

Management Report 2017



Banco de Bogotá



Grupo
AVL

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We have achieved it together

The trust of our clients and shareholders, as well as the efforts of our collaborators, made possible these recognitions that commit us to continue working *to support the growth of Colombians and the country.*

The Banker

Best Bank of the year in Colombia 2017



Best Bank in Colombia 2017

LATINFINANCE®

Best Bank of the year in Colombia 2017



Best Foreign Currency Provider in Colombia 2017

LATINFINANCE®

The Best Financing in local currency 2017



Latin American integrated market 2017



Among the best 10 banks in Latin America 2017



bc Portafolio

Best Economic Research area in Colombia, Monetary Aggregates category, chosen by real sector.

compassbranding

The most valuable brand in the service sector 2017



The second most valuable Colombian brand in Latin America (First in the Financial Sector) 2017

Our subsidiary BAC Credomatic has been recognized **the Best Bank In Central America:**



Best Bank in Central America and the Caribbean 2017
Best Bank in Costa Rica 2017
Best Bank in El Salvador 2017
Best Bank in Honduras 2017



Best Customer Service provider of the year
in North America (BAC Costa Rica)
Best Commercial Bank of the year in Costa Rica 2017
Best Banking Innovation in Consumer Banking
in Costa Rica 2017

LATINFINANCE®

Best Bank of the year
in Costa Rica 2017

Our subsidiary Porvenir has been recognized:



Inspiring Company Award
Corporate Leadership Award



Most Innovative Pension Fund Colombia 2017



Porvenir, first Pension Fund and Severance
for entering anti-corruption list



1

Our Bank



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

We support our clients by offering them financial products and services that help them achieve their goals.

1. Our Bank

In 2017, we remained a financial benchmark in Colombia and Central America due to our experience, our strengthened processes, our innovation in products and services, as well as our employees' commitment.

Throughout the year, we maintained our share in the Colombian financial sector by stimulating our best-performing businesses and addressing issues in less dynamic sectors, during a year that posed great economic challenges.

We remain committed to our Universal Banking business model, offering financial solutions for all segments in every corner of the country, expanding our coverage, developing new products and services, and running financial inclusion and education programs.

Today, our strategy revolves around improving the customer experience. To this end, we recognize the importance of digital transformation by offering our customers cutting-edge

financial solutions that facilitate their access to our products and services.

The sum of our efforts and responsibilities, combined with our expert advice, have contributed to the development of people and institutions, hand-in-hand with our social responsibility and the ethical commitment we have assumed in order to make our Bank sustainable over time.

We continue to be a financial benchmark in Colombia and Central America, thanks to *our experience and the strengthening of our processes.*



Banco de Bogotá headquarters, Bogotá

Our regional presence



20.2 Million clients
 45,919 Collaborators*
 1,549 Branches
 3,733 ATMs
 COP 149.4 Trillion in Assets
 COP 104.2 Trillion in Net Loans
 COP 100.9 Trillion in Deposits
 COP 2.1 Trillion in Annual Net Income
 Attributable a Shareholders

*includes direct employees, fixed term contracts and outsourcing. Do not include civil learning contracts (791)



Luis Carlos Sarmiento Gutiérrez, President of the Board of Directors and Luis Carlos Sarmiento Angulo, Board of Directors' Advisor

Corporate Governance

In 2017, Banco de Bogotá continued to consolidate efficient and transparent management, generating sustainability for our shareholders, clients, employees and other stakeholders, and supported by a Corporate Governance structure governed by best practices.

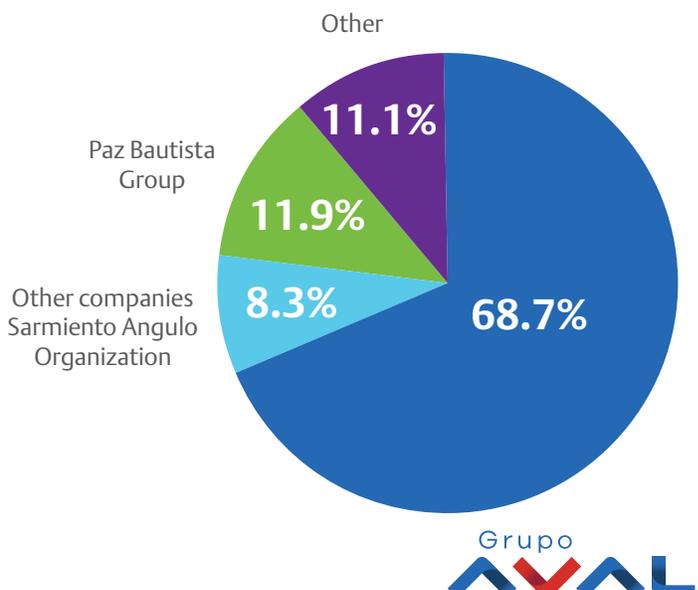
In pursuit of this objective, in 2017 the following significant events took place:

1. As approved at the General Meeting of Shareholders held on September 13, 2016, Banco de Bogotá changed its financial reporting cycle from every six months to once a year.
2. On December 5, the Board of Directors approved a reform to the Corporate Governance Code to align it with the guidelines of the Financial Superintendence of Colombia's Code of Best Business Practices ("Código País").
3. In January 2018, the 2017 Best Business Practices Implementation Report was published, which reflects the changes implemented by the Bank following the Recommendations of the Código País. The report is published on our website www.bancodebogota.com, in the Investor Relations section.

General meeting of shareholders

The highest governance body of Banco de Bogotá is the General Meeting of Shareholders, which directs and oversees the Bank's operations and the principles under which they are undertaken.

The Bank's capital as at the end of December 2017 was represented by a total of 331,280,555 outstanding common shares, owned by 11,903 shareholders. The major shareholders are:



For more information, our shareholders' information is published on the Bank's website and is also available at the SIMEV, published by the Financial Superintendence of Colombia www.superfinanciera.gov.co.

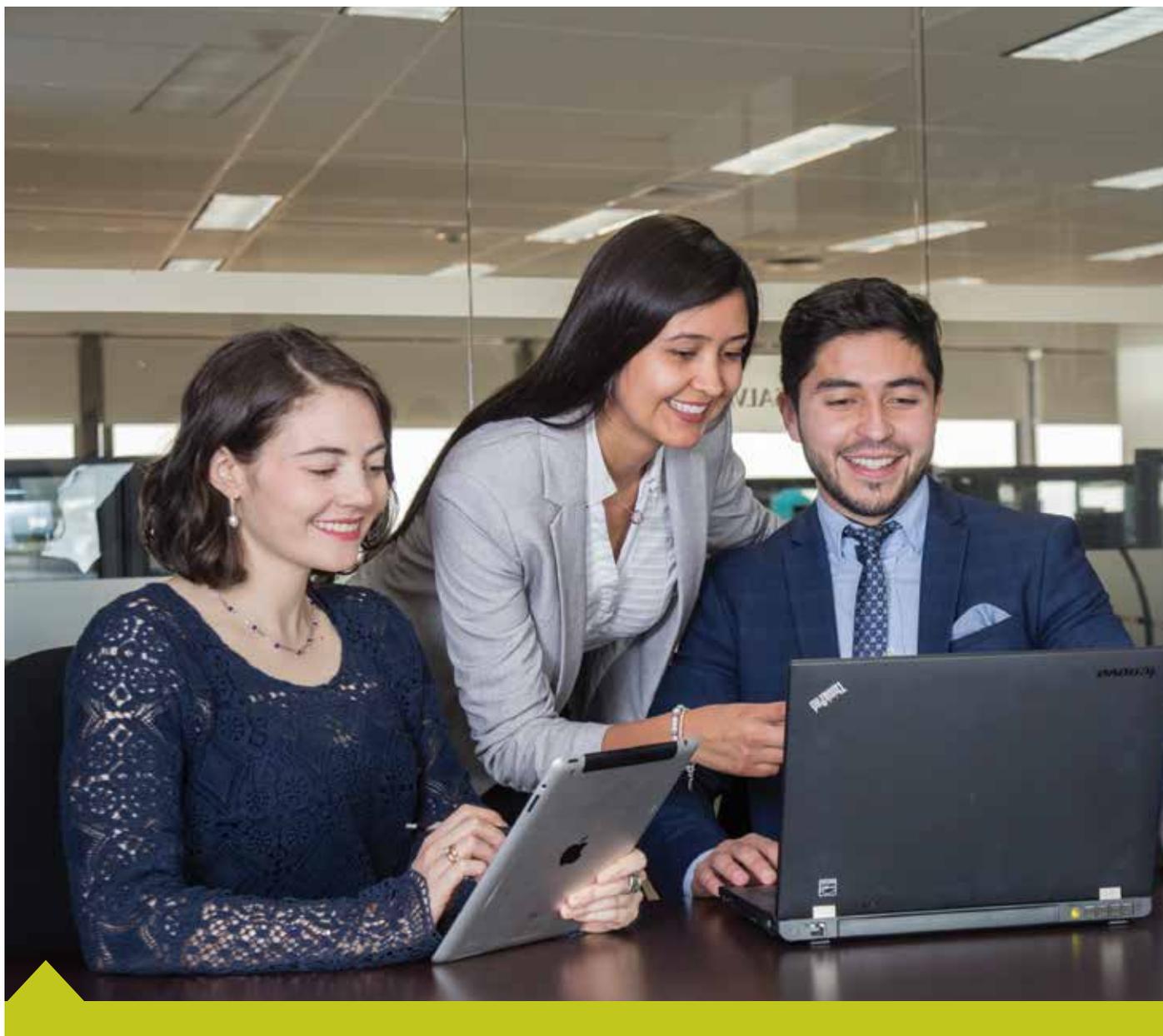
In 2017, Banco de Bogotá held two Meetings of Shareholders, one ordinary and one extraordinary, with average attendance of 92%.

At the Ordinary General Meeting of Shareholders of March 30, 2017, the topics on the agenda, as duly published in the announcement, included: review and approval of the Management Report by the Bank's Board of Directors and CEO for the second half of 2016; presentation of the Internal Control System Management Report; presentation of the Financial Ombudsman's Report; approval of the Separate and Consolidated Financial Statements as at the end of the second half of 2016, along with their notes and other annexes; presenta-

tion of the Statutory Auditor's opinion on the financial statements; review and approval of the Profit Distribution Project; election of the Board of Directors; election of the Statutory Auditor; setting of fees for the Board of Directors; setting of fees for the Statutory Auditor. Additionally, the proposed appropriation of reserves was approved.

In the Extraordinary General Meeting of Shareholders, held on August 8, 2017, a proposal for the consideration and ratification of donations made by the Bank was approved, as was a change in the assignment of the "Occasional Reserve at the disposal of the General Meeting of Shareholders to maintain the stability of the dividend."

For the aforementioned Meetings, all the necessary information for decision-making effects was made available to the shareholders, as required by regulations on the right to inspection and the Bank's Corporate Governance rules.



Board of Directors

Banco de Bogotá's Board of Directors is made up of recognized professionals with experience in the financial and business sector, who oversee the efficient management of the Bank's strategy as exercised by the administration. Its decisions steer the governance and the course of operations, ensuring an internal control system that is updated on a permanent basis, constantly adapting to the changing economic and financial environment.

As part of its structure, the Board of Directors has established the Credit, Audit and Enterprise Risk Management Committees, which work under its direction and supervision.

Our Board of Directors is comprised mostly of independent members, as follows:

| Board of Directors | |
|---------------------------------|-------------------------------|
| Primary Members | Alternate Members |
| Luis Carlos Sarmiento Gutiérrez | Jorge Iván Villegas Montoya |
| Sergio Uribe Arboleda * | Guillermo Perry Rubio * |
| Alfonso de la Espriella Ossio * | Ana María Cuellar Jaramillo * |
| Carlos Arcesio Paz Bautista * | Sergio Arboleda Casas * |
| José Fernando Isaza Delgado * | Álvaro Velásquez Cock * |

*Independent members.

| Board of Directors Advisor |
|------------------------------|
| Luis Carlos Sarmiento Angulo |

| General Secretariat |
|---------------------|
| Alberto Pérez Vélez |

| Statutory Auditing Firm |
|---|
| KPMG S.A.S. |
| Represented by: Pedro Ángel Preciado Villaraga |
| T.P.30723-T |

| Financial Ombudsman |
|------------------------|
| Octavio Gutiérrez Díaz |

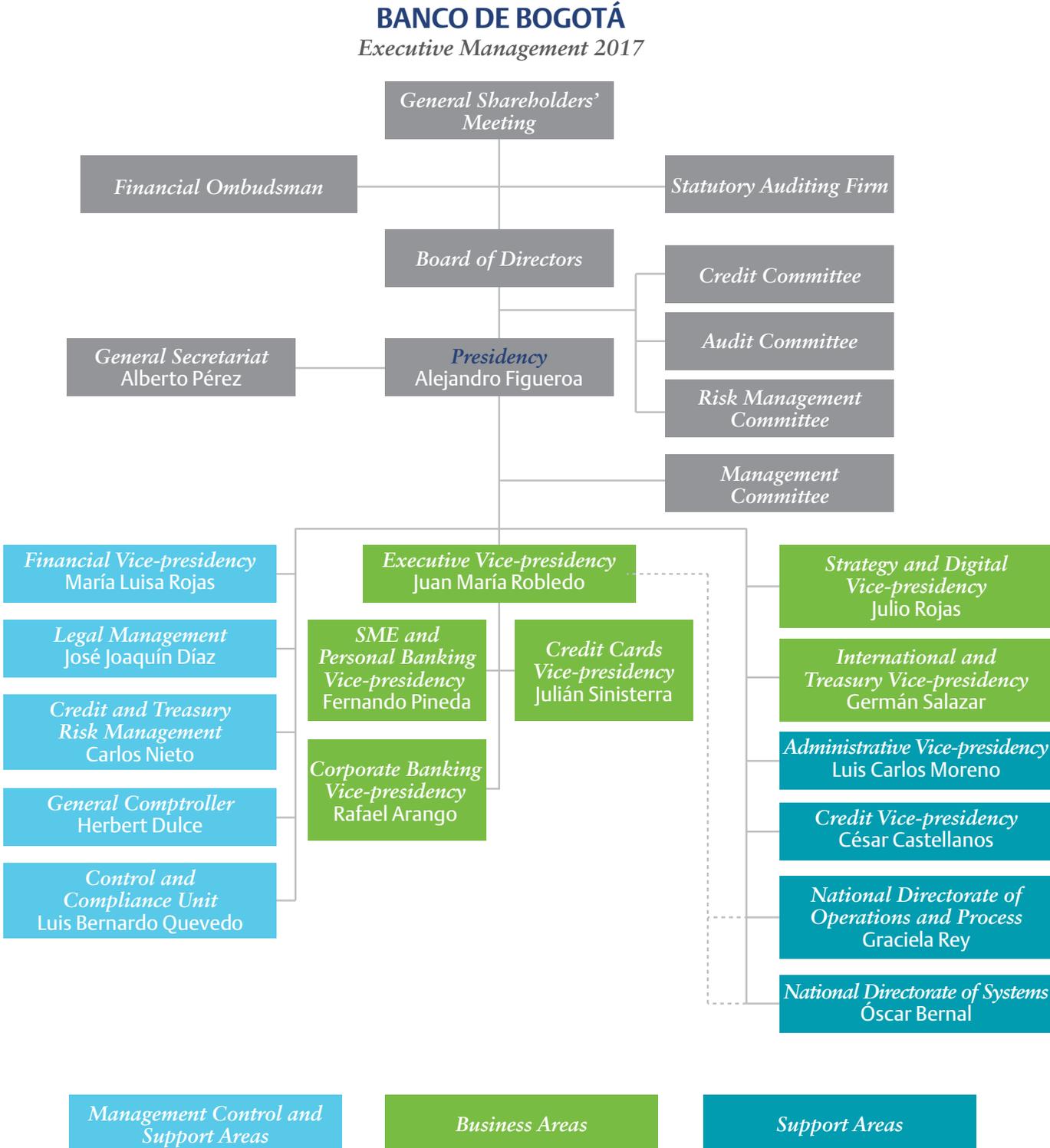
In 2017, fees totaling COP 782 million were paid to Directors for attending meetings of the Board and its Committees. There were no changes in the Bank's Board of Directors during the year.

Information on the professional background of Banco de Bogotá's Directors is available at www.bancodebogota.com.

Senior Management

Senior Management represents the third level in the Bank’s Corporate Governance structure, and is responsible for the ordinary course of business as well as for designing, executing and monitoring objectives and strategies, based on guidelines set by the Board of Directors.

An overview of the professional background of our Senior Management is available at www.bancodebogota.com.



The Corporate Governance structure of Banco de Bogotá is designed to achieve our strategic objectives, acting within a framework that follows the principles of ethics, equity and transparency at all times. Thus, we seek to contribute positively to the progress of the markets in which Banco de Bogotá and its subsidiaries are present.

The main documents that contain our general Corporate Governance policies are: The Company Bylaws, Corporate Governance Code, Ethics and Conduct Code, and Rules of Procedures for the Audit Committee, all of which can be found at www.bancodebogota.com.

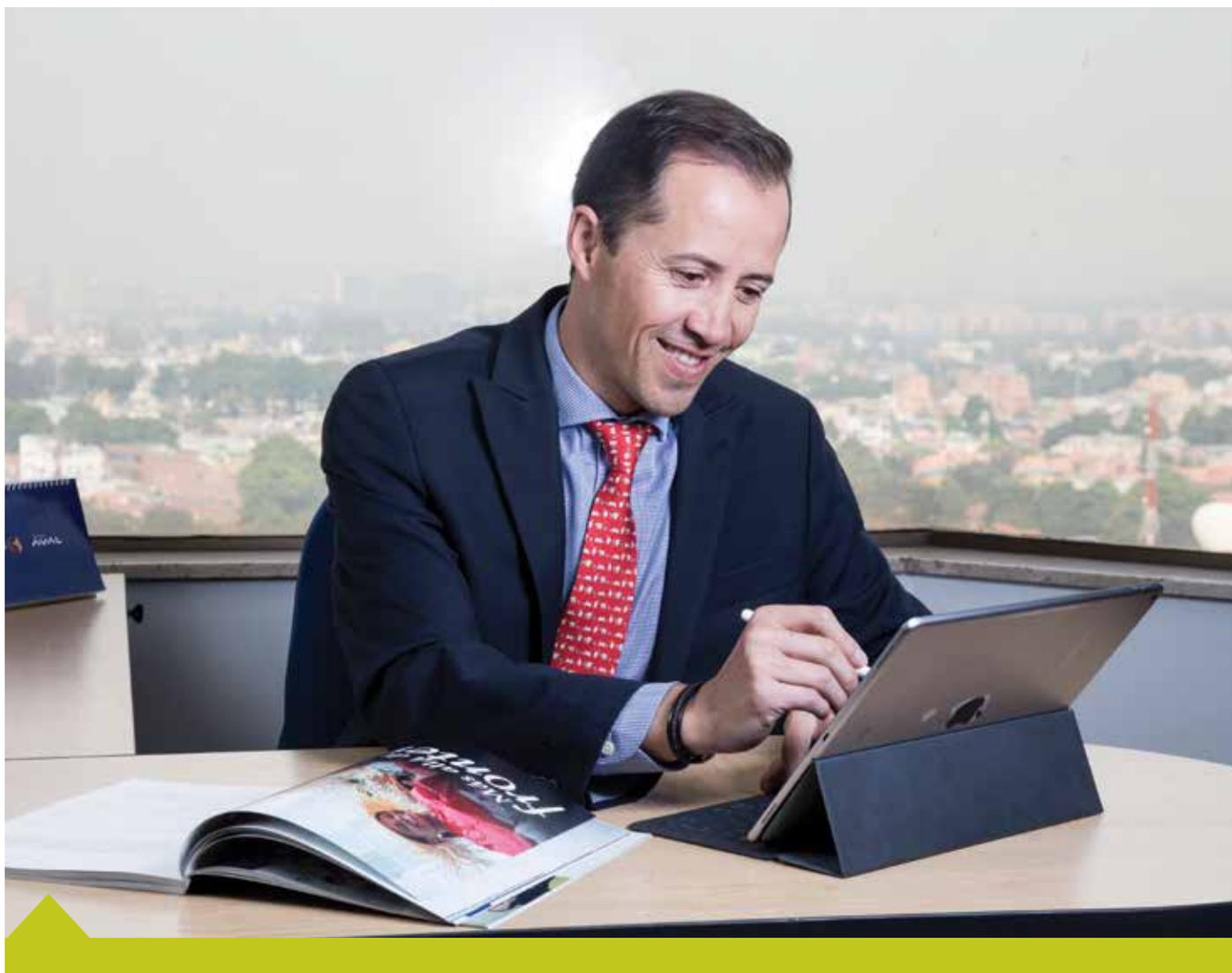
Investor Relations

One of the main objectives of Banco de Bogotá is to sustain a relationship of constant, permanent and transparent trust with our investors.

At Banco de Bogotá, transparency in the disclosure of information has been a fundamental tool to continually strengthen our relationships with all stakeholders.

Thus, on a permanent basis, we seek to improve our communication with shareholders, investors and analysts who continuously monitor the Bank's performance. This effective communication is achieved through the use of mechanisms and tools that allow better interaction and response times by the Bank for its investors, analysts and stakeholders.

Grounded in the principle of transparency that guides Banco de Bogotá's corporate governance, we continue working on the timely generation and disclosure of information.





Our Bank in International Markets

Banco de Bogotá maintains a presence in international markets through issuances of fixed-income securities. In August 2017, the Bank carried out a successful issue of Ordinary Bonds on international capital markets totaling US\$ 600 million.

The following table describes in detail the outstanding fixed-income security issuances:

| Issuance | Date of Issuance | Amount |
|---|-----------------------------------|------------------------------------|
| Subordinated Bonds Issue, 2023 Maturity | 19 February, 2013 | US\$500 million |
| Subordinated Bonds Issue, 2026 Maturity and its reopening | 12 May, 2016; 4 November, 2016 | US\$600 million US\$500 million |
| Ordinary Bonds Issue, 2027 Maturity | 3 August, 2017 | US\$600 million |

To strengthen our relationship with the holders of these securities, the Bank participated in the following international forums in 2017:

- JP Morgan 8th Annual Global Emerging Markets Corporate Conference. Miami, February 2017.
- LarrainVial 11th Annual Andean Conference. Santiago de Chile, March 2017.
- HSBC Latin American Investment Summit 2017. Cayo Largo (Florida), April 2017.
- Bank of America Merrill Lynch Emerging Markets Corporate Credit Conference. Miami, May and June 2017.
- XV Andean Investor Conference Credicorp Capital. Lima, September 2017.

Through these events, visits and other personal meetings, over the course of 2017 we addressed approximately 165 inquiries from investors and analysts.



Our Communication Channels

In keeping with best corporate governance practices, we made constant improvements in disseminating the Bank's information to enable our investors and other stakeholders to make informed decisions.

We have strengthened our communications through Investor Relations, providing relevant, timely, and truthful information about the Bank through the following channels, in addition to personalized assistance:

- Conference calls on results: Each quarter we hold conference calls to disclose our results and the Bank's financial progress. These provide investors and analysts an additional channel of communication with the Bank's management.
- Website: Our website provides links to information on Investor Relations, which serves as a fundamental tool for achieving our objectives related to transparency in the disclosure of information.

Because of our commitment to transparent and timely information disclosure, Banco de Bogotá has maintained the IR Recognition granted by the Colombian Securities Exchange (BVC), which stresses the implementation of best practices related to information disclosure and investor relations.

Ethical commitment

Ethics and transparency, the fundamental pillars of our corporate identity, are built from the elements of our organizational culture, which promotes principles, values and behaviors that instill these great ideals in our employees.

Initiatives in this regard are based on good corporate governance, and their purpose is to ensure efficient and proper administration of the resources we manage.

These initiatives are implemented through:

- Our clearly defined mission, vision, corporate values and strategic objectives.
- The Code of Ethics and Conduct, which sets out the values and principles that guide the daily activities of executives and employees.
- Senior management's official statement on the basic principles that govern our Bank, as set forth in the Corporate Governance Code and the various internal codes, manuals and rules published in full and available to all employees through the Bank's intranet.
- Procedures that enable employees at all levels of the organization to have the knowledge, skills, attitudes and values required to perform their duties within an effective internal control framework.

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

Ethics hotline

We have implemented an Ethics Hotline that allows our employees, clients, suppliers and third parties to com-

municate or report any event that violates the provisions established in our Code of Ethics and Conduct. To this end, we have the following reporting channels available:

- Direct line in Bogotá: 3275808, or through the Bank's Headquarters switchboard: 3320032, extension 2700
- Written communication to the Bank's Security Department: Calle 36 No. 7-47, 10th floor, Bogotá
- Email: lineaetica@bancodebogota.com.co
- Link to the Banco de Bogotá Ethics Hotline or the Aval Ethics Hotline through Banco de Bogotá's intranet.

Through these channels, any employee who reports or wishes to communicate a case of fraud, corruption, or anti-ethical conduct will have the right to do so anonymously and confidentially. The identity of the person who reports the case, if ascertained, along with the information and evidence submitted in the report will remain confidential.

In 2017, 108 complaints were received through the different channels made available by the Bank. All the complaints received were investigated, and the corresponding administrative measures were applied according to the results obtained.



- To be the leading bank in Colombia and Central America, growing with the progress of its customers, human resources, shareholders and country.
- To be the benchmark in universal banking for outstanding customer service, greater efficiency and innovation in Colombia.

Vision

Mission

- To be a leading bank in Colombia in the business and individual banking markets, and in the social, government and institutional sectors.
- To be a bank that is always at the forefront in offering its customers solutions that allow them to enjoy a satisfactory banking experience.
- To provide the best support for the growth and progress of its customers, because it values them and is willing and available to advise them, while providing them with quick, timely, friendly and high-quality service.
- To be a bank that achieves leadership objectives in terms of the efficiency, profitability, earnings and value generation that shareholders expect.
- To be a bank that boasts a group of talented team members who work with ingenuity, dedication, efficiency, speed, commitment and loyalty, who are goal-oriented and motivated by the pride of belonging to an institution that provides them with wellbeing and enables them to grow.
- To be a bank that, by example and through support, proves its commitment to develop and internalize its values, generating growth, harmony and benefits for the community's wellbeing.

Commitment

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

Honesty

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

Respect

We value ourselves and accept each other's integrity.

Corporate Values

Efficiency

We use resources in an optimal and intelligent manner.

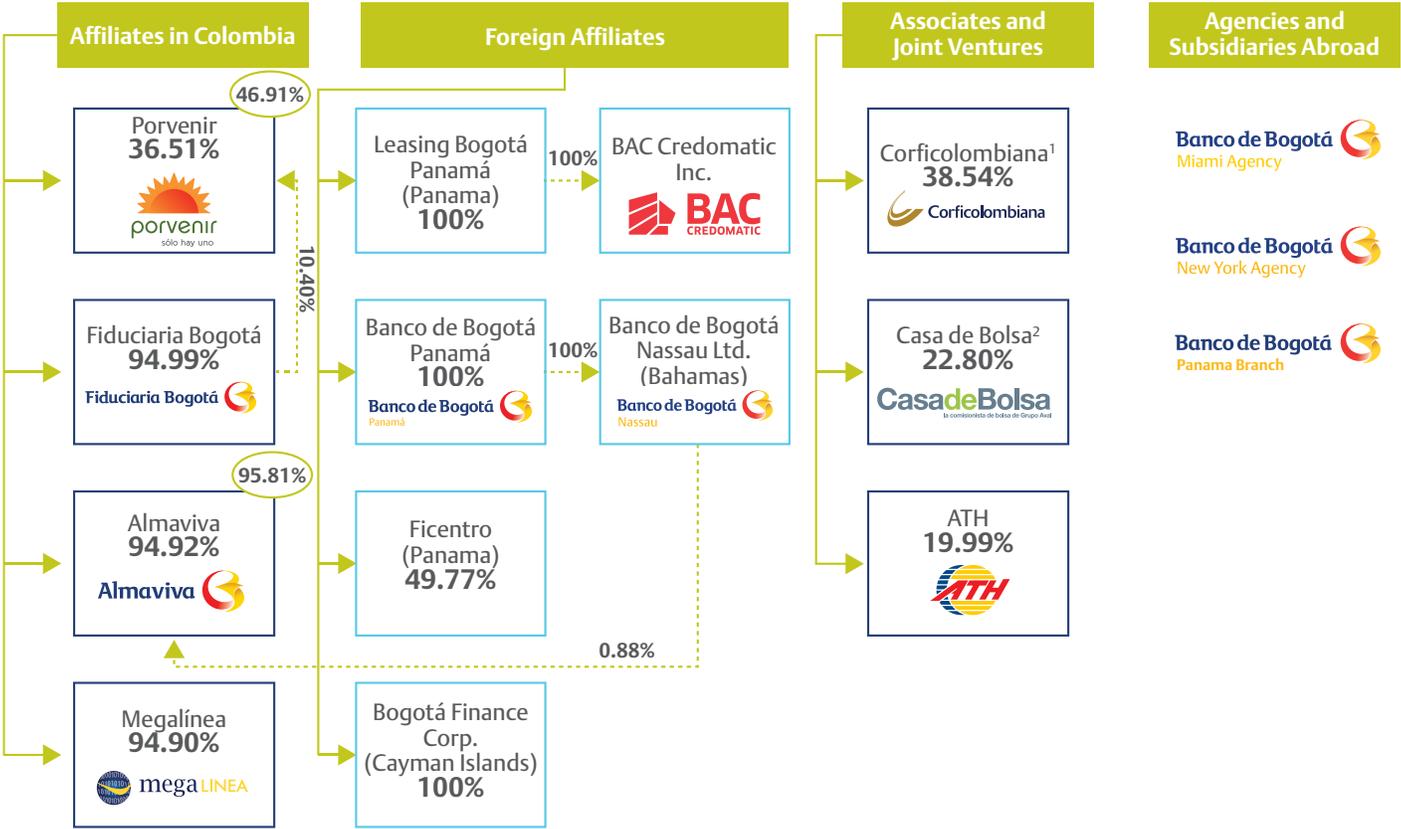
Service

We consider service to be principle of life.

Leadership

We work with enthusiasm

Banco de Bogotá and its group of subsidiaries, Direct and Indirect Share



Direct
 Indirect
 Direct + Indirect

NOTE: All shares are ordinary

1. On June 30, 2016, Banco de Bogotá deconsolidated (loss of control) Corficolombiana while maintaining its 38.35% share.
 2. On December 31, 2016, Banco de Bogotá deconsolidated (loss of control) Casa de Bolsa while maintaining its 22.80% share.



Mario Martínez Valero, principal and manager of Corporación Abraham Lincoln. Corporate Banking Client.

Banco de Bogotá allied to education

Corporación Abraham Lincoln is a non-profit organization that provides educational services, from pre-school to high school. Its tradition and high educational quality make it one of Colombia's most recognized institutions, ranking among the top 20 schools in the country.

It was founded in 1955 by Eleanor France de Alum, along with Rafael Samper and his wife Charlotte Alum de Samper as co-founders. When the family left the country in 1963, the students' parents and the teachers created the Corporación Abraham Lincoln to continue with the school. Its emphasis has been on educating young people who will contribute to the construction of a better country, based on autonomy, academic excellence and education on values. The campus now has 1,340 students and 140 teachers.

The school has achieved very good results in the sporting and artistic domains. In addition, it is a member of well-known institutions such as the Union of International Schools (Uncoli), and the Colombian Association of Private Education (Asocolded).

Banco de Bogotá's relationship with this institution began in 2008, through a payroll and service portfolio agreement. The relationship grew stronger with time, and with the support of the Customer Development Team an innovative solution was implemented that both improved the timeliness of collections and the parents' experience of paying tuition and fees.

For Mario Martínez Valero, principal and manager of Corporación Abraham Lincoln, the Bank has been his

ally, "thanks to its financial leverage we have been able to build more sites. We feel that the institution supports us and listens to us".

In 2017, the school began the construction of a new preschool campus in the San José de Bavaria neighborhood, with an area of 8,000 Mts². The project was supported by the Bank through a COP 3,000 million loan. It is expected that 300 children will be transferred to the new facilities, which will also allow the school to expand its number of students.

"Some time ago, the Bank supported us with financing to build an arena, and it is now supporting us with this new project, through soft loans. Also, the school's employees have access to benefits such as credit cards and payroll-loans," concluded Mario Martínez Valero.

"Thanks to this financial leverage we have been able to build more sites. We feel that the institution supports us and listens to us", said Mario Martínez Valero, principal and manager of the Corporación Abraham Lincoln.