

**BANCO DE BOGOTÁ AND SUBORDINATES**

Financial Statements

At December 31 and June 30, 2014

(With the Report of Independent Registered Public Accounting Firm)



**KPMG Ltda.**  
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**STATUTORY AUDITOR'S REPORT**  
**(Free Translation of the Report Previously Issued In Spanish)**

To the Stockholders  
Banco de Bogotá S.A.:

I have audited the financial statements of Banco de Bogotá S.A. and Subordinates indicated in the note 1 to the consolidated financial statements, which comprise the related consolidated balance sheet at December 31 and June 30, 2014 and the consolidated statements of income, changes in equity and cash flows, for the six months periods then ended, and their respective notes that include the summary of significant accounting policies and other explanatory notes expressed in local currency (Colombian pesos).

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Colombia and instructions of the Financial Superintendence of Colombia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

My responsibility is to express an opinion on these financial statements based on my audits. I obtained the necessary information and carried out my examinations in accordance with auditing standards generally accepted in Colombia. Such standards require that I comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the financial statements. In making this risk assessment, the statutory auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I consider that the audit evidence obtained provides a reasonable basis to support the opinion expressed below.



In my opinion, the above mentioned financial statements, taken accurately from books and attached to this report, present fairly, in all materiality respects, the financial position of Banco de Bogotá S.A. and Subordinates at December 31 and June 30, 2014, the consolidated results of its operations and its cash flows for the six months periods then ended, in conformity with accounting principles generally accepted in Colombia and instructions of the Financial Superintendence of Colombia, applied on a consistent basis.

Original signed by  
Pedro Ángel Preciado Villarraga  
Statutory Auditor of Banco de Bogotá S.A.  
Registration 30723 - T  
Member of KPMG Ltda.

February 27, 2015

**BANCO DE BOGOTA S.A. AND SUBORDINATES**

Consolidated Balance Sheet  
At December 31 and June 30, 2014  
(In millions of pesos)

Assets	December 31	June 30
<b>Cash and due from banks (notes 4 and 26)</b>	\$ 13,141,642	\$ 11,613,438
<b>Money market assets and similar positions (note 5)</b>	1,574,734	1,214,113
<b>Investment securities, net (notes 6 and 26)</b>	17,358,625	18,254,981
Debt securities	<u>13,410,150</u>	<u>14,332,505</u>
Trading	1,923,189	1,395,243
Available for sale	7,472,513	6,539,037
Held to maturity	1,360,002	1,706,521
Investment repurchase rights	2,654,446	4,691,704
Equity securities	<u>3,952,619</u>	<u>3,926,637</u>
Trading	1,496,653	1,563,904
Available for sale	2,455,966	2,362,733
Less: allowance	(4,144)	(4,161)
<b>Loans and financial leases, net (notes 7 and 26)</b>	69,416,518	59,603,684
Commercial loans	42,837,911	38,312,885
Consumer loans	17,848,015	14,370,488
Mortgage loans	7,357,886	5,624,614
Financial leases	2,894,356	2,602,207
Microcredit loans	333,397	327,920
Less: allowance	<u>(1,855,047)</u>	<u>(1,634,430)</u>
<b>Customer´s acceptances and derivatives (notes 8 and 26)</b>	964,676	521,209
<b>Accounts receivable, net (notes 9 and 26)</b>	2,539,634	2,246,893
Interest	566,294	512,719
Financial component	15,840	14,880
Commissions and fees	50,837	69,319
Payment on behalf of clients	77,194	77,204
Others	2,014,524	1,730,597
Less: allowance	<u>(185,055)</u>	<u>(157,826)</u>
<b>Salable, foreclosed and returned assets and those not used in the corporate business, net (note 10)</b>	217,279	245,729
Salable assets, net	114,460	166,240
Foreclosed and returned assets, net	96,988	73,772
Assets not used in the corporate business, net	<u>5,831</u>	<u>5,717</u>
<b>Property and equipment, net (note 11)</b>	1,684,478	1,531,940
<b>Operating assets leased out, net (note 11)</b>	46,561	37,510
<b>Other assets, net (notes 12 and 26)</b>	8,620,527	7,234,504
Prepaid expenses and deferred charges	2,596,762	2,097,477
Assets to place in lease contracts	130,244	83,983
Goodwill	4,661,435	3,944,334
Others	1,266,094	1,140,929
Less: allowance	<u>(34,008)</u>	<u>(32,219)</u>
<b>Reappraisals of assets</b>	2,801,967	2,434,504
Investment in equity securities available for sale, net (notes 6 and 26)	1,133,940	858,505
Property and equipment	1,656,961	1,565,211
Others	<u>11,066</u>	<u>10,788</u>
<b>Total assets</b>	\$ <u><u>118,366,641</u></u>	\$ <u><u>104,938,505</u></u>
<b>Contingent, memorandum and fiduciary accounts (notes 23, 24 and 25)</b>	\$ <u><u>441,529,455</u></u>	\$ <u><u>404,522,457</u></u>

**BANCO DE BOGOTA S.A. AND SUBORDINATES**

Consolidated Balance Sheet  
At December 31 and June 30, 2014  
(In millions of pesos)

**Liabilities and Stockholders' Equity**

Liabilities	December 31	June 30
<b>Deposits and demand accounts (note 26)</b>	<b>\$ 74,302,801</b>	<b>\$ 66,215,647</b>
Checking account	20,275,989	16,493,514
Time deposits (note 13)	31,495,610	25,729,825
Savings deposits	21,571,245	23,482,906
Others (note 13)	<u>959,957</u>	<u>509,402</u>
<b>Money market liabilities and similar positions (notes 14 and 26)</b>	<b>2,898,141</b>	<b>5,241,988</b>
<b>Customer's acceptances and derivatives (notes 8 and 26)</b>	<b>1,741,191</b>	<b>487,010</b>
<b>Borrowing from financial entities and other financial obligations (notes 15 and 26)</b>	<b>14,016,929</b>	<b>11,084,286</b>
<b>Accounts payable (notes 16 and 26)</b>	<b>2,625,339</b>	<b>2,377,272</b>
Interest	381,300	305,495
Commissions and fees	48,493	40,619
Taxes	96,695	94,134
Others	<u>2,098,851</u>	<u>1,937,024</u>
<b>Long-term debt (notes 17 and 26)</b>	<b>3,989,824</b>	<b>3,187,741</b>
<b>Other liabilities (notes 18 and 26)</b>	<b>1,943,827</b>	<b>1,723,764</b>
Consolidated labor liabilities	241,829	216,191
Prepaid income and deferred credits	1,218,592	1,005,955
Retirement pensions	105,738	107,910
Others	<u>377,668</u>	<u>393,708</u>
<b>Estimated liabilities and provisions (notes 19 and 26)</b>	<b>4,645,792</b>	<b>4,323,268</b>
Labor liabilities	21,204	26,427
Taxes	502,469	472,163
Non-controlling interest (note 19)	3,857,253	3,618,827
Others	<u>264,866</u>	<u>205,851</u>
<b>Total liabilities</b>	<b><u>106,163,844</u></b>	<b><u>94,640,976</u></b>
<b>Stockholders' Equity</b>		
<b>Common shares (note 20)</b>	<b>3,313</b>	<b>3,075</b>
<b>Reserves (note 21)</b>	<b>10,212,222</b>	<b>8,437,934</b>
Retained earnings:		
Appropriated	3,580,567	3,358,708
additional paid-in capital	5,721,621	4,221,859
Statutory and voluntary reserves	<u>910,034</u>	<u>857,367</u>
<b>Equity surplus</b>	<b>1,052,585</b>	<b>956,798</b>
Unrealized loss on investments and derivatives (notes 22 and 26)	(55,847)	(8,137)
Reappraisal of assets, net (notes 6 and 26)	<u>1,108,432</u>	<u>964,935</u>
<b>Income from previous periods</b>	<b>233,055</b>	<b>212,724</b>
<b>Net income</b>	<b>701,622</b>	<b>686,998</b>
<b>Total stockholders' equity</b>	<b><u>12,202,797</u></b>	<b><u>10,297,529</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 118,366,641</u></b>	<b><u>\$ 104,938,505</u></b>
<b>Contingent, memorandum and fiduciary accounts (notes 23, 24 and 25)</b>	<b><u>\$ 441,529,455</u></b>	<b><u>\$ 404,522,457</u></b>

See the notes to the consolidated financial statements.

ALEJANDRO FIGUEROA JARAMILLO  
Legal Representative

NÉSTOR ANTONIO PUPO BALLESTAS Head  
of Accounting, Registration No. 43967 - T

PEDRO ÁNGEL PRECIADO VILLARRAGA  
Statutory Auditor, Registration No. 30723 - T  
Member of KPMG Ltda.  
(See my report dated February 27, 2015.)

**BANCO DE BOGOTA S.A. AND SUBORDINATES**  
Consolidated Statement of Income  
For the six months ended December 31 and June 30, 2014  
(In millions of pesos)

	Accounting Periods	
	From July 1 to December 31, 2014	From January 1 to June 30, 2014
<b>Interest and valuation income (note 26)</b>	<b>\$ 3,702,562</b>	<b>\$ 3,420,762</b>
Interest on loans	3,081,468	2,822,756
Gain on valuation and sale of investments and money market operations , net coverage	419,863	419,251
Interbank funds	79,322	64,813
Financial leases	121,909	113,942
<b>Interest expenses (note 26)</b>	<b>1,396,704</b>	<b>1,264,584</b>
Checking account	78,878	70,451
Time deposits	625,857	545,939
Savings deposits	305,898	282,077
Borrowing from financial institutions and other financial obligations	210,247	203,473
Interbank funds	76,102	71,325
Long-term debt	99,722	91,319
<b>Interest income, net</b>	<b>2,305,858</b>	<b>2,156,178</b>
<b>Allowances, net</b>	<b>628,449</b>	<b>463,286</b>
Loans and accounts receivable, net	595,751	440,901
Allowances for other assets (note 28)	32,698	22,385
<b>Interest income after allowances, net</b>	<b>1,677,409</b>	<b>1,692,892</b>
<b>Fees and other service income (note 26)</b>	<b>1,503,570</b>	<b>1,410,046</b>
Commissions from banking services	375,959	345,834
Branch network services	16,523	14,429
Credit and debit cards	505,373	464,839
Checking fees	17,134	17,601
Storage services	71,003	64,658
Fiduciary activities	76,131	78,396
Pension and severance fund management	378,280	375,045
Others	63,167	49,244
<b>Fees and other service expenses (note 26)</b>	<b>166,630</b>	<b>154,766</b>
<b>Total fees and othe service income, net</b>	<b>1,336,940</b>	<b>1,255,280</b>
<b>Other operating income (note 26)</b>	<b>1,299,772</b>	<b>1,032,693</b>
Gain (loss) on foreign exchange, net	1,168,581	(43,445)
Loss (gain) on valuation and sale of derivatives, net	(1,052,473)	168,394
Loss (gain) on sale of investments in equity securities, net	(992)	598
Dividend income	155,557	128,949
Other operating income (note 27)	1,029,099	778,197
<b>Other operating expenses (note 26)</b>	<b>3,012,573</b>	<b>2,676,602</b>
Salaries and employee benefits	920,387	838,017
Bonus plan payment	39,060	53,474
Severance payments	11,173	11,251
Deposit insurance	60,457	58,718
Donations	2,188	2,625
Depreciation (note 11)	96,313	87,640
Goodwill amortization (note 12)	70,925	65,798
Other operating expenses (note 27)	1,812,070	1,559,079
<b>Net operating earnings</b>	<b>1,301,548</b>	<b>1,304,263</b>
<b>Non-operating income (notes 26 and 29)</b>	<b>245,937</b>	<b>214,467</b>
<b>Non-operating expenses (notes 26 and 29)</b>	<b>103,727</b>	<b>78,659</b>
<b>Net non-operating earnings</b>	<b>142,210</b>	<b>135,808</b>
<b>Income before income tax</b>	<b>1,443,758</b>	<b>1,440,071</b>
<b>Income tax and CREE</b>	<b>466,900</b>	<b>526,589</b>
<b>Income before non-controlling interest</b>	<b>976,858</b>	<b>913,482</b>
<b>Non-controlling interest, net</b>	<b>275,236</b>	<b>226,484</b>
<b>Net income</b>	<b>\$ 701,622</b>	<b>\$ 686,998</b>

See the notes to the consolidated financial statements.

ALEJANDRO FIGUEROA JARAMILLO  
Legal Representative

NÉSTOR ANTONIO PUPO BALLESTAS Head of  
Accounting, Registration No. 43967 - T

PEDRO ÁNGEL PRECIADO VILLARRAGA  
Statutory Auditor, Registration No. 30723 - T  
Member of KPMG Ltda.  
(See my report dated February 27, 2015.)

**BANCO DE BOGOTA S.A. AND SUBORDINATES**  
 Consolidated Statement of Stockholders' Equity  
 For the six months ended December 31 and June 30, 2014  
 (In millions of pesos, except the information per share)

	Par value	Retained earnings		Statutory and voluntary reserves	Own stock repurchased	Equity surplus		Income from previous periods	Net income	Total stockholders' equity
		Appropriated profits	Additional paid-in capital			Unrealized gains (losses)	Reappraisal of assets, net			
<b>Balance at December 31, 2013</b>	\$ 3,075	3,182,514	4,221,859	798,057	(5,557)	(72,633)	930,497	194,912	644,642	9,897,366
Transfer of income from the period to previous periods								644,642	(644,642)	-
Acquisition of non-controlling interest in Banco BAC Panamá						(1)	(51)	62		10
Creation of reserves - second half of 2013		176,194		77,868				(254,062)		-
Donations								(30)		(30)
Dividends payable in cash between April and September 2014, at \$200.00 pesos per share on 307,471,032 shares								(368,965)		(368,965)
Dividends payable in cash between December 2013 and March 2014, at \$200.00 pesos per share on 20,634,919 new shares originating with capitalization of the Bank				(13,001)						(13,001)
Translation adjustment						(5)	(824)	(3,835)		(4,664)
Movement during the period						64,502	35,313			99,815
Profit for the period, first half of 2014									686,998	686,998
<b>Balance at June 3, 2014</b>	3,075	3,358,708	4,221,859	862,924	(5,557)	(8,137)	964,935	212,724	686,998	10,297,529
Transfer of income from the period to previous periods								686,998	(686,998)	-
Creation of reserves - first half of 2014		221,859		72,405				(294,264)		-
Increase in par value and additional paid in capital from issue of shares	238		1,499,762							1,500,000
Donations								(10)		(10)
Translation adjustment						5,676	11,474	15,020		32,170
Dividends payable in cash between October 2014 and March 2015, at \$210.00 pesos per share on 307,471,032 shares								(387,413)		(387,413)
Dividends payable in cash between December 2014 and March 2015, at \$210.00 pesos per share on 23,809,523 shares				(19,738)						(19,738)
Movement during the period						(53,386)	132,023			78,637
Net income, second half of 2014									701,622	701,622
<b>Balance at December 31, 2014</b>	\$ 3,313	3,580,567	5,721,621	915,591	(5,557)	(55,847)	1,108,432	233,055	701,622	12,202,797

See the notes to the consolidated financial statements.

ALEJANDRO FIGUEROA JARAMILLO  
 Legal Representative

NESTOR ANTONIO PUPO BALLESTAS  
 Head of Accounting, Registration No. 43967-T

PEDRO ANGEL PRECIADO VILLARRAGA  
 Statutory Auditor, Registration No. 30723-T  
 Member of KPMG Ltda.  
 (See my report dated February 27, 2015.)

**BANCO DE BOGOTÁ S.A. AND SUBORDINATES**  
Consolidated Cash Flow Statement  
For the six months ended at December 31 and June 30, 2014  
(In millions of pesos)

	<b>December 31</b>	<b>June 30</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 701,622	686,998
Adjustments to reconcile net income with net cash (used for) from operating activities:		
Non-controlling ingerest, net	275,236	226,484
Recovery of investments, net	(62)	(233)
Allowance for loans and operational leases, net	531,338	400,711
Allowance for accounts receivable, net	64,820	40,049
Allowance for foreclosed and returned assets and those not used in the corporate business, net	21,032	8,522
Allowance for property and and equipment and other assets, net	4,382	1,756
Goodwill amortization	70,925	67,382
Depreciation and other amortization	212,179	188,372
Gain (loss) on sale of investments, net	(19,024)	1,914
Loss on sale of loans, net	116	60
Gain on sale of foreclosed assets, net	(9,206)	(1,812)
Gain on sale of property and equipment and other leased assets, net	(27,418)	(19,433)
Valuation gain on investments and money market operations, net	(399,847)	(421,763)
Loss (gain) on valuation and sale of derivatives, net	1,052,473	(168,394)
<b>Changes in operating assets and liabilities:.</b>		
(Increase) decrease in money market asset and similar positions	(72,431)	47,554
Decrease in trading investment securities	757,949	1,561,784
(Increase) decrease in customer's acceptances and derivatives, net	(230,935)	88,812
(Increase) in loans and financial leases	(10,344,286)	(3,489,443)
(Increase) in accounts receivable	(357,558)	(99,571)
Additions to foreclosed and returned asseets and those not used in the corporate business	(28,557)	(34,121)
(Increase) in other assets	(1,758,904)	(534,778)
Increase in deposits and demand accounts	8,087,154	2,121,855
Increase in accounts payable	218,715	147,411
Increase in other liabilities	220,063	182,749
Increase in estimated liabilities and provisions	47,288	246,032
Proceeds from the sale of foreclosed assets	44,901	16,180
Total adjustments	(1,639,657)	578,079
Net cash (used in) provided by operating activities	(938,035)	1,265,077
<b>Cash flows from investment activities:</b>		
Decrease (increase) in investments available for sale and held to maturity	381,885	(995,739)
Additions to property and equipment and operational leases	(251,055)	(214,855)
Proceeds from the sale of property and equipment and operational leases	110,529	88,959
Net cash from (used for) investment activities	241,359	(1,121,635)
<b>Cash flows from financing activities:</b>		
Decrease (increase) in money market liabilities and similar positions	(2,343,847)	1,100,901
Increase (decrease) in borrowing from financial entities and other financial obligations	2,932,643	(217,106)
Increase (decrease) in long-term debt	802,083	(11,998)
Dividends paid	(377,799)	(386,695)
Donations	(10)	(30)
Issuance of common shares	1,500,000	-
Net cash provided by financing activites	2,513,070	485,072
Increase in cash and cash equivalents, net	1,816,394	628,514
<b>Cash and cash equivalents at beginning of the six-month period</b>	12,564,278	11,935,764
<b>Cash and cash equivalents at end of the six-month period</b>	\$ 14,380,672	12,564,278

See the notes to the consolidated financial statements.

ALEJANDRO FIGUEROA JARAMILLO  
Legal Representative

NÉSTOR ANTONIO PUPO BALLESTAS Head  
of Accounting, Registration No. 43967 -T

PEDRO ÁNGEL PRECIADO VILLARRAGA  
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