

## REVISED TRANSCRIPT

Banco de Bogotá’s 1Q2015 Consolidated Results under Colombian Banking GAAP and Comparable Results under IFRS.

EVENT DATE AND TIME: June 18, 2015 / 2:00 pm GMT.

#### **BANK'S PARTICIPANTS**

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#### **PRESENTATION**

##### **Operator**

Good morning ladies and gentlemen. Welcome to Banco de Bogotá's first quarter 2015 consolidated results conference call.

My name is Hilda and I will be your operator for this conference call. At this moment, all participants are in listen-only mode. At the end of the presentation, we will conduct a questions and answers session. Please take into account that this conference call is being recorded.

Please carefully read the disclaimer on page 2.

Banco de Bogotá is an issuer of securities in Colombia and is subject to the inspection and surveillance as a financial institution from the Superintendency of Finance of Colombia. Our financial subsidiaries are subject to inspection and surveillance from the Superintendency of Finance.

As an issuer of securities in Colombia, Banco de Bogotá is required to comply with periodic reporting requirements and corporate governance regulation.

Until December 31, 2014, we prepared the unaudited consolidated financial information included in our quarterly reports in accordance with the regulations of the Superintendency of Finance for financial institutions, and generally accepted accounting principles for banks to operate in Colombia, also known as Colombian Banking GAAP.

In 2009, the Colombian Congress enacted Law 1314 establishing the implementation of IFRS in Colombia. As a result, since January 1, 2015, financial entities and Colombian issuers of publicly traded securities must prepare financial statements under the technical regulatory framework effective in Colombia, based on International Financial Reporting Standards (IFRS). IFRS as applicable under Colombian regulations refers to a previous version of IFRS issued by the IASB. Additionally, in accordance with Law 1739 of 2014 (Tax Reform), there is the option of accounting the wealth tax against Equity Reserves without affecting the Net Income for the period. We refer to these standards as *Regulatory Framework* for purposes of this presentation.

The unaudited, consolidated financial information included in this webcast for the first quarter of 2015 is presented under Colombian Banking GAAP and, for comparative purposes, it is also presented in accordance with IFRS applicable in Colombia. Unaudited consolidated financial information for all quarters of 2014 is presented under Colombian Banking GAAP.

As a result of our migration to IFRS and our first year of implementation of IFRS accounting principles, our interim unaudited consolidated financial information for 2015 and the comparative interim information for the respective periods of 2014 may be subject to further amendments until the first period-end financial statements under IFRS are presented.

Details of the calculations of non-GAAP measures such as ROAA and ROAE, among others, are explained when required in this report.

This report may include forward-looking statements, which actual results may vary from those stated herein as a consequence of changes in general, economic and business conditions; changes in interest and currency rates; and other risk factors. Recipients of this document are responsible for the assessment and use of the information provided herein. Banco de Bogotá will not have any obligation to update the information herein and shall not be responsible for any decision taken by investors in connection with this document. The content of this document is not intended to provide full disclosure on Banco de Bogotá or its subsidiaries.

In this document, we refer to trillions as millions of millions, and to billions as thousands of millions.

Accompanying us today we have from Banco de Bogotá: Mr. Alejandro Figueroa, CEO; Mrs. María Luisa Rojas, Chief Financial Officer; Mr. Germán Salazar, International and Treasury Vicepresident; and Mrs. Martha Inés Caballero, Investor Relations Officer.

From BAC Credomatic: Mr. Ernesto Castegnaro, Chief Executive Officer; and from Corficolombiana: Mr. Andrés Baracaldo, Vice-president.

I will now pass you over to Mr. Alejandro Figueroa, Banco de Bogota's Chief Executive Officer. Mr. Figueroa, you may start.

#### **Alejandro Figueroa - Banco de Bogotá - Chief Executive Officer**

Good morning to all of you and thank you for attending our call.

I would like to start by explaining how we will present our results for the first quarter of 2015. As you know, Colombia is undergoing a transition to International Financial Reporting Standards (IFRS), and in fact, we are carrying out our accounting in line with these standards.

However, the conversion from Colombian GAAP to IFRS has taken longer than expected, taking into account that the industry is still assessing the impact of IFRS in order to confirm definitions, given the alternatives that IFRS provides for the accounting of some of the main lines of the balance sheet and income statement.

Consequently, in our case, the reassessment of the previous year's quarterly financial statements is a work in progress. As a result, the interim financial statements under the technical regulatory framework may undergo changes until the submission of the first period-end financial statements in June 2015. Therefore, for ease of comparison, we have decided to present our results for the first quarter of 2015 under Colombian Banking GAAP, which as you know is the standard that we have used for our previous quarterly results presentations. Consequently, this call will not be different from previous calls, either in content or scope.

However, we have also included information of our results for the first quarter of 2015 presented in line with the technical regulatory framework based on International Financial Reporting Standards, highlighting the differences between both standards.

Let me anticipate that one of the main reasons that explains the majority of the changes between the two accounting standards is the effect of consolidating the largest investment of Corficolombiana, specifically Promigas. Under Colombian Banking GAAP, Promigas was recorded at market value, while according to IFRS, this company must be consolidated.

Let's begin with the main facts to highlight about our financial results for the first quarter of 2015:

As of March 31, 2015, Consolidated Assets amounted to COP 129 trillion after increasing by 22.9% annually and by 8.8% quarterly.

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Portfolio growth was accompanied by healthy and stable quality ratios: the proportion of loans more than 30 days past due over total loans has remained stable at 2.4% since the second quarter of 2014.

We maintain our low cost funding structure where deposits represent 69.0% of total funding.

Regulatory capital ratio was 10.8% at March 31, 2015.

Our Net Interest Margin improved, reaching 5.8%, above the 5.6% recorded in both the first and fourth quarters of 2014.

There is a continued improvement trend in the efficiency ratios: The costs-to-revenue ratio was 46.9% in the first quarter of 2015 compared to 50.0% in the first quarter of 2014, and 51.8% in the fourth quarter of 2014. The ratio of operating expenses to average assets was 3.5% for the first quarter of 2015, improving from the 3.8% recorded in the first and fourth quarters of 2014.

Net Income was 489 billion in the first quarter of 2015, with a 55.0% increase from the first quarter of 2014, and a 56.6% increase from the fourth quarter of 2014.

Additionally, it is worth mentioning the following important events that have occurred since our last Conference Call:

In the first quarter of 2015, International Financial Reporting Standards (IFRS) started to be used in Colombia and in BAC Credomatic.

Taking into account the evolution of the Colombian peso exchange rate, in this presentation, for the calculation of growth excluding this effect of devaluation, the exchange rate as of March 31, 2015 is used to convert the results of operations in Central America for all periods.

On page 4, we present the evolution of the key indicators of the economy that have an impact on our sector.

Economic growth in 2014 was 4.6%, close to the potential GDP, but lower than the growth of the previous year (revised at 4.9%).

The indicators of recent activity point to an additional slowing down of the growth of the GDP. In the first quarter of the year, this growth was 2.8%.

The industry still has a lower performance than expected, restricted by the closure of Reficar, the main Colombian refinery, which will only normalize operations at the beginning of 2016.

Trade continues with good dynamics thanks to consumption in homes, supported by the dynamics of the labor market, which remain positive.

Other sectors that are expected to fall behind in growth to some extent are agriculture and mining, while construction and financial establishments will continue to lead.

The 4G infrastructure projects have still not started and their impact will start to be felt in 2016. The first wave of concessions will contribute to an average of 0.3% of the GDP between 2016 and 2019. At its peak, 4G concessions will directly contribute with 0.7% of the GDP.

The expected economic growth for 2015 is 3.3%, notably affected by the decrease in terms of trade.

As long as the economy grows at 2.3%, there may be improvements in employment.

The formalization of the labor market is one of the main advances in recent years.

There are positive dynamics in labor in the sectors of services, industry and commerce. Government hiring has been lower, which is positive taking into account that new jobs had become largely dependent on the public sector.

As of March, 362,000 new jobs had been created in the 13 main cities and 662,000 country-wide.

We will now go to page 5, where we present inflation and some interest rate benchmarks.

Annual inflation in May reached 4.41%, above the upper limit of the target range of the Central Bank, which is between 2% and 4%, but lower than the previous month.

While the "pass-through" risk of devaluation continues, only a fifth of inflation in the year so far is explained by tradable goods.

Inflation expectations are controlled, despite the upward surprises that have occurred so far this year.

There is a dilemma for monetary policy: while growth has slowed down, inflation has increased.

At its current level, the Central Bank's interest rate continues to be expansive, taking into account levels of inflation. The effect should be temporary, returning in the second semester of 2015 when inflation lowers.

On page 6, we present a summary of the foreign accounts of the Colombian economy.

Due to the drop in oil prices, the Balance of Payments has deteriorated. However, the Current Account deficit has been covered by a Capital Account surplus, mainly thanks to both direct and portfolio foreign investment.

At the start of 2015, the deficit of the Trade Balance reached a record monthly figure of -1,792 million U.S. dollars in January, but it has been improving and now it is closer to -1,000 million U.S. dollars of deficit per month. This adjustment is mainly explained by lower imports, which are reacting to the devaluation of the Colombian peso.

In the last 12 months, the Colombian peso devalued by 34% against the U.S. dollar, acting as an automatic stabilizer of foreign accounts.

Foreign investment continues in a downward trend although recent information indicates stabilization of portfolio investment flows. In the year so far, Colombia has continued to present a positive balance of foreign portfolio investment in spite of the reduction in the country's weighting within the JP Morgan reference index.

As a result, foreign accounts remain unbalanced, but there are positive signs.

We present some indicators about the Central American economy on page 7. The lower oil prices since the middle of 2014 have continued to support economic growth in 2015. According to estimations of the International Monetary Fund, growth will accelerate throughout the region, with the exception of Panama.

The decrease in oil prices significantly reduced inflation, especially in Panama and El Salvador. All countries with active monetary policy have reduced their interest rates in 2015, partly because of low inflation and the slowdown in the growth of the GDP.

Now we will move on to the results of Banco de Bogotá. To start, we present the evolution of our assets on page 8. Annual growth of consolidated assets was 22.9% as of March 2015. This growth was positively affected by our organic growth in Colombia and Central America, as well as by the effect of devaluation when converting U.S. dollars to Colombian pesos. Excluding the effect of devaluation, annual growth was 12.4%.

In the first quarter of 2015, assets grew by 8.8% as a result of the 4.6% growth in Colombia and the 9.0% growth in Central America. In U.S. dollars, the quarterly growth of assets in Central America was 0.4%.

The structure of our consolidated Balance Sheet remained stable in the first quarter of 2015, with the loan portfolio slightly reducing its share to 57.7% of assets, while investments represented 16.0% and other assets represented 26.3%. In other assets, cash, goodwill and valuations stand out.

Finally, assets in Colombia represent 61% of our Balance Sheet, while foreign assets represent 39%. The weight of foreign assets remained stable compared to the fourth quarter of 2014.

We present the evolution of our loan portfolio on page 9. In annual terms, the Gross Loan Portfolio increased by 25.7% in the first quarter of 2015. This increase comes from the 15.4% growth in Colombia and 45.2% growth in Central America (which is equivalent to 10.1% in U.S. dollars). Quarterly, Gross Loans grew by 6.8%, mainly because of the 5.2% growth in our operation in Colombia.

Mortgages continued to be the most dynamic portfolio, increasing annually by 42.0%. Commercial and consumer loans increased by 21.0% and by 33%, respectively. When deducting the effect of devaluation, these increases are 11.9%, 12.9% and 14.6%, respectively.

The gross loan portfolio structure has not shown a change in terms of personal loans compared to business loans. Business loans, defined as Commercial Loans plus Leasing, represent 64.0% of our portfolio, similar to the 64.1%, three months before. Personal loans, defined as Consumer Loans plus Mortgages plus Microcredit Loans, represent 36.0% of the total portfolio. This is stable compared to the 36%, three months before.

Colombia represents 60.2% of the loan portfolio, decreasing from the 61.1% recorded in the fourth quarter of 2014, while Central America goes from 38.9% in the fourth quarter of 2014 to 39.8% in the first quarter of 2015, mainly because of the effect of the devaluation of the Colombian peso.

Our expectation for portfolio growth in 2015 is between 13% and 15%.

We present several consolidated ratios of loan portfolio quality on page 10. In the top left-hand corner, you will find the evolution of our loans more than 30 days past due and of our non-performing loans, as a percentage of Gross Loans.

In the first quarter of 2015, the ratio of loans more than 30 days past due was 2.4%, which is stable compared to the fourth quarter of 2014 and an improvement from the 2.7% of the first quarter of 2014. In turn, the non-performing loan ratio was 1.6% compared to 1.7% in the previous quarter and in first quarter of 2014.

Moving to the right, the annualized cost of credit (net charge-off recoveries) for the quarter was 1.5%, which is relatively lower than the 1.7% recorded in the fourth quarter of 2014, and greater than the 1.2% of the first quarter of 2014.

Down on the left you will find the annualized ratio of Charge-offs to Average Non-performing Loans. This ratio is 0.78 times in the first quarter of 2015, which is stable compared to the 0.75 times recorded in the previous quarter.

Finally, in the bottom right-hand table, you will find the Allowance coverage ratios. Allowances are 2.5% of the Gross Loan Portfolio and cover 1.58 times non-performing loans, 1.07 times loans more than 30 days past due and 1.92 times loans more than 90 days past due.

As we mentioned in our previous conference call, we do not expect an additional deterioration in the quality of our loan portfolio in 2015.

We present our portfolio quality in Colombia on page 11. The ratio of loans more than 30 days past due was 2.4% in the first quarter, compared to 2.3% in the fourth quarter of 2014. The non-performing loan ratio remained at 1.8%.

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The cost of credit in the first quarter of 2015 was 1.7% in Colombia, above the 1.6% recorded in the fourth quarter of 2014 and the 1.5% recorded in the first quarter of 2014.

The annualized ratio of Charge-offs over average Non-performing Loans was 0.69 times, lower than the indicator of 0.74 times recorded in the fourth quarter of 2014.

In our Loan Portfolio in Colombia, the coverage ratios in the first quarter of 2015 are: 1.72 times Non-performing Loans, 1.29 times loans more than 30 days past due and 1.95 times loans more than 90 days past due.

For June 2015, we estimate a ratio of loans more than 30 days past due in Colombia of 2.4%.

Moving on to page 12, you will find the same information about the portfolio quality for our operations in Central America.

The ratio of loans more than 30 days past due in Central America improved, changing to 2.3% in the first quarter of 2015, from 2.6% in the fourth quarter of 2014. The non-performing loans ratio also improved to 1.4% compared to the 1.5% of the previous quarter.

The ratio of loans more than 90 days past due was 1.0% in the first quarter of 2015.

The Cost of Credit in Central America was 1.1% in the first quarter of 2015, lower than the 1.9% recorded in the fourth quarter of 2014, mainly because of lower expenditure in allowances.

The annualized ratio of Charge-offs over average non-performing loans was 0.96 times, above the ratio of 0.79 times recorded in the last quarter of 2014.

In our portfolio in Central America, allowances cover 1.3 times non-performing loans, 0.8 times loans more than 30 days past due and 1.8 times loans more than 90 days past due.

For June 2015, we expect a ratio of around 2.4% for loans more than 30 days past due.

On page 13, you will find further information about the quality of our consolidated loan portfolio. At the top of the page, we present the evolution of our loans more than 30 days past due broken down by type of portfolio. As mentioned before, our consolidated ratio of loans more than 30 days past due was 2.4%, which is stable compared to the previous quarter, and an improvement from the 2.7% as of March 31, 2014.

It is important to mention the positive performance of our commercial and mortgage portfolios, where the ratios go from 1.6% to 1.5% and from 2.6% to 2.4%, respectively, between the fourth quarter of 2014 and the first quarter of 2015.

Regarding the non-performing loan ratio, consumer and mortgage portfolios evolved positively going from 3.0% to 2.9% and from 1.7% to 1.5%, respectively, while the commercial portfolio remained stable at 1.1%.

The evolution of loans more than 30 days past due in billions of Colombian pesos is presented on the lower part of the slide: this portfolio reached a balance of COP 1.8 trillion at March 31, 2015.

In the first quarter of 2015, loans more than 30 past due were COP 321 billion, while charge-offs were COP 249 billion.

On page 14, we present information about the evolution of our loan portfolio quality in Colombia and Central America.

In Colombia, our commercial loans quality, more than 30 past due, remained stable at 1.6%, while the ratio for consumer loans changed to 5.3% in the first quarter of 2015, mainly due to the seasonal effects of Christmas and New Year.

In Central America, it is important to highlight the improvement in the ratio of past due loans for commercial loans, consumer loans and mortgages, which went from 1.4% to 1.2%, from 3.8% to 3.5% and from 2.9% to 2.6%, respectively.

We present the evolution of Funding and consolidated Deposits on page 15.

At March 31, 2015, our consolidated deposits grew annually by 22.1% and quarterly by 8.3%. Without the effect of devaluation, these increases are 10.5% and 4.9%, respectively. Deposits amounted to 69.0% of total liabilities.

In terms of structure, term deposits maintained the highest share in the combination, 44.7%, followed by savings deposits and by checking accounts, which represent 28.9% and 25.5%, respectively.

Deposits fully fund total loans. The proportion of deposits over total loans was 108.3% in the first quarter of 2015.

On page 16, we present the evolution of our capitalization, our equity and our capital ratios.

Our total equity, defined as Equity plus Non-controlling Interest reached 15.9 trillion pesos in the first quarter of 2015, 0.7% less than that presented in the fourth quarter of 2014 and 17.7% more than that presented 12 months earlier.

The Attributable Equity represents 75.9% of Total Equity. Attributable Equity decreased 0.9% during the quarter and increased 21.4% from the previous year.

Finally, we present our capital ratios at the bottom of the page. Our tier one capital ratio was 7.8% and our total capital ratio was 10.8% in the first quarter of 2015.

As mentioned in our previous earnings conference call, our capital ratios have been affected by the effect of devaluation on the risk-weighted assets of Central America.

We estimate that the consolidated capital ratio for the year will remain around the 10.8% recorded in March.

We present our Net Interest Margin on page 17. Our NIM improved to 5.8% in the first quarter of 2015 from the 5.6% recorded in the first and fourth quarters of 2014.

During the quarter, the loan portfolio NIM was 6.5%, which is lower than the 6.6% recorded in the fourth quarter of 2014. The investment NIM was 3.1% in the first quarter of 2015, which is an improvement from the 1.5% of the fourth quarter of 2014 and the 2.1% of the first quarter of the same year. The improvement in the investment NIM has been the result of the investment strategy implemented by Banco de Bogotá in Colombia and Corficolombiana.

In monetary terms, our Net Interest Income grew annually 21.4 % and 11.9 % quarterly, reaching 1.3 trillion pesos in the first quarter of 2015.

Due to the recent evolution in interest rates, we have revised our expectation on NIM for 2015, which should be around 5.8 %.

Moving on to page 18, our fee income is shown on the upper part of the slide.

Net fee income grew 20.9% compared to the same period of the previous year and 4.6% versus the fourth quarter of 2014, mainly due to fees from debit and credit cards and from banking services, as well as fees from administration of pension and severance funds.



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On the lower part, we show Other Operating Income evolution. This line increased 1.2% compared with the previous quarter and totaled 213 billion in the first quarter of 2015. This result was positively affected by higher dividends and offset by lower income from the non-financial sector.

In the first quarter of 2015, dividends totaled 82 billion, higher than in fourth quarter 2014, mainly due to higher dividends from Promigas.

Income from the non-financial sector was 57 billion pesos in the first quarter of 2015, which is lower compared to the fourth quarter of 2014, due to increased non-recurring income in the fourth quarter of 2014 from Episol, a subsidiary of Corficolombiana

Net income from Exchange operations and Derivatives was 65 billion pesos in the first quarter of 2015.

Going on to page 19, you will see our consolidated efficiency ratios. In the upper part of the slide you will see our Operating Expenses as a percentage of Operating Income and of Average Assets.

Our efficiency measured as Operating Expenses over Operating Income was 46.9%, improving from the 51.8% for the fourth quarter of 2014 and the 50.0% for the first quarter of 2014, reaching the level referred to in our last conference call. This improvement is partially explained by reduced administrative expenses during the quarter, as well as by the growth of our operating income.

The ratio of operating expenses to average assets was 3.5% for the first quarter of 2015, improving from the 3.8% recorded in the first and fourth quarters of 2014.

We hope that the efficiency ratio remains at current levels during 2015.

At the bottom of the page, you will find the Net Non-Operating Income result, which totaled 77 billion pesos in the first quarter of 2015. The quarterly increase of 40 billion pesos in the first quarter is mainly explained by tax reimbursements in Banco de Bogotá in Colombia.

On page 20 we present Net Profit and profitability ratios in the first quarter of 2015.

Net income in the first quarter of 2015 was 489 billion pesos, which represents an increase of 55.0% compared to the first quarter of 2014 and of 56.6% compared to the fourth quarter of 2014.

The return on assets and on equity in the first quarter of 2015 were 2.0% and 16.1%, respectively.

On page 21 we show a comparison between the results of the first quarter of 2015 under Colombian Banking GAAP and IFRS, for the main Balance Sheet accounts.

To begin with, we would like to comment that the information presented under IFRS is subject to changes, pending the submission of the first period-end Financial Statements under this new technical normative framework, in June 2015.

For ease of comparison, the figures presented under IFRS were classified in a way that was compatible with our account structure under "Colombian GAAP".

The final format under which our figures will be audited and presented will imply reclassifications of some accounts, based on the account structure of IFRS.

The figures included in these pages are presented under the applicable IFRS standards in Colombia, except for the recognition of the Wealth Tax which was charged to equity reserves, in accordance with Law 1739 of 2014.

The changes in the Balance Sheet can be summarized as follows:

Total assets vary by 1.9 % between ColGAAP and IFRS, mainly due to:

- First, an increase of 1.1 % in Cash and Cash Equivalents, due to the reclassification of some accounts, in particular of fixed-income investments with terms of less than 90 days.
- Second, decrease of 7.1 % in Net Investments, mainly due to the elimination of the investment in Promigas. Partially offsetting this adjustment, this account is affected by adjustments on the valuation of investments at Fair Value.
- Third, increase of 1.1% in the value of the net loan portfolio, given the inclusion of leasing operations and interest receivable, previously included as other assets.
- Fourth, increase of 8.4% in the goodwill generated by the consolidation of Promigas, offset by the cessation of amortization of goodwill as required by IFRS.
- Fifth, an increase of 5.3 trillion pesos (44.6%) in other assets due to the recognition of Promigas' assets, the recognition of deferred taxes and the update of the prices of some fixed assets. These effects are offset by the reclassification of interest receivable and of operational leasing, as well as the elimination of some deferred assets and other assets that are not recognized under IFRS.

Finally, the elimination of valuations in accordance with IFRS. Only a part of this value is reclassified to investments and fixed assets.

In Liabilities one can see a 3.2% variation between ColGAAP and IFRS, mainly due to:

- The variation in deposits is explained by the reclassification of interest payable.
- An increase of 11.6 % in Other Funds, represented mainly by acceptances, interbank funds, credits from other banks and bonds, principally impacted by the recognition of the financial obligations of Promigas, of around \$730 billion pesos.
- A minor change of 0.4 % in derivatives, due to the recognition of counterparty risk.
- An increase of \$757 billion pesos (12.1 %) in Other Liabilities explained mainly by the deferred tax accounted under International Standards, which includes the effect of the consolidation of Promigas. Additionally due to the effect of some of the reclassifications mentioned, as well as the effect of the accounting of Corficolombiana's road concessions.

In equity the 7.3% decrease is explained mainly by: First, the effect of the consolidation of Promigas. Second, the net effect of changes in the equity of the subsidiaries, and, third, the impact of the deferred tax liability

Finally, on page 22, we present the same comparison for the Income Statement for the first quarter of this year

Net Interest Income is 2.7 % (36 billion pesos) lower, mainly as a result of the recognition of the cost of the financial debt of Promigas.

Provisions are 3.1% lower.

Income from fees and other services do not change significantly.

Other Operating Income increased by 64.2 % (137 billion pesos) mainly as a result of eliminating the dividends from Promigas, from a six-month period, and changing them into operating income from the same company for a quarterly period.

Operating expenses increased 1.5 % due to the recognition of the Promigas costs, offset by the decrease generated from the elimination of goodwill amortization.

Net Non Operating Income grew 10.6% due to the recognition of Promigas non-operational results.

As a result of the above, Income before Income Tax and Minority Interest increased 9.8%.

Income Tax increased 8.2% as a consequence of registering the deferred tax generated from the differences between accounting data and tax data.

Minority interest changes in line with the previously explained changes.

Net Profit Attributable to Controlling Shareholders increased 1.7%.

The annual value of the Wealth Tax of \$177.1 billion pesos is charged to equity. In accordance with Law 1739 of 2014, this tax is recorded only once annually and will decrease gradually until the year 2017. In the Consolidated Bank, in the first quarter of 2016, this decrease is approximately \$24 billion, and in the first quarter of 2017 will be approximately \$100 billion, before its disappearance in 2018.

If Wealth Tax had been accounted against the Income Statement, Net Profit Attributable to Controlling Shareholders, after the Wealth Tax, would have been \$320.4 billion, similar to the result of the first quarter of 2014 under Colombian Banking GAAP.

To finish this presentation, I would like to summarize our "guidance" for 2015:

The loan portfolio will grow between 15% and 13% over the year.

We do not expect a deterioration in our loan portfolio quality ratios.

Similarly, we expect our solvency ratio to remain at around 10.8%.

The net interest margin for 2015 will be around 5.8 %.

In terms of efficiency, we hope to remain at current levels.

Our return on equity will be in the range of 13.0% to 13.5% in 2015.

Thank you very much everyone. With that we conclude our presentation. Now we are open to your questions.

## QUESTIONS AND ANSWERS

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### Operator

Thank you. Now we will start the question and answer session. (Operator instructions) We have Mr. Juan Domínguez, from Credicorp Capital. Go ahead, please.

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### Juan Domínguez - Credicorp Capital – Analyst

Good morning, can you hear me OK?

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**Alejandro Figueroa - Banco de Bogotá - Chief Executive Officer**

Yes.

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**Juan Domínguez - Credicorp Capital - Analyst**

Perfect. I had a question on the 5.8 % net interest margin expected for this year. My question is: when I see the graph of the margin, divided between the loan portfolio margin and the investment margin, I can see a very strong increase in the investment margin and a slight contraction in the loan portfolio margin. I wanted to ask: to get to this 5.8 %, how do these two variables will move, as well as the cost of funding, taking into account that an investment margin above 3 %, when one sees the graph, appears to not be very sustainable in time? Thanks very much.

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**Alejandro Figueroa - Banco de Bogotá - Chief Executive Officer**

Thanks a lot Juan. The margin of investments that we had in the first quarter, as we explained, was generated from additional profits that we had from the sale of the Available For Sale portfolio, both in Banco de Bogotá and in Corficolombiana. We have possibilities for the remainder of the year of some profit in BAC, in their AFS bonds.

We hope to maintain the margin on the loan portfolio, because we hope to maintain approximately the same active interest rates and approximately the same passive rates. And we expect the loan portfolio to grow more than investments during the year; and with that we will be able to sustain the 5.8%, because, as you know very well, the loan portfolio has a greater weight in the average NIM calculation.

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**Operator**

Thank you. Our next question comes from Mr Aníbal Valdez from Barclays.

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**Aníbal Valdez - Barclays - Analyst**

Hi, good morning. Thanks for the opportunity and congratulations for the results. I have a question regarding the level of capitalization. It has been discussed in Colombia to perhaps make the transition to what is known as Basel III. And if one looks at Banco de Bogotá’s capital ratio, it has an important component of Goodwill. Have you done estimations on what the basic capital ratio under Basel III would be, and if so, what is it?

And for the second part of the question, you mentioned that you expect the capital ratio to remain around 10.8 %, since the regulatory minimum is 9%. Relative to other banks in the region, it seems that the margin is relatively low with regard to the regulatory minimum. In this regard, is there any intention to conduct any kind of issuance during 2015, such as a hybrid, as the regulation currently permits, or subordinated debt? Thank you.

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**Alejandro Figueroa - Banco de Bogotá - Chief Executive Officer**

Aníbal, first let me tell you that we feel very comfortable with our level of capital. As you just said, it is above the regulatory level. Let us remember that the Bank that is capitalized is Banco de Bogotá Colombia; and for many years, we have been able to maintain our solvency ratios, which we consider satisfactory, with just the profits generated on a half-yearly or annual basis, of which we capitalize around 50%. You have to keep in mind that with the low cost of funding that we have, compared to the cost of capital, in our opinion the only thing that we would be accomplishing with new issuances, would be to reduce shareholders profitability, with one exception which I will mention.

The exception has always been whenever we have made a new acquisition. As effectively, when we acquired Megabanco, we had an extraordinary capital increase aside from earnings capitalization. The same when we

acquired BAC and more recently when we acquired Banco de Bilbao Panama and Banco Reformador in Guatemala.

So, we feel comfortable with this amount and believe that it is the best strategy that the Bank can follow.

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**Operator**

Thank you. The next question comes from Mauricio Restrepo from BTG Pactual.

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**Mauricio Restrepo - BTG Pactual - Analyst**

Good morning. Thank you for the call. I have several questions. The first one is if you can explain if the yearly growth in fee income of 20% has any significant impact from the exchange rate. The second is, we see a significant improvement in the quality of loan portfolio and in the cost of credit in Central America; can you give us a little more color on what is happening there? And the third is if perhaps you can give us some more detail of the explanation behind the increase in net non-operating income.

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**Alejandro Figueroa - Banco de Bogotá - Chief Executive Officer**

Let me first say something in general about the loan portfolio quality. We feel, and the ratios demonstrate this, that we will not have further deterioration in our loan portfolio, either in Colombia or in Central America, with the exception of some specific cases that always occur when there are substantial changes to the economy, like the case of some... of two companies that cater to the oil sector, for which we had to make special provisions. This, in general on the loan portfolio quality.

In the case of Central America, given that we are accompanied by Mr. Ernesto Castegnaro (BAC's CEO), who has a wider knowledge on their portfolio, he can give us more detail on that.

I will answer the other questions once Ernesto finishes.

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**Ernesto Castegnaro - BAC Credomatic - Chief Executive Officer**

Well, as you will remember, we made two acquisitions: in Guatemala we bought Banco Reformador and in Panama we bought BBVA. These banks had credit and collection policies which were a little different from ours. Therefore, when we incorporated these portfolios into our operation systems, we immediately implemented our collection management processes and portfolio management processes, whilst we also devoted part of the time to rearranging the risk profiles.

It is for this reason, that in some months of the year, you may have noticed that our portfolios in these two countries have not grown substantially. What we have been doing is rearranging the risk profiles and today we have much better portfolios than those we acquired.

From this point onwards, we would expect to see more significant growth in the loan portfolios of these two countries. Put in another way, this is essentially the result of the implementation of our credit policies and our credit and collection standards.

That explains what has taken place and the improvement in the Central American portfolio.

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**Alejandro Figueroa - Banco de Bogotá - Chief Executive Officer**

Mauricio, in relation to fees, there are two issues to emphasize: first, as you know, with the extraordinary assessment from BAC Credomatic, we have substantially strengthened our credit card operations since two years ago, even creating a special vice-presidency. Consequently, we have a significant increase, as you can see in the financial statements, of credit and debit card fees. Additionally, in Colombia we have developed a business that we did not have previously; namely insurance, which is growing at very good rates.

In reference to the effect of devaluation. Yes, obviously it is necessary to take all the figures from BAC and deduct 30% from devaluation. If you wish, this afternoon Mrs. María Luisa Rojas can give you the exact information of the effect of devaluation on fees.

In terms of net non-operating income, it is worth highlighting two things: one that we have already mentioned, is the tax return, which was about 40,000 million pesos, and on the other hand, we have non-operating profits from Promigas. I don't know if that answers your questions, Mauricio.

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**Operator**

Mr. Restrepo, has that answered your question?

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**Mauricio Restrepo - BTG Pactual - Analyst**

Yes. Great. Thanks very much.

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**Operator**

Thank you. [Operator instructions] The next question comes from Natalia Casas, from Serfinco.

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**Natalia Casas - Serfinco - Analyst**

Hello. Thanks for the conference call. I would like to know a little bit more about the portfolio growth that is expected this year; How much is expected for Colombia and how much for Central America? On the Central America ROE: what was it for this quarter and what is the expectation for the end of the year? Thank you.

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**Alejandro Figueroa - Banco de Bogotá - Chief Executive Officer**

If you are asking about loan portfolio and investments: on loan portfolio, we did already give a guidance that it will be between 13% and 15%. The figures as of May allow us to provide this guidance. And regarding the investments portfolio, since at this time there is an upwards shift of the TES curve in Colombia, we do not expect very high growth. We will try to capitalize on good opportunities and if at a given moment in this curve- which is currently so variable and so volatile- we have some good interest rates, then we will take advantage of that opportunity. But in general, we are as always tremendously conservative in the management of our portfolio.

As for Central America, I will pass you on to Federico Odio.

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**Federico Odio - BAC Credomatic – Chief Financial Officer**

Good morning. In terms of loan portfolio growth, we are keeping the estimate of 12-13% in US dollars for the following periods. And on the question related to overall return on equity, in this quarter it was a little below 14 %, and looking forward we remain in line with what we mentioned last time, which is around 14% and a slight increase in future quarters. Thank you.

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**Alejandro Figueroa - Banco de Bogotá - Chief Executive Officer**

Finally Natalia, for the consolidated bank we expect an average return on equity between 13.0% and 13.5% for the year of 2015 as a whole.

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**Operator**

Thank you. The following question comes from Mr. Brayan Ramirez from Colfondos.

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**Brayan Ramírez - Colfondos Analyst**

Good morning. My question would be what is the perception of the recent change in Moody's external rating, and what do you expect from Fitch Ratings?

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**Alejandro Figueroa - Banco de Bogotá - Chief Executive Officer**

Fitch or Moody's?

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**Brayan Ramírez - Colfondos Analyst**

No. Recently the Moody's rating fell, but we are waiting for the confirmation on what they will do after the annual Fitch review.

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**Alejandro Figueroa - Banco de Bogotá - Chief Executive Officer**

We will have an annual review of Fitch in the coming days; Fitch and Standards. Obviously, we have to wait for their thoughts. I will not venture any opinion on that.

I will however take the opportunity to talk about Moody's. I think it is important to emphasize that we were a notch above the Republic of Colombia. Moody's, basically, completely changed its methodology, giving a greater weight to banks' capital, and that was the reason why it dropped us a notch in some of the qualifications, but not in all. But even after that, we have the same rating as the Republic of Colombia for our long-term deposits and in regard to the classification of inherent risk, we are in the group of banks with the highest rating in Colombia.

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**Operator**

Thank you very much. At this moment we do not have any more questions. I would like to give you the final word.

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**Alejandro Figueroa - Banco de Bogotá - Chief Executive Officer**

OK. Thank you all for joining us. We feel that this exercise is very important and want to say that we, at the Bank, are available for any of you, for any additional clarification or for communicating any thoughts that we have on the Bank. Today we had to limit the questions because these conference calls always last an hour, and we are already passed that time. Thank you very much to everyone.

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**Operator**

Thank you. Ladies and gentlemen, this concludes today's conference. We thank you for your participation. You may now disconnect.