



# *Chapter 9*

## Relevant **Information**

*Let's Comply*

Banco de Bogotá 

# 9. Relevant Information

## Disclosure and Control of Financial Information

Pursuant to Article 47 of Law 964 / 2005, during the first half of 2016 the registered agents of Banco de Bogotá were responsible for establishing and maintaining appropriate systems for the disclosure, follow-up and control of financial information. To do so, they effectively relied on control and monitoring systems, as well as on departments specializing in risk that ensure the financial information provided to different institutions is adequate.

Registered agents, aware of their responsibility to manage the various risks of the banking business, are fully cognizant of how they are intertwined with the Bank's general strategy, and they are familiar with the processes, business structure and nature of its activities.

As per the content of Note 8 to the Stand-alone Financial Statements, the Registered Agents provide ongoing support and monitor Banking business; issue guidelines for granting loans; determine policies and intervention according to each type of market, product or business unit; define the institution's risk profile; adopt the necessary measures to face the new financial risks; establish the required organizational structure; and evaluate risk management methodologies using modern technological infrastructure and clear, accurate and timely information tools that allow them to exercise permanent control on Credit and Counterparty Risks, Market Risk, Liquidity Risk, Operational and Legal Risk, and Money Laundering Risk, among other risks inherent in the banking business. Furthermore, the Registered Agents constantly verify that all of the Bank's activities, transactions and operations are carried out within the parameters permitted by current regulations and authorized by the Board of Directors and the Bank's Senior Management.

Additionally, Registered Agents assess before the Audit Committee, the Statutory Auditor and the Board of Directors, the operation and internal controls that allow the Bank to properly record, process, summarize and present financial information. Likewise, they analyze cases that may affect the quality of the financial information, as well as methodological changes in the evaluation thereof.

## Relevant Events

### 1. Application of IAS 27 and IAS 28

For its Stand-alone Financial Statements, from the first half of 2016 the Bank undertook the early adoption of IAS 27, "Stand-alone Financial Statements," and accounted for the equity method as provided for in IAS 28 "Investment in Associates and Joint Ventures." In the Stand-alone Financial Statements, the primary effect was the elimination of unrealized gain from the investment in Corficolombiana, amounting to COP 2,163 billion.

### 2. Deconsolidation (Loss of Control) of Corficolombiana<sup>11</sup>

In order to focus the Bank's consolidated business management on the financial sector, on June 21, 2016 Banco de Bogotá amended the shareholders' agreement entered into in previous years with Grupo Aval, Banco de Occidente and Banco Popular, as a result of which Grupo Aval assumed the status of direct controller of Corporación Financiera Colombiana ("Corficolombiana"). The amendment of the agreement meant the loss of control of Corficolombiana but the retention of significant influence by Banco de Bogotá; and, in the Stand-alone Financial Statements, primarily, the change in the investment classification from Subsidiary to Associate, as well as the recording of a gain of COP 2,200 billion due to fair value measurement of the investment.

In the Consolidated 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 through the equity method.

For more information, see the section on Deconsolidation (Loss of Control) of Corporación Financiera Colombiana in Chapter 1, Our Bank, of this report.

<sup>11</sup> See notes 4.7, 5.1 and 15 of the Bank's Stand-alone Financial Statements.



## Relevant Subsequent Events

In line with Note 37 of the Stand-alone Financial Statements, and pursuant to the provisions of Paragraph 1, Article 47, Law 222 / 1995, the Bank reports that there were no events after the reporting period that require disclosure, corresponding to the half year ending on June 30, 2016, until the date of authorization of these Financial Statements.

## Forecast Evolution for the Entity

With respect to Paragraph 2, Article 47 of Law 222 / 1995, in the second half of 2016, Banco de Bogotá will continue to consolidate the objectives and goals defined in its strategic planning, to continue committing itself to the banking process, in regards to corporate social responsibility and the country's growth, as a solid, efficient and leading entity in the financial system.

The Bank will strengthen and capitalize on its relationship with its clients by improving the value offer made available to them and expanding its national presence and coverage through optimum channels, specialized models, skilled personnel and through its different affiliates, its technological and physical infrastructure and its proactive inorganic growth strategy.

The Bank will also advance its regional consolidation process, taking advantage of synergies with affiliates in order to position itself as a strategic ally in the development and internationalization of companies.

## Operations with Partners and Administrators

With respect to the provisions of Paragraph 3, Article 47 of Law 222 / 1995, Banco de Bogotá states that the operations carried out by the Bank with its partners and administrators are in line with the general policies of the institution, and are regulated and described in Note 34 to the Stand-alone Financial Statements.

## Intellectual Property and Copyrights

Pursuant to the provisions of Article 47 of Law 222 / 1995, and as per Paragraph 4 thereof, Banco de Bogotá states that it long ago established enforcement policies regarding intellectual property and copyright regulations concerning the different services and products necessary or owned for the performance of its work, whenever they are required. The Systems (IT), Marketing and Comptroller departments conduct audits throughout the entire country to monitor compliance with such policies and legal provisions. Furthermore, Banco de Bogotá, where applicable, keeps records of its name, brands, products, services and publications up-to-date.

## Free Circulation of Invoices

Pursuant to the requirements of Article 87 of Law 1676 / 2013, which promotes access to credit and sets forth regulations regarding property insurance, Banco de Bogotá has established enforcement policies regarding the free circulation of invoices issued by sellers or suppliers with which the Bank has business relationships, thereby avoiding anti-competitive practices.





