

Centro Especializado
En Vivienda

Yamileth Larrahondo
Specialized Housing Center Customer
Cali



Chapter 4

Our Banking at the Service of Our Customers



We deliver benefits and opportunities to our customers.

We are an inclusive bank, always expanding our coverage and diversifying our portfolio of products and services.

4. Our Banking at the Service of Our Customers

Our Segments

Through the Universal Banking model, we participate in all market segments and offer our customers the most complete portfolio of financial services.

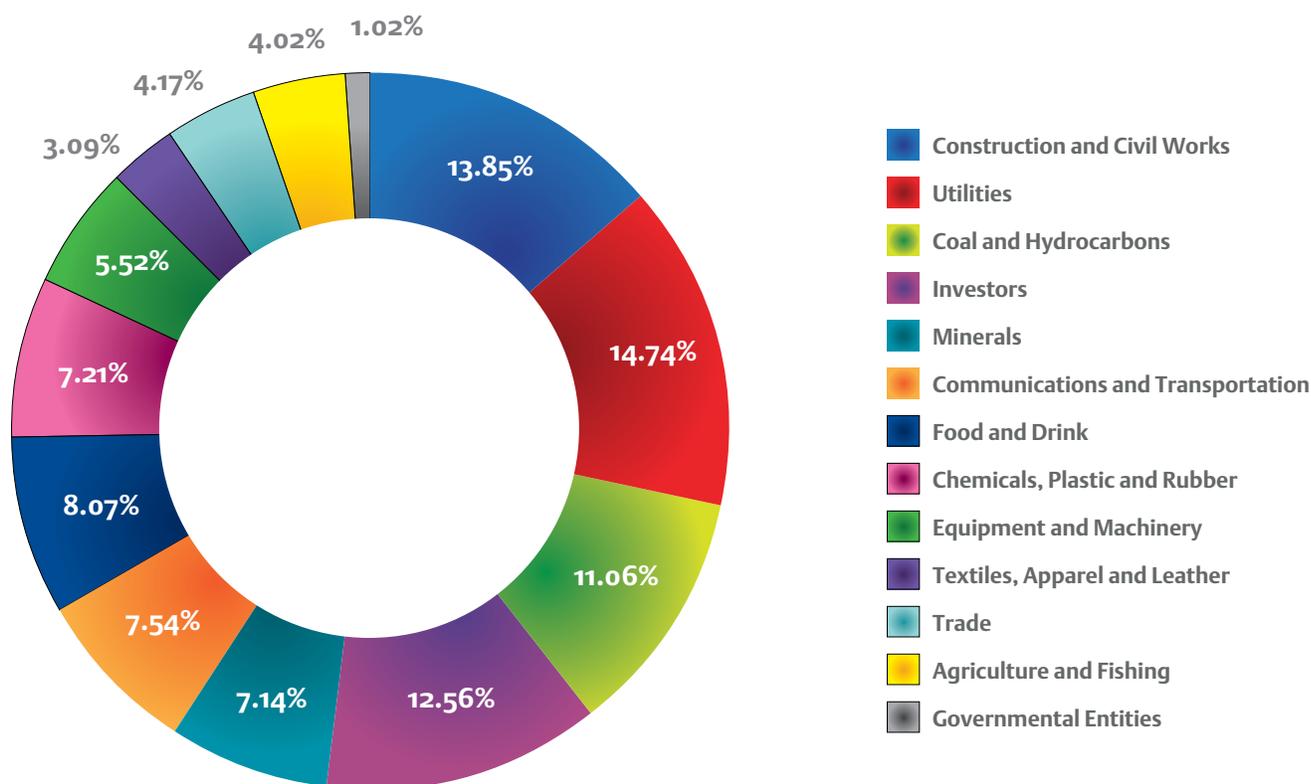
We seek to increase penetration in the markets in which we work, maintaining leadership and growth in the business' main segments.

Corporate Banking

Supporting Colombia's Economic Development

Companies in Colombia constantly modernize to face the challenges posed by our economy and the world. That is why Corporate Banking continues to strengthen its high-quality service model with an increasingly specialized, comprehensive portfolio to benefit our customers, addressing their local needs and their businesses abroad.

In the first semester of 2013, we supported our corporate customers with disbursements of COP 10.9 trillion, reaching more than 3,768 medium and large companies of the different sectors of Colombia's economy.



Out of the main actions implemented to generate value for our customers, we highlight the following:

We Continue to Support Colombia's Infrastructure and Future

Aware of Colombia's needs and dynamics in terms of infrastructure, and following the institutional changes led by the National Infrastructure Agency (ANI in its Spanish acronym), we have strengthened our Structured Finance Unit to service custom-

ers who are bidding for around 30 road concession projects the government will implement in the coming years for an estimated value of COP 44 trillion.

During the first semester, we continued to support the projects of our structured finance customers with disbursements for more than COP 800,000 million to support Colombia's mega construction projects, as presented in the following table:

Infrastructure works - Main Disbursements by Economic Sector	
Millions of Pesos	
Sector	Disbursement
Hydrocarbons (Oil and Gas)	\$572,140
Transportation and Logistics Services	\$56,350
Energy (Generation, Transmission)	\$79,476
Hotel and Tourism	\$12,500
Industry	\$119,080

Out of the total of these disbursements, 68% was assigned to the Hydrocarbon sector, mainly to the Bicentennial Oil Pipeline project that is designed to strengthen infrastructure for transporting crude oil. The project, which is of great importance for Colombia's development, involves the construction and operation of the oil pipeline, the construction of a new loading station, the reinforcement of the existing stations and expansion of the maritime terminal of Coveñas.

The importance of the oil pipeline for Colombia is that it will reduce the costs of transporting crude oil and add 450 thousand barrels a day to the capacity of the existing oil pipeline systems that connect the Eastern Plains' basin to the export markets. All

of this represents great progress for the oil industry to therefore, keep the production goals around one million barrels of petroleum a day. A very important factor to achieve this is the transportation of this crude oil, which requires long-term solutions, such as this project that help to maintain that production.

Likewise, we have been supporting important engineering projects and individual private entrepreneurs. An example of this is the complete funding of the Carlos Lleras Restrepo Hydroelectric Power Station project, which was developed for our customer, Hidroeléctrica del Alto Porce S.A.S E.S.P HIDRALPOR. It is located between the municipalities of Barbosa and Santo Domingo in the department of Antioquia.

**HIDRALPOR Required Total Funding of COP 156,000 Million for 13 Years.
It Was Fully Provided by Banco de Bogotá.**

Hidroeléctrica del Alto Porce



The project is not only important because of its 78.2 MW energy generation capacity, but also because it is considered to be socially and environmentally sustainable, and it will help to mitigate climate change and the greenhouse effect by reducing CO2 by more than 166,000 tons a year.

We paid out more than **COP 800 billion** to support the country's infrastructure.

The above is possible thanks to the construction of a hydroelectric run-of-river power plant, which uses the 75m³/second flow of the Medellín River. The project constructor is Grupo Mincivil and its start-up is planned for the first quarter of 2015.

We Provide the Companies with Leasing Solutions for COP 1.1 Trillion

Our customers need to be more competitive in today's world. Therefore, we drive solutions for companies' requirements in long-term real estate leasing, infrastructure leasing and leasing of machinery and equipment.

This product's performance in 2013 has been very positive, achieving a volume of assets and leasing advances greater than COP 1.1 trillion, with 8% growth. When this is annualized will represent growth greater than 17%, thus increasing our share in this product.

An Increasingly Specialized Service Team

The service teams are essential for our Corporate Banking customers. That is why in 2013, we continued the sub-segmentation strategy, increasing and specializing the commercial teams even more, as well as the service models for Corporate Banking and Business Banking.

To provide a better service for our more than 2,900 corporations and more than 4,700 medium-sized companies, we strengthened the skills of the managers and consultants who service this segment in customer management and portfolio management this period.

We Facilitate Transactions with New Channels

We have developed alternative channels that allow companies located in Colombia or abroad to interact with the Bank to process their payments, as well as obtain balance information and receive real-time notifications regarding transactions that affect their account.

Among these, Web Service stands out (Host to Host connection). This allows the companies to make changes to their accounting online, dispatch merchandise faster or reconnect services (in the case of public and residential utilities companies) as soon as payment is received in a branch of the Bank or in one of our Banking Correspondents.

This channel also allows the companies to directly process their payroll and supplier payments from their accounting application (ERP). As of June 2013, more than 60 companies were connected to the Bank through this platform. This service received the ISO 9001 certification in March 2013.

Through our web service, we averaged more than **150,000 transactions** a month.

International Partnerships at Our Customers' Service

We signed an agreement with the Bank of America to manage a customer referral program. Thanks to this agreement, we have been working on enrolling companies that pose an interesting potential for Colombia, providing them with our support and experience in the development of their operations in Colombia.

Additionally, with BAC Credomatic, we have been developing the commercial and technological actions necessary to unify the portfolios of the two entities. By June 2013, we managed to connect our platforms, so that our customers can make online inquiries and transactions in the accounts they have in BAC and Banco de Bogotá Colombia, as well as in the Agencies and Affiliates.

Official and Institutional Banking

We constantly work to address the needs of governmental and institutional entities, to ensure the efficient management of resources, as well as for the development of infrastructure, healthcare and education projects, among others, that contribute to the wellbeing of Colombians.

In the first semester of 2013, we complemented the value for this segment with new technology developments that allow us to position ourselves at the cutting edge in the provision of our services. Below, we highlight the most relevant developments:

- Taking into account the requirements of Decree 2674 of 2012, regarding the use of SIIF Nación (Integrated Financial Information System) for processing payments of the entities and bodies that comprise Colombia's general budget, we developed and implemented a strong file converter, which allows entities to take the information generated by SIIF Nación and convert it into the required payment format to process it through our Corporate Website. This solution has been implemented as a pilot project in two governmental bodies with very good results.
- We carried out important developments so Porvenir customers can claim their severance payments in the Bank's branches, thus expanding the pension fund network. We have benefited more than 120,000 people with this service, with high quality standards recognized by Porvenir customers.
- In addition to the development of new solutions, we have improved our payment and collection products thus achieving the expansion of terms for processing internal and ACH transfers, in receipt of collections charged to credit and debit cards and in generating integrated reports between the Bank and ATH. These improvements facilitate our customers' accounting and operating processes.

Regional and Decentralized Bodies

We Support Regional and Local Development

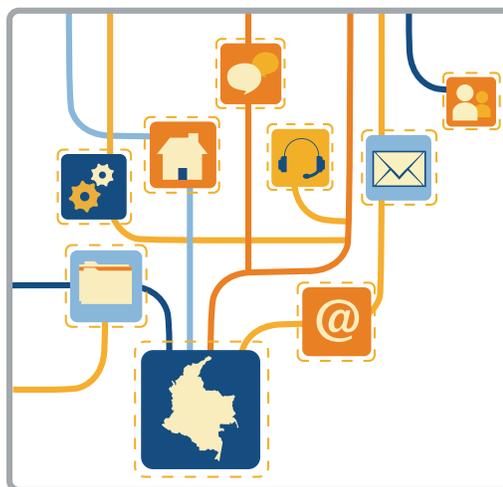
We continue to strengthen relations with the city halls and decentralized bodies in order to address their needs, supporting projects from different regions of the country.

We provide Official Banking services in **25 departments**, 537 municipalities and more than 2,000 decentralized bodies.

During this period, we disbursed more than COP 78 billion for initiatives that promote local development and support the strengthening of the regional culture in the communities where we are present. These funds were used to promote traditional events that restore values and cultural diversity in our country.

To facilitate transactions for this segment's customers, we distributed more than 300 Business Line Access Cards. Using these, customers gain quick access to the counters in our branches to make their transactions. This service is set up in 168 traditional branches, as well in as the payment and collection centers.

Online Municipalities Project (MEL, in its Spanish Acronym)



We continue to identify municipalities' needs and to design new solutions aligned with national government projects that aim to improve Colombians' quality of life.

We created the MEL project to address to our commitment to support local plans that allow us to generate administrative efficiency and benefits for the population. This is how we work together with the municipality to develop the website, which is supported on a technology platform that allows the city halls to present their local management and government programs ensuring greater institutional transparency. It also allows citizens to fill out paperwork and pay for utilities online, saving money and time spent waiting in line and on transportation.

The first website implemented will be delivered in Barrancabermeja in the second semester of the year, benefiting its around 320,000 residents.

Social Banking

To address the needs of solidarity economy sector entities, we have a value proposal that allows them to access financial services through our technological and operational infrastructure. Furthermore, we carry out commercial and service assistance and provide constant advice on legal and administrative efficiency topics.

In the first semester of 2013, we continued to supply resources to employee funds and cooperatives via credit operations.

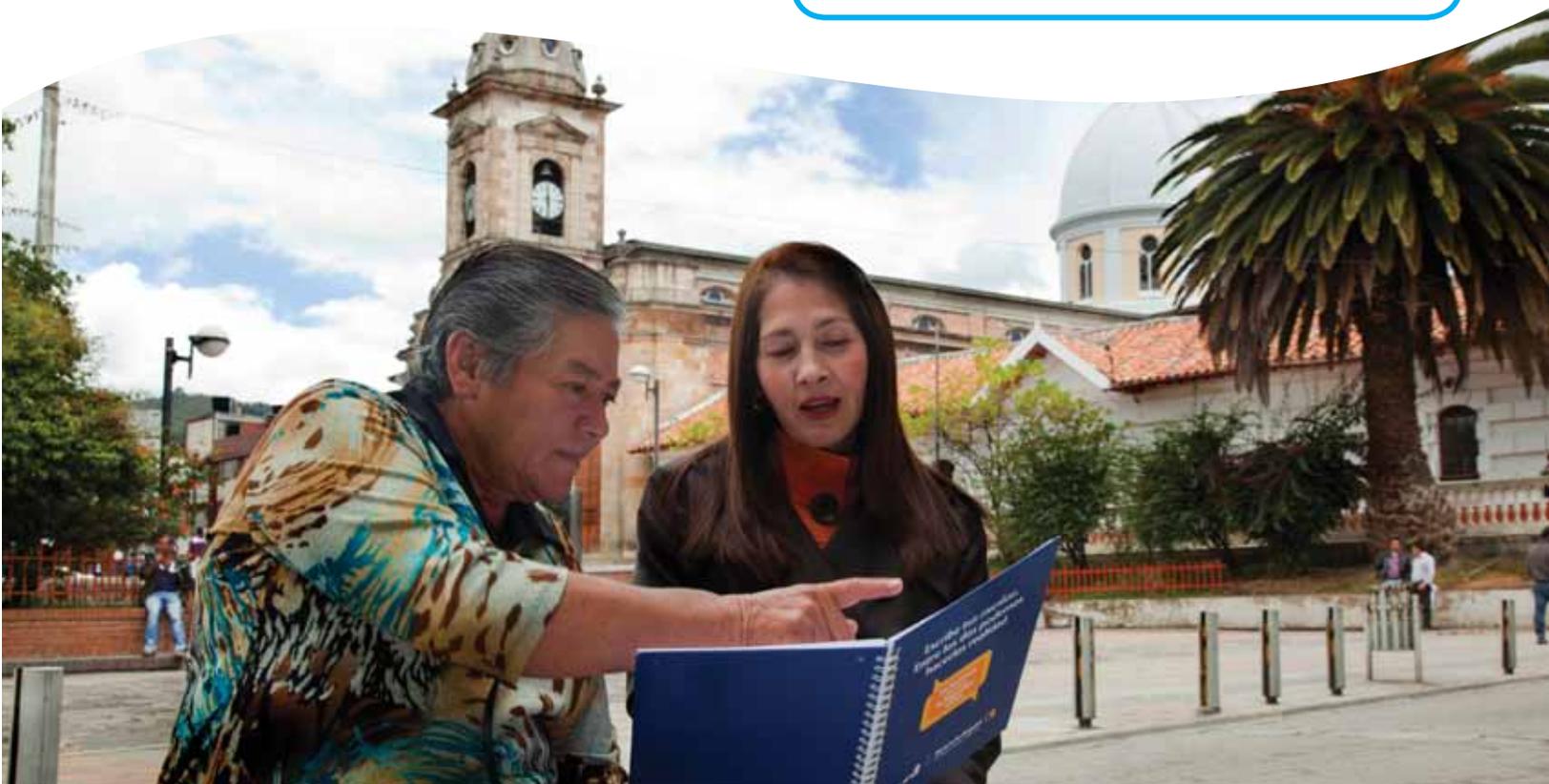
These were primarily for working capital to meet their associates' requirements. This enabled the loan portfolio to reach COP 532,503 million.

Our liabilities are represented by the liquidity and investment funds social sector entities must allocate. At the end of the period, our total liabilities were COP 771,364 million, representing a 65% increase from the figure of the first semester of 2012.

Affinity Debit Card

The portfolio of specialized products and services for this Banking includes the Affinity Debit Card, a product that allows associates of these entities a convenient and secure method of payment. As of June 2013, we had 144 entities connected via agreements and 193,628 active cards that made 2.7 million transactions for a total of COP 375,877 million. The above represents a 10.5% growth in active cards from the same period in 2012.

We have more than **193,628**
active cards
in 144 linked entities.



During the first semester of 2013, we worked intensively to increasingly improve the levels of security for users of Affinity Debit Cards. To achieve this, alongside the employee funds and cooperatives linked to the agreement, we implemented a complete online monitoring system of unconventional transactions that allows the preventive blocking of cards if confirmation is not obtained from the users.

Furthermore, we have established modern and secure protocols for exchanging product information. These technological, operational and commercial developments were supported by dissemination and awareness-raising campaigns about risks that were carried out in different cities of the country.

Cédula Cafetera Inteligente

We remain committed to the development and sustainability of Colombia's coffee-growers. To achieve this, the Cédula Cafetera Inteligente (Intelligent Coffee Grower ID Card), developed from an agreement signed between the Bank and the National Federation of Coffee Growers, was created as a payment method for the coffee growers' union. We facilitate their transactions by the use of the card at ATMs, the distribution of government funds directly to the beneficiaries, the payment of loan funds and the opportunity to make purchases in affiliated commercial establishments of the coffee growers' network.



By the end of the first semester of 2013, we had issued 445,800 coffee-grower ID cards, with an 8% growth rate compared to the same period of the previous year. The percentage of active cards went from 83% to 87%, achieving 4% growth compared to the figure reported in the second semester of 2012.

The amounts managed in the Cédula Cafetera Inteligente cash account increased by 113%, when comparing the January to June 2012 and January to June 2013 periods, achieving an average volume of COP 102,540 million. In turn, the number of transactions with coffee grower ID cards increased by 206%, going from 596,612 to 1,825,905 transactions and the transacted volume grew by 253%, coming to COP 456,679 million.

With the support of the National Government, the National Federation of Coffee Growers made progress in the implementation of the "Coffee Grower Income Protection" program, which was designed to support the coffee growers, to alleviate the situation caused by the decrease in the internal purchase price of coffee. Through this initiative, at the end of the period, we paid out around COP 412,600 million through the coffee-grower ID cards, which have benefited 276,362 Colombian coffee growers.



Armed Forces Payroll Loans

In the first semester of 2013, we updated the conditions of our value offer for around 100,000 of our customers who belong to the Armed Forces, achieving greater competitiveness in terms, rates and, in general, in financial conditions in line with their needs.

By the end of June, we had paid out 23,927 payroll deductible loan operations of COP 455,109 million and acquired 11,407 new customers. The Loan balance for this period is higher than COP 1.3 trillion.

We Increased Our Coverage

We have gotten closer to the members of the Armed Forces via a permanent presence in their workplaces and by providing additional payroll loan services. Through the Payroll Loan Service Centers with special services, we provide the opportunity to make transactions just as they would be carried out in a traditional branch.

At the end of June, we had 16 Payroll Loan Service Centers and 5 Payroll Loan Service Centers with special services present in cities and on military bases, such as: San Jose del Guaviare, Laran-



Clara Dennis Pedreros
Tolemaida Branch Manager

dia and Florencia – Caqueta, Tolemaida, Coveñas, Buenaventura, Ocaña, Sibate, La Popa Valledupar, among others.

We Support Our Customers' Initiatives

We support our customers' initiatives by participating in and supporting events such as the "II Art Concert for the Nation's Heroes" and the "Clásica Ciclista" cycling competition. These were developed by Fundación Protección Héroes de la Patria, to ensure the protection and wellbeing of the soldiers who were affected by the Colombian conflict. We also participated in the "Here I Can Dream" campaign organized by the Office of the President and the Ministry of Defense, whose objective is to create recreational areas for children who live in areas of conflict.

SME Banking

Supporting Colombia's Economic Development Engine

We are committed to the growth of small and medium-sized companies in all regions of the country. That is why, during the first semester of 2013, we made progress in our commitment to provide a differentiated value proposal to become the best strategic ally of the SME segment.

- We facilitated access to credit for our customers through the Active Credit product with the National Guarantee Fund (Fondo Nacional de Garantías), which allows them immediate

liquidity to satisfy their liquidity needs, through a limit guaranteed by this entity.

- We improved services in the Southwest of Colombia by opening the new SME unit in Popayán. This is a location where our customers receive a personalized service and have access to a portfolio that responds to their specific needs.

As we are aware of the importance of training for company growth, in partnership with Fundes, we implemented training courses for more than 500 customers from Armenia, Barrancabermeja, Barranquilla, Bogota, Bucaramanga, Cali, Cartagena, Ibagué, Manizales, Medellín, Montería, Mosquera, Tulua, Tunja and Valledupar. At these workshops, we provided more than 110 hours of training on development, negotiation, taxes and finances.

- We held our second SME World Fair in Medellín, where prestigious speakers shared their knowledge regarding business start-ups, innovation and competitiveness with more than 1,800 entrepreneurs of region. As well as receiving training, they benefited from special rates and conditions for our products. During the fair, we granted loans for more than COP 40,000 million, for the growth and development of the region's SME.

Our **specialized model** is present in markets with a high concentration of SMEs.

For SME banking, our priority is that our entrepreneurs have several channels available that allow them to use the Bank's products and services when and wherever they need. Therefore, during this first semester, we actively worked to improve all our contact methods, with the aim to create a positive service experience.

Microenterprise Banking

In line with our commitment to the development and improvement of Colombians' quality of life, we have a specialized model to service independent and microenterprise customers with productive businesses.

Microenterprise Segment

Microenterprises Invoicing between COP 100 million and COP 1 Billion a Year

Thanks to the improvement of this segment's specialized and personalized service model, we take the Bank to the place where these enterprises work, providing a quality service and solutions tailored to their needs.

With this model, we have positively affected our customers' lives, generating greater opportunities for growth for them. During this period, we disbursed more than COP 510,000 million in several lines of credit, benefiting more than 15,000 microenterprise entrepreneurs.

In order to meet the financial needs of the microenterprise entrepreneurs by providing special benefits, we promoted the "Achievements" and "Grow" portfolios, which include a comprehensive service package, delivering 2,072 new solutions for the growth of their businesses.

Likewise, as part of the continuous process to improve customer satisfaction, we worked on reducing response times in the loan application and approval processes.

Microfinance Segment

Productive Units with Annual Sales between COP 1 million and COP 100 million

The Microfinance segment is the main banking channel through which we promote and support the growth of entrepreneurs from socioeconomic levels 1, 2, and 3 with productive units. This is done through adequate access to the financial system with suitable loan and savings solutions for their profile.

As part of this concept and following the coverage and access to financial services plan, in the first semester of 2013, we reached a wider scope of the productive population in more than 376 municipalities, located in 24 departments of Colombia. At the June cut-off, the loan balance for this segment reached more than COP 183 billion, addressing the needs of microenterprise entrepreneurs with productive businesses in the trade, industry, transportation and agricultural sectors, as well as formal and informal independent professionals and female heads-of-household.

To serve microenterprise entrepreneurs who represent the base of the Colombia's economic pyramid, we have a specialized, exclusive sales force comprised of 384 employees who proactively assist customers in their places of business, which are normally located in working-class neighborhoods.



Personal Banking

A Value Proposal for Every Stage of Life

Every one of our organization's departments is committed to the challenge of developing business lines that effectively resolve the specific needs of the population's different segments.

This period, we continued to develop product features and special campaigns that strategically respond to the market's demands, according to customer segment and profile.



Through the “Comprehensive Flow of Registration” customers of the personal banking segment can access a comprehensive portfolio that allows their financial needs to be met in terms of credit, investment and efficient use of money. By June 2013, more than 25,000 customers had benefited from this solution.

One of our commitments is to support our customers' dreams and projects through our services. To achieve this, we have a variety of lines of credit for this segment that help them to develop their goals according to their needs. In the first semester, we disbursed more than COP 1 trillion in free investment loans, payroll deductible loans, and education and vehicle loans, among others.

In order to adapt to our customers' conditions and needs, we continue to consolidate the differentiated value proposals for each segment: generating strategies of a culture of sav-

ings for the “Child” and “Youth” segments, as well as special benefits for our clients of the “Personal Banking” and “Experience” segments.

As a part of this strategy, during this period, through our “Box of Dreams” product, we celebrated International Children's Day and held promotion sessions for opening savings accounts or increasing balances. By June 30, we had given out 18,403 boxes for COP 2,374 million.

Preferential Segment

Exclusive Benefits for Those Who Always Seek the Very Best

We work to improve the service level for our preferred customers and to give them a unique experience in our branch network.

That is why, throughout the first semester of 2013, Premium Banking focused its management on the specialization of the service model through training sessions for managers that was centered on a transforming, service-orientated leadership. During the period, we provided loans to this segment for COP 52 billion, with an annual growth of 18.2%.

As support for the customer support strategy in this period, we actively participated in the first collection fair of the Colombian Tax and Customs Authority (DIAN in its Spanish acronym) by providing support and our collection service to customers of the segment. More than 7,500 taxpayers participated in this event.





Products and Services

Debit Cards

We Facilitate Access to Mass Transit in Colombia's Major Cities

With the goal of generating added value to our debit cards that can translate into benefits and quality of life for our customers, we continue to facilitate access to the Mass Transit Systems.

In 2012, we implemented this service in the cities of Bogota, Cali and Pereira. During that time, we also implemented access to Transmetro, Barranquilla's Mass Transit system. The evolution in the acceptance and use of the card in the transit system has been positive; at the end of June, 592,882 debit cards have been enabled.

Furthermore, we continue our strategy to offer more secure debit cards to our customers by migrating to chip cards. At June 2013, there were 1,283,590 cards that had that technology incorporated, which is equivalent to 74.5% of the total customers who hold those debit cards.

Moreover, we have been working in developing new services for our customers. To speed up debit card transaction times,

with help from Credibanco, we expanded coverage to 1,250 establishments that can accept cards with NFC technology for contact-free payments. Also, with help from Visa International, we were able to certify an NFC card under the Paywave standard, which facilitates a contact-free payment model that can be used around the world.

Partnerships and More Benefits for our Customers

We continue to unveil benefits for our customers through partnerships with business establishments that let them obtain discounts and special promotions.

In the first semester of 2013, we launched the fifth Catalog of Partnerships with more than 186 partner businesses, and the virtual catalog with more than 200 partners. In addition, we launched campaigns for card use during specific seasons with expanded benefits, aimed at customers from different segments and transaction habits.





Credit Cards

More Cards for our Customers

Credit Cards are essential in addressing our customers' needs, and their use is continuously increasing. Consequently, in the course of our business, we have been promoting responsible credit approval strategies and financial education to help our customers adequately use this product.

In the first quarter of 2013, card placement increased to almost 70% as compared to the same period in 2012, surpassing the industry's growth of 13.6%.

In the first semester of 2013, our customers carried out transactions totaling COP 1.88 trillion, with 26% growth as compared to 2012, and greater than the industry, which exhibited 9% growth. This increased market share in turnover from 7.7% to 8.8%.

Credit card placements
grew to 70%.

At this time, we have 849,000 active cards, with an increase exceeding 33% as compared to 2012 (Industry 12%).

It should be noted that more than 80% of our credit cards have EMV technology, which makes us one of the leading banks in the country with the greatest number of cards migrated to chip technology. This technology provides our customers greater security in transactions, and the possibility of innovating with new applications.

Satisfying Corporate Needs

With our Business and Corporate credit cards, we provide services to more than 13,648 small and medium-size businesses, guaranteeing their inclusion in new corporate financing systems. This process has been supported by consultancy services to handle entrepreneurs' personal finances, as well as those of the businesses, seeking the greatest benefit for said companies.

For this period, we continued to lead the Commercial Solutions segment (Business and Corporate credit cards) in the Visa franchise, with a 35% share.

Mortgage Lending

Mortgage Lending for Everyone

We have been in the market for a year consolidating our mortgage portfolio with a competitive offer for Colombians. In that time, we have displayed a growth trend that has allowed us to address the financing needs of nearly 4,600 families in a very short time.

In the first semester of 2013, we continued to consolidate the mortgage portfolio with 177.7% growth in the number of loans disbursed and 161.7% in the sum of loans as compared to the disbursements for the second semester of 2012.

Striving to support Government policies that seek to increase the number of Colombians with access to decent housing, we actively participate in major initiatives.

During this period, we implemented the housing credit with the FRECH benefit, which strengthens our mortgage portfolio. This product came about as a result of the Government's decision to grant a 2.50% subsidy for the interest rate for new home loans ranging from COP 79,582,501 to COP 197,482,500 during the first seven years of the mortgage contract, from the time of loan disbursement.

We joined this effort by offering a 6.21% EAR. This includes the 7-year coverage benefit the National Government provided, and is extended by the Bank for another eight years. It should be noted that this rate is the lowest mortgage loan rate offered in Colombia.

We have helped
4,600 families
to obtain their homes.

Additionally, we took part in the first Home Remodeling Fair where we provided opportunities for loans to Colombians needing to remodel or add-on to their homes. We also participated in the major Housing Promotion fairs around the country, organized by trade unions like Camacol, Lonja Propiedad Raíz and the Colombian Architect Society. We accepted COP 40,434 million in loan applications, and approved COP 21,998 million, with



disbursements already underway. By June 30, 2013, COP 2,063 million had been disbursed.

Specialized Housing Centers

To provide outstanding service and help our customers in every process right up to the mortgage loan disbursement, we centralized our efforts and established Specialized Housing Centers in major Colombian cities, as well as Housing Corners, which are located in our branches in medium-sized cities.

In the first semester of 2013, we opened three new Centers in Cali and Barranquilla, achieving coverage in 5 of Colombia's major cities. We opened 13 Housing Corners in the following locations: Pereira, Armenia, Manizales, Cartagena, Santa Marta, Montería, Valledupar, Cúcuta, Ibagué, Neiva, Villavicencio, Zipaquirá and Funza. Through this, we were able to live up to our value of providing advice and assistance throughout the loan cycle.

In July 2013, we opened a Specialized Housing Center in Bucaramanga.

Insurance Portfolio

We innovate to create a Comprehensive Protection portfolio for our customers that includes the Unemployment Insurance product for the "Crediservice" revolving credit. Also, we improved coverage for the all-purpose unemployment product and payroll deductible loans. Thus, our customers are covered if they become unemployed and/or suffer short-term disability.

For this period, 183,313 customers acquired products of the insurance portfolio offered by the Bank to cover risks such as, unemployment, serious illnesses, bank muggings, and personal accidents, etc. In this period, 1,612 insured customers benefited from the payment of accidents in an amount of COP 2,533 million.





Treasury and Foreign currency

Treasury and Foreign Currency

Regulated Foreign Exchange Market and Derivatives Operations

In the first semester of 2013, we remained one of the most important regulated foreign exchange market operators in the country, with USD 21.4 billion in purchase and sale transactions via market brokers, and we serviced 10,585 customers' currency and derivatives operations.

It should be noted that offshore trades substantially increased the trade amounts due to the highly competitive prices and specialized customer care we offer.

We continue to actively support Colombian entrepreneurs by promoting products that provide coverage for exchange or interest rate-related risks. Thus, the volume of options traded with customers in the real sector increased 56% in the first semester of 2013, as compared to the same period in 2012.

With regard to the Swaps market, we continued to offer products that improve our customers' assets and liabilities structure. Our traded Swaps volume with customers increased 163%. We have remained active in the Swaps IBR market both at the short and long end of the curve, thereby gaining access to long-term fixed-rate financing in COP.

Fixed Income Investment Portfolio

We participated as a major player in the fixed income and local public debt market. In 2013, we continued as members of the TES Market Creators System, which provides liquidity to the Colombian public debt.

Our portfolio management strategy aims to provide balance sheet risk diversification and to assist our liquidity management by maintaining a significant portion of our investments in the available for sale portfolio, with positions primarily in local debt securities. Through our negotiable portfolio we took strategic positions according to the outlooks of several markets. Both portfolios are managed by observing the guidelines and policies dictated by the Bank's Board of Directors and Risk Management, the highest bodies for investment matters.

As a result of this strategy, we implemented short-term operations and other coverage operations that minimized the effects

of the major adjustment to the public debt market in the second quarter of the year, which generated significant devaluations of the portfolios containing State securities, affecting earnings of most banking institutions.

Treasury Operations

Treasury TDs have become an attractive investment alternative that is designed to satisfy the needs of the large liquidity providers and complement our funding strategy.

Given the delay in the adjustment between the FTD and the Central Bank of Colombia's reference rate, investors tended to place their resources in FTD this past year. That explains the increase in this type of instrument from COP 1.20 trillion to COP 2.39 trillion between the first semester of 2012 and the same period of 2013. It is anticipated that from now on the interest on Reference Banking Indicator (IBR in its Spanish acronym) indexed securities will increase because of the expected end of the monetary expansion cycle and the efficiency with which this indicator records and anticipates reference rate movements.



Banco de Bogotá continued to be 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 leaders of the composition scheme of the Reference Banking Indicator, we launched a training campaign for the sales force and customers to provide information about the indicator, its advantages, and IBR indexed portfolio products. Consequently, we began offering the IBR indexed portfolio to customers from the business and corporate sector this semester.

Foreign Market Operations

Through our New York agency, we launched the first Yankee CDS ever held by a Colombian Bank. The Yankee CDS are dematerialized instruments that allow the US-based agency to obtain term resources in dollars from foreign institutions and corporations. Because the shares are dematerialized, investors are able to trade them in the secondary market, which gives us access to large liquidity providers in the global market.

This program totaled USD 49 million, with a better than expected reception among investors in the region.

We became the
first Colombian bank
to open a Yankee CDS program.

Green Lines for our Customers

In March 2013, we signed a loan agreement with Japan Bank for International Cooperation - JBIC - and Sumitomo Banking Corporation that gave us access to a line of credit of up to USD 100 million specifically to finance “green projects” to be implemented in Colombia. This agreement, which will be described in

the chapter “Our Commitment to our Stakeholders”, will make it possible for us to offer our customer loans at competitive rates and with flexible payment terms for projects in wind and biomass energy, as well as for the construction of small-scale hydroelectric plants.

Foreign Currency Loans

FC Loans exhibited remarkable performance over the last year. At the end of the first semester, the balance of Loans in Foreign Currency totaled USD 2,336 million, with 42% growth, or USD 694 million, as compared to the first semester of 2012. Foreign Currency disbursements continued to be stimulated by low interest rates in dollars.

The domestic forward market conditions, albeit less favorable than those observed in 2012, allowed some customers to fund their operations with currency hedging, guaranteeing very attractive final costs. In June 2013, our share of the banking sector market was almost 19%.



Oscar Gómez
Ajoever Chief Financial Officer

“We have all the products that a company like ours can require: Currency purchases, letters of credit and loans. What benefits us the most about the Bank is its comprehensive portfolio and the personal service.”

Foreign trade operations maintained their positive trend, even though traditional and non-traditional exports slowed down as compared to 2012. The largest component of foreign trade operations continues to be financed drafts, which amounted to USD 244 million at the end of the semester.

With regard to placement rates, in 2012 loan rates experienced a considerable drop, not only because of the LIBOR's performance, but because of the effect of high competition and international liquidity of the credit spreads. At the end of June 2013, the average placement rate for the loans was 2.61% vs. 3.35% of the same period in 2012.

Commitment to Foreign Trade

We are committed to facilitating the work of Colombian companies in conquering new markets. To achieve this, we have put together a team of Foreign Trade Consultants who are considered experts in exchange regulations and foreign investment and debt. We expanded the team to 51 consultants during the first semester to extend the offer of services in the area.

With regard to products, we continued to successfully offer our customers the Global Compensation Account which enables them to make payments to local residents with proven business relations; have access to the Siscomp Account Reporting System to generate regulatory reports and receive electronic payment and transfer confirmations and make free transactions from Colombia to the Miami and New York agencies, as well as the Panama and Nassau affiliates.

Foreign Agencies

We continue to be the largest Colombian bank in the United States, and the only Colombian bank to operate in New York City. At the end of June 2013, assets in the Miami and New York agencies totaled USD 1,904 million.

Our agencies channel loan operations in foreign currency for Colombian corporate and business customers and their affiliates abroad. Additionally, the agencies have more than 2,150 customers in demand deposits and term deposit that have debit cards, among other services.





Service Channels

Service Channels

Close to our Customers Through an Extensive and Growing Network of Channels.

We aim to offer quality products and services that respond to the needs of our customers and financial consumers both at home and abroad. Guided by this vision, we work every day to improve and implement an ample range of quick, secure and efficient service channels that make life easier for our customers and users.

Our Presence at Home

In Colombia we have **3,776 Banco de Bogotá Service Centers** to take care of all our customers efficiently.

Service Centers in Colombia



Region	Colombia	
	Jun-12	Jun-13
Branches	633	665
ATMs	1,088	1,532
Banking Correspondents	231	1,533
Payment and Collection Centers	46	46
Total Service Centers	1,998	3,776

Region	Northeast	
	Jun-12	Jun-13
Branches	111	122
ATMs	221	289
Banking Correspondents	106	223
Payment and Collection Centers	9	9
Total Service Centers	447	643

Region	Central	
	Jun-12	Jun-13
Branches	315	330
ATMs	542	749
Banking Correspondents	91	787
Payment and Collection Centers	22	22
Total Service Centers	970	1,888

Region	Bogota	
	Jun-12	Jun-13
Oficinas	178	183
ATMs	321	416
Banking Correspondents	55	289
Payment and Collection Centers	14	14
Total Service Centers	568	902

Region	Southeast	
	Jun-12	Jun-13
Branches	90	94
ATMs	153	213
Banking Correspondents	16	193
Payment and Collection Centers	8	8
Total Service Centers	267	508



Region Includes San Andres	North	
	Jun-12	Jun-13
Branches	80	81
ATMs	118	215
Banking Correspondents	8	246
Payment and Collection Centers	5	5
Total Service Centers	211	547

Region	East	
	Jun-12	Jun-13
Branches	30	30
ATMs	46	56
Banking Correspondents	10	77
Payment and Collection Centers	2	2
Total Service Centers	88	165

Region	South	
	Jun-12	Jun-13
Branches	7	8
ATMs	8	10
Banking Correspondents	-	7
Payment and Collection Centers	-	-
Total Service Centers	15	25

• Branches include: Corporate and SME Service Centers, Businessmen Advisory Offices; Specialized Housing Centers; Teller Extensions with Own Code; Branch Extensions, Premium Branches; Branches; Customer-Only Branches, Payroll Loan Service Centers with Specialized Services and Payroll Loan Exchange Service Centers Without Own Code.

The growth strategy for our service channels responds to our commitment to provide the best service to our customers and reach remote locations in order to facilitate access to financial services in a secure and timely manner through various transaction and information modalities that support access to banking services and economic growth for our customers and users who currently do not have ability.

Thus, we are present in over 400 municipalities and in each of the 32 Colombian departments.

In the first semester of 2013, we reached out to **8 new municipalities** with the opening of **14 new branches**.

Specialized Housing Centers

Given the importance of generating innovative channels that address the needs of our present and future customers, and in order to support and strengthen our housing strategy, we created 5 **Specialized Housing Centers** in the top 5 Colombian cities.

Payroll Loan Service Centers

We have 22 Payroll Loan Service Centers, and in the first semester of the year we opened 3 more focused on business advisory and transaction service for the military forces in the headquarters of the Metropolitan Police of Barranquilla, Bucaramanga and Granada - Meta, expanding our coverage and extending our services to other potential customers.

ATM Network

Over the last 12 months the total number of **ATMs** increased to 444, reaching 40.8% growth. Our network of ATMs handled a total of **41.5 million transactions**, an increase of 11% as compared to the number of transactions for the same period last year. Moreover, we service our customers with the ATH Network of ATMs (1,921) at no additional cost.

Banking Correspondents

The Bank offers its financial services through the Banking Correspondents in regions where it does not have branches. As of June 2013, the Bank had 1,533 Banking Correspondents.

The annual growth resulting from this channel with the **opening and activation of 1,302 Banking Correspondents** was significant, handling 2.4 million transactions.

Service channels grew by 89%, because of the significant increase in Banking Correspondents (1,302) and ATMs (444).

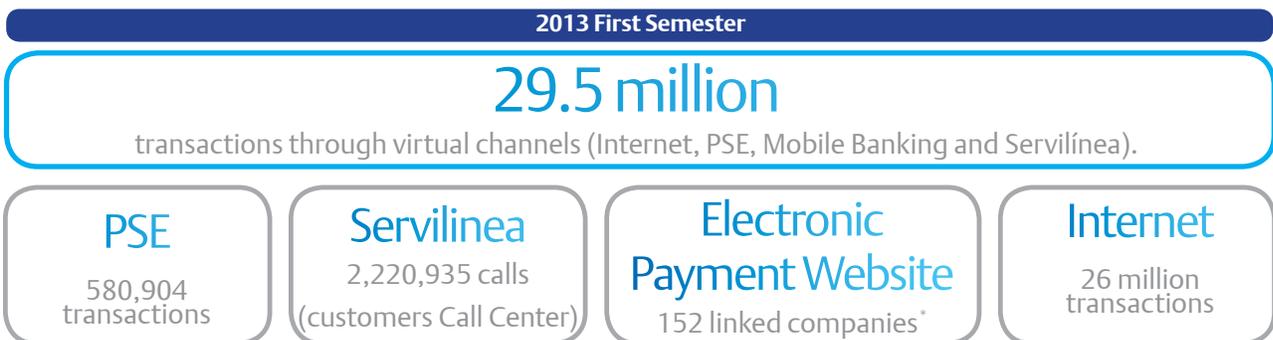
Transactions

In regards to transactions, 53.7% of the operations were handled through electronic channels, and the other 46.3% were made in branches.

The Internet is one of the most used virtual channels (89%), where 26 million transactions were handled. Growth for this channel was 16.2% as compared to the same period in 2012.

Since last year, we have been working to launch the “Electronic Banking Hall”, a self-service channel comprised of state-of-the-art technology. With this service we expect to expand our presence, enabling a series of operations that have not been offered by traditional self-service channels so far.

The growth in transactions is an indication of our customers’ acceptance and needs. Thus, we continued to implement the **multi-channel strategy**, aimed at ensuring the channels that our customers and financial consumers require to carry out their transactions are available when they need them.



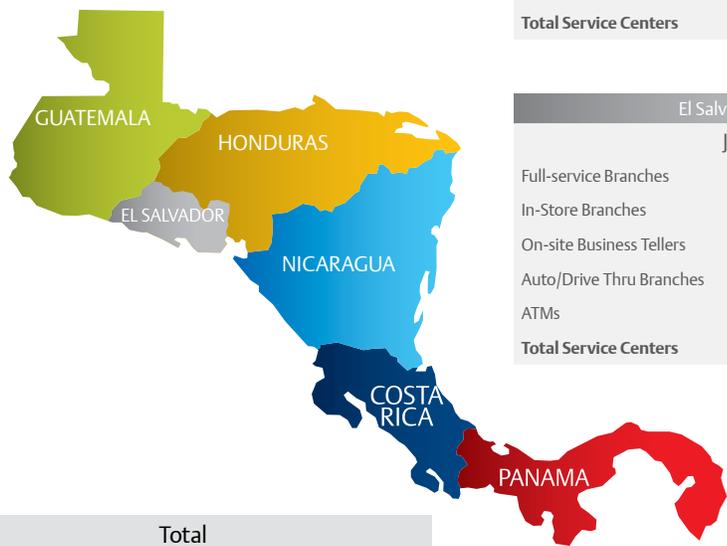
* Registered in the first semester of 2013.

Presence in Central America

Through our BAC Credomatic subsidiary we are present in six Central American countries, serving 2.5 million customers with an ample and diversified network of channels, comprised of more than 494 Service Centers and 1,295 ATMs, making us the biggest network in the region.

Total BAC Credomatic

 Full-service Branches 232
  In-Store Branches 47
  On-site Business Tellers 187
  Auto/Drive Thru Branches 28
  ATMs 1,295
  **1,789**



Guatemala		
	Jun - 2012	Jun - 2013
Full-service Branches	44	46
In-Store Branches	6	6
On-site Business Tellers	7	9
Auto/Drive Thru Branches	2	2
ATMs	125	126
Total Service Centers	184	189

Honduras		
	Jun - 2012	Jun - 2013
Full-service Branches	58	56
In-Store Branches	17	17
On-site Business Tellers	32	32
Auto/Drive Thru Branches	14	14
ATMs	321	310
Total Service Centers	442	429

El Salvador		
	Jun - 2012	Jun - 2013
Full-service Branches	36	37
In-Store Branches	2	8
On-site Business Tellers	49	41
Auto/Drive Thru Branches	1	1
ATMs	241	258
Total Service Centers	329	345

Nicaragua		
	Jun - 2012	Jun - 2013
Full-service Branches	30	33
In-Store Branches	-	-
On-site Business Tellers	47	52
Auto/Drive Thru Branches	2	2
ATMs	120	144
Total Service Centers	199	231

Total		
	Jun - 2012	Jun - 2013
Full-service Branches	227	232
In-Store Branches	40	47
On-site Business Tellers	192	187
Auto/Drive Thru Branches	28	28
ATMs	1,227	1,295
Total Service Centers	1,714	1,789

Costa Rica		
	Jun - 2012	Jun - 2013
Full-service Branches	36	36
In-Store Branches	11	12
On-site Business Tellers	47	43
Auto/Drive Thru Branches	6	6
ATMs	281	308
Total Service Centers	381	405

Panama		
	Jun - 2012	Jun - 2013
Full-service Branches	23	24
In-Store Branches	4	4
On-site Business Tellers	10	10
Auto/Drive Thru Branches	3	3
ATMs	139	149
Total Service Centers	179	190

- In-Store Branches: Smaller locations in shopping centers that only offer counter services with limits on the quantity and amount of cash transactions.
- On-site Business Tellers: Located in the physical facilities of other companies where there is a list of supplier or form payments. Their main focus is the cash transactions of employees and suppliers.
- Auto/Drive Thru Branches: Service centers linked to a Full-service Branch where customers can make counter transactions (limited amount and quantity) without having to leave their car.

Seeking to offer innovative services to our customers, we made available a special application for Android devices. As of June 2013, we reached a total of 3.8 million transactions.

In the first semester of 2013, 284 million transactions were carried out, which represented 13% growth. Of the total transactions, 88.3% were carried out through Electronic Media, and the remaining 11.7% in branches, agencies and kiosks.

Customer Service

We desire to provide positive service experiences that generate value for our customers.

Therefore we have been working on strengthening the culture of service within the institution, which is essential in ensuring customer satisfaction. In order for our employees to experience successful service chains, in 2012, we held a campaign aimed at enabling General Management departments to adopt telephone service standards that facilitate the service and customer care efforts of our sales force.

In this period we delivered the results of the audit regarding compliance of Internal Telephone Standards by part of the 56 General Management departments.

With this performance measurement, we identified 74% compliance of the 6 telephone service standards. To optimize improvement opportunities, we helped the departments define action plans that ensure better telephone service, and thus more effective work dynamics, especially in view of the commercial team's needs.

As part of the implementation of a top-quality service model, we reactivated the Customer Attrition Prediction Model, an initiative that seeks to strengthen long-term relations with the customer and to identify situations that may cause future attrition.

We also promoted monthly meetings of the SACF Strategic Committee, which brings together Senior Management with the goal of prioritizing, deciding and empowering improvement actions pertinent to critical situations that generate discomfort for the customer.



In an effort to continue promoting financial consumer protection, this year we launched the “Masters of Personal Defense against Financial Fraud” campaign for all our employees. The campaign includes security recommendations aimed at mitigating the greatest fraud risks faced by our customers.

We have also worked on a series of strategies aimed at improving our operation and the service we offer our customers:

- Root Cause Strategy: Enable customers to download requests for certificates and supporting documents from the portal and Optimization of the Token Delivery Process, etc.
- Customer Service Optimization Strategy: Strengthen the LEAN Methodology to supervise the management and processes of the ISO 9001 2008 Certification, Implement SMS message transmission, etc.
- Daily Management Strategies: Increase Capacity, Standardization of Procedures (SOP), Sponsor Plan and Coaching, Definition of SLAs with Support Departments and Overtime Action Plans, etc.

Service and Operations Contact Center

In the first semester of 2013, the Contact Center received a total of 2,787,756 calls from customers from all segments who utilized the service line or internet chat to share concerns, complaints or information pertaining to operations regarding their products or services. The monthly average number of calls received in the first semester was 465,000.

Similarly, 582,000 outgoing calls were made to contact Bank customers as part of Habeas Data campaigns, confirmation of returned checks and transaction alerts.

Telephone sales calls were made for credit card placement and life cycle strategies based on 1,318,000 records, becoming an

effective channel for this product. The debit and credit card retention units achieved 58% average retention.

Customer Ombudsman, Complaints and Claims

Our commitment is designing all processes to meet our customers' satisfaction. That is why we ensure that everyone learns about the scope and work of the Financial Ombudsman.

Article 13 of Law 1328 of 2009 establishes the Duties of the Financial Ombudsman. Pursuant to this provision, the Financial Ombudsman is an institution established for the protection of financial consumers, and as such it exercises its duties with autonomy and independence.

One of these functions is: “To learn and to resolve complaints presented by consumers objectively and free of charge, within the terms and procedures established for that purpose, pertaining to possible failure of the supervised entities to comply with legal or contractual regulations or internal procedures that govern the execution of services or products offered or provided, or with regard to the quality thereof.”

Pursuant to the above, the Financial Ombudsman is bound to express its opinions with the same objectivity and impartiality demonstrated by judges of the Republic in rendering their decisions, with the exception that the Ombudsman does not have jurisdictional functions and its concepts or opinions are not obligatory or binding for the financial consumer or for the financial institution, unless it has expressly included it in its regulations.

In the first semester of 2013, the Financial Ombudsman received 1,885 complaints, which were evaluated and addressed according to each particular situation.



“I’m so grateful for all this service”

“I asked for a existing home loan and the Specialized Housing Center was excellent throughout the whole process: the interaction with the various advisors, with document delivery, transactions and recording, and when the funds were disbursed. The Bank’s team follows well-established procedures with the customers. I’m so grateful for all this service.”

Yamileth Larrahondo, *Specialized Housing Center, Cali*