

BANCO DE BOGOTÁ

Financial Statements

At June 30, 2016 and December 31, 2015

(Without 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 Shareholders
Banco de Bogotá S.A.:

Report on the separate financial statements

I have audited the separate financial statements of Banco de Bogotá S.A. (the Bank), which comprise the separate statement of financial position at June 30, 2016 and the separate statements of income, other comprehensive income, of changes in equity and cash flows for the six months period then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

Management's responsibility regarding the separate financial statements

Management is responsible for the fair preparation and presentation of these separate financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of separate 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.

Statutory Auditor's responsibility

My responsibility is to express an opinion on the separate financial statements based on my audit. I obtained the necessary information and carried out my audit in accordance with international standards on auditing 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 separate financial statements are free from material misstatement.

An audit, according to such standards involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risk of material misstatement in the separate financial statements. In making this risk assessment, the statutory auditor considers internal control relevant to the preparation and presentation of the separate 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 separate financial statements.

I believe that my audit provides a reasonable basis for my audit opinion expressed below.

Opinion

In my opinion, the above mentioned separate financial statements, taken accurately from books and attached to this report, present fairly, in all material respects, the separate financial position of Banco de Bogotá S.A. at June 30, 2016, the separate results of its operations, and its separate cash flows for the six months period then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis.

Emphasis paragraph

Without qualifying my opinion, I draw attention to the significant transaction disclosed in the note 15 to the separate financial statements, which indicates that the Shareholders' Agreement signed between Grupo Aval Acciones y Valores S.A., Banco de Bogotá S.A., Banco de Occidente S.A., and Banco Popular S.A., through which Grupo Aval acquires the position of direct controlling of the Corporación Financiera Colombiana S.A., was modified.

Other matters

The financial statements for the six months period ended December 31, 2015, were audited in accordance with auditing standards generally accepted in Colombia in force for that period and in my report, dated March 1, 2016, I expressed an unqualified opinion thereon.

Report about other legal and regulatory requirements

Based on the results of my tests, I believe:

- a) The Bank's bookkeeping has been performed in conformity with legal rules and accounting pronouncements.
- b) The operations recorded in the books and management performance are in conformity with the bylaws and decisions of the Bank's General Shareholders' Meeting.
- c) The correspondence, the vouchers of accounts and the books of minutes and record of shares have been properly maintained.
- d) The Bank has adopted adequate measures of internal control, which include the risks management systems implemented, maintenance and custody of its and third parties' assets in its possession.
- e) The Bank has fulfilled the rules and instructions of the Financial Superintendence of Colombia regarding to the appropriate administration and accounting of the provision of assets received in payment in accordance with the Circular Letter 036 of 2014 issued by the Financial Superintendence of Colombia and the implementation and impact on the statement of financial position and the statement of income of the Risks Management Systems that apply.
- f) The management report prepared by management agrees with the accompanying financial statements, which includes evidence about free circulation of sellers' or suppliers' invoices.



- g) The information contained in the contribution returns submitted to the Social Security System, specifically the information on affiliates and their salary base for determining contributions, has been prepared from the accounting records and supporting documentation. 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 outstanding material issues that can 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.

August 12, 2016

BANCO DE BOGOTA S.A.
Separate Statement of Financial Position
At June 30, 2016
(In millions of Colombian pesos)

<u>Assets</u>	<u>Notes</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u> (Ree stated see note 2)	<u>July 1, 2015</u> (Ree stated see note 2)
Cash and cash equivalents	10, 34	\$ 6,273,807	5,927,442	5,379,561
Financial assets for investments	11, 34	5,163,219	5,312,469	6,131,860
Trading securities		486,977	498,618	1,089,363
Debt securities		486,712	498,360	1,058,808
Equity Securities		265	258	30,555
Available-for-sale		3,162,059	3,250,981	3,583,355
Debt securities		3,136,131	3,221,750	3,572,496
Equity Securities		25,928	29,231	10,859
Trading derivatives		438,122	435,897	356,955
Held to maturity		1,076,061	1,126,973	1,102,187
Loan portfolio and finance leases transactions	12, 34	49,533,651	47,005,958	45,497,629
Commercial loan portfolio		39,380,966	37,320,692	36,518,044
Consumer loan portfolio		9,263,143	8,984,595	8,446,204
Mortgage portfolio		2,176,828	1,952,294	1,670,252
Microcredits		369,748	373,348	355,213
Less: Allowance		(1,657,034)	(1,624,971)	(1,492,084)
Other accounts receivable	13, 34	260,234	588,933	281,241
Hedging derivatives	11	400,389	30,647	31,264
Non-current assets held for sale	14	13,261	12,193	34,619
Investments in subsidiaries, associates and joint ventures	16, 34	14,244,376	12,084,127	9,829,136
Property, plant and equipment	17	758,368	768,854	737,036
Investment properties	18	40,812	40,536	14,579
Goodwill	19	465,905	465,905	465,905
Other intangible assets	20	242,513	194,828	147,201
Income tax	21	621,394	992,177	434,995
Current		262,654	193,648	228,345
Deferred		358,740	798,529	206,650
Other assets	22	19,288	19,946	19,839
Total assets		\$ 78,037,217	73,444,015	69,004,865

BANCO DE BOGOTA S.A.
 Separate Statement of Financial Position
 At June 30, 2016
 (In millions of Colombian pesos)

<u>Liabilities and Shareholders' Equity</u>	<u>Notes</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u> (Restated see note 2)	<u>July 1, 2015</u> (Restated see note 2)
Liabilities				
Financial liabilities at fair value				
Trading derivatives	11	\$ 432,924	479,964	387,528
Financial liabilities at amortized cost				
		60,464,359	57,729,127	54,789,308
Customer deposits				
	23	47,455,430	44,806,317	44,958,660
Current accounts		9,546,135	9,765,781	9,070,827
Current accounts Time Certificates of deposit		16,596,539	14,509,968	16,799,045
Savings deposits		21,216,422	20,501,132	19,036,771
Others		96,334	29,436	52,017
Short-term financial liabilities				
	24	13,008,929	12,922,810	9,830,648
Interbank funds and overnight		1,687,646	2,022,424	3,297,624
Bank loans and others		6,087,275	7,139,480	3,403,639
Bonds issue		5,234,008	3,760,906	3,129,385
Hedging derivatives				
	11	75,990	310,240	367,725
Employee benefits				
	25	249,894	258,372	254,230
Provisions				
	26, 34	26,731	26,349	31,159
Accounts payable and other liabilities				
	27, 34	1,302,745	1,641,078	1,376,266
Total liabilities		<u>62,552,643</u>	<u>60,445,130</u>	<u>57,206,216</u>
Shareholders' Equity				
Subscribed and paid-in capital				
	28	3,313	3,313	3,313
Additional paid-in capital				
		5,721,621	5,721,621	5,721,621
Retained earnings				
	28	9,324,226	6,659,795	6,088,147
Reserves		5,995,781	5,218,669	4,374,293
Net income		3,281,053	1,008,948	0
Net income from previous periods		47,392	432,178	1,713,854
Other comprehensive income				
	29	435,414	614,156	(14,432)
Total Shareholders' Equity		<u>15,484,574</u>	<u>12,998,885</u>	<u>11,798,649</u>
Total liabilities and Shareholders' Equity	\$	<u>78,037,217</u>	<u>73,444,015</u>	<u>69,004,865</u>

The accompanying notes are an integral part of these financial statements.

ALEJANDRO FIGUEROA JARAMILLO
 Legal Representative

NÉSTOR ANTONIO PUPO BALLESTAS
 Director of Accounting
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 (See my report dated August 12, 2016)

BANCO DE BOGOTA S.A.
 Separate Statement of Income
 For the period of six months ended at June 30, 2016
 (In millions of Colombian pesos, except earnings per share)

	Notes	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Interest income		\$ 2,704,928	2,330,900
Loan portfolio and finance leases		2,599,900	2,221,170
Investments		105,028	109,730
Interest expenses		1,343,056	976,540
Customer deposits		1,053,782	769,884
Financial liabilities		289,274	206,656
Net income from interest loan portfolio and investments, net		<u>1,361,872</u>	<u>1,354,360</u>
Allowances on financial assets		540,330	407,289
Loan portfolio and accounts receivable, net	12, 13	539,719	406,273
Investments in debt securities		611	1,016
Net interest income after allowances		<u>821,542</u>	<u>947,071</u>
Income for commissions and fees	30, 34	429,359	426,897
Expenses for commissions and fees	30, 34	75,584	73,314
Net income from commissions		<u>353,775</u>	<u>353,583</u>
Profit from financial assets or liabilities for trading, net		100,526	10,706
Net gain (loss) on financial derivatives for trading		85,892	0
Net gain on investments		14,634	10,706
Gain from unconsolidated (Lost of control) Corporación Financiera Colombiana S.A.	15	2,199,889	0
Other income	31	999,437	967,794
Participation in investments using the equity method		753,517	639,301
Others		245,920	328,493
Other expenses	32	993,370	1,097,142
Profit before income tax		<u>\$ 3,481,799</u>	<u>1,182,012</u>
Income tax	21	200,746	173,064
Net income		<u>\$ 3,281,053</u>	<u>1,008,948</u>
Earnings per basic and diluted share (in Colombian pesos)	28	<u>\$ 9,904</u>	<u>3,046</u>

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BANCO DE BOGOTÁ S.A.
 Separate Statement of Comprehensive Income
 For the six-months ended at June 30, 2016
 (In millions of Colombian pesos, except earnings per share)

	Note	<u>June 30, 2016</u>	<u>December 31, 2015</u> (Restated see note 2)
Net income for the period	\$	<u>3,281,053</u>	<u>1,008,948</u>
Items that may be or are subsequently reclassified to the statement of income		(169,260)	629,700
Hedge accounting			
Exchange difference on foreign subsidiaries		(777,682)	1,738,306
Exchange difference from derivatives in foreign currency		399,154	(1,263,104)
Exchange difference from bonds in foreign currency		378,259	(472,946)
Unrealized profit from measurement of financial assets available for sale		131,356	(133,109)
Adjustment for exchange difference in foreign branches		(33,429)	137,331
Interest in other comprehensive income of subsidiaries		64,322	(64,703)
Income tax	21	(331,240)	687,925
Items that are reclassified to the statement of income - Unconsolidated (lost of control) Corporación Financiera Colombiana S.A.		(8,164)	0
Items that will not be reclassified to income for the period		(1,318)	(1,112)
Changes in actuarial assumptions in defined benefit plans		(2,063)	2,674
Deferred income tax		745	(3,786)
Total comprehensive income, net taxes		<u>(178,742)</u>	<u>628,588</u>
Total Comprehensive income	\$	<u><u>3,102,311</u></u>	<u><u>1,637,536</u></u>

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BANCO DE BOGOTA S.A.
 Separate Statement of Changes in Equity
 At June 30, 2016
 (In millions of Colombian pesos, except the figure per share)

Note	\$	Subscribed and paid-in capital	Additional paid-in capital	Retained earnings			Total shareholders' equi ty	
				Reserves	Net income	Net Income from previous periods		Other comprehensive income
Balance at July 1, 2015		3,313	5,721,621	4,374,293	0	1,713,854	2,763,023	14,576,104
Restatement of previous periods (See Note 2)							(2,777,455)	(2,777,455)
Balances restated at July 1, 2015		3,313	5,721,621	4,374,293	0	1,713,854	(14,432)	11,798,649
Release of voluntary reserves				(621,005)		621,005		0
Appropriation of voluntary reserves				674,290		(674,290)		0
Donation to the Banco de Bogotá Employee Fund						(10)		(10)
Dividends payable in cash between October 2015 and March 2016 at \$220.00 per share on 331,280,555 shares	28					(437,290)		(437,290)
Increase in the legal reserve from appropriation of profits for the period				791,091		(791,091)		0
Total comprehensive income					1,008,948		628,588	1,637,536
Balance at December 31, 2015		3,313	5,721,621	5,218,669	1,008,948	432,178	614,156	12,998,885
Transfer of net income for the period to income for previous periods					(1,008,948)	1,008,948		0
Release of voluntary reserves				(536,006)		536,006		0
Appropriation of voluntary reserves				583,303		(583,303)		0
Donation to the Banco de Bogotá Employee Fund						(10)		(10)
Dividends payable in cash between April 2016 and September 2016 at \$230.00 per share on 331,280,555 shares	28					(457,167)		(457,167)
Increase in the legal reserve from appropriation of profits for the period				868,099		(868,099)		0
Wealth tax				(138,284)				(138,284)
Gain from unconsolidated (Lost of control) Corporación Financiera Colombiana S.A.						(21,161)		(21,161)
Total comprehensive income					3,281,053		(178,742)	3,102,311
Balance at June 30, 2016	\$	<u>3,313</u>	<u>5,721,621</u>	<u>5,995,781</u>	<u>3,281,053</u>	<u>47,392</u>	<u>435,414</u>	<u>15,484,574</u>

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BANCO DE BOGOTÁ S.A.
 Separate Statement of Cash Flow
 For the six months ended at June 30, 2016
 (In millions of Colombian pesos)

	Notes	June 30, 2016	December 31, 2015
Cash flows from operating activities			
Net income	\$	3,281,053	1,008,948
Adjustments to reconcile net income to net cash used in operating activities:			
Impairment of investment, net	11	398	1,015
Allowance of the loan portfolio and capital leasing, net	12	538,507	406,979
Allowance (recovery) of other accounts receivable, net	13	1,212	(706)
Allowance of non-current assets held for sale, net	14	7,160	7,715
Impairment of investment properties, net	18	(55)	45,789
Depreciation	17	50,024	46,249
Amortization	20	5,486	10,942
Profit on sale of non-current assets held for sale	31, 32	(2,077)	(2,292)
Profit on sale of property, plant and equipment	31, 32	(14)	(3)
Profit (loss) on sale of investment properties, net	31, 32	(27)	80
Income by the equity method	31	(753,517)	(639,301)
Profit from valuation on financial assets in debt instruments		(92,264)	(96,334)
Profit from valuation of investments held to maturity		(16,814)	(10,706)
Profit (loss) on derivative valuation, net		(85,892)	6,955
Profit on sale of investments, net		(56,072)	0
Gain from unconsolidated (Lost of control) Corporación Financiera Colombiana S.A.	15, 31	(2,208,053)	0
Adjustment for the exchange difference		(27,653)	(130,283)
Income from interest		(2,599,900)	(2,221,170)
Interest expenses		1,343,056	976,540
Income tax expense	21	200,746	173,064
Effect of UVR currency translation on bonds outstanding		6,737	3,275
Adjustment to fair value of investment properties	18	(340)	(63,194)
Interest received		2,493,674	2,205,893
Interest paid		(1,277,433)	(1,045,415)
Dividends received		64,853	52,688
Income tax paid		0	(161,420)
Wealth tax		(138,284)	0
Changes in operating assets and liabilities			
Decrease in trading investments		901	769,211
Decrease in investments available for sale		336,254	245,761
Increase in derivatives, net		(168,212)	(1,313,432)
Increase in the loan portfolio and capital leasing		(3,397,348)	(428,270)
Decrease (increase) in other accounts receivable		308,051	(156,777)
Decrease (increase) in other assets		767	(4,041)
Increase (decrease) in customer deposits		2,964,574	(1,338,176)
(Decrease) increase in employee benefits		(10,531)	6,795
Increase in allowances		457	189,178
(Decrease) increase in accounts payable and other liabilities		(508,472)	139,493
Net cash used in operating activities		260,952	(1,314,950)
Cash flows from investment activities:			
Additions to investments held to maturity		(702,612)	(318,514)
Additions to property, plant and equipment	17	(42,602)	(94,513)
Additions to other intangible assets	20	(53,310)	(58,569)
Redemption of investments held to maturity		772,073	310,736
Proceeds from sale of property, plant and equipment		2,985	401
Proceeds from sale of investment properties		809	32,013
Proceeds from sale of non-current assets held for sale		7,961	12,706
Net cash (used in) from investment activities		(14,696)	(115,740)
Cash flows from financing activities:			
Decrease in interbank loans and overnight funds		(330,699)	(1,105,918)
Acquisition of financial obligations		1,440,615	5,715,462
Settlement of financial obligations		(2,084,215)	(2,344,532)
Issuance on outstanding investment securities		1,755,009	0
Dividends paid		(445,577)	(429,803)
Net cash from financing activities		335,133	1,835,209
Effect of exchange difference on cash and cash equivalents		(235,024)	143,362
Net increase in cash and cash equivalents		346,365	547,881
Cash and cash equivalents at the beginning of the period	10	5,927,442	5,379,561
Cash and cash equivalents at end of the period	10	6,273,807	5,927,442

Net increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period Cash and cash equivalents at end of the period

ALEJANDRO FIGUEROA JARAMILLO
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