

Separate Financial Statement

Banco de Bogotá S.A.

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.:

Report on the separate financial statements

I have audited the separate financial statements of Banco de Bogotá S.A. (the Bank), which comprise the separate statement of financial position at December 31, 2017 and the separate 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 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 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about 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 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 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 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. at December 31, 2017, the separate results of its operations, and its separate 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 separate 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, corresponding figures were included in the separate 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 financial statements at and for the year ending December 31, 2016 were prepared based on the 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.

Report about other legal and regulatory requirements

1. Based on the results of my tests, I believe during 2017:
 - a) The Bank's bookkeeping has been performed in conformity with legal rules and accounting pronouncements.
 - b) The operations recorded in the books are in conformity with the bylaws and decisions of the 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 fulfilled the rules and instructions of the Financial Superintendence of Colombia regarding the appropriate administration and provision of the goods 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.
 - e) The management report prepared by management agrees with the accompanying financial statements, which includes evidence about free circulation of sellers' or suppliers' invoices.

- f) 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.

In compliance with the requirements of articles 1.2.1.2. and 1.2.1.5. of Single Regulatory Decree 2420 of 2015, modified by articles 4 and 5 of Decree 2496 of 2015, respectively, in development of the Statutory Auditor's responsibilities contained in numerals 1 and 3 of article 209 of the Commercial Code, related to the evaluation whether the Bank's management performance is in accordance with the bylaws and the orders or instructions of the General Shareholders' Meeting and if there are and are adequate the internal control measures, preservation and custody of the Bank's assets or third parties assets in its possession, I issued a separate report dated February 20, 2018.

- 2. 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.

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.
 Separate 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 31, 2016</u>
Cash and cash equivalents	8	\$ 6,195,046	7,093,044
Investments in financial assets	9	4,959,865	4,956,947
Trading securities		737,903	713,889
Debt securities		541,724	460,573
Equity securities		15,185	275
Trading derivatives		180,994	253,041
Available-for-sale		2,841,207	3,001,044
Debt securities		2,671,959	2,846,726
Equity securities		169,248	154,318
Held to maturity		1,380,755	1,242,014
Loan portfolio and finance leases transactions, net	10	53,183,039	50,311,674
Commercial		41,712,897	39,460,839
Consumer		10,730,746	9,886,095
Mortgage		2,938,419	2,433,523
Microcredits		384,474	375,932
Less: Allowance		(2,583,497)	(1,844,715)
Other accounts receivable, net	11	530,358	483,963
Hedging derivatives	9	50,107	117,037
Non-current assets held for sale	12	11,405	95,649
Investments in subsidiaries, associates and joint ventures	14	16,109,790	14,860,795
Property, plant and equipment	15	726,599	752,842
Investment properties	16	82,083	40,090
Goodwill	17	465,905	465,905
Other intangible assets	18	318,288	272,302
Income tax	19	626,446	596,818
Current		532,104	332,071
Deferred		94,342	264,747
Other assets		16,765	20,448
Total assets		\$ 83,275,696	80,067,514

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

	<u>Notes</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Liabilities and Shareholders' Equity			
<u>Liabilities</u>			
Financial liabilities at fair value			
Trading derivatives	9	\$ 172,417	329,322
Financial liabilities at amortized cost			
Customer deposits	20	51,973,227	49,266,464
Current accounts		12,407,415	12,490,502
Time certificates of deposit		16,956,783	16,603,801
Savings accounts		22,512,200	20,108,158
Others		96,829	64,003
Financial obligations	21	12,197,734	12,333,740
Interbank funds and overnight		519,480	947,958
Bank loans and others		3,319,903	2,944,748
Bonds issue		6,712,614	6,904,954
Borrowing from development entities		1,645,737	1,536,080
Hedging derivatives	9	9,911	35,644
Employee benefits	22	315,734	294,825
Provisions	23	43,060	39,210
Income tax	19	12,440	5,952
Current		5,678	5,952
Deferred		6,762	0
Accounts payable and other liabilities	24	1,828,315	1,812,288
Total liabilities		\$ 66,552,838	64,117,445
<u>Equity</u>			
Subscribed and paid-in capital	25	3,313	3,313
Additional paid-in capital		5,721,621	5,721,621
Retained earnings		10,627,322	9,787,329
Other comprehensive income	26	370,602	437,806
Total equity		\$ 16,722,858	15,950,069
Total liabilities and shareholders' equity		\$ 83,275,696	80,067,514

The accompanying notes are an integral part of these separate 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.
 Separate 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 31, 2016</u>
Interest income		\$ 5,971,878	5,742,903
Loan portfolio and finance leases transactions		5,794,568	5,533,189
Investments		177,310	209,714
Interest expenses		2,808,390	2,928,952
Customer deposits		2,232,411	2,313,589
Current account		166,334	150,083
Time certificates of deposit		1,161,711	1,122,701
Savings accounts		904,366	1,040,805
Financial obligations		575,979	615,363
Interbank funds and overnight		80,166	193,030
Bank loans and others		67,599	38,648
Bonds issued		334,050	289,486
Borrowing from development entities		94,164	94,199
Net income from interest loan portfolio and investments		3,163,488	2,813,951
Allowances on financial assets		1,318,791	919,637
Loan portfolio and finance leases transactions and accounts receivable, net	10,11	1,418,516	1,050,299
Investments in debt securities		8,791	1,219
Recoveries		(108,516)	(131,881)
Net interest income after allowances		1,844,697	1,894,314
Fees and commissions income		955,517	897,449
On banking services		572,476	532,437
On credit cards		321,878	297,808
On drafts, checks and checkbooks		33,191	37,582
Office network services		27,972	29,622
Fees and commissions expenses	27	174,053	156,592
Net income from commissions and fees		781,464	740,857
Net income from trading financial assets or liabilities		245,439	253,245
Loss on financial derivatives for trading, net		(54,031)	(38,382)
Gain on financial derivatives for hedging, net		261,782	259,236
Gain on investments, net		37,688	32,391
Gain from deconsolidation (loss of control) of subsidiaries	13	0	2,200,955
Other income	28	1,646,723	1,729,980
Participation in investments using the equity method		1,478,590	1,336,988
Others		168,133	392,992
Other expenses		2,388,420	2,109,980
Administrative	29	1,490,130	1,300,044
Personnel expenses		739,577	667,925
Depreciation and amortization intangible assets		136,294	123,102
Others		22,419	18,909
Profit before income tax		\$ 2,129,903	4,709,371
Income tax	19	206,008	474,476
Net income		\$ 1,923,895	4,234,895
Basic and diluted earnings per share (in Colombian Pesos)	25	\$ 5,807	12,783
Number of common shares subscribed and paid		331,280,555	331,280,555

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

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 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.
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BANCO DE BOGOTA S.A
 Separate Statement of Comprehensive Income
 For the year ended at December 31, 2017
 (Figures expressed in million of Colombian pesos)

	Notes	December 31, 2017	December 31, 2016
Net income		\$ 1,923,895	4,234,895
Items that may be or are reclassified subsequently to profit or loss		(61,913)	(157,015)
Hedge accounting			
Exchange difference on foreign subsidiaries		(51,494)	(498,821)
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 available for sale investments		78,174	175,665
Adjustment for exchange difference in foreign branches		(2,859)	(20,505)
Interest in other comprehensive income of subsidiaries and associates		(84,603)	(70,761)
Income tax	19	(52,827)	(242,961)
Items that are reclassified to the statement of income		0	(8,159)
Deconsolidation (loss of control) of subsidiaries		0	(8,159)
Items that will not be reclassified to income for the period		(5,291)	(11,176)
Changes in actuarial assumptions in defined benefit plans		(7,900)	(17,272)
Deferred income tax	19	2,609	6,096
Total other comprehensive income, net taxes		\$ (67,204)	(176,350)
Total comprehensive income		\$ 1,856,691	4,058,545

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BANCO DE BOGOTA S.A.
 Separate Statement of Changes in Equity
 For the year at December 31, 2017
 (Figures expressed in million of Colombian pesos)

	<u>Notes</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>
Balance at December 31, 2015		\$ 3,313	5,721,621	6,659,795	614,156	12,998,885
Dividends payable in cash	25			(954,088)		(954,088)
Wealth tax				(138,284)		(138,284)
Deconsolidation (loss of control) of subsidiaries	13			(20,762)		(20,762)
Others				5,773		5,773
Total comprehensive income				4,234,895	(176,350)	4,058,545
Balance at December 31, 2016		\$ 3,313	5,721,621	9,787,329	437,806	15,950,069
Dividends payable in cash	25			(1,033,595)		(1,033,595)
Wealth tax				(50,297)		(50,297)
Others				(10)		(10)
Total comprehensive income				1,923,895	(67,204)	1,856,691
Balance at December 31, 2017		\$ 3,313	5,721,621	10,627,322	370,602	16,722,858

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BANCO DE BOGOTA S.A.
 Separate 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		\$ 1,923,895	4,234,895
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	10,11	1,418,516	1,050,299
Depreciation and amortization	15,18	136,294	123,303
Income from equity method	28	(1,478,590)	(1,336,988)
Profit on valuation and sale of financial assets, net		(235,759)	(286,985)
Gain on subsidiaries deconsolidation (loss of control)		0	(2,209,114)
Interest income		(5,971,878)	(5,742,903)
Interest expenses		2,808,390	2,928,952
Income tax expense	19	206,008	474,476
Others adjustments to reconcile net income		19,625	21,201
Changes in operating assets and liabilities			
Decrease of financial assets		492,001	885,602
Increase in the loan portfolio and finance leases transactions		(4,946,610)	(4,612,892)
(Increase) decrease in other accounts receivable		(48,446)	71,692
Decrease (increase) in other assets		5,366	(2,094)
Increase in customer deposits		2,792,124	4,601,549
Increase in employee benefits		13,011	19,186
Increase in provisions		3,857	12,907
Increase in accounts payable and other liabilities		59,951	83,612
Interest received		6,395,108	5,382,421
Interest paid		(2,883,313)	(2,851,774)
Dividends received		96,839	181,910
Income tax paid		(333,281)	(250,575)
Wealth tax		(50,297)	(138,284)
Net cash provided by operating activities		<u>422,811</u>	<u>2,640,396</u>
Cash flows from investing activities:			
Additions to investments held to maturity		(1,402,174)	(1,178,175)
Additions to property, plant and equipment	15	(53,959)	(93,116)
Additions to investment properties	16	(6,000)	0
Additions to other intangible assets	18	(80,801)	(97,240)
Redemption of investments held to maturity		1,302,181	1,106,451
Proceeds from sale of non-financial assets		11,443	28,800
Net cash used in investing activities		<u>(229,310)</u>	<u>(233,280)</u>
Cash flows from financing activities:			
Decrease in interbank loans and overnight funds		(425,936)	(1,074,745)
Acquisition of financial obligations		8,425,916	3,902,998
Settlement of financial obligations		(7,914,396)	(6,284,908)
Issuance of outstanding debt securities		1,758,596	3,307,761
Settlement of outstanding debt securities		(1,904,687)	0
Dividends paid		(1,022,987)	(924,098)
Net cash used in financing activities		<u>(1,083,494)</u>	<u>(1,072,992)</u>
Effect of exchange difference on cash and cash equivalents		(8,005)	(168,522)
Net (Decrease) increase in cash and cash equivalents		(897,998)	1,165,602
Cash and cash equivalents at the beginning of the period	8	7,093,044	5,927,442
Cash and cash equivalents at the end of the period	8	<u>\$ 6,195,046</u>	<u>7,093,044</u>

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

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