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**Our Bank at the  
Service of Customers**



*From left to right Julián Sinisterra Reyes, Credit Card Vice-president; Rafael Arango Calle, Corporate Banking Vice-president; Fernando Pineda Otálora, SME and Personal Banking Vice-president; César Castellanos Pabón, Credit Vice-president.*

We are the financial partner of Colombians; as such, we serve the different segments of the population, providing broad coverage and a variety of service channels, thus promoting financial inclusion and the economic development of the country.

## 4. Our Bank at the Service of Customers

### Corporate Banking

We continue to consolidate our position as one of the key partners for companies, supporting the development of their projects, promoting different initiatives, strengthening commercial relationships, and developing important agreements.

In 2017, we incorporated over 700 clients from the Government, Institutional and Social banking segments into our Corporate Banking unit, with the objective of consolidating and unifying our business performance model and better identifying client profiles. We did this by leveraging key synergies through comprehensive segment management focused on recruitment and placement.

### Getting to Know Our Clients Better

During the last year, we consolidated our partnership with Google, through which we seek to be more effective in our daily commercial activities by implementing tools that aid collaboration and collective knowledge building.

In this way, we have articulated information from our client value chains with greater precision, in order to understand the structure of their lines of business, integrating ourselves with them by implementing products and services that make the management of their resources much easier and efficient.

### Constantly Innovating

As part of our ongoing commitment to environmental sustainability, in 2017 we launched our Recaudo Verde (Green Payment) product, a new payment option in which users can make payments at any of the Bank's offices and authorized channels by displaying barcodes on their mobile handsets. Over 35,000 transactions have been made through this new payment solution, representing savings of 0.16 tons of paper and a reduction equivalent to 0.48 tons of CO2 emissions.





Environmental impact	
Total Green Payment	35,765
Saved trees	2.7
Reams of paper	71.5
Tons of paper	0.16
Tons of CO2 equiv	0.48
Kilos of waste	167.0
Litres of water	13,902
Kwh	1,800

**During 2017, 3,035 companies were migrated to the transactional portal, an increase of 107% compared to 2016.**

Likewise, we are continuing with our plan to migrate 3,750 companies to the new transaction portal, Conexión en Línea. This migration has involved major changes in the way we operate, both for customers and within the Bank. Conexión en Línea offers additional benefits in terms of security and usability, providing a better experience for our clients.

As a result of this process, 3,035 customers had migrated by the end of 2017, achieving the goal of bringing at least 3,000 clients to this new channel, a 107% increase in the number of migrated clients compared to 2016. Conexión en Línea generated COP 3,251 million in commissions during 2017 and enabled an increase of more than 500% in the number of transactions, with a total of almost five million.

With our Cash Management products, in 2017 we served over 5,000 companies, moving COP 70 trillion through the

Bank's accounts across 100 million transactions and raising COP 72 billion in commissions.

### We Are Exploring New Lines of Financing

At the end of the year, we had more than 3,600 clients engaged in credit operations, and a balance of COP 33.1 trillion in local and foreign currency loans.

Through our Rediscount lines that we promote with the support of Bancóldex, Findeter and Finagro, we reaffirm our commitment to developing infrastructure and the agricultural sector in Colombia. At the close of 2017, we posted a loan portfolio balance of COP 625,000 million.

Alongside Finagro, we support 81 clients, including several entrepreneurs in their expansion projects. During the year, we carried out 132 operations with disbursements totaling COP 654,217 million, doubling the amount recorded in 2016. Likewise, with Findeter we made 15 disbursements involving 12 clients worth a total of COP 138,584 million. One of the most noteworthy transactions was that of the Buenaventura Regional Port Company, for the acquisition of cranes to enable it to expand its operations.



“Vé, más allá” Forum, - Cali, Valle del Cauca

## Revolving Credit, a Timely Solution

In 2017, we opened 1,025 credit lines to serve 999 customers for a total amount of COP 1.1 trillion, thanks to various campaigns and the launch of the new product Crediadquirencia. In so doing, we give clients the option of paying for the use of revolving credit by redirecting the amounts collected from sales using debit and credit cards at their business establishments; in this way we made disbursements worth COP 4.7 trillion, earning commissions and interest.

## IBR, an Option for Facing Off Market Volatility

Continuing with our strategy of diversifying the mix of our Local Currency portfolio, in 2017 our IBR placements amounted to over COP 13.5 trillion, which is equivalent to 52% of the total local currency portfolio. One of the key advantages for our clients who take out loans based on this reference rate is the possibility of covering medium and long-term interest rate risk. With the support of the traders at our Client Development

Team, we have informed our clients about the importance of hedging this type of transactions, achieving over COP 450,000 million in IBR Swaps.

## “Vé, Más Allá”, a Promising Future for Valle del Cauca

In the second half of 2017, we promoted a cycle of economic roundtables, which created a space for the analysis of growth dynamics and business development in Colombia.

We began in Cali with the “Vé, más allá” (Look Beyond) Forum, attended by executives from over 150 companies in the region. The excellent group of panelists analyzed the outlook of Valle del Cauca in Colombia’s current economic situation.

The event was chaired by Diana Calderón, editor of Hora 20 and the Caracol Radio information service, which resulted in wide dissemination of the event.

## Support for the Coffee Growers - ID and Smart Card Agreement

We remain committed to coffee growers. By the close of 2017, nearly 395,000 coffee growers had joined the banking system through the Coffee Grower's Savings Account, which is associated with ID cards and smart Coffee Grower's cards.

The value of coffee growers' transactions increased by 13.1% compared to 2016, to 857,490 transactions worth COP 386,000 million. The main channel used by coffee growers is still the ATM network, accounting for 55.30% of transactions.

Thanks to the agreement signed with the National Coffee Growers' Federation of Colombia, coffee growers have enjoyed the following benefits, among others:

- Receiving online the proceeds from their coffee sales
- Paying for products and services at commercial establishments
- Using electronic channels
- Access to the network of Banco de Bogotá and Grupo Aval branches

In addition to serving as a means of trade association identification, coffee cards and ID cards continue to be the ideal channel to deliver the aid provided by the Colombian government to coffee growers.

### A Valuable Partner

At the close of 2017, we consolidated a partnership between Banco de Bogotá and UNICEF, with the purpose of contributing to human development and fulfillment of the rights of underprivileged children and adolescents in Colombia. Through this agreement, we seek to contact over 12,000 new and inactive credit card clients per month to invite them to make a donation.

The partnership, aligned with our corporate social responsibility strategy, will enable collection of donations, which will be sent to UNICEF to contribute to their projects focusing on humanitarian action, protection of minors and optimizing their quality of life.

In this way, jointly with UNICEF, we support human development, education and humanitarian action for children and adolescents in Colombia.

**The value of the transactions involving our coffee growers increased by 13.1% from 2016.**



*Rafael Arango Calle, Corporate Banking Vice-president and Roberto De Bernardi, Unicef Colombia Representative*

## We Support the Growth of Companies in Colombia

### HOMI

Based on our commitment to the welfare of Colombians, we financed construction and equipping of the Oncology Unit for children with cancer at Hospital de la Misericordia Foundation (HOMI) in Bogotá, in April 2017. For this, we received from Findeter (Development Financier affiliated with the Ministry of Finance and Public Credit) an award in the “Maximum Disbursements” category, which recognizes strategic partners in financing of the country’s sustainable development.

This award attests to our commitment to projects that benefit those most in need, ratifying our support not only to HOMI, but to all our clients.

The project included the construction of a 6-floor building with an approximate area of 7,845 m<sup>2</sup> for the new MRI service, areas for the electro-diagnostic service, an area for pe-

diatric in-patients undergoing oncological treatment, and an exclusive floor for the Pediatric Intensive Care Unit and the Neonatal Intensive Care Unit. This project was financed with Findeter credit lines in the amount of COP 24,956 million. By the end of October 2017, 1,278 patients had already benefited from the new beds and 53,484 diagnostic tests had been carried out.

We have been a partner of Hospital de la Misericordia for more than 35 years. As a collecting bank, we receive donations and payments for special treatments, acquisitions and payroll payments. In addition, through our subsidiary Fiduciaria Bogotá we manage the flow of resources at the healthcare center.

### CORPORACIÓN ABRAHAM LINCOLN

Corporación Abraham Lincoln is a non-profit organization engaged in the provision of educational services, from preschool to high school. It opened its doors over 60 years ago and currently has over 1,300 students. The organization got involved with the Bank in 2008, and thanks to the work of our Client Development Team, which has focused on developing



*Corporación Abraham Lincoln - Bogotá D.C., Colombia*



*Golosinas Trululu - Manizales, Caldas*

and improving the payment experiences of students and parents, we have become its partner in treasury management, providing timely and innovative solutions for collections and payments. Through this custom-designed service portfolio, over 6,500 collections and payment transactions were made in 2017, adding depth to the Bank's people segment by strengthening our relationship with the company and becoming the main financial institution with which they work.

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 M2. We supported the project through a loan transaction for COP 3,000 million. It is expected that 300 children will be transferred to the new facilities, which will also allow the school to expand its capacity by 100 new children.

## Golosinas TRULULU

This company is part of a business group with over 70 years of history, dedicated to creating memorable ex-

periences and magical moments through “sensational sweets.”

Since 2011, our Expert Team, aligned with the client's vision, has made available a portfolio of deposit and payment products that, at the end of 2017, exceeded COP 33,000 million. In this way, through our transactional platform, the client made over 2,000 payments and collections during 2017, thus supporting the company's growth and positioning Trululu as leaders in the candy gum market. The goal is to continue delivering fantastic experiences to all its customers.

With our support, the company undertook the new challenge of expanding its production plants in the city of Manizales; the Bank, through its different lines of financing, leveraged the investment with COP 5,800 million. Through the project, this Colombian company seeks to conquer more international markets, especially in Central America and Europe.



Buga, Valle del Cauca

## Governmental Banking

### Territorial and Decentralized Entities

#### Promoting Welfare and Progress in Colombian Regions and Municipalities.

As part of our commitment to local public management, we continue to support the development of infrastructure, health and education projects across more than 2,947 Territorial and Decentralized Entities that contribute to the well-being of thousands of Colombians. In this way, we granted more than 230 credit operations, for over COP 160,000 million. Likewise, we opened 6,500 savings, checking and CD accounts for a total of COP 140,000 million.

During this period we continued to consolidate a specialized service model, which allows us to provide better service and solutions that effectively address the needs of these clients. To this end, we have 2 Regional Offices, 6 Area Managers, 27 Official Managers and 27 Commercial Executives.

**We granted more than 230 credit operations** for over COP 160 billion to Territorial and Decentralized Entities.

In addition, at the end of the year we delivered 40,000 Christmas kits to children from different towns in the country, promoting recreational activities that allow them to make good use of their free time. This year we delivered 5,000 kits more than in the previous year.

### Supporting Education

In 2017, we worked hand in hand with public universities to promote the collection of tuition fees through our channels. Through this initiative, we raised COP 45,000 million at 16 educational centers in different regions of Colombia.

In compliance with Decree 1078 of 2015, issued by the Ministry of Information Technology and Communications, we implemented electronic payment portals for the municipalities of Los Patios, San Agustín, La Dorada and Garzón and are currently developing a portal for Arauca, with the purpose of facilitating tax payments.

Moreover, to provide specialized assistance in the different ways of collecting taxes, we offer Help Desks to provide operational support to the municipalities. This arrangement has allowed us to increase the number of collection agreements by 17%.

Finally, in compliance with Resolution 12829 of 2017, which regulates the Education Master Accounts, we transformed and adapted our products to the legislative changes. These accounts will represent over COP 2 trillion in deposits over the course of 2018.

## SME Banking

One of our key commitments is to support strengthening of small and medium enterprises in the country, because we know the impact they have on job creation and national economic development.

In 2017, we continued to provide greater possibilities for growth by financing new digital services and networking platforms. Likewise, we gave awards for best practices among SMEs in the country that demonstrate the talent, resilience and capacity for innovation of our entrepreneurs.

To meet the financing needs of this segment, we optimized internal processes, improving response times, guaranteeing risk levels and raising portfolio quality; this allowed us to disburse loans totaling COP 3.4 trillion in over 34,000 operations, which represented 8% growth in the portfolio balance compared to the previous year.

*We disbursed loans for  
COP 3.4 trillion in over  
34,000 transactions.*

## Digital Tools

The digital transformation that we have been undergoing has allowed us to put the Business Transaction Portal into operation, which provides our clients information on their services and products in a more agile and timely manner, delivering a user-friendly tool with added functionalities.

Likewise, in 2017 we continued to strengthen our Pymercado platform, which enables the creation of new business opportunities by connecting client companies of Banco de Bogotá with those of BAC Credomatic in Central America. By the end of the year, we had reached 5,000 companies registered in Colombia and 14,000 in seven other countries.

## Recognition of the Best

We held the 11th edition of the Gacela MisiónPyme Award, through which we recognize the work of SME clients and non-clients throughout the country year after year. This award, which has become a benchmark for our entrepreneurs, recognized 14 regional and 5 national companies. The regional award events took place in the cities of Bogotá, Medellín, Barranquilla, Cali, Bucaramanga and Pereira.



## Social Banking

To continue working hand in hand with this sector with offerings suited to its needs, we strengthened our Social Banking service model with a view to providing greater coverage and proximity to cooperatives and solidarity economy funds. To this end, we provide refresher and training sessions to our sales force to continue working alongside this sector with offerings aligned to their needs.

## Microenterprise Banking

In the microenterprise segment, we serve small entrepreneurs in the industrial, commercial, service and agricultural sectors through lines specializing in working capital, fixed asset and liability replacement financing, thus fostering business formalization and productivity day by day. At the close of December 2017, we had over 156,000 microenterprise clients. During this period, we improved our operating and credit processes, reducing the response time for the client from 15 to 3 days. In this way, we disbursed COP 26,256 million across 3,390 transactions.

## Financial Inclusion

We seek to provide greater growth opportunities for people and micro-enterprises by promoting involvement in banking, through a portfolio that covers access, products and financial education.

In fulfillment of this purpose, we work constantly on expanding our coverage and implementing new methodologies for capturing new clients and strengthening existing ones, taking the Bank's operation to rural parts of the country that still do not enjoy the benefits and opportunities of the financial system, thus contributing to the progress of Colombians.

Thus, in November 2017, we put into service a new mobile branch to complement our **Financial Inclusion Route** strategy, "A Journey for the Progress of the Country", reaching more than 53 municipalities in seven departments of the country: Tolima, Huila, Antioquia, Valle del Cauca, Cauca, Caquetá and Meta.



*Financial Inclusion Route "Un Viaje por el Progreso del País".*



*Coffee grower - Buga, Valle del Cauca*

The mobile-office van is equipped with our main transaction channels: Internet, Mobile Banking, Servilínea and two points for advice and sale of products from the Bank's portfolio; It also has audiovisual tools for Financial Education days, providing information on the use of the Bank's products and services.

For the development of financial inclusion initiatives, we entered into an alliance with the United States Agency for International Development (USAID) and the National Coffee Growers' Federation. In addition, we are working with municipal mayors and governors in several areas of the country.

In 2017, through our Microfinance model, we disbursed over 1,700 microloans worth nearly COP 7,000 million in rural areas of Antioquia, Quindío, Huila and Tolima, through the implementation and development of product analysis and approval methodologies focused on knowledge of agricultural activities.

Likewise, we began granting loans to clients in rural areas, backed by a guarantee called "Respaldo DCA" (DCA Support, promoted by USAID), which covers 50% of loan operations in more than 230 municipalities nationwide. Through this guarantee, we have granted over 4,000 loans worth COP 28,000 million.

## Supporting Colombia's Coffee Growers

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 federation ID and a means of access to important benefits for their business development.

In 2017, over 393,000 coffee growers held Smart Coffee Grower's cards and were engaged in the banking system.

In the journey we made as part of the Inclusion Route "A Journey for the Progress of the Country", we held training sessions in coffee-growing areas, on the use of our different service channels: ATMs, Internet, Banking Correspondents, SMS Mobile Banking and Servilínea, thus promoting greater use of the federation member savings account by demonstrating the product's ease of access and the reduced transaction costs that it allows.

***We closed the year with over 393,000 coffee growers engaged in the banking system and holding Smart Coffee Grower's Cards.***



## Personal Banking

In line with the new market trends and consumers that increasingly demand digital solutions that simplify their lives, we have been advancing in our strategy to deliver new services that allow us to connect and relate with our clients more closely and directly.

In 2017, we launched the first Digital Savings Account, which facilitates access and allows self-management, providing our clients greater agility and convenience. In 2018, we will enable a new digital solution for Credit Cards, which will make the application and use of this product simpler and more agile.

### Achieving Goals and Growing Together

During this period, we continue to work on delivering to our clients products and services designed for each moment and stage of their lives, so that we can support them in meeting their goals and grow together.

Each of the tactical segments has a differentiated value proposition; in the Children's Segment, we teach that the secret to achieving your dreams is to save, and to this end we have designed a specialized portfolio to encourage children to live a healthy financial life; in the Youth Segment we provide the solutions they need depending on the current moment of their life; and to the People and Experience Segment, we offer comprehensive portfolios to fit their needs. Our commercial strategy consists of capturing, retaining, and strengthening our customers and making them profitable.

### Consolidating the Youngest Segments of the Population

Likewise, as part of our actions for the Children's Segment, we visited schools and kindergartens in different towns across the country, teaching the importance of

saving and how to fulfill their dreams by saving through a bank account.

We participated in different children's events, supporting financial inclusion. At the Divercity sites in Bogotá, Barranquilla and Medellín we held savings workshops for 700 children, in addition to special activities at Lego Fun Fest. Over the year, we engaged more than 9,000 children through our accounts.

We strengthened our Youth Segment, opening 8,000 savings accounts and approving 4,000 student loans. Over the period, we consolidated our agreement with Colfuturo, which supports young Colombians with postgraduate degrees through loans in pesos, thus avoiding the uncertainty regarding the dollar.

In addition, over the year we signed eight new agreements with universities, through which we financed access to higher education and support young people by providing financial education.

### Personal Banking Segment

Understanding the needs of customers is our priority; therefore, in 2017 we developed digital innovation and financial inclusion strategies that facilitate access to our services and promote greater coverage.

With the aim of providing more ease and agility, since July 2017, our customers can open Libreahorro, Flexiahorro, Rentahorro and Payroll savings accounts digitally through Mobile Banking, our website or any of our 41 digital modules located in the same number of branches. Thus, customers can self-manage and open their savings products with minimal data in an agile, user-friendly and safe way.

Likewise, to promote financial inclusion among clients with incomes of less than 1.5 minimum monthly legal wages, in the same month we launched the Econocuenta savings account, without costs associated with handling and transaction fees. Through this product, we opened 30,000 new accounts.

We supported our clients in developing their projects by granting consumer loans totaling COP 2.9 trillion, 14% more than in 2016, thanks to changes in our credit policy, process improvements and the creation of 124 new agreements.

Through our Savings, Checking and CD Accounts, we increased our balance by COP 109,731 million compared to 2016, an increase of 3.1%, supported by the opening of 497,000 accounts and the reactivation of another 197,745.

*In 2017, we launched Econocuenta and through this product we opened 30,000 accounts.*

With the aim of bringing a comprehensive product offering to more clients, in 2017 we changed the minimum income policy for access to the Crediservice credit line, allowing people who earn 1.5 times the monthly minimum legal wage to obtain our revolving credit line for individuals. In so doing, we disbursed over COP 800,000 million, supported by campaigns to increase and use the credit line.

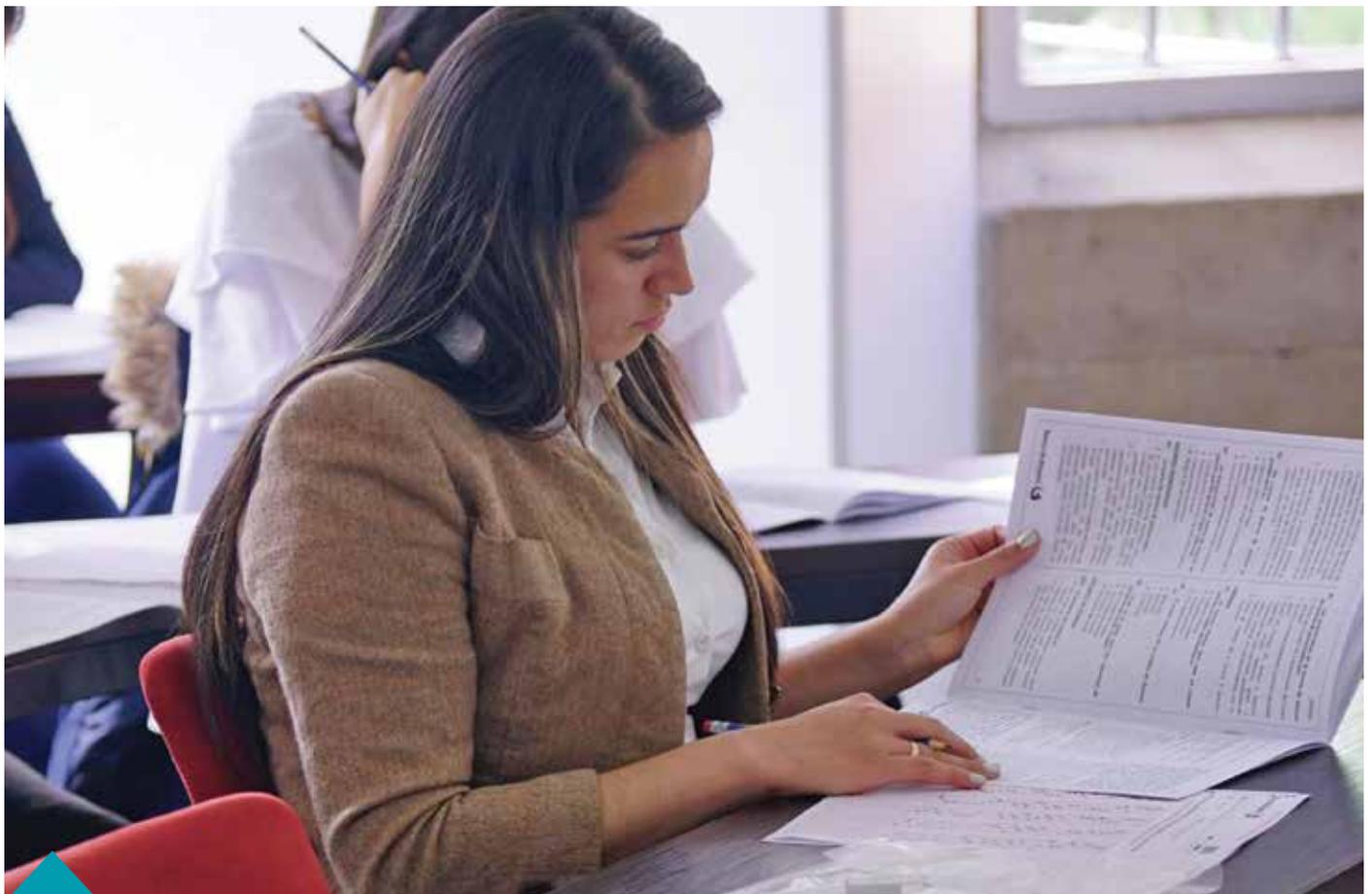
## Portfolio for Our Employees

In 2017, we continued strengthening the Preferential Plus Segment, to ensure a differentiated proposition for our employees and their families and expand coverage, with the services extended to some of our subsidiaries such as Fiduciaria Bogotá and Almaviva.

At the end of the year, 29,270 employees and family members enjoyed the benefits of services and products in this segment, reflected in disbursements of COP 218,226 million in 38,629 transactions.

## Examen Conocer

To provide continually better service and advice to our clients, for the eighth consecutive year we certified our sales team through training programs and ongoing learning about our products and services. Nearly 3,000 employees tested their knowledge through the 2017 Conocer Exam.



*Conocer Exam - Bogotá D.C.*

## Preferential Banking

Our challenge is to be the first choice for Preferential clients, providing comprehensive solutions to suit their financing needs. To this end, we continuously take actions that allow us to support them in the growth and consolidation of their life projects, seeking to offer memorable experiences in all their interactions with us.

### More Service and Support

During this period, we strengthened the specialized relationship model, through Office Managers, Sales and Service Advisors and Trust Managers, to provide better support to our clients, leading to 14% growth in the Preferential client base and a 48% increase in investment portfolio engagements. Thanks to this, we engaged more of these clients compared to the market and achieved a higher level of income per client\*.

To meet the credit needs of this segment, we provide preferential rates in our product portfolio and shorter response times in the operations carried out by our clients, achieving 10% growth in deposits and a 24% increase in loans.

### More Solutions for Our Clients

In order to facilitate access to all the benefits, we issue the Platinum Debit Card as a route to preferential service channels and as a mechanism for accessing: home assistance, emergency cash, Visa Concierge assistant, price and purchase protection, and extended warranty, among other services. At year-end we had recorded an 80% increase in the number of Preferential clients enjoying the benefits of this card. Likewise, we renewed the Banking website in our portal, improving its usability to make it more accessible and user-friendly to our clients, which in turn allows us to be more competitive.

By the end of 2017, in the Preferential Line we had achieved a 93% level of resolution upon first contact, a channel available to clients 24 hours a day, 7 days a week: specialized assistance for managing their products, information on Debit and/or Credit Card coverage and insurance, queries on the portfolio of Fiduciaria Bogotá, among others. Our Preferential clients value this service channel more and more, which is evident in the positive ratings received.

\*FINALTA Study by McKinsey, Nov.17





*Ruitoque Premium Office - Bucaramanga, Santander*

## Premium Banking

We continue to strengthen our Premium Banking model in Colombia. In November 2017, we opened our second Premium office in the department of Santander, located in the Ruitoque Condominium: a differentiated and comfortable space in which to provide our service to over 200 Premium clients in the area. We incorporated a commercial banking relationship manager and an Investment Manager into the service model, who advise our clients on their financing projects, providing them constant support in determining, managing and monitoring their needs.

### We Improve Our Service Model Every Day

The Premium Service Model is consolidated through 15 specialized offices in the cities of Bogotá, Cali, Medellín, Bucaramanga, Barranquilla, Cartagena and Pereira, a strategy supported by state-of-the-art technology and the highest security standards.

During this period, taking into account the opinions of our clients and the sales team, we created the Premium Executive role to support internal operations and commercial management at our offices, which has been highly valued.

Likewise, we strengthened the loyalty strategy through a communication campaign aimed at the segment, to reinforce the value proposition for our clients. Thus, by the end of 2017 we had posted a 47% increase in the number of clients that enjoy the exclusive benefits of the Infinite Debit Card; in Leasing, we recorded COP 12,800 million, with

growth of 36%; while in Collective Investment Funds (CIFs) we increased deposits by 38%.

As part of our “Premium Branches at the service of all” strategy we made the Business Rooms of our Premium offices available to preferential, business and corporate clients. These spaces are equipped to the highest standards of security, confidentiality and comfort. This initiative has been very well received by our clients, translating into a 79% increase in attendance at our facilities.

Mindful of our clients’ lifestyles, we entered into a partnership with the BMW brand to participate in the BMW Tour Fest Bogotá, at which we offered clients in the Premium and Preferential segments financing for acquisition or renewal of their vehicles at very competitive rates. Likewise, we strengthened our presence at important sporting events, bringing our offering to over 2,000 participants.

***We opened our second Premium office in Santander, located in the Ruitoque Condominium: a space to serve our over 200 Premium clients in the area.***



# Products and Services

## Debit Card

The Banco de Bogotá Debit Card is the key to making online purchases nationally and internationally. Between May and November 2017, in collaboration with the networks and payment platforms, many businesses nationwide have been equipped so that our clients can make purchases online and via apps or mobile platforms easily, quickly and safely. The result was that in 2017, the value of online purchases increased by 140% compared to 2016.

For our Premium and Preferential clients we continue to strengthen our value proposition through Platinum and Infinite Debit Cards, which open up differentiated services such as assistance, purchasing benefits and preferential access to our branches. In addition, during the year we conducted centralized campaigns and issued cards across the branch network, closing the year with 57,426 active Platinum and Infinite cards issued.

Likewise, starting in October, the Banco de Bogotá Business Debit Card offers free assistance to clients in the SME segment.

As part of our drive to reduce issuance times of the Logros and Crecer Debit Cards for our Microenterprise Segment clients, we went from an average of four business days to immediate handover at our branches.

## Prepaid cards

We closed 2017 with 253,281 active Prepaid Cards, up 12% compared to the same period in 2016. Total turnover during the year was COP 56,444 million.

## More Benefits for Our Clients

To make more distinctive benefits and offers available to our clients through their cards, we continue to strengthen our Compras Felices (Happy Shopping) partnerships program, with 70 partners that generate a positive impact in terms of use, point of sale coverage and brand positioning.

## Debitomanía

In addition, between April and June we carried out the Debitomanía billing contest, through which we rewarded the clients who made the most purchases with their Debit Cards during that period. Over 648,000 clients from different segments participated, of which 298,000 used their Debit Card for purchases for the first time, for a total amount of COP 124,000 million; likewise, 146,000 clients increased their Debit Card purchases by a total of 146% compared to the previous year. Close to 40% of the increase in turnover during the competition period came through this initiative.

For clients in the Premium and Preferential segments, we strengthened our value proposition through the Platinum and Infinite Debit Cards.



## Credit Cards

### Creating Unique Experiences

Aware of the importance of innovation and proactivity so that our clients continue to enjoy the multiple benefits of our Credit Cards, we created VIP zones at the best events and concerts sponsored by Grupo Aval. In these zones, over 3,000 clients enjoyed preferential attention, comfortable furnishings and food while waiting for the start of the shows.

### Strengthening the Cashback Offering

We worked to deliver more benefits to our clients, which is why we launched the 5% Cashback for purchases made at supermarkets using the Economy Credit Card, encouraging its use for routine household purchases.

### Supporting the Endeavors of Our Employees

As part of our commitment to position and promote the use of credit cards across different environments, we held the first Entrepreneurship Fair at the Bank's General Management Offices, during which employees and their families presented their businesses to close to 800 visitors. During the event, sales were made on mobile devices through Banco de Bogotá Adquirencia, and future contacts were acquired.

### Facilitating Tax Payments

For CEOIS banking clients with commercial credit cards we provide the home tax collection service; and in the Micro and SME segments we offered discounts as a benefit for tax payments; through this initiative we achieved a 21% increase in tax collection compared to 2016.





## Rewarding Our Clients

We continue to work toward bringing our clients closer to their dreams, which included supporting the Colombian team in the qualifiers for the 2018 World Cup in Russia. To this end, the 12 winning clients in the Credit Card category who achieved their billing goal in two months were rewarded with an all-expenses-paid trip to Barranquilla to enjoy one of the Colombian team's games. This campaign generated a 20.2% increase in billing and a 13% rise in profits via these clients.

## Happy Moments

We devise different mechanisms for billing campaigns that encourage greater client participation; for MasterCard Credit Cards, we invited groups of clients to participate through tar-

geted communication. The innovative Robochat tool allows our clients to self-manage their enquiries and registration to receive awards for reaching billing goals, resulting in a 12% increase in the group of registered clients and a 14% reactivation of inactive clients in the MasterCard portfolio.

## At the forefront of the market with our partner, Movistar

With the implementation of the on-site approval initiative and the first OTP purchasing alongside our partner Movistar, we issued 3,331 new Credit Cards on the spot with mobile handset purchases at 30 of the telecom company's stores nationwide. In so doing we improve our clients' commercial experience with fast billing.



## Mortgage Banking

Continuing with our aim for more Colombians to own their own homes, to date we have supported over 32,000 families in attaining this dream. As at December 2017, we had disbursed over COP 867,000 million in 9,824 transactions.

We have a portfolio with products designed for the various needs of our clients; in the last year, over COP 92,000 million in disbursements were for Housing Leasing, whereby 398 households received all the associated benefits.

These results allow us to continue growing in our portfolio balances, as follows:

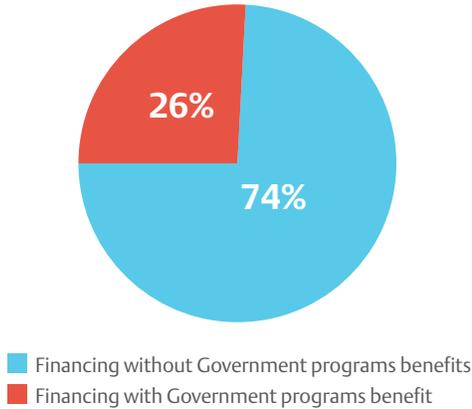
Portfolio Balance December 2106	Portfolio Balance December 2107	Growth
COP 2,354,333 million	COP 2,855,652 million	21,2%

These figures attest to the impact of our service model, which is based on six Specialized Housing Centers in Bogotá (2), Medellín, Bucaramanga, Cali and Barranquilla, as well as 17 housing corners located in medium-sized cities, which complement the commercial activities of our branch network and specialized housing sales force throughout the country. In this way, we fulfill our value proposition of providing support from the beginning to the end of the housing financing process.

It is important to stress that thanks to the government programs and the extension of the benefits of the Bank's rate (with eight additional years), over 4,700 families have been able to acquire housing, generating disbursements totaling COP 225,152 million. The government benefits have allowed minimum-wage earners to make true their dream of owning their own home:

Government Program	No.	Amount
VIPA	2,339	COP 54,329
NO Vis	1,004	COP 103,386
Mi Casa Ya Cuota Inic.	387	COP 18,508
Mi Casa Ya FRECH II	1,069	COP 48,929
<b>Total</b>	<b>4,799</b>	<b>COP 225,152</b>

Disbursements and Government programs



*We supported over 32,000 families in making true their dream of owning their own home, **disbursing over COP 867,000 million.***

As a strategy to increase the placement of loans and Housing Leasing, we have participated in fairs and specialized events. In 2017, we were present at 14 housing fairs in the cities with the most dynamic real estate markets, generating disbursements worth COP 24,679 million and 991 approvals amounting to over COP 117,530 million.

The promotion of our portfolio in 2017 was backed by Grupo Aval, which led the “Aval Banks Great Credit Fair” -- an event that was very well received, reflected in COP 12,982 million disbursed in housing financing.

**In 2017, we were present at 14 housing fairs, with disbursements totaling COP 24,679 million.**

### Constructor credit

As part of our commitment to the development of Colombia, we support one of the most important sectors of the economy. Thus, in 2017 we approved 162 projects with total value of COP 1,216,915 million, for the construction of 18,144 housing units.

Likewise, under this line of financing we have provided support to government programs, financing 87 projects worth COP 546,312 million distributed as follows:

Project	No. projects	No. Units	Approved amount
APLICAFRECH	87	11,536	COP 546,312
NO VIS	30	2,276	COP 181,996
VIP	4	1,142	COP 32,560
VIPA	2	584	COP 18,120
VIS	51	7,534	COP 313,636
Free Housing	16	2,210	COP 73,591

For financing of housebuilding projects we disbursed over COP 556,721 million, with which we achieved a total balance of COP 866,894 million and increased our market share to 7.81%:

Constructor portfolio Balance	2016	Part.	2017	Part.
Banco de Bogotá Balance	COP 702,590	6.70%	COP 866.894	7.80%
Financial System	COP 10,479,260		COP 11,119,361	



## Insurance Banking

We closed 2017 with over 780,000 clients insured, who are backed by our Insurance portfolio in case of unexpected events. Today the Insurance Banking program is consolidated as one of the largest groups of insured individuals in the Colombian financial market.

Over the year, we continued to focus on products that bring peace of mind to our clients in difficult times. Along these lines, we offer Cancer Insurance, through which we provide coverage to our clients with non-restricted disbursements at the time of first-time diagnosis and provide value added for beneficiaries in the event of fatality. This insurance is an affordable option that complements health plans, and can be acquired by our clients at any of our branches nationwide.

In 2017, we improved Protected Installment insurance coverage charged to the Bank's different lines of credit. As a result of this improvement, our clients have coverage better suited to their economic activity, and we now offer exclusive insurance coverage for employees, supporting them in case of unemployment. For self-employed persons we offer insurance that covers them in case of disability; as such, we provide coverage more focused on their needs and expectations.

During the year, 60% of clients with Non-Restricted loans and who are served by the branch network have a Protected Installment insurance policy that provides back-

ing and peace of mind at critical moments. Likewise, we have strengthened our sales channels so that more segments are protected by this insurance. Thus, 41% of Non-Restricted Loan clients served by the Mobile Sales Force have this coverage.

In our retention line, after raising clients' awareness on the main benefits of our policies and reminding them to be prepared for unexpected situations, 50,000 clients decided to renew the policy; this represents growth of around 6% on the number of clients retained the previous year.

Finally, in recognition of our commercial team, we held the seventh Banking Insurance Convention, highlighting the work of those sales employees who, in their daily activities, always seek to protect and support our clients' assets, finances and lives.

*We closed 2017 with over 780,000 clients insured, who are backed by our Insurance portfolio in case of unexpected events.*





## Employees and retirees solutions

In the second semester of 2017, we consolidated the Bank's commercial structure for the sale of Payroll and Payroll Loans, improving service, strengthening nationwide coverage and generating efficiency. This has led to new agreements, offering more businesspeople and their employees comprehensive solutions that allow them to realize their projects.

In this same period, we launched the Nómina Digital savings account, allowing more Colombians to open these payroll accounts in a safe and simple way. In addition, as part of our aim of innovating and transforming our financial services, next year we will implement a new digital solution for Payroll Loan applications.

## Payroll

In 2017, we increased the base of active payroll accounts by almost 80,000, a 10% increase compared to the previous year, as well as managing resources totaling COP 1.1 trillion. Likewise, we created over 2,000 payroll agreements, providing benefits to businesspeople and welfare to their employees, as part of our financial system access strategy. For members of the Police and Armed Forces, we issue a personalized debit card.

In the second semester, we launched the Nómina Digital savings account, which promotes self-management through virtual channels and modules at some of the Bank's

branches (41 branches initially). In this way, by the end of 2017, over 5,000 payroll accounts were opened through this channel.

## Payroll Loans

Based on our commitment to businesspeople and their employees, we provide support through activities aimed at their well-being and that of their families, through our presence at 195 events nationwide.

With private-sector companies, in 2017 we entered into over 500 new agreements and benefited about 30,000 people by granting resources worth over COP 470,000 million to finance their personal projects, offering preferential rates according to the term, amount and sector. This allowed us to increase our presence and our penetration in Colombian companies.

In the government sector and for teachers, we continue to focus our efforts on improving the customer experience, strengthening personalized attention. In so doing, this year we entered into over 75 agreements and disbursed over COP 300,000 million, benefiting around 10,000 people through loans for the fulfillment of their projects, with all the advantages of payroll deductions.

Likewise, our coverage in the Armed Forces was strengthened, having disbursed resources of close to COP 800,000 million in 27,900 transactions.

In 2017, we continued to strengthen our relationship with Pensioners through agreements with Colpensiones, Fiduisora and the National Police Retirement Fund and seven new agreements. We had constant presence at payment centers nationwide, offering a range of activities for the wellbeing of retirees and thereby strengthening relations with them.

Likewise, we accompany them in their schedule of events, cov-

***In 2017, we increased the base of active payroll accounts by almost 80,000, a 10% increase compared to the previous year.***



ering a large part of the country. Through past initiatives, retirees now see the Bank as their partner in carrying out their projects, making use of the payroll loan option and granting benefits to over 9,000 retirees worth almost COP 200,000 million.

## Financial education

Based on our commitment to financial education, we offered training sessions under the banner of “Savings Club”, focusing on money management, savings, financial planning and environmental care, for over 5,000 children from preschool to high school at 14 schools in Bogotá and Cundinamarca.

We have taken our financial education program called “My Home and My Money”, centered on the topics of saving opportunities, family budget and expenses, to over 1,000 teachers and pensioners. For the latter, the program was complemented with the talk “Orientation for retirees”.

Likewise, for private sector companies we conducted 76 conferences with over 2,200 participants, on the keys to managing money intelligently.

## Vehicle Loans

We continue to be strategic allies of dealers and customers, who in 2017 realized their dream of buying their own vehicle.

As such, we supported over 12,000 clients, including self-employed, pensioners, employees and businesspeople, in acquiring a vehicle for family or business use. We are the second-largest bank in terms of loan disbursements for the purchase of business vehicles, thus promoting the growth of small and medium enterprises in Colombia.

As to used vehicles, we extended the terms and percentages of financing, resulting in a more attractive offer for a wider range of clients, with more accessible installments and better financing plans.

*We supported over 12,000 clients, including self-employed, pensioners, employees and businesspeople, in acquiring a vehicle for family or business use.*

## Participation in Trade Fairs

Taking into account the demanding market outlook in 2017, we participated in major high-impact industry events nationwide, including the following: **CAREXPO** (event aimed at the sale of used vehicles in Bogotá); **EXPOCAR Medellín** (event organized by the automotive industry with the support of Fenalco Antioquia); **AUTOFEST Barranquilla** (event organized by Corferias and backed by Fenalco Atlántico); **MOTORSHOW Bucaramanga** (event

organized by CENFER with the support of Fenalco and the Chamber of Commerce of Bucaramanga).

In this way, we strengthen our commercial relationships with dealers and entities that promote the automotive industry.

## Auto Fairs Banco de Bogotá

As a regional strategy to create synergies with dealers in different regions and harness the market for the benefit of all, we created the Banco de Bogotá Auto Fair.

Over the year, we held five successful Banco de Bogotá Auto Fairs in: Tunja, Duitama and Sogamoso (Boyacá), Bucaramanga (Santander), Chía (Cundinamarca), Neiva (Huila) and Ibaqué (Tolima).

Finally, during 2017, we held and participated in 384 industry events, generating COP 335 million in investments and obtaining 3,043 potential referrals. We also carried out 728 disbursement transactions worth COP 33,834 million.





# Physical and Electronic Channels

## Our attention channels

### Our presence in Colombia

As of December 2017, we were operating at least one channel in 835 municipalities throughout the country, a figure that represents coverage of 76% of the Colombian territory. At the end of the year, our clients and users had access to 10,908 points of service across the country.

At the end of 2017, our clients and users had access to **10,908 points of service across the country.**

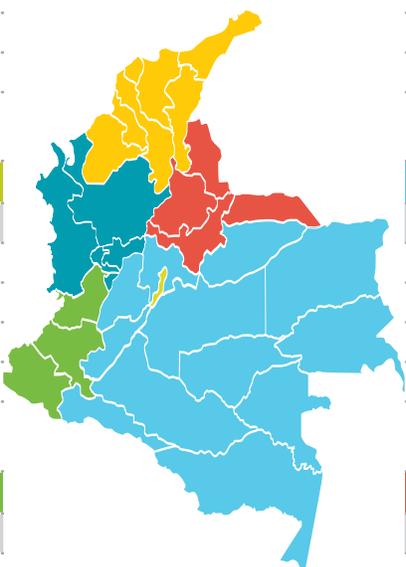
Colombia			
	Dec-16	Dec-17	Var
Branches	761	730	(31)
ATMs	1,758	1,740	(18)
Banking correspondents	7,337	8,438	1,101
Total points of service	<b>9,856</b>	<b>10,908</b>	<b>1,052</b>

Antioquia Region			
	Dec-16	Dec-17	Var
Branches	134	127	-7
ATMs	303	293	-10
Banking correspondents	589	689	100
Total points of service	<b>1,026</b>	<b>1,109</b>	<b>83</b>

Coastal Region			
	Dec-16	Dec-17	Var
Branches	96	95	-1
ATMs	270	292	22
Banking correspondents	560	606	46
Total points of service	<b>926</b>	<b>993</b>	<b>67</b>

Bogotá Region			
	Dec-16	Dec-17	Var
Branches	218	211	-7
ATMs	491	481	-10
Banking correspondents	3,253	3,565	312
Total points of service	<b>3,962</b>	<b>4,257</b>	<b>295</b>

Central Region			
	Dec-16	Dec-17	Var
Branches	123	117	-6
ATMs	248	248	-
Banking correspondents	1,284	1,505	221
Total points of service	<b>1,655</b>	<b>1,870</b>	<b>215</b>



Western Region			
	Dec-16	Dec-17	Var
Branches	108	103	-5
ATMs	238	226	-12
Banking correspondents	747	976	229
Total points of service	<b>1,093</b>	<b>1,305</b>	<b>212</b>

Eastern Region			
	Dec-16	Dec-17	Var
Branches	82	77	-5
ATMs	208	200	-8
Banking correspondents	904	1,097	193
Total points of service	<b>1,194</b>	<b>1,374</b>	<b>180</b>

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



*Ruitoque Premium Office - Bucaramanga, Santander*

## Branches

In 2017, we continued our strategy of expanding coverage according to the needs of our different client segments, opening the Ruitoque Premium and Guacarí Commercial Park branches.

At the end of the year, our clients and users had access to 730 branches across the country.

During this period, we made progress in strengthening our brand through the modernization and implementation of our new image across our branch network. At December 2017, we had 363 service centers throughout Colombia (including traditional branches, teller extensions, collection and payment centers, among others).

## ATMs

We offer our clients the service and coverage provided by our Red Aval ATM network, which comprised 3,770 operating units at the close of December. Our ATMs account for 46% of the machines, and process 53% of all network transactions.



Dec - 2017  
1,740

So far this year, over 93 million transactions have been completed through our 1,740 installed ATMs. It is noteworthy that in 2017 we relocated 97 units to busier areas, including tourist sites, shopping malls, health centers, and others. Thanks to this strategy we increased our revenues by 20% compared to the close of 2016.



## Self-service zones

In 2017, our Bank opened 32 Self-Service Zones in several cities throughout the country, resulting in a total of 118 Self-Service Zones in operation located in: Bogotá, Barranquilla, Bucaramanga, Barrancabermeja, Cali, Cúcuta, Duitama, Medellín, Neiva, Pasto, Santa Marta, Tunja, Valledupar, Yopal, Sogamoso, Yumbo, among others.

Through this channel, our clients can make transactions such as cash deposits to checking and savings accounts, credit card and debt payments in cash or charged to their account, and payment of public and private utilities charged to their account; they can also view and print account balances and transactions, bank references, tax certificates, print out credit card, loan, savings and checking account statements, register services and accounts, as well as change limits and amounts. This channel is exclusively for our Bank's products.

## Banking correspondents

The banking correspondents are the ideal channel for supporting the strategies of the Public, Microfinance and Microenterprise sectors, contributing substantially to the financial inclusion of Colombians.

At the close of December 2017, we had 8,438 banking correspondent points nationwide, located in supermarkets, stores, drug-stores, and other retail establishments.

Our main partners are Grupo Éxito, Almacenes La 14, Colsubsidio, Coopidrogas and MovilRed. Through them we are present in 819 municipalities around the country, so that our clients and users can carry out financial transactions close to their homes or workplaces, within a broad range of business hours.

In 2017, we launched a new banking correspondent scheme through collection modules installed near branches with high transaction volumes, thus supporting the transaction migration strategy by seeking more cost-efficient channels. We closed the year with the installation of three modules at the Plaza Imperial and Galerías malls in Bogotá, and in the municipality of Istmina, Chocó.

We recorded a 24% increase in transactions compared to the previous year, achieving a total of 16,462,551.



## Central America Channels

In 2017, we increased our total number of service channels by 89, of which 15 are Digital Branches where our clients can use their devices for payments and transactions, as well as advisors to support self-management of procedures, such as delivering cards, products or insurance.

By the close of the year, we had a total of 2,687 points available throughout Central America, which service the needs of our 3 million clients and stakeholders quickly and safely.



Guatemala		
	Dec-16	Dec-17
Full Services Branches	134	134
Rapi-Bancos(In-Store Branches)	3	4
Corporate Tellers	24	30
On-Site Business Tellers	-	-
Branch with Self-thru Service/Drive thru	2	2
ATMs	257	257
<b>Total</b>	<b>420</b>	<b>427</b>

Honduras		
	Dec-16	Dec-17
Full Services Branches	58	58
Rapi-Bancos(In-Store Branches)	11	11
Corporate Tellers	52	52
On-Site Business Tellers	-	7
Branch with Self-thru Service/Drive thru	14	14
ATMs	404	412
<b>Total</b>	<b>539</b>	<b>554</b>

El Salvador		
	Dec-16	Dec-17
Full Services Branches	40	139
Rapi-Bancos(In-Store Branches)	4	4
Corporate Tellers	36	36
On-Site Business Tellers	-	-
Branch with Self-thru Service/Drive thru	1	1
ATMs	288	292
<b>Total</b>	<b>369</b>	<b>372</b>



Nicaragua		
	Dec-16	Dec-17
Full Services Branches	39	39
Rapi-Bancos(In-Store Branches)	-	-
Corporate Tellers	86	90
On-Site Business Tellers	-	-
Branch with Self-thru Service/Drive thru	2	2
ATMs	261	283
<b>Total</b>	<b>388</b>	<b>414</b>

Costa Rica		
	Dec-16	Dec-17
Full Services Branches	43	43
Rapi-Bancos(In-Store Branches)	11	12
Corporate Tellers	49	48
On-Site Business Tellers	-	7
Branch with Self-thru Service/Drive thru	7	7
ATMs	490	516
<b>Total</b>	<b>600</b>	<b>633</b>

Panama		
	Dec-16	Dec-17
Full Services Branches	37	37
Rapi-Bancos(In-Store Branches)	-	-
Corporate Tellers	12	13
On-Site Business Tellers	-	1
Branch with Self-thru Service/Drive thru	3	3
ATMs	230	233
<b>Total</b>	<b>282</b>	<b>287</b>

We also have 609,000 users at our Electronic Branch who completed approximately 26 million transactions during the year. In the same way, our Mobile Banking reaches 8,000 users who conduct their transactions in the different operating systems. As of December 2017, they totaled 714,000 transactions.



## Servilínea and Call Center

We continue working so that our clients receive a unique service experience in our Servilínea and Call Center, for inquiries, payments, transfers, product blockages and requests in a safe and expedite manner. Through these channels, we provide personalized and specialized service to address client concerns, avoiding the need to go to branches and strengthening self-management.

Thanks to our active commercial management, we achieved a 14% share of Credit Card sales, 5% of Consumer Loans and 78% of Portfolio Purchases. Moreover, in 2017 we placed over 46,000 Payroll Advance products.

By the close of 2017, we had reached 1.9 million transactions, 5 million client calls taken, and 68% of clients with savings accounts and credit cards retained.

**1.9 million transactions, 5 million phone calls and 46,000 new consumer products placed in 2017.**

## Client service

Based on our commitment to customer satisfaction, we continue to work on financial consumer protection, adapting our processes and policies to comply with the new legal provisions related to the due attention and protection of financial consumers with disabilities and the Law on Trans-

parent Prices - Total Unified Value and Abusive Clauses and Practices. In parallel, the Strategic Committee of the Financial Consumer Customer Service System (SACF, for the Spanish original), under the leadership of Senior Management, concentrated its efforts on 28 Strategic Actions aimed at strengthening fraud prevention, meeting client requirements in a timely manner, improving clients' experience with our channels, creating new indicators to measure the quality of processes related to client service, and pursuing continuous improvement related to them.

Continuing with the consolidation of a customer-centered culture, we trained 4,713 employees face-to-face and 16,331 virtually on issues related to the Financial Consumer Customer Service System. We implemented two new virtual modules, the first to adopt best practices for the protection of our clients and the prevention of abuse; the second to strengthen transparent sales through the new Unified Total Value (UTV) concept, to provide potential clients a full view of the characteristics and benefits of our products. We achieved the participation of 12,215 and 3,810 employees, respectively.

To strengthen Customer Experience management, the Bank consolidated a Customer Experience Transformation Department, with the objective of moving the Bank towards a client-centered culture. The main goal of this working group is to increase the NPS recommendation indicator. As a starting point, we began development of the voice of the customer model, and in Q4 we implemented the first phase: a system for measuring experience, involving monthly monitoring of branches through the mystery customer technique, telephone service channels (services and retention line), and complaints and claims. Based on this model, action plans and redesign projects are developed, aimed at aligning the customer's view with their interactions at the most important points of contact.



# Treasury and Foreign Currency

# Treasury and Foreign Currency

## Fixed investment portfolio

Our fixed income investment portfolio has been created based on guidelines of our Board of Directors, the risk management policies, and the requirements related to the balance between liquidity and profitability. Fixed income investments, which have been growing at a slower rate than total assets, amounted to COP 4.59 trillion at the end of 2017, 1.0% above the balance in 2016. Colombian operations accounted for 86% of the total, and the remaining 14% is in the portfolios of the agencies in the United States and the Panama branch. In terms of issuers, 45% of the portfolio is in public debt securities, most of which are treasury securities (TES, for the Spanish original).

2017 was a year of significant valuation for TES, with the Fixed Rate curve decreasing by an average of 159 bp in issues that mature before 2020, and 75 bp for longer maturities. The main benchmark for the local market, the 2024 fixed-rate TES, decreased from 6.87% at the end of 2016 to 6.10% at the end of 2017, a change that mainly occurred in the first half.

The main factor behind this trend was the continuation of the downward cycle of Banco de la República (the Colombian Central Bank), which began to cut rates in late 2016. Thus, in 2017 the monetary authority cut its policy rate by 275 bp to 4.75%. These cuts were possible due to a gradual reduction in inflation, as the effects of the food inflation shocks and the exchange rate devaluation in 2016 eased off. Indeed, inflation decreased from 5.75% in 2016 to 4.09% in 2017, very close to the upper limit of the Issuer's target range (2% - 4%). The 3-percentage-point increase in VAT (from 16% to 19%) at the beginning of 2017 prevented a faster decrease in total inflation, with an estimated effect of between 40 and 70 bp on annual CPI variation.

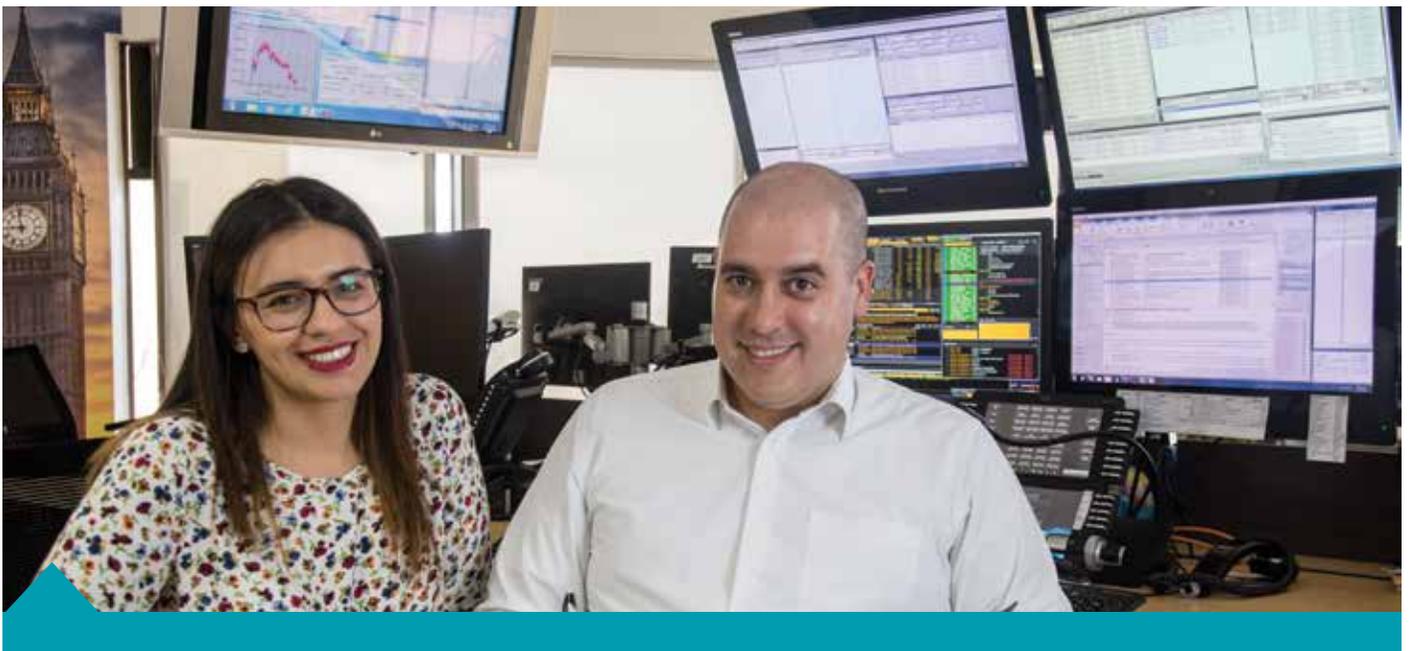
Investor optimism endured despite Standard & Poor's decision to cut Colombia's sovereign rating from BBB to BBB- in November, after noting that the fiscal adjustments in recent years had been insufficient and that the low level of economic growth could compromise deficit targets in coming years. The increase in the price of oil, whose WTI reference rose by 11%, reaching US\$ 60 per barrel in December, favored the country's fiscal outlook, given the increase in expected revenues from income tax and dividends.

In this context, 2017 was characterized by the strategic increase in the portfolio's maturity in the first months of the second half, with profits taken whenever calculations indicated that valuations were beyond the fundamental value of the securities.

As to the fixed-income portfolio in foreign currency, performance was favorable compared to the main emerging fixed income indicators in dollars, given our concentration in short to medium term maturities for corporate and sovereign bonds with high credit ratings.

In 2017, the United States Federal Reserve increased its reference rate three times (75 bp), bringing it up to 1.50%. Meanwhile, in 2017 the rate of 10-year Treasuries fell by 3 bp to 2.41%. They had already increased significantly at the end of 2016 following the US presidential elections, while their German and Japanese counterparts remained at low or even negative rates, anchoring the yield of the long end of the curve.

In any case, it should be noted that these higher US Treasury rates, which largely determine the behavior of all other US\$ bonds around the world, were partially offset by a lower credit spread of portfolio securities given the still strong demand among institutional investors globally.



## Exchange market operations and Derivatives

After three years of high volatility in the Colombian dollar market, in 2017 the foreign exchange trading price range remained below COP 280, reaching a minimum level of COP 2,830 in April and a maximum of COP 3,100 in July. The correlation between the exchange rate and the oil price became evident throughout the year, especially when WTI crude oil was priced below US\$ 45. In addition, announcements by members of the Federal Reserve, which pointed to an increase in interest rates in the United States above market expectations, strengthened the dollar globally in mid-year and in November.

Although the lower economic impetus translated into a dropping off of trading flows in both foreign currency and real-sector derivatives, we highlight the growth of the hedging culture in the export sector, as well as the upswing of activity in sectors such as oil services towards the end of the year.

For its part, the opposite monetary policy rate trends in the United States and Colombia translated into a reduction in the rate differential and the devaluations negotiated in the forward currency market, where one-month devaluation decreased from 6.55% in January to 3.20% in December.

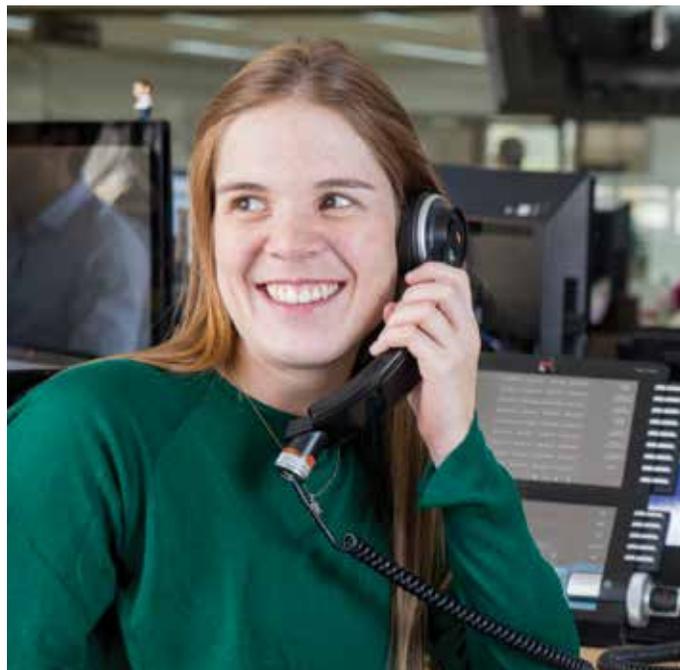
We remain an active counterpart for offshore counterparts, which along with our competitive local market share led to us being chosen by Global Finance magazine, for the fifth year running, as the best supplier of foreign currency prices in Colombia.

For the fifth consecutive year, we were chosen by *Global Finance* magazine as the best supplier of foreign currency prices in Colombia.

### Treasury transactions

In the local money market, we are active participants in liquidity operations under the Public Debt Market Makers Scheme. Similarly, we continue to support the development of the IBR as a benchmark indicator for the Colombian market, not only through the training program, but also through the Steering Committee of Asobancaria, which has reported a considerable increase in transactions indexed to this indicator.

In 2017, we offered our institutional and government clients Treasury-managed Certificates of Deposit with maturities ranging from 90 days to three years, with both fixed and indexed



rates. During the year, we found a greater appetite for both short- and medium-term Fixed Rate securities, as well as for securities indexed to CPI with maturities longer than one year.

### Foreign exchange financing

Our Treasury continues to take advantage of the large amount of funding in foreign currency that our Bank receives from banking correspondents abroad to perform portfolio operations with clients, both in pesos and dollars. The markets continue to provide significant arbitrage options that allow us to continue offering resources to our clients under competitive conditions.

In August we made a successful issue of Ordinary Bonds maturing on August 3, 2027, with significant demand from institutional and financial entities, allowing us to place a nominal amount of US\$ 600 million at a face rate of 4.375%. This placement became part of the Bank's foreign exchange hedging strategy, and took on great importance given the acquisition of subsidiaries abroad.

### Agencies and overseas branch

Our Agencies in Miami and New York and the Branch in Panama closed the year with an average of US\$ 2,506 million in assets, up by close to US\$ 500 million from 2016. The annual profits of these channels grew by 17.7% as a result of efficient management of loan placements and the strategy of portfolio investments in our vehicles. Likewise, we closed the year with close to 2,500 active clients thanks to our service standards and timely customer service.

Our International Sales area, focused on serving institutional and corporate investors throughout the continent, maintained average deposits of close to US\$ 400 million

for the third year running. Thus, even after the reduction in the sovereign rating by Standard & Poor's, which in turn led to a downward adjustment in the ratings of Colombian financial institutions, clients remained confident in the strength and favorable outlook of the Colombian financial system.

*We closed 2017 with approximately 2,500 active clients thanks to our service standards.*

## Positioning as the Colombian bank with greatest international presence

We are committed to continue positioning ourselves as the Colombian Bank with the greatest international presence by creating memorable experiences for our clients in Colombia and elsewhere. In 2017, we applied our knowledge, commitment and structure to create experiences that make the difference for our clients, allowing us to strengthen relationships and put loyalty before price, ensuring that clients always see Banco de Bogotá as their first option.

We succeeded in promoting our portfolio of international products by combining knowledge and technology through the Understanding the World Together initiative, a campaign aimed at positioning our brand by raising issues related to the economy and markets, which are of special interest to our clients.

## Foreign trade commitment

The sustained growth of our clients is our main objective, and with this in mind we provide the most qualified support in foreign-exchange and regulatory matters through our team of International Consultants.

Likewise, we offer channels such as the International Consulting Center and the Internet portal, which are key elements to properly structure businesses in foreign currency and to mitigate the risk of foreign-exchange penalties to which they are exposed on a daily basis.

We have become strategic partners of our clients through our wide range of products. We support the activities of our importer clients by structuring the financial and currency aspects of their payments to international suppliers, through products such as financing, transfers, letters of credit and accounts in our branches and agencies.

Similarly, we are at the service of exporters with continuous support in the design of payment methods that allow them

to receive funds from their customers abroad quickly, safely and in line with their financial needs. For Colombian and foreign investors, our experience is key to the proper channeling of funds.

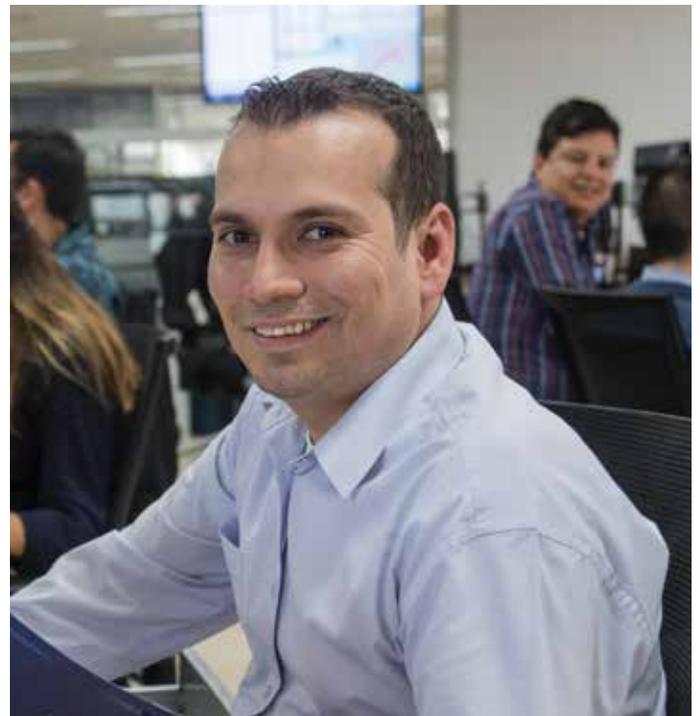
In 2017, we handled over 1,750 queries through our International Consulting Center and over 170 requests by chat, which allowed us to stay close to our clients and provide timely, step-by-step support in their international operations.

The transmission of knowledge is a fundamental pillar of our relationship with our clients. As such, in 2017 we trained executives from over 530 companies on issues related to foreign exchange regulations, international payment methods and efficient management of our product portfolio. Likewise, to ensure effective support to these companies, we strengthened the skills and knowledge of 460 employees.

## New agencies and subsidiaries transactional website

Thanks to the commitment of the IT team of Foreign Agencies and Subsidiaries, a new version of the International Transaction Portal was implemented, with the highest security and reliability standards that exist in the market. Its features include the ability to set up and renew deposits, display checks on-screen, notify users when their account balance is outside the defined range, and provide guidance and tips according to the user's chosen functionality.

This new version also allows greater control over management of our clients' resources and enables sending out segmented notifications according to their product type.





*Mario Germán Lozano Cifuentes, Urgencias Médicas SAS manager. SME Banking Client.*

# Urgencias Médicas Clinic, A benchmark in hospital care

**T**he Urgencias Médicas SAS clinic is located in Buga (Valle del Cauca). It was established 33 years ago with the purpose of providing healthcare services to the population, promoting employment and stimulating the development of this municipality.

The clinic offers general, specialized and home-based medical assistance, in-patient care, level I, II and III surgery, an automated clinical laboratory, and arthroscopy and cystoscopy services for the population in central and northern Valle del Cauca. One of the most noteworthy innovations implemented by the hospital over the last year was the opening of the Intensive Care Unit (ICU), a project supported by Banco de Bogotá, which financed the provisioning and adaptation of the ICU with 23 beds.

Mario Germán Lozano Cifuentes, manager of the Urgencias Médicas clinic, says that the Bank has been his partner for over 25 years, granting him loans for hospital equipment and working capital. "They have helped us a lot. A year ago, they provided us a loan

for the Intensive Care Unit, allowing us to expand our healthcare capacity for the people of Buga," said the doctor.

The clinic, with its modern facilities, has created 150 direct jobs in the municipality.

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