Let's ***Grow***

Chapter 3

Our Financial Results

145 Years Growing

We grow sustainably and transparently, generating economic and social value for our stakeholders.

3. Our Financial Results

Non-consolidated (Separate) Statement of Income

The figures that accompany these financial statements have been prepared in accordance with the accounting and financial standards accepted in Colombia, which include: International Financial Reporting Standards (IFRS), included in the Annex to Decrees 3023 / 2013 and 2267 / 2014 issued by the Colombian Government, except in the treatment of the classification and valuation of investments in IAS 39 and IFRS 9, the loan portfolio and its impairment, and recognition of impairment of foreclosed or repossessed assets, regardless of their accounting classification, for which the accounting provisions issued by the Financial Superintendence of Colombia included in the Basic Accounting and Financial Circular apply. Additionally, wealth tax is incurred annually and the option of recognition charged to equity reserves, in accordance with Law 1739 / December 2014. The partial implementation of the International Financial Reporting Standards (IFRS) for entities of public interest, such as banks, was required in Decree 2784 issued by the Colombian Government in December 2012. It is mandatory for accounting management and preparation of financial statements of entities of public interest from January 1, 2015.

Banco de Bogotá Non-consolidated Balance Sheet

Partial IFRS Figures (Billions of COP)	Jun-14	Dec-14	Jun-15
Total Assets	**62,042**	**66,783**	**72,254**
Net loans and leasing(1)	39,415	41,372	45,498
Net investments in debt securities	5,656	5,668	5,733
Net investments in equity securities	9,362	11,447	12,558
Total Liabilities	**50,702**	**53,257**	**58,253**
Total deposits (2)	41,243	40,985	44,959
Equity	**11,340**	**13,526**	**14,001**

(1) Net loans include accounts receivable associated with the loan portfolio and accounts receivable from customers.

(2) Deposits do not include collection services, affiliated establishments and canceled accounts.

Assets

Banco de Bogotá **assets** grew 8.2% from December 2014, amounting to COP 72,254 billion, mainly influenced by net loans and leases, COP 45,498 billion, with a six-month growth of 10.0%. The structure of **gross loans and leases** consists of 78% in commercial loans and leases; 18% in consumer loans and leases; and 4% in mortgage loans and leases and microcredits.

The value of the **fixed-income investment** portfolio reached COP 5,733 billion, accounting for 7.9% of the Bank's assets, and it grew 1.2% primarily due to the increase in available investments for sale in legal currency and agency investments. In terms of the classification of these investments, 62.3% of this portfolio was classified as available for sale, 19.2% as held to maturity and the remaining 18.5% was classified as part of the trading portfolio. Additionally, COP 5,211 billion (90.9%) are represented by securities of operations in Colombia, COP 248 billion (4.3%) correspond to the Miami Agency, COP 222 billion (3.9%) to the New York Agency and COP 53 billion (0.9%) to the Panama branch. The **net variable-income investment portfolio** is valued at COP 12,558 billion with a six-month growth of 9.7%, mainly due to the Bank's investment in Leasing Bogotá Panamá, which increased from COP 6,918 billion to COP 7,886 billion at June 2015, as a result of this investment being restated in U.S. dollars and the equity activity recorded through the equity method.

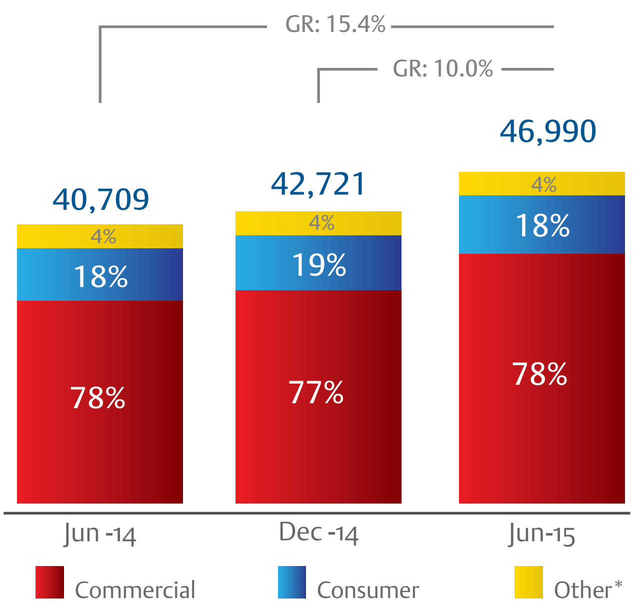
Liabilities

At June 2015, the Bank's **liabilities** amounted to COP 58,253 billion, growing 9.4% from December 2014, influenced by the performance of deposits.

Deposits, COP 44,959 billion, increased COP 3,974 billion (9.7%), as a result of the increase of COP 3,043 billion in savings and COP 1,691 billion in CDs, and a reduction of COP 760 billion in current accounts and other deposits.

Evolution of Gross Loans and Leasing

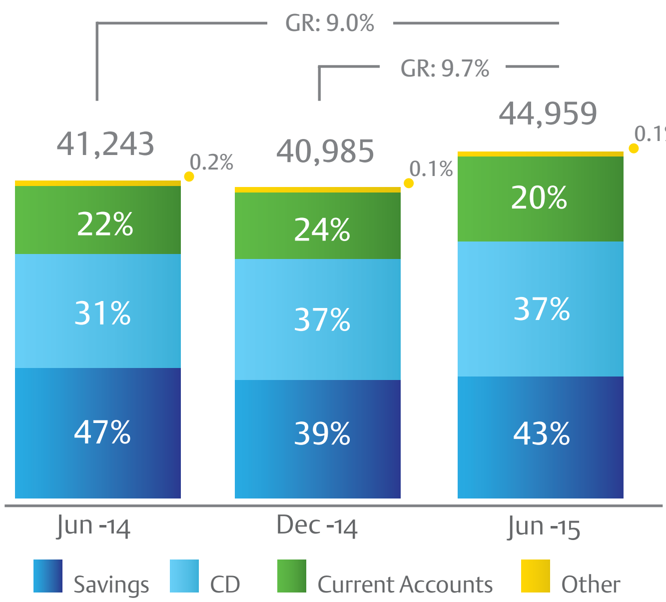
Billions of COP and % share



* Other includes Mortgages and Leasing and Microcredit Loan.

Evolution of Deposits

Billions of COP and % share



Equity

The Bank's **equity** of COP 14,001 billion presented an increase of COP 476 billion from December 2014. This was mainly a result of the increase of net income in the first semester of 2015 of COP 399 billion and the appropriation of income of the second semester 2014 to reserves for COP 354 billion, which were compensated by the occasional reserves for the payment of wealth tax of COP 156 billion. In turn, the excess decreased by COP 232 billion, mainly due to effects of the calculation of the equity method.

Banco de Bogotá Non-consolidated – Statement of Income

Partial IFRS Figures (Billions of COP)	Jan-Jun 14	Jul-Dec 14	Jan-Jun 15
Interest income	1,884	2,037	2,206
Loans and financial leases	1,721	1,869	2,036
Valuation of debt securities	139	147	171
Other interest	25	21	0
Interest expenses	661	758	844
Deposits	532	618	670
Other interest expenses	129	140	175
Net interest income and valuation	**1,223**	**1,279**	**1,362**
Financial asset allowance	315	345	409
Net commission and other services	304	336	340
Other revenue	630	747	1,133
Equity method	0	0	648
Dividends and shares	460	518	217
Other	170	229	268
Operating expenses	844	941	901
Profit before tax	**998**	**1,077**	**1,525**
Income tax	295	207	243
Accumulated net income	**704**	**870**	**1,282**

Net Income

In the first semester of 2015, the individual financial statement of Banco de Bogotá achieved a **net income** of COP 1,282 billion, with 47.3% growth from the second semester of 2014.

The increase in profit is influenced by the six-month growth of 6.5% in interest income and net valuation of debt securities, which reaches COP 1,362 billion, comprised of COP 2,206 billion of interest income and COP 844 billion of interest expenses; the reduction of operating expenses of 4.3%, reaching COP 901 billion; and growth of other operating income by 51.5%. This was mainly in response to the inclusion of the equity method, accrual of the Bank's share in the profits of its subsidiaries, which generates COP 648 billion.

Income mainly counteracted with increases of COP 64 billion in the financial asset allowance, which amounts to COP 409 billion; and with an income tax of COP 36 billion (reaching an accumulated semester amount of COP 243 billion).

The breakdown of the equity method by subsidiary from January to June 2015 for COP 648 billion recorded in the statement of income is provided below.

Banco de Bogotá Non-consolidated – Equity Method			
Partial IFRS Figures (Billions of COP) Subsidiary	% Share	Profit Jan-Jun	Equity Method
Leasing Bogotá Panamá (BAC)	100.0	419	419
Banco de Bogotá Panama	100.0	8	8
Corficolombiana	38.2	325	124
Porvenir	36.5	158	58
Fidubogotá	95.0	33	31
Almaviva	94.9	9	9
Casa de Bolsa	22.8	1	0
Megalínea	94.9	1	1
Aportes en Línea	2.0	6	0
Finance	100.0	0	0
Ficentro	100.0	0	0
Pizano	18.5	-10	-2
Total		**949**	**648**

Main Management Indicators

Banco de Bogotá Non-consolidated – Main Indicators		
	Dec-14	**Jun-15**
Profitability Ratios		
ROAA (1)	2.7%	3.7%
ROAE (2)	14.0%	18.6%
Administrative Efficiency (3)	**37.6%**	**29.9%**
Total Solvency Ratio l (4)	**19.1%**	**18.4%**
Basic Solvency Ratio (5)	**14.1%**	**13.6%**
Portfolio Indicators		
Non-performing Loans/Gross Loan Portfolio (6)	1.7%	1.8%
Past Due Loans/Gross Loan Portfolio (7)	2.3%	2.3%
Loan Provision / Past Due Loans	133.2%	130.8%
Loan Provision / Gross Loans	3.0%	3.1%

(1) Accumulated net profit for the Period * 2 / Average of assets at the end of the current period and the end of the previous period.
(2) Accumulated net profit for the Period * 2 / Average of equity at the end of the current period and the end of the previous period.
(3) Operating expenses without depreciation or amortization / Total operating income before provisions.
(4) Technical Capital / Risk-weighted Assets. Bulletin 100 Financial Superintendence 2014: Chapter XIII-13. 2015: Chapter XIII-14.
(5) Basic Capital / Risk-weighted Assets. Bulletin 100 Financial Superintendence 2014: Chapter XIII-13. 2015: Chapter XIII-14.
(6) Non-performing Loans Portfolio: Microcredit overdue 31 days or more, mortgage and consumer loans overdue 61 days or more, commercial loans overdue 91 days or more.
(7) Past Due Loans: Loan portfolio overdue 31 days or more.
Portfolio indicators with figured included in CUIF 14 and 8.

The Bank's **Profitability Indicators**, 3.7% for ROAA and 18.6% for ROAE, are influenced by the income obtained during the first semester of 2015, especially the inclusion of the equity method.

The Bank's E**fficiency Indicator** of 29.9% means it remains one of the most efficient in the Banking System.

The Bank's **Total Solvency Ratio** at June 2015 was 18.4% while the Basic Solvency Ratio was 13.6%, above the minimum requirements of 9% and 4.5%, respectively.

The Bank's **Technical Reserves** stood at COP 12,650 billion, primarily composed of Legal Reserve (COP 9,475 billion) and Subordinated Bonds (COP 1,477 billion).

The **Risk Weighted Assets** totaled COP 68,719 billion, primarily composed of Credit-Risk-Weighted Assets (COP 64,938 billion), which in turn is primarily made up of Net Loan and Leasing portfolio and Market Risk-Weighted Assets (COP 3,781 billion).

The level of the past due loans compared to the total gross loan portfolio, otherwise known as the **Loan Portfolio Quality Indicator**, remained at 2.3% in June 2015, a better performance than the Banking System (3.0%). The performance of the loan portfolio and past due loan provisions generate a **Portfolio Coverage Indicator** of 130.8%.

Martha Lucía Martínez
Legal Representative Interandina de Carga. SME Banking Client.
Armenia, Quindío

Interandina de Carga

Connecting the country through freight transportation

Twenty years ago, two young couples took up the challenge of setting up a haulage company. Despite the fact that they knew little about the industry, they saw in it a huge opportunity: "Nobody knew us in the haulage association so nobody trusted us, especially when it came to the cargo manifest payments. The cargo customers didn't know us either, nor that we were highly responsible people in shipping their products," she says.

However, they gradually made headway by taking care of their image as individuals and as a company. In doing so, they built up a sizable portfolio of clients that, they state with pride, they have been able to maintain in its entirety.

They are now providers of traditional and specialized transportation services to major local and multinational companies.

Transparent operations have been the decisive factor in consolidating a relationship with Banco de Bogotá.

In turn, they built an equally strong relationship with Banco de Bogotá. "We have always felt very good about the policies they apply, how they serve their customers, manage loans, their swiftness in processes and especially their transparency in handling processes. This is a philosophy that we agree with, as we are very transparent and clear in how we manage things," insists Martha Lucía Martínez, Interandina de Carga's legal representative. Growth and expansion came about by addressing customers' needs; to this end, they have opened up agencies in all the major ports and cities of the country, thus assuring nationwide coverage.

They are now providers of traditional and specialized transportation services to major local and multinational companies. With the founders' children having graduated from university and now actively involved in the business, Interandina de Carga's prospects are excellent. "We are marrying experience with the knowledge of this generation, because they have a new 'chip' for managing systems and operations that makes us more efficient. The second generation is making an impact," she concludes, adding that she is confident that Banco de Bogotá will remain a partner in this new stage of the company.