



Management
Report
First Half 2014

Grupo
AVAL

Banco de Bogotá



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Raúl Barrera Moreno, Owner of Cropland in Bogotá's Savanna - Microfinance Banking Client

Our Bank

*We are building
a bank that
promotes social
and economic
development
opportunities*



Chapter 1

We **build**

1. Our Bank

Our 143 year history has made us a benchmark of the Colombian finance sector, recognized for our experience and commitment to the country and to our clients.

This commitment has led us to develop service solutions to assist our clients in their financial needs, placing at their disposal a country-wide coverage and customer support network that currently has a total of 700 offices, 1,706 ATMs, 1,817 Banking

Correspondents, our Servilínea hotline, and 24-hour service via our virtual channels.

In terms of its level of assets, deposits and profit, Banco de Bogotá occupies second place in the Colombian banking system. We're present in more than 12 countries in the region and we serve more than 16.2 million clients. Our presence in various markets has allowed us to become a continental banking benchmark, making us a strategic ally to our clients throughout the region.

We are part of Grupo Aval, providing our *leadership, commitment and efficiency* to our stakeholders and to the country.

Mission, Vision and Corporate Values

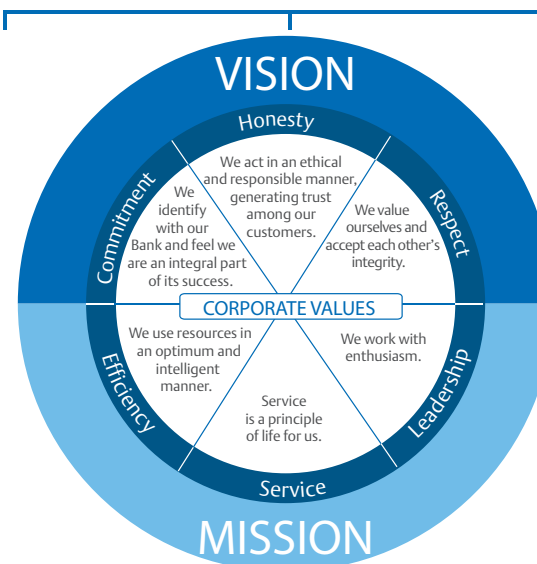
Our mission, vision and corporate values are the guidelines that chart the course we wish to maintain and project. We thus define each of the criteria and premises that define our organization's identity.

From left to right: Luis Carlos Sarmiento Gutiérrez, Luis Carlos Sarmiento Angulo.



As the foundation of our work, our identity is reflected in our capacity to offer innovative financial solutions for our clients.

- To be the leading bank in Colombia and Central America, growing with the progress of its customers, human resources, shareholders and country.
- To be the benchmark in universal banking for outstanding customer service, greater efficiency and innovation in Colombia.



- To be a leading bank in Colombia in the business and individual banking market, and the social and government sector.
- To be a bank that is always at the forefront in offering its customers advanced solutions that allow them to enjoy a satisfactory banking experience.
- To provide the best support for the growth and progress of its customers, because it values them and is willing and available to advise them, while providing them with quick, timely, friendly and quality service.
- To be a bank that achieves leadership objectives in terms of the efficiency, profitability, earnings and value generation that shareholders expect.
- To be a bank with talented team members who work with ingenuity, dedication, efficiency, speed, commitment and loyalty, always working towards achieving goals, who are motivated by the pride of belonging to an institution that provides them with wellbeing and enables them to grow.
- The Bank, by example and support, proves its commitment to develop and take ownership of its values, generating growth, harmony and benefits for the community.

Banco de Bogotá, a Regional Bank



Corporate Governance

One of our main strengths is our Corporate Governance structure, with directives designed to fulfill the corporate purpose, offering high standards of quality and security in our services, and activities aligned with ethical principles and excellent management. The decisions of our Board of Directors are focused on managing risk through the development of a control system that takes into account increasingly structured and functional internal and external mechanisms for the Bank.

Banco de Bogotá's general Corporate Governance policies are compiled in the document "Banco de Bogotá Corporate Governance Practices", which is comprised of Bylaws, Corporate Governance Code, Code of Ethics and Regulations of the Audit Committee¹. These policies are outlined by the Board of Directors to create an organizational environment with clearly defined guidelines.

Banco de Bogotá has the following control mechanisms and Corporate Governance Bodies:

Governing Bodies: General Shareholders' Meeting.

Administrative Bodies: Board of Directors, Board of Directors' Supporting Committees (Audit Committee, Credit Committee, Credit and Treasury Risk Committee, Assets and Liabilities Technical Committee), President, Executive Vice President and other Vice Presidents.

Control Mechanisms: Internal Control System, Internal Control Bodies, and Risk Management System (Credit Risk, Liquidity Risk, Market Risk, Operational Risk, and Money Laundering and Terrorist Financing Risk).

Internal Control Bodies: Board of Directors and the Office of the Comptroller

External Control Bodies: Statutory Auditing Firm, Financial Superintendence of Colombia, Securities Market Self-Regulator, American authorities for US banking agencies, as well the different supervisory bodies in the other countries where we operate.

Corporate Governance Compliance Bodies: General Shareholders' Meeting, Board of Directors and Presidency.

¹These documents are published on the Bank's web page, www.bancodebogota.com, Investor Relations / Corporate Governance section.

From left to right: Carlos Arcesio Paz Bautista, José Fernando Isaza Delgado, Sergio Arboleda Casas, Jorge Iván Villegas Montoya, Luis Carlos Sarmiento Gutiérrez, Alejandro Figueroa Jaramillo, Juan María Robledo Uribe, Alfonso de la Espriella Ossio, Álvaro Velásquez Cock.



Our Board of Directors

Primary Members	Alternate Members
Luis Carlos Sarmiento Gutiérrez	Guillermo Perry Rubio
Sergio Uribe Arboleda	Jorge Iván Villegas Montoya
Alfonso de la Espriella Ossío	Ana María Cuéllar Jaramillo
Carlos Arcesio Paz Bautista	Sergio Arboleda Casas
José Fernando Isaza Delgado	Álvaro Velásquez Cock

Board of Directors Advisor

Luis Carlos Sarmiento Angulo

Statutory Auditing Firm

KPMG Ltda.

Represented by:

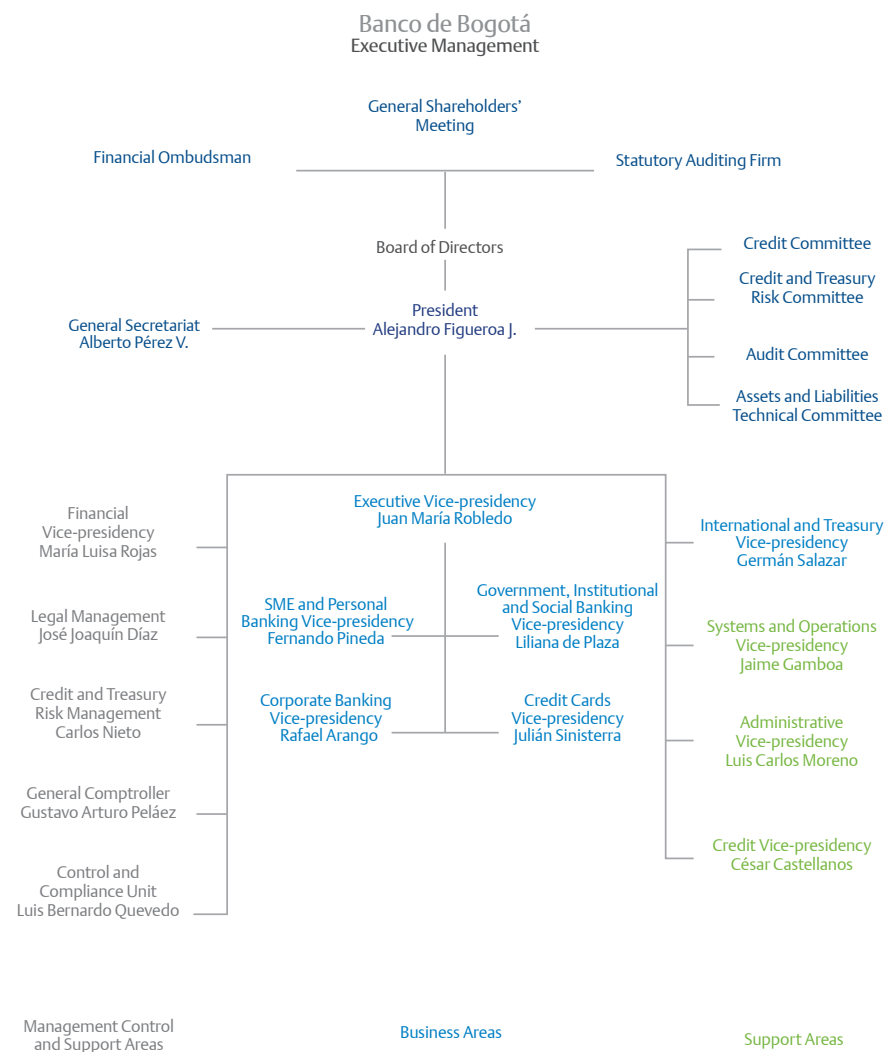
Pedro Ángel Preciado Villarraga

T.P.30723-T

Financial Ombudsman

Octavio Gutiérrez Díaz

Organizational Structure



Banco de Bogotá and its Group of Affiliates²



President: Alejandro Figueroa Jaramillo

Universal bank with a wide product and service portfolio, present throughout Colombia, with agencies also in Miami, New York and Panama.



President: Ernesto Castagnaro Odio

Central American Financial Group, with banking operations and credit cards in every country in Central America²



President: Jose Elías Melo Acosta

Financial Corporation with a broad portfolio of products specialized in Private Banking, Investment Banking, Cash and Equity Market Investments.



President: Miguel Largacha Martínez

Pension and Severance Funds Management.



President: César Prado Villegas

Execution of Mercantile Fiduciary and Trust Agreements.



President: Daniel Humberto Gómez Martínez

Stock Brokerage Firm (Securities Trading Intermediation and Management of Securities Funds).



President: Pedro Echeverría Manosalva

General Warehouse, Customs Agent and Integral Logistics Operator.



General Manager: Adriana Cuervo Barreto

A Technical and Administrative Services Company.



General Manager: José Alberto Santana Martínez



General Manager: María Fernanda Blanco Hernández

International License to carry out banking business.



General Manager: Alfonso García



General Manager: John Kennedy

Entities authorized to carry out banking business and investment portfolio management focused on corporate and institutional customer service for Banco de Bogotá with a comprehensive service portfolio.



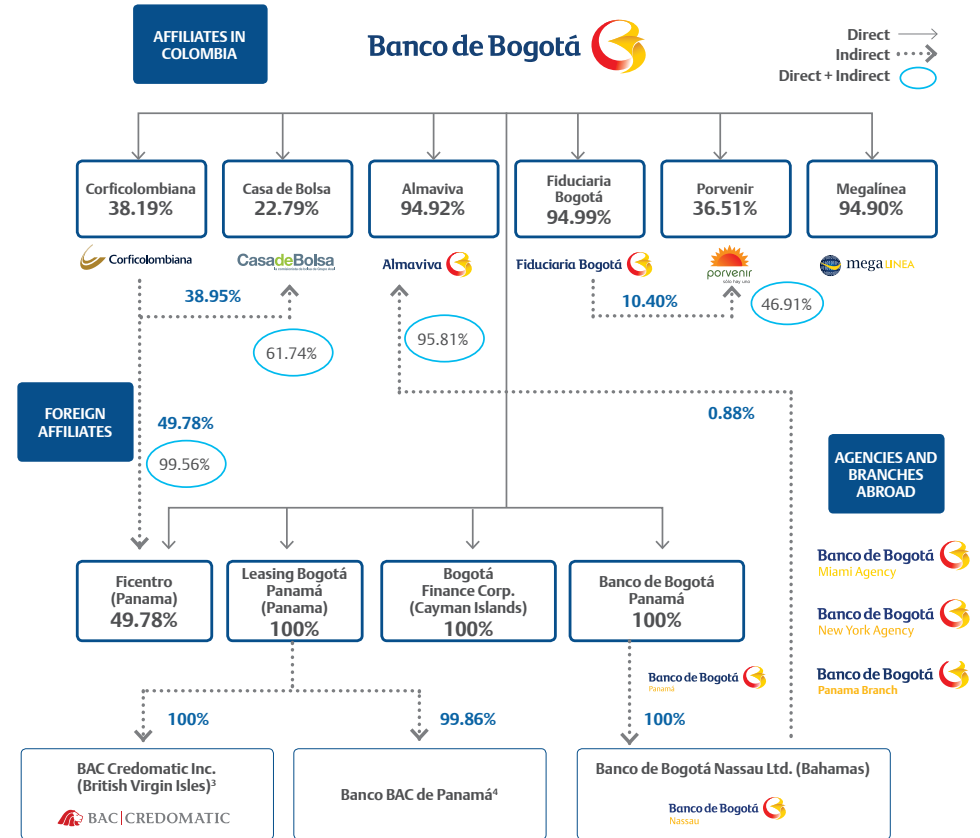
General Manager: José Alberto Santana Martínez

Entity with Panamanian General License, authorized to carry out banking business, essentially in the local market.

² BBVA Panama and Grupo Reformador de Guatemala, entities that form part of BAC Credomatic, were purchased on December 19 and 23, 2013.

Banco de Bogotá and its Affiliates

Direct and Indirect Share

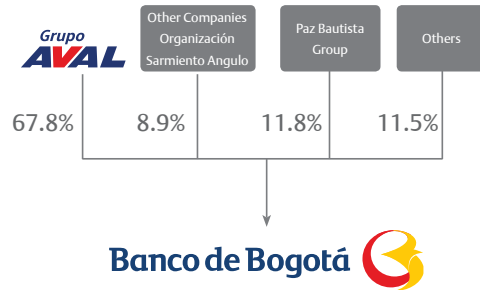


All shares are ordinary

³ Grupo Financiero Reformador de Guatemala was acquired on December 23, 2013, through Credomatic International Corporation.
⁴ Previously BBVA Panamá.

Bank's Main Shareholders

June 30, 2014



Commitment to Ethics

Ethics and transparency are achieved through elements of our organizational culture. With them, we promote principles, values and behavior guided toward these great ideals in our employees.

These initiatives are based on corporate governance, and their purpose is to ensure efficient and proper management of the resources we manage.

These initiatives are implemented through:

- Our mission, vision, corporate values and established strategic objectives.
- The Code of Ethics sets out the values and principles and guides executives' and employees' daily activities.
- Senior management's official decision on the basic principles that govern our Bank, as set forth in the Corporate

Governance Code and the various internal regulations, manuals and standards published in full and available to all employees through the Bank's intranet.

- Procedures that enable employees at all levels in the organization to have the knowledge, skills, attitudes and values necessary to perform their duties within an effective internal control framework.

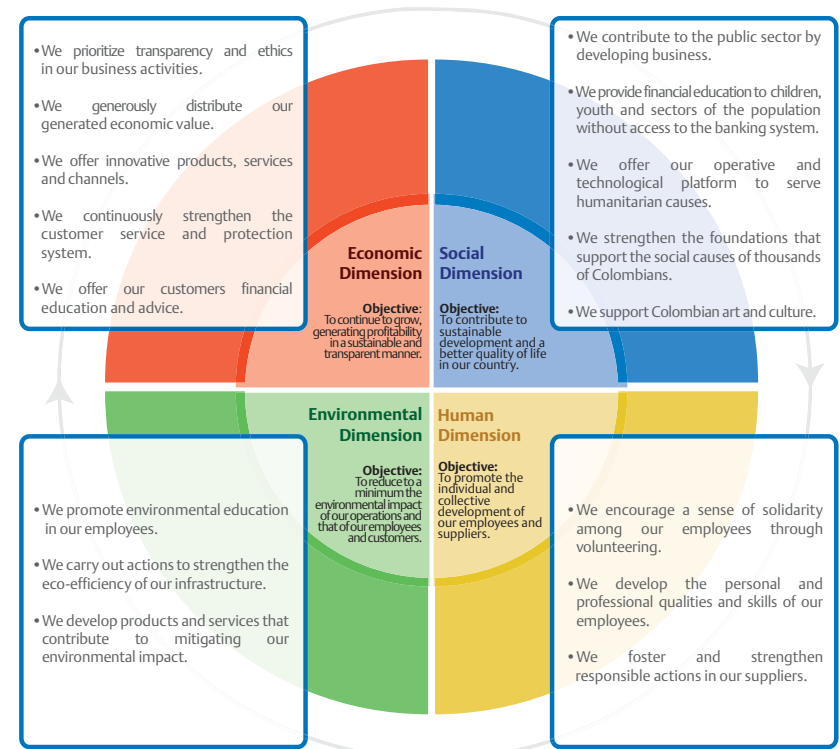
Corporate Social Responsibility Policy

"As a bank, our responsibility to society stems from the recognition and interest in the impact that our financial operations and services have on people's lives and the environment."

Therefore, we are committed to managing our business responsibly through initiatives that harness our knowledge, strengths, soundness and experience to benefit the groups with which we relate."

Pursuant to the guidelines in the social responsibility policy, we continue managing and addressing our established objectives in the economic, social, human and environmental aspects, to ensure the sustainability of the business.

Throughout this report, we will describe how these actions were carried out during the management period.



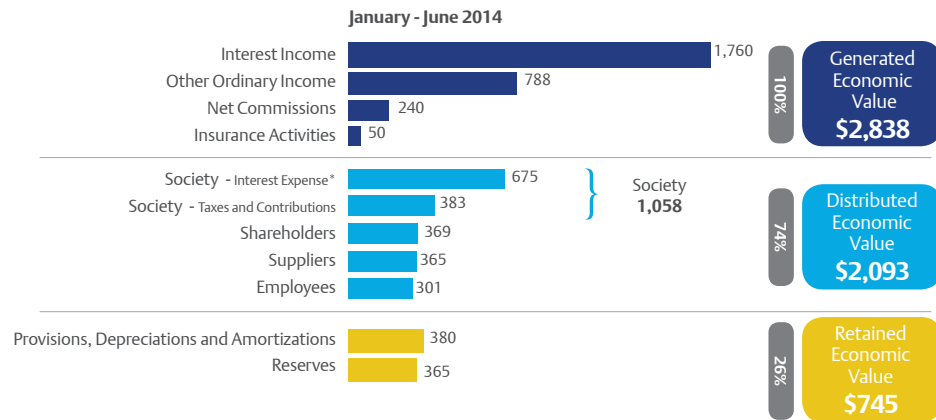
Contribution to the Country's Economic Development

This period, we exhibited dynamic, sustainable growth that allowed us to generate economic value to the national economy.

Our Generated, Distributed and Retained Value⁵ illustrate the economic profitability we generated the first semester of 2014 in numbers, as well as how we distributed this value among the different stakeholders:

Generated, Distributed and Retained Economic Value

(Billions of COP)



(*) Interest expenses are distributed as follows: Deposits and Current Liabilities / Bank Loans and Other Financial Obligations, among others.

⁵The current status of Generated, Distributed and Retained Value was calculated following some of the basic aspects of the methodology described for that purpose by the G-3 GRI Guide. The Global Reporting Initiative (GRI) is an organization created to promote and develop world standards to measure and present corporate reports. Values used in this methodology are gathered from the Banco de Bogotá's Stand-alone Financial Statements.

Between January - June 2014, the Economic Value we generated reached COP 2,838 billion, a figure that represents the payment we received by providing our financial services and placing our products on the market. Looking at our generated value, 62.0% was from interest income, 27.8% from Other Ordinary Income, such as Investments and Dividends, and 10.2% from Net Commissions and Insurance Activities.

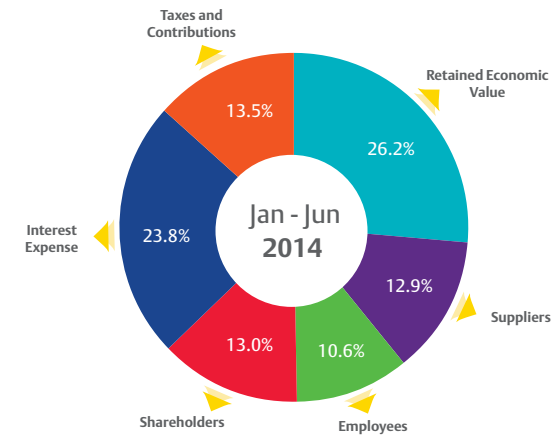
Distribution of Generated Value among Our Stakeholders

Our Distributed Economic Value is broken down as follows: Of the sum to be distributed to society, 23.8% is to pay Interest to our Customers, other financial institutions, obligations and rediscounts in repo operations, and 13.5% is distributed between tax payments to the State and donations of funds to several foundations and institutions engaged in social, educational and cultural projects, among other things; 10.6% is distributed to our employees and corresponds to salaries, bonuses, social security contributions and indemnities; 13.0% is to pay dividends to our shareholders, and the remaining 12.9% is to pay our suppliers, who fill the needs for the products or services required to perform our activity efficiently.

Our Retained Value represents 26.2% of our Generated Value. Between January - June 2014, it reached a total of COP 745 billion. This important line item is set aside to constitute reserves, provisions, amortizations and depreciations that will protect the implementation of our expansion projects in the medium-long term and ensure business continuity.

Distribution of Generated Economic Value

(% Accumulated from January to June 2014)



Source: Non-Consolidated Statements - Banco de Bogotá

In 2014, Banco de Bogotá
was recognized as Colombia's number one bank



Euromoney - Best Bank in Colombia 2014

The Banker

The Banker Top 1000 - Number 1 Bank in Colombia

And our affiliate BAC Credomatic
was recognized as the Best Bank in Central America



Euromoney - Best Bank in Central America 2014

Recognition of Our Work

Thanks to the confidence our shareholders, clients and employees placed in Banco de Bogotá because of our solid results, we were recognized as Colombia's number one bank in 2014.

This recognition motivates us to continue to use our financial services to support all our stakeholders in the 12 countries where we operate, facilitating their growth and development.

*Euromoney: Banco de Bogotá,
"Best Bank in Colombia 2014"*



For the seventh time, the English magazine Euromoney awarded the "Best Bank in Colombia" recognition to Banco de Bogotá. In its July 2014 issue, the publication highlighted our competitive position in Colombia and Central America, along with the expansion of the Banco de Bogotá through acquisitions of the Grupo Financiero Reformador in Guatemala, BBVA Panama in Panama and the Fondo de Pensiones y Cesantías Horizonte in Colombia, gained last year. It also noted financial results, principally in terms of profitability, asset quality and growth.

*The Banker: Top 1000,
Best Bank in Colombia*



In its July 2014 issue, the English magazine The Banker located Banco de Bogotá in first place among Colombian banks in the "Top 1000 World Banks 2014" ranking. On the same list, Banco de Bogotá was in tenth place in the ranking of Latin American banks and 276th in the overall ranking.

This rating takes into account the financial stability and equity of banking entities worldwide.

Affiliates Awards and Acknowledgments 2014 First Semester



*Euromoney: BAC Credomatic
"Best Bank in Central America 2014"*

In July 2014, the English publication Euromoney selected BAC as the "Best Bank in Central America and the Caribbean". The magazine highlighted the regional presence of BAC Credomatic in Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Panama and Mexico. The Bank's presence has boosted the growing flow of international commerce to the region.

*Global Banking & Finance Review:
"Most Innovative Pension Fund in
Colombia and Latin America, 2014"*



Porvenir was awarded the "Most Innovative Pension Fund in Colombia and Latin America, 2014" by the British corporate portal Global Banking & Finance Review. The portal considered strengths in investment strategies, risk management and market participation. It also looked at innovations in customer service through social networks such as Twitter, Facebook and YouTube, as well as social responsibility management.

*Corporación Publicitaria de Colombia S.A.:
"First Place in Brand Recognition and Publicity
in the Pensions and Severance Funds Category"*



According to a Brand Tracking study conducted by the Corporación Publicitaria de Colombia S.A., Porvenir maintained its first-place position in brand recognition and publicity in the Pensions and Severance Funds category. As of April of 2014, Porvenir obtained an annual brand-recognition index of 29.4%. In the corresponding brand preference measurement, Porvenir remained in first place, with 22.0% for the same month.

*Premios Reconoce:
"Best Contract Management"*



In the twelfth annual "Premios Reconoce" (Recognition Awards) organized by Codensa and Emgesa, Almaviva was selected from among the 250 affiliated businesses for its "Best Contract Management". This achievement recognizes Almaviva's high standards in quality, industrial safety, care for the environment, corporate image, contractual aspects and financial health.

Our Ratings

To date, the Bank's major instruments have been rated Investment Grade by three important international rating agencies: Moody's Investors Service, Fitch Ratings and Standard & Poor's. It has also been granted the highest ratings under local standards by BRC Investor Services.

Issuer	International Ratings						Local Ratings
	MOODY'S INVESTORS SERVICE	FitchRatings		STANDARD & POOR'S		BRC Investor Services S.A.	
	Outlook	Outlook	Outlook	Outlook	Outlook		
Foreign Currency - LT	Baa2	Stable	BBB+	Stable	BBB-	Stable	
Foreign Currency - ST	P-2		F2		A-3		
Local Currency - LT	Baa1	Negative	BBB+	Stable	BBB-	Stable	AAA
Local Currency - ST	P-2		F2		A-3		BRC1+
Financial Strength	C-	Negative					
Bonds	Outlook						
Ordinary Bonds (Maturity 2017)	Baa1	Negative	BBB+		BBB-		
Subordinated Bonds (Maturity 2023)	Baa3	Negative	BBB				
Subordinated Bonds 2008							AA+
Subordinated Bonds 2010							AA+

* All ratings are investment grade ratings

From the analysis of the Banco de Bogotá recently carried out by these various ratings agencies, the following points may be highlighted:

- Moody's Investors Service: In June 2014, Moody's Investors Service affirmed the Bank's ordinary deposits and bonds in foreign currency ratings with a stable outlook. Furthermore, affirmed ratings for local currency deposits and for foreign currency subordinated bonds, giving them a negative outlook.

Recently after Colombia's sovereign debt was updated, in August 2014, the ratings agency improved the Bank's foreign currency deposits ratings, maintaining a stable outlook, as well as the ratings for foreign currency ordinary bonds, whose outlook was changed to negative.

- Fitch Ratings (July 2014): Fitch Ratings increased the Bank's credit rating to BBB+ with a stable outlook, after Colombia's rating improved to BBB. The agency highlighted the Bank's healthy and solid performance and the strengthening of its presence in Central America, following its most recent acquisitions in Guatemala and Panama.

- In August 2014, Standard & Poor's reaffirmed the Bank's current ratings at BBB-, maintaining a stable outlook.

- To date in 2014, the rating agency BRC Investor Services maintained the Bank's ratings granted in the second semester of 2013. The ratings the Bank was granted reflect its strength in income generation, given its current diversification in regions and in bank operations, as well as its conservative risk management policies and its access to low cost funding.



We support social development projects that contribute to the community. We financed the Amarillo construction firm with COP 17,380 million for the Ciudad Verde (Green City) project in Soacha, for a total of COP 65,930 million. This project entails the construction of 48,000 housing units, and will ensure a better quality of life and more opportunities for growth and progress for more than 200,000 people.

Soacha Ciudad Verde Project, Cundinamarca