



We build and maintain long term relations with our customers as a fundamental premise of our management.

We work on the enhancement of our service culture as well as in the development of financial solutions generating quality of life for our customers and contributing to the achievement of their dreams and projects.

Chapter 4

Banking at the service of customers



4. Our Banking at the service of customers

Business Segments

Our universal banking model offers our customers the most complete financial products and services portfolio, with share in all market segments.

Corporate Banking

In 2012, we continued consolidating our leadership position in this segment, through customized service, high quality and a comprehensive financial service. Our interest in providing an increasingly specialized financial service has allowed us to bring out significant initiatives for the benefit of our customers and support the development of the country, through leverage of important industrial and infrastructure projects.

We grow with the country and its corporations

Corporate banking had a very positive performance in the second half of 2012, consolidating the growth trend of the main figures of the balance sheet, when exceeding, at the close of 2012, the \$19.4 trillion in commercial loans granted to corporations and MEs (including their affiliates and agencies), a figure that represented an annual growth rate close to 17.46%, an increase well

Businessmen's Great Ally

Colombia's insertion in the international market has been pushing the economy's growth through the expansion of trade and national and international investment. Thus, during the second half period of 2012, by means of our International and Treasury Vice-Presidency we had a cycle of lectures with a group of specialized national consultants on the impact of FTAs and delivered a tool kit for corporate decision-making to more than 1,400 businessmen in the context of the United States and Korea Free Trade Agreements.

above the 13.5% evidenced by the financial system for the total of commercial loans.

In 2012, the balance of Commercial Loans was **\$19.4 trillion.**

Leasing had an excellent behavior during the second half of the year, growing 26% and 41% during the whole year in balances, closing this portfolio with more than \$845 billion pesos in assets given under leasing.

According to the country's economic evolution, the growth dynamic in the corporate sector has been coupled to a very good quality of the credit, representing past due loans at the end of 2012 only 0.77% of the balance of the segment's total loans.

A specialized team at our customers' service

In order to provide a better service and support to our corporate and business customers, we reinforced the service model through our Relationship Managers and their teams of Specialists, focusing on customer service and were able to work with more than 7,800 large and medium size corporations.

Likewise, at the end of the semester we incorporated a new Commercial Intelligence unit designed for working differentiated value proposals for the various sub-segments

that make up the portfolio of corporations: Corporate Banking (companies with sales over \$80,000 million annual sales) and Business Banking (companies with annual sales above \$20,000 million).

To evaluate the service we provide and adjust the necessary variables in our model, we conducted the Customer Satisfaction Business Banking Survey through Ipsos Napoleon Franco research firm. The study reported a satisfaction index on the service provided by our attention teams of 85.7% which corresponds to the **highest levels in the market.**

Our service teams are highly valued by customers, with an **85.7%** satisfaction* index



* Customer Satisfaction Business Banking Survey. Ipsos Napoleon Franco Survey

Business Manager Bogota

Institutional and Official Manager

Cash Consultant

Business Manager Western Region

Present in the country's large infrastructure projects

We have been walking along the country's growth through financing of the industrial and infrastructure projects transforming the competitiveness of the national economy. Through our Structured Financing Unit, made up by financial, legal, fiduciary and leasing experts, during 2012 we participated in 10 business transactions totaling \$5.3 trillion where the Bank took on commitments and/or disbursements in an amount close to \$1.5 trillion pesos, representing 26.7% of the required total.

Thus, we served our clients in projects of all sectors of the economy, such as hydrocarbons transportation (oil and gas), transmission of electric energy to the country's development poles, hydro and thermal power stations, port infrastructure and construction and maintenance of highways and roads, mainly.

We supported
the country's
infrastructure with
\$1.5 trillion structured
credit funds.

The Bicentenario Pipeline is one of the key projects for the country as far as oil infrastructure. We participated in the syndicated loan with more than \$479,000 million (22.8% of the total). We also participated through our investment banking affiliate, Corporación Financiera Colombiana, which acted as the client's structure agent, closing a total deal for \$2.1 trillion.

The Banks of Grupo Aval, as a whole, participated with \$742 billion in the transaction. This deal was rated as the largest local syndicated loan in Colombian banking. In the second half of the year, the Bank disbursed funds for this project amounting to over \$289,000 million.

Furthermore, we took part in the Vidrio Andino industrial project in which the first floating glass plant will be built in Colombia substituting imports and creating more than 200 new jobs. The Bank led the syndicated loan with a share of \$90,000 million and closed a financial deal for \$154,000 million pesos with the other banks of Grupo Aval



Total Fees received for Structured Loans during the second half of 2012 amounted to \$5,850 million, year total being \$11,150 million, which participate in the 11.44% of the total fees in legal currency received by the Bank.

We facilitate our customers' efficient management of funds

Based on our broad platform of physical and electronic channels for collections and payments, in this second half 2012 we strived to deliver to customers of Business Banking innovative technological solutions to provide them with enhanced efficiency solutions enabling them to have better efficiency in the operational and accounting processes.

- In August, we massified our solution for platform connection through web services which allows an online interaction in real time between the Bank and customers' applications. This solution generates significant benefits for companies in terms of timeliness for the confirmation of collections and payments and quality of conciliation of information.

- In October, we launched the technological integration between the web portals of BAC Costa Rica and Banco de Bogotá to allow joint customers to inquire their deposits balances in both institutions through any of the two platforms.

Affinity Debit Card

The Affinity Debit Card continues consolidate as the product that allows members of cooperatives and funds to access their accounts through electronic channels at the national and international level.

Adjustments that allow us to offer new possibilities for the use and operation through modern channels, such as correspondents the Bank has all over the country were done in the second half of 2012. With the same purpose and attempting to improve information and security standards, coaching was provided for the implementation of the microcircuit or chip technology, putting cooperatives and funds are the forefront as far as cards in the financial system from the technological stand point.

We ended 2012 with
192,896
active Affinity
Debit Card plastics.



- Launching of new products and enhancement of our solutions for Cash Management of companies, allowed us to increase collections by 6% and payment processing by 12%, handling throughout the year more than 77 million transactions.

- We were chosen by Cerromatoso as strategic partners in Colombia for the integration of their centralized accounting systems with our applications, allowing them not only to send payroll suppliers payments automatically, but also the reconciliation of their accounting records. It is notably that we were the first Latin American bank to be ready for this implementation.

Social Banking

With a value proposal supported by a commercial and service team specialized in the solidary and cooperative sector, a specialized portfolio of products and channels, a robust operational and technological model and our interest in transferring all our experience and knowledge to the organizations we serve, we have continued to delve our participation and contribution to solidary economy.

The products of this segment that generate the highest differentiating factor in the market are: Affinity Debit Card and the Cédula Cafetera Inteligente.



Likewise, during the second half of 2012, we coordinated jointly with cooperatives and funds engaged in the Affinity Debit Agreement, to hold training programs to reinforce the security standards and safety recommendations that entities and their cardholders must follow when using the product in the various channels.

During the same period, we engaged seven cooperatives more to this agreement (for a total of 16 new agreements during the year) and the number of cards was increased by 10.1%. Additionally, 2'944,257 transactions in ATMs and Dataphones were done during the period.

Initiatives for the country's coffee-growing sector and coffee growers

We are committed to the development and sustainability of coffee growers in the country through initiatives linked to the Cédula Cafetera Inteligente project.

This product consolidates every day as the major payment instrument for the Colombia coffee-growing sector and has become a recognized initiative for financial inclusion in the rural sectors of our country facilitating transactions by using plastic money at ATMs, allocation of government resources directly to beneficiaries, deposit of loan funds and the chance to shop at all kinds of stores with more than 1,900 involved in the coffee growing network in more than 380 Colombian municipalities.

432,915
plastics
were issued at the
end of 2012.



It should be noted that the activation process of the Cédula Cafetera that indicates the potential for use of this product in the hands of coffee growers, has an increasing trend compared to the same period of the previous year: 83% active cédulas in December 2012, vs. 81% in the same 2011 period.



In the last quarter of 2012, we participated in the program "Apoyo al Ingreso del Caficultor AIC" (Support for Income of Coffee Grower) created by the National Government through which around \$32,000 million were allocated at the close of 2012 benefiting more than 260 thousand coffee growers delivered through the Cedula Cafetera Inteligente.



Official Payroll Loans

In order to ensure our permanent presence in our major agreements and offer of services that add value to the engagement of members of the Military Forces, we opened 11 new Centers for servicing this kind of sector through which we reached new centers where our potential market is located (Army, Police, Air Force, Navy, etc.) offering more comfort and avoiding customer's travel time.

At the close of 2012, 52,169 disbursements operations amounting to \$1,010,658 million, with an 18% growth compared disbursements obtained in 2011 were done.

Opening of new agreements for government money orders:

During the second half of 2012, the payroll loans unit obtained 10 new payment order agreements in the government sector, continuing to reinforce and serve this market.

More Representative Agreements:

At the close of 2012, the most representative agreements are:

We disbursed
52,169 operations
amounting over
\$1 trillion.

No.	Agreement	No. Effective Operations	Agreement Balance (million \$COP)
1	NATIONAL ARMY	37,841	586,322
2	NATIONAL POLICE	31,784	462,928
3	NATIONAL NAVY	6,888	112,295
4	CASUR – RETIRED	5,523	78,432
5	AIR FORCE	2,263	36,961

Vehicles Unit

In 2012, our Vehicles Unit created several strategies for improving response times to our customers for their loan applications and disbursements enhancing efficiency of their operations as well as the growth of management indicators.

At the close of 2012, we disbursed 10,573 transactions for **\$386,535 million** at a 10% growth compared to 2011.

Participation in the Car Showroom

As a tradition every two years this event is held to exhibit all car brands sold in Colombia and all financial institutions offering their products 411 transactions in the amount of \$16,775 million were done at this show.



We signed partnerships with dealers and different brands to obtain a greater participation



Within the framework of the Car Showroom partnering with Chevrolet, we held an exclusive event for our clients. Chevrolet launched its new vehicle models and invited host singer Andres Cepeda. \$1,000 million in vehicle loans were placed.



For our Premium customers we had an Alliance with Mercedes Benz through special financing plans, exclusively created for this brand: 30/70 on 12 Months, 30/70 on 18 Months, 50/50 on 24 Months.

Pre-feasibility Pilot

Looking to offer a pre-approval at point and obtain the best response time to requests, we conducted the Pre-feasibility Pilot with the participation of the loans area and the Operational Productivity Management, achieving a reduction in the evaluation times of the credit factory.

SME Banking

Growth Support for SMEs

Supporting the growth of small and medium businesses is one of our commitments in the commercial management we undertake, because they are the fundamental axis of the country's growth and economic development.

In the second half of 2012, we continued to offer customized service and coaching as well as the appropriate financial solutions for each one of our SME clients, supporting them in the development of their projects, offering them training and acknowledging outstanding entrepreneurial activities that may become a role model for Colombian entrepreneurs.

Pursuant to the commitment of offering them valuable business training in managing their business, we conducted a first phase training plan on financial topics taught by our team of Relationship Managers, reaching more than 60 customers in Medellin, Cali, Bucaramanga and Bogota.

We also kept an Alliance with the Revista Misión Pyme (SME Mission Magazine). In the second semester of 2012, the Sixth Version of the Gazelle SME award was held, the purpose of which is to give recognition to companies outstanding for their good administrative and sustainable growth practices in the regions we are present with this service model.

Regions played an important role as awards were given to the most outstanding businessmen of the five main regions: Caribbean Cost, the two Santander provinces, Cundinamarca, Coffee Growing Region and Valle. Categories were: Strategic Management, Productivity, Organizational Culture, Internationalization, Human Talent and Technological Leadership.

Every year this SME Gazelle prize becomes more relevant in the private and public sector 622 companies of various regions in the Country registered in the scree-

ning process known for being the most demanding one in terms of requirements and output. Furthermore, we had the chance of approaching 152 participants that were not engaged to the Bank.

Our model covers **30 places** in the major and intermediate cities and locations where there is a high concentration of SMEs.

Additional efforts were done this semester to improve processes, response times and products, in agreement with customers' needs. Internal campaigns were also developed to deepen our links with new customers.



Small Business Segment

Convinced that small businessmen play a significant role in the country's economic and social development, we implemented a specialized and customized service model for the customers of this segment which allows us to understand their dynamics, environment and business as we serve them were they work

We therefore trained more than 1,932 workers of our branches who travel through cities and municipalities throughout the country to assist our small business customers in their engagement process to the Bank and deliver financial solutions adjusted to their needs.

By doing this, we hope to have a positive impact in the lives of thousands of Colombians generating at the same time greater productivity and profitability for our branch network.

In order to offer complementary products and solutions, in the second half of 2012 we developed specialized portfolios with products specially designed for small businessmen's needs. Thus, in September we launched

We believe in **small businessmen** because they contribute to the country's economic and social development.

the "Achievement" and "Growing" portfolios which contemplate a special discount greater than 20%.

The portfolios have the new 'Achievement' and 'Growing' Credit Cards with special benefits and assistance for the company and the entrepreneur in Colombia and abroad, as well as 100% of the limit allocated for advances.

On the Second half of 2012, we also participated in various educational, informational, social and recreational activities that promote the development of small businessmen in the country, convened by trade associations, mayors' offices and the Chambers of Commerce in Barranquilla, Cali and several cities of Cundinamarca.



Microfinance Segment

Financial inclusion promoting social development

In our commitment to the development and improvement of the quality of life of the country's population, we have a specialized commercial model to serve formal and informal business people, independent professionals, transporters, single mothers and in general economically active population of the 1, 2 and 3 income bracket whether they are or not bancarized.

Within this concept and following the coverage expansion plan, during the second half of 2012, we reached a greater volume of productive population in more municipalities, shifting from 272 municipalities in 23 departments (provinces) at the close of the first semester to 311 municipalities in 24 departments, with a 14% coverage increase compared to the first semester of the year.

The Bank advises the customers directly at their corporate or commercial location, through 277 specialized advisors, an area that grew by 15.6% in the last period. At the end of the year, we were able to provide financing and savings solutions to more than 40,600 Colombian families in this segment.

We were able to provide financing and savings solutions to more than **40,600 Colombian** families in this segment.

Preferential Segment

Exclusive benefits for those who always look for the best.

Given the growth in the number of customers in the Premium sub-segment, we continued our expansion plan of the commercial model for this segment through an exclusive service in 8 Premium Branches with 37 Managers. Our customers have differentiated spaces in this manner with specialized advice in commercial and investment banking. We plan to open in 2013 new branches of this model in Bogotá, Medellín, Cali, Pereira and Cartagena.

Furthermore, to approach and make the customers of this segment loyal, we continue to place portfolios offering customers comprehensive solutions with a price benefit. This product offer, at the necessary conditions for the segment, includes products such as: Infinite, Signature and Black Credit Cards, Free Destination loans, Premium Crediservice, Vehicle loans at a variable rate, Housing Loans and AFC Account.

With the objective to provide a special service model to our Preferential customers, we continue with the strategy established for this segment: retain, dive and render profitable current customers as well as engaging potential customers based on differentiated, profitable and specialized service models for each customer belonging to the sub-segments Preferential Basic, Preferential Middle and Preferential Premium.



Individuals Segment

Facilitate the life of our clients through a quality service and financial solutions that meet their expectations, their dreams and projects is the challenge we are committed to from each one of the areas of our organization.

During the second half of 2012, we implemented the Integral Engagement Project bringing our clients significant benefits in terms of expediency in the processing and engagement of an integral portfolio of products in 95% of the branches of Banco de Bogotá's network, to allow them to manage their credit, investment and efficient running of money with a special price policy.

This offer was enhanced with the Mortgage Loan, AFC Accounts, special offers for savers with 'Chose to Win', and TD Plus, as well as investment alternatives such as TD's on 540 days at a special rate.

In the second semester 2012, more than 11,400 portfolios worth over \$80,000 million were approved, thus increasing commercial productivity in a single contact with the customer. At the close of December 2012, more than 43,000 integral portfolios were delivered to our customers at a special discount for holding our products.

In 2012 more than
43,000 integral portfolios
were delivered to our customers at a special discount.

We have also strengthened strategies designed to deepen into the individuals segment's customers, as follows:

- We generated pre-approved multi-product offers, purchase of loans and credit renewals. In the first semester this year, the strategy's result has generated disbursements over \$253,000 million.
- We increased the placement of revolving quotas, Credit-service. In the second half of the year 14,280 lines of cre-

dit were placed (20% more than in the previous semester) equivalent to more than \$281,000 million with a value increase in credit lines of 27% vs. the previous semester.

- In capture products, to promote savings among customers, we implemented four strategies designed for opening accounts, increase of balances, and ensure the permanence of funds.

- We developed the campaign "Chose to Win" for Savings and Current Accounts that offers a prize for opening or increasing balances with a one-month permanence. This campaign obtained more than \$25 billion with 2,052 new customers.

- We set in motion the "TD Plus" Campaign for customers who want prizes as well as interest rate, with terms ranging from 180 onward. At the close of the year, we reached more than \$11,000 million with 438 new securities.

- We conducted the "TDs 540 days", Campaign for long term investments with the best interest rate in the market. At year-end, we reached \$31,388 million in more than 1,500 securities.

- We launched "My Dream Box", a savings initiative for children that educates them financially and promotes a savings culture. "My Dream Box" is made up of a piggy-bank, a financial education booklet, a wallet and a Pre-account Card. In this way, we encourage the opening of children's accounts with a very good acceptance by clients. At the close of December we had 12,466 new accounts and \$1,521 million funds.



- Finally, to encourage savings among customers, we migrated saving accounts to value offers that adjust to the transactional, profitability and management needs of customers.



Payroll

In order to offer greater ease to our customers and availability of money when they need it, in the second half we launched the Advance on Payroll product, jointly with a communications strategy in mass media with broad dissemination at the national. This product provides a credit limit for customers to get an advance on their next payroll, without interest and available 24 hours, 7 days a week, through the various Bank's electronic channels.

As part of the consolidation of the deepening model of payroll customers with sale of multi-products and comprehensive portfolios, a successful taking was done at the Corporate Banking facilities, improving deepening in the number of products per customer.

In addition, a specialized model was created for attending agreements with the aim of providing preferential treatment to payroll and loan drafts of the most representative Bank customers.



Mortgage Loans

We support the “having a home” dream of thousands of Colombians

Continuing with the Housing offer consolidation process, in July 2012 we share out the housing loans portfolio, which was implemented at all branches throughout the country going from 425 branches in 33 cities to 616 in 191 cities and municipalities. In September 2012, the Specialized Housing Force made up of 50 expert advisors in the sale of the product present in Bogota, Cali, Medellin, Barranquilla and Bucaramanga. Furthermore, starting in August, we opened six Specialized Housing Centers: two in Bogota, and four in Medellin, Cali, Bucaramanga and Barranquilla.

In the second half of 2012, as a result of the expansion of sale channels, the support in the automation of the process and the implementation of the strategy to buy mortgage loans from our customers considerably grew vs. the first semester through the placement of 807 loans worth \$93,932 million.

An integral part of the housing business strategy was the implementation of the construction credit line, defining policies, processes and the commercial structure

807 loans
worth \$93,932 million were
granted in the second
half of 2012.

required to operate it. This line finances housing NO VIS (different to social housing projects) construction projects in agreement with an individual credit policy, for experienced constructors after a financial and technical assessment of the project has been conducted and the provision of a mortgage guaranty. Disbursements are made depending on the construction progress.

In turn, the Commercial Construction Credit Management supported the commercial area issuing technical advice on the projects submitted for financing constructors involved in the Government’s program of the “100,000 free homes”.

To continue progressing in the Bank’s positioning in the housing funding, in 2013 we will enhance the portfolio with new products such as loan for remodeling or expansion of homes and the consolidation of the commercial offer for constructors.



Insurance Portfolio

We offer comprehensive coverage

Identifying the risks that most concern our customers and developing products to cover their needs has been the priority in the design of the insurance portfolio.

In the second half of 2012, 216,572 customers acquired products of the insurance portfolio offered by the Bank for a coverage risk of unemployment, serious illnesses, freighting crimes, personal accidents, among others. In this period, 5,413 insured customers benefited from the payment of accidents in an amount of \$2,185 million.

In the second semester of 2012, the Personal Accidents “PA” product was implemented which was especially de-

signed and focused on individual protection of the military forces and police, official and private sectors and retired people who hold loans through draft or money orders. This product has coverage for dismembering, disability, accidental death. This product has 1,774 active clients at the year-end.

216,572
Insured
Customers

Debit Cards

We work to generate added value in our products and services that can be translated into benefits and quality of life for our customers. In 2012, we developed the access service to the Mass Transportation Systems through our Debit Card, offering new possibilities for the use of this product and generating a market differential that will be reflected on higher retention levels.

As a result of the agreements signed with the main mass transportation companies in the country, TransMilenio (Bogota), Mio (Cali), we attempt to shorten and render our customers commuting easier as well as contribute to the improvement of their quality of life.

The evolution of these cards has been positive with 419,934 enabled Debit Cards for the Bogota and Cali transportation systems in December 2012, distributed into 352,054 Banco de Bogotá Transmilenio Cards and 67,880 Banco de Bogotá MIO Debit Cards.

We facilitate access to the **Mass Transportation System** in the main cities of the country.

In the second half of 2012, we also implemented access to the Megabus Transport System in Pereira and hope to reach 30,000 Cards at the end of 2013. It is also expected that this service will be enabled in transportation systems of other cities in the country.



On the other hand, we continue our strategy to offer safer Debit Cards to our customers migrating to chip cards. In December 2012 there were 952,126 cards incorporating that technology, equivalent to 55.6% of the total of customers who are holders of Banco de Bogotá Debit Cards.

In December 2012, we closed with 1,712,327 active Debit Cards with a 6.7% increase vs. the same period of the previous year. In the second half, the Debit Card generated shopping billing of \$844,769 million, that is, 20.9% higher vs. the same period of the previous year.

Partnerships and more benefits for our customers

Within the added value strategies of Debit and Credit Cards, we have designed a series of benefits for customers stemming from our partnerships with stores and commercial establishments.

In the second half of 2012, we launched the fourth Catalogue of Partnerships for both Cards with more than 160 allied trades and the virtual catalogue with more than 170 allies.

Concurrently, we conducted campaigns on use for specific times of the year, with extended benefits and aimed to customers from different segments and transactional habits. We also strengthened the dissemination of communication using e-marketing through e-mails, banners, landings and SMS, impacting more than 500,000 customers and increasing total invoicing at POS by 22%, compared to the previous year. Trades belonging to the partnership program grew 46.79%.

In the second half of 2012, the specialized debit cards for SMEs and Small Businessmen were launched to offer them a means to manage their funds expeditiously and safely, with the benefit of having detailed control of their transactions. 5,300 active cards exist on December 31, 2012.

1,712,327
Active Debit Cards in
December 2012.





Credit Cards

More Cards circulating

During the second half of 2012, we consolidated our placement pace of growth, implementing some of the best practices from BAC Credomatic, allowing us to reach a figure of more than 160,000 Cards at a 114% growth vs. the same period of 2011. We thus achieved an average of more than 30,000 Cards per month for the last quarter, becoming a leader of this indicator in the system.



As a fundamental part of the strategy, we developed shared brand partnerships, placing 45,000 new Cards with Movistar in this period and launching the new LanPass Banco de Bogotá Card.

To support small businessmen in the development of their business, we launched the 'Logros' Business Card, remaining as leaders in the commercial solutions segment in the VISA franchise.

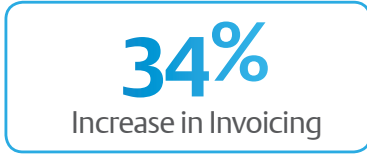
Such growth allows us to have more than 750,000 Cards circulating, offering more Colombians the opportunity to acquire goods and services through this payment instrument.

At year-end, the Bank's share in the market increased by 100 bp, reaching 6% of the industry's total and becoming the fourth Issuer Bank of franchised Cards.



Meeting needs

Through the incorporation of commercial strategies designed to increase invoicing, in the second half of 2012 our customers did transactions for a total of \$1.8 trillion pesos with a 34% increase vs. 2011, while the industry grew at a 20% rate. This increased market share from 7% to 8%.



Financing more dreams

By setting in motion a specialized area in portfolio management that developed strategies for increase in loans, the Bank got over \$1.5 trillion in loans and grew by more than \$420 billion vs. the same period of 2011.

At the closing of 2012, Banco de Bogotá was consolidated as a leader in the growth of loans in the Colombian market, with a 38% growth compared to the industry's 16.4%. The Bank gained 1.5pp in market share, going from 8.6% to 10.1%, being the biggest growth in all banks share.

In the Credit Card business and acquisition, the net financing margin grows 28.3%, which resulted from the good behavior of loans and invoicing in 2012. The Net fees for this segment grew 12.4%.



Acquiring business

To offer our affiliated trades innovative solutions for accepting electronic payment instruments, we continued working on penetrating various categories of trades, reaching a 15% market share among approximately 14,400 active establishments. At the close of 2012, deposits grew 5% vs. 2011, reaching \$5 trillion in invoicing and generating fees of more than \$14,000 million Pesos.



Treasury and Foreign Currency

Exchange Market and Derivatives Transactions

During 2012 we remained one of the most important exchange and derivatives market operators in the country, with US\$5.4 billion in buy and sale transactions and more than 14,000 customers served in these segments.

In the Forward market, during the second half of 2012, the devaluation curve had an important bearish correction after the upturn experienced during the first half of the year, where devaluations in a one-month period were around 7%. Banco de la República's expansionist monetary policy, characterized by successive cut backs in the local interest rate, encouraged the downward correction of the forwards curve, in particular during the fourth quarter when the liquid term quotation fluctuated around 3.25%.

In the second half of 2012, a spike up of the Cross-Currency Swap – CCS curve on which the Libor is exchanged for the fixed Peso rate, stemming from a decline in the short part of the steepest curve with respect to long terms. This relatively low rates scenario gave rise to interesting opportunities for clients looking for long term funds.

The **Swaps CCS** market gained liquidity in 2012, offering customers greater opportunities.

In the Peso interest rate (IRS) swaps a considerable growth was observed in the IBR swap market, both in terms of the amount negotiated and in the number of participants, due mainly to the fact that local rates of emerging countries in the offshore market are attractive. The COP IBR swap curve also spiked up, stemming from the decline of the short part by almost 100bp vs. the expectation of monetary policy interest rate cutbacks.

Lastly, in the IRS Dollar market where the Libor is exchanged for the fixed USD rate, a spike up of the curve was also observed due to the fact that the lower risk aversion reached at year-end, resulted in a drop in the price of American Treasuries thus contributing to a rise in the term swap curve.

Concerning Peso-Dollar options in Colombia, in the second half of the year, there was a decrease vs. volumes seen in the same 2011 period. For Banco de Bogotá the percentage of share vs. the first half of the year, remained at 8%. In addition, a drop in the profit margin by operation was experienced, not only because of the lower volatility but because of the entry of new competitors.

Treasury Transactions

In the second half of the year, our Treasury continued to focus in its capture strategy of Time Deposit Certificates (TDs) with customers of the Institutional and Government sector to meet the needs of large liquidity suppliers for time investments and offer a greater stability to our funding. The total volume of TDs managed by Treasury increased by \$1.4 trillion during the year, shifting from \$4.9 to \$6.3 trillion, distributed according to its term as follows: 9% less than 1.5 years, 71% between 1.5 and 3 years and 20% greater than 3 years.

The balance of Treasury TDs amounted to **\$6.3 trillion** in 2012.

Banco de Bogotá continued very active in the monetary market, not only in terms of management of its own liquidity, but also to hedge short term securities through simultaneous operations. As leader of the Reference Banking Indicator (IBR) composition and facing a greater liquidity in the swaps market on this indicator (OIS), Treasury initially carried this new product in 2012 under the composition scheme of the indicator that included 1 and 3 month operations, then shifting to positions of up to 18 months.

We had a successful participation in the **IBR Swap** market.

In foreign currency, funding for Colombia operations continued to support a broad network of bank correspondents in addition to continue exploring new term possibilities for a potential demand of loans to finance infrastructure projects in the country. The increasing appetite of large dollar liquidity managers for Latin American risk has represented significant declines in loan spreads, situation that could be harnessed in 2013 through new capture instruments.

In September 2012 a service agreement was signed with Bank of America to allow the customers of this prestigious institution to have preferential access to Banco de Bogotá products in Colombia.



Foreign Currency Loans

At the closing of 2012, our loan portfolio in foreign currency totaled US\$1,848 million, showing a 22.4% growth vs. 2011, that is US\$338 million. Disbursements in foreign currency continued to be encouraged by low external interest rates, the Peso appreciation and the dynamics of foreign trade and the economy.

The growth of FC loans focused on agencies due to the high availability of funding via deposits with our corporate customers. That is the reason why the loan agencies' balance grows by 79.8%, that is US\$1.1 billion.

Innovation of foreign trade products

We facilitate and provide efficiency to our customers through:

- Opening of Letters of Credit through Internet
- Reimbursement of payment orders through Internet
- Inquiry of support vouchers of FC operations at the Internet Portal
- Association of Transactions with Clearing Accounts
- Transfers in Foreign Currency through Internet
- Access to FC loans supported by the National Guarantee Fund (Fondo Nacional de Garantías).

Commitment with Foreign Trade

We endorse our commitment with Colombian exporters and importers, not only as facilitators of the foreign trade transactions but through a continuous training in the Exchange Regime and subjects of interest on the foreign sector. In 2012 we held successful training sessions on FTAs, with an attendance of 1,225 customers of the major cities, in addition to more than 700 customers that attended Exchange Regime training sessions.

+ 12,000 calls taken by the International Consulting Center

+48,000 calls to obtain guidance in the filling of documents

+ 1,000 employees trained in Foreign Trade Operations

+ 735 chats to provide advice on foreign exchange declarations

+ 730 Customers trained in the Exchange Regime

Foreign Agencies

Our Miami and New York agencies had an outstanding performance in 2012 with US\$1.5 billion joint assets, growing 62% vs. 2011 and making us the Colombian bank with the largest operation in the United States. Our agencies serve a broad range of customers, complying with

the high performance standards required by American regulations and our internal policies.

The Miami Agency offers an efficient transactional platform for our business customers with clearing accounts, while the New York agency specializes in serving institutional and corporate customers. At year-end, the contribution of these agencies to our profits exceeded US\$15 million.

With assets over **US\$1.5 billion**, Banco de Bogotá continues to be the Colombian bank with the largest operation in the United States.



Service Channels

Customers are the reason for existence of our business. We work day after day to improve our services and make their experience memorable through operational excellence, continuous improvement, implementation of comprehensive management systems and excellent coverage through multiple service channels, which are the guidelines we have worked throughout time.

Always thinking about efficient, safe, expedite, high quality service, we have made available a series of solutions to improve the comfort of all our customers and users.

Region	Northern	
	Dec-2011	Dec-2012
Branches	79	77
ATMs	121	185
Other Service Points	19	147
Total	219	409

Region	North Eastern	
	Dec-2011	Dec-2012
Branches	111	114
ATMs	187	230
Other Service Points	31	163
Total	329	507

Region	South Western	
	Dec-2011	Dec-2012
Branches	89	92
ATMs	151	172
Other Service Points	17	115
Total	257	379

Region	Colombia	
	Dec-2011	Dec-2012
Branches	626	638
ATMs	1,019	1,289
Other Service Points	159	1,065
Total	1,804	2,992



Region	Central	
	Dec-2011	Dec-2012
Branches	311	317
ATMs	508	638
Other Service Points	89	574
Total	908	1,529

Region	Bogota	
	Dec-2011	Dec-2012
Branches	174	179
ATMs	258	355
Other Service Points	71	253
Total	503	787

Region	Eastern	
	Dec-2011	Dec-2012
Branches	29	30
ATMs	43	54
Other Service Points	3	61
Total	75	145

Region	Southern	
	Dec-2011	Dec-2012
Branches	7	8
ATMs	9	10
Other Service Points	-	5
Total	16	23

Branches include: Corporate service centers, SME service centers, businessmen consulting branches, consulting and sales branches, teller extensions with own code, branch extensions, premium branches, basic branches, only customer branches, payroll deducted loan service centers with special services and payroll deducted loan centers without own code.
Other service points: Payment and collection centers and bank correspondents.

More access possibilities for our customers.

We have a broad network of customized and electronic service channels with 2,992 own points in the Colombian territory, with which we seek to meet our customers' needs in a timely and efficient manner.

We are making progress in consolidating our national and international coverage and opened 7 new traditional branches in the second half of 2012 in high impact areas.

In addition, we installed 270 Banco de Bogotá ATMs with a 65% share in the growth of the ATH network. We were thus able to reach 1,289 ATMs at the close of 31 December 2012, representing 42% of all ATH network ATMs, which our customers may access at no additional cost.

We are present in the major and intermediate cities as well as in the municipalities through Bank Correspondents in Allian-

ce with large department stores and commercial establishments. In the second half of 2012 we activated 786 correspondent points, totaling 1,019 active bank correspondents at year-end.

Under the same action plan we went live with a total of 827 mobile correspondent points through an agreement with small commercial establishments, with the peculiarity that the device used is a cell phone provided generally by the Bank under a free-use agreement, which may be owned by the shopkeeper himself thinking on a BYOD (Bring Your Own Device) strategy.

These strategies are designed to enhance financial inclusion of those customers who currently do not have the possibility of access to our products and services as well as to expand our presence in the municipalities where we do not exist.

<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center;"> 66% Service channels grew vs. 2011 due to the opening of 270 ATMs, 905 Bank Correspondents and 12 new Customized service Branches in 2012 </div>					
CHANNELS BY DECEMBER CLOSING	2008	2009	2010	2011	2012
Branches in Colombia	568	579	577	588	595
Corporate Service Centers & SMEs	5	5	8	8	8
Businessmen Consulting Branches	17	19	18	18	18
Specialized Housing Centers	0	0	0	0	3
Payroll deducted Loan Service Centers	0	0	0	0	13
Teller Extensions with code *	12	12	12	12	1
Total Personal Service Branches	602	615	615	626	638
Payment Centers	37	44	44	45	46
Bank Correspondents	9	18	68	114	1,019
TOTAL TRANSACTIONAL POINTS	46	62	112	159	1,065
ATMs	881	962	964	1,019	1,289
TOTAL CHANNELS	1,529	1,639	1,691	1,804	2,992

* In the last half of 2012 the teller extensions under Coca-Cola Agreement were withdrawn

Given the opportunities and potential growth in the small and medium businesses we opened two Specialized SME Service Centers for the Caribbean Coast and Eastern Region.

Such growth is the result of our firm commitment of offering the best service to our customers, expanding geographic coverage and facilitating access to financial services safely and timely, through various types

of transactions and information, with presence in more than 400 municipalities and 32 departments (provinces) in the country.

As far as transactions by our customers, 50.7% were carried out through Electronic channels and the remaining 49.3% through our Branches, channels in which we continuously invest to strengthen and enhance the services we offer.

CHANNELS	II SEM 2011		II SEM 2012	
	N° Transactions	Share	N° Transactions	Share
Internet	21,166,038	31.8%	25,808,424	34.8%
PSE	473,463	0.7%	450,906	0.6%
IVR	2,905,640	4.4%	2,381,206	3.2%
Mobile Bank	300,915	0.5%	399,707	0.5%
Total Virtual Channels	24,846,056	37.3%	29,040,243	39.2%
ATM	33,396,569	50.2%	34,596,616	46.6%
POS	6,851,134	10.3%	8,456,195	11.4%
Depositors	387,628	0.6%	342,350	0.5%
Expeditors	125,843	0.2%	131,731	0.2%
CB	950,859	1.4%	1,606,285	2.2%
Total Physical Channels	41,712,033	62.7%	45,133,177	60.8%
Total Electronic Channels	66,558,089	49.7%	74,173,420	50.7%
Branches	67,293,797	50.3%	72,065,833	49.3%
Total Channels	133,851,886	100%	146,239,253	100%



Starting on July 2012, along with our massification strategy we put out in the market 77,775 Token security devices and a new transaction "Using Payroll Advance" with 788 uses.

The number of internet transactions of our customers had a 22% increase (4,642,386 additional transactions), vs. the second half of 2011 where 6% were monetary (Payments, Transfers) and 94% non-monetary (inquiries).

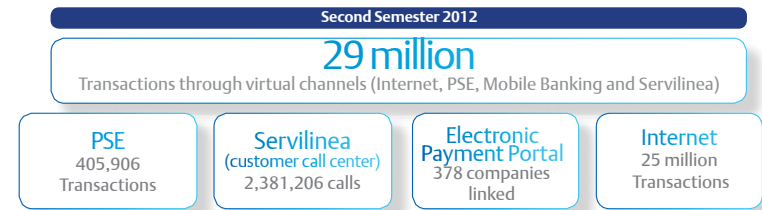
We continue to execute the multi-channel strategy, which cutting edge activities focus on making the channels available to our clients and consumers to do their transactions whenever they need them as well as to improve the quality and good service perception when they access our service network.

For this purpose, we set the "Electronic Banking Hall" on production, a self-service visible and safe channel with easy access, strategically located in places where people usually shop, close to their homes or work places. It includes a traditional ATM, an audio-response system, a kiosk and a multi-function ATM.

All the devices of the Electronic Banking Hall are available for customers and the multi-function ATM has another feature which is to allow non bancarized customers to do cash transactions with the possibility of getting change in bills or coins.

In addition, this multi-function ATM allows to undertake the following transactions: Cash and check deposits to Banco de Bogotá accounts, public utility cash payment, Banco de Bogotá credit card and credit facility payments. The kiosk is a self-service system with fast solutions such as: inquiry and printing of balances and movement of Banco de Bogotá accounts, Banco de Bogotá credit card and credit facility balances, generation and printing of statements, registration of accounts payable: BB accounts, liabilities and services, and generation of certificates. This type of technology allows us to offer customers a better service and reduce overcrowding of branches.

These activities enable us to approach and improve our relationship with users every day fostering long term relations to allow our institution to grow, supporting the fulfillment of our customers' and other financial consumers' dreams and making them grow.



Central America

Through our BAC Credomatic subsidiary, we are present in six Central American countries, serving our customers through a diversified distribution network, made up of more than 492 branches and 1,242 ATMs, which makes us the largest network in the Central American Region.

Guatemala	
Full service branches	46
In-Store branches	6
On-site tellers	9
Auto/drive thru branches	2
Total Branches	63
ATMs	123

Honduras	
Full service branches	56
In-Store branches	17
On-site tellers	33
Auto/drive thru branches	14
Total Branches	120
ATMs	302

Nicaragua	
Full service branches	31
In-Store branches	-
On-site tellers	51
Auto/drive thru branches	2
Total Branches	84
ATMs	131

El Salvador	
Full service branches	36
In-Store branches	10
On-site tellers	41
Auto/drive thru branches	1
Total Branches	88
ATMs	249



Costa Rica	
Full service branches	36
In-Store branches	12
On-site tellers	43
Auto/drive thru branches	6
Total Branches	97
ATMs	291

Total BAC Credomatic	
Full service branches	228
In-Store branches	49
On-site tellers	187
Auto/drive thru branches	28
Total Branches	492
ATMs	1,242

Panama	
Full service branches	23
In-Store branches	4
On-site tellers	10
Auto/drive thru branches	3
Total Branches	40
ATMs	146

With BAC Credomatic we offer new and better services covering the whole of the Central American operation with the same network of products through a robust technological platform which allows us to timely service the 2.3 million customers of this Region.

Major Transactions - BAC Credomatic				
	Year 2011	%Share	Year 2012	%Share
Internet & Mobile Banking *	133,655,890	28.6%	159,526,328	30.1%
ATM (Owned)	66,840,152	14.3%	71,619,485	13.5%
ATM (Not owned)	2,926,242	0.6%	2,970,572	0.6%
IVR	5,551,513	1.2%	5,056,387	1.0%
POS	180,386,577	38.6%	211,839,462	39.9%
CAT	10,875,896	2.3%	11,283,791	2.1%
Web Chat	280,923	0.1%	354,005	0.1%
Total Electronic Channels	400,517,193	85.6%	462,650,030	87.2%
Branches and Agencies	57,875,140	12.4%	56,496,510	10.7%
Kiosks	9,405,103	2.0%	11,154,395	2.1%
Total Transactions	467,797,436	100.0%	530,300,935	100%

* Transactions done through the Electronic Branch.

Furthermore, with BAC Credomatic we have made available a series of alternate channels to facilitate and improve the access level and use of products and services which have had a satisfactory acceptance by customers.

- Mobile Banking
- iBAC
- Mobile Branch
- ATM Full, through which cash and on line deposits and Card payments can be made.

During 2012, approximately 530 million transactions were done through the BAC Credomatic channels, 87.2% being on Electronic Media and the remaining 12.8% in Branches, Agencies and Kiosks.

Customer Protection and Service

Our goal is to maintain sustainable relations through quality service focusing our organizational culture on our customers' full satisfaction. Therefore, aware of the responsibility of our management tasks with our stakeholders, we have been working consistently in many aspects covered by the law such as service and advise, transparency of information, safety, security and solution of complaints, among others.

Transactions 2012		
BAC Mobile	iBAC	Mobile Branch
2,883.735	5,506.398	5,739.754

Quality:

We began implementing a formal quality management system in 2012 in order to work with high quality monitored processes which allow us to have indicators and actions that ensure the satisfaction of the Financial Consumer.

In our commitment to achieve appropriate protection for the Financial Consumer and put in motion mechanisms to promote and provide continuity to the activities undertaken since the creation of the Financial Service System, SACF, we set up a Strategic Committee that summons senior management every month in order to prioritize, decide and roll out improvement activities for critical situations that generate discomfort among customers.

Furthermore, at the close of 2012, we took steps to optimize service times at the call center as well as in the response and solution of requests and complaints submitted by customers. There were compelling decisions to increase the security standards offered to customers in their transactions on the different channels.

In order to strengthen customer relationships to make them sustainable and profitable, taking as the basis the aspects that generate a differential value in each segment, we continuously coordinate exploratory studies and satisfaction surveys with the commercial segments.

Finally, to continue enhancing a customer-oriented culture, we conducted an audit on the compliance of telephone standards in 56 areas of the Bank headquarters to foster timely support to the commercial areas.

Customer's Ombudsman and complaints

The Bank's commitment is to guide all processes towards customer satisfaction. That is why we ensure that everyone learns about the scope and work of the Ombudsman.

Duties of the Financial Consumer's Ombudsman:

- Learn about and solve the complaints of Banco de Bogotá's Financial Consumer concerning a possible breach of the legal and contractual standards or internal procedures that govern the provision of services or products offered or provided by the institution, or concerned to the quality of the same.
- Act as conciliator between financial consumers and Banco de Bogotá within the terms established by letter c), Article 13 of Law 1328 of 2009.

- Be the spokesperson of financial consumers before Banco de Bogotá

Scope of pronouncements by Financial Consumer's Ombudsman:

- Pursuant to Banco de Bogotá regulations, the decisions of the Customer's Ombudsman are not mandatory or binding for the parties.
- Should the decision be unfavorable to the financial consumer, the latter may resort to other means for the protection of his rights.
- In the exercise of his duties, the Ombudsman of the Financial Consumer may not allocate damages, sanctions or indemnifications, except if provided by the Law.

During 2012, the Financial Consumer Ombudsman's Office received 3,385 complaints, processed as follows:

Quarter	January -March 2012	April - June 2012	July - September 2012	October - December 2012	Total
Outstanding Complaints from 2011					139
Complaints received 2012	682	775	1009	919	3385
Complaints non admitted or rejected 2012	149	125	188	137	599
Dismissed Complaints	6	2	12	9	29
Complaints with final response in favor of financial consumer accepted by Institution	16	30	30	9	85
Complaints with final response in favor of financial Consumer not accepted by Institution	16	15	15	1	47
Complaints corrected by Institution	234	208	332	400	1174
Complaints with final response in favor of Institution	223	363	390	380	1356
Processes completed	644	743	967	936	3290
Complaints in process on Dec. 31/12				234	234

The above information is shown on the basis of statistical parameters provided by the Financial Superintendency of Colombia, for form 378 (Complaints Report Financial Consumer Ombudsman's Office).

