



Let's **Innovate**



Chapter 5

Innovation and Technology

145 Years Innovating

With a commitment to make a positive impact on the quality of life of the clients we serve, we design solutions that add value to our financial services.

5. Innovation and Technology

Creating initiatives that make the difference for our clients through innovation is one of the objectives of our strategy and, therefore, one of our institutional goals. In 2015, we invested USD 60 million in different work-related areas; we made progress on the technological and service fronts, working alongside our clients to understand their needs and anticipate their expectations.

Innovation projects for 2015

Aval Pay

As part of Grupo Aval's corporate strategy, the first mobile wallet, Aval Pay, was launched in Colombia as a means of making payments at retail establishments without the need for a physical credit or debit card or cash, by only using an app for IOS and Android smartphones.

The app, in addition to being operational for all Group entities, also accepts Visa credit cards from all financial institutions in Colombia. In the first stage, the mobile wallet can be used in businesses enabled by Credibanco.



TuitBdB

As a strategy for getting closer to clients, interpreting the spaces and the ways in which they communicate and interact with one another and with entities, we developed TuitBdB. Through this initiative, our Bank launched the first social network-based financial transaction solution in Colombia, allowing clients to make inquiries about their products and to request certificates by sending commands in the form of Twitter direct messages to Banco de Bogotá's TuitBdB account.

TuitBdB, the first solution
for financial transactions
on social networks in
Colombia



Universal Access

Moreover, among the main achievements, the implementation of the Universal Access model stands out, allowing our clients to access electronic channels (Internet, Servilínea and Mobile Banking), without the need for a debit card. This access allows any of the Bank's clients to make inquiries and download banking extracts and certificates, thus expanding our service coverage and improving the lives of our clients.

Mobile Token

Moreover, taking advantage of the growth in smartphones in Colombia, we implemented the Mobile Token, an application for IOS, Android and Windows that generates random access codes to authenticate identity on the Internet and Servilínea, replacing the Physical Token, for the convenience and ease of use of our clients and reducing costs for the Bank.

Improving mobile experience

An important security progress was achieved by implementing the fingerprint biometrics access model for clients that use the Mobile Banking service through an iPhone. This implementation allows access to the Mobile Banking solution using just a fingerprint, without the need for passwords, while featuring an additional level of security for carrying out transactions.

Although the infiltration of smartphones in the country is high, there are still many clients who use other types of telephones without data plans or the means of downloading applications. For these clients, a new SMS-based Mobile Banking service was developed, allowing balance inquiries and certificate requests for all products by sending commands to the Bank through text messages.



Projects implemented during the second half of the year

On the other hand, to continue with the progress made on the technological and service fronts, through the Systems and Operations Vice-presidency, we keep implementing projects that contribute to the efficiency of the processes and to the new functionalities for our clients:

New Portals

From August 2015, the Bank has had a new Portal for the use of clients in the business segment, achieving, through communication and virtual training efforts, the migration of 200 clients who had already enjoyed its functionality.

Moreover, our Portal for small and medium enterprises (ICBS Aval) obtained certification on stage one services, and a pilot test was undertaken with employees to stabilize production services. Also, testing of the tool designed to facilitate the migration of clients to this new platform was completed.

Factoring

In order to expand commercial hedging, solutions were developed across the lines of credit requested by our clients. In addition, improvements were developed in existing processes through Lean redesign, and the documentation necessary to support the business was updated.

Self-Service Zones

We continue to strengthen coverage of Self-Service Zones with new functionalities implemented in the Kiosk, such as: registration of loan payments, credit cards, public utilities and accounts for transfers, bank references and tax payment certificates.

Communication with our clients:

We optimized the sending of information on foreign currency operations by migrating from FaxMail to the Mailpoint application in the Swift MQ solution.

Telephone Advice: We increased the quantity of telephone numbers in Servilínea, and included new fields of information in order to increase the effectiveness of client contact in Outbound campaigns. In 2016, we redesigned the options menu in Servilínea to facilitate navigation for our clients.

Security for clients: We remain committed to security, and have therefore implemented new monitoring transactions related to acquisition and the new credit card application (First Data). Moreover, we developed the Analytics Module, which allows us to calibrate the Fraud Prevention tool to mitigate risk in our clients' operations.

In addition, we implemented the security measures requested by MasterCard and Visa for debit and credit cards on the Redeban, Credibanco and ATH processing networks, as well as in the profiles of card chips, to assure transactions.

In addition, with the stabilization of the individual inclusion (natural person) and CD processes, we generated a reduction in customer-facing processing times, thus freeing up time in the activities of sales and service advisors. The time spent on opening new savings accounts was reduced from 24 to 20 minutes, which also stood as a further reduction on the 60 minutes required for this process at the start of 2015.

It should be stated that one of the most outstanding initiatives on the Legal Client Post-Sales front was the “Practical Requests Guide, GPS (for the Spanish original)” which gathers together the most common requests made by clients with the Bank for rapid identification of the service channel, making requests swiftly, and establishing the time required to address requests. Toward the end of the half of the year, the pilot for making inquiries with Bank employees was implemented, and is expected to be rolled out and implemented on a larger scale in the first half of 2016.

As to Payroll Loan Developments and Payments, we focused on the redesign of the process by seeking the standardization of information exchange between companies and the Bank, as well as the payment of loans through payment offices. We also implemented the integration of information in a single source (ALS portfolio application), increasing productivity and reducing the information consolidation time for report preparation by 50%.

In addition, as a significant achievement in the sale and delivery of credit cards, we reduced the operational tasks of the Mobile Sales Force, achieving a decrease in the number of documents

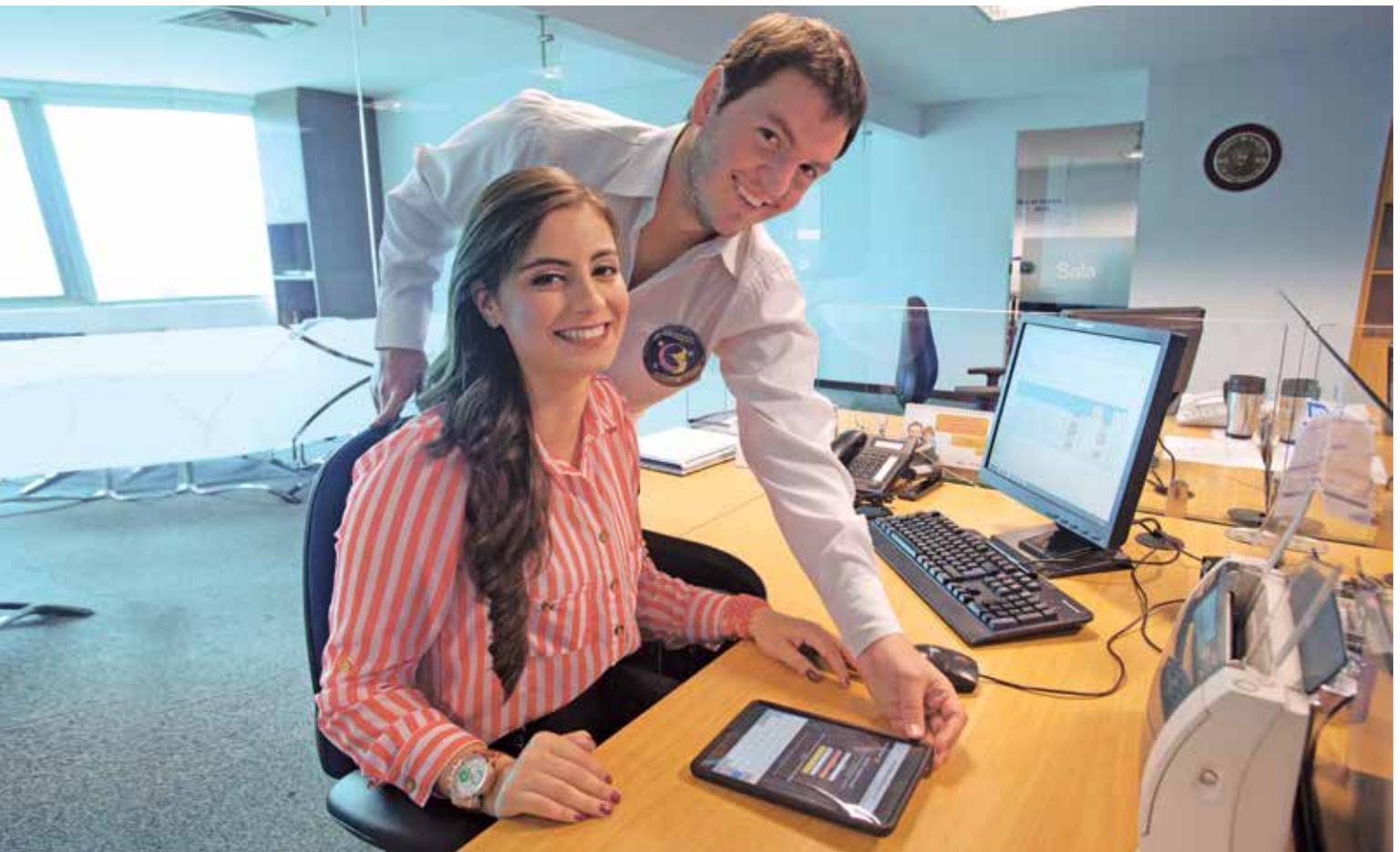
Operation Efficiency

Process Transformation Project

Through the initiatives we have implemented in all of our branches, the data update process entails a completely secure system that includes biometric validation.

It is worth highlighting that, with this change, we achieved a 67% reduction in platform processing time, going from 12 minutes to four.





required by organizing and optimizing the typical day in the salesroom; this has enabled a 36% increase in cards issued each day, as well as a 38% rise in the daily activation of new cards, and a 22% increase in the delivery of these in less than 12 days.

The design of two applications for granting commercial loans was carried out, allowing the optimization of the process from application through to approval, strengthening documentary management through images for the SME segment, and implementing a hybrid model incorporating images and physical elements for the Corporate and Business segment.

For the Guarantees stage, in December we started the implementation of changes in the process for establishing guarantees with Legal Management, seeking to standardize the records of lawyer's administration and generating controls and reports to address requests in a timely manner.

In the process of registering legal entities, implemented using the BPM tool, we conducted pilots that allowed us to identify some improvements in the flow, achieving a 95% reduction in the time required to register a client with the Business Portal,

from 5 to 21 days to 2.5 hours on average. It is notable that 6% of clients and their liability products were registered in 30 minutes.

We simultaneously continued with the development of service registrations (collections and payments), special tax mark-ups, CD registrations, delivery of media (debit card), automation for the registration of signatures and integration with the tool for negotiating rates in line with defined permission levels. We expect to have this functionality in place in the first half of 2016.

We began the Mass Credit pilot on the BPM tool in October 2015 through employees in the Payroll Loan Unit, an action that allowed us to find evidence of some improvements in the flow, which are now being implemented. In the first half of 2016, we expect to implement payroll loans across the entire unit, and to conduct pilot campaigns in the rest of the Bank.

More technological tools

Thanks to the advanced developments made during this period, as of 2015 our sales force can register clients and their liability products online, while clients can have their loan products pre-

approved directly from their homes, thereby facilitating the Bank's strategy to utilize companies and shopping malls for the sale of products.

Moreover, we facilitated access for the sales force through the bank's mobile applications, thus equipping them with sales management tools that can be used by clients in their homes.

Furthermore, through the Virtual File we are seeking to avoid asking clients for the same documents for different processes in which they are required, reusing documents that the client has submitted to the bank and which still remains valid.

In this period we optimized our vehicle credit flow using the BPM tool, including new payment plans to support the placement of this line of credit and simplifying the process so that the sales force can re-enter to conduct credit analysis, thereby enabling the reduction of client response times. A number of control measures were also included, as was the generation of letters of approval with passwords and the validation of clients with Score 8, which benefits the loan portfolio quality.

Lease implementation is carried out at the client debt center, via the tool for controlling both the CEOS and SME segments, while new functionalities were included: automatic charging of the Porvenir line, F/C Remittance and Factoring.

On the other hand, process automation initiatives were implemented with the aim of achieving the levels of operating efficiency required by the business; this management was leveraged in the development of BMP or workflows in the new IBM platform, or by improving existing flows using the mantiz platform, especially in relation to the vehicles, all purpose, credit card and housing lines. To address strategies such as partnerships with dealerships, cross-selling of housing and consumer products, housing with payroll loans, and the Colombian government's new rates-based subsidy plans for housing. In addition to addressing the demand generated by commercial management, efficiencies were achieved in the use of capacities, freeing up resources to be reassigned to other new or developing processes.

Finally, and with the aim of supporting commercial management in a more concrete and close-up manner, the operating helpdesk for the Operational Productivity Management was formed, in which a team of employees with in-depth knowledge of the operation addresses the concerns of the sales force and refers cases when required, so as to keep the customer service promise.





*Pablo Elí Cuevas Cuevas
Mi Cabañita Bakery – Microfinance Client*

Mi Cabañita, an endeavor with prospects

“Banco de Bogotá has become our ally, they believed in my business and provided funding in a quick and secure way,” says Pablo Elí Cuevas on the support he has received in expanding his bakery, Mi Cabañita, two years ago.

This bakery, which was established more than a decade ago in La Cabaña neighborhood of Bogotá, currently has four employees, and doubling the staff size is one of the owner’s

plans for the medium term. “I want to keep on expanding my bakery and hire between three and five more people to help me with the business, as I would like to have more free time to spend with my family.”

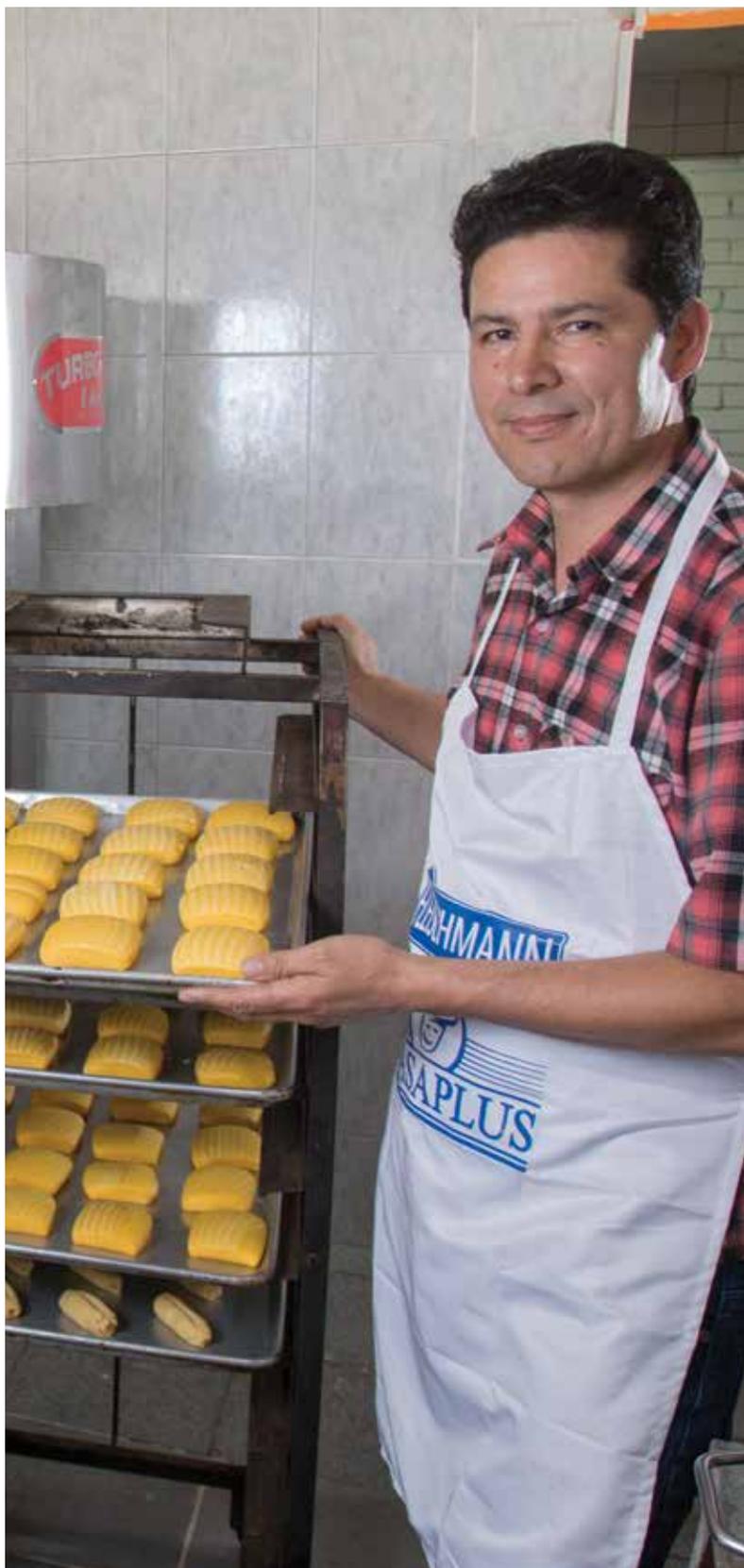
Pablo Elí insists that his experience with the Bank has been very positive, and he stresses the service he has received, as well as the availability of support and advice whenever he

has needed it. “The Bank has been hand in hand with me in my endeavor. I am very satisfied with the excellent service that they have always provided me.”

The Bogotá resident explains that the most rewarding outcome of his many years of hard work has been improving the quality of life of his wife and two children. “We had some economic difficulties a couple of years ago, which we have been able to overcome, thanks to the development of the bakery since the last injection of capital that we made for the progress of the business.”

Banco de Bogotá’s Microfinance Model promotes access to the financial system among those Colombians engaged in productive activities from strata 1, 2 and 3. To serve this segment, we have expert advisors from the communities where they work, thereby building a relationship of trust with their clients.

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145 años
TRABAJANDO JUNTOS

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