



EDUCACIÓN  
FINANCIERA

No te Arriesgas  
Banco de Bogotá  
Mi hogar y mi futuro

# Chapter 4

## Our Banking at the service of Clients

We have built a bank where our clients are the core, the inspiration, and the purpose of our everyday efforts.

Let's make **progress**

Banco de Bogotá 

# 4. Our Banking at the service of Clients

## Corporate Banking

Traditionally, our corporate relations model involves supporting the segment client's growth, as well as dealing with the new challenges derived from the economic conditions affecting the country and the globalized world.

### Emphasis on alternative lines of credit

During the year we observed, a trend in financial operations with differential lines, depending on our clients' different needs, with a net growth of over COP 2.5 trillion, attaining a balance in our commercial loans portfolio of COP 25.5 trillion in local currency, with 334,906 operations disbursed.

Lease operations with 542 clients amounted to COP 2.0 trillion leveraged in manufacturing industry, construction and automobile sectors.

Meanwhile, rediscount operations grew by 41%, with a balance of COP 600,000 million, with emphasis on the healthcare sector through Findeter, support for agriculture in new crops and land expansion through Finagro. Moreover, we took part in the National Government's sustainable cities initiative, with projects in Barranquilla through Findeter and Bancóldex lines, supporting new export industries. These lines are used by 210 clients in our segment.

***The Business Banking Portfolio in local currency grew by 11%, amounting to a balance of COP 25.5 trillion.***

Corporate Banking collaborators - Headquarters





Corporate banking collaborators - Headquarters

In 2016, we participated in processes of bidding, definitive financial closing and signing of binding loan contracts with four Public-Private Partnership Initiatives known as Fourth Generation Concessions as part of the National Government program's first wave.

The Bank's loan commitments amounted to a total of COP 1.8 trillion. These loans are indexed primarily to the CPI, and terms vary from 18 to 20 years. These projects include risk assessment methods different from those in place for Commercial Loans. Multi-disciplinary teams were created to process, manage and monitor projects enabling the implementation of innovative figures such as expert technical consultants to assist lenders regarding risk mitigation and project assessment at every stage, to manage each transaction with technical criteria.

The National Government estimated that these road projects are priority because they guarantee ground connectivity (in better designed conditions and with lower operational costs than existing roads) in the segments that run between the city of Medellín and the Port of Buenaventura (Autopista Conexión Pacífico 1 and 2), plus the segment between Cartagena and Barranquilla (Coastal Concession); and the connectivity of the country's central region between Honda - Girardot and Puerto Salgar in the road corridor called Alto Magdalena Concession.

### Funding in differential rates according to terms and types of operation

In 2016, we focused on changing the Portfolio mix according to the different rates available in the market, thereby attaining a Portfolio balance with a Reference Banking Rate (IBR) of COP 11.8 trillion with 2,109 clients and 6,474 operations.

In turn, the CPI portfolio's balance totaled COP 2.5 trillion with 38 clients and 188 operations.

Loan breakdown as for rate type



**The IBR-based portfolio grew by 152% with a COP 11.8 trillion balance, and the CPI-based portfolio grew by 81%, with a COP 2.5 trillion balance.**



Calima collaborators, Bogotá D.C.

## Market volatility

In a year marked by high volatility and uncertainty in various fronts, we focused our teams on supporting our clients by analyzing the various economic risks they may face, including those derived from volatile exchange rates and rising interest rates.

Together with the traders (International and Treasury Vice-presidency), we conducted 14,800 hedging operations with 473 companies totaling COP 13,300 million.

## Closer to our clients

The client service strategy delivered by our Client Development Teams, has more than 293 commercial agents who executed over 105,000 contacts with 6,400 active clients, which gives us a ratio of 16.3 yearly contacts per client.

Moreover, the referral and enrollment strategy allowed us to bring in 138 new clients to the segment, who contributed over COP 18,000 million in portfolio to our growth.

***The Company Segment is able to contact every client an average of 16.3 times per year as a result of our personalized relations strategy.***

Every year, the Business Banking support areas manage new tools that allow our labor force to reach our clients with integral solutions.

As part of these projects, we have launched over 869 products through our enrollment flow for liability products, and with a consultative selling process structured from the preparation of interactions with clients to monitoring product use and post-sale.

## Cash Management in hand with innovation

In the second half of 2016, we made significant efforts in driving client migration to the new Online Connection transaction portal, managing to finish the year with nearly 1,500 clients making queries, downloads, transfers and fund dispersions from the new platform with high levels of stability and satisfaction.

A large part of the Product Management also focused on deploying Commercial Intelligence tools that allow better client scoping, which has had important results in terms of focusing the commercial team on opportunities that better serve to attain their goals.

One important tool is the Cash map, which depicts each client's cash flow and identifies inputs and outputs, as well as the channels used for these operations, helping us to reach our clients with clear and precise information that

helps identify internal opportunities in managing each company's cash.

Furthermore, we continued to develop and promote the Banking Correspondent channel to receive payments for connected companies, attaining growth in excess of 20% in transactions, thereby facilitating the collection of invoices and reconciliation for our clients. The Business Banking Cash Management product portfolio generates annual commissions of more than COP 59,200 million, processing 102 million transactions for our clients.

## We drive growth for our clients

### Chamber of Commerce, Bucaramanga

The Bucaramanga Chamber of Commerce works towards the socio-economic development of this part of the country by strengthening corporate and regional competitiveness and efficiently providing services delegated by the State.

After more than two years of dealing with the Chamber of Commerce, and thanks to efforts that included support in specific portfolio requirements, we were able to formalize the 'Web Services' collection service, relying on the benefits and

added value contributed to collect commercial registrations at the plaza.

The aforementioned, added to a quick, efficient implementation process that allowed us to begin the service ahead of schedule, thereby guaranteeing the collection as of January 2017. We also negotiated the offer of payroll loans, which will allow us to solidify the commercial process and strengthen the relations with this strategic partner.

### Events and Exhibitions Center at Caribe Puerta de Oro

The Events and Exhibitions Center 'Caribe Puerta de Oro' (Caribbean Golden Door) is the largest exhibition venue in the Colombian Caribbean region. It is located in the city of Barranquilla on the banks of the Magdalena River, in the industrial area on Highway 40. This events and exhibitions center takes up 85,000 square meters, and includes 18,500 square meters of exhibition facilities, a convention center, real estate development projects, and a tourist boardwalk. It has the capacity to host 16 thousand people, and its construction began in 2013.

This project provided 25,000 new jobs for the city, and the aim is to turn the city into the "major events capital of Co-

Puerta de Oro - Barranquilla, Atlántico



lombia”. Similarly, the events center operation will promote the social, economic and urban recovery of the Siape and San Salvador neighborhoods in the city. Over the next eight years, the Exhibitions and Events Center will generate revenues of COP 2.27 trillion for Barranquilla and Atlántico.

Approximate investment for this project totals COP 293,000 million, with contributions from the National Government, the Barranquilla Mayor’s Office, the Department of the Atlantic, and the Chamber of Commerce, in addition to private companies. Our Bank has been present since the first stone was laid, helping with Liquidity Loans and managing resources provided by the Colombian Government, and now we expect to finance part of the long-term investment to complete the construction phase of the exhibition site.

## Easyfly

EasyFly is a Colombian airline aimed at transporting people and goods, with a fleet of 14 airplanes and 30 point-to-point routes that reach over 18 cities and places in the Colombian territory where other traditional airlines do not fly.

We have been with the company as it grows and consolidates, offering working capital credits and specific operations.

As a result of teamwork and client support, we manage the col-

lection of their MasterCard Credit Card sales and foreign currency trading for payments abroad.

By 2017, we expect to sign payroll loan and payroll agreements for employees and serve as deposit for the collection and payments of over 50% of their sales.

## Cementos San Marcos

The company is dedicated to the production and sale of cement, which is sold in the areas of influence of its current plant, including the departments of Valle, Cauca, Nariño and the Coffee Triangle. This company has its own quarry from where it extracts part of its raw material (rock and clay), which provides it a competitive advantage.

San Marcos has been affiliated with the Bank since October 17, 2008, and we have supported them since inception with funding for their plants.

Nowadays, we are funding the expansion of the third phase, which aims to increase the capacity to produce Clinker and cement up to 50,000 ton/month, which will improve the capacity to pack and dispatch cement.

Given our integral relation with the client, we manage their collection and payment transactions, credit card sales, as well as payroll loans for their employees.

Easyfly Flight Attendants





## Governmental and Institutional Banking

As part of our commitment with Colombia's progress, we continue to support the development of our clients' projects with timely, efficient solutions, which enable us to not only consolidate our strategic partnerships, but also have a positive impact on society. The following is a list of some of our best business deals during this period.

### Backing the Peace Process

We entered into a business partnership with the United Nations (UN), the body in charge of implementing the peace accord signed in Colombia, wherein the Bank facilitates the administration of the funds set aside for this process. Through this project, we have strengthened our relationship with the UN and other signatory institutions.

### We are the collector bank for ICETEX

We prepared a branch network and payment centers to take in payments from thousands of Colombians who have benefited from access to educational opportunities provided by this institution, both at the national and international level, all to raise the quality of people's lives and contribute to the country's economic and social development, increasing the Bank's presence and share within the different sectors.

### We serve the Superintendence of Industry and Commerce

Through a collection agreement with this institution as a fundamental support in the state strategy to enhance competitiveness and formalize the economy, we set up our electronic channels to facilitate payment of patents, trademark registration, penalties for unfair competition, and other collection categories by the Superintendence of Industry and Commerce, both at the national and international levels.

### We are the collector bank for the ESAP

During this time, we were able to seal a collection agreement to receive payment of registrations for over 17,000 students all over the country. To that end, we created several electronic channels, PSE, the branch network and payment and collection centers.

Finally, we continue to work on making our service model focused on addressing client needs in our segment, developing effective and innovative solutions for proper management of resources.

At the close of December 31, 2016, total deposits in the Public Sector and institutional Banking segment amounted to COP 9,115 billion, while the portfolio balance at the same closure date stood at COP 1,468 billion.

## Regional and Decentralized Entities

### Promoting welfare and progress to Colombian regions and municipalities

During the second half of 2016, the commercial strategy with Regional and Decentralized Bodies focused on strengthening existing clients and enrolling new ones through the disbursement of 122 loan operations accounting for more than COP 117,954 million and the opening of 3,341 liability products for COP 120,000 million, thus supporting the development of projects in various regions in the country.

Similarly, we continued to consolidate a specialized service model in order to provide a better service and offer solutions adapted to the client needs in the segment. We currently have a Segment Office, 6 Zone Managers, 27 Public Sector Banking Managers, 27 Commercial Executives and 6 Cash Management Consultants to serve the more than 2,947 territorial and decentralized entities.

**We currently serve  
26 Departments, 723  
Municipalities and over  
1,838 Decentralized Bodies.**

Additionally, we transformed and adapted our products to legislative changes, complying with the provisions of Resolution 1789 / 2013 regulating Royalties Master Accounts. These amounted to more than COP 1 trillion in deposits as at December 31, 2016.

We should note that in the second semester, the new GPS Master Account product to manage resources in the General Participation System generated enrollment accounting for more than 630 accounts with more than COP 600,000 million. In addition, with a focus on providing assistance to Regional and Decentralized Bodies, we opened more than 3,300 accounts totaling over COP 120,000 million.

Due to the need to provide specialized services for the different methods of Tax collection, we implemented Help Desks focused on providing operational support. This permits us to meet the client needs, increasing results related to new collection agreements by 20.2%.



We provide Colombian children with opportunities for recreational activities that help them make better use of their free time, with over 34,500 Christmas kits that include sports-related items donated to impoverished children. This year's donation delivered 10,000 kits more than the one for 2015. With these initiatives we seek to stimulate children's development through physical activity.

In addition, and considering young students from public universities, we developed a publicity strategy that encourages them to pay their tuition fees through the various channels available through our Bank. With this initiative, we collected COP 25,750 million at 16 public universities.

Similarly, and in line with this collection concept, and in compliance of Decree 1078 / 2015 issued by the Ministry of Technology Information and Communications, we are developing portals for the municipalities of Quibdó, Turbo and Arauca, so their residents can pay their taxes online. In that regard, electronic payment portals were implemented for the municipalities of Los Patios, San Agustín, La Dorada and Garzón. With that, we are making it easier for these populations to pay their taxes.

Finally, we support our clients in the development of their Government plans with guidance from our commercial team, showing them the best opportunities for financing and administration.

**We delivered 34,500 Christmas kits with sports-related items to children in need. This year's donation delivered 10,000 kits more than in 2015.**

## Social Banking

We continue to position ourselves as the leading Bank in Colombia's solidarity and cooperation sector with solutions that transfer the benefits of our portfolio to our associates and clients

### We support the launching of new agreements

We carried out various activities through the new agreements aimed at promoting enrollment and use of the Affinity debit card, noting the partnership agreements that the Bank and the Visa franchise made with different establishments to help users obtain benefits through discounts given at businesses. This semester, we were able to enroll the ICBF Employees Fund, Foncel, the ETB Employees Fund, and others.

### We keep on strengthening our Affinity Debit Card

In response to the needs stated by our clients, we are developing a product portal that will allow us to provide various services such as transfers to other financial institutions, public utilities' payment, and transaction queries by cardholders. We expect this new product to be implemented during the first half of 2017.

### We promote Banking Correspondents' use

During the second half of the year, we promoted the use of the Affinity debit card through our Banking Correspondents network, and attained 40,000 transactions with an approximate value of COP 9,874 million. This allowed us to reach strategic locations where we don't have branches or teller machines. At the close of December 2016, we had 148 enrollment agreements and 234,911 active cards.

### Colombian National Coffee Growers' Federation Agreement –ID's and Coffee Grower's cards

At the close of December 31, 2016, nearly 383,000 coffee growers had been incorporated into the banking system through the Coffee Grower's Savings Account, which is associated to new ID cards and smart Coffee Grower's cards.

Thanks to the Coffee Grower's IDs and cards, as well as their Visa debit cards, coffee growers now have access to the various transaction channels that the Bank has made available to traditional Bank clients.



The main transactions carried out by coffee growers in the second half of 2016 are outlined below:

		Accumulated Jul-Dec 2015		Accumulated Jul-Dec 2016		Var%
Transaction		Quantity	Amount	Quantity	Amount	
CREDITS	Coffee purchases	7,536	\$10,947,135,463	8,477	\$12,882,201,127	12.5%
	Bank payments/ Deposits	27,993	\$61,484,222,087	31,736	\$71,835,710,958	13.4%
	Transfers	11,047	\$15,442,529,374	13,622	\$20,751,338,543	23.3%
	Other credits	1,678	\$5,640,771,846	2,255	\$5,344,285,144	34.4%
	<b>Total Credits</b>	<b>48,254</b>	<b>\$93,514,658,769</b>	<b>56,090</b>	<b>\$110,813,535,772</b>	<b>16.24%</b>
DEBITS	Withdrawals	172,984	\$87,767,879,603	154,617	\$51,050,896,508	-10.6%
	Dispensation	310	\$183,482,862	114	\$69,457,586	-63.2%
	Purchases	19,148	\$5,883,988,876	21,976	\$6,472,718,893	14.8%
	Collections	8,797	\$1,053,405,163	2,801	\$674,849,336	-68.2%
	Public services	2,525	\$419,721,806	1,862	\$470,689,584	-26.3%
	Transfers	27,104	\$9,337,264,120	22,326	\$7,764,881,542	-17.6%
	Mobile top-ups	3,166	\$12,689,000	1,282	\$5,378,000	-59.5%
	Other debits	629	\$3,113,011,436	1,352	\$4,487,500,529	114.9%
	<b>Total Debits</b>	<b>234,663</b>	<b>\$107,771,442,866</b>	<b>206,330</b>	<b>\$70,996,371,978</b>	<b>-12.07%</b>
Consultations	249,258		184,909			
<b>Total</b>	<b>532,175</b>	<b>\$201,286,101,635</b>	<b>447,329</b>	<b>\$181,809,907,750</b>	<b>-15.9%</b>	

In that period, the number of credit transactions grew by 16.24% year over year.

The main channels used by the coffee growers to conduct their transactions are the following:

		Accumulated Jul-Dec 2015		Accumulated Jul-Dec 2016		Var%
Channel		Quantity	Amount	Quantity	Amount	
	ATMs	319,921	\$51,293,306,856	282,597	\$49,741,791,235	-11.7%
	Banking Correspondent	26,548	\$8,724,928,123	21,447	\$7,031,424,992	-19.2%
	Internet	5,940	\$6,798,397,475	7,334	\$9,734,104,716	23.5%
	Branches	125,473	\$118,233,676,770	83,569	\$95,759,224,396	-33.4%
	Portal / Coffee channel	7,846	\$11,130,618,325	9,172	\$13,065,535,293	16.9%
	POS	42,872	\$4,745,009,183	40,297	\$5,114,722,315	-6.0%
	Servilínea	3,263	\$225,788,200	1,473	\$169,441,000	-54.9%
	Mobile Banking	312	\$134,376,704	1,440	\$1,193,663,803	361.5%
	<b>Total</b>	<b>532,175</b>	<b>\$201,286,101,635</b>	<b>447,329</b>	<b>\$181,809,907,750</b>	<b>-15.9%</b>



SME Client, Grupo Dinámica. Pereira, Risaralda

## SME Banking

According to our commitment, we work continuously with our stakeholders: clients, suppliers and the market to develop tools, services and products that create value for their activities.

Aiming towards this objective, in the second half of 2016, we launched Pymercado, a social network exclusively for business clients through which they can offer their products and contact new suppliers and clients in Colombia and Central America. Today, more than 9,000 companies from 7 countries are

***We launched Pymercado, a social media network exclusively for business clients where they can offer their products and contact new suppliers and clients in Colombia and Central America.***

part of this platform. At year-end, 2,500 Colombian companies had enrolled, which translates into 2,500 opportunities for our clients to reach the next level.

In addition, and in line with our commitment to work on behalf of our clients' needs and recognize their efforts to build sustainable companies yielding a consistent growth, we sponsored the Gacela MisiónPyme award for the tenth consecutive year, which showcased the efforts of Colombian entrepreneurs. This award, which has become a benchmark for our entrepreneurs, recognized 14 regional and 5 national companies between September and October. Regional award events took place in the cities of Bogotá, Medellín, Barranquilla, Cali, Bucaramanga and Pereira.

As a result of listening to our clients and working hand-in-hand with them in the development of products that facilitate their operations and allow them to reach their goals, we launched the Élite Business Credit Card, aimed at small and medium-sized companies that report annual sales in excess of COP 3,000 million. With this product, we gave our clients the Priority Pass E-card membership for online purchases, points for all their purchases, assistance, insurance and partnerships.

Small and medium-sized companies are part of different economic sectors with specific needs for which we have a comprehensive portfolio with alternatives such as: schools (tuition payment collection and financing to improve school facilities), business establishments (collection and acquisition), and manufacture (financing), to name some. The construction sector stands out in the segment, and accordingly, we have developed administration and finance products to facilitate their efforts: we finance housing projects for all socio-economic levels, offering the possibility of providing potential buyers a housing loan to acquire the property.

Furthermore, aware of the importance of the loans granted to small and medium-sized companies SME Banking in the Colombian economy and the potential for growth inherent

therein, we wanted to increase our participation in helping them achieve their objectives. Thus, we seek to ensure that this growth will be profitable, safe and controlled, turning us into one of the main credit partners for their businesses. For that purpose, we adjusted our Credit and Normalization Policy for SME Loans, and provided updates and training for our commercial workforce, thereby achieving a responsible funding of Pymes in Colombia.

The year 2016 was marked by growth and consolidation of our trust company businesses, both in administration and investment, for our Bank's pyme clients. We were able to double the opening of these types of administration products by offering our clients attractive rates for their funds.

SME Client, Industrias Salgari. Pereira, Risaralda





## Microenterprise Banking

In the micro-business segment, we serve the most important economic sectors in the country, such as industry, commerce, agriculture and livestock, and services, to name a few. We offer our clients lines of credit to invest in fixed assets and working capital, savings and a special liability replacement line, with the aim of attaining an organized cash flow, special rate, and a financing term suitable to their needs. In 2016, we expanded the segment for clients with annual sales of up to COP 2,000 million, to be served at our network of branches.

During this time, we increased the number of micro-business owners served by our Bank at the national level, with a client base of 154,418, which represents an increase of 17% compared to 2015.

In addition, we held a live training session and provided assistance with products and service sales for the business team at our branch network at the national level, which helped drive the placement of over 2,000 collection products, providing our clients with comprehensive solutions to manage their cash flow, easy account reconciliation, managing their borrowings, and paying payroll and suppliers.

We also supported our micro-entrepreneurs at important events like the Storekeeper's Fair, the *Yo y mi negocio* (Me and my business) conference, Expo Tunja, and others, with the goal of reaching out to them.



Microfinance Client, Popayán, Cauca.

## Microfinance Banking

In 2009, we created the microfinance unit under the methodology developed with help from the US Agency for International Development (USAID) Agency for International Development), with a specialized model to serve clients in this segment, to generate adequate access to the financial system, and as part of our financial inclusion strategy, covering banking and education activities. During this time, we have provided more than COP 530,000 million in resources distributed across more than 169,000 microcredits for amounts averaging COP 5 million, whereby 9.92% of microentrepreneurs accessed the financial system for the first time.

***We support micro-businesses and their owners by providing resources in excess of COP 530,000 million in more than 169,000 microcredits.***

To date, we have provided more than 95,000 families with micro-finance credit facilities, more than 52% of them headed by women. To cover service to this segment of micro-businesses in municipalities, we have a team of over 350 advisers specialized in micro-finance methods, native of the populations where they serve.

In 2016, we expanded the microfinance segment in major cities for clients with annual sales of up to COP 300 million. This allowed us to serve more clients with our differentiated value offer, specialized advisers and service model.

Similarly, we increased our presence in different municipalities around Colombia. At year's end, we were present in more than 668 municipalities with this methodology, growing in coverage. In the second half of 2016, we added 30 new municipalities, including Onzaga (Santander), Remolino (Magdalena), Togüi (Boyacá), El Tablón de Gómez (Nariño), Maní (Casanare) and Umbita (Boyacá), to name a few.

It is noteworthy to mention that we work consistently to become our clients' number one partner and offer them better service. Through our Operational Processes Management tool, we were able to reduce the response time to register, approve and disburse microfinance operations. This application also allows us to have traceability and control over every transaction.

So far this year, Microfinances attained a portfolio growth of more than 20% above market growth. This way, we continued providing resources to assist our clients with their productive projects and business growth.

During this period, we continued to work in the Rural Micro-credit project with support from the National Government

## Financial Inclusion

through Banca de las Oportunidades, with an offer of savings products and loans with amortizations based on the productive cycle. In 2016, we enrolled 2,800 small producers in the regions of Boyacá, Huila, Cundinamarca, Tolima, Santander, among others, with disbursements of COP 11,000 million, benefiting these families that depend on income from their crops and the sale of breeding animals. With this initiative, the Bank continues to improve its methodologies and assist its specialized advisers, providing on-going support for our clients, with direct contact and help for growing their businesses.

During the second semester, we strengthened the insurance portfolio with a consolidation of 80% of the operations, providing our clients with protection in the event of serious illnesses, and permanent or total disability. In 2016, we benefited more than 20,900 micro-business families with this protection.

Throughout the year we participated in national fairs and events, seeking to promote financial inclusion. Moreover, we strengthened our *EmprendeAhorro* deposit account, developed under the advice of Banca de las Oportunidades, fostering a culture of saving across more than 54,000 microentrepreneurs, which have received exclusive benefits, given that this one-of-a-kind offer.

Continuing with the Financial Inclusion strategy, we succeeded in expanding our coverage in urban and rural areas nationwide by implementing new client involvement strategies and strengthening existing ones.

Through the Financial Inclusion Route called “Un Viaje por el Progreso del País (A Trip for Colombia’s Progress)”, which we launched in Planadas municipality of Tolima, on July 20, we have reached 23 municipalities located in five Colombian departments: Tolima, Huila, Antioquia, Valle del Cauca and Cauca.

This project is underway with the Bank’s mobile branch, which is equipped with our main transaction channels: Internet, Mobile Banking, *Servilínea*, ATM and four points for consultation and sale of Bank portfolio products. This way, we are reaching farmers, micro-businesses, housewives, the self-employed, adolescents and children.

The main goal is to bring the Bank’s complete operation to the country’s rural areas, which still lack the benefits and opportunities afforded by the financial system, thereby contributing to Colombia’s progress.

Some of the activities we carried out during our visits included the following:



- Focused financial education.
- Education and training on Bank channels.
- Offer of savings and credit products, according to the segment:
- Savings account
- Rural microcredit
- Urban microcredit
- Network microcredit
- Commercial Loan Portfolio

The following teams participated in these events by presenting a comprehensive offer of our products and services:

- Microfinance, with specialized commercial strength
- Network advisors in nearby branches
- Acquiring business advisors
- Banking Correspondents advisors

We count on the assistance from USAID and the National Coffee Growers Federation to develop this project. In addition, we work with municipal mayors and governments in the different municipalities.

We will continue to engage in actions that foster access to banking services for the Colombian population.

## Inclusion of Rural areas

With the goal of providing greater coverage and inclusion in rural areas, we continued offering saving and loan products for small

producers, along with our commitment to financial education. In Antioquia, Quindío, Huila, Tolima and Tunja, we have developed and implemented product analysis and approval methodologies focused on ascertaining the agricultural activities in each area.

Our current and potential clients receive direct assistance by our business advisers of the branch network and special micro-finance advisers.

## Attention to National Coffee Growers' Federation members

As part of our alliance with the National Coffee Growers' Federation of Colombia, the priority has been to assist coffee growers by way of our Smart Coffee Grower's card, which serves as both a form of union ID and a means of access to major benefits for business development.

We encourage our coffee grower clients to use the Smart Coffee Grower's Card to make payments at business establishments with the *Qué Bueno es Ganar* (It's Good to Win) campaign. We gave away more than 20 prizes, including Cash Cards, trips, TVs, cell phones and mini-components to the clients with the most transactions.

During the second semester, we provided and activated more than 11,500 Smart Coffee Grower's Cards. At year's end, we had more than 380,000 Smart Coffee Grower's Cards, and over 3,300 products in microcredits, loans, savings and checking accounts, CDs, and credit cards.

Coffee threshing machine. Armenia, Quindio





Fernando Pineda Otálora, SME and Personal Banking Vice-president Banco de Bogotá; Kevin Whitaker, USA Ambassador in Colombia; Leonor Melo de Velasco, Banco Mundo Mujer President.

## DCA Guarantee Launch

In September 2016, we participated in the launch of the Development Credit Authority Guarantee (DCA), along with the Women’s World Banking and the USAID. Through this initiative we seek to promote the expansion of financial services in remote rural municipalities. At the same time, this strengthens

the capacity of banking institutions to provide loans to micro, small and medium-sized entrepreneurs.

With this partnership, we will engage in joint efforts in 233 municipalities around Colombia, where we will provide financial assistance so that more people are able to access to financial services, thereby stimulating regional economic growth around Colombia.

**Through the DCA guarantees, more Colombians in rural areas will have better opportunities for growth and social development.**

## The adventures of ‘Profesor Yarumo’

Through the Colombian Coffee Growers Federation, we participated in the TV show *Las aventuras del profesor Yarumo* (The adventures of Professor Yarumo) in the municipality of Tello, Huila, in which we showed the country the trip we undertook with the Financial Inclusion Route Un Viaje por el Progreso del País (A Trip for Colombia’s Progress). We are using this initiative to reach municipalities not served by traditional banking services.

# Personal Banking

In 2016, Personal Banking was included in initiatives of “proximity, innovation and growth with our clients”, as we listen to them and understand so we can provide differentiating daily experiences, because that is the power of doing things together.

## A value proposition for every stage in life

Our commercial strategy in the personal segment points to the development of business lines that will effectively resolve our clients’ specific needs. In that sense, we seek to consolidate ourselves with differentiated value propositions for each tactical segment, enrolling and keeping our clients from the children and youth segment, and solidifying and making our clients in the personal and experience segments profitable,

thus adjusting to the particular conditions, characteristics and requirements of all our clients, depending on their stage in life.

For our youngest clients in the children segment, we launched the new Bancaventura app at the end of the year. We reach children with this tool, which brings together financial education, fun and discipline in savings to reach their goals. To date, there have been 1,261 downloads of the app, and 5,929 new children have been enrolled, which represents a 4% growth over 2015.

And for the youth segment, we have our Student Credit product, which helps young people to leverage and materialize their life projects. This semester we executed four

Experiences’ Room. Barraquilla, Atlántico





new agreements with major universities, and participated in eight education fairs that contributed with COP 15 billion in disbursements.

In Barranquilla, we launched our first *Sala de Experiencias* (Experience Room), a space in which we aim to get closer to our clients and visitors with special partner offers. In our room you will find anything from a great cup of coffee to a luxurious car with preferential prices and offers, and deals to finance products with better rates. Our partners were recommended by our clients and visitors, considering their needs. Our children, youth and adults enjoy really differential experiences there. Visits to the experience room have been increasing by 100% every month.

Considering that our employees are the ones who deserve the best experience as clients so they can transmit it, in the second half of the year we launched the Preferential Plus Segment, which consists of a differential value offer with benefits for employees and their families in terms of service, prices and privileges. Launched December 2016, this new offer reached over 22,000 employees and their families in just one month.

The Personal Banking portfolio is complete, which has enabled us to consolidate clients in the same bank, and support their needs. This second semester, we increased our deposits by COP 300,000 million, compared to 2015, by means of 180,000 new accounts. Moreover, we got 12,219 clients (7%



Collaborators. Popayán, Cauca

more than in 2015), to reactivate their inactive accounts, by making processes more flexible. We have 7,500 more clients with CDs than in 2015, and we captured COP 380,000 million more.

As part of the Personal Banking portfolio, we offer consumer loan financing, which at the end of 2016 had disbursements totaling COP 2.9 trillion in consumer loans (8.7% up from 2015), which was due to changes in loan policy, sales strategies, improved processes and new products, like lines of credit for high performance motorcycles, which together with the offer of vehicles, increased disbursements by 32% from 2015, and the Crediservice campaigns to increase credit limits and use limits with low utilization levels.

We also launched the *Venta Transparente* (Transparent Sale) campaign, seeking to raise awareness among our employees concerning the importance of providing clients with clear information, positioning ourselves as an efficient alternative, with faster response times for clients, quality service, and product offers that meet their expectations. We trained around 2,600 Managers, Executives, Sales and Service Advisers, Area Managers and Regional Directors. We held the 2016 'Conocer Exam' where 2,800 bank employees tested their knowledge of the Bank's products and services portfolio and strategy.

# Preferential Banking

In the second semester, we continued to consolidate and implement the value offer for our preferential clients, which consists of:

- Offering our clients a Relations Model with specialized advice provided by our Office Managers, Sales and Service Advisers, and Trust Company Managers. With support and advice from the Trust Company Managers, in 2016, we achieved that over 2,000 preferential clients to enroll in the Bank's investment portfolio.
- We extended preferential service to tellers through Preferential Lines located in over 600 offices around the country.
- We continued to offer the Platinum Debit Card to our preferential clients as the key to access preferential service in all the Bank's channels. At year's end, we recorded over 34,000 clients enjoying card benefits. We implemented actions that aim to reduce response times of transactions carried out by our preferential clients, and to be more competitive in the market.

- Special rates in our product portfolio to meet credit needs in the segment.

- We optimized telephone service with our Preferential Line, where our clients can get specialized advice, send formats, redeem credit card points online, request checks sent to their home, and other services. At the end of 2016, we attained a 93% resolution level on first contact for our clients.

- We established over 20 partnerships with exclusive business establishments, based on the lifestyles of our preferential clients.

- We selected over 600 employees as Model Ambassadors to train their work teams on the segment value offer, impacting over 8,000 bank employees.

What our preferential clients live, feel and need is a starting place to design and transform their experiences in every interaction with our Bank; for that reason, these improvements show our interest in providing the best banking service every day.



## Premium Banking

In the second half of 2016, we continued to strengthen our presence at the national level with the opening of the Pereira Premium branch on August, a comfortable, elegant and different space, equipped with meeting rooms and exclusive areas to serve over 300 Premium clients that live in the most populated city of the coffee growing region, and to all the segment clients that visit the city.

We set up our service model in this city with two Commercial Bank Relations Managers and an Investment Manager who are willing to guide our clients in their financial projects, providing on-going support to define, manage and monitor their needs, while our clients enjoy safety and confidentiality in every transaction. In 2016, the Pereira Premium Bank operated for only four months, during which we increased our clients' business portfolio by 22%, surpassing COP 42,000 million between portfolio and deposits.

We heard our clients and commercial labor force to make efforts to improve some processes, service agreements and re-

sponse times for our clients, in coordination with the operations and loan departments. Since November, our commercial loans portfolio has had an exclusive loans team to analyze credit applications for our Premium clients.

It should be noted that during the second half of the year, we issued loans totaling more than COP 190,000 million, which helped the portfolio rise past COP 1 trillion, with a 7% growth over the first quarter. With our Investment Managers providing our Premium clients the integrated value offer of Casa de Bolsa and Fiduciaria Bogotá, we managed to close the year managing an investment portfolio for over 1,200 Premium clients in the country, with a 18% growth in mutual funds volume.

Similarly, we increased the number of clients who trust their savings and investments with us by 35%, with a 60% growth in CDs compared to June 2016, which represents a growth of COP 77,000 million.

Premium Branch - Medellín , Antioquia





# Products and Services



## Debit Card

In order to continue strengthening the Platinum and Infinite Debit Cards, during the second half of 2016 the Bank maintained the offer to clients in these segments through centralized campaigns and by issuing cards at the branch network. We closed the year with 33,645 active Platinum and Infinite cards.

In November, we launched a mass Debit Card Internet purchase campaign, being the only Bank in Colombia to offer this service. We obtained a 74% increase in virtual sales during second semester 2016 over the same period in 2015.

By the second half of 2016, we had 2,255,745 valid Debit Cards. A total of COP 65,147 million in income was generated from net commissions, which, as one of the Bank's main income sources, contributes significantly towards business profitability.

## Prepaid Cards

We closed the second half-year with 225,307 active Prepaid Cards, up 16% compared to the same period in the previous year. Likewise, we attained invoicing of COP 27,034 million between July and December.

## Relational Marketing

### Happy Shopping

A total of 56,834 downloads have occurred since the launch of our Compras Felices (Happy Shopping) app, with over 9,000 new users in the last semester, evidencing that our clients have accepted this solution.

To promote the use of cards at business establishments, knowledge of partnerships in the Compras Felices program and of Bank channels, and the commercial product offer, in August we con-

ducted the *Occidente es Nuestra* (The Western Region is Ours) event, in which we were present at the top shopping centers in western Colombia, in the cities of Cali, Popayán and Pasto.

Additionally, in December we held for the second time the *Bogotá es Nuestra* (Bogotá is Ours) event, with presence in the five busiest shopping centers in Bogotá: Titán Plaza, Santafé, Unicentro, Gran Estación and Centro Mayor.

Through this activity we were able to reach out to more than 1,500 potential clients while promoting usage of the Bank's channels among the existing ones, with the objective of increasing their transactions and invoicing using credit and debit cards.

In the second half of the year, we launched a contest for debit cardholders called *Qué Bueno es Ganar* (It's Good to Win)".

This campaign first took place in 2015, and then in 2016, to recognize clients that use debit cards the most in purchases. This campaign helped us increase our invoicing by 13% between November and December 2016 compared with the previous year.

The increasingly growing program and the strategies for increasing debit card invoicing are reflected in the income statement recorded at the close of December 2016, in which year-to-date commissions from invoicing involving retail establishments accounted for more than COP 32,252 million, a 15.4% increase from 2015.

Moreover, client billing increased by 14.6% and the number of transactions carried out rose by 13.7% compared to the year-to-date total for December 2015.



# Credit Cards

## We digitized our services

We work to offer our clients different options to facilitate their day-to-day, and to enable us to be closer to them and their needs. For this reason, we launched Credit Card advances in the Mobile Banking app, so clients can transfer money to a Bank checking or savings account quickly and safely.

In addition, with *Proteger Compras* (Purchase Protection), we offer our clients greater security and autonomy in their Internet purchases and trips abroad.

## Memorable experiences to premium clients

We stand out by providing unique experiences for our Premium clients, taking them to tennis and golf tournaments where they can enjoy the exclusive privilege of playing with top athletes and having luxurious spaces for their comfort.

## Fulfilling our clients dreams

With the Buy, Win and Travel campaign, we offer our clients the possibility of fulfilling their dreams of traveling, and all they have to do is use their Banco de Bogotá Credit Card. Thanks to this

initiative, our clients had the chance to travel and attend unique cultural events like Cirque du Soleil.

In addition, we promoted our card's invoicing by offering our clients different alternatives intended to turn traveling into a reality, and we reached an increase of over 30% thanks to our campaign of accumulating double or triple kilometers and the *Comprar es Viajar* (Buying is Traveling) campaign designed for LAN clients.

## Strengthening alliances

We attained a better position in our technology and travel partnerships reaching over COP 100 billion in 2016. We also improved the offer for our clients by increasing the categories of our benefits program.

## A Most Agile Bank

With the success of the approval pilot program in field conducted in five Movistar experience centers, we offered a pleasant experience to the clients, focused on timely service, practicality and diligence. In addition, we achieved excellent results for the partner as well as for the Bank in terms of cards sold, acquisition costs and value offer for the clients.





Constructor Credit Client. Bogotá, Cundinamarca

## Housing Banking

### Individual credit (Mortgage Loans and Housing Leases)

At Banco de Bogotá, we know that one of the most important achievements in the lives of Colombian families is home ownership; therefore, we support the attainment of this objective through our product portfolio for mortgage loans.

This is how during the second half of 2016, we offered mortgage loans amounting to over COP 300,000 million, helping more than 4,133 families reach their dreams of owning their own house. In turn, under the Residential Lease line we granted over COP 48,000 million to 212 homes that benefited from this financing modality.

Our specialized service model is supported in 6 Specialized Housing Centers located in Bogotá (2), Cali (1), Medellín (1), Bucaramanga (1) and Barranquilla (1) and 17 Housing Corners in intermediate cities, added to our wide branch network in the country. This allows us to provide assistance to our clients from beginning to end of the process.

As an integral part of the strategy, we took part in Housing Fairs held by the real estate sector, where we reached future home owners. Indeed, in the second half of the year we took part in 8 fairs in the same number of cities, reaching a base of more than 1,400 clients accounting for more than COP 230,000 million in potential financing.

The Colombian government has maintained its policy of stimulating the construction sector, thanks to the positive impact it has had on the economy. Under this perspective, we have been actively supporting the National Government's

*Mi Casa Ya* (My House Now) housing assistance program, and provided over COP 88,000 million for financing over 2,200 housing units, represented thus:

Program	Nro.	Amount
VIPA	1,348	\$ 31,049
VIP (FRECH II)	52	\$ 1,344
VIS (FRECH II)	427	\$ 20,993
NO VIS	373	\$ 35,151
<b>TOTAL</b>	<b>2,200</b>	<b>\$ 88,537</b>

It is important to point out that thanks to the success of the Government's housing initiatives, the programs related to the benefits of the FRECH coverage rate were expanded, thereby allowing more Colombian families become home owners. This benefit is provided to new house buyers who meet the conditions specified for each program, and it is given for up to seven years, for both VIS (Affordable Housing) and non-VIS (non-subsidized housing), and the Bank extends it for up to eight years more.

All of the above reflects a growth of 25.01% in portfolio balances, going from COP 1,887,047 million to COP 2,358,960 million, achieving a 4.29% share at the financial system.

**We work to support the goals of Colombian citizens, fulfilling their dreams of owning a home.**

Furthermore, and with the goal of providing integral assistance to our clients, we offer the Bank's products portfolio through the simultaneous approval of mortgage loan or housing lease, by way of products such as Crediservice, credit cards and overdraft limits, thereby promoting loyalty and a long-term commercial relationship. With regard to the AFC accounts (Savings to Promote Construction), the number of savers who obtain the tax benefits offered by this type of account is growing.

## Constructor credit line

We believe in companies that contribute to the growth and development of Colombia, and we support their construction projects. This is how, under the Constructor line of credit, in the second half of 2016 we approved 160 loans for our clients worth more than COP 720,000 million, to construct 9,884 residential units.

Between July and December 2016, we provided resources in excess of COP 320,000 million, which allowed us to continue gaining market share compared to the same period in 2015, going from 6.07% to 6.19%.

In accordance with this dynamic, our construction loan portfolio balance closed at over COP 700,000 million as of De-

cember 31, 2016, thereby increasing our market share of the financial system.

	31st December 2015 Balance	31st December 2016 Balance
<b>Banco de Bogotá</b>	\$ 627.8 MM	\$ 702.6 MM
<b>Total System</b>	\$ 8,410.2 MM	\$ 9,124.1 MM
<b>Market Share</b>	7.47%	7.70%

Source: Asobancaria. Housing Banking Direction's Calculations (Figures in billions of COP)

In supporting the National Government's programs, during the second half of 2016 we approved 22 construction loans for a value over COP 165,000 million, to build 4,845 residential units of the non-VIS type, with home prices ranging between 135 and 335 minimum monthly legal salaries (SMMLV, for the Spanish original) for buyers granted with the benefits of the FRECH rate.

Similarly, we approved 16 loans for over COP 135,000 million to build 2,234 VIS-type residential units, thereby enabling more Colombians to access this rate benefit.

In this period we approved a total of 38 construction loans totaling over COP 300,000 million to build 7,079 units.

Housing Branch Collaborators – Bogotá, D.C.





Insurance Banking Team - Headquarters

## Insurance Banking

During the second half of 2016, the Insurance Banking program continued to consolidate a wide, differential portfolio. In this period we complemented our Vehicle Insurance offer with a different alternative for our clients in specific segments with different insurance needs.

We got involved with the client's satisfaction and life stage. For that, we undertook important efforts aimed at the insurance retention line. At the close of 2016, we managed that 41% of the clients who requested the cancellation of their insurance policies to continue their relationship with the Bank. We conducted a modification of the current process and reinforced all the benefits, characteristics and backing for the portfolio.

Regarding insurance sells, transparency is a priority as we address the national regulation set forth in Public Notice 049 of the Financial Superintendence of Colombia. We reinforced training in products for our entire commercial team, we changed policy forms to be easier and clearer to the client, we reshaped the process of handling claims, and we implemented changes in the service lines that enable us to offer more efficient service to our insured clients.

Finally, out of recognition of their commercial results, we held the sixth edition of the insurance Banking Convention, which awards those employees who, given their management and commitment to protecting and backing their clients' assets, finances and lives, are able to sell the most policies.



## Interbank businesses

In the second half of the year, we bolstered our Bank's hedging and structure across all commercial channels to increase the creation of new payroll loan, payroll and factoring agreements with the aim of increasing our market share.

### Payroll

In order to improve our service and deliver solutions to companies' employees, we launched the Comprehensive Offer for Employees strategy, which seeks to improve results obtained and empower relations with our Pyme clients, companies and Public Sector Banking. With this strategy, our clients' employees receive comprehensive benefits from the moment they enroll, because we complemented the value offer and empowered hedging and the commercial structure. This way, we aim to create new agreements and continue enrolling individual clients in large numbers.

During the semester, we continued to work on bringing new clients and increasing the active account base, generating over 25 thousand new accounts on average every month.

In addition, as part of our commitment to financial education, through the conference *Las 7 Claves para Manejar el Dinero Inteligentemente* (The Seven Key Elements to Managing Money Smartly) we held more than 47 training sessions at companies in Bogotá and its surrounding areas, Bucaramanga, Medellín, and the coffee-growing region, impacting more than 3,023 clients.

### Factoring

During the second half of the year, we continued to consolidate our Factoring line of credit; we created over 15 agreements, 167 new credit limits totaling COP 26,875 million, and a 4% growth in the number of operations over the same period in 2015, completing over 3,400 disbursements of over COP 80,000 million.

This way, even more clients operate with our technology platform intended to provide them a quick, efficient invoicing process. Moreover, we have contributed to the growth of our clients by improving their liquidity and strengthening commercial relations with their suppliers.

# Payroll Loans

## Private Payroll Loans

During the last six months of the year, we benefited more than 20 thousand people, granting funds in excess of COP 335 billion to fund free investment projects with preferential rates and payroll discount. In addition, we signed more than 434 new payroll loan agreements with large, medium-sized and small companies, which allowed us to increase our presence and penetration in Colombia's business sector.

We also furthered our Banco de Bogotá Payroll Loans agreement, an exclusive product for our employees featuring special rates and benefits, attaining a portfolio of more than COP 40 billion in the first year and a half.



## Public Sector Payroll Loans

We continued to focus our efforts on improving client experience by optimizing operational processes and strengthening personalized attention, and thanks to that we achieved that the 41% of disbursements made over the semester were awarded to new clients.

During this period, we disbursed COP 608 billion, benefiting over 22 thousand people who got access to credits to achieve their projects with the advantage of payroll deductions. This result allowed us to consolidate as one of the top four financial institutions that offer this loan modality in Colombia.

## New Medical Board Advances Financial Product

We maintain our commitment to our clients and listen to their needs to create tailor-made solutions. Aligned with

this commitment, on August 1, 2016, we launched the Medical Board Advances products, which have assisted 183 national military heroes by anticipating up to 40% of the value of the compensation required for medical problems derived from their activity. Through this product, by the end of December, we had disbursed COP 1,873 million.

## Armed Forces Payroll Account

We continued to consolidate our business relations with the Military and Police Forces through the payroll account with personalized debit card. By means of this product, we enrolled 3,051 members of the military and police forces in the second half of 2016, thereby facilitating access to all the electronic channels and obtaining deposits amounting to COP 31,277 million at year-end.

Payroll Loan Branch. Villavicencio, Meta





## Pension Segment Penetration Strategies

In the second half of 2016, we continued to strengthen our relationship with Pensioners through agreements with Colpensiones, Fiduprevisora and the National Police Retirement Fund.

Thanks to our agreement with Colpensiones, we are present in 19 payment centers nationwide, offering a range of activities for the wellbeing and convenience of pensioners and thereby strengthening relations with them through better service.

Similarly, we helped the National Police Retirement Fund with its wellness program for all its members in over ten Colombian cities.

As a result of these initiatives, we got Colombian pensioners and retirees to see the Bank as their partner in achieving their projects, using the payroll loan alternative. With this segment we reached a portfolio balance of COP 370 billion, with a 16% share of the total portfolio.

At the end of December 2016, the Payroll loan portfolio amounted to COP 2,371 billion, serving a total of 108,877 clients.

## Financial Education Sessions

As part of our commitment to our clients' financial education, and with the support of the Corporate Social Responsibility Office, we held 15 conferences for the Colombian Armed Forces attended by 1,759 members in 9 municipalities, thus helping more Colombians to learn how to effectively manage their money.

Municipality	No. Attendants
Tolemaida	177
Puerto Carreño	224
Pereira	95
Medellín	305
Santa Rosa de Viterbo	114
San José del Guaviare	590
Cali	184
Villavicencio	70
<b>Total Attendants</b>	<b>1,759</b>



Agreement Vehicles Unit and Marcali dealership.

## Vehicles Unit

In the second half of the year, we continued working to improve response times for our clients, switching from an average of 2 business days to no more than 6 hours currently, which allows us to be considered in the market as one of the most efficient financial institutions in the sector. During this time, we participated in the 15th International Car Show, which was held from November 9 - 20 at Corferias.

At the event, our Bank was able to solidify business relations with brands such as Kia, Dodge, Suzuki, Subaru, Foton and Mercedes Benz. Thanks to these partnerships, we increased our market share, achieving a 6% by year end in private cars and 11.75% in work vehicles.

Type of service's share / month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total 2016
Private vehicles	4,73%	4,95%	4,81%	4,47%	3,99%	4,28%	4,16%	4,65%	4,91%	4,89%	5,16%	6,00%	4,64%
Work vehicles	9,94%	10,10%	10,28%	8,54%	9,98%	8,45%	10,00%	8,60%	10,54%	9,27%	14,34%	11,75%	9,92%

***We continued to improve response times for our clients, going from two business days on average to no more than six hours right now.***



As of December 31, the Specialized Vehicles Unit reported a portfolio balance of COP 917 billion and 34,765 clients served.

At the close of the year, our share in the financing of new vehicles was 5.32% of all units financed. (Source: RUNT).

## Commercial Partnerships

We continued strengthening commercial relations with 210 partner dealerships, whereby we disbursed a total of COP 251 billion across 5,484 operations during the first half year.

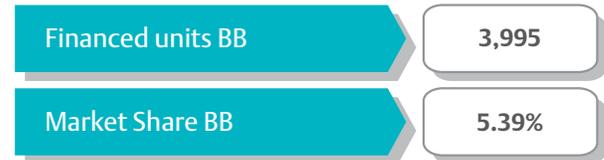
### Market share in new financed units

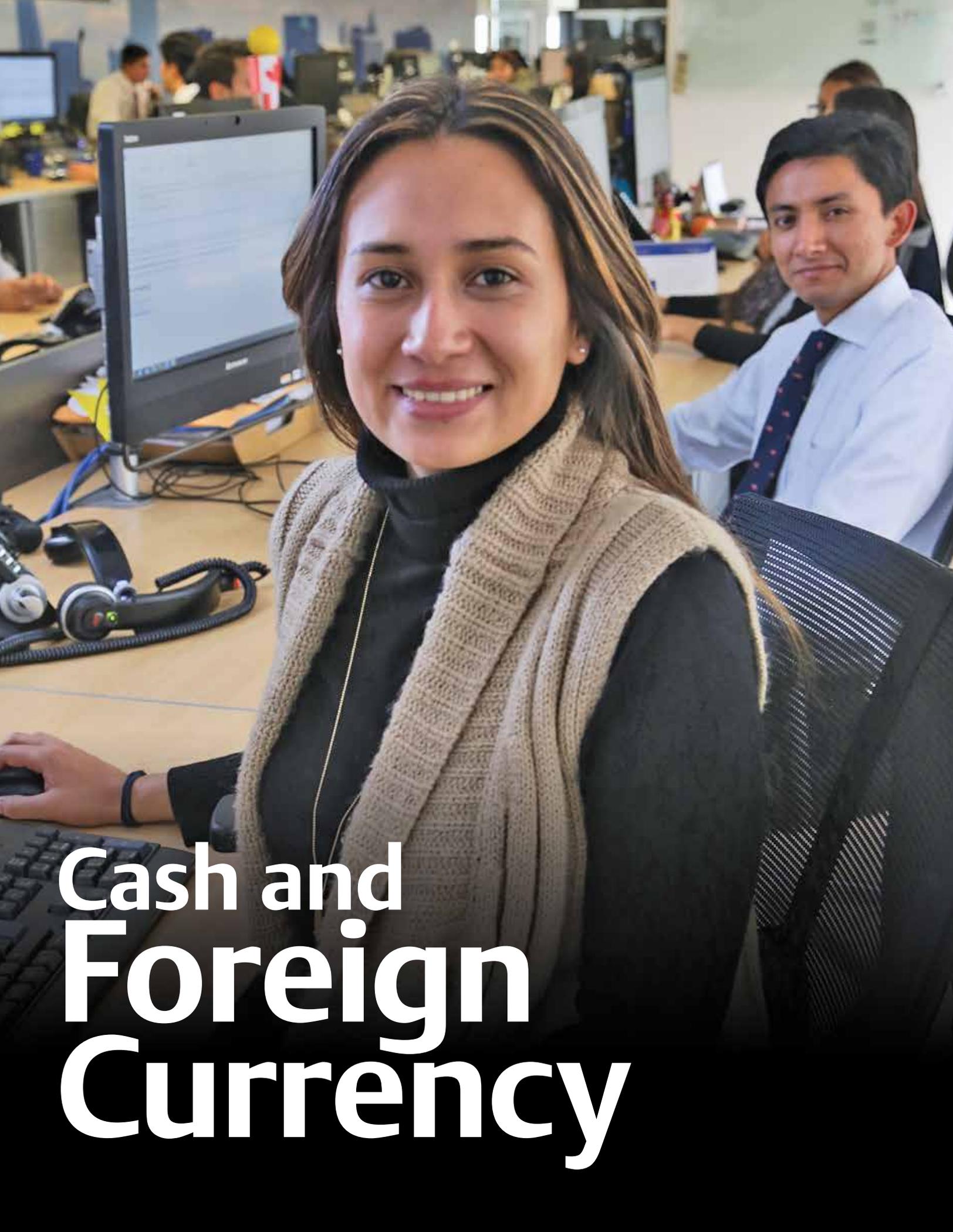


### Market share in used financed units



At the close of 2016, our share in the financing of used vehicles was 5.39% of all units financed.





# Cash and Foreign Currency

## Fixed-income investment portfolio

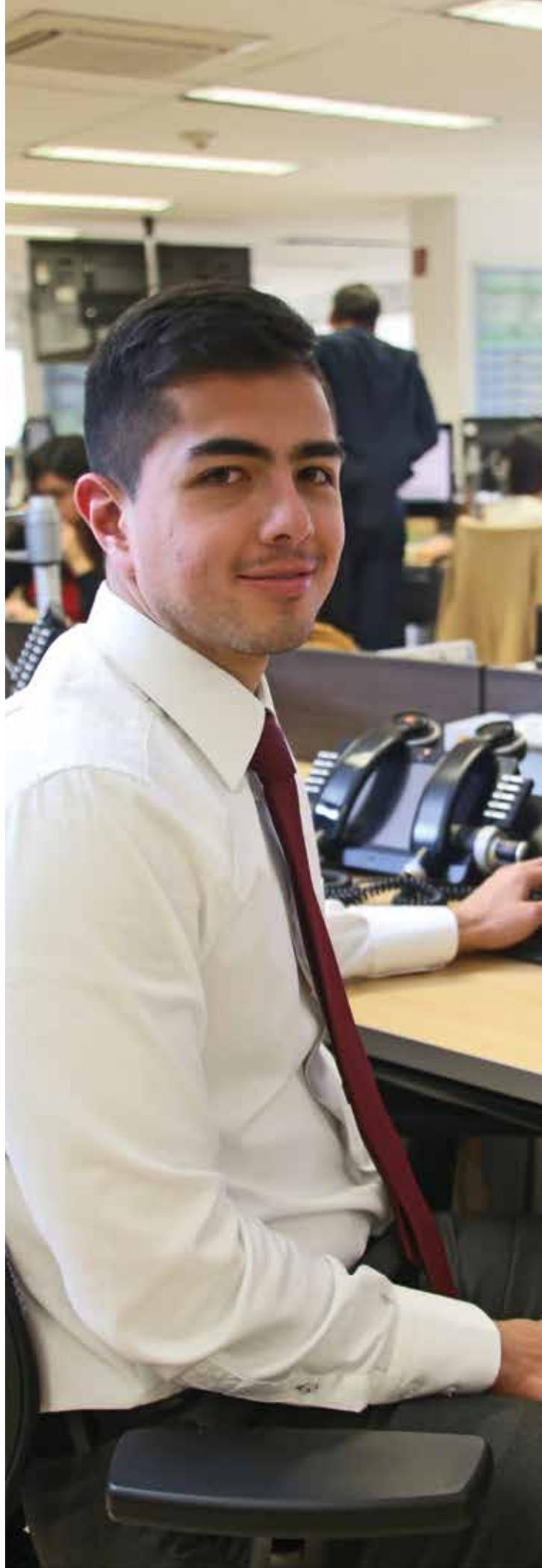
Our fixed-income investments portfolio aims to support the balance structure and liquidity strategy, as well as contribute to the diversification in sources of profitability. At the close of the second half of 2016, Fixed Income investments rose to COP 4.55 trillion, 3.2% below the first half of the year. Colombian operations accounted for 93%, and the remaining 7% corresponded to the portfolios of the agencies in the United States and the Panama branch. In terms of issuers, 60% of the portfolio corresponded to public debt securities, most of which are treasury securities (TES, for the Spanish original).

The fixed-rate TES for 2024, the main benchmark for the local market, went from 7.30% at the end of June to 6.87% at the close of December, showing an appreciation for the second semester in a row. This good performance in local fixed-income can be attributed to various factors, including higher oil prices driven by the agreement made by the Organization of Petroleum Exporting Countries (OPEC), to cut back production of this raw material. The WTI reference went from USD 48 per barrel to USD 54 per barrel from June to December.

In addition, the local fixed income benefited from a drop in the inflation rate, which after reaching a peak of 8.97% in July, adjusted itself to 5.75% at the end of 2016, after the effects of the El Niño weather phenomenon on food yielded, and with the tradable goods devaluation. As inflation and its expected performance partially drew near to the Central Bank of Colombia's goal range of 2% - 4%, the expectation of cuts in the exchange rate also increased, the first of which materialized by December.

The favorable trend in securities prices generated by this context allowed us to liquidate position in the Available for Sale portfolio. In the second half of the year, the TES portfolio's term reduced lightly as a result of net sales in the long part of the curve.

With regard to our operations in foreign markets, the semester was marked by two important milestones: i) the US presidential elections in November, and ii) a 25 bp increase in the Federal Reserve's rate of 0.75% in December. In this context, 10-year US Treasury bills recorded a significant upward correction, from 1.47% in June to 2.44% in December (+97 bp).



Regarding loan spreads, they reported a moderate compression in the principal Latin American economies (including Colombia), which partly amortized the larger Treasury rates. For example, the EMBI+ index for Colombia dropped for the second semester in a row, going from 261 points in June to 227 points at the end of 2016.

In this context, the fixed-income portfolio in foreign currency reported a positive trend in comparison to the main emerging fixed income indices in dollars, given our concentration in short to medium terms for corporate and sovereign bonds, with a high share of investment grade issuers.

## Operations in the Foreign Exchange Market and Derivatives

Added to the volatility experienced by currencies in first-world countries after Brexit and Donald Trump's election as president of the US, was the impact of the peace referendum results in Colombia, which had a significant impact on the lo-

cal dynamic of trading foreign currencies and derivatives. Net total income for these deals was close to the annual budget goal, and we were able to hold on to a market quota of over 17% altogether.

Despite lower trading volumes in a large part of the business lines, we were able to provide effective assistance to our clients, both domestic and foreign. The most outstanding growth was reported in trading options, where we hold approximately 19% of the market share. In turn, statistics indicate that we held on to an outstanding position in forwards trading as foreign agents.

As regards local clients, income generation concentrated in spot operations (44%), G7 currencies (25%), and forward contracts (21%). Through the approval of the tax reform, progress in peace negotiations and stabilization in the price of crude, the outlook for the Colombian economy has improved, and we are optimistic about the demand for hedging products involving derivatives on the part of our clients.





## Treasury Operations

During the second half of the year, we had constant interaction with the money market, participating in the Reference Banking Rate's (IBR, for the Spanish original) Training Scheme and liquidity operations which are part of the Public Debt Market Makers Scheme.

Similarly, we continued to support the development of the IBR indicator, promoting its knowledge and use concerning bank assets and liabilities, both inside the organization and with our clients.

As for the liability structure, the active participation in the CDs market managed by the Treasury is still noteworthy. These CDs were offered to our institutional and public sector clients in 2016 within terms that oscillated between 90 days and 3 years. In view of a potential downward cycle in domestic interest rates, there is evidence of increased appetite for fixed-rate securities in the medium term and for deposits indexed to the CPI, IBR and FTD in the short term.

## Financing in Foreign Currency

Our funding alongside Foreign Correspondent Banks has continued to grow stronger, allowing us to support working capital and foreign trade portfolio operations with competitive rates. In the second half of the year, we continued with funding operations in dollars to place loans in pesos, taking advantage of opportunities in terms of hedging and permanent access to international funding sources.

In November, we successfully reissued our Subordinate Bonds expiring May 12, 2026, with significant demand which allowed us to place a nominal amount of USD 500 million primed in price and at a face rate of 6.25%. This placement became part of the hedging strategy for our investment in BAC Credomatic.

## Agencies and Branch Office Abroad

At year-end, our agencies in Miami and New York, and the Panama branch held almost 1,600 active clients thanks to our



competitive services and high operational and safety standards. As of December 2016, we had a balance of USD 2,556 million in assets, showing an increase of USD 479 million over the end of the first half of the year.

As mentioned above, despite local volatility and first-world currency volatility, which impacted company decisions and the institutional sector, which were mainly served by these channels, profits were generated, exceeding the forecast annual budget.

Funding in foreign currency through the International Sales department held lightly above USD 400 million, mainly in the New York agency. In any case, following the approval of the tax reform, the risk of a cut in sovereign rating reduces considerably, which should favor the deposits of Colombian financial institutions abroad.

## **We now rank as the Colombian Bank with the largest international presence**

Our agencies and subsidiaries include a major portfolio of Colombian companies that administer their accounts abroad through our dynamic transaction portal, which effectively reduces administrative costs and the risks associated with foreign exchange penalties. Through our mobile banking, our clients can make instant payments to their suppliers, thereby bolstering their competitiveness in the international arena. At the end of 2016, we finished the migration of all our clients to the new International Portal, where they can conduct their operations online from anywhere.

Regarding product innovations, nowadays, the product portfolio of our Miami agency offers client communication through the Swift platform. This tool allows the secure sending of pay-

ment instructions regarding accounts in dollars, as well as receiving statements on transactions performed in such accounts.

***We continue innovating:  
Today, the Swift service can  
be used to send payment  
instructions and receive  
bank statements.***

With the amendments for the foreign exchange system issued by the Central Bank of Colombia, we updated our system for those clients who use the direct online transfer service at the local transactions portal without the need for physical documents, so that sending and generating information becomes a much quicker process. Similarly, our clients can find the application forms on foreign trade operations with their attachments without requiring a signature.

In 2016, our hotlines and chat channels remained as an excellent option to help our clients resolve their concerns immediately: our International Advisory Center handled 59,000 calls and addressed 1,500 chat requests.

Training continues to be a key strategy for the International and Treasury Division, which includes regularly calls to clients and employees to provide them with updates on exchange regulations, international payment methods, the economic trend, financial markets and the efficient management of product portfolios.

In 2016, as part of our commitment to provide our clients with optimum service experiences, we trained employees from more than 1,500 companies, and strengthen the knowledge and skills of 190 of our own employees nationwide. We also held the first Foreign Trade Certificate program for 30 clients of our international portfolio, which was very well received, not only for the quality of the trainers, but for the academic excellence of the participants.

Our team made up by 50 foreign trade specialists who assist their clients in transferring and depositing foreign currency, trade and investment operations, debt or services, are very well recognized both at home and abroad. Their efforts, added to a complete portfolio of product, services and attention channels, helped us to be recognized as the Best Foreign Trade Bank in Colombia 2016 by “Global Finance”, a recognition that provides security for our clients on issues of exchange regulations and handling their trade partners abroad.





# Service Channels

# Physical Channels

## Our presence in Colombia

By December 2016, we were operating at least one channel in 795 municipalities around the country, a figure that represents a national coverage of 72%. At the end of the semester, our clients and users had access to 9,856 points of service across the country.



Region	Colombia		
	Dec -15	Dec -16	Var
Branches	711	710	-1
ATMs	1,747	1,758	11
Banking Correspondents	7,866	7,337	-529
Payment and Collection Centers	51	51	-
<b>Total Service Channels</b>	<b>10,375</b>	<b>9,856</b>	<b>-519</b>

Region	Antioquia		
	Dec -15	Dec -16	Var
Branches	124	125	1
ATMs	307	303	-4
Banking Correspondents	720	589	-131
Payment and Collection Centers	9	9	-
<b>Total Service Channels</b>	<b>1,160</b>	<b>1,026</b>	<b>-134</b>

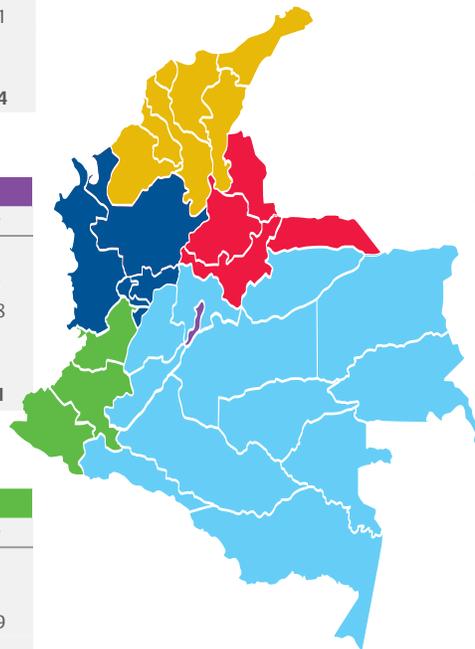
Region (San Andrés Included)	Coast		
	Dec -15	Dec -16	Var
Branches	90	91	1
ATMs	259	270	11
Banking Correspondents	491	560	69
Payment and Collection Centers	5	5	-
<b>Total Service Channels</b>	<b>845</b>	<b>926</b>	<b>81</b>

Region	Bogotá		
	Dec -15	Dec -16	Var
Branches	201	198	-3
ATMs	501	491	-10
Banking Correspondents	3,931	3,253	-678
Payment and Collection Centers	20	20	-
<b>Total Service Channels</b>	<b>4,653</b>	<b>3,962</b>	<b>-691</b>

Region	Eastern		
	Dec -15	Dec -16	Var
Branches	68	77	9
ATMs	193	208	15
Banking Correspondents	720	904	184
Payment and Collection Centers	5	5	-
<b>Total Service Channels</b>	<b>986</b>	<b>1,194</b>	<b>208</b>

Region	Western		
	Dec -15	Dec -16	Var
Branches	99	100	1
ATMs	238	238	-
Banking Correspondents	856	747	-109
Payment and Collection Centers	8	8	-
<b>Total Service Channels</b>	<b>1,201</b>	<b>1,093</b>	<b>-108</b>

Region	Central		
	Dec -15	Dec -16	Var
Branches	129	119	-10
ATMs	249	248	-1
Banking Correspondents	1,148	1,284	136
Payment and Collection Centers	4	4	-
<b>Total Service Channels</b>	<b>1,530</b>	<b>1,655</b>	<b>125</b>



\* Branches include: Corporate and SME Service Centers, Businessman Advice Branches, Centers Specializing in Housing, Branch Extensions, Premium Branches, Basic Branches, Customers Only Branches, Payroll Loan Service Centers and Experiences' Room.

## Branches

During this period, we continued with the strategy of optimizing coverage according to the needs of our different segment clients. The opening of our Pereira Premium Branch is a reflection of that.



Premium Branch. Pereira, Risaralda



In turn, we advanced in strengthening our brand by renovating and modernizing our branches. By December 2016, more than 40% of the branch network had a new image, much closer and nicer for clients and users. This translated into 265 branches, 6 collection and payment offices, 2 branch extensions, 4 teller extensions, and 1 specialized housing center.





## ATMs

We offer our clients the service and coverage provided by our network of ATH ATMs, which was comprised of 3,810 operating units at the close of December. The Bank's ATMs account for 46% of the machines, and process 52% of all network transactions.

At the close of the half year, over 48 million transactions had been carried out across 1,758 of our Bank's ATMs. It is notable that during this period we relocated 52 units to busier areas, including tourist sites, shopping malls, health centers, and so on.

In this same period, as a result of this strategic location and relocation, we achieved a 19% increase in the volume of commissions compared with the second half of 2015.



December 2015

**1,747**

June 2016

**1,753**

December 2016

**1,758**

## Self-service Zones

In the second half of 2016, our Bank opened 34 Self-Service Zones in major commercial centers throughout the country, resulting in a total of 88 Self-Service Zones in operation located in: Bogotá, Barranquilla, Bucaramanga, Barrancabermeja, Cali, Cúcuta, Duitama, Neiva, Pasto, Santa Marta, Tunja, Valledupar, Yopal and Yumbo.

Through this channel, our clients can make transactions such as cash deposits to checking and savings accounts, payments of credit card balances and obligations in cash or charged to their

account; they can also consult and print balances and transactions, bank references, tax certificates and credit cards, loans, savings and checking accounts statements and registration of services and accounts, as well as modifications of credit limits and amounts corresponding to our Bank. It should be noted that this channel is exclusively for bank products.

## Banking Correspondents

At the close of December 2016, we had 7,337 banking correspondent points distributed nationwide, located in supermarkets, stores, drugstores, and other retail establishments.



Banking Correspondent – Chía, Cundinamarca

At present, we are operating in 778 municipalities, allowing clients and users to carry out financial transactions within extended opening hours and closer to their homes or workplaces.

Banking correspondents stand as the outstanding channel for supporting the strategies of the Public, Microfinance and Microenterprise sectors, contributing substantially to the financial inclusion of Colombians.

Over the last year, the number of transactions over this channel grew by 37%, with more than 7 million completed.

## Evolution of Banking Correspondent’s Transactions



Supermarkets, shops,  
drugstores and others.

II Half 2015	II Half 2016	Variation
5,239,687	7,175,376	37%

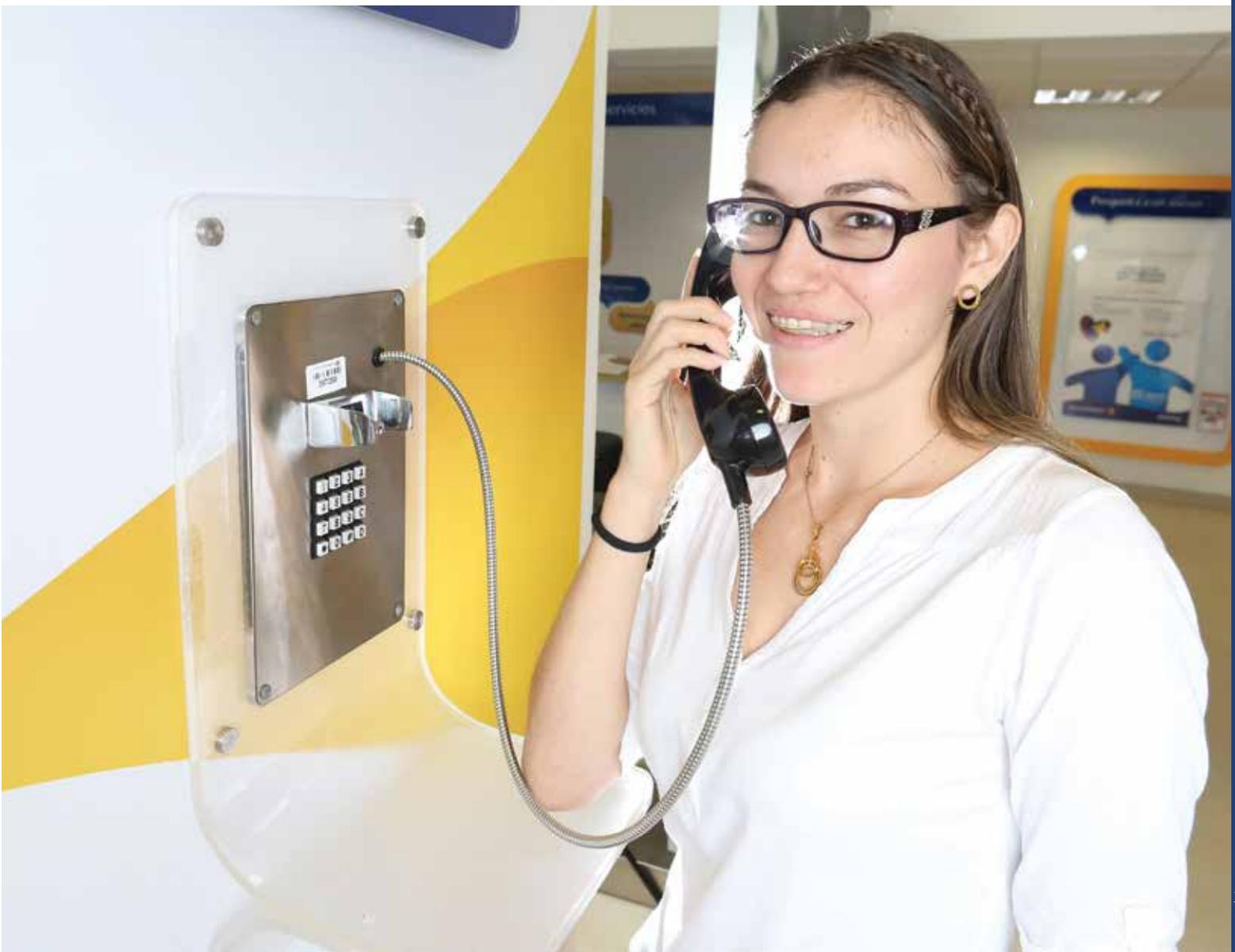
## Servilínea and Call Center

At Servilínea we work so our clients receive a differential service experience. Anywhere and anytime, safely and quickly, they can consult, pay, transfer or block products, counting on personalized and specialized attention to solve their concerns, without the need for going to a branch, encouraging and strengthening the self-management.

Furthermore, we continued conducting our business by telephone to offer consumer loans, with a share of sales via this channel at 18% for credit cards, and 5% for consumer credits, payroll advances and mortgage loans, promoting and placing more than 22,000 products during the second half of 2016. Such efforts and achievements allowed us to obtain 1.9 million transactions, 4.8 million phone calls from our clients, and 43,000 new consumer products by the end of the year.

Moreover, we retained 68% of our clients with savings accounts and credit cards reminding them of the benefits of using their products and cards and of the advantages of being our clients.

**1.9 million transactions, 4.8 million phone calls from our clients, and 43 thousand new consumer products placed in 2016.**

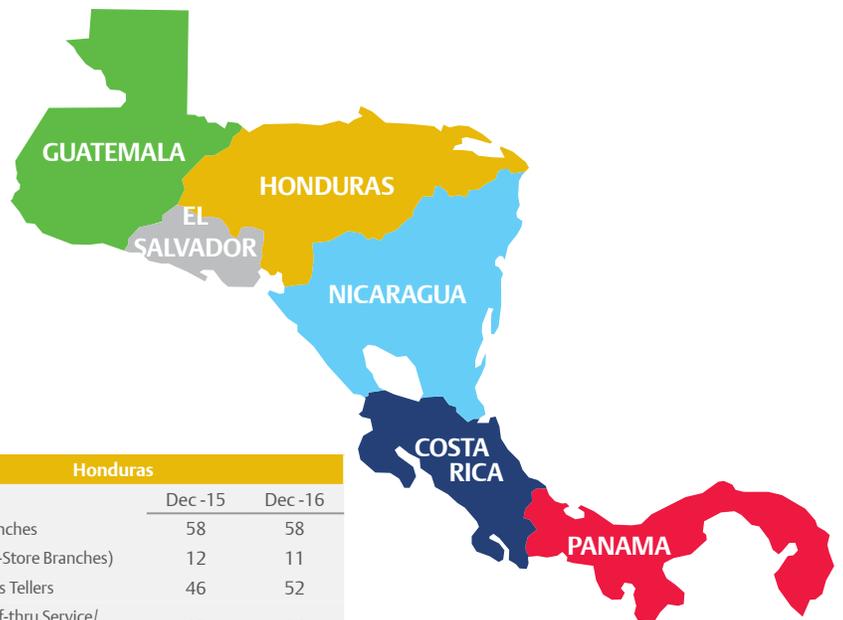


## Our presence in Central America

In 2016, we increased the number of service channels by 115, attaining a total of 2,598 points available throughout Central America which address the needs of our 3 million clients and stakeholders quickly and safely.



Guatemala		
	Dec -15	Dec -16
Full-service Branches	141	134
Rapi Bancos (In-Store Branches)	4	3
On-site Business Tellers	27	24
Branch with Self-thru Service/ Drive thru	2	2
ATMs	245	257
<b>Total</b>	<b>419</b>	<b>420</b>



El Salvador		
	Dec -15	Dec -16
Full-service Branches	38	40
Rapi Bancos (In-Store Branches)	6	4
On-site Business Tellers	38	36
Branch with Self-thru Service/ Drive thru	1	1
ATMs	285	288
<b>Total</b>	<b>368</b>	<b>369</b>

Honduras		
	Dec -15	Dec -16
Full-service Branches	58	58
Rapi Bancos (In-Store Branches)	12	11
On-site Business Tellers	46	52
Branch with Self-thru Service/ Drive thru	15	14
ATMs	374	404
<b>Total</b>	<b>505</b>	<b>539</b>

Nicaragua		
	Dec -15	Dec -16
Full-service Branches	39	39
Rapi Bancos (In-Store Branches)	-	-
On-site Business Tellers	86	86
Branch with Self-thru Service/ Drive thru	2	2
ATMs	234	261
<b>Total</b>	<b>361</b>	<b>388</b>

Costa Rica		
	Dec -15	Dec -16
Full-service Branches	38	43
Rapi Bancos (In-Store Branches)	12	11
On-site Business Tellers	43	49
Branch with Self-thru Service/ Drive thru	7	7
ATMs	445	490
<b>Total</b>	<b>545</b>	<b>600</b>

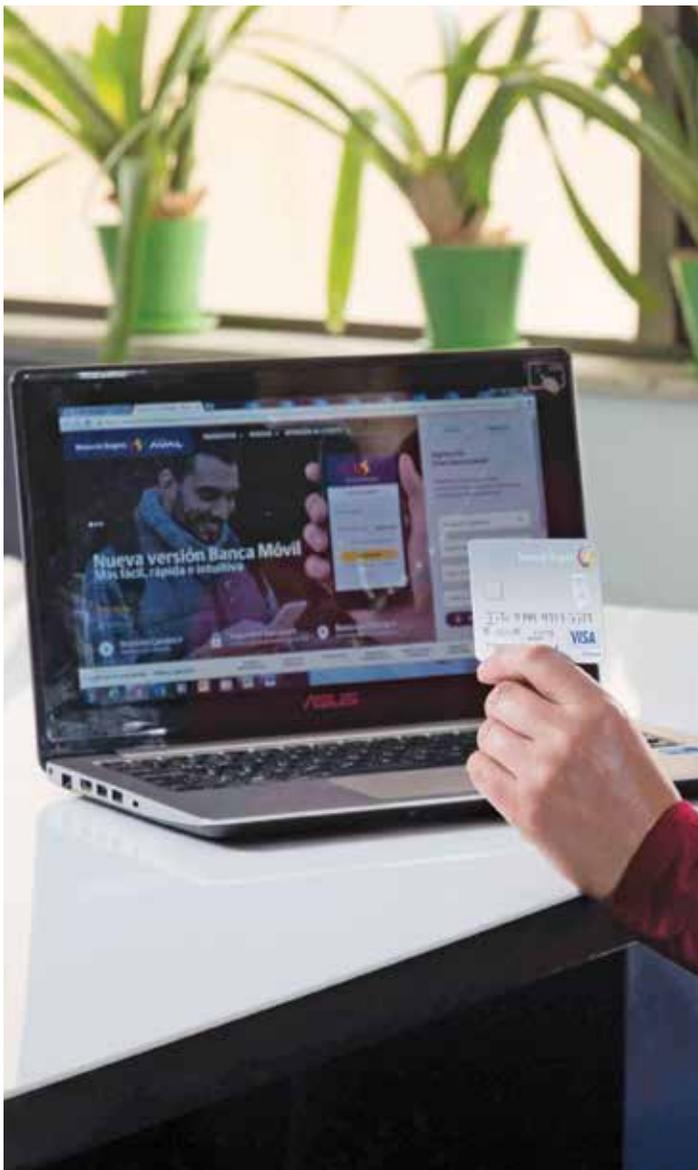
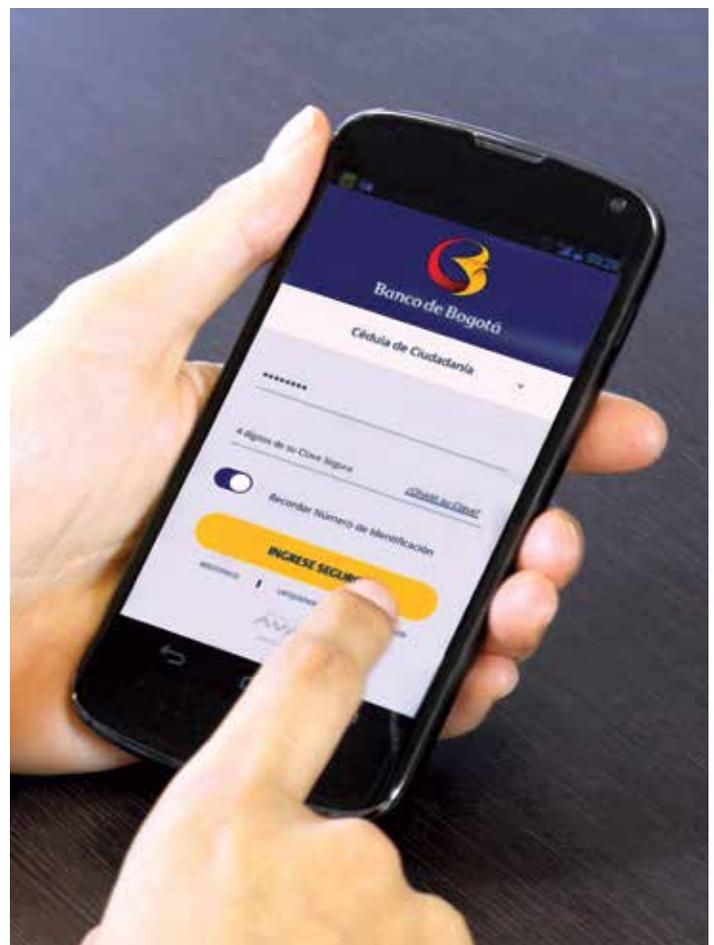
Panama		
	Dec -15	Dec -16
Full-service Branches	38	37
Rapi Bancos (In-Store Branches)	-	-
On-site Business Tellers	12	12
Branch with Self-thru Service/ Drive thru	3	3
ATMs	232	230
<b>Total</b>	<b>285</b>	<b>282</b>

We also recorded 518 thousand users at our Electronic Branch who completed approximately 22 million transactions during the year. In the same way, our Mobile Banking reaches 11 thousand users who conduct various transactions in the different operating systems. As of December 2016, they totaled 1.2 million transactions.

**112.3 million transactions  
in 2016**

In the second half of 2016 we continued working to ensure we are there for the everyday needs of our clients by offering easy and secure channels and means of payment as well as innovative services. To support the data update strategy, we implemented the option to update the business information of clients who don't have Tokens by sending a security code to a smartphone (OTP) to ensure the transaction.

In the last quarter we launched the campaign to encourage transfers to other banks (ACH), which is the only commissionable transaction in the channel. With that strategy, we increased commissions by 59% over the same quarter in 2015.



## Virtual Channels

In strengthening the multi-channel strategy that seeks to make our clients' lives easier and allowing them to conduct more transactions through different virtual channels, we have developed new Mobile Banking and Internet services, enabling our clients to make transactions quickly and safely. Moreover, we are working to provide our clients with innovative and user-friendly service channels so they can manage their financial products whenever these are required.

## Personal Banking Internet

Through this channel, over 680,000 clients make their consultations and transactions every month. Commissions received from this channel for the second semester exceeded COP 1,500 million.

## Business Internet

Through this channel, more than 33,500 SMEs, government and microenterprise clients make inquiries and transactions and manage their banking products. Commissions received in the second half of 2016 surpassed COP 6,300 million.

During the second half of the year, we trained our sales team with the aim of improving customer service while reducing request response times.

In the last quarter of the year, we launched the new Business Portal pilot, including 80 clients in the segment. In addition, we enabled the registration for DIAN payments, making it easy for contributors to self-register for the service and providing more security to our clients while avoiding the risk of fraud.

## Mobile Banking

Continuing with the strengthening of our user experience strategy, we carried out transactions that allow us to support their everyday needs, strengthening mobile financial services and guaranteeing our clients access without the need to go to a physical branch.

**More than 61 million transactions, 310 thousand clients trading and 514 thousand downloads.**

In the second half of the year, we launched the Investment and Divestment in Fiduciary Assignment service, offering the clients we share with the trust company the opportunity to self-manage transactions involving their resources easily and quickly.

In the last quarter, we presented the app for Windows phone users, expanding coverage in mobile operating systems in order to increase our market share.

At the end of the year, we set up cellphone credits without registration for Claro, Movistar, Tigo and Uff operators. We should mention a clear trend of transaction migration to this channel was still in evidence, accounting for 16.4% of all transactions car-

ried out at the Bank compared with 11.2% for the same period of the previous year.

## Social Banking

Our Bank, first to offer financial services on social media in Colombia.

**63,000 transactions and over 14,000 followers by the end of 2016.**

Balance inquiries, detailed balance inquiries, and certification requests are the services that can be accessed for free at @TuitBdB. We use Twitter's direct messaging channel to guarantee information confidentiality; all clients can access the service from any computer or mobile device on which the app is installed.

## PSE

Thanks to the PSE (Secure Online Payments) channel, which allows individual clients to carry out their purchases and payments immediately and securely, transactions increased 79% compared to the same period of 2015, thereby obtaining a positive variation of 24% in commissions.

In the last half of 2016 we changed the look and feel of the payment flow to improve user experience.

## Transaction Management

At close of 2016, the number of transactions carried out using channels other than branches increased by 51.7 million transactions compared to 2015, which came as a result of the growth of channels such as Personal Internet, Mobile Banking and Banking Correspondents.

In addition, and thanks to the dedicated effort of the Transaction Migration project, we migrated 2.8 million transactions from the office channel to the self-management channel. This figure contrasts with transactions made over this channel in 2015. This result is due to the migration of payment for private services, cash

deposits and Pin-Pad withdrawals. We carried out a number of activities to make this significant advance.

We also continued to implement the second promoters program at branches chosen for their high volume of transactions; as a result, at the close of 2016, 26 branches were assigned a **specialist channel promoter** resulting in levels of migration of 11.6%, 6.6 points more than migration rates from branches without promoters.

We also launched and finalized the certification of the first interactive channels module for the Virtual University. By year's end, 8,253 employees had been certified.

In response to the need to disclose the channels and the practical use thereof, we continued with the *mesas de trabajo con los Jefes de Servicio (round-tables with Service Managers)* at branches in Bogotá and other major cities, whereby we closely monitored those operations that caused the most congestion at tellers and platforms.

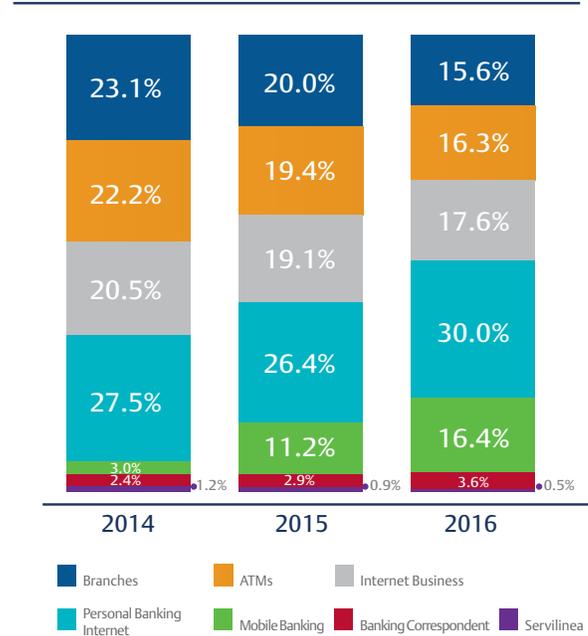
We also promoted the *Programa de Multiplicadores (Multipliers Program)*, in which we trained 180 selected employees, and the Nationwide Internal Education Program on Channels, focused fundamentally on client experience at each point of contact. We covered approximately 1,276 employees — including managers, service supervisors, sales executives and specialized sales forces — demonstrating the importance of the usage of channels given commercial benefits and service quality.

During the second half of the year, we launched the *Campaña de Seguridad en Canales (Channel Safety Campaign)*, which impacted nearly 853,000 clients through informational mailings concerning frequent risks of fraud and protection mechanisms. On

social media we impacted 2.3 million people with key messages concerning care of personal data, ATM use, and safety measures at the offices. In addition to the campaigns, we conducted awareness-raising activities at main bank offices, in most visited offices, and in 8 self-service zones in Bogotá, reaching over 1,340 bank employees.

We also created education spaces regarding channels through activations in 12 of the **payroll accounts linked to the Bank**, and trained over 900 clients on the use thereof through this initiative.

Transaction Migration Evolution  
Combination of Channels



The graph shows the reduction in the number of branch transactions and the increase in those carried out using alternative channels such as: Mobile Banking, Personal Banking Internet and Banking correspondents.



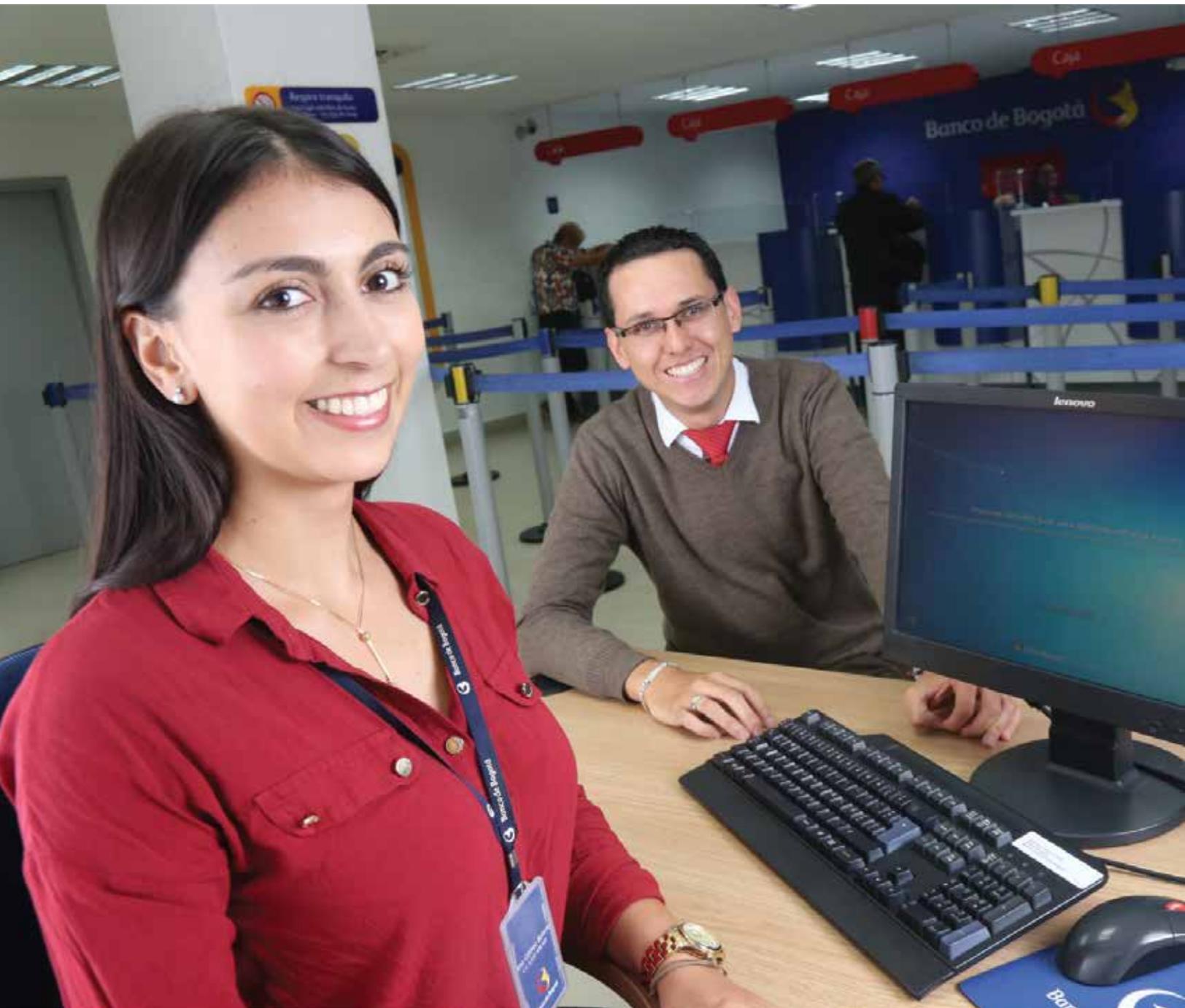
## Customer Service

In order to improve our clients' experiences in their relations with the Bank, we began our Client Experience program. We aim to move ahead in the current relation with our clients, and see the need to consolidate a cultural transformation geared to the importance of focusing on client impact.

The initiatives conducted during the second half of the year to increase our clients' satisfaction index, encouraging them to recommend us as a worthy financial institution, were:

- Innovation in the co-creation of initiatives to improve customer service. Under a different methodology, aimed at actively listening to our clients, we monitored 8 initiatives to simplify some client-bank interactions, and we learned one additional way to materialize our purpose of working together (clients-Bank) to build competitive solutions in line with market needs.

- Training of 203 employees from different departments and positions within the Bank on tools that make it easier to un-





derstand client expectations and come up with cost-efficient ideas, so that the entire organization will be able to transmit our established client vision in a more expedient and proactive manner.

- In an effort to strengthen teamwork, maintain the ongoing improvement dynamic and ensure adequate levels of service at the branch network, at the close of the semester, we conducted a satisfaction survey on the services offered by internal departments towards this channel, implemented to meet clients and users in person, with the goal of prioritizing improvement actions that involve internal clients.

- In the second half of the year, and for oversight and monitoring purposes, the Financial Consumer Customer Service System Strategic Committee (SACF, for the Spanish Original), which has been meeting monthly since June 2012 under the direction of the Senior Management, focused on developing 12 Strategic Actions related to process optimization, strengthening fraud prevention, timely attention to client requirements, and identifying opportunities for improvement in applications that support the operation.

-Finally, to continue developing organizational competency aimed at customer service, we trained 2,555 employees in

person and 1,289 by teleconference, on topics related to the principles of the financial consumer protection regulations and the basic standards of internal and external client relations. Upon completion, a final assessment of knowledge was conducted at the end of the semester where participants received a satisfactory rating, which is evidence of their understanding of the information thanks to an adequate learning methodology.

This Client Experience program cuts across the entire organization, and is being directed at the executive level, with participation of different Bank departments.

**We trained 3,844 employees on issues regarding financial consumer protection.**



*We financed the Caribbean Golden Door  
‘Caribe Puerta de Oro’  
Events and Exhibitions Center.*

*“We have always maintained a relation that we see as going beyond just client-institution, but a strategic partner, allowing the Bank to be part of the purpose of consolidating Barranquilla as a city of great events”.*

Barranquilla has become one of the major urban and economic centers of Colombia. Its geographical location and tourist attractions turned it into one of the cities with the best potential. No wonder this capital city has been the venue of cultural, sporting and social events in recent years, becoming one of the most visited destinations in Colombia.

The city's dynamism brought together the National Government and local authorities to build the second most important fair platform in the country: the Caribe Puerta de Oro Events and Exhibitions Center. This project came about with the idea of turning the city into the business capital of the Colombian Caribbean region, by hosting fairs, business conventions and events with large numbers of participants, promoting and driving its business, industrial and tourist activity.

Works at Puerta de Oro began in 2013, with a 34,500 square meter construction and a column-less pavilion measuring 7,830 square meters and 14 meters of unobstructed height which can hold up to 16,000 people.

“Puerta de Oro” came about as a result of a public-private partnership that worked with creativity, initiative and willingness to benefit the city's progress and internationalization. The project began execution during Mayor Alejandro Char's first administration, due to the need to build an infrastructure to hold major events” stated Jaime Pumarejo Heins, City Development Manager of the District of Barranquilla.

Banco de Bogotá has been present since the start of the project, as stated by Pumarejo Heins: “we have always maintained a relation that we see as going beyond client-institution, but a strategic partner, allowing the Bank to be part of the purpose of consolidating Barranquilla as a city of great events”. In addition, the Bank has allowed us to maintain the liquidity necessary to advance towards the development of the Events Center, and we also have acquired some of its financial products”.

At the project's construction stage and first quarter of pre-operation, a total of 9,141 jobs had been created, in the construction, logistics and set up of the fairs and events.