

Separate Financial Statement

Banco de Bogotá

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.:

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, 2018 and the separate 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 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, 2018, 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.

Other matters

The separate 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.

Report about other legal and regulatory requirements

1. Based on the results of my tests, I believe during 2018:
 - 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 26, 2019.

- 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 26, 2019

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

<u>Assets</u>	<u>Notes</u>	<u>2,018</u>	<u>2,017</u>
Cash and cash equivalents	8	\$ 8,213,628	6,195,046
Financial assets investment and derivatives:	9	5,371,381	5,009,972
Held for trading		869,641	556,909
Debt securities		536,108	541,724
Equity securities		333,533	15,185
Financial assets derivatives at fair value		338,571	231,101
Trading derivatives		317,086	180,994
Hedging derivatives		21,485	50,107
Available-for-sale		2,783,044	2,841,207
Debt securities		2,609,493	2,671,959
Equity securities		173,551	169,248
Held to maturity		1,380,125	1,380,755
Loan portfolio and financial leases transactions, net	10	55,843,384	53,183,039
Commercial		43,700,054	41,712,897
Consumer		11,534,158	10,730,746
Mortgage		3,476,297	2,938,419
Microcredits		398,314	384,474
Allowance		(3,265,439)	(2,583,497)
Other accounts receivable, net	11	988,935	530,358
Non-current assets held for sale	12	77,947	11,405
Investments in subsidiaries, associates and joint ventures	13	18,605,783	16,109,790
Property, plant and equipment	14	696,218	726,599
Investment properties	15	74,944	82,083
Goodwill	16	465,905	465,905
Other intangible assets	17	375,959	318,288
Income tax	18	593,530	626,446
Current		215,001	532,104
Deferred		378,529	94,342
Other assets		52,638	16,765
Total assets	\$	<u>91,360,252</u>	<u>83,275,696</u>

BANCO DE BOGOTA S.A.
 Separate 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	9	\$ 550,267	182,328
Trading derivatives		369,571	172,417
Hedging derivatives		180,696	9,911
Financial liabilities at amortized cost		69,033,790	64,170,961
Customer deposits	19	54,131,298	51,973,227
Current accounts		12,841,770	12,407,415
Savings accounts		21,405,390	22,512,200
Time certificates of deposit		19,815,853	16,956,783
Others		68,285	96,829
Financial obligations	20	14,902,492	12,197,734
Interbank borrowings and overnight funds		714,994	519,480
Borrowings from banks and others		4,959,572	3,319,903
Bonds issued		7,308,290	6,712,614
Borrowings from development entities		1,919,636	1,645,737
Employee benefits	21	315,613	315,734
Provisions	22	27,733	43,060
Income tax	18	30,725	12,440
Current		5,963	5,678
Deferred		24,762	6,762
Accounts payables and other liabilities	23	3,139,559	1,828,315
Total liabilities	\$	<u>73,097,687</u>	<u>66,552,838</u>
<u>Equity</u>			
Subscribed and paid-in capital	24	3,313	3,313
Additional paid-in capital		5,721,621	5,721,621
Retained earnings		12,515,447	10,627,322
Other comprehensive income	25	22,184	370,602
Total equity	\$	<u>18,262,565</u>	<u>16,722,858</u>
Total liabilities and equity	\$	<u>91,360,252</u>	<u>83,275,696</u>

The accompanying notes are an integral part of these separated 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.
 Separate 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		\$ 5,577,003	5,971,878
Loan portfolio and financial leases transactions		5,376,845	5,794,568
Investments		200,158	177,310
Interest expenses		2,375,592	2,808,390
Customer deposits		1,768,406	2,232,411
Current accounts		177,231	166,334
Savings accounts		656,012	904,366
Time certificates of deposit		935,163	1,161,711
Financial obligations		607,186	575,979
Interbank borrowings and overnight funds		73,352	80,166
Borrowings from banks and others		75,032	67,599
Bonds issued		376,586	334,050
Borrowings from development entities		82,216	94,164
Net interest income		3,201,411	3,163,488
Net allowances on financial assets		1,374,146	1,318,791
Loan portfolio, financial leases transactions and other accounts receivable		1,497,574	1,418,516
Recoveries		(123,930)	(108,516)
Investments in debt securities		502	8,791
Net interest income, after allowances		1,827,265	1,844,697
Revenue from contracts with customers for commissions and other services		978,352	955,517
Banking services		608,047	572,476
Credit cards		332,627	321,878
Drafts, checks and checkbooks		22,981	33,191
Office network services		14,697	27,972
Costs and expenses of contracts with customers for commissions and others services	26	180,500	174,053
Revenue from contracts with customers for commissions and other services, net		797,852	781,464
Net income from trading financial assets or liabilities		349,924	245,439
Gain (Loss) on valuation of derivatives instruments for trading		193,983	(54,031)
Gain on valuation of derivative instruments for hedging		154,554	261,782
Gain on valuation of investments for trading		1,387	37,688
Other income	27	2,504,325	1,646,723
Equity method on investments		2,009,260	1,478,590
Others		495,065	168,133
Other expenses		2,486,482	2,388,420
Administrative	28	1,484,285	1,454,240
Employee benefits		736,893	739,577
Depreciation and amortization		149,019	136,294
Others		116,285	58,309
Net income before income tax		\$ 2,992,884	2,129,903
Income tax expense	18	168,173	206,008
Net income		\$ 2,824,711	1,923,895
Basic and diluted earnings per share (in colombian Pesos)		\$ 8,527	5,807

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BANCO DE BOGOTA S.A.
 Separate 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	\$	2,824,711	1,923,895
Items that may be reclassified to profit or loss		(345,850)	(61,913)
Hedge accounting			
Exchange difference on 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
(Expense) income unrealized profit from measurement of available for sale investments		(4,262)	78,174
Adjustment for exchange difference in foreign branches		63,196	(2,859)
Share in other comprehensive income of subsidiaries and associates		(738,505)	(84,603)
Income tax	18	333,176	(52,827)
Items that will not be reclassified to profit or loss		2,975	(5,291)
Actuarial gains from defined benefit plans		5,129	(7,900)
Income tax	18	(2,154)	2,609
Total other comprehensive income, net income tax	\$	(342,875)	(67,204)
Total comprehensive income	\$	2,481,836	1,856,691

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

Notes	Subscribed and paid-in capital	Additional paid-in capital	Retained earnings	Other comprehensive income (OCI)	Total equity
Balances at december 31, 2016	\$ 3,313	5,721,621	9,787,329	437,806	15,950,069
Dividends decreed	0	0	(1,033,595)	0	(1,033,595)
Others	0	0	(10)	0	(10)
Wealth tax	0	0	(50,297)	0	(50,297)
Total comprehensive income	0	0	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
Changes in accounting policies	0	0	128,668	1,600	130,268
Balances at january 1, 2018 (Ajusted)	\$ 3,313	5,721,621	10,755,990	372,202	16,853,126
Dividends decreed	0	0	(1,073,349)	0	(1,073,349)
Others	0	0	8,095	(7,143)	952
Total comprehensive income	0	0	2,824,711	(342,875)	2,481,836
Balance at december 31, 2018	\$ 3,313	5,721,621	12,515,447	22,184	18,262,565

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BANCO DE BOGOTA S.A.
 Separate 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		\$ 2,824,711	1,923,895
Adjustments to reconcile net income for the period to net cash provided by operating activities:			
Allowance of the loan portfolio, and other accounts receivable, net	10 y 11	1,497,574	1,418,516
Depreciation and amortization	14 y 17	149,019	136,294
Equity method income	27	(2,009,260)	(1,478,590)
Profit on valuation and sale of financial assets, net		(365,826)	(235,759)
Interest income		(5,577,003)	(5,971,878)
Interest expenses		2,375,592	2,808,390
Income tax expense	18	168,173	206,008
Income by assignment subscription of shares in associates	27	(123,409)	0
Others adjustments to reconcile net income for the period		(239,709)	19,625
Changes in operating assets and liabilities			
Decrease in financial assets investment		394,778	492,001
Increase in loan portfolio and financial leases		(3,685,383)	(4,946,610)
Increase in other accounts receivable		(456,349)	(48,446)
(Increase) decrease in other assets		(35,034)	5,366
Increase in customer deposits		1,248,692	2,792,124
Increase in accounts payable and other liabilities		1,820,229	76,819
Interest received		5,329,373	6,395,108
Interest paid		(1,961,109)	(2,883,313)
Dividends received		134,696	96,839
Income tax paid		(307,886)	(333,281)
Wealth tax paid		0	(50,297)
Net cash provided by operating activities		<u>1,181,869</u>	<u>422,811</u>
Cash flows from investing activities:			
Purchases of investments held to maturity		(1,129,474)	(1,402,174)
Acquisition of property, plant and equipment	14	(92,999)	(53,959)
Additions of investment property	15	0	(6,000)
Acquisition of other intangible assets	17	(111,028)	(80,801)
Redemption of investments held to maturity		1,155,550	1,302,181
Additions of investments in subsidiaries		(3,890)	0
Capitalization of investments in subsidiaries		(4,469)	0
Proceeds from sale of non-financial assets		31,103	11,443
Net cash used in investing activities		<u>(155,207)</u>	<u>(229,310)</u>
Cash flows from financing activities:			
Increase in interbank borrowings and overnight funds		151,236	(425,936)
Acquisition of financial obligations		8,502,954	8,425,916
Decrease of financial obligations		(6,964,348)	(7,914,396)
Issuance of outstanding bonds		0	1,758,596
Payment of outstanding bonds issued		0	(1,904,687)
Dividends paid		(1,060,125)	(1,022,987)
Net cash provided by (used in) financing activities		<u>629,717</u>	<u>(1,083,494)</u>
Effect of foreign currency changes on cash and cash equivalents		362,203	(8,005)
Net Increase (decrease) in cash and cash equivalents		2,018,582	(897,998)
Cash and cash equivalents at beginning of the year	8	6,195,046	7,093,044
Cash and cash equivalents at the end of the year	8	<u>\$ 8,213,628</u>	<u>6,195,046</u>

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

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