



Management Report

First Half 2016

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With a view to building relationships of trust with our stakeholders and promoting economic and social development opportunities for our clients and the country, we have made progress with our strategy, having grown in a profitable and sustainable manner.

During the first half of 2016, we continued supporting projects conducive to economic growth, thereby consolidating our commitment to society.

Alejandro Figueroa Jaramillo



Julio Cesar Bernal Zuleta, Housing Product Client. Bucaramanga - Santander

Chapter 1

Our Bank

We are there at the most important moments of Colombians' lives. Each day we work to provide further benefits and better financial solutions that make our clients' lives easier.

Let's **Build**

Banco de Bogotá 

1. Our Bank

We have consolidated ourselves as a Bank with a considerable presence in Colombia and Central America, rendering us as a financial benchmark in the region. On account of our experience, the targeted service we provide, and our facilitation of access to financial products and services that cover the needs of our clients, we have been able to maintain our market leadership.

Despite the local and global financial situation, we keep on hitting ambitious goals; our strategic management and effective decision-making have allowed us to contribute to Colombia's development and wellbeing.

In addition, we have strengthened our coverage and level of service through innovative solutions, a large number of

branches, ATMs and banking correspondents, and the web portal and mobile applications, we are there for the everyday needs of our clients while supporting other users of the Financial System.

Our clients' preference for our products has been a determining factor in our market recognition.

Standing from left to right: Juan María Robledo Uribe, José Fernando Isaza Delgado, Sergio Arboleda Casas, Ana María Cuéllar Jaramillo, Alfonso de la Espriella Ossio and Alejandro Figueroa Jaramillo. Seated from left to right: Jorge Iván Villegas Montoya, Álvaro Velásquez Cock, Guillermo Perry Rubio, Luis Carlos Sarmiento Gutiérrez, Sergio Uribe Arboleda and Carlos Arcesio Paz Bautista.



Our presence in Colombia



*Employees do not include outsourcing.

**Branches include payment and collection centers

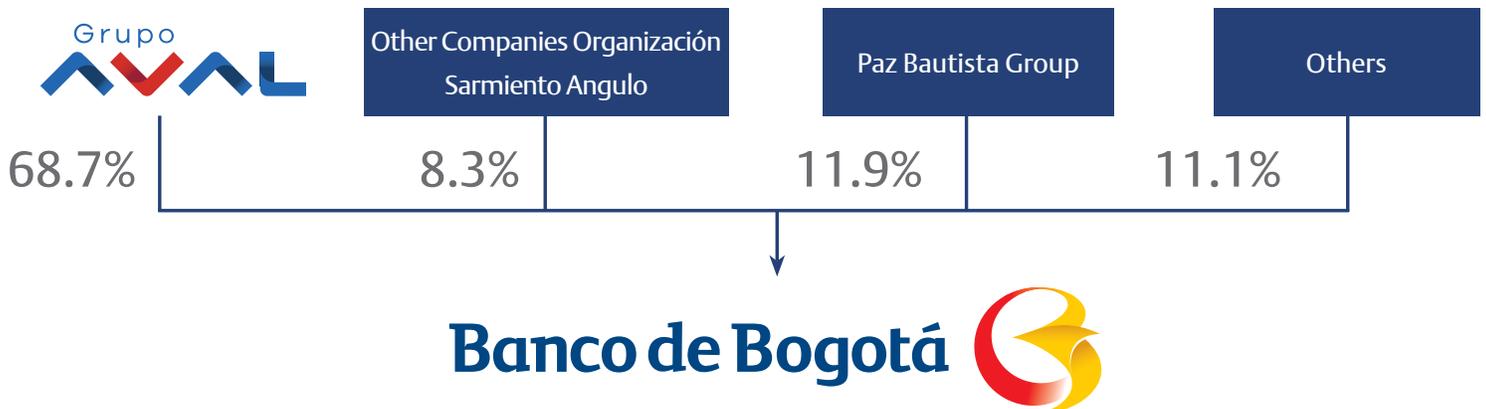
Corporate Governance

Our Bank's corporate governance structure, bolstered throughout these 146 years of history, is one of our greatest strengths for the generation of a number of sustainable and transparent results for our shareholders, clients, employees and other stakeholders.

General Meeting of Shareholders

This structure is based on three levels of governance, topped by our General Meeting of Shareholders, the uppermost body that charts the course of the Bank's operations and guides the principles on the basis of which they are undertaken.

The Bank's main shareholders at June 30, 2016, were as follows:



Our shareholders have accompanied us throughout our progress and development; by the end of June 2016, the Bank had 12,330 shareholders. For further details, the information on shareholders with a share of more than 1% of the Bank's capital is available in the Securities Market Comprehensive Information System (SIMEV for the Spanish original), which is available to the public on the Financial Superintendence of Colombia website: www.superfinanciera.gov.co.

In the first half of 2016, Banco de Bogotá held two Meetings of Shareholders, one ordinary and one extraordinary, with an average attendance of 86%.

At the Ordinary General Meeting of Shareholders on March 30, 2016, the issues included on the agenda published in the announcement's terms were addressed. Additionally, the following proposals were approved: i) authorization to execute donations up to COP 11,400 million in the period from April 2016 to March 2017; ii) definition of the mechanism and conditions to execute the donations; and iii) appropriation of reserves.

The Extraordinary General Meeting of Shareholders approved the Bank's Consolidated Financial Statements as at December 31, 2015.

Board of Directors

The second level of the Bank's Corporate Governance structure is represented by our Board of Directors, made up of members with extensive experience in the financial sector, most of them independent members, committed to the efficient management of the Bank's strategy.

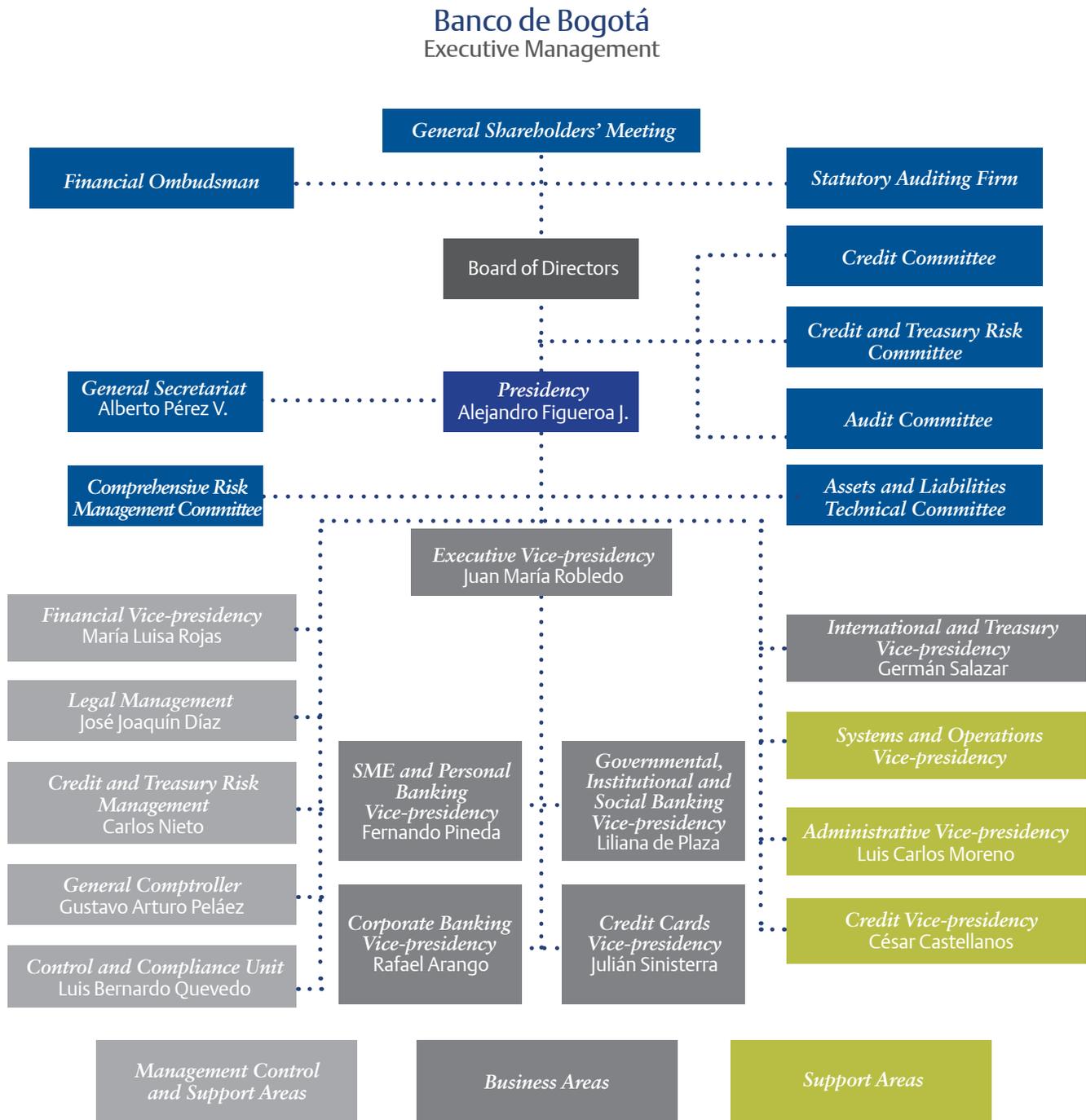
The Bank's Board is the maximum administrative body. Its decisions guide the management along the course of the Bank's Governance and administration, assuring a control system that takes into account the ongoing development of the activities we engage in.

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	
General Secretariat	
Alberto Pérez Vélez	
Statutory Auditing Firm	
KPMG Ltda.	
Represented by:	
Pedro Ángel Preciado Villarraga	T.P.30723-T
Financial Ombudsman	
Octavio Gutiérrez Díaz	

There were no changes in the Bank's Board of Directors during the first half of 2016. The Board members' professional backgrounds are detailed on the Bank's website: www.bancodebogota.com, in the Investor Relations section.

Senior Management

Finally, the Senior Management is the third level in the Corporate Governance structure, which undertakes the daily management of the Bank's activities by following the guidelines of the Board of Directors to achieve the results expected by our shareholders.



From the Corporate Governance structure stems the standards that govern our actions, framed by ethical principles.

The general corporate governance policies can be found in the document “Banco de Bogotá Corporate Governance Practices”, which is comprised of: Company Bylaws, Corporate Governance Code, Code of Ethics and Conduct and Rules of Procedure for the Audit Committee.¹

We continually seek to adjust our Corporate Governance model to best practices, including the guidelines established in the Financial Superintendence of Colombia’s Bulletin 028 / 2014, which enshrines the principles of the new Código

País. The report on Implementation of Best Corporate Practices was relayed on September 7, 2016, upon request of the Financial Superintendence of Colombia. This information is published in the Investor Relations / Corporate Governance / “Código País” Survey section on our web page www.bancodebogota.com.

Our Corporate Management System is guided by policies aimed at the attainment of economic objectives and the consolidation of our role as leading players in the development of the countries in which we operate, as well as their financial sectors, providing transparent and equitable treatment to all of the Bank’s shareholders and clients.

¹ These documents are published on the Bank’s website, www.bancodebogota.com, in the Investor Relations / Corporate Governance section.

General Shareholder’s Meeting Banco de Bogotá





Human Resources Management

Moral Commitment

Ethics and transparency are fundamental pillars of our corporate identity, and they are built from the elements of our organizational culture. With them, principles, values and behavior towards this great objective are instilled 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:

- The mission, vision, corporate values and defined strategic objectives.
- The Code of Ethics and Conduct that sets out the values and principles guiding the daily activities of executives and employees.

- 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 of the organization to have the knowledge, skills, attitudes and values necessary to perform their duties within an effective internal control framework.

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

- 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.

Vision

Mission

- To be a leading bank in Colombia in the business and individual banking markets, and in the social, government and institutional sectors.
- To be a bank that is always at the forefront in offering its customers 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 high-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 that boasts a group of talented team members who work with ingenuity, dedication, efficiency, speed, commitment and loyalty, who are goal-oriented and motivated by the pride of belonging to an institution that provides them with wellbeing and enables them to grow.
- To be a bank that, by example and through support, proves its commitment to develop and internalize its values, generating growth, harmony and benefits for the community's wellbeing.

Commitment

We identify with our Bank and feel we are an integral part of its success.

Honesty

We act in an ethical and responsible manner, building trust among our customers.

Respect

We value ourselves and accept each other's integrity.

Corporate Values

Efficiency

We use resources in an optimal and intelligent manner.

Service

We consider service to be principle of life.

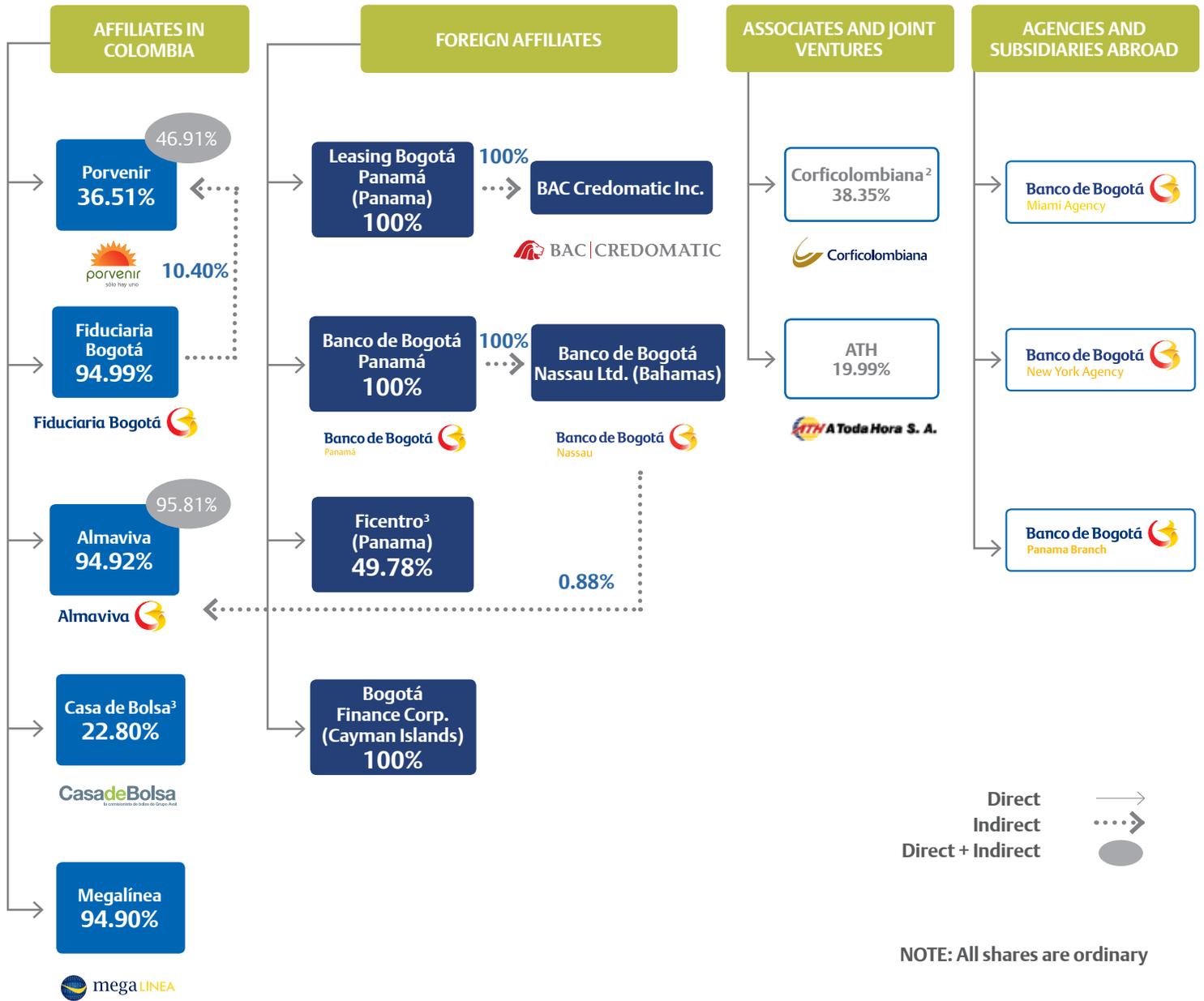
Leadership

We work with enthusiasm.

Banco de Bogotá

Investments in Subsidiaries, Associates and Joint Ventures

Direct and Indirect Share



² On June 30, 2016, the Banco de Bogotá transferred control of Corficolombiana while maintaining its 38.35% share.

³ On June 30, 2016, the Bank continued to exercise control over Casa de Bolsa and Ficentro through management and oversight of its operations.

Deconsolidation (Loss of Control) of Corporación Financiera Colombiana

With a view to focus the Bank's consolidated business efforts in the financial sector, on June 14, 2016, the Board of Directors approved the deconsolidation (loss of control) of Corficolombiana, through the transfer of direct control to our parent company, Grupo Aval. This strategic action also helps to strengthen the capital structure of the consolidated Bank.

Accordingly, on June 21, 2016, the shareholders' agreement signed in previous years between Banco de Bogotá, Banco Popular, Banco de Occidente and Grupo Aval, through which the Bank continued to operate as a parent company of Corporación Financiera Colombiana, was amended.

This amendment to the agreement consisted in establishing the transfer of direct control to Grupo Aval Acciones y Valores S.A., and as a consequence of its execution, the Bank lost control of Corporación Financiera Colombiana but went on to have significant influence, limiting its decision-making to the 38.35% share in voting rights with the participation of one member on the Board of Directors.

Following the deconsolidation of Corficolombiana, the figures and indicators in the consolidated financial statements of the Banco de Bogotá will primarily reflect those concerning the banking operation. In addition, in calculating the consolidated solvency and the risk qualifier capital indicators, the Bank will cease to deduct the above-mentioned intangible assets of Corficolombiana from basic shareholder's equity. Likewise, its risk-weighted assets will exclude Corficolombiana's risk assets.

Prior to the deconsolidation, the Board of Directors approved the prospective application of the International Accounting Standard (IAS 27 "Stand-alone Financial Statements" and the

application of the equity method under IAS 28, "Investments in Associates and Joint Ventures." These standards allow investments in subsidiaries, associates and joint ventures to be recorded by way of the equity method, and retroactive application to the comparative financial statements is required. In the stand-alone financial statements, the primary effect was the elimination of unrealized gains from the investment in Corficolombiana (COP 2,163 billion); this was recognized under the previous accounting standards at December 31, 2014, based on the stock market price, as investment is measured at book value under the equity method anticipated in IAS 28. In the consolidated financial statements, the application of these standards had no effect, given that the financial statements of the subsidiaries are also incorporated at book value.

In the stand-alone financial statements, the loss of control meant a change in the classification of investment from Subsidiary to Associate, as well as the recording of a gain of COP 2,200 billion resulting from the fair value measurement of shares in that entity (COP 3,319 billion) and its comparison with book value prior to the loss of control (COP 1,119 billion).

In the stand-alone financial statements, the loss of control meant the deconsolidation of assets, liabilities and non-controlling shares, as well as the recording of a similar gain due to measurement of the investment at fair value.

In the two financial statements, investment will continue to be recorded under the equity method.

For more information, see notes 2 and 15 in the stand-alone financial statements.

In 2016, Banco de Bogotá

was recognized as the best bank in Colombia



Global Finance

Best Bank in Colombia

Best Trade Finance Bank in Colombia

Best Provider of Foreign Currency in Colombia



Euromoney

Best Bank in Colombia 2016

Recognition of Our Work

The results of Banco de Bogotá, as well as the commitment of our shareholders and employees and the trust of our clients, has allowed us to continue to be recognized as the best bank in Colombia by renowned international publications.

These distinctions motivate us to continue to be a leading institution that generates new proposals to promote the sustainable growth of our Bank in the twelve countries in which we operate.

Global Finance: Best Bank in Colombia



The financial magazine Global Finance awarded it the “Best Bank in Colombia” for the first time, taking into account factors such as growth in assets, profitability, strategic relations, customer service and competitive pricing.

Global Finance Best Trade Finance Bank in Colombia Best Provider of Foreign Currency in Colombia



For the third consecutive year, Global Finance recognized Banco de Bogotá as Colombia’s “Best Foreign Exchange Provider 2016” and “Best Trade Finance Bank 2016” in Colombia. These awards were based on criteria including transaction volume, global coverage, customer service and competitiveness in pricing and technological innovation, among other criteria.

Euromoney: Best Bank in Colombia



In its July 2016 edition, the English Euromoney Magazine granted the “Best Bank” in Colombia award to Banco de Bogotá for the ninth time, highlighting the growth of its assets and loan portfolio. It also praised our financial results, principally in terms of profitability, asset quality and low funding cost, as well as, our market strategy, technological infrastructure, financial platform and management team.

Ratings

Banco de Bogotá received the following ratings from the international credit rating agencies: Moody’s Investors Service, Fitch Ratings and Standard & Poor’s, as well as locally from the BRC Standard & Poor’s agency:

	International Ratings						National Ratings
	MOODY'S INVESTORS SERVICE		FitchRatings		STANDARD & POOR'S RATINGS SERVICES		BRC STANDARD & POOR'S
Rating Date	28/06/2016		17/08/2016		04/08/2016		04/12/2015
Issuer	Grade	Perspective	Grade	Perspective	Grade	Perspective	Grade
Foreign Currency - LT	Baa2	Negative	BBB	Negative	BBB-	Negative	
Foreign Currency - ST	P-2		F 2		A-3		
Local Currency - LT	Baa2	Negative	BBB	Negative	BBB-	Negative	AAA
Local Currency - ST	P-2		F 2		A-3		BRC1+
Bonds							
Multiple and Successive Issues Process Subordinated Bonds 2010							AA+
Ordinary Bonds in dollars (Maturity 2017)	Baa2	Negative	BBB	Negative	BBB-		
Subordinated Bonds in dollars (Maturity 2023)	Ba2	Negative	BBB-	Negative			
Subordinated Bonds in dollars (Maturity 2026)	Ba2	Negative	BBB-	Negative			



*Committed to the
Caribbean Region*

The region's dynamism drives us to support its inhabitants through actions that foster their growth and development.

To think of the Colombian Caribbean is to be transported to its landscapes, history and rich cultural diversity. Cities such as Santa Marta, La Guajira and Cartagena have become hotspots for local and foreign tourists. Barranquilla, known as the Golden Gate on account of its urban, social and economic growth, is recognized for its enormous potential and appeal across different economic sectors. Over the last decade, this capital has proven to be highly vibrant on fronts such as construction, industry and commerce.

The coastal region is going through a special time, and Banco de Bogotá has accompanied the population by leading actions that encourage their growth and progress. In line with this objective, the Bank helps small and medium businesses in the region become more competitive on the basis of comprehensive advice and a portfolio of specialized products and services. Moreover, major companies and corporations across the port, mining, industrial, commercial, public services, infrastructure, energy, education, communications and transport sectors enjoy the backing of the Bank through financial solutions that meet the needs of their lines of business.

“Banco de Bogotá has been my strategic partner for a long time; I’ve been a client for more than 20 years, holding my personal accounts and those of the clinic there. It has believed in us and has granted different loans, allowing us to carry out important projects and programs at our clinic,” said Carlos Alberto Osorio Chacón, manager of the Bonnadona Clinic in the city of Barranquilla.

The Bank has also done important work on inclusion and in the application of the banking system, having reached remote areas through projects that promote financial educa-

tion. In addition, the Bank is present at all the main cultural events in this beautiful part of the country, such as the Carnaval de Barranquilla, the Fiestas del Mar, the Festival Vallenato, and other spaces that promote cultural diversity and healthy co-existence.

Moreover, in view of the Bank’s commitment to the Caribbean region, a new, modern facility was built in Barranquilla to site the regional management. The facility, which officially opened in 2015, has an approximate area of 1,500 square meters. The first floor has three commercial sites, that host two offices (one traditional and the other Premium), a self-Service Zone and a Housing Center.

At present, the Bank has 89 branches, 267 ATMs, 553 banking correspondents and 5 payment and collection centers in the Coastal Region.

“Banco de Bogotá has been my strategic partner for a long time. It has believed in us and has granted different loans”

Carlos Alberto Osorio Chacón, Bonnadona Clinic Manager. Barranquilla.