

BANCO DE BOGOTÁ

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., which comprise the balance sheets at December 31 and June 30, 2014 and the related 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. at December 31 and June 30, 2014, the 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.



Based on the results of my tests, in my opinion:

- a. The Bank's bookkeeping has been kept in accordance with the law and professional accounting pronouncements.
- b. The operations recorded in the books and the Bank's management performance are in conformity with the bylaws and decisions of the General Stockholders' Meeting.
- c. The correspondence, the vouchers of accounts and the books of minutes and record of shares have been properly maintained.
- d. There are adequate measures of internal control, that include risk management systems implemented, maintenance and custody of its and third parties assets in its possession.
- e. It has fulfilled the rules established by the Financial Superintendence of Colombia, which establishes criteria for the appropriate administration and accounting of the foreclosed assets received as payment and the implementation and its impact on the balance sheets and statements of income of the Risks Management Systems that apply.
- f. The management report prepared by the Bank's management agrees with the accompanying financial statements, which includes the certification by the administration on the free movement of invoices with an endorsement issued by the sellers or suppliers.
- g. The information contained in the documents supporting payments of social security contributions, in particular, those related to employees and their base salary for those contributions, has been taken from the records and the accounting supporting documents. The Bank is up to date in payment of contributions to the Social Security System.

I carried out monitoring to the answers about the recommendation letters addressed to the Bank's management and there are no issues of importance pending that could affect my opinion.

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 BOGOTÁ S.A.
Balance Sheet
At December 31 and June 30, 2014
(In millions of pesos)

Assets	December 31	June 30
Cash and due from banks (notes 4 and 25)	\$ 4,937,194	\$ 5,178,638
Money market assets and similar positions (note 5)	310,627	302,362
Investment securities, net (notes 6 and 25)	16,572,039	14,584,670
Debt securities	<u>5,667,805</u>	<u>5,656,030</u>
Trading	1,138,778	381,627
Available for sale	1,592,217	2,490,346
Held to maturity	1,240,360	1,523,535
Investment repurchase rights	1,696,450	1,260,522
Equity securities	<u>10,905,168</u>	<u>8,929,376</u>
Trading	30,033	0
Available for sale	10,875,135	8,929,376
Less: Allowance	(934)	(736)
Loans and financial leases, net (notes 7 and 25)	40,297,974	38,199,512
Commercial loans	30,237,235	29,181,658
Consumer loans	7,946,440	7,251,168
Financial leases	1,829,105	1,684,284
Mortgage loans	1,228,094	972,739
Microcredit loans	333,397	327,920
Less: Allowance	<u>(1,276,297)</u>	<u>(1,218,257)</u>
Customers' acceptances and derivatives (notes 8 and 25)	614,589	398,453
Accounts receivable, net (notes 9 and 25)	1,023,684	1,058,745
Interest	385,875	385,163
Financial component	9,679	9,453
Commission and fees	18,498	18,707
Payment on behalf of clients	34,528	31,623
Others	681,464	716,524
Less: Allowance	<u>(106,360)</u>	<u>(102,725)</u>
Salable, foreclosed, returned assets and those not used in the corporate business, net (note 10)	16,213	17,739
Property and equipment, net (note 11)	372,487	357,488
Operating leases - assets, net (note 11)	5,589	4,579
Other assets, net (note 12)	1,392,627	1,114,796
Prepaid expenses and deferred charges	301,559	152,951
Assets to place in lease contracts	103,458	47,479
Goodwill	528,900	542,896
Others	468,308	378,998
Less: Allowance	<u>(9,598)</u>	<u>(7,528)</u>
Reappraisal of assets	1,219,847	1,088,031
Investments in equity securities available for sale, net (notes 6 and 25)	540,395	420,006
Property and equipment	673,076	661,649
Others	<u>6,376</u>	<u>6,376</u>
Total assets	\$ <u>66,762,870</u>	\$ <u>62,305,013</u>
Contingent and memorandum accounts (notes 23 and 24)	\$ <u>276,425,366</u>	\$ <u>257,645,033</u>

BANCO DE BOGOTA S.A.
Balance Sheet
At December 31 and June 30, 2014
(In millions of pesos)

Liabilities and Stockholders' Equity

Liabilities	December 31	June 30
Deposits and demand accounts (notes 13 and 25)	\$ 41,512,644	\$ 41,405,509
Checking account	9,855,326	8,953,301
Time deposits	15,023,754	12,504,395
Savings deposits	15,993,569	19,639,257
Others	639,995	308,556
Money market liabilities and similar positions (note 14)	1,816,428	1,602,782
Customers' acceptances and derivatives (note 8)	1,319,977	335,270
Borrowing from financial entities and other financial obligations (note 15)	3,241,312	2,827,649
Accounts payable (notes 16 and 25)	1,032,585	1,098,892
Interest	177,222	140,550
Commissions and fees	819	4,708
Taxes	97	34,309
Others	854,447	919,325
Long-term debt (notes 17 and 25)	3,064,258	2,499,696
Other liabilities (notes 18 and 25)	317,690	308,595
Consolidated labor liabilities	80,368	65,681
Prepaid income and deferred credits	27,566	25,805
Retirement pensions	83,872	86,013
Others	125,884	131,096
Estimated liabilities and provisions (notes 19 and 25)	482,195	359,709
Labor liabilities	9,977	5,458
Taxes	395,374	306,578
Others	76,844	47,673
Total liabilities	52,787,089	50,438,102
Stockholders' Equity		
Common shares (note 20)	3,313	3,075
Reserves (note 21)	9,898,985	8,071,856
Retained earnings:		
Appropriated	3,522,067	3,301,709
Additional paid-in capital	5,721,621	4,221,859
Statutory and voluntary reserves	655,297	548,288
Equity surplus:	3,302,748	3,057,452
Unrealized gain on investments and derivatives, net (notes 6, 22 and 25)	2,082,901	1,969,421
Reappraisal of assets, net	1,219,847	1,088,031
Net income	770,735	734,528
Total stockholders' equity	13,975,781	11,866,911
Total liabilities and stockholders' equity	\$ 66,762,870	\$ 62,305,013
Contingency and memorandum accounts (notes 23 and 24)	\$ 276,425,366	\$ 257,645,033

See the notes to the 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 reported dated February 27, 2015.)

BANCO DE BOGOTÁ S.A.
 Statements of Income
 For the six months ended December 31 and June 30, 2014
 (In millions of pesos, except net earnings per share)

	Accounting Periods	
	From July 1 to December 31, 2014	From January 1 to June 30, 2014
Interest and valuation income (note 25)	\$ 2,036,818	\$ 1,884,230
Interest on loans	1,787,766	1,643,976
Gain on valuation and on sale of investments and money market operations, net	135,070	138,061
Interbank funds	35,159	31,234
Financial leases	78,823	70,959
Interest expense (note 25)	756,057	656,868
Checking accounts	53,674	47,762
Time deposits	293,660	233,507
Savings deposits	270,341	251,002
Borrowing from financial entities and other financial obligations	32,222	31,343
Interbank funds	29,251	20,402
Long-term debt	76,909	72,852
Interest income, net	1,280,761	1,227,362
Allowances, net	362,194	316,291
Loans and accounts receivable, net (notes 7 and 9)	347,487	312,049
Allowances for other assets, net (note 27)	14,707	4,242
Interest income after allowances, net	918,567	911,071
Fees and other service income (note 25)	420,816	375,706
Commissions on banking services	192,809	169,593
Branch network service	17,914	15,888
Credit and debit card fees	189,839	171,309
Checking fees	16,916	17,385
Others	3,338	1,531
Fees and other service expenses (note 25)	68,080	63,520
Total fees and other service income, net	352,736	312,186
Other operating income (note 25)	610,027	535,306
Gain (loss) on foreign exchange, net	1,111,972	(82,433)
Loss (gain) on valuation and sale in derivative operations, net	(1,022,148)	155,638
Dividend income	518,190	460,270
Other operating income	2,013	1,831
Other operating expenses (notes 25 and 26)	984,527	888,411
Salaries and employee benefits	292,539	273,361
Bonus plan payment	2,134	5,378
Severance payments	320	201
Insurance on deposits	47,148	45,072
Depreciation (note 11)	30,712	29,047
Goodwill amortization (note 12)	13,996	13,171
Other operating expenses (notes 25 and 26)	597,678	522,181
Net operating earnings	896,803	870,152
Non-operating income (notes 25 and 28)	91,606	108,339
Non-operating expenses (notes 25 and 28)	14,265	14,878
Net non-operating earnings	77,341	93,461
Income before income tax	974,144	963,613
Income tax and CREE expenses (note 29)	203,409	229,085
Net income	\$ 770,735	\$ 734,528
Earnings per share (in pesos)	\$ 2,472	\$ 2,389

See the notes to the financial statements.

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BANCO DE BOGOTA S.A.
 Statements of Stockholders' Equity
 Six months ended at December 31 and June 30, 2014
 (In millions of pesos, except the information per share)

	Par value	Retained Earnings		Statutory reserves	Surplus		Net income	Total stockholders' equity
		Appropriated profits	Additional paid-in capital		Unrealized gains (losses)	Net reappraisal of assets		
Balance at December 31, 2013	\$ 3,075	3,110,918	4,221,859	485,086	2,040,358	1,056,836	635,969	11,554,101
Release of voluntary reserves, second half of 2013				(472,086)			472,086	0
Creation of voluntary reserves, second half of 2013				548,289			(548,289)	0
Donation to the Banco de Bogota Employee Fund							(10)	(10)
Dividends payable in cash between April 2014 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 shares				(13,001)			0	(13,001)
Increase in the legal reserve through appropriation of net income from the second half of 2013		190,791					(190,791)	0
Movement for the period					(70,937)	31,195		(39,742)
Net income, first half of 2014							734,528	734,528
Balance at June 30, 2014	3,075	3,301,709	4,221,859	548,288	1,969,421	1,088,031	734,528	11,866,911
Release of voluntary reserves, first half of 2014				(548,288)			548,288	0
Creation of voluntary reserves, first half of 2014				675,035			(675,035)	0
Increase in par value and additional paid-in capital	238		1,499,762					1,500,000
Donation to the Banco de Bogota Employee Fund							(10)	(10)
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 between December 2014 and March 2015, at \$210.00 pesos per share on 23,809,523 shares				(19,738)				(19,738)
Increase in the legal reserve through appropriation of net income from the first half of 2014		220,358					(220,358)	0
Movement for the period					113,480	131,816	0	245,296
Net income, second half of 2014							770,735	770,735
Balance at December 31, 2014	\$ 3,313	3,522,067	5,721,621	655,297	2,082,901	1,219,847	770,735	13,975,781

See the notes to the financial statements.

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BANCO DE BOGOTA
Cash Flow Statements
Six months ended at December 31 and June 30, 2014
(In millions of pesos)

	December 31	June 30
Cash flows from operating activities:		
Net income	\$ 770,735	734,528
Adjustments to reconcile net income with net cash (used in) provided by operating activities:		
Recovery of investment allowance, net	198	(11)
Allowance for loans and financial leases, net	315,833	281,578
Allowance for accounts receivable, net	31,654	30,471
Allowance for salable, foreclosed, returned assets and those not used in the corporate business	7,309	3,248
Allowance(recovery) for property and equipment and other assets, net	4,850	(80)
Goodwil amortization	13,996	14,755
Depreciation and other amortization	52,074	49,285
Loss on sale of trading investment securities, net	4,183	1,575
Gain on sale of foreclosed assets, net	(5,432)	(36)
Gain on sale of property and equipment, net	(2)	(2,090)
Valuation gain on investments and money market operations, net	(139,253)	(139,636)
Loss (gain) on valuation and sale in derivative operations, net	1,022,148	(155,638)
Changes in operating assets and liabilities		
(Increase) decrease in trading investment securities	(771,134)	788,689
(Increase) decrease in customers' acceptances and derivatives	(244,013)	64,172
Increase in loans and financial leases	(2,414,295)	(3,917,229)
Decrease (increase) in accounts receivable	3,407	(49,926)
Additions to foreclosed and returned assets and those not used in the corporate business	(33,007)	(2,972)
Increase in other assets	(315,260)	(284,146)
Increase in deposits and demand accounts	107,135	3,033,951
(Decrease) increase in accounts payable	(91,801)	49,676
Increase (decrease) in other liabilities	9,095	(20,091)
Increase in estimated liabilities and provisions	122,486	248,621
Total adjustments	<u>(2,319,829)</u>	<u>(5,834)</u>
Net cash (used in) provided by operating activities	<u>(1,549,094)</u>	<u>728,694</u>
Cash flows from investing activities:		
Increase in investments available for sale and held to maturity	(977,447)	(1,029,861)
Additions to property and equipment and operating leases	(55,173)	(39,273)
Proceeds from the sale of foreclosed assets	32,656	1,484
Proceeds from the sale of property and equipment and operating leases	5,675	4,926
Net cash (used) in investment activities	<u>(994,289)</u>	<u>(1,062,724)</u>
Cash flows from financing activities		
Increase in money market liabilities and similar positions	213,646	1,273,697
Increase in borrowing from financial entities and other financial obligations	413,663	96,539
Increase (decrease) in long-term debt	564,562	(45,408)
Dividends paid	(381,657)	(367,375)
Donations	(10)	(10)
Issuance of common shares	1,500,000	0
Net cash provided by financing activities	<u>2,310,204</u>	<u>957,443</u>
(Decrease) increase in cash and cash equivalents, net	(233,179)	623,413
Cash and cash equivalents at beginning of the six-month period	<u>5,481,000</u>	<u>4,857,587</u>
Cash and cash equivalents at end of the six-month period	<u>\$ 5,247,821</u>	<u>5,481,000</u>

See the notes to the financial statements.

ALEJANDRO FIGUEROA JARAMILLO
Legal Representative

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