174,696	209,259
Total assets		\$ 149,405,125	141,491,431

BANCO DE BOGOTA S.A. AND SUBSIDIARIES
Consolidated Statement of Financial Position
At December 31, 2017
(Figures expressed in million of Colombian pesos)

Liabilities and Shareholders' Equity	Notes	December 31, 2017	December 30, 2016
<u>Liabilities</u>			
Financial liabilities at fair value			
Trading derivatives	10	\$ 174,704	329,327
Financial liabilities at amortized cost		126,241,980	119,539,984
Customer deposits			
Current accounts	22	100,947,245	93,676,673
Time certificates of deposit		27,955,068	27,025,759
Savings deposits		41,435,448	38,444,523
Others		31,206,574	27,983,667
		350,155	222,724
Financial obligations			
Interbank funds and overnight	23	25,294,735	25,863,311
Bank loans and others		1,361,832	1,221,344
Bonds issued		14,379,098	14,902,817
Borrowing from development entities		7,908,068	8,203,070
		1,645,737	1,536,080
Hedging derivatives	10	15,831	44,436
Employee benefits	24	549,839	506,421
Provisions	25	264,234	240,035
Income tax			
Current	21	645,707	366,472
Deferred		193,253	214,555
		452,454	151,917
Accounts payable and other liabilities	26	3,302,609	3,154,090
Total liabilities		\$ 131,194,904	124,180,765
<u>Equity</u>			
Controlling interest			
Subscribed and paid-in capital	27	\$ 17,225,637	16,483,633
Additional paid-in capital		3,313	3,313
Retained earnings		5,721,621	5,721,621
Other comprehensive income	29	10,638,210	9,661,025
		862,493	1,097,674
Non-controlling interest	28	984,584	827,033
Total equity		\$ 18,210,221	17,310,666
Total liabilities and equity		\$ 149,405,125	141,491,431

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 20, 2018)

BANCO DE BOGOTA S.A. AND SUBSIDIARIES
Consolidated Statement of Income
For the year ended at December 31, 2017
(Figures expressed in millions of Colombian pesos, except net earnings per share)

	<u>Notes</u>	<u>December 31, 2017</u>	<u>December 30, 2016</u>
Results from continuing operations		\$	
Interest income		11,154,977	10,582,960
Loan portfolio and financial leasing at amortized cost		10,904,710	10,275,958
Investments in debt securities, at amortized cost		250,267	307,002
Interest expenses		4,594,102	4,568,468
Customer deposits		3,440,123	3,355,595
Current accounts		295,219	244,696
Time certificates of deposit		2,172,631	1,976,949
Savings deposits		972,273	1,133,950
Financial obligations		1,153,979	1,212,873
Interbank funds and overnight		90,876	200,115
Bank loans and other		551,731	513,600
Bonds issued		417,208	369,606
Borrowing from development entities		94,164	129,552
Net income from interest loan portfolio and investments		6,560,875	6,014,492
Impairment on financial assets, net	11, 12	2,187,207	1,801,047
Loan portfolio and accounts receivable, net		2,295,582	1,932,902
Investments in debt securities		141	26
Recoveries		(108,516)	(131,881)
Net interest income after impairment		4,373,668	4,213,445
Fees and commissions income		4,190,209	3,958,673
On banking services		1,924,888	2,061,281
On credit cards		1,012,546	829,764
Pension and severance fund management		924,769	822,312
Trust activities and portfolio management		160,488	53,825
Storage services		109,541	123,375
On drafts, checks and checkbooks		33,689	38,089
Office network services		24,288	24,825
Others		0	5,202
Fees and commissions expenses	30	351,072	347,392
Net income from fees and commissions		3,839,137	3,611,281
Net income from trading financial assets or liabilities		563,174	550,937
Loss on financial derivatives for trading, net		(73,233)	(34,065)
Gain on financial derivatives for hedging, net		168,022	71,987
Gain on investments, net		468,385	513,015
Gain from deconsolidation (loss of control) of subsidiaries	14	0	2,180,350
Other income	31	629,226	836,566
Gain on exchange difference, net		346,507	381,828
Others		282,719	454,738
Other expenses		6,076,776	5,792,504
Administrative	32	3,004,389	2,807,198
Personnel expenses		2,473,502	2,465,951
Depreciation and amortization intangible assets		361,621	352,619
Others		237,264	166,736
Profit before income tax		\$ 3,328,429	5,600,075
Income tax	21	1,031,947	1,179,790
Net income for the period from continuing operations		2,296,482	4,420,285
Net income for the period from discontinued operations	15	0	453,297
Net income		\$ 2,296,482	4,873,582
Net income attributable from:			
Controlling interest		2,064,130	4,309,390
Non-controlling interest		232,352	564,192
Net income		\$ 2,296,482	4,873,582
Basic and diluted earnings per share (in Colombian pesos)	27	\$ 6,231	13,008
Number of common shares subscribed and paid		331,280,555	331,280,555

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

ALEJANDRO FIGUEROA JARAMILLO Legal Representative

NÉSTOR ANTONIO PUPO BALLESTAS Chief Accountant
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BANCO DE BOGOTA S.A. AND SUBSIDIARIES
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2017
(Figures expressed in million of Colombian pesos)

	Notes	December 31, 2017	December 31, 2016
Net income	\$	2,296,482	4,873,582
Other comprehensive income from continuing operations			
Items that may be or are reclassified to profit or loss		(223,566)	(276,025)
Hedge accounting			
Exchange difference on foreign subsidiaries		(51,494)	(498,820)
Exchange difference on derivatives in foreign currency		16,832	291,563
Exchange difference on bonds in foreign currency		34,864	208,805
Unrealized profit from measurement of financial assets at fair value through Translation adjustment		(98,683)	(163,549)
Share in other comprehensive income of associates		3,825	(13,906)
Adjustment allowance for loan portfolio for purposes of consolidated financial statements		(164,217)	34,941
Income tax	21	30,716	(185,009)
Items that will not be reclassified to profit or loss		(12,173)	(12,179)
Changes in actuarial assumptions in defined benefit plans		(17,866)	(18,339)
Deferred tax changes in actuarial assumptions defined benefit plans	21	5,693	6,160
Items that are reclassified to income for the previous period		0	(52,247)
Sale of investment measurement at fair value through		0	(52,247)
Total other comprehensive income, net taxes from continuing operations	\$	(235,739)	(340,451)
Other comprehensive income from discontinuing operations			
Discontinued operations from Corporacion Financiera de Colombia S.A.	15	0	32,208
Total other comprehensive income, net taxes from discontinued operations	\$	0	32,208
Effect from deconsolidation of (loss of control) subsidiaries			
Other comprehensive income reclassified to income for the period	14	0	(27,250)
Other comprehensive income reclassified to retained earnings	14	0	(6,784)
Total effect from deconsolidation of (loss control) subsidiaries	\$	0	(34,034)
Total other comprehensive income, net taxes	\$	(235,739)	(342,277)
Total comprehensive income	\$	2,060,743	4,531,305
Comprehensive income attributable to:			
Controlling interest		1,828,949	3,941,203
Non-controlling interest		231,794	590,102
Total comprehensive result	\$	2,060,743	4,531,305

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BANCO DE BOGOTA S.A. AND SUBSIDIARIES

Statement of Changes in Consolidated Equity

For the year ended at December 31, 2017

(Figures expressed in million Colombian pesos)

	<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>Shareholders' equity</u>	<u>Non-controlling interest</u>	<u>Non-controlling interest</u>
Balances at December 31, 2015		\$ 3,313	5,721,621	6,375,132	1,465,861	13,565,927	4,207,007	17,772,934
Dividends payable in cash	27			(954,088)		(954,088)	(240,432)	(1,194,520)
Payment of wealth tax				(154,537)		(154,537)	(35,426)	(189,963)
Otros				51,094		51,094	32,155	83,249
Total comprehensive income				4,309,390	(334,153)	3,975,237	590,102	4,565,339
Deconsolidation (loss of control) of subsidiaries	14			34,034	(34,034)	0	(3,726,373)	(3,726,373)
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 payable in cash	27			(1,033,595)		(1,033,595)	(71,394)	(1,104,989)
Payment of wealth tax				(53,480)		(53,480)	(2,830)	(56,310)
Others				130		130	(19)	111
Total comprehensive income				2,064,130	(235,181)	1,828,949	231,794	2,060,743
Balances at December 31, 2017		\$ 3,313	5,721,621	10,638,210	862,493	17,225,637	984,584	18,210,221

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BANCO DE BOGOTA S.A. AND SUBSIDIARIAS
Consolidated Statement of Cash Flows
At December 31, 2017
(Figures expressed in million of Colombian pesos)

	<u>Notes</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Cash flows from operating activities			
Net income		\$ 2,296,482	4,873,582
Adjustments to reconcile net income to net cash provided by operating activities:			
Allowance of the loan portfolio, financial leases transactions, and other accounts receivable, net	11, 12	2,295,759	1,933,101
Depreciation and amortization	17, 20	363,165	353,618
Income from equity method	31	(46,060)	(11,474)
Profit on valuation and sale of financial assets, net		(94,789)	(37,922)
Gain on subsidiaries deconsolidation (loss of control)	14, 31	0	(2,180,350)
Interest income		(11,154,977)	(10,582,960)
Interest expenses		4,594,102	4,568,468
Income tax expense	21	1,031,947	1,179,790
Adjustment for the exchange difference		(117,584)	(163,372)
Others adjustments to reconcile net income		13,973	12,291
Changes in operating assets and liabilities			
Increase of financial assets		(702,172)	(299,720)
Increase in the loan portfolio and finance leases transactions		(10,301,467)	(8,787,932)
Increase in other accounts receivable		(123,577)	(539,245)
Decrease in other assets		34,737	20,654
Increase in customer deposits		7,579,857	7,116,405
Increase in employee benefits		24,831	61,408
Increase in allowances		23,670	18,113
Increase in accounts payable and other liabilities		237,182	795,589
Interest received		11,338,096	9,876,342
Interest paid		(4,643,297)	(4,480,246)
Dividends received		5,728	24,706
Income tax paid		(945,714)	(985,443)
Wealth tax		(56,310)	(189,963)
Net cash provided by continuing operating activities		<u>1,653,582</u>	<u>2,575,440</u>
Net cash provided by discontinued operating activities	15	<u>0</u>	<u>579,604</u>
Net cash provided by operating activities		<u>1,653,582</u>	<u>3,155,044</u>
Cash flows from investing activities:			
Additions to investments at amortized cost		(3,880,356)	(2,665,535)
Additions to property, plant and equipment	17	(235,376)	(300,889)
Additions to investment properties	18	(6,000)	(3,003)
Additions to other intangible assets		(122,132)	(169,262)
Redemption of investments at amortized cost		3,562,606	2,840,448
Proceeds from sale of non-financial assets		80,643	161,824
Acquisition of controlled companies		0	(2,803)
Decrease of cash and cash equivalents for deconsolidation of (loss of control) subsidiaries	14	<u>0</u>	<u>(847,562)</u>
Net cash used in continuing investing activities		<u>(600,615)</u>	<u>(986,782)</u>
Net cash used in discontinued investing activities	15	<u>0</u>	<u>(664,917)</u>
Net cash used in investing activities		<u>(600,615)</u>	<u>(1,651,699)</u>
Cash flows from financing activities:			
Increase (decrease) in interbank loans and overnight funds		119,506	(923,278)
Acquisition of financial obligations		12,790,881	9,818,260
Settlement of financial obligations		(13,102,042)	(12,540,519)
Issuance of outstanding debt securities		2,329,646	4,140,788
Settlement of outstanding debt securities		(2,571,595)	(714,742)
Dividends paid		(1,095,049)	(1,135,215)
Transaction with non-controlling interest		0	(32,258)
Net cash used in continuing financing activities		<u>(1,528,653)</u>	<u>(1,386,964)</u>
Net cash provided by discontinued financing activities	15	<u>0</u>	<u>37,026</u>
Net cash used in financing activities		<u>(1,528,653)</u>	<u>(1,349,938)</u>
Effect of exchange difference on cash and cash equivalents		(428)	(649,345)
Effect of exchange difference on cash and cash equivalents on discontinued operations		0	19,055
Net Decrease in cash and cash equivalents on continued operations		(476,114)	(447,651)
Net Decrease in cash and cash equivalents on discontinued operations		0	(29,232)
Cash and cash equivalents at the beginning of the period	8	17,400,744	17,848,395
Cash and cash equivalents at the end of the period	8	<u>\$ 16,924,630</u>	<u>17,400,744</u>

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

ALEJANDRO FIGUEROA JARAMILLO
Legal Representative

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