

5 YEARS  
OF OUR  
HUMANISTIC  
BANKING  
APPROACH AND  
THE RESULTS  
OBTAINED

ANNUAL MANAGEMENT  
AND CORPORATE  
RESPONSIBILITY  
REPORT  
2015



Helping everyone to have a better life

**Grupo  
Bancolombia**   
*le estamos poniendo el alma*

## Bancolombia banco más sostenible de América y 5° en el mundo

### Bancolombia lanzó el servicio de billetera móvil

Bancolombia completa adquisición de 60% del Grupo Agromercantil Holding

Sin compras a la vista, Bancolombia cumple 20 años en bolsa de N. Y.

**EL ANIVERSARIO 140 DE BANCOLOMBIA UN MODELO A TENER EN CUENTA**

BANCOS. SE UBICÓ EN EL PERCENTIL 97

Bancolombia está entre los bancos más sostenibles según el índice de Dow Jones

**BANCOLOMBIA SE SOLIDARIZA CON LA CIUDAD**  
**\$100.000 millones para ayudar a Cúcuta**

BANCOS. LA ENTIDAD GANÓ PREMIO DE GLOBAL FINANCE  
Bancolombia registró activos por \$23 billones

DEPORTES. ESTA ALIANZA APOYA A MÁS DE 1.500 NIÑOS.

Bancolombia, socio oficial de las Selecciones Colombia de fútbol

Grupo Bancolombia le apunta a las transacciones 'online'

Más soluciones y menos requerimientos: así le estamos cumpliendo a los clientes

Por estrategia digital, Global Finance premió a Bancolombia

Banistmo incorpora red de corresponsales no bancarios en el país

Banistmo promueve la cultura panameña

## BANCOLOMBIA, RECONOCIDO POR SU BUENA REPUTACIÓN

- Seguimos apostándole a los Sueños de Paz de nuestros jóvenes

BANCOS. LA ENTIDAD ES FILIAL DEL GRUPO BANCOLOMBIA

Banco Agrícola de El Salvador colocó US\$300 millones en bonos en mercados internacionales

ECONOMÍA 20 FEB 2015 - 12:40 PM

### La banca humana sí es buen negocio

Las millonarias cifras que reveló Bancolombia sobre su comportamiento del año pasado dejaron deslumbrado al mercado.

Con tarjeta de Bancolombia se puede entrar al MÍO

•  Histórico: somos la empresa con mejor reputación en Colombia

**Bancolombia con 6 mil corresponsales bancarios en el país**

- El 46% de las micropymes y pymes pequeñas están en Bancolombia

Con tarjeta débito se podrá acceder a Transmetro

- Internal communication

**Grupo Bancolombia**  
*le estamos poniendo el alma*

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Guided by our sustainability strategy, it is our opportunity to inform that this report has been printed under strict world environmental standards by employing ecological inks and paper manufactured with fibers containing sugar cane pulp and supplies duly certified by renowned entities. Our printing supplier uses an implemented Environmental and Social Management System operated under Grupo Bancolombia's sustainability policies.

## About our report for 2015

In drawing up this report, we identified the more salient aspects of the initiatives deployed throughout the year for the benefit of our different stakeholder groups, informing them of the main achievements obtained through our strategy as well as the goals ahead. In the final part of this report, we present the GRI content index along with different economic, environmental and social indicators that go into drawing up a sustainability report. Although we are only just beginning to adopt this new G4 version, we chose to base this report on all the GRI features. We are firmly committed to working with this methodology so as to be able to provide our stakeholder groups with more complete information regarding our sustainability initiatives as we continue on this learning curve. This report was verified by a third party with regard to reviewing its contents against the Global Reporting Initiative's Guidelines for the Preparation of Sustainability Reports - Version 4.0. (GRI 4)

We also wish to describe in detail our commitment to sustainability through the work carried out with regard to our engagement with the 10 Universal Principles of the Global Compact, the Equator Principles, the Carbon Disclosure Project, the Dow Jones Sustainability Index, SDGs (Sustainable Development Goals), PRIs (Principles for Responsible Investing) CEO Water Mandate and the United Nations Business for Peace.

Our 2015 Sustainability Report has been made available at:  
HYPERLINK

[www.grupobancolombia.com](http://www.grupobancolombia.com)

<http://goo.gl/yRjP3T>

Should you need further information,  
please contact us at:

[comunica@bancolombia.com.co](mailto:comunica@bancolombia.com.co)

We are a Latin American financial group comprised of human beings focused on making contributions to the development of people, companies, and countries through the creation of warm and close confidence, based on the development of a different banking model that offers innovative, flexible, and simple solutions. This has been the grounds that allow us to have a solid and profitable history for 141 years.

**Colombia**  
(including Peru and Puerto Rico)

8.029.664 No. Clients  
42.601 Total employees + suppliers  
882 No. branch offices  
6.595 CB  
4.025 No. ATMs

**Bancolombia Panamá**  
(including the Cayman Islands)

17.447 No. Clients  
195 Total employees + suppliers  
2 No. branch offices

**Guatemala**  
(BAM)

1.120.253 No. Clients  
4.120 Total employees + suppliers  
220 No. branch offices  
177 No. ATMs

**Panamá**  
(Banistmo)

433.523 No. Clients  
3.680 Total employees + suppliers  
55 No. branch offices  
73 CB  
323 No. ATMs

**El Salvador**  
(Banco Agrícola)

1.203.567 No. Clients  
2.892 Total employees + suppliers  
97 No. branch offices  
100 CB  
561 No. ATMs

# Letter to our Shareholders

On February 1st, I completed five years at the helm of Bancolombia. This has been, both for me and for more than 53 thousand employees that I represent before you, the cause of much joy and pride, because we have made decisive progress with our aim of bettering society, creating shared value and obtaining excellent results so as to become the most reputable company in Colombia and be amply recognized as the most sustainable bank on the entire American continent and fifth on the global ranking.

When I first addressed you in March 2011 I said, and I quote; "We are invited to rethink our role in society, given our awareness of the need to build a path not only to gradually improve upon the results obtained previously but to make them more sustainable over the coming years.

Today, I am pleased to say that we have accomplished precisely that and we continue along the right path.

## The challenges posed in 2015 and how they were addressed

We were very strict when we first drew up our financial plan for last year, and this helped us to get to grips with what was, after all, a very tough year. We set to work on four key areas, the first of which was liquidity management. Here we recognized and went ahead with the opportunity of raising funds, being very proactive and making certain decisions such as issuing bonds on the international market which we did through our subsidiary Banco Agrícola in El Salvador which

represented an extra USD 300 million in revenues, attracting another COP 2 billion in CD deposits made on the Colombian market.

Secondly, we were quick to protect our net interest margin which we managed to keep at 5.25%, and thanks to all of this we are able to boast a net income today of COP 2.5 billion which is 5.5% higher than the previous year's figure.

Thirdly, we worked hard to maintain and increase our market share, particularly with regard to deposit-taking. For example, out of the total amount of savings accounts held in Colombia, Bancolombia has about 9 million, which is the equivalent of a 16.8% share of the total market; in checking accounts we have more than 440,000, that is to say 14.6% of the market; and mortgage loans and residential leases, ended the year with a 24.5% share of the total in Colombia. Furthermore, Bancolombia holds a 23.4% share of the country's total lending volume.

And fourthly, we made all-out efforts to improve our efficiency. Last year was a difficult one from the macroeconomic standpoint, given rising inflation, devaluation and new taxes such as wealth tax, among other factors, but nevertheless we were able to enhance our efficiency indicator reaching 54.6% for 2015 compared to 56.3% at year-end 2014. Improving our level of efficiency has allowed us to become more competitive because we were able to transfer better prices and rates to our clients, thereby ensuring better rates of return for our shareholders.

Our financial plan was drawn up mainly focusing on controlling our level of risk exposure with

non-performing loans reaching 3% with a coverage ratio of 115%, thereby maintaining an appropriate level of solvency at around 12.5%, with COP 19.3 billion in shareholders' equity.

## Other highlights

Among the economic value we generated last year, it is worth while noting that we paid out COP 1.38 billion in taxes, 14.7% more than the previous year, thus demonstrating our ongoing interest in helping society to progress in all those countries where we are present.

Also we set up COP 2.36 billion in provisions, underscoring our commitment to ensure that Bancolombia continues to function properly with a quality balance sheet and a clear vision of the future. Also COP 1.66 billion were carried in the form of reserves in order to be able to fund the Organization's growth plans and address any future changes that should arise on the political, economic and regulatory fronts.

Total assets at year-end 2015 totaled COP 193 billion, showing an increase of 29%. Finally, return on equity came to 13.6%.

Last year we viewed our ability to produce results from the standpoint of integrity combined with high performance; integrity borne from our responsible client care and high performance based on the natural expectations of any kind of private organization wishing to attain the highest standards.

Of course, we have maintained this cocktail of values today and continue to provide a level of

results that benefit all parties. We have obtained a good level of results, being the sound organization that we are, as can be seen in greater detail later on in this report which each of you are holding today.

Our financial and commercial planning was drawn up in consultation with all our business areas along with our sales personnel at branch office level, who offer our clients their responsible advisory services so that they are able make decisions that represent a real value for them.

For example, we facilitated our financial services through nearly seven and a half million debit cards, and more than two million active credit cards, representing a COP 3.3 trillion in Colombia. We also continued to consolidate our position as a bank that truly believes in entrepreneurship. Last year alone we were able to cater to the financing needs of nearly one million three hundred thousand SMEs, representing a year-on-year increase of 10.2% in disbursements which totaled COP 12.06 billion.

The quintessential dream of households in our country is being able to have their own homes. Here we helped to make this dream come true with interest rate subsidies through programs staged by the Government, so that 5,344 families from the lower-income brackets could purchase their own homes. We also continued to participate in the Social Leasing program that helps beneficiary families to save up towards the down payment on their own homes by paying monthly lease rentals.

On the other hand, Bancolombia provided mortgage loans and housing leases to 30,000 Colom-

bian households for a total of COP 3.2 billion; more than 1,300 families in El Salvador with almost USD 72 million; nearly one thousand families in Guatemala with USD 57 million; and more than 4,200 Panamanian families with USD 397 million all for making their home ownership dreams come true.

Our aim is to make life easier for people, and that is why we are offering our pension payment service to 328 thousand pensioners, after a successful bid for the handling of the Colombian Government Pension Fund (FOPEP in Spanish) on a nationwide level.

We are also providing people with access to the capital markets, through our e-Trading platform that has done exceptionally well since it was first launched in 2014, with trades last year reaching COP 4.5 billion, which is equal to 45% of the entire trading volume of our stock brokerage firm.

A country's economic development is largely dependent on the state of its infrastructure. For this reason, we were extensively involved in financing the Fourth Generation (4G) Nationwide Highway System as well as the second stage of expanding Cartagena's Port Authority facilities. We approved COP 70 thousand million in loans for clients covered by the Colombian Ministry of Education's Plan of Educational Infrastructure Ministry Education, among other cases.

We also provided our support to many companies with their expansion and growth plans by providing them with financing for acquiring pro-

ductive assets worth approximately COP 5.5 billion, which is shown in further detail in our Management Report.

But beyond the purely transactional (economic-based) facet of our business, we clearly understand that ours is an organization that builds connections; helping people to see the possibilities available, showing companies and governments how to take advantage of the opportunities at hand, for all of these to have a great experience when they come into contact with us. Part of this experience is based on making ourselves available how, when and wherever our clients should need us, and this is the reason why we have worked so hard to make life easier all round through innovation.

Innovation through new digital proposals or services. For the first time ever in the history of Bancolombia, most transactions are conducted through mobile channels thanks to products such as the Mobile Wallet, Bancolombia's own APP which has been downloaded more than 3 million 600 thousand times, QR code transfers, our own Ahorro a la Mano Savings APP or our newly overhauled website, among other channels. A bank accessible to all.

We have introduced greater innovation with regard to our bricks and mortar channels, with new services such as the 193 multifunctional ATMs, or new methods of client care reducing waiting times at branch level from 45 to 24 minutes.

This gradually evolving process allowed us to end the year with a more robust distribution

network, consisting of around 1,200 branch offices, over 5,800 ATMs and 6,800 local Banking Correspondents in all those countries where we operate, plus 215 kiosks in El Salvador, 570 Mobile Service Points and 6,200 Electronic Points of Service (PAC in Spanish) in Colombia, all of which provide an excellent performance availability indicator. Overall, Bancolombia recorded 2,400 million transactions in 2015.

So in the light of all these figures, measures and decisions, we continue preparing ourselves to address the different situations that could arise in the best way possible.

Among the challenges we face at the present is to maintain the bank's profitability ratio, preserve our liquidity, protect our net interest margin without sacrificing our loan quality ratio, continue to build on our efficiency indicator, maintain or increase our present market share and innovate and improve upon the experience provided to our clients. These goals we consider feasible in spite of more complex macroeconomic situation, with gross domestic product growing at a slower pace, an economy needing to diversify its sectoral dynamics to so as to create opportunities for a recovery, inflation remaining a central focus of the country's ongoing economic policy, given the need to meet the targets set in terms of the Government's fiscal deficit, as well as with rising interest rates and a higher cost of accessing capital, among other factors. The good news is that although we are already going through much more difficult times, our financial performance is quite positive, and we are ready and eager to face the future.

## The first five years of our more humanistic banking approach

Now that we are celebrating the first five years of our humanistic banking approach, including our focus on doing things differently, creating added value, putting our soul into everything we do while building respect and trust have proven to be crucial in our ability to grow as individuals as well as a company.

It is with great pride that we can safely say today that in these last five years our assets went from COP 68 to 193 billion, our loan portfolio rose from COP 43 to nearly 150 billion and our shareholders' equity grew from COP 8 to just over COP 19 billion. All told, our bottom line came to almost COP 10 billion.

Today, 46% of all financial transactions in our country are performed through Bancolombia, and about 50% of Colombia's SMEs work with us.

We continue to expand on an international level having consolidated Banco Agrícola in El Salvador, started up Banistmo in Panama and purchased a 60% stake in BAM in Guatemala; we have gone from COP 5 million to 11 million clients and our shareholders have increased from 15 thousand to a total of 75 thousand.

Our clients have always been our No. 1 priority, which is why we staged day-long forums dedicated to rethinking our way of interacting with these, and making various changes from naming our processes more adequately since

we now no longer we speak of 'operations' but rather 'client services' and the term "collections" has been replaced with "client reconciliations" because we firmly believe that reality is perceived through language.

Even before the Colombian Government called on the financial sector to become more user-friendly, we had already started to streamline our different procedures and one thousand of these have been made far more straightforward. Also, since we began our Zero Cost campaign in 2011, we have put together more than 300 free products and services for the benefit of nearly four million clients.

The long-term vision we have always taken has also been an important factor in our quest to transcend and explore new ways and new opportunities. Understanding market requirements and our business environment, we have been able to open up new opportunities having formed various types of alliances with companies such as: Exxon Mobil, Protección, Suramericana, Nutresa, Argos, Easy Taxi, 4-72, Olympic Exito, Comfama, Avianca, Coordinadora, the mass public transport systems in cities such as Bogota, Cali, Barranquilla, Medellin and Pereira, the new Center for Big Data and Data Analytics Excellence and Learning, and the Colombian Football Federation, among others. Consequently, we have gone from the purely financial to the world of relationships and connections.

All these efforts, carried out since 2011 has earned us important recognition. Besides being the most sustainable bank in America and the most reputable company in Colombia, we have

also been named as the best company to work for and where young people wish to have their first work experience, the best mobile bank in the world, the best economic research team, the only Colombian bank to be admitted to the Dow Jones Global Sustainability Index, the best private bank, the best investment bank and on several occasions we have obtained awards for being the best bank in Colombia as well as the best bank in El Salvador, among many others. These achievements have unquestionably filled us with a sense of great satisfaction.

In many cases, these achievements have been a result of having been able to pursue our goals decisively and responsibly in our role as a well-known economic, social and environmental driving force.

Indeed, our commitment to sustainability and society in general has been further evidenced by our ongoing social and environmental initiatives as members of the United Nations' Global Compact, the UN's environmental financing program, the Equator Principles, the Business Council for Sustainable Development, the Carbon Disclosure Project, the Global Reporting Initiative and the Green Protocol, among others; we have also created our own programs aimed at preserving forestland, such as the BanCO2, and through our own Bancolombia Foundation we have sponsored early childhood, education and entrepreneurship initiatives, and have encouraged cultural activities to for greater coexistence and patriotic identity.

Finally, I would like mention our corporate philosophy which has led us to address concepts like

service, dignified collections, responsible selling, Bancolombia For All, closeness, warmth, respect, inclusion, collaboration, appreciation and valuing our clients and employees, and many other notions that before were considered as totally remote from the business world, but are now being used as pillars of transformation.

All these arguments provide sufficient reasons to feel proud to belong to and form part of this organization.

## Our gratitude

I shall always be glad of the support that we have received and the best way to express this gladness is by expressing my most sincere gratitude. I would like to start by thanking our clients who, despite the challenges posed to our economies on both a global, regional and local level, have placed their trust in us, and whose support has been crucial in being able to maintain this level of growth, provide added value and be appreciated and recommended for what we do here in the Bancolombia Group.

Our special thanks go out to our employees and strategic allies because companies are what they are thanks to their human talent and the commitment, passion and conviction shown as we continue to tread our chosen path converting our goals from mere lofty aspirations into tangible results.

We also extend our gratitude to the media for their support in helping us to extend our human-

istic banking approach and to be truly valued for our role in helping to build an economically prosperous, socially inclusive and environmentally responsible society.

And, of course, our immense thanks to the Board of Directors of Bancolombia as well as you, our shareholders, for your support, confidence and giving Bancolombia's senior management team the possibility of living a unique moment in its history taking our humanistic approach and forging a transcendental transformation of the way we handle our business thus providing greater well-being and prosperity to many people.

We continue along a path full of possibilities in which our Organization's commitment in helping to improve people's lives is a purpose that not only dictates the things we do on a daily basis but also invites us to go beyond the task at hand. A purpose that converts our beliefs into action for a better future for all.

Many thanks!



**Carlos Raúl Yepes Jiménez**  
Chief Executive Officer of Bancolombia





## THE FIRST FIVE YEAR OF OUR HUMANISTIC BANKING APPROACH AND THE RESULTS OBTAINED

Our 141 year history of constant growth has undergone a transformation over the last 5 years. This is not a change of vision, but an in-depth analysis that allows us to be more in order to better serve our clients, a business model that is based on the need to create a shared value, namely a Humanistic Banking approach.

It has gone far beyond mere words to become a solemn commitment that has gradually taken shape as a result of our efforts.

Our overarching goal is to positively transform the societies we serve, and this has been made possible because we tackle every

day with the aim of helping people to have a better life. Regardless of the position held, all Bancolombia's employees understand that our mission is a responsibility we must and want to assume.

For this year's Management Report we have invited three young urban artists to share with us their stories of inclusion, social and environmental responsibility, economic prosperity and product/service innovation so that through their artistic abilities they are able to express the value they perceive from these achievements.



### Cultivating Future in a Forest

At 5:00 a.m., Mr. Luis wakes up; he feels happy because this is his first anniversary working as a forest ranger. While walking with his dog, he can see the reason of his happiness: San Luis dense forests located in Antioquia.

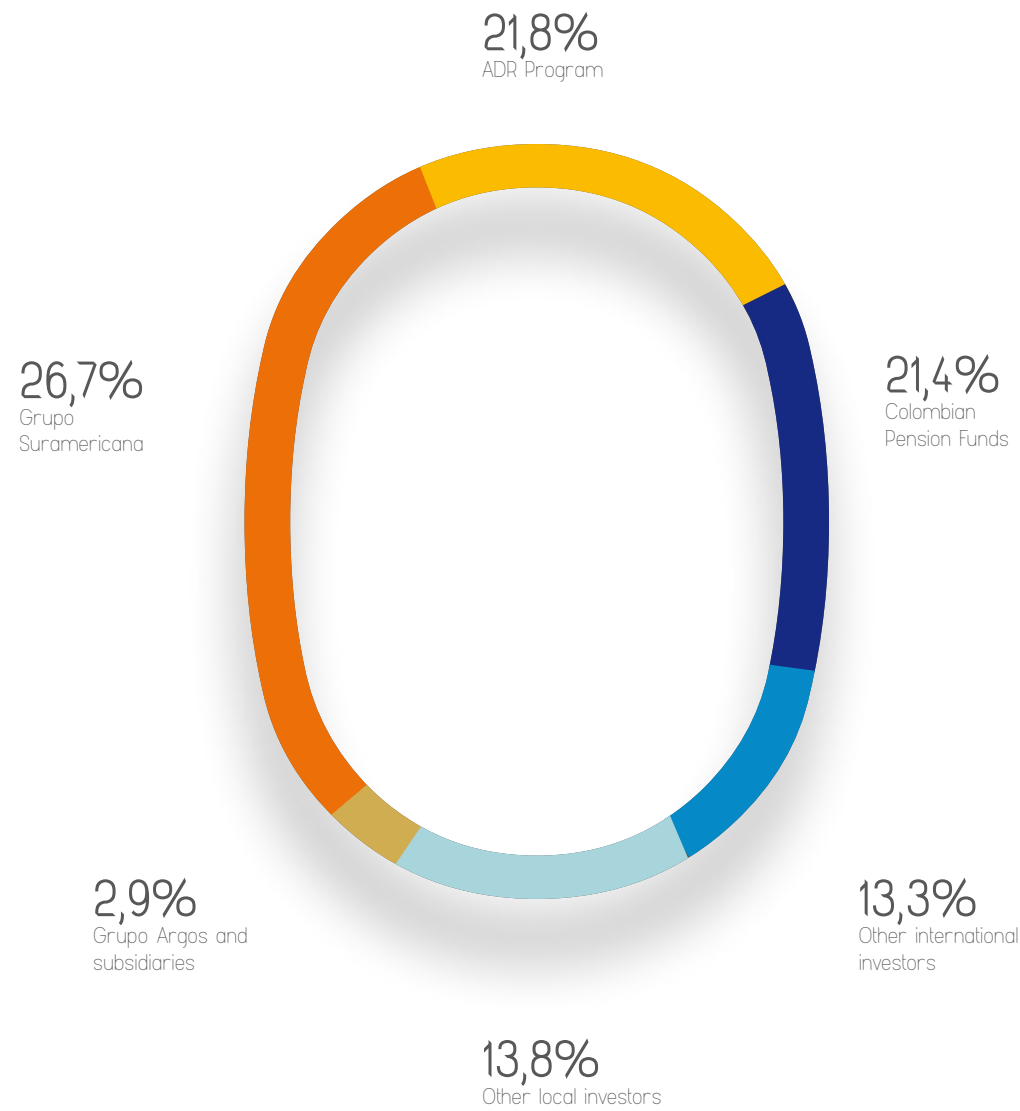
For a long period of time, he and his family were violently forced out of their home. Today, however, Luis is protecting a forest area that has given

his hope back and allowed him to experience a good standard of living again.

He is part of a list of 900 peasants who are currently included in the “BanCO2” Program and are earning remuneration for taking care and preserving over 13,000 hectares of forest in the entire country. This kind of stories makes of us the most sustainable bank in the Americas and the world’s fifth most sustainable bank.

## Our shareholders

numbered 53,339  
at year-end 2015



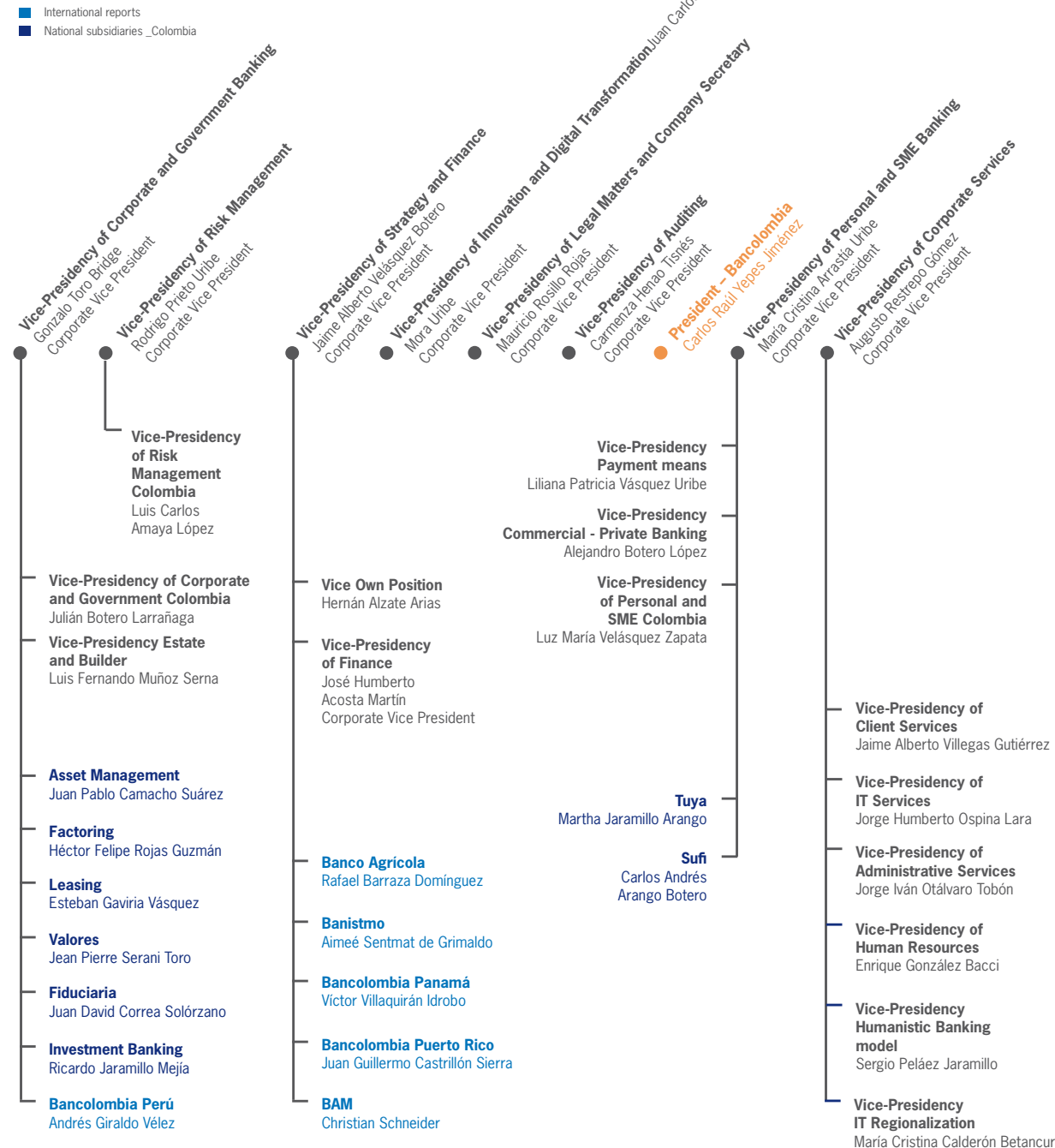
## Board of Directors



From left to right: José Alberto Vélez Cadavid, Hernando José Gómez Restrepo, Ricardo Sierra Moreno, Rafael Martínez Villegas, Gonzalo Alberto Pérez Rojas, David Emilio Bojanini García, Roberto Steiner Sampredo.

# Organizational structure

Organizational structure This is based not on subordination but on coordination through our ability to work as a team



Our purpose to help each person to have a better life has been acknowledged by external, domestic and foreign agencies and entities



that monitor the results obtained as a result of our everyday efforts in ensuring consistency between what we say and what we do.

## Sustainability

### The most sustainable bank in the American continent

We obtained the bronze medal as the bank providing the greatest economic, social and environmental value on the American continent. We were also included for the sixth year running in RobecoSAM's Yearbook.

### Dow Jones Sustainability Index

For the fourth consecutive year we were ranked amongst the most sustainable companies in the world, with a score of 87 out of a total of 100 points.

### A transparent bank

We are one of eight Latin American companies that stand out for spearheading transparency throughout the region by disclosing and reducing the impact of their actions on the environment. Carbon Disclosure Project, CDP.

### An inclusive bank

The BanCO2 project was listed as the best financial sustainability initiative in 2015 in the category Planet Banking.

### Interamerican Development Bank - IDB

A bank acknowledged for its solidarity. We also received an award for our philanthropic and social investment efforts and the impact had on society. Euromoney.

## Reputation

### Best reputation in Colombia

For the first time ever, we were ranked as the company with the best reputation, leadership and corporate governance.

### Merco Empresas

Bancolombia's good name leads the top 30 companies with the best reputation in Colombia. Portafolio Journal and the 2WAY Goodwill Consulting Agency.

### "Top-of-mind" in banking

We are the bank with the greatest brand recall among children and young people in Colombia, and are among the 50 most valuable brands in Latin America, having attained No. 12 position of the overall ranking Dinero-BrandZ Journal.

## Business

### Best Private Bank

We were acknowledged for our leadership in the high-value client service category. Euromoney.

### Best Investment Bank

Recognized for the ninth consecutive year as the best investment bank in Colombia, standing out from the rest of the pack for our more active participation on the stock exchange market. Euromoney, LatinFinance- Colombian Stock Exchange.

### Valores Bancolombia

Recognized as the firm with the largest volume of primary placements on the Colombian Stock Exchange in the Fixed Income and Equity categories. Colombian Stock Exchange.

### Best Asset Management

Recognized as the best asset management firm in Colombia given our responsible investment philosophy in protecting our clients' assets. Global Finance-Euromoney.

### Best Commercial Bank in Colombia

This award was obtained based on an analysis of our structured trade finance and supply chain efforts. Trade Finance-Euromoney.

### Best reporting practices

We again were honored with the IR Award for our best practices in terms of investor relations and reporting information to both investors and the market in general. Colombian Stock Exchange.

### Growth engine

We are the best bank in the Latin American Emerging Market category given our stellar performance under increasingly challenging conditions. Global Finance.

### Share placement

We received the bronze award in the financial service category in the 2015 EffieAwards for our share placement campaign. American Marketing Association.

### Business support

We were named the Best Commercial Bank in Colombia. Euromoney.

## Innovation

### Best Economic Research Department

We received six gold medals for the innovative way we approach clients and multiply our support for the real sector with specialized economic conferences and lectures, among others. Colombia Stock Exchange - Portafolio Journal.

## Greatest impact on social networks

We were the first brand within the financial sector to quantify our impact on social networks based on content videos and infographics. Dinero Magazine.

### Best Digital Bank

We were named the Best Digital Bank in Colombia and were the first bank to develop our own Transaction APP for mobile phones with the Windows Phone operating system. Global Finance.

### Best Corporate On-Line Banking

Our corporate on-line banking site was ranked in first place for the third year running in the Best Integrated Corporate Bank Site earning a special mention, among other things, for its volume of transactions, market share and flexibility in catering to the needs of the corporate community. Global Finance.

### Construction support

Bancolombia received from the Colombian Construction sector its Order of Merit as No. 1 Bank, this largely due to the support given to this industry and the financing arrangements offered to property buyers. Camacol.

## In Panama and El Salvador

### Financial Inclusion Initiatives

We were given the Innovators 2015 award for our Amigo Banking Correspondent and Banco Agrícola Amigo models Transaction Services.

### Best Commercial Bank

Banco Agrícola earned this recognition for its comprehensive range of cash management products and payment means. Global Finance.

### Bancolombia Panamá

Here we won the 2014 Global Currency award for facilitating international transfers for import, export, investment or foreign borrowing operations. Wells Fargo.

### Sustainable construction certification

Banitsmo's new headquarters in the Soho Mall in Panama was given the LEED Gold certification awarded to environmentally-friendly buildings. Green Building Council.



- Ratings 2015
- Local Ratings
- Ratings Region
- Subsidiaries Ratings

## BANCOLOMBIA

### Fitch Ratings

Category	Rating Updated as of June 2015	Comments
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Perspective	Positive	Perspectiva
(VR: Viability Rating)	BBB+	Reviewed, Upward Trend
"Long Term Issuer - (IDR: Issuer Default Rating)"	BBB+	Reviewed, Upward Trend
Short Term Issuer (IDR)	F2	
Long Term in Foreign Currency (IDR)	BBB+	Reviewed, Upward Trend
Short Term Foreign Currency (IDR)	F2	
Long Term in Local Currency (IDR)	BBB+	Reviewed, Upward Trend
Short Term in Local Currency (IDR)	F2	
Support Rating	2	
Support Rating Floor	BBB-	
Unsecured Senior Debt	BBB+	Reviewed, Upward Trend
Subordinated Debt	BBB-	

According to Fitch's data, VR, IDR, National, and Senior ratings of Bancolombia –reviewed with upward trend- reflect their strong competitive position, solid performance of balance, robust quality of assets and provisions, relatively low-cost and diversified wide base of deposits, as well as their proven access to funding in capital markets and national and international debt markets. All other ratings of the Bank were ratified by Fitch who remarked Bancolombia's strong generation of profit, its resilient margins, its effective control of operating costs and good managed credit costs, as well as its well-balanced businesses with portfolios divided by geography, industry, products, and types of debtors.

## BANCOLOMBIA

Ratings 2015

### Moody's Investors Service

Category	Rating Updated as of June 2015	Comments
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Perspective	Positive	Perspective
Bank Deposits	Baa2/P-2	
Baseline Credit Assessment (BCA)	Baa3	
"Adjusted Baseline Credit Assessment (Adjusted BCA)"	Baa3	
Unsecured Senior Debt	Baa2	
Subordinated Debt	Ba1	

Moody's ratified the baseline credit assessment (BCA) and the adjusted BCA of Bancolombia S.A. (Baa3); this reflects improved profitability and good asset quality indicators as the Bank continues consolidating the purchase of Banistmo in Panama in year 2013. An emphasis was also made on its wide access to basic funding. The rating for the Bank's subordinated debt was ratified as Ba1, a step below the BCAs, in line with Moody's practices for this kind of debt instruments. Moody's reaffirmed a rating of Baa2/Prime-2la of global risk for long-term and short-term deposits in local and foreign currency for Bancolombia, as well as a rating of Baa2 for unsecured senior debt in foreign currency at a long term, in line with the assessment of the high-support agency that the Bank would receive by the Government in case of a potential stress situation; this reflects its strong presence in the market and its significant participation in total deposits and loans within the system.

## BANCOLOMBIA

### Standard And Poor's Service

Category	Rating Updated as of June 2015	Comments
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Perspective	Positive	Perspective
Long-Term Issuer in Foreign Currency (ICR)	BBB-	
Short-Term Issuer in Foreign Currency (ICR)	A-3	
Long-Term Issuer in Local Currency (ICR)	BBB-	
Short-Term Issuer in Local Currency (ICR)	A-	

Standard & Poor's Ratings Services reaffirmed its ratings as 'BBB-' long term and 'A-3' short term as issuer (ICRs) for Bancolombia S.A. and subordinated companies. It also ratified a rating as 'BBB-/MA-3' for Bancolombia Panamá S.A. The perspective for both entities remains stable. The Rating Entity thinks that Bancolombia keeps a moderate capital quality. It also thinks that the Bank has kept an appropriate profitability as result of its increased portfolio, its improved net interest margins, and its better efficiency, despite the stronger tax imposition in Colombia. In its opinion, Bancolombia's conservative practices to generate credits, its adequate diversification of risks, its good asset quality metrics, and its low losses support its idea that the Bank exhibits an adequate risk position.

## BANCOLOMBIA

Local Ratings

### BRC Investor Services S.A. SCV

Category	Rating	Comments
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Updated as of July 2015

Perspective	Positive	Perspective
Perspective (Local Rating of Long-Term issuer)	Estable	
Local Rating of Issuer-Long Term	AAA	
Local Rating of Issuer-Short Term	F1+	
Local Rating of Issue (Multiple and Successive issues of ordinary subordinated bonds with a global authorized amount of 1 billion Colombian pesos)	AA+	
Local Rating of Issue (Issue of ordinary bonds for \$600,000 million Colombian pesos)	AAA	
Local Rating of Issue (Multiple and Successive Issues of ordinary bonds with a global authorized amount of 1.5 billion Colombian pesos)	AAA	
Local Rating of Issue (Multiple and Successive Issues of ordinary bonds with a global authorized amount of 2 billion Colombian pesos)	AAA	
Ordinary and/or Subordinated Bond Issue Program charged to a global authorized amount of 3 billion Colombian pesos	AAA	

Fitch Ratings ratified local ratings of Bancolombia S.A. According to the agency, ratings of Bancolombia reflect its remarkable position in the market, its solid balances, its adequate performance, its solid asset and reserve quality, its significant number of depositors, and its funding access. The rating also reflects all challenges associated to its international expansion given that Bancolombia is about to integrate the recently acquired operation (Banistmo). The Bank has reestablished and sustained part of the affected capital after the acquisition, according to the expectations of Fitch, thanks to its good performance and its good generation of capital. Fitch Ratings has affirmed that strong generation of income, sufficient margins, and controlled operating costs have resulted in good results for Bancolombia and its solid asset quality and adequate risk control benefit the credit cost.

### BRC Investor Services S.A. SCV

Category	Rating	Comments
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Updated as of July 2015

Perspective	Positive	Perspective
Long-Term Debt	AAA	
Short-Term Debt	BRC 1+	

BCR kept its long-term debt rating of "AAA" and its short-term debt rating of "BRC1+" for Bancolombia S.A. According to BCR, this rating has been awarded to the Bank based on its leading position on the Colombian banking sector, which has allowed it to develop strategies with consistent results and this has been reflected in a historical growth of its portfolio (exceeding those of its peers and entities of the sector); this is of relevance before an scenario of economic deceleration together with increased interest rates imposed by "Banco de la República" as an attempt to contain inflation expectations, since these events could impact the economy consumption levels, thus affecting the companies' expansion plans and the credit demands. BCR underlines the appropriate mixture of Bancolombia's funding instruments and positively remarks that Bancolombia has consolidated a business structured divided by countries and products. It also outlines that if its affiliates abroad continue showing a positive growth that repays the acquisition costs, such operations can be used to partially contain a deceleration of the results of its operations in Colombia, which is seen by BCR as a real strength.

## BANCO AGRÍCOLA – EL SALVADOR

Ratings Region

### Fitch Ratings

Category	Rating	Comments
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Updated as of October 2015

Perspective	Stable	Perspective
Classification of Long-Term Issuer- (IDR)	AAA (slv)	
Classification of Short-Term Issuer (IDR)	F1+ (slv)	
Local Classification for Long-Term Securities (with no affirmed warranty)	AAA (slv)	
Local Classification for Long-Term Securities (with affirmed warranty)	AAA (slv)	

### INVERSIONES FINANCIERAS BANCO AGRÍCOLA S.A. – IFBA

### Fitch Ratings

Category	Rating	Comments
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Updated as of October 2015

Perspective	Stable	Perspective
Classification of Long-Term Issuer - Issuer Default Rating (IDR)	AAA (slv)	
Classification of Short-Term Issuer (IDR)	F1+ (slv)	

Fitch's opinion is that the dominant franchise of Banco Agrícola supports its diversified, stable, and low-cost deposit base. The financial profile and the risk management of Banco Agrícola are exceptionally strong within the context of the local market. These factors allow it to keep a dominant position and a stable deposit base, even during adverse stages of the economic cycle. However, Fitch has deemed that the operating environment is increasing its influence on the bank's long-term perspectives. The robust capitalization of Banco Agrícola and its strong level of credit reserves will keep mitigating pressures in asset quality and week operating environment. A solid profitability and a controlled growth of assets allow the bank to keep high equity indicators, despite the increased distribution of dividends. The agency thinks that the remarkable efficiency, the sustainable low credit costs, and the resistant net interest margin (NIM) will keep sustaining the bank's high profitability. Banco Agrícola's classifications, its issues, and those of the IFBA reflect a supporting probability by its stockholder (Bancolombia S.A.), if required. At Fitch's opinion, Banco Agrícola and IFBA are vital subsidiaries based on their recurrent contributions to their parent company's income and their important role in Bancolombia's regional expansion plans.

## BANISTMO

Ratings Region

### Fitch Ratings

Category	Rating	Comments
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Updated as of October 2015

Perspective	Stable	Perspective
Classification of Long-Term Issuer - (IDR)	BBB+	Reviewed, Upward Trend
Local Classification for Long-Term Securities (VR: Viability Rating)	AAA(pan)	Reviewed, Upward Trend
Local Short-Term Rating	BBB-	
BANISTMO Rating Support	F1+(pan)	
Short-Term Issuer (IDR)	2	
	F2	

Upward trend revisions in BANISTMO risk ratings follow an equivalent action in the ratings of its stockholder (Bancolombia). BANISTMO is deemed by Fitch as a key subsidiary for its parent company, due to its strategic role for the expansion and diversification of Bancolombia in the region. The expectation of Fitch is that BANISTMO's contributions to Bancolombia's profits will increase throughout time. The IDR (Issuer Default Rating) rating awarded to BANISTMO has been boosted by the potential support that it would receive from its parent company (Bancolombia S.A.), if needed. The agency has indicated that BANISTMO is one of the largest banks in Panama, holding a good-coverage network within a competitive banking system. The agency has also affirmed that funding is one of BANISTMO's strengths due to its deposit base and its significant capacity to raise funds. The bank's wide network of service sites helps it keep a wide and relatively stable deposit base. In the agency's opinion BANISTMO has improved its capitalization ratios and its profitability since the very moment it was acquired by Bancolombia in 2013, since its performance was supported by an important improved efficiency in costs, a net interest margin above the industry average, and stable charges for non-productive portfolios. The agency's opinion is that the bank has clear strategic objectives and an effective execution.

## BANCOLOMBIA PANAMÁ

### Fitch Ratings

Category	Rating	Comments
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Updated as of July 2015

Perspective	Stable	Perspective
"Long-Term Issuer - (IDR: Issuer Default Rating)"	BBB+	Reviewed, Upward Trend
Short-Term in Local Currency (IDR)	F2	
Support Rating	2	
Long-Term Deposits	BBB+	Reviewed, Upward Trend
Short-Term Deposits	F2	

Fitch reviewed with upward trend the IDR long-term rating in foreign currency of Bancolombia Panamá, in line with its parent company (Bancolombia). This increase is the product of the quality of assets managed, an adequate risk management, its 42-year history, and its administrative processes. The agency affirms that Bancolombia Panamá is significantly integrated to Bancolombia and is a basic part of the business strategy of its parent company in Colombia and Central America. Bancolombia's support would be available when needed and the capacity of its parent company to give support is reflected in its ratings.

## BANCO AGROMERCANTIL GUATEMALA

Ratings Region

### Fitch Ratings

Category	Rating	Comments
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Updated as of May 2015

Perspective	Stable	Perspective
International Long-Term Rating in Foreign Currency	BB	
International Short-Term Rating in Foreign Currency	B	
International Long-Term Rating in Local Currency	BB	
International Short-Term Rating in Local Currency (VR: Viability Rating)	B	
Support Rating	BB	
Support Floor Rating	5	
Local Long-Term Rating	NF	
Local Short-Term Rating	A+(gtm)	
	F1(gtm)	

BAM's intrinsic strength, as indicated by its VR, supports its IDR and local ratings. BAM's capitalization, in conjunction with its robust coverage of reserves due to bad debts, is a strength that allows it to compete with other local banks having a significantly larger size. BAM'S funding includes a diversified and stable base of short-term deposits from natural persons. The bank has successfully entered international debt markets and offers 19 credit lines with correspondent banks. In Fitch's opinion, BAM shows adequate liquidity resources. The operating environment and its financial solidity margin to absorb losses show a high influence on the ratings. A stable funding and liquidity base, a lower franchise in relation to local larger banks, an aggressive credit growth, a high concentration by debtor, and pressured profits also impact the ratings. BAM's corporate orientation explains the substantial concentration levels by economic group. The support rating "5" and the "No Floor" support rating reflect Fitch's opinion: Despite governmental authorities' support is possible, no assurances can be made about such a support, since BAM shows a limited systemic importance. The IDR could increase if Bancolombia could become the majority stockholder.

Note: On December 30th, 2015, a transaction involving an increased stockholding of Bancolombia in GAH was completed, from 40% to 60%. In January 2016, Fitch Ratings increased international ratings in foreign currency of Banco Agromercantil de Guatemala, S.A. (BAM) and the debt issue of Agromercantil Senior Trust (AST) from 'BB' to 'BB+' and international ratings in local currency from 'BB' to 'BBB-', after Bancolombia S.A. (Bancolombia) completed the acquisition of the majority stockholding of Grupo Agromercantil Holding, S.A. (GAH).

BANCOLOMBIA PUERTO RICO INTERNACIONAL

Ratings Region

Fitch Ratings Colombia

Category Rating Comments

Updated as of August 2015

Perspective	Stable	Perspective
"Long-Term Issuer - (IDR: Issuer Default Rating)"	BBB+	Assigned
Classification of Short-Term Issuer (IDR)	F2	Assigned
Support Rating	2	Assigned
Local Rating of Issuer -Long-Term Rating	AAA (col)	
Local Rating of Issuer -Short-Term Rating	F1 (col)	

IDR and Local ratings of Bancolombia Puerto Rico (BPR) reflect the potential support that it would receive from its main stockholder (Bancolombia S.A.), if required. BPR is highly integrated to Bancolombia and is a basic part of the business strategy of its parent company in Colombia and abroad. In Fitch's opinion, BPR shows an adequate capitalization after taking advantage of the good internal capital general and totally-retained profits; this gives the Bank a solid base for a future expansion of assets.

VALORES BANCOLOMBIA

Subsidiaries Ratings

Fitch Ratings

Category Rating Comments

Updated as of June 2015

Perspective	Stable	Perspective
Local Rating of Long-Term Issuer	AAA(col)	
Local Rating of Short-Term Issuer	F1+(col)	
"Country Risk Foreign Currency Long Term"	BBB	
"Country Risk Local Currency Long Term"	BBB+	

According to Fitch, Valores Bancolombia has been deemed as a vital entity for operating its parent company, since it is part of its universal bank strategy. Valores Bancolombia is commercially and operationally supported by Bancolombia. This integration has allowed Valores Bancolombia to have a recurrent base of customers and adopt the better practices of its stockholder in relation to risk management.

Subsidiaries Ratings

Fitch Ratings Colombia

LEASING BANCOLOMBIA

Category Rating Comments

Updated as of June 2015

Perspective	Stable	Perspective
Local Rating of Long-Term Issuer	AAA (col)	
Local Rating of Short-Term Issuer	F1+(col)	

According to the rating agency, Leasing Bancolombia shows a good performance that reflects its experience and leadership in Colombia's leasing market. Fitch affirms that the institution offers a high capacity to generate income, mainly from interest and commissions for services and operating leasing. Besides, the institution holds a good operating efficiency and low expenses for provisions. The institution keeps a good quality of assets, which reflects in low levels of delinquency, a strong support of warranties, and high coverage of reserves over the deteriorated portfolios. It also keeps a conservative investment management. The credit risk it is exposed to is limited by an adequate diversification by economic sectors and by a moderate exposure to the main debtors (first-level companies).

COMPAÑÍA DE FINANCIAMIENTO TUYA S.A.

Category Rating Comments

Updated as of June 2015

Perspective	Stable	Perspective
Local Rating of Long-Term Issuer	AAA (col)	
Local Rating of Short-Term Issuer	F1+(col)	

According to Fitch, TUYA ratings are based on the support that, in Fitch's opinion, it would receive from Bancolombia, if needed. TUYA is part of Bancolombia's strategy to address the low-income population; despite the entity's independence, its funding base has been highly improved for Bancolombia's image.

RENTING COLOMBIA

Category Rating Comments

Updated as of June 2015

Perspective	Stable	Perspective
Local Rating of Long-Term Issuer	AAA (col)	
Local Rating of Short-Term Issuer	F1+(col)	

As affirmed by Fitch, the rating incorporates the solid support of Grupo Bancolombia to Renting Colombia, as shown with the commitment to strengthen the company's equity, as required, and to keep moderate leverage and growing integration and use of commercial and operating synergies of the Group. This also reflects its leading position in the market, the expansion opportunities of the business, and the composition of its customer portfolio, with a moderate level of diversification.



# Conversing with our different stakeholders

Our humanized banking approach is enhanced by our liaisoning initiatives

Shareholders:  
53.339

Clients:  
10.805.190

Employees:  
34.882

Suppliers:  
18.606

Authorities:  
10 countries

The Community:  
10 countries

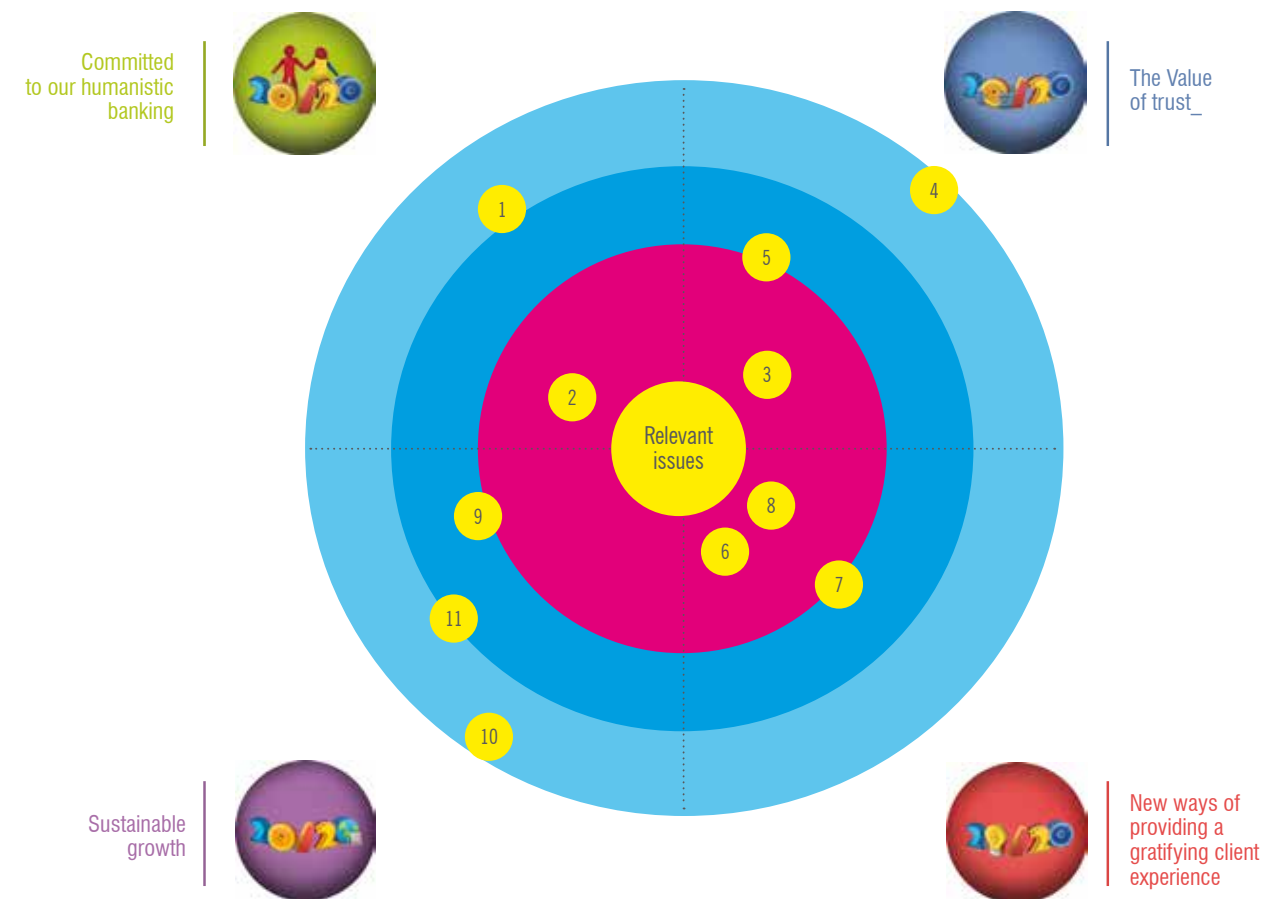
For the Bancolombia Group it is very important to gauge the expectations that our stakeholders have with regard to our performance in terms of their priorities and needs so as to be able to provide them with added value over the long term. Our Organization not only cares about the results we obtain, but the manner in which we obtain them and how we can grow together with our shareholders, investors, employees, clients

and suppliers; how we are becoming more profitable while not losing sight of the role we play from a social standpoint

We interact with each of our stakeholder groups through personally attended events, the media and interpersonal relations, which have enabled us to continuing to build relationships based on trust. In 2015, we continued to hold conversations with our different groups

of stakeholders, particularly employees, clients and suppliers, conversations that we structured based on the methodology used by the Global Reporting Initiative (GRI 4) and that included the material issues that we have defined in our organization to better understand the issues that are important for these latter groups as well as to inform them of how we are doing from economic, environmental and social standpoints.

For more information, please click on this link and then on the Dialogue with our stakeholders tab.  
<http://www.grupobancolombia.com/wps/portal/about-us/corporate-information/sustainability/model/>



Relevant issues The Bancolombia Group's material issues

		Page
1.	Consolidating a more humanistic banking model	Employees 100
2.	Innovative talent management	Employees 66
3.	Consolidating our environmental and social sustainability model	Investors / Community 95
4.	Proactive reputation management	Investors 70
5.	Balanced risk management	Investors /Authorities 74
6.	Close relationships with clients	clients N.A.
7.	Wherever, whenever and however our clients need us	clients 101
8.	Operating impeccability	clients 96
9.	Profitability management	Investors /Suppliers and service providers 79
10.	International consolidation	Shareholders 55
11.	Strengthening key lines of business in terms of creating added value	Clients and Shareholders 120

- High relevance
- Medium relevance
- Low relevance

# Stakeholder consultations

Identifying the expectations of our stakeholder groups, integrating these into our corporate strategy, enhancing transparency, communication and dialogue as differentiating factors that are essential for the ongoing sustainability of our Organization over the long term. This is why we consult with our different types of stakeholders. The goals of these consultations are as follows:

- Bring to their attention how Bancolombia is doing with all 4 pillars of its strategic road map and the 11 issues that have been flagged as being relevant.
- Identify issues of the greatest importance to our different stakeholders.
- Find out which type of communication they prefer in order obtain information regarding these issues of importance as well as how often.

- Ascertain how they believe we can work together (co-creation) on all those issues defined by these as being the most important.
- Identifying which other issues stakeholders would like to work on, as an Organization, and how we can strengthen our relationships for our mutual benefit.

## Consultation methodology

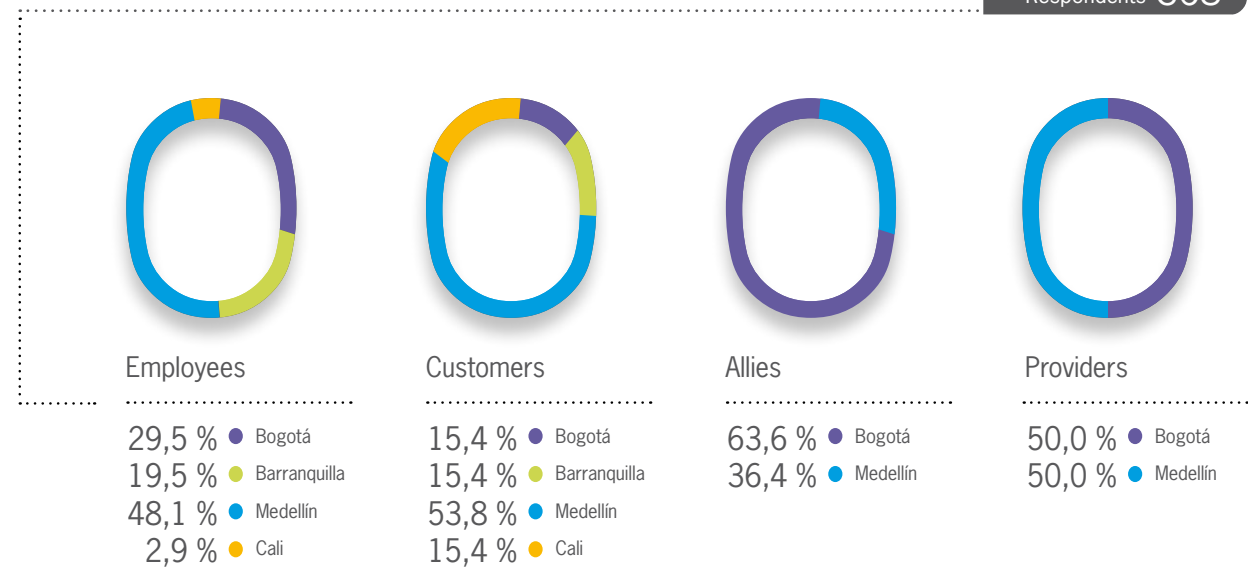
These consultations were staged in Colombia with clients from the corporate and SME banking segments as well as employees, strategic supply partners and vendors by means of focus groups, using the AA 1000 methodology duly adjusted to the Bank's needs and current situation.

## Cross-cutting aspects associated with the findings

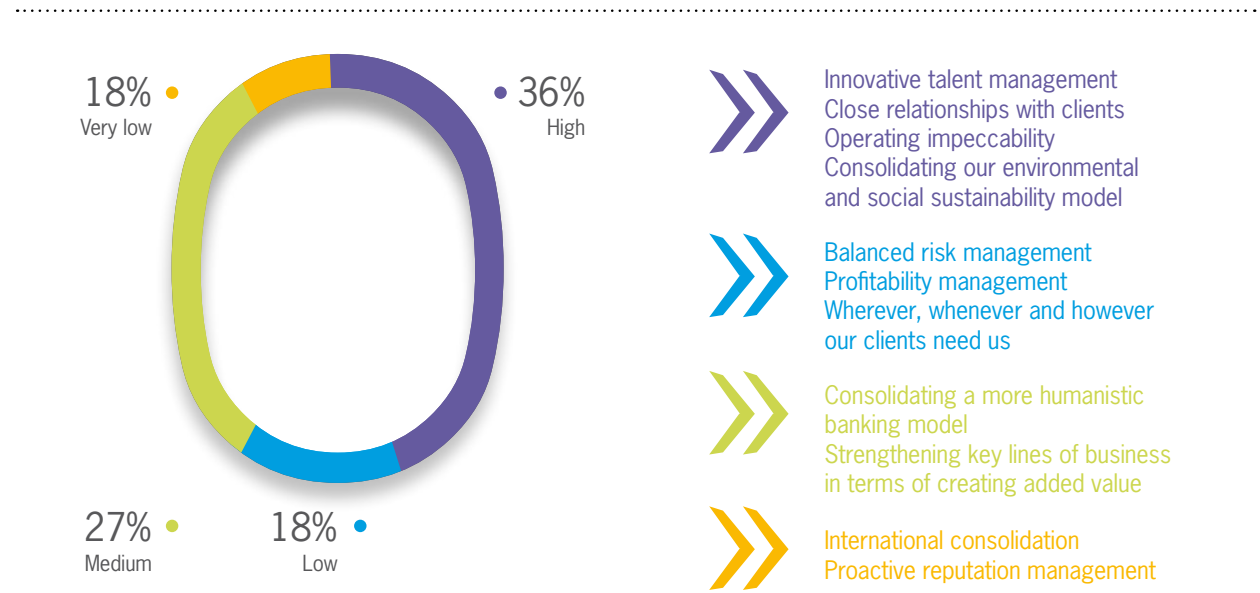
- Creating workplace ecosystems so that opportunities can be detected and synergies duly harnessed.
- Clients, strategic partners and suppliers expressed the need to go beyond a purely business relationship transferring knowledge on a range of topics such as profitability management, a balanced risk management and building a social and environmental model.
- Clients feel that we must work more on achieving an impeccable, more straight forward operating performance.
- Clients want the Organization to be the Bank of its employees and its entire supply chain.

## Stakeholder Engagement

Respondents 368



## Most relevant issues for stakeholders





### Flying back for a Future

Ómar traveled back from Spain full of dreams and hope. Of course, it was not easy for him to make this decision, but it was more difficult for him to start again. But he had an idea: To create his own tent manufacturing company

He started working alone, but he has had determination and support to grow and he is currently an employer and he, his family members and some friends are working in his company. Duly supported by Bancolombia Foun-

dation “Emprendedores” Program (Entrepreneurs Program), he has been provided relevant advisory on areas such as the proper management of his funds and the improvement of his products.

We are currently supporting over 450 entrepreneurs in Colombia because we are sure that the support of new ideas becomes an interest in future projects and is a real proof of the grounds for having been recognized as the most sustainable bank of the Americas.

# Macroeconomic environment

Global economic conditions have been particularly challenging for developing countries, which has meant a period of sluggish growth for Latin America. After a GDP growth of 0.7% for 2014, the International Monetary Fund (IMF) estimates that in 2015 the region's GDP shall drop by 1.5%, with a further 0.3% decline in 2016. This is largely attributable to falling international commodity prices, which are crucial for Latin American exports.

The IMF estimates that Brazil's GDP shall shrink by 3% for 2015, with another drop of 1% expected for 2016. The poor performance of the region's main economy has affected its neighboring countries and led to a lower appetite for investing in Latin America. In 2015, the major rating agencies reduced Brazil's sovereign rating from an investment to a speculative grade. These decisions reflected not just a slower economic growth, but impairment to its public finances and political problems hounding the current administration.

In Mexico, GDP growth for 2015 it could well have reached 2.3%, which would imply a slight acceleration from 2.1% in 2014, as a result of a more buoyant economy in the US, which is Mexico's main trading partner. Chile's production activity is expected to climb from 1.9% in 2014 to a projected 2.3% in 2015 to end up at 2.5% in 2016. Furthermore, Peru is expected to go from a GDP growth of 2.4% for 2014 to 2.6% for 2015, reaching as much as 3.4% in 2016

In Central America as a whole, the IMF estimates that GDP shall go from 4.1% in 2014 to 3.9% in 2015 and then back up to 4.2%



ECONOMIC ADJUSTMENTS  
SEEN TODAY HAVE  
RESULTED IN A CHANGE  
OF THE SOURCES OF  
DEVELOPMENT IN FAVOR  
OF ACTIVITIES THAT BENEFIT  
FROM A DEPRECIATED  
EXCHANGE RATE.

in 2016, due to the improved performance of the US economy, which shall doubtlessly increase the flow of remittances from abroad, as well as bring down commodity prices, since many of these countries are net importers of such goods. We estimate that El Salvador shall grow by 2.3% and 2.4% in 2015 and 2016, which is well above the 2% obtained in 2014. As for Guatemala, after having obtained a GDP growth of 4.3% in 2014, we expect this to fall back slightly to 3.9% in 2015 and 3.7% in 2016.

As for Colombia, leading indicators at year-end 2015 suggest a continuation of the slowdown prevalent since 2014. Economic activity rose by 2.9% during the first half of 2015 and the figure for the third quarter (3.2%) was higher than for the second (3.0%). Nevertheless, the economy is growing at a slower pace than a year ago.

Production activities in terms of tradable goods fell by an average 0.22% in Q2 only

to rise by 1.6% in Q3, while growth in non-tradable goods went from 3.55% to 3.44%. This obeyed a certain amount of recovery with both industry and agriculture, along with a slowing construction sector. This disparate performance clearly shows the external shocks that the Colombian economy has received with growth more concentrated in activities which do not benefit from the devaluation of the Colombian peso.

We expect GDP for Q4 2015 to have risen at a similar rate as for the previous quarters. Therefore we predict that the economy grew by 3.1% in 2015, which was lower than the 4.6% recorded for 2014. For 2016 we expect a further slowdown. Here we are forecasting a GDP growth of 2.6% as our baseline scenario, and if the downside risks get any worse this could quite well go down as far as 1.8%.

As for the job market the urban unemployment rate at year-end 2015 came to 9.8%, which was higher than the 9.3% recorded the year before. This increase shows a slowing demand for reflects the moderation in demand for labor, given the decline in pro-

duction activities. Based on the unemployment data earlier this year, we expect this situation to continue, which is why we are expecting an urban unemployment rate of 10.3% at year-end.

With regard to the external sector, in 2015 Colombia recorded a trade deficit of USD 15,907 million, which is the highest it has ever been in the country's history. This was due to a drop of 35% in Colombian exports, which were affected by lower prices of oil, coal and other commodities. On the other hand, the depreciation of the Colombian peso and a slowing domestic demand led to a 16% drop in imports. This year, we expect the country's trade deficit to come down slightly to USD 15,204 million.

With regard to the CPI, in 2015 a combination of various economic shocks led inflation beyond the level targeted by Colombia's Central Bank. Since January 2015, when inflation reached 3.86% on a 12 month basis, price hikes began and continued during the rest of the year. This led to a 12-month inflation rate at year-end 2015 of 6.77%, this being

much higher than that recorded in 2014 (3.66%).

In January 2016, the pace of inflation increased sharply with 12-month inflation rising to 7.45%.

In the light of all of this, Central Bank has been gradually increasing the benchmark rate from 4.5% in September 2015 to 6.25% in February 2016. Since price pressures are expected to persist in the short term, further rate increases are forecast for the coming months. These rate hikes have been quickly transmitted to the financial market, with lending and deposit rates going up over the last few months.

Nevertheless, a slowing growth and more stable weather conditions could well mean that inflation shall give way in second half of 2016, which could well lead to a 12-month inflation rate at year-end between 4.4% and 5.4%.

As can be seen, Colombia, like other emerging countries, not only faces more acute risks on a global level, but has had to come to grips with the effects of a second-round of price shocks for raw materials. This makes for a more challenging macroeconomic situation this year.

# Economic report

Bancolombia  
Commercial Banking  
UNCONSOLIDATED FINANCIAL RESULTS – SUBSIDIARIES

Income statement and balance sheet (Year-end figures in millions of pesos)	2015	2014	Chg \$	Chg %
Direct operating revenues	10.989.174	9.321.677	1.667.497	17,89%
Net operating earnings	2.362.899	2.223.807	139.092	6,25%
Net income	2.462.778	2.169.612	293.166	13,51%
Total assets	115.827.876	100.624.840	15.203.036	15,11%
Loan and financial leasing portfolio, net	77.500.352	68.351.407	9.148.945	13,39%
Net investments	22.435.810	20.963.434	1.472.376	7,02%
Total liabilities	97.217.168	84.333.554	12.883.614	15,28%
Deposits (Checking Accounts, Savings Accounts and CDs)	65.130.418	57.542.418	7.588.000	13,19%
Equity	18.610.708	16.291.286	2.319.422	14,24%

Efficiency and profitability	2015
Net interest margin	5,92%
Financial efficiency ratio	46,96%
Operating efficiency ratio	3,45%
Average return on total assets	2,28%
Average return on equity	13,99%
Loan portfolio quality (past-due loans/gross loan portfolio)	3,07%
Total past-due loan coverage (provisions / gross loan portfolio)	164,99%

Accounting parameters in accordance with Board of Directors' Report and press release.

Grupo Bancolombia  
Consolidated Financial Results

Income statement and balance sheet (Year-end figures in millions of pesos)	2015	2014	Chg \$	Chg %
Direct operating revenues	15.644.477	12.926.812	2.717.665	21,02%
Net operating earnings	3.235.635	3.104.594	131.041	4,22%
Net income	2.518.890	2.387.086	131.804	5,52%
Total assets	192.972.867	149.629.881	43.342.986	28,97%
Loan Portfolio and Financial Leasing, net	140.371.884	110.384.396	29.987.488	27,17%
Net investments	14.277.824	12.784.223	1.493.601	11,68%
Total liabilities	172.564.948	132.263.401	40.301.547	30,47%
Deposits (Checking Accounts, Savings Accounts and CDs)	121.802.028	94.769.319	27.032.709	28,52%
Equity	20.407.919	17.366.480	3.041.439	17,51%

Efficiency and profitability	2015
Net interest margin	5,25%
Financial efficiency ratio	54,57%
Operating efficiency ratio	3,62%
Average return on total assets	1,53%
Average return on equity	13,62%
Loan portfolio quality (past-due loans/gross loan portfolio)	2,98%
Total past-due loan coverage (provisions / gross loan portfolio)	115,16%

Accounting parameters in accordance with Board of Directors' Report and press release.

# Contributing to overall economic growth

The Bancolombia Group's economic achievements in 2015 helped our different stakeholders to develop and grow. Based on the methodology proposed by the Global Reporting Initiative (GRI) we report the economic value we generate defined as net income sourced from our operations, the value distributed, consisting of payments to shareholders, employees, suppliers, clients, the Government and society in general and the retained value, covering other obligations and making the Organization so much stronger.

The Group provided an economic value of COP 11.23 billion, for a year-on-year increase of 19.6%. This increase in the value generated is mainly due to the increase in net interest margin, commissions and other ordinary earnings.

Net interest margin accounted for a greater portion of the Group's entire economic value generated having gone from 63.9% in 2014 to 64.4% in 2015 for a year-on-year growth of 20.4%. Interest income obtained mainly from loans, leas-

ing and investments in debt securities, was the item that largely drove up our margin for a year-on-year increase of 27.1%.

Net commissions composed mainly of handling, deposit and collection fees, accounted for 17.7% of the entire generated value, representing a year-on-year increase of 9.2%. This was made possible thanks to our sustainable growth, the degree of innovation incorporated into our processes and greater interaction with our clients and communities in general, as we provide easy and efficient access to both domestic and international banks.

Other revenues consist primarily of those sourced from the equity method as well as income from companies within the real sector, which rose by 29.1% year-on year, accounting for 1.3pp more of our economic value.

Our purpose as a Group in 2015 was to connect people with possibilities, and this trust that our clients deposited in us enabled us to achieve

Economic Value	2015	2014	Change %
<b>Value Generated</b>	11,23	9,39	19,6%
Brokerage margin	7,23	6,01	20,4%
Net commissions	1,99	1,83	9,2%
Other ordinary income	2,01	1,56	29,1%
<b>Value Distributed</b>	7,22	6,30	14,6%
Suppliers	2,65	2,31	15,1%
Employees	2,22	1,93	15,0%
The State	1,38	1,20	14,7%
Shareholders	0,85	0,80	7%
The public	0,01	0,01	-11,4%
Minority shareholders	0,09	0,04	110,8%
<b>Value Retained</b>	4,02	3,09	30,0%
Provisions, depreciation and amortization	2,35	1,50	56,7%
Reserves	1,66	1,59	4,8%

Amounts in millions of pesos

gains in our economic value generated, 64.2% of which was distributed amongst our stakeholders and the remaining 35.8% was retained in order to strengthen the Organization. The total value distributed amounted to COP 7.22 billion, showing a year-on-year increase of 14.6% and the total retained value rose to COP 4.02 billion, for an increase of 30%.

Numbering more than 18,000 suppliers, this was the group amongst which the bulk of our economic value was distributed, that is to say, COP 2.65 billion, recording a year-on-year growth of 15.1% corresponding to related companies, insurance, transport, maintenance and repairs with the aim of safeguarding the proper functioning of our Organization.

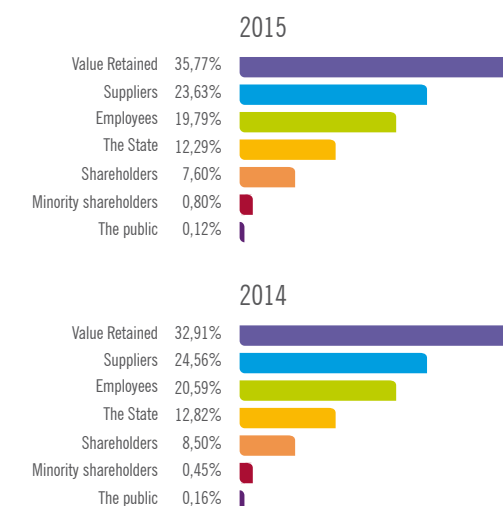
On the other hand, we distributed a total of COP 2.22 billion among our 35,000 employees, for a year-on-year growth of 14.9% corresponding to salaries, wages, employment benefits, bonuses and accounting for 30.8% of the total value distributed, thus encouraging a staff who are so much more committed to our humanistic banking approach, and capable of reinventing our business and incorporating greater innovation in a more pleasing client experience.

We distributed another COP 854 thousand million in dividends to our 50 thousand shareholders, that is to say 11.8% of the total value distributed thus strengthening the value of trust and creating greater credibility in the performance of our senior management and all those groups involved in the running of our organization.

To the Government, we paid out a total of COP 1.38 billion in the form of taxes such as income and wealth tax, this representing a year-on-year growth of 14.7%, this in the light of a new tax reform that entered into full force and effect as of 2015, a fact that strengthens us even more as the Humanistic Bank we are seeking to enhance and help develop better society in order to build a better country.

1. The Global Reporting Initiative (GRI) is a Non-Government Organization created in 1997 by the Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environment Programme (UNEP), which promotes and develops a standardized reporting approach for companies and organizations alike. The GRI has established principles and indicators that organizations can use to measure and disclose their economic, environmental and social performance. This methodology has been used by the Bancolombia Group since 2008 in drawing up both its Annual Management and Corporate Responsibility Reports.

## Breakdown of our Economic Value Generated



Another stakeholder group is the general public, to which we distributed a total of COP 13 thousand through the Bancolombia Foundation in the form of comprehensive long-term programs that so far have had a gratifying impact on the country and that have been carried out in partnership with different national, departmental and municipal agencies and organizations, as well as the Government sponsored early childhood project "From Zero to Forever" along with various entrepreneurship initiatives and volunteer corps activities.

Finally, the total value retained for 2015, accounted for 35.8% of our entire economic value generated, that is to say, COP 4.02 billion, 58.6% of which was allocated to provisions, especially for our loan and leasing portfolio thus ensuring the proper running of our Organization and the optimum quality of our balance sheet. The remaining COP 1.66 billion was allocated to reserves, for a year-on-year increase of 4.8% for the purpose of fulfilling and providing, support to the Organization's growth plans and addressing the changes introduced by economic and regulatory policies.



# Effects of having adopted the International Financial Reporting Standards IFRS

(Figures in millions of Colombian pesos)

Accepted Financial Reporting Standards in Colombia were changed as a result of Decree 2784 issued December 28, 2012 and Decree 3024 issued 27 December 2013 by the Colombian Ministry of Finance and the Colombian Ministry of Commerce, Industry and Tourism, along with all subsequent decrees. The aforementioned framework is based on the International Financial Reporting Standards issued by the International Accounting Standards Board - IASB on December 31, 2012.

Upon drawing up our separate financial statements, we did not apply that stipulated in IAS 39 and IFRS 9 with respect to our loan portfolio and corresponding impairment and the classification and valuation of investments, which are recognized, classified and measured in accordance with that laid down by the Colombian Superintendency of Finance in Chapters I and II of External Circular 100 issued 1995, as well as IFRS 5 for determining the impairment sustained to goods received in the form of payment, provisions for which were set up according to that required by the Colombian Superintendency of Finance.

Upon preparing our consolidated financial statements the Group fully complied with the IFRS.

## Bancolombia S.A.'s Separate Financial Statements

### Opening Balance Sheet

Since the reporting date for the first financial statements drawn up under IFRS for all those entities reporting financial information as belonging to Group 1 in Colombia [Article 1 of Decree 3024 issued 2013] is 31 December 2015, the Opening Statement of Financial Position used for the transition to IFRS in Colombia corresponded to the beginning of the transition period, that is to say, January 1, 2014, as stipulated in IFRS 1 First-time Adoption of International Financial Reporting Standards.

The following shows a breakdown of the effects of this transition on the separate financial statements of Bancolombia S.A. on the date that this Opening Statement of Financial Position was drawn up:

Item	COLGAAP Dec 13	Transition Adjustment	NIIF 01 Jan 14
Assets	89.913.605	60.630	89.974.235
Liabilities	77.484.504	440.448	77.924.952
Equity	12.429.101	(379.818)	12.049.283



The main items creating differences between the different reporting standards used (COLGAAP and IFRS) in drawing up Bancolombia S.A.'s Opening Statement of Financial Position corresponded to the recognition of: the obligation to pay a minimum of 1% of the subscription value of the preferred shares issued in the form of debt instruments [- COP 299.963], financial obligations relating to assets belonging to financial leasing arrangements [- COP 205.750], deferred tax assets and liabilities on temporary differences between their tax and accounting bases [- COP 113.227], leased assets and the effect of changes to the useful lives of property and equipment [COP 286.134], among others.

December 2014

Bancolombia S.A.'s separate financial statements presented the following transition effects:

Item	COLGAAP Dec 14	Difference IFRS vs. COLGAAP	IFRS Dec 14
Assets	100.287.094	337.746	100.624.840
Liabilities	83.593.805	739.749	84.333.554
Equity	16.693.289	(402.003)	16.291.286
Net income	1.331.316	838.296	2.169.612

The main items creating differences between the different reporting standards used (COLGAAP and IFRS) in drawing up Bancolombia S.A.'s Separate Financial Statements corresponded to : reversing goodwill amortization expense recognized under COLGAAP [COP 341.710] reversing dividend income received from subsidiaries [- COP 231.685] as recognized under COLGAAP, recognizing income from the equity method applied to subsidiaries [COP 1,005,787] under IFRS, among others.

## Estados Financieros Grupo Bancolombia S.A.'s Consolidated Financial Statements

### Opening Balance Sheet

Since the reporting date for the first financial statements drawn up under IFRS for all those entities reporting financial information as belonging to Group 1 in Colombia [Article 1 of Decree 3024 issued 2013] is 31 December 2015, the Opening Statement of Financial Position used for the transition to IFRS in Colombia corresponded to the beginning of the transition period, that is to say, January 1, 2014, as stipulated in IFRS 1 First-time Adoption of International Financial Reporting Standards.

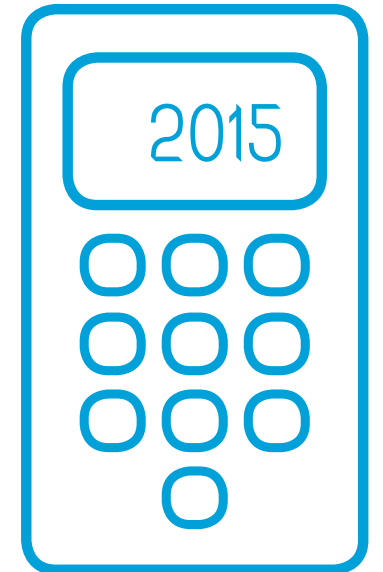
The following are the effects on Grupo Bancolombia's Consolidated Financial Statements on the date on which the Opening Statement of Financial Position was drawn up:

Item	COLGAAP Dec 13	Transition Adjustment	IFRS Jan 1 2014
Assets	130.816.241	160.122	130.976.363
Liabilities	118.323.395	9.161	118.332.556
Equity	12.492.846	150.961	12.643.807

The main items creating differences between the different reporting standards used (COLGAAP and IFRS) in drawing up Bancolombia S.A.'s Separate Financial Statements corresponded to : recording non-controlling interests as a component of equity [COP 462.185], with COLGAAP minority interest was recorded as a liability, recognizing the corresponding obligation to pay a minimum of 1% of the subscription value of the preferred shares issued in the form of a debt instrument [- COP 299.963] adjustments made in reclassifying operating lease contracts as financial lease contracts [COP 150.513], recording deferred tax assets and liabilities on temporary differences between their tax and accounting bases [- COP 212.719] appraisals of equity investments [70.448], among others.

December 2014

Grupo Bancolombia's Consolidated Financial Statements presented the following transition effects:



Item	COLGAAP Dec 14	Difference IFRS vs. COLGAAP	IFRS Dec 14
Assets	148.724.861	905.020	149.629.881
Liabilities	131.907.507	355.894	132.263.401
Equity	16.817.354	549.126	17.366.480
Net income	1.878.721	508.365	2.387.086

The main items creating differences between the different reporting standards used (COLGAAP and IFRS) in drawing up Bancolombia S.A.'s Separate Financial Statements corresponded to: reversing goodwill amortization expense recognized under COLGAAP lower value of impairment to loan portfolio under IFRS due to having applied different assessment methodologies for incurred losses, recognizing deferred taxes on temporary differences between the tax and accounting bases, among others.





## Profitability management: Bancolombia, a Commercial Bank

Bancolombia's balance sheet at year-end 2015 showed a significant growth of COP 15.2 billion in total assets, which reached COP 115.8 billion, this corresponding to a real increase of 15.1%, which is approximately 5 times higher than the real GDP growth projected for 2015 in Colombia. Bancolombia with a share of 22.92% continued in No. 1 position in the Colombian banking system measured in terms of its loan and financial leasing portfolios. Furthermore, its assets accounted for 23.35% of those of the total sector at year-end 2015.

The balance of our gross loan and financial leasing portfolio rose by COP 9.9 billion at year-end, or 13.8% in nominal terms, impacted by a 31.6% devaluation rate on a YTD basis with regard to lending in local currency. This dynamic pace of growth was clearly evident in each type of lending: mortgage loans grew by 18.6%; business loans, which accounted for 74.5% of the growth of the total gross portfolio for the year, rose by 14.2%; and consumer loans increased by 8.5%. Meanwhile, net provisions increased

by COP 713 billion or 21.4% compared to the previous year, as a result of the change in the methodologies used to calculate such as well as the impairment recorded with the portfolio's overall rating during the year. Our portion of the largest syndicated loan in the bank's history disbursed in August, worth COP 1.14 billion, shows the confidence and positioning we enjoy within the sector thanks to the solutions we are able to provide different sectors of the economy, as we effectively did by helping people to buy their own homes with a total of 27,526 mortgage loans.

Our net investments at year-end 2015 rose by COP 1.5 billion, for a year-on-year growth of 7%, mainly driven by the 27.3% growth of investments in subsidiaries worth COP 3.2 billion, as measured by the equity method, where this year's devaluation of the Colombian peso had a substantial effect on our balance sheet. This growth was offset by the year-on-year 20.1% decline with the amount held in debt securities which came to COP 1.8 billion, this due to having reclassified these

as assets held for sale in the company Tuya, given the intention of disposing of these in the short term. On the other hand, other assets showed an increase of 36.7% or COP 3.6 billion, thanks to the balance held in cash and due from banks, sell buy-back arrangements and interbank funds used to maintain adequate levels of liquidity.

As for liabilities it is well worth noting the 13.2% year-on-year increase in deposits which reached COP 7.6 billion, thanks to higher amounts received in the form of in savings accounts and CDs as well as the effect of the devaluation of the Colombian peso on the overall balance held in local currency. Also during this same period the balance held in foreign banks rose by 20.2% or COP 2 billion with bonds rising by 23.7% or COP 2.5 billion, 23.7% largely due to the Colombian peso having lost 31.6% to the dollar. On the other hand, assets grew by 14.2% or COP 2.3 billion due to an increase in the revenues recognized using the equity method and adjustments made for the exchange difference obtained with bonds in local

currency, producing a ROE of 13,99 % at year-end 2015.

The quality of the loan portfolio (non-performing loans versus gross loans) stood at 3.07% for 2015 with the past due loan coverage ending up at 165.0%.

Bancolombia's net income totaled COP 2.5 billion, showing a 13.5% increase over the previous year of COP 293 thousand million, this largely due to the increase in net interest income, where the COP 1.3 billion increase in revenues from our loan financial leasing portfolio was sufficient to absorb the COP 563 thousand million increase in interest expense, the drop of COP 43.5 thousand million in debt security revenues and the COP 381 thousand million increase in net provisions, which rose in proportion to new and non-performing loans as well as having applied the new methodologies. Similarly, net income was driven up by operating revenues rising by 11.1% or COP 158 thousand million, thanks to an increase of COP 106 thousand million in revenues obtained from the equity method. On the other hand,

operating expenses showed an increase of COP 301.8 thousand million or 8.8%, while the income tax provision dropped by 32.7% or COP 115.4 thousand million compared to the previous year.

Operating expense for 2015 rose at a slower pace than operating income, producing an improvement with our financial efficiency ratio of 145bp which ended the year at 46.96%. Labor expenses also increased by 12.2% due to higher provisions for variable compensa-

TOTAL ASSETS INCREASED 15.1%, CLOSING IN \$115.8 BILLIONS; THIS IS EQUIVALENT TO ABOUT FIVE TIMES THE DGP REAL INCREASE FORECASTED FOR 2015

tion bonuses and the increase in wages, salaries and employment subsidies. Meanwhile, overheads showed an increase of 6.6%, mainly due to the increase in fee, maintenance, repair and tax expense (the latter corresponding to Industry and Commerce and Financial Transaction taxes).

# The Group's Consolidated Results

The Colombian economy showed a slower growth in 2015 compared to the previous year, given the internal and external factors affecting growth and its key performance indicators. The financial system obtained favorable results despite a challenging economic environment and changes made to financial regulations. Assets belonging to the Colombian financial system grew, driven mainly by increases in its overall loan portfolio, however these increases in real terms are lower than those recorded over the past two years. Furthermore, the system's net income performed well, largely due to having recorded in the income accounts revenues from the equity method obtained companies that have invested in other domestic and Latin American companies, however spending increased due to the amount of wealth tax accruing and higher funding costs.

The Central American economies continued to slow due to a sluggish growth in their external demand. Panama and Guatemala, despite recording lower growth rates, surpassed the average rate for the region.

For its part, El Salvador showed a much better performance compared to the previous year. The Central American financial system remained stable with assets, deposits and loans rising to a moderate degree partly due to bleaker prospects for the global economy.

Grupo Bancolombia's total consolidated assets at year-end 2015 rose by COP 43.3 billion, compared to year-end 2014, to close at COP 193 billion, for an increase of 28.97%; this due to the organic growth in lending, the depreciation of the Colombian peso against the dollar, and having acquired a 60% stake in the business group, Grupo Agromercantil Holding (hereinafter referred to as GAH), that represented USD 3,9 billion of the Group's total assets.

The total gross loan portfolio grew by 26.4%, reaching COP 145.6 billion at year-end. The foreign currency portfolio, representing 41.2% of the group's total lending rose by 55% due having included GAH in the overall consolidation this representing an additional USD 2,6 billion. Total lending is divided

up between business loans, on the one hand, amounting to USD 2.1 billion and mortgage and consumer loans, on the other, totaling USD 0,5 billion. Also this increase was helped on by a 31.6% depreciation of the Colombian peso against the dollar at year-end. On the other hand, lending in local currency grew by 12%, as a result of the healthy growth recorded with the Group's own business operations.

The growth of the total loan portfolio was mainly driven by a 30.7% increase in business loans, totaling COP 104 billion, consumer loans rising by 11.6% to COP 21.4 billion and mortgage loans showing an increase of 36.4% to end the year at COP 17.1 billion.

Other assets showed a year-on-year growth of 43.7%, thanks to the manner in which the Group handled its liquidity. This in turn produced increases in repos and sell-buyback operations of COP 2 billion, cash and due from banks rising by COP 3.1 billion, goodwill by another COP 2.1 billion, to end up at COP 6.5 billion. The depreciation of

the Colombian peso against the dollar was an overarching factor in all of this, representing an increase of COP 2.1 billion as well as having consolidated the newly acquired GAH in Grupo Bancolombia's financial statements, all of which affected the aforementioned items by USD 0,4 billion.

At December 31, 2015 liabilities came to COP 172.6 billion, for a year-on-year increase of 30.47%. Client deposits closed the year at COP 121.8 billion (accounting for 71% of the Group's total liabilities), this growth mainly due to the amounts deposited in CDs and savings accounts which rose by 34.9% and 22.2% respectively. The newly acquired stake in GAH also increased the Group's deposit-taking figure by USD 2,6 billion. On the other hand, loans with financial institutions rose by 42.3%, mainly explained by higher growth in loans denominated in local currency, that is to say 23.4%, with Bancolombia and Leasing Bancolombia accounting for the lion's share of this figure. As regards loans in foreign currency, these rose by 50.4%, with GAH accounting for USD 0,3 billion of this figure and the depreciation of the peso against the dollar another COP 3.1 billion. Bonds also rose in foreign currency mainly due to the depreciation of the peso, and an issue of bonds worth USD 300

million on the part of Banco Agrícola placed in June of last year as well as the newly acquired GAH that accounted for another USD 0,3 billion.

The 17.5% year-on-year increase in equity, that is to say COP 3 billion, was largely due to the rise in net income for the period. At year-end 2015, Grupo Bancolombia took over GAH after acquiring a 60% stake in this business group, as part of Bancolombia Group's strategic interests in expanding in the Central American financial sector.

The Group's net income rose by 5.5% to COP 2.5 billion at year-end 2015. This was mainly due to a 20.4% year-on-year increase in our net interest margin, thanks to higher interest income which ended the year at 11.4 billion, representing a growth of 22.9%. At the same time, other operating income rose by 25.8%, due

mainly to the amount of revenues recognized via the equity method on related companies. Net provisions also increased by COP 806 thousand million, due the rise in the amount of loans granted throughout the year as well as coverage for impairment losses on the loan portfolio.

Grupo Bancolombia's financial efficiency ratio for 2015 came to 54.57%, thanks to the amount of interest income received as well as the growth in other operating income. Operating expense closed the year at COP 5.9 billion with our operating efficiency ratio standing at 3.62%.

Finally, our return on equity (ROE) came to 13.62%, showing a drop of 119 bp compared to the previous year as a result of the average increase in equity for the year accounting for a greater proportion of the increase in net income.

CONSOLIDATED TOTAL ASSETS OF "GRUPO BANCOLOMBIA" INCREASED TO \$43.3 BILLIONS, COMPARED TO THAT AT THE END OF 2014, CLOSING IN \$193 BILLIONS; THIS ACCOUNTS FOR A 28.97% INCREASE.

# Efficiency and Profitability

Our financial efficiency ratio improved by 1.73 percentage points compared to the previous year, given the fact that operating expense rose at a slower pace than operating income, as well as various initiatives deployed with regard to leveraging the Organization's spending.

These have included aligning our budget with our strategic and financial planning, allocating lower levels of expense quotas compared to those requested, enhancing the efficiency of our supply chain, strengthening our teleworking capabilities as well as implementing our revenue optimization project as well as our across-the-board process improvements with the support of our interdisciplinary teams, among others.

These results were also leveraged by a much better handling of our operating expense, in keeping with the Group's overall approach; securing substantial reductions through the automation of certain processes, changes to various bank operations via the Viva Voz project as we continue to foster a culture of austerity, productivity and efficiency.

Figures expressed in million Colombian pesos.	2015	2014
Net commissions.	1.993.044	1.825.710
Operating expenses*	5.898.287	5.118.695
Net commissions/Total expenses Indicator.	33,79%	35,67%

\*Operating expenses include Wealth Tax in 2015.

## Revenue optimization

### When our conversations transcend pricing

Identifying opportunities and generating new sources of revenue for the Organization is a priority that requires a certain amount of knowledge, attitude, resourcefulness, focus, discipline as well as the coordinated efforts of the different areas involved in optimizing our revenues co work between addresses revenue optimization. By effectively handling price sensitivity on the part of our clients and having set ourselves apart from the rest of the market through a price-focused culture, our clients are in a better position to choose and/or recommend us and show themselves willing to pay for the added value we offer. Thanks to all of this, we obtained approximately COP 128 thousand million in new income for 2015.

## Commissions versus Total Expense

At year end, the ratio between net commissions and operating expense came to 33.79% compared to 35.67% for 2014. This decline was due to net commissions rising at a slower pace than operating expense, mainly due to COP 159,963 million in wealth tax accruing in 2015.

# Proactive reputation management

The philosophy behind our Humanistic Banking approach has led us to extend our engagement with each of our stakeholder groups. For this reason, in 2015, Bancolombia hired the advisory services of the Reputation Institute in order to design our own Corporate Reputation model, which allowed us to gauge the emotional and rational perception that our different stakeholder groups have regarding the Organization's business model the organization, including inspiring trust, creating a good impression, being held in high regard and being referred to other potential clients.

We surveyed a total of 11 stakeholder groups including private individuals, SMEs, corporations, non-clients, the media, opinion leaders, investors, financial analysts, the authorities, suppliers and employees. This produced a reputation indicator of 73.18%.

Out of the entire range of aspects evaluated, the ones that received the highest scores were leadership, integrity and sound financial position, whereas the opportunities for improving the Organization's ability to continue providing a shared value involved issues such as innovation, client experience and sustainability.

## The most reputable company in Colombia

In 2015, according to the annual survey carried out by the Corporate Reputation Business Monitor (MERCOS in Spanish), Bancolombia was named as the company with the best reputation in Colombia and won first place in the Responsibility and Corporate Governance category. This honor came as a result of an evaluation carried out by the more significant stakeholder groups in the country, the aim of which is to rank the 100 top companies in terms of economic performance, the quality of their goods and services, human talent, innovation, international scale, ethics and corporate responsibility.

OUR CORPORATE REPUTATION MODEL BROUGHT A LEADERSHIP, INTEGRITY, AND SOLIDITY INDICATOR OF 73.18% (THE BEST QUALIFIED AREAS).



# Commitment to our investors

We maintained constant interaction with our investors holding more than 550 meetings at which we were able to inform them of our ongoing performance and clear up any queries they should have.

The purpose of these meetings is to provide our shareholders and bondholders with important information regarding the Organization, through an open discussion at which we resolve concerns about dividend payments, converting Bancolombia's former shares into new ones, shareholder rights and share issues, among others.

Our performance is permanently monitored by sixteen international and three local stock brokerage firms in order to provide recommendations to their own clients and investors on the Bancolombia's shares ADRs and different issues of bonds.

These initiatives help Bancolombia to access the capital markets on a recurring basis, as a well-known issuer

We have a Shareholder Office, which attends to their needs via a telephone help line through which we provide priority attention.

Also we stage quarterly conference calls at which Senior Management presents the Bank's most recent results. Here our shareholders are informed of the latest quarterly figures and are maintained up to date with the latest trends, as well as how our strategy is performing and how we are envisaging the future. A final Q&A session is provided to clear up any queries..



OVER 13 MILLION COLOMBIAN CITIZENS SAVING IN PRIVATE PENSION FUNDS ARE THE FINAL BENEFICIARIES OF BANCOLOMBIA'S DEVELOPMENT, SOLIDITY, AND PROFITABILITY

We provide support to the Bank's relationship with the capital markets upon issuing bonds and shares both at home and abroad.

The relationship we have built up with the Colombian pension funds that invest in our securities has been very fruitful for both parties. While these pension funds have seen a growth in their investments, the Organization on the other hand has obtained funds from share and bond issues to secure its future growth. At year-end 2015, Bancolombia's bonds accounted for 11.4% of the Bank's liabilities whereas its equity + bonds represented 20% of the Bank's assets.

More than 13 million Colombian private pension fund members are the ultimate beneficiaries of Bancolombia's combined growth, strength and profitability, which is one more reason for stating that if the bank does well, so does the country and its people.

# The most sustainable bank in the Americas

For the fourth consecutive year we were ranked by Robeco Sam as one of the 27 most sustainable companies in the world, earning a score of 87 out of a total of 100 points on the Dow Jones Global Sustainability Index. This has allowed us to become the most sustainable bank in the Americas, including Canada and the United States, and places us in first place amongst the emerging markets and fifth worldwide.

	Focus Vision 20/20	Material Topic	Indicator	Score	Scope	Vice-Presidency
Indicators that increased in 2015	Sustainable Growth	International Consolidation	Environmental Report	100	Environmental	More Humane Bank Development V.
	Confidence Value	Consolidation of the social and environmental sustainability model	Brand Management	100	Economic	More Humane Bank Development V.
	Confidence Value	Reputation Proactive Management	Anti-Crime Policies and Measurements	100	Economic	Corporate Service Vicepresidency
	Confidence Value	Consolidation of the social and environmental sustainability model	Controversial topics in business	100	Social	More Humane Bank Development V.
	Confidence Value	Risk Strategic Management	Financial Stability and Systemic Risk	100	Economic	Risk Vicepresidency
	Sustainable Growth	To strengthen key businesses to generate value	Climate Change Strategy	99	Environmental	More Humane Bank Development V.
	Sustainable Growth	To strengthen key businesses to generate value	Corporate Citizenship	98	Social	More Humane Bank Development V.
	Sustainable Growth	International Consolidation	Supply Chain	96	Economic	Administrative Service Vicepresidency
	Innovation of customer's pleasant experience	To build more and better relationships with customers	Sustainable Businesses	96	Environmental	More Humane Bank Development Vicepresidency / Business Unit
	Sustainable Growth	Efficiency and Profitability Management	Environmental Management System	93	Environmental	More Humane Bank Development V.
	Sustainable Growth	International Consolidation	Social Report	90	Social	More Humane Bank Development Vicepresidency
	People committed to a more humane bank	Consolidation of the social and environmental sustainability model	Security and Occupational Health	88	Social	Human Management Vicepresidency
	Confidence Value	Consolidation of the social and environmental sustainability model	Code of Conduct and Ethics	85	Economic	Secretary General's Office
	Confidence Value	Consolidation of the social and environmental sustainability model	Human Resource Development	84	Social	Juridical Vicepresidency Human Management Vicepresidency
Indicators that decreased in 2015	Confidence Value	Consolidation of the social and environmental sustainability model	Tax Strategy	81	Economic	Financial Vicepresidency
	People committed to a more humane bank	Talent Innovative Management	Talent Retention and Attraction	75	Social	Human Management Vicepresidency
	Innovation of customer's pleasant experience	Operating Impeccability and Simplicity	Financial Inclusion	88	Social	Business Units
	People committed to a more humane bank	Consolidation of the social and environmental sustainability model	Labor Practices and Human Rights	86	Social	Human Management Vicepresidency / More Humane Bank Development Vicepresidency
	Sustainable Growth	International Consolidation	Involvement of Groups of Interest	85	Social	More Humane Bank Development Vicepresidency
	Innovation of customer's pleasant experience	To build more and better relationships with customers	Customer Relationship Management	80	Economic	Business Units
	Confidence Value	Reputation Proactive Management	Risk and Crisis Management	79	Economic	Risk Vicepresidency
	Sustainable Growth	Efficiency and Profitability Management	Operational Eco-Efficiency	66	Environmental	More Humane Bank Development Vicepresidency
	Confidence Value	Consolidation of the social and environmental sustainability model	Corporate Government	59	Economic	Secretary General's Office Juridical Vicepresidency

# Voluntary commitments



As a financial group with a strong sense of ethical conduct, we understand that this attitude is not only important in obtaining economic results, but also for generating shared value, allowing us to grow hand in hand with our shareholders, investors, employees and clients, as we become more profitable, understanding the role we play on a social level and how we affect the environment.

So we have worked hard on the issue of our sustainability, of remaining relevant over the long term, transcending the way we serve and create added value for each of our stakeholder groups. In order to continue with our strategy, we have voluntarily embraced different initiatives and protocols through which we are demonstrating our commitment to monitoring how we affect communities in the short term and the welfare of future generations. The following are just some of the protocols and commitments that we have adhered to:

## Protocols and Adhesions

Equator Principles From 2008	We apply environmental and social risks evaluation to finance projects	21 projects evaluated
Unep FI From 2011	We are part of an international network of financial institutions intended to share information on environmental and social issues and exchange experiences	250 entities involved
CDP From 2013	Three years ago, Grupo Bancolombia defined our climate change policy and strategy and prepared our first Carbon	99 points of disclosure and performance
Global Pact From 2008	Disclosure Project (CDP) report We managed our commitments in four areas: Human rights, labor practices, anti-corruption, and environment	We manage the 10 <b>10 principles</b>
DJSI From 2012	We generated value from the sustainable development, taking economic, environmental, and social development into consideration	87 points out of 100. The 5th most sustainable bank of the world
CEO Water Mandate From 2015	The development of our operations requires no significant water consumption; however, we are aware of the importance of such water resource	We manage your <b>6 aspects</b>
Peace Negotiations	We adhere to this initiative since it will allow defining our role as a change-generating agent able to transform conflictive situations in spaces of peace and coexistence in our areas of operation	2.080 beneficiaries

# International consolidation

Key figures for our foreign-based subsidiaries  
December 31 2015 / 2014

In millions of USD dollars

NOTE: Figures corresponding to the individual financial statements of each company.

	Banco Agrícola			Bancolombia Panamá		
	2015	2014	Change	2015	2014	Change
Assets	4,148.40	3,987.29	4.04%	5,435.72	4,990.29	8.93%
Liabilities	3,593.11	3,421.20	5.02%	4,462.39	4,132.73	7.98%
Equity	555.30	566.09	(1.91%)	973.33	857.56	13.50%
Net Income	71.46	78.47	(8.93%)	132.73	104.73	26.74%
Operating Revenues	394.36	351.70	12.13%	312.80	232.37	34.61%
<b>Loan Category</b>						
Mortgage	475	464	2.37%	-	-	-
Consumer	1,193	1,138	4.83%	1	2	-50.00%
Business	1,288	1,275	1.02%	2,835	2,461	15.20%
Microcredit	7	9	-22.22%	-	-	-
Leasing	-	-	-	566	552	2.54%
<b>Debt Securities</b>						
Fair value	300.238	196.368	52.90%	137.750	182.251	-24.42%
Amortized cost	-	-	0.00%	123.449	134.003	-7.88%
Equity securities	168	-	-	-	-	-
Fair value through profit or loss	-	-	-	-	-	-
Fair value through OC	168	-	-	-	-	-

	Bancolombia Puerto Rico			Leasing Perú		
	2015	2014	Change	2015	2014	Change
Assets	471.62	349.73	34.85%	98.35	130.58	-24.68%
Liabilities	368.53	250.85	46.91%	84.22	113.53	-25.82%
Equity	103.09	98.88	4.26%	14.13	17.05	-17.13%
Net Income	4.20	4.88	-14.00%	(0.75)	1.30	-157.79%
Operating Revenues	20.51	24.51	-16.32%	34.80	35.48	-1.93%
<b>Loan Category</b>						
Mortgage	-	-	-	-	-	-
Consumer	-	-	-	-	-	-
Business	402	313	28.43%	-	-	-
Microcredit	-	-	-	-	-	-
Leasing	-	-	-	85	108	-21.30%
<b>Debt Securities</b>						
Fair value	-	-	-	-	-	-
Amortized cost	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Fair value through profit or loss	-	-	-	-	-	-
Fair value through OC	-	-	-	-	-	-

TRM 2014: 2.392,46 / Average TRM 2014: 2.000,68 / TRM 2015: 3.149,47 / Average TRM 2015: 2.746,55

	Investment fund-Renting Perú			Fidu Perú		
	2015	2014	Change	2015	2014	Change
Assets	17,13	29,50	-41,94%	3,91	4,02	-2,62%
Liabilities	8,24	17,67	-53,38%	0,25	0,08	202,99%
Equity	8,89	11,83	-24,86%	3,66	3,93	-6,93%
Net Income	1,24	0,14	815,72%	0,24	0,23	6,43%
Operating Revenues	12,93	14,50	-10,82%	1,55	1,45	6,79%
<b>Loan Category</b>						
Mortgage	-	-	-	-	-	-
Consumer	-	-	-	-	-	-
Business	-	-	-	-	-	-
Microcredit	-	-	-	-	-	-
Leasing	-	-	-	-	-	-
<b>Debt Securities</b>						
Fair value	178,00	-	-	-	-	-
Amortized cost	-	-	-	-	-	-
Equity securities	-	-	-	169	-	100%
Fair value through profit or loss	-	-	-	169	-	-
Fair value through OC	-	-	-	-	-	-

	Valores Bancolombia Panamá			Banistmo			Grupo Agromercantil Holding
	2015	2014	Change	2015	2014	Change	2015
Assets	18,37	18,36	0,05%	8.827,24	8.210,77	7,51%	3.853,75
Liabilities	0,55	0,55	-0,47%	7.977,50	7.442,87	7,18%	3.426,91
Equity	17,82	17,81	0,06%	849,74	767,90	10,66%	426,84
Net Income	0,01	0,81	-98,76%	99,62	125,13	-20,39%	-
Operating Revenues	4,77	5,52	-13,47%	704,66	766,95	-8,12%	-
<b>Loan Category</b>							
Mortgage	-	-	-	1.867	1.637	14,05%	275
Consumer	-	-	-	1.187	1.084	9,50%	249
Business	-	-	-	3.585	3.439	4,25%	2.054
Microcredit	-	-	-	82	56	46,43%	5
Leasing	-	-	-	100	54	85,19%	8
<b>Debt Securities</b>							
Fair value	5.423	553	880,65%	856.229	743.597	15,15%	600.332
Amortized cost	-	-	-	92.485	-	-	423.494
Equity securities	-	3.055	-100,00%	14.235	16.922	-15,88%	2.465
Fair value through profit or loss	-	3.055	-100,00%	-	-	-	-
Fair value through OC	-	-	-	14.235	16.922	-15,88%	2.465



Its main site BAM, Guatemala City

## Tax Policy

EGrupo Bancolombia, as a regional player present in a total of 10 countries complies with its taxpaying duties both responsibly and on a timely basis, since we fully understand that paying taxes is inherent to our performance in every part of the world where we operate. Taxes drive a country's social growth, given their ability to leverage the development of our local communities, since it is a way of helping governments with their fiscal sustainability through the various measures that have been implemented and are designed to ensure healthy public finances.

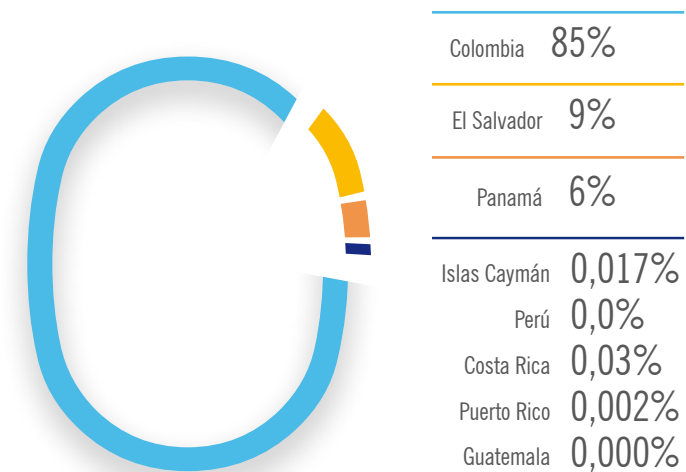
In order to comply with our tax obligations on a timely basis, and based on currently applicable legislation, we per-

manently review and analyze all laws, decrees, doctrines and jurisprudence that are issued by the national and local authorities of each country.

Over the coming years the Group's tax payments shall be affected by an upcoming tax reform that is expected to be introduced in Colombia this year.

The following graph shows the amount of taxes paid by the Group in each individual country:

### Participation by country in total taxes



### Taxes paid by region

Region	Taxes paid
Colombia	1.149.611
El Salvador	128.456
Panamá	82.351
Perú	(259)
Islas Cayman	234
Costa Rica	40
Puerto Rico	24
Guatemala	-
<b>TOTAL</b>	<b>1.360.456</b>

In millions of Colombian pesos

# Partnerships for Progress

We have consolidated our model of strategic alliances in response to the substantial changes we face in an ever more competitive environment and which have led us to be more active in going beyond the traditional sources or growth to open up new avenues in this respect. In order to change our mentality with regard to developing new areas of business, we are working in conjunction with others treading an alternative path to greater growth and innovation, while generating a greater value shared with the community.



## Protection

We have changed the lives of 360 people through our real estate solutions, all purpose loans guaranteed with voluntary pensions and education loans. Loans amounting to COP 41 thousand million were placed, with all purpose loans accounting for 53,5% of the total.

## CAOBA Alliance – Center for Big Data and Data Analytics Excellence and Learning

We beefed up our Big Data strategy and Data Analytics capabilities in Colombia having been awarded a contract by Colciencias and the Colombian Ministry for Information Technology and Communications. Thanks to this partnership between the academic world, the State and private sector the Center for Big Data and Data Analytics Excellence and Learning shall shortly come into being as an ideal solution for the challenges faced by both the public and private sectors. Members: DNP, Grupo Nutresa, Bancolombia, Universidad de los Andes, Eafit, Icesi, Pontificia Universidad Javeriana, IBM, EMC, SAS and ClusterCreaTIC.

470.000  
customers benefit



## Mass transport:

We have now launched our new co-branded debit cards facilitating access to the large-scale transit systems in the country's major cities, namely SITP (Bogota), Transmetro (Barranquilla) and MIO (Cali). The means that our clients do not have to queue up for tickets or mass transport card top ups since they can swipe their debit cards at the turnstiles and the amounts are automatically debited from their savings accounts. 470,000 clients benefited. Billings COP 572,389. A similar alliance was also negotiated with the Medellin Metro System which is scheduled to begin in 2016.

## Avianca – LifeMiles:

The LifeMiles Alliance between Avianca, Visa and Bancolombia is allowing our SME and MicroSME clients to have their own Avianca Life Miles Credit Card which provides them with exclusive benefits. 21,000 cards placed, billings: COP 56,000 million in just 4 months.



## Exxon Mobil:

29.000  
placed cards



We implemented a new concept called Autobanco, which consists of correspondent banking units located at all Esso and Mobil service stations enabling clients to conduct their transactions while their cars are being filled, without having to get out. We have placed a total of 29,000 of these co-branded cards.



# Corporate Government

In Bancolombia, we are taking a number of measures intended to update our Corporate Government Model and to embrace better standards according to recommendations made by international entities and to expectations of regulating bodies for a financial group with the same size and relevance of our Group.

## ● Actions Implemented in 2015 Shareholders' Meetings

Ordinary Assembly - marzo 2015. Convened with 30 day.

Special Meeting – October 2015. Convened with 15-day notice.

- Publication proposed to the Meeting with a 15-day notice.
- President's reading of report on activities performed by the Audit Committee.
- Publication of model of powers.
- Elimination of proposals and miscellaneous topics.

## ● Modification of Grupo Bancolombia Good Governance Code.

September 2015.

- Rules on participation in meetings.
- Mechanisms for accessing prior information.
- New responsibilities of the Board of Directors.
- Responsibilities of the Board's President, Secretary, and Supporting Committees.
- Rules on operations with related parties.
- Model on conflicts of interest and their classification (occasional and permanent).
- Group's action model.

## ● Reform of Statutes.

October 2015.

- Option to vote for the reform of statutes on an individual basis, by articles.

## ● Strengthening of information disclosure on the website. 2015

- Survey: Country Code 2015: 96% adopted standards. January 2016.

### Country Code

### Other activities performed in 2015 in relation to Corporate Governance.

#### ■ Conferences::

- Leadership in Board of Directors (Curtis Crawford).
- Strategic role of Board of Directors (League of Directors), PROSPECTA, Lima, Peru. July.

#### ■ Dow Jones Disclosures.

#### ■ IV International Corporate Governance Forum

Sponsored by IFC, SECO, Confecámaras, and Cámara de Comercio de Bogotá. November.

#### ■ Forum: Corporate Governance in Family-Owned Companies

Cámara de Comercio Colombo Americana. September.

#### ■ Evaluation of Coded of Ethics and Corporate Governance.

#### ■ Agreement of Bancolombia, Swiss Government, and Confecámaras.

# Board of Directors Section



Audit Committee	12 meetings
Risk Committee	13 meetings
Good Governance Committee	2 meetings
Assignment, Compensation, and Development Committee	3 meetings

	David Bojanini García Board of Directors' President, Non-Independent Member	José Alberto Vélez Cadavid Non-Independent Member	Gonzalo Alberto Pérez Rojas Non-Independent Member	Ricardo Sierra Moreno Independent Member	Roberto Steiner Sampedro Independent Member	Hernando José Gómez Restrepo Independent Member	Rafael Martínez Villegas Independent Member
Date of initial assignment in the Board	2007	1996	2004	1996	2014	2013	2010
Attendance to meetings 2015	100%	100%	100%	92%	92%	100%	100%
% owned in total stockholding	0,000%	0,000%	0,000%	0,000%	0,000%	0,000%	0,000%
Number of stocks owned	10 common stocks		10 common stocks	264 common stocks	1.338 preference shares		11 common stocks
Attendance to committees	Risk Committee ** Assignment, Compensation, and Development Committee	Good Governance Committee* Assignment, Compensation, and Development Committee	It does not integrate any committee	Audit Committee Assignment, Compensation, and Development Committee	Risk Committee*	Audit Committee Risk Committee	Audit Committee
Attendance to committees 2015	90% y 100%	100% y 100%		92% y 100%	90%	100% y 100%	100% y 100%
Fees earned, Board of Directors	Board of Directors: \$66 millions Risk Committee: \$50 millions	Board of Directors: \$66 millions	Board of Directors: \$66 millions	Board of Directors: \$66 millions Audit Committee: \$55 millions	Board of Directors: \$66 millions Risk Committees: \$50 millions	Board of Directors: \$66 millions Audit Committee: \$60 millions Risk Committee: \$55 millions	Board of Directors: \$66 millions Audit Committee: \$60 millions

\*\* The Risk Committee held 2 special meetings in 2015. Mr. David Bojanini refrained from attending one of the two meetings, since the meeting was going to analyze aspects related to credit risk of an operation intended to be executed with Bancolombia by one of the companies associated to Grupo Suramericana.

\* Committee President.

# Corporate Government

## Implementation of Country Code

The following are the measures implemented by Bancolombia to embrace the Corporate Government standards set forth in Document 28 dated September 30th, 2014 issued by Colombia Financial Superintendency, better known as “New Country Code.”

**Meeting Practices:** At a General Regular Shareholders’ Meeting held in March 2015, a 30-day notice was given to convene the meeting; 15 days before the meeting the supporting information on the agenda was posted on the website; the Corporate Government report and the Audit Committee activities report were read; this latter report was submitted by its President. Likewise, models of powers for delegation of votes were published and the issue “Proposals of Stockholders” was deleted from the Meeting agenda.

At the Special Shareholders’ Meeting held in October, a 15-day notice was given to convene the meeting; 15 days in advance the management report on au-

thorized capital increase was posted on the website. During this meeting, an individual voting was conducted to modify the Bank’s authorized capital; additionally, some other modifications of bylaws were explained by theme unit. Shareholders were informed about their right to request voting to reform bylaws on an individual basis, by article; this right was not exercised by the shareholders.

**Reform of Bylaws:** The Bank’s bylaws were reformed. The main changes were as follows: (i) Extension of terms to convene meetings (30-day notice for regular meetings; 15-day notice for special meetings); (ii) setting of new rights to participate in meetings and prior information for shareholders; (iii) non-delegated functions of the Meeting, such as powers to define succession policies of the Board of Directors, variable remuneration policies for the main executive officers, among other changes.

The reform also allowed us to update bylaws on some other aspects, to make them consistent with the electronic circulation of dematerialized shares; the reformed bylaws will be implemented by Bancolombia once the Colombian regulations allow using electronic voting mechanisms. This will be highly useful for the shareholders (those who are outside the corporate domicile) can participate in meetings and exercise their right to vote electronically.

**Good Government Code:** The Good Government Code was amended. From the modification made, it is worth mentioning that: Regulation on new rights for shareholders in relation to participation in meetings and mechanisms to access prior information, new responsibilities of the Board, re-

sponsibilities of the Board’s President and Secretary, responsibilities of all other supporting committees, system of operations with related parties, adjustment of the conflict-of-interest model and its occasional and permanent classification, and incorporation of premises and actions pillars of international affiliates.

**Corporate Website:** We have improved our corporate website by including better information disclosure mechanisms for our shareholders, control architecture, managers’ information (annexes are incorporated related to the Board’s members’ independence, experience and profiles of the Board’s current members, Board’s members’ remuneration in 2014, description of the variable remuneration model for the main executive officers), as well as information on the supporting committees of the Board, and ethical line, among others.

In January 2016, Bancolombia presented a report on the first survey on the “Nuevo Código País de Gobierno Corporativo” (Corporate Government New Country Code), with a compliance percentage above 96%. Detailed information of the survey can be seen on Grupo Bancolombia corporate website, link: [corporate/corporate-government/documents-of-interest/Survey-Country-Code](#).

## Other Activities Related to Government

**Conferences:** We held awareness conferences with Curtis Crawford, international consultant expert in topics such as leadership in Board of Directors; several opinions

and visions were shared with the members of several boards of directors from national and international affiliates, in relation to the role that board members should display and specific competences and roles necessary to focus on the companies’ strategy.

**League of Directors:** We attended the second meeting of the League of Directors, held in Lima (Peru) and organized by PROSPECTA; about 110 directors and senior executive officers from leading organizations of different industries from countries of Central America, Pacific Alliance, and Brazil attended the meeting. The meeting was attended by directors and executive officers of Bancolombia and several affiliates from Colombia, Peru, Panama, and Guatemala. Spaces for discussions and exchange of opinions in this event were mainly focused on the following topics: Adjustment of the Board to changes in strategic contexts and its involvement in topics such as succession of executive officers’ talent, risk management, and leadership in critical times.

**IV International Forum on Corporate Government:** Last November, the World Bank (through the IFC) in conjunction with SECO, Confecámaras, and Bogota Chamber of Commerce, organized the IV International Forum on Corporate Government to disclose new tendencies. Grupo Bancolombia, through an affiliate’s Director attending as a speaker, participated in the panel “Women’s Participation in Board of Directors.”

**Family-Owned Company Forum:** Last September, the Colombian-American Chamber of Commerce organized two events addressed to family-owned companies with the purpose of making people aware of the importance of having high Corporate Government standards as a key sustainability factor; Bancolombia invited and sponsored the participation in this Forum attended by 100 of our family-owned company customers from cities such as Medellín and Bogota.

**Agreement among Bancolombia, Swiss Government, and Confecámaras:** In order to develop the agree-

THROUGHOUT 2015,  
CORPORATE WEBSITE WAS  
STRENGTHENED BY INCORPORATING  
BETTER INFORMATION DISCLOSURE  
FOR STOCKHOLDERS

ment subscribed in 2012 with the Swiss Government (through the Swiss State Secretariat for Economic Affairs –SECO) and Confecámaras to implement a methodology to include Corporate Government practices in credit analysis, customers' information was collected in 2015. With the sample selected, the expectation is to conduct statistical tests that allow determining the relevance of the Corporate Government qualitative variables on credit analysis.

**Evaluation of the Code of Ethics:** An annual evaluation was conducted to the Code of Ethics for all the Group's employees in all countries where our company is operating; a compliance percentage of over 96% (which accounts for about 28,000 employees of the Group) was reached.

**Disclosures According to the Standards Defined for the Dow Jones Sustainability Index:** Bancolombia published on its corporate website (both in English and Spanish) a number of documents with information about policies and practices that regulate the Group's actions. Such information complemented the Country Code's requirements.

### Bancolombia Stockholding Structure

The stockholding structure of Bancolombia (parent company of Grupo Bancolombia) is shown completely. The following are the stockholders who owned shares above 1% of Bancolombia's capital as of December 31st, 2015 (this information is regularly recorded through the SIMEV – Stock Market Integral Information System- and made available through Colombia Financial Superintendency):

Stockholders owning individual share equal to or above 1%	Share common stocks %	Share preferred stocks %	Total % Share
Grupo de Inversiones Suramericana S.A.	46.00	4.36	26.43
Fondo Bancolombia ADR Program	0.00	46.38	21.80
Fondo de Pensiones Obligatorias PORVENIR Moderado (Mandatory Pension Fund)	10.96	7.09	9.14
Fondo de Pensiones Obligatorias COLFONDOS Moderado (Mandatory Pension Fund)	2.80	2.31	2.57
Emmery Equity Corporation	4.78	0.00	2.54
Lorange Industrial Corporation	4.04	0.00	2.14
Cementos Argos S.A.	4.01	0.00	2.12
Fondo Bursátil Ishares COLCAP	0.73	1.87	1.26
Fundación para el Beneficio	1.94	0.02	1.04

The notes to financial statements give detailed information of authorized capital, subscribed capital, and paid-up capital of Bancolombia. Likewise, a detailed description is given on privileges and restrictions resulting from each type of stock issued by the company.

**Stocks Owned by the Board of Directors Members:** None of the Bank's Board of Directors' members directly owns either common or preferred stocks of Bancolombia that may confer upon them relevant rights that can affect their independence and objectivity during a decision-making process. Voting rights resulting from common stocks owned by all Directors correspond to a total of 0.000058% of the Bank's voting rights. Table below shows detailed information on the stockholding share of Bancolombia's directors as of December 31st, 2015:

Name	Common Stocks #	%	Preferred Stocks #	%	Total Stocks	% Total
David Bojanini Garcia	10	0.000%	-	-	10	0.000%
Jose Alberto Velez Cadavid	-	-	-	-	-	-
Gonzalo Alberto Perez Rojas	10	0.000%	-	-	10	0.000%
Ricardo Sierra Moreno	264	0.000%	-	-	264	0.000%
Roberto Steiner Sampedro	-	-	1,338	0.000%	1,338	0.000%
Hernando Jose Gomez Restrepo	-	-	-	-	-	-
Rafael Martinez Villegas	11	0.000%	-	-	11	0.000%

\* In relation to negotiation of Bancolombia's stocks by its managers, the Bank has implemented a procedure that is posted on the Bank's corporate website (option: "Corporate Government, Directors, and Managers"), intended to regulate binding conditions for Directors and all other managers, including prohibition of speculation; in all cases, all negotiations required prior authorization of the Board of Directors.

In compliance with rules above, the following was performed in 2015:

- No authorizations were submitted before the Board of Directors to allow Directors to negotiate Bank's stocks.

- The Board of Directors authorized some of the executive officers to negotiate Bank's stocks with purposes other than speculation. These authorizations corresponded to withdrawal of funds from SVA Fund that is the Fund used to manage the variable remuneration model for all employees of Grupo Bancolombia, duly represented by the Bank's stocks. Au-

NONE OF THE BANK'S BOARD OF DIRECTORS' MEMBERS DIRECTLY OWN COMMON OR PREFERRED STOCKS OF BANCOLOMBIA, THAT CAN AFFECT THEIR INDEPENDENCE

thorizations relating to High Management employees were revealed in the market as relevant information and summation of such operations was below \$400 millions.

### Other Affairs Related to Ownership Structure

- By express legal regulations, Bancolombia has been banned from repurchasing stocks.  
- Bancolombia holds trade and business relationships with the Bank's main stockholders who are also its customers or al-

lies; businesses are conducted at market prices and according to the Good Governance principles and guidelines set forth in the Good Governance Code and applicable regulations. Other information about commercial or family relationships among stockholders is unknown for Bancolombia.

- Bancolombia is not aware of any agreement executed among its stockholders related to the Bank's stocks, rights or management or related affairs.

## Shareholders' Meetings

In year 2015, two shareholders' meetings were held. A regular meeting was held in March and a special meeting was held by the yearend with the purpose of reforming the Bank's corporate bylaws. The Meetings were held according to provisions of norms in force, the company's bylaws, and Bancolombia's Good Governance Code:

- The Regular Meeting was attended by 92.55% of the Bank's common stocks and the Special Meeting was attended by 90.64% of the Bank's common stocks.

- The Regular Meeting was convened with a 30-day notice and the Special Meeting was convened with a 15-day notice, according to the Country Code recommendations. In both meetings stockholders were made available detailed information of the agenda to be addressed during the meeting.

- The following documents and proposals were presented and approved at the Regular Meeting: Presentation and approval of Financial Statements, Management Report prepared by managers, and other legal reports, including corporate government reports, internal control reports, audit committee report, profit distribution, election of the Financial Consumer Defender, fees to be paid to the auditor, and free transfers. The meeting approved Bancolombia's variable remuneration model. No other proposals or miscellaneous issues were taken into consideration in this meeting.

- An increase to authorized capital and a partial reform of the company's bylaws were presented and approved at the Special Meeting. This meeting

did not address other proposals or miscellaneous issues.

- Proposals of the Board of Directors, as presented at the meetings held during 2015, were made available for the stockholders on the website at least 15 calendar days before the meeting.

## Stockholders Service

The management report integrally includes our stockholders Service model. The following aspects should be specifically noted:

- During 2015, the Bank was renewed its IR Certification granted by "Bolsa de Valores de Colombia" (Colombia Stock Exchange) and the company was recognized as an issuer showing the best information disclosure practices for its investors and general market.

- Our company has a Relationship Office for its investors; this office offers permanent and direct assistance to stockholders and investors (in person, by phone or via e-mail) and has a Stockholders Service Centre managed by "Fiduciaria Bancolombia"; this centre offers the Bank's stockholders a possibility to consult and resolve different issues.

- In 2015, we received about 865 claims and requirements on topics such as macroeconomic environment, strategy, business metrics, competitive environment, and some other inquiries about stocks, stockholders' status, certificates, and payment of dividends.

## Board of Directors

Members: Bancolombia S.A. Board of Directors consists of the following Directors who were appointed in March 2014 by the Shareholders' Meeting for a 2-year period:

Name	Date first appointed as Director	Attendance (2015 Exercise)
David Bojanini García Board President	2007	100%
José Alberto Vélez Cadavid	1996	100%
Gonzalo Alberto Pérez Rojas	2004	100%
Ricardo Sierra Moreno	1996	92%
Rafael Martínez Villegas	2010	100%
Hernando José Gómez Restrepo	2013	100%
Roberto Steiner Sampedro	2014	92%

\*Detained information about each Director can be seen on Bancolombia's corporate website (option: "Corporate Government, Directors, and Managers").

**Process to Appoint Board of Directors' Members:** In 2015 no changes of the Board of Directors were made. However, the Good Governance guidelines in force at the time of their appointment were fulfilled during the last election of the Board of Directors conducted in 2014.

Members of Bancolombia's Board of Directors were elected for a 2-year period. The Evaluation on the compliance with selection criteria that should be fulfilled by the candidates presented by stockholders to be members of the Board of Directors has been conducted by the Good Governance Committee that is the body responsible for performing a prior internal evaluation of the candidates' backgrounds and advising on potential ineligibility.

In order to elect the Board of Directors in 2016 and assure the possibility to present a list of can-

didates for the board of directors who can meet the requirements set forth in relevant regulations and governance rules, the Good Governance Committee requested hiring of an external consultant with experience in corporate government of board of directors; this consultant provided advisory and helped construct criteria and powers expected for a Bancolombia's Board of Directors Member (such criteria and powers have been included in this report and have been made available for stockholders on the website).

**Accreditation of Bancolombia Board of Directors' Members' Independence:** Bancolombia, as a financial entity, parent company of Grupo Bancolombia, issuer of the American and Colombian Stock Markets, and member of the Dow Jones Sustainability Index (DJSI), reports different criteria in relation to independence of its Board of Directors' Members.

Name	EOSF	Law 964, 2005	Country Code	NYSE	DJSI
David Emilio Bojanini Garcia	X				X
José Alberto Vélez Cadavid	X				X
Gonzalo Alberto Pérez Rojas	X				X
Ricardo Sierra Moreno	X	X	X	X	
Rafael Martínez Villegas	X	X	X	X	X
Hernando José Gómez Restrepo	X	X	X	X	X
Roberto Ricardo Steiner Sampedro	X	X	X	X	X

X Independent members.

President and Secretary of the Board of Directors: The President of the Board of Directors is Mr. David Bojanini García; the president, in conjunction with Bancolombia President and the Secretary General, is responsible for participating in the preparation of the annual meetings agenda and providing guidelines necessary to comply with such an agenda, watching over sufficiency and timeliness of the delivery of information to be submitted before the Board of Directors, leading discussions intended to assure active participation of directors and relevance and conduction of debates, assuring that the Board of Directors has efficiently implemented the strategic management of the company, and leading the annual evaluation process of the Board. The President of the Board of Directors is also responsible for leading the interaction among directors and the interaction between Board and stockholders.

During 2015, duly led by the Board of Directors' President, in conjunction with Bancolombia's President and Secretary, the methodology to celebrate Board Meetings was amended and an agenda with minimum topics to be addressed during 2016 was defined, all in compliance with recommendations given during the self-evaluation process conducted by the Board of Directors in 2015.

The Board of Directors' Secretary is Mr. Mauricio Rosillo Rojas, in turn Juridical Corporate Vice-President and Secretary General. Mr. Rosillo was appointed by the Board of Directors. As a Secretary, Mr. Rosillo should support the Board's President to convene meetings, watch over the delivery of information as required for each Board meeting and general information as necessary and relevant to have the Board of Directors duly informed or to make relevant decisions; he is also responsible for the legal conservation of the Board of Directors' minutes and for the compliance of policies and guidelines set forth in the company's bylaws and the Good Governance Code associated to the operation of the Board of Directors.

### Other Issues of Interest Relating to the Board of Directors.

- None of Bancolombia Board of Directors' Members is a member of the Board of Directors of subordinate companies, neither they occupy executive positions in such companies.

- None of Bancolombia Board of Directors' Members is a Bank's employee.

- During 2015, the Board of Directors set strategic and financial guidelines and approved relevant policies on credit risk, market, liquidity, and operations. The Board of Directors also approved new corporate government policies, including a policy on operations with direct employees, management of conflicts of interest, removal of key executive officers, among others.

- The Board of Directors conducted a monthly monitoring of the treasury operations executed with the Group's economic collaborators, according to relevant classification associated to market risk.

- Just as set forth in the Good Governance Code, Independent Directors of the Board, who are also members of the Audit Committee, met at least once during 2015 (with no presence of the management) with the Auditor and the Bank's Internal Audit Office. The Audit Committee consists of independent members only. The Risk Committee consists mostly of independent members. Presidents of Audit and Risk committees are independent members.

- During 2015, the Board of Directors was guided on the succession process of one of the Senior Management members. The Board of Directors also hired an external advisor to provide advisory on the profiles to elect the Board of Directors.

- According to provisions of the Good Governance Code, the Board of Directors' members did not show permanent conflicts of interest that may result in their removal in 2015.

- Directors refrained from participating in discussions or decision-making processes on credit operations for themselves or employees, since these processes are legally managed by the Board of Directors. In each case, relevant approvals were made with prior verification of compliance with indebtedness limitations and risk concentration and were made with the unanimous vote of all other members of the Board of Directors who participated in relevant decision-making process. The approval of credit operations by the Board of Directors resulted in some abstentions:

Name	Type of Abstention during 2015
David Emilio Bojanini Garcia	Approval of credits for direct employees
Ricardo Sierra Moreno	Approval of credits for direct employees
Hernando José Gómez Restrepo	Approval of personal credit

### Board of Directors' Supporting Committees:

Bancolombia has four supporting committees to back different functions to be executed by the Board of Directors: Audit Committee, Risk Committee, Corporate Government Committee, and Appointment, Compensation, and Development Committee.

Detailed Information of the Members of Each Committee and Percentage of Attendance to Regular Meetings Held in 2015:

Audit Committee	Risk Committee**	Good Governance Committee	Appointment, Compensation, and Development Committee
Hernando José Gomez * 100% Rafael Martínez Villegas 100% Ricardo Sierra Moreno 92%	Roberto Steiner * 90% Hernando José Gómez 100% David Bojanini García 90%	José Alberto Vélez * 100% Rafael Martínez Villegas 100% Carlos Raúl Yepes Jimenez 100%	José Alberto Vélez * 100% Ricardo Sierra Moreno 100% David Bojanini García 100%

\*Presidents of the Committees.

\*\* The Risk Committee celebrated 2 special meetings in 2015. Mr. David Bojanini refrained from attending one of the meetings since aspects related to credit risk of an operation to be executed by one of the companies related to Grupo Suramericana with Bancolombia were going to be analyzed at the meeting.

**Relevant Activities Performed by the Audit Committee:** In an individual report, as required by the General Shareholders' Meeting, detailed information on activities performed during 2015 by the Audit Committee, was submitted.

Relevant Activities Performed by the Risk Committee: During 2015, the Risk Committee addressed issues under its competence, with special emphasis on the following topics:

- Integral vision of risks by supervising the consumption of appetite for risk and controlling lower and upper limits set by the Group.

- Monitoring of the main aspects associated to indicators such as credit risk, market, liquidity, and operations executed by Bancolombia and national and international affiliates.

- In relation to credit risks, the Committee knew the results of the awareness exercise before different macroeconomic scenarios, impact related to provisions of IFRS changes, and when needed, adjustment of provision and revision models, adjustments of country risk internal limits, report of funds, rating process, monitoring of customers with deterioration and expense of provisions, modification of the SARC Manual (Policy and Procedure Manual) and the Administrative Process Manual, result of validations, adjustments, and calibration of score and rating models of different banks, and other risk models, among other relevant issues.

- In relation to market risk and liquidity, the Committee monitored the survival horizon and knew the policy (Swaps IBR curve), changes of negotiation powers of some treasury tables, report on derivatives (forwards, futures, and swaps), analysis of the diversified VaR and non-diversified VaR, and monitoring of limits of the same.

- In relation to the operational risk, monitoring was made to the risk profile (exposure and higher concentration of risks), analysis of the Group's and Bank's economic losses, proposal of operational risk appetite for 2015, progress of the business continuity plan, among others.
- Appetite for risk of different 4G projects and the APPs.
- Monitoring of the main aspects related to SARLAFT.
- Knowledge of the risk government project for Grupo Bancolombia and progress of relevant implementation.
- Management report of the Compliance Area.
- Capital assignment model.

Relevant Activities Performed by the Good Governance Committee: During 2015, the Good Governance Committee knew and addressed the following issues:

- Within Grupo Bancolombia, adoption and implementation plan on the Country Code recommendations to be adopted by the Group, guiding the way they should be implemented, especially the ones related to Shareholders' Meeting, Board of Directors, and powers of supporting committees; the Good Governance Committee also led the definition of criteria and profiles for the election of Board of Directors and its succession process.
- The Good Governance Committee knew the proposals on modifications to the Good Governance Code, to be presented before the Board of Directors, as well as the proposal to make a partial reform of the Bank's corporate bylaws, to be presented before the Shareholders' Meeting.
- The Good Governance Committee reviewed and approved the annual agenda on topics of the Board of Directors, the schedule on dates for celebration of Boards to be held in 2016.

**Relevant Activities of the Assignment, Compensation, and Development Committee:** The Assignment, Compensation, and Development Committee addressed the following issues for determining policies and norms for selection, appointment, hiring, and remuneration model of Grupo Bancolombia:

- Approval of salary increase for year 2016.
- As a way of strengthening Grupo Bancolombia as a more humane bank, this Committee approved the inclusion of General Management assistants within the variable remuneration model (SVA).
- This Committee approved the change of capital cost methodology for estimating Grupo Bancolombia SVA.
- With the support of a special consultant, the Committee led the succession process at the "Banca de Personas" and "Pymes" Corporate Vice-Presidency.

Remuneration Policy of the Board of Directors and Supporting Committees: At the General Shareholders' Meeting held in 2015, the remuneration policy for the Board of Directors was approved; among other aspects, the policy deals with credentials and professional history of Directors, time required for exercising the position, and responsibilities assumed when leading a financial institution in Colombia, parent company of a Group, issuer of U.S. stock market, and regional presence. This policy remains in full force and unchanged.

During the last years, the Bank's Meeting has decreed for its Directors a fixed remuneration, equal for each member. There is not a variable remuneration model for the Board of Directors.

En el 2015, el valor total pagado a los Directores por su participación en la Junta y los distintos comités de apoyo a la Junta, ascendió a \$792.000.000. No se reembolsaron gastos en favor de los Directores. Para los fines de honorarios de Junta y Comités de Apoyo en el año 2016 se estima una apropiación de hasta \$ 1.100 Millones.

In 2015, the total amount paid to Directors for their participation in the Board of Directors and in different supporting committees, amounted to \$792,000,000. No expenses were refunded in favor of Directors. Payment of fees for the Board of the Supporting Committees in year 2016 has been estimated in about \$1,100,000,000.

Directors	Board of Directors	Audit Committee	Risk Committee
José Alberto Vélez Cadavid	66.000.000.00		
David Bojanini García	66.000.000.00		50.000.000.00
Gonzalo Alberto Pérez Rojas	66.000.000.00		
Hernando Jose Gomez R	66.000.000.00	60.000.000.00	55.000.000.00
Ricardo Sierra Moreno	66.000.000.00	55.000.000.00	
Rafael Martinez Villegas	66.000.000.00	60.000.000.00	
Roberto Steiner	66.000.000.00		50.000.000.00
Valor Total Cancelado	462.000.000	175.000.000	155.000.000

## Qualities of the Board of Directors' Members

Aware of the responsibilities and commitments demanded by an integral management of businesses, involving sustainable business activity and management of public funds, it is necessary to implement a number of guiding criteria to be taken into consideration by stockholders at the time of nominating or presenting before the Meeting any names of candidates or making part of Bancolombia's Board of Directors.

Criteria above are intended to assure that people to be appointed as Bancolombia's Directors are suitable, professional, and competent enough to exercise their functions and assume the responsibilities inherent to their conditions; these criteria are also intended to assure that the Board of Directors may offer a combination of skills and strategic qualities to allow the directive body can perform as needed for an organization such as Grupo Bancolombia.

Selection criteria will be applicable to all candidates expected to integrate Bancolombia's Board of Directors, assuring that each Director provides necessary experience to the Board of Directors consistent with Grupo Bancolombia's businesses and responsibilities during the course of its operations.

### a) Personal Credentials

Bancolombia promotes a decision-making culture based on solid ethical and transparency principles. The following are the personal characteristics to be met by the people who are nominated as Bancolombia's Directors:

- Integrity and high ethical and good governance standards.
- Integrity: Technical and human skills with an entrepreneurial approach.
- Conviction on Grupo Bancolombia's business focus towards sustainability and generation of economic and social value in the long term.

1 • By accepting their appointment, Directors offer their knowledge, experience, multidisciplinary approach, business vision, and personal and professional reputation at the service of stockholders and Grupo Bancolombia; therefore, they should be paid remuneration consistent with the contributions expected from them by the company.

• Remuneration of Directors will include the time required for exercising the position, especially personal and professional legal responsibilities assumed by them at the time of accepting their appointment, including the ones assumed as managers of a Colombian financial institution, of an issuer of the U.S. stock market, and of a parent company of a financial group with international presence.

• Directors will be paid, in return for their services, remuneration consisting of the following elements:

o A monthly fixed fee, amount of which will be set by the Shareholders' Meeting.

o A fee defined by the Board of Directors by each attended session of the supporting committee.

• Directors will not receive, as a manner of compensation for their services, Bank's stocks or stocks of the Bank's subordinates.

• The Board President, at the Shareholders' Meeting's discretion, will be entitled to remuneration above remuneration paid to other directors, according to powers and responsibilities inherent to their positions and based on the higher time dedication demanded by this position.

Bancolombia assumes the following non-retribution costs:

• All costs as necessary to allow Directors to properly develop their functions, such as those related to travel expenses, lodging, land transportation, technology supplies, and information delivery.

• All expenses related to training, updates, and hiring of external advisors, as required by the Board of Directors.

• Payment of Directors and Managers' policy.

- Good reputation based on transparent, coherent, and diligent citizenship and professional exercise.
- Decision-making business skills.
- Communication skills with respect and constructive attitude, promoting convergence among different standpoints.

## b) Professional Credentials

The following are the elements to be taken into consideration in the evaluation process of candidates:

- The candidate should accredit personal and professional credentials, academic training, and/or professional history as a person suitable and competent to manage and guide Grupo Bancolombia.
- The candidate should prove necessary conditions to provide advice on relevant and strategic decisions of Grupo Bancolombia, its businesses, and products.
- Understanding of the responsibilities assumed by financial entities with regulatory entities, investors, stockholders, customers, and all other related groups, both locally and internationally. To have necessary skills to serve in such scenarios.
- Analytical and managerial skills, strategic vision of the business, objectivity and capacity to present their points of view and skills to evaluate and question financial, risk, and business proposal information.
- Capacity to anticipate events with a proactive vision in a business scenario exposed to accelerated changes.
- Specific skills that allow them to make contributions in areas such as industry knowledge, financial or risk aspects, internal control, legal issues or commercial, technological or economic issues.
- Knowledge on economy, markets, and financial systems globally and regionally, and on interaction between public and private sectors.
- Knowledge that allows them to make business decisions based on an appropriate understanding of risks.

- Knowledge and experience on organizations with comparable size and relevance.

## c) Availability

A candidate for Director should always have time availability for assuming responsibilities under the service of Grupo Bancolombia.

Availability includes, in addition to punctual and permanent attendance to Board of Directors' meetings (according to provisions of our Good Governance Code, the attendance will never be below 80% of all meetings held during the year) and all other supporting meetings of the Board, preparation and evaluation of documents and information before meetings, analysis of information on the financial sector, training and update programs, meetings with supervisors, and enough time as necessary to make relevant studies or recommendations.

## d) Skills to Hold Office before Colombia Financial Superintendency.

Candidates for Directors of Bancolombia should prove necessary skills to hold their offices before Colombia Financial Superintendency that will make an extensive analysis of their personal, professional, and academic histories, as well as of their disciplinary and credit records, among other aspects.

For the abovementioned, the candidate who will submit his nomination before the Meeting should have completed a form issued by the Bank's Secretary General's Office, attaching relevant supporting information as required by the regulatory entity.

## e) Ineligibility

Without prejudice of the ineligibility requirements set forth by regulations in force, the following requirements should be taken into account:

- The candidate is not allowed to belong to over 5 boards of directors of public limited companies

based in Colombia. However, the candidate can expressly inform of his intention to quit one of his offices in case of being elected.

- The candidate is not allowed to belong to boards of directors from other credit entities holding the same nature or entities belonging to financial group that may be Bancolombia's competitors.
- Bancolombia's Board of Directors cannot have a majority consisting of people directly related for marriage or family relationship or of members directly employed by the Bank or companies of the Group.
- The candidate is not allowed, either directly or through a third party, to participate in activities implying competition with Grupo Bancolombia or activities holding trials with any of the Group's companies.

At the time of accepting his appointment, the candidate should inform about any potential ineligibility event that may prevent him from exercising his position as Director of the Bank.

## f) Independence

Candidates for Independent Directors of the Board of Directors should previously accredit before the Bank's Secretary General's Office, his compliance with all independence requirements demanded to certificate such a quality. This certification should include the candidate's certification of independence in relation to the Bank's main executive officers.

Accreditation of independence requirements is an indispensable requirement for effects of the prior information the Bank should make available for pension funds and investors, both locally and internationally.

In the same way, the Bank's Board of Directors will execute a procedure to certify that, as an entity, it has checked the candidate's compliance with all independence requirements and that the candidate is a person holding independence from the Board of Directors.

The following are the independence requirements demanded:

## Law 964 of 2005

In no event, an independent person shall be:

- An employee or director of Bancolombia or any of its affiliates, subsidiaries or controlling companies, including people who had held such positions during the year immediately preceding to his appointment, except when it deals with the reelection of an independent person.
- A stockholder who -either directly or in virtue of any agreement- manages, leads or controls the majority of Bancolombia's votes or a stockholder who may determine the majority composition of management, direction or control bodies.
- A partner or employee of associations or corporations that provide advisory or consultancy services to the Bank or companies owned by the same economic Group, when relevant income accounts for 20% or more of operating income.
- An employee or a director from a foundation, association or corporation, who receives important donations from Bancolombia; important donations should be deemed such donations that account for over 20% of total donations received by relevant institution.
- A manager of an entity, board of directors of which includes a legal representative of Bancolombia.
- A person who receives from Bancolombia any remuneration other than fees as member of its Board of Directors, the audit committee or any other committee created by the Board of Directors.

## New York Stock Exchange – NYSE (\*)

According to the standards set by New York Stock Exchange (NYSE), an independent director can be appointed when he is not subject to the following conditions:



- During the last 3 years he has been an employee of the company or his direct family member has been an executive employee of the company.

- The Director or any of his direct family members have received direct remuneration from an issuer listed in the Stock Exchange in an amount exceeding USD 120,000 during 12 months in the last 3 years. Except for those concepts corresponding to fees paid for assistance to the Board of Directors or Committees or any type of compensation associated to services described above.

- The Director or any of his direct family members are partners to the internal or external audit firm.

- The Director is an employee of the internal or external audit firm.

- A Director's family member is an employee of the audit firm and participates in insurance audit processes or tax compliance processes.

- The Director or any of his direct family members were employed by or were partners of the issuer's audit firm during the last 3 years and were directly involved in the issuer's audit process.

- The Director or any of his direct family members were executive employees of another company during the last 3 years; a company where an executive employee of the issuer was a member of the remuneration committee.

- The Director or any of his direct family members are executive employees of another company that has made payments to (or has received income from) the issuer in an amount above USD 1 million, or an amount accounting for 2% of total income of such a company (the highest one).

(\*) These requirements are for expository purposes only, and will be modified and added with new standards published by the company.

## g) Composition of the Board of Directors

Bancolombia's Board of Directors, as a body, should promote a healthy combination of experience, knowledge, and innovative and challenging visions according to relevant economic, social, and business scenarios.

The election of Directors should assure the eligibility of candidates of both genders who can meet all requirements set forth in this document.

## h) Application Field.

These requirements shall be disclosed to stockholders before the Shareholders' Meeting, so that they can have necessary judgment elements to appoint the Directors.

Without prejudice of the last powers of the Meeting to appoint Directors, the Bank's Board of Directors, through its Good Governance Committee, shall be entitled to start an internal unbinding procedure to evaluate legal ineligibility and requirement fulfillment of the candidate and, when needed, shall disclose relevant results found in such procedure.

## Variable Remuneration Policy for the Bank's Main Executive Officers

Grupo Bancolombia operates a variable remuneration model to reward the integral vision of the business, the teamwork, and the search for a profitable, efficient, and sustainable people-based development. Our model, known as SVA (Value Added System) offers a remuneration for the creation of value added according to results found in the Group and to fulfillment of strategic goals; the model includes policies that were approved by the Shareholders' Meeting in 2015 and kept in full force today.<sup>2</sup>

## Operations with Direct Employees

According to our Good Governance Code, operations with related parties shall be classified in two groups:

a. Recurrent Operations: These operations should be understood as those operations corresponding to the ordinary course of the Group's companies' businesses. Such recurrent operations include but are not limited to active credit operations, fundraising operations, payments and collections, treasury operations, and purchase-sale of currencies, network usage contracts, stock market operations, structuring and investment bank operations, trust businesses, leasing operations, businesses resulting from FICS, factoring operations, general framework contracts, adhesion contracts or standardized contracts for financial products and services.

b. Non-recurrent Operations: These operations are classified as material and non-material operations. Material operations correspond to those non-recurrent operations below 5% of one of the following accounts of the Bank's financial statements, as the case may be: total assets, total liabilities or total equity. A non-recurrent operation should be understood as a material operation when it is equal to exceeds 5% of one of the following accounts of the Bank's financial statements, as the case may be: total assets, total liabilities or total equity.

In order to estimate materiality of operations, the Bank's last financial statements will be taken into account:

During 2015, Bancolombia conducted operations with the following associates: stockholders owning over 20% of the Bank's corporate capital, Board of Directors' members, main executive officers, and Bancolombia's subordinate companies.

All operations were conducted at market prices and were deemed as operations during the regular course of the company's business; that is, recurrent operations. Detailed information of the operations conducted during the year has been disclosed in the notes to the financial statements.

## Control Architecture

Control Architecture is an essential element of the Corporate Good Governance of Grupo Bancolombia; this architecture involves aspects related to the Internal Control System and the Risk Management System; in this manner, a government structure can be assured and internal policies and guidelines of each company can be consistent with the achievement of strategic objectives set by the Group.

Risk Management System: An additional report submitted before the company's stockholders and included in the management report and the notes to the financial statements, contains detailed information on Grupo Bancolombia's risk management.

Internal Control System (ICS): The management report submitted by the managers integrally and independently shows the report on the internal control system corresponding to year 2015, including the management report, the audit firm's report, the internal auditor's report, and the report on activities performed by the Bank's Audit Committee. Such a report has been approved by the Audit Committee and the Board of Directors.

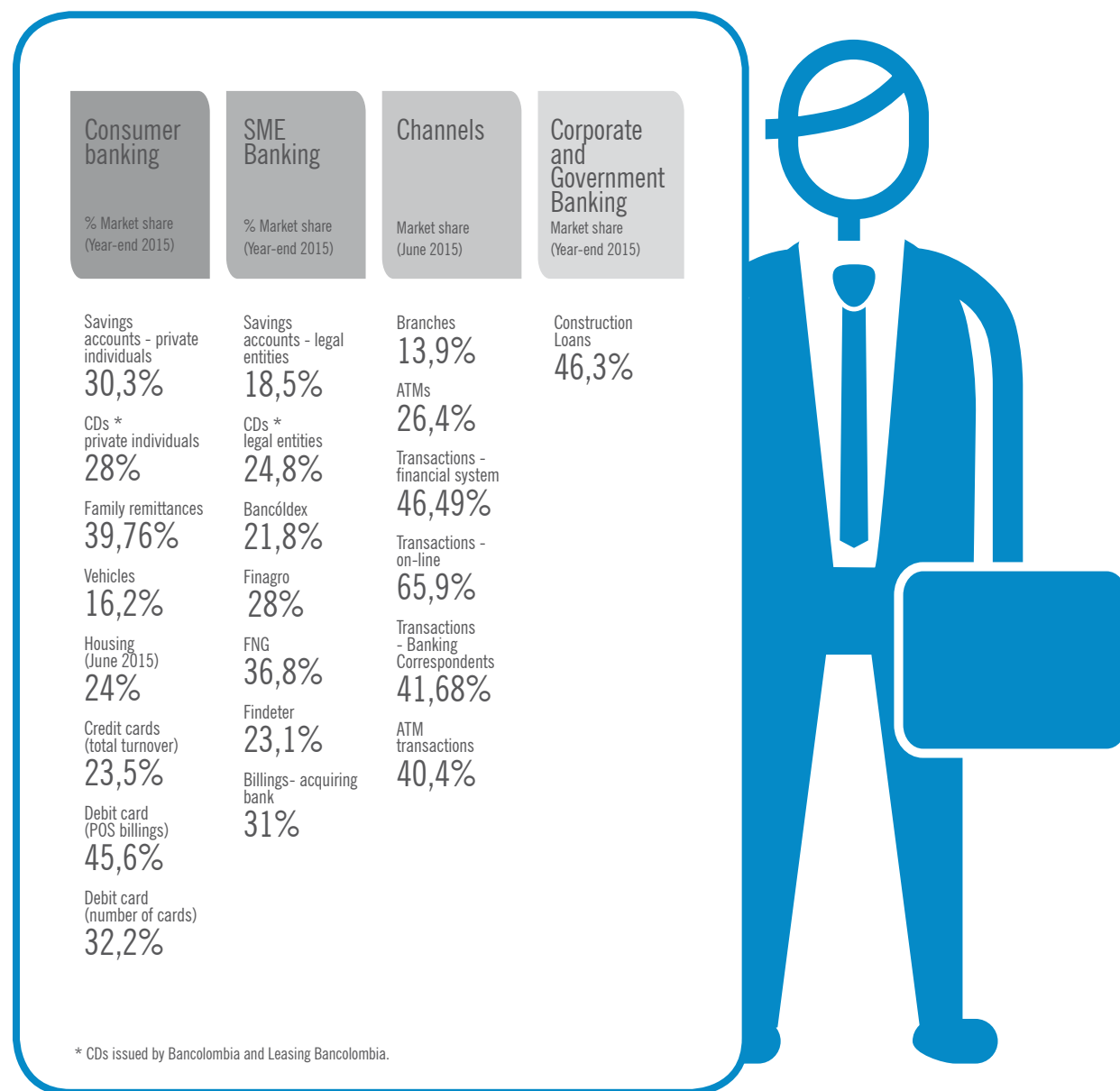
<sup>2</sup>

Variable Remuneration Policy.  
 • This Policy has been based on the generation of value added; therefore, payment of bonuses is possible when organizational results – in terms of profits – exceed the value of capital cost.  
 • This model measures compliance with strategic planning goals that have to be consistent with the strategic orientation defined by the Board of Directors.  
 • Long-term results are promoted by avoiding remuneration for short-term results.  
 • A maximum remuneration has been defined. Maximum: Six salaries per year by bonus.  
 • A percentage of the remuneration is translated into participation in "Fondo Institucional de Pensión Voluntaria" (Voluntary Pension Fund) represented in Bancolombia's stocks. According to the Fund's rules, the employee can only withdraw his contributions upon completion of a permanence term of at least three years. The philosophy of this mechanism is to make employees feel owners of the organization and committed to sustainable results.

# We Manage Confidence

## Leaders in...

We exercise responsible leadership on different fronts of the Colombian financial system, this being understood as our sense of responsibility in seeking to create added value for our stakeholder groups



## Helping dreams come true throughout the region

Grupo Bancolombia's loan portfolio before provisions in all those countries where we are present totaled COP 145.6 billion at year-end.

31 December 2015	Balance	Participation
Colombia	95.970.455	65,90%
Panamá	31.001.163	21,28%
El Salvador	8.998.603	6,18%
Puerto Rico	1.217.737	0,84%
Perú	256.511	0,18%
Guatemala	8.162.177	5,61%
Other countries	13.993	0,01%
<b>Total</b>	<b>145.620.639</b>	<b>100,00%</b>

Amounts in millions of pesos.

## Assets under management

2015	Assets under management
	Savings accounts <b>47,8 Billion</b>
	Current accounts <b>23,6 Billion</b>
	CDs <b>48,7 Billion</b>
	Bonds <b>19,4 Billion</b>
	Equity <b>19,3 Billion</b>
	Collective investment funds <b>13,5 Billion</b>
	Third parties portfolios <b>8,7 Billion</b>

Amounts in millions of pesos.



### When a Dream Makes the Difference

There is a bridge that seems to be very long to be walked through. Many people have declined their travel decision since they have thought that they will never reach their place of destination (the entrance to happiness). Some of them have decided to traverse the bridge by themselves and many of them have reached their goal.

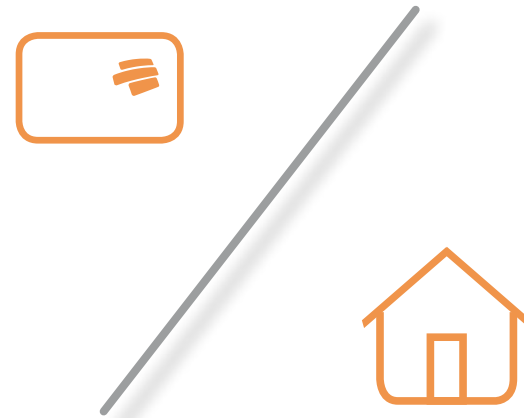
One day, Carlos wanted to prove that he could take the path and found a solution. He walked with a guide who helped him get over every obstacle. He made a plan, saved, and, little by little, he found the way to cross the bridge.

When he reached the goal, he found out that the real difference between reality and dreams lies in your determination; for this reason, he decided to help others and have them around him at the other side of the bridge. He built a two-story house from which he could view the people who was crossing the bridge to help and encourage them to cross it.

In the same manner Carlos helps others Banco-lombia brought benefits to over 40,000 families in Colombia, Panama, El Salvador, and Guatemala, in order to make their dream come true (the dream of having their own home). This kind of stories makes of us the most sustainable bank in the Americas.

# Consumer and SME banking

The Organization has worked hard to improve people's lives, including their families and businesses, by getting a better feel of their own different circumstances through friendly conversations that gives us the opportunity to accompany them in their dreams of owning their own homes and vehicles, studying for a career as well as other financing needs through our own wide range of savings and investment products. In addition to this we help SMEs with their liquidity, financing and investment needs in each of the countries where we are present.



Segment	No. Clients At Year-End	Achievements
Personal	4.584.672	Net revenues came to COP 72,902 million, for a 408% YoY growth.
Personal Plus	2.719.047	market size reached COP 19 billion, for a 15.5% YoY growth
Preferencial	134.467	We implemented a new model of engagement in which we attended clients with a team of 25 client care personnel, obtaining YoY growth rates of 25.4% in deposits and 6.3% in loans
Banconautas (Children's Savings Account)	124.575	Deposits rose by 39,7 %,driven by a 41,8% growth in savings account.
Youngsters	1.426.976	Loan portfolio grew by 70.4%, ending the year at COP 423.482 million, driven by a 78.9% growth in credit cards, that is to say COP 143,847 million.
Senior	973.074	FOPEP (the National Public Pensions Fund) is the largest pension fund handled by the bank since 67% of the pensioners belonging to the FOPEP receive their monthly stipends from the bank (that is to say 220,000 clients, 78% of whom receive direct account deposits).
Families	664.844	585 pensions were pledged as collateral for 69,209 mortgage loans helping families with their home ownership aspirations.

Results	2015	2014	Change %
Local Currency Deposits*	40.855.579	36.157.348	12,99%
Foreign currency deposits (USD thousands)	1.022.175	1.001.742	2,04%
Loan Portfolio - Local Currency	39.500.820	35.455.612	11,41%
Loan Portfolio - Foreign Currency (USD thousands)	508.717	535.006	-4,91%
<b>Main Indicators</b>			
Past due loan ratio	5,26%	5,19%	
Market size	82.884.910	73.093.609	13,40%

Year-end figures in millions of Colombian pesos  
\* Including collective portfolios

Segment	No. Clients At Year-End	Achievements
Employees	3.935.574	Showing a growth of 8% in our payroll client base, with 2,182,465 clients and a 17% increase in the number of payroll agreements..
Colombian Residents Abroad	83.020	COP 202,000 million in mortgage loans was issued to Colombian residents in 20 countries in Europe, Oceania and the Americas, with a growth of 31% compared to 2014.
Private Banking Segment	14.430	34% growth in revenues. We consolidated a model for attending large-scale investors on the equity markets that allowed us to enhance our CRM function and grow this line of business
SME	157.348	12.6% growth in market size, reaching more than COP 27.8 billion, and another 15.1% increase in sales, reaching more than COP 1.8 billion
Micro SME	1.127.639	Sales results: 15.25% growth in market size accounting for more than COP 6.9 billion, and a 20.70% increase in sales, reaching more than COP 660,933 million.
Government Network	3.306	Sales results: 1.65% growth in market size for more than COP 4.3 billion, which was significant given the budgetary considerations implicit to new local governments being elected In sales, the increase was 12.53%, reaching more than COP 200,000 million.

# Connecting people with their possibilities



## Colombia:

### Savings and Investment

#### Savings Accounts

Total value: COP 20.5 billion, for a growth of 18%

#### Checking Accounts

Total value: COP 634.000 million, growth: 9.2%

#### Fixed-term deposits

Total value: COP 8 billion. Growth: 22%

#### We are the preferred means of payment

7,407,964 debit cards  
2,012,638 credit cards  
Total: COP 3.3 billion.  
Growth 12.18%



#### Dreams of home ownership

Mortgage loans + residential leasing  
Total COP 11.6 billion  
Growth 12,8%  
Amount disbursed  
COP 3,2 billion.  
Growth: 22.6%  
Families benefited 29,440



#### Vehicle financing

(motorcycles and cars)  
Growth 7.4%

#### Cars

Market share 15,7%  
New: 30.733 units  
Second-hand: 8,334 units

#### Motorcycles

20,564 units  
Amount disbursed: COP 98.251 million  
Growth: 59%  
Total Sufi - loan portfolio: COP 2.9 billion.  
Growth: 8%

#### Driving SME growth

Business loan portfolio  
10.2% growth in disbursements going beyond the COP 12.06 billion in this loan portfolio  
10.6% growth in business loans, exceeding the COP 12.07 billion.  
SMEs attended: 1,297,000

#### Always protected

life, household, assistance, unemployment and SME insurance  
2.300.000 clients.  
22,5% growth in insurance portfolio  
2 million 511 policies in force  
**New products:**  
Protected SME Insurance Plan 73 policies placed  
Serious Illness:  
1,079 policies placed

#### We facilitate access to credit

FOPEP pension-deducted loans:  
COP 420,000 million for a growth of: 24.4%  
Crediágil:  
COP 646.399 million in revolving loans. COP 124.216 in total available quotas



## Banistmo

### Consumer loans

Loans USD 556,8 million  
Growth: USD 40 million  
Disbursements: USD 154.3 million  
Growth 52%.

### Credit cards

a record year in placements  
No. new cards placed: 28,548  
Growth: 65%  
Billings: USD 597.2 million

### Debit Cards

changeover to smart cards  
Cards exchanged:  
118.977, 81% progress with transaction security

### BPO sales

Sales through this channel:  
10,511 credit cards  
37% share of card sales.  
54% increase in credit card activation

### Property insurance

New car insurance product as part of a group policy  
Policies issued: 213



### Credihogar

A newly-launched housing loan product.  
We disbursed USD 18,515 million against a targeted volume of USD 10,500 million

### Vehicle financing

Loan portfolio USD 181.9 million  
3,645 cars and 95 motorcycles



## Banco Agrícola

### Credit and debit cards

No. 1 in billing and placement volumes.  
230 thousand active cards .  
Growth: 5%  
Billings USD 426,339 million  
Growth: 1.2%  
Credit cards: USD 200,8 million, growth: 7%

### Growth in Commission and Fee Income

Insurance commissions: 16.5% growth  
Remittance charges: 14.2%  
Credit and debit card fees: 8.2%  
We obtained more than a 41% of the private individual savings market in Colombia.



## BAM



### Dreams of home ownership

Mortgage Loans  
Portfolio: USD 261 million. Growth: 13.65%  
Loans disbursed: USD 57 million  
Families benefited: 911

### Access to credit

Consumer loans  
Amount disbursed: USD 59 million, for a growth of 33%  
Net loan portfolio: USD 90 million growth: 13.65%

### Credit Cards

Billings: USD 395 million Growth: 10.3%  
Transactions 6.2 million. Growth: 13.2%


### Always protected (insurance product)


Policies issued: 93,000 Growth: 25%  
USD 189 million in insured value.  
Life, family, home and vehicle insurance for residents abroad


### Getting closer to our SMEs

Market size: USD 560 million  
Loans: USD 212 million  
Clients: 23.400 SMEs benefited  
Amount disbursed: USD 69 million

# Renewing value

Housing				
	Colombia	El Salvador	Guatemala	Panamá
Families benefited	29.440	1.357	911	4.251
Disbursed loans	\$3,2 billion	USD 72,2 million	USD 57 million	USD 397,1 million

Vehicles			
	Colombia	Guatemala	Panamá
Vehicles	39.067	1.089	3.645
Motorcycles	20.564	-	95
Loan Portfolio	\$2,9 billion	USD 33 million	USD \$181,9 million

Cards				
	Colombia	El Salvador	Guatemala	Panamá
New Debit Cards	883.767	56.765	118.298	79.262
Total Debit Cards	7.407.964	724.776	159.552	257.964
New Credit Cards	493.886	51.868	38.354	27.932
Total Credit Cards	2.012.638	230.000	132.970	83.525
Debit Card Billings	\$90,1 billion	USD 249,9 million	USD 591 million	N/A
Credit Card Billings	\$12,58 billion	USD 426,3 million	USD 395 million	USD 597,2 million
Affiliated E establishments	\$94.362	2.403		5.375
Billings Affiliated Establishments	\$18,6 billion	USD 229,6 million		USD 1.610,3 million

# Getting closer to our clients

## Colombia:

We achieved a net promoter score (NPS) of 64.4% NPS, with 72% of our total client base ready and willing to recommend us to others.

We launched the program "Benefits for Your Small Business", offering training and consultancy opportunities in conjunction with universities, business management tools, benefits for SME employees and bimonthly newsletters with current information and items of interest for this specific segment.

In order to help the Colombian people to have a better life, we staged 29 events welcoming the newly elected administrative and government officials of whom 696 attended, this with the aim of assisting the local administrations with their development plans over the next four years.

Thanks to the work carried out by the Colombian government as well as local and regional author-

ities, we took part in a project that shall allow the people living in 270 municipalities in Colombia to pay their taxes online in a swift, easy and secure fashion, through the locality's own official web page. This project shall gradually be introduced on a nationwide level from here until 2017. The municipality of Floridablanca, Santander, was the first to offer this service.

Sufi, took on the challenge of specializing in other consumer loan products other than for vehicles. With our TPCC (Third Party Credit Channel) tool deployed in more than 790 motorcycle and hire purchase stores, we provided financing support to more than 1,000 vendors on a nationwide level with this self-management model. Through this model, we were able to form consumer lending alliances with sectors such as mobile phone companies, cosmetic surgery clinics, home decor stores and entertainment venues, helping another 900 people to begin their credit history.

In addition, we helped independent professionals with their investment and financing needs both on a personal and family level as well as for purchasing medical equipment, insurance and other purchases. We currently serve more than 195,000 clients, for a market size of COP 3 billion.

# Financial inclusion

## Colombia

### Decent housing

We disbursed a total of COP 223,611 million in mortgage loans with Government subsidized interest rates.

**Frech II:** COP 206.334 million.

**Casa Ahorro – VIPA** COP 8.866 million

**Mi Casa Ya VIS** COP 8.410 million.

We helped 5,344 low-income families to obtain their own housing.

### Banking Correspondents: a decade of bringing the bank to the people

With only a 7% share of a total network of 92,304 banking correspondents in Colombia, we accounted for 46% of all transactions performed through this channel, moving almost COP 2.4 billion per month, which represents a total of 64% of the entire cash transaction volume.

### Colombian Residents Abroad

**Remittances:** We have become the No. 1 bank in Colombia in total volume of remittances handled, helping those who live far away to support their families back home. 39.7% market share 4.4 million transactions processed USD 1,800 million in volume 38.9% growth in number of remittances

**Housing loans:** we help families living abroad to have their own homes in Colombia. . Volume: USD 490 thousand million for a 30% growth.

**Student loans:** we offered students with Colfuturo scholarships to finance their education up to a maximum of 100% of the registration fees to be paid, this before the hike with the exchange rate. 9.900 students were able to finance their undergraduate and post-graduate studies with this program.

### Low-income clients

**Ahorro a La Mano (Handy Savings) App:** the first financial app encouraging a greater degree of social inclusion. This allows the holders of our savings accounts to check their statements, transfer funds to other Bancolombia or Ahorro a la Mano accounts, and withdraw cash through ATMs and banking correspondents. Downloads: 89.839. 1,4 million transactions, worth a total of COP 8.015 million. 410.000 accounts with balances of more than COP 20 thousand million.

**Payment methods:** we continue with our mission of providing people with financing so that they may turn their dreams into a reality.

**Exito Store Card:** 336.406 new cards. Growth: 8.24% Active cards: 1,047,394 Volume COP 1.7 billion. Growth: 12.72%

**Alkosto Store Card:** 82.867 new cards. Total cards: 182,901 Growth: 52.61%

**Bancolombia Mi Negocio:** A specialized group of staff helping small scale entrepreneurs to run their own businesses, consisting of 190 sales executives responsible for making on-site visits and offering our financial products and services. 30,000 clients served. Volume COP 224,000 billion.

PEOPLE FROM  
**270** COLOMBIAN  
MUNICIPALITIES COULD PAY  
THEIR TAXES ON LINE THANKS  
TO A JOINT WORK BETWEEN  
BANCOLOMBIA AND THE  
NATIONAL GOVERNMENT

**Backing new ideas:** here we obtained a 25% growth with our microcredit portfolio, helping more than 22,000 micro entrepreneurs to build their own businesses.

## Panamá:

**Catering to the more remote areas:** We set up a dedicated mobile sales force to attend our clients, both private individuals and SMEs, in faraway localities where we do not have a branch office. 49 municipalities served.

**Financial education program:** 1,447 students and more than 6,000 parents and teachers benefited from the program 'Our Community and its Bank' where we were able to provide information on the role played by the bank within the community and the responsibility people have to the welfare of their community. We also catered to 70 young people through a program sponsored by the Panamanian Banking Association, providing them with tools to best decide on how to handle their finances.

## El Salvador

**Banquero Amigo (Friendly Banker) Program:** benefiting more than 1,100 people living in remote villages through a dedicated personalized care initiative whereby the appointed "friendly banker" executive receives credit and card applications, for the target area among other services. 83 municipalities served. 60 thousand transactions per month.

Financial education program: we held a total of 58 financial training workshops for clients where we provided tools for the proper handling of their finances. 1.745 beneficiaries in 12 companies and 14 schools.

In partnership with the Inter-American Development Bank and Industrias La Constancia, we took part in the 'The 4E Road to Progress' program aimed at helping SMEs. Here, USD 90

million in financing was provided for the beneficiary SMEs to become more productive and competitive.

## Guatemala

**Mobile Cash:** this tool is used to transfer funds through ATMs, using cell phones without the need for a debit card, this in aid of people living in remote areas. 9,000 million transactions per year.

# Financial education

## Colombia

We launched our Colony Mission app, a fun video game that was co-created with young people with the aim of providing them with a tool for a more proper handling of their financial products. 60.790 visits 2,542 downloads.

We took part in the Financial Education Week, aimed at helping children and adolescents to understand finance. Volume went from COP 815,000 to COP 1,059,000. 1.784.461 children and adolescents.

We also relaunched our Banconautas program, aimed at teaching children the importance of savings, providing them with experiences designed to appeal to their tastes and needs. 20.000 children and adolescents benefited from this program

We provided training for over 4,000 clients through our on-line chats with the aim of facilitating access to the capital market.

We also encouraged 700 thousand clients to invest in mutual funds, helping them with the decision on how best to invest their money. These funds accounted for more than 4.5 million on-line transactions, totaling COP 33 billion. Here 2,794 new accounts were opened representing **COP 4,838 million.**

# Payment Options

## Unique experiences:

Consolidating ourselves as the preferred means of payment in all those countries where we are present and designing experiences to bring our clients closer to their dreams with products specially adapted to their needs and requirements:

## Colombia:

**Tarjeta Selección Colombia:** Colombian Football Team Card: privileged access to tickets to football matches, purchases of sports equipment and other perks offered by our affiliated establishments. 26.265 active credit cards. Billings for the Visa Football Team Credit Card: COP 38 thousand 851 million. Billings for the Football Team Debit Card : COP 611 thousand 639 million. 570,808 debit cards placed.

**Bancolombia's Avianca LifeMiles Credit Card:** the first co-branded card for our SME and micro SME clients Benefits: LifeMiles accruals, Priority Passes for businesses, local and international travel insurance. Benefiting a total of 1.300.000 SMEs 23,000 cards placed. Billings: COP 70,000 million.

**Dual-Purpose Metro/ Debit Card:** We laid on the option for people to swipe their debit cards through the turnstiles when boarding the metro transport systems in Bogotá, Barranquilla and Cali without having to queue up for tickets since the value of the trip is automatically changed to the client's debit account. Benefiting a total of 461.536 clients POS billings: COP 353,047 million.

**ePrepaid Card** a special debit card used for on-line shopping. 121,000 of these cards are currently in use producing a turnover of COP 95,000 at year-end.

## Panamá:

**Tarjeta Crédito Natura-La Riviera:** We are helping nature conservation in Panama by supporting the efforts of the Natura Foundation with direct contributions from clients when first activating their cards. 4,599 active cards. Billings: USD 6 billion Portfolio worth USD 9.7 million.

**Rosada de La Riviera Credit Card:** In support of breast cancer prevention campaigns we launched a special edition of credit card enabling access to the personal care products offered by the Rosada de la Riviera stores. 1,008 cards placed.

## El Salvador:

**Youngsters' Credit Card:** a unique solution in partnership with retail, food and entertainment companies offering preferential discounts to clients between the ages of 18 and 25. 2400 cards placed. Billings: USD 210.2 million.

**Credit e-Card** Cardholders are provided with the freedom and confidence to shop online with an additional card enabling a capped amount of transactions to be performed, which clients can manage themselves via our on-line banking channels. 734 cards placed. Billings: USD 21,544.29 million.

## Guatemala:

**BAM Financia Credit Card:** providing medium-term financing through a line of credit with set quotas at attractive rates of interest. Volume: USD 2.3 million. 414 active cards. Billings: USD 100,000.

**BAM Millennial debit card:** catering to the young people's segment with customized designs and providing the perks offered by different retail establishments More than 400 active debit cards in the first two months.





Edificio San Martín, Bogotá.

## Corporate and Government banking

We continue to drive the growth of our governments, economic sectors and companies in all those countries where we are present, by meeting their needs, facilitating decision making and providing assistance with action plans.

All this has been made possible thanks to our keen interest in becoming the best possible ally with regard to building infrastructure, developing industry, and providing financing support so that local governments can channel their Social Security collections as well as helping to modernize the services offered for a quick, straightforward and easy payment process.

Corporate and Government Banking Results	2015	2014	Change %
Deposits– Local Currency	32.871.741	30.820.293	6,66%
Deposits– Foreign Currency (USD thousands)	2.357.346	2.292.428	2,83%
Loan Portfolio – Local Currency	34.792.734	30.252.980	15,01%
Loan Portfolio · Foreign Currency (USD thousands)	4.625.615	4.169.463	10,94%
Market size	91.165.514	78.368.180	16,33%
Net Commissions	507.603	459.828	10,39%
Sales	2.304.365	2.012.020	14,53%

In millions of Colombian pesos

Sector	No. Clients	% Sales	Total Leasing, Factoring and Banking Portfolio			% of Total Portfolio
			Local Currency	Foreign Currency	Total	
Construction	2.147	7,76%	4.371.506	28.154	4.399.659	10,05%
Agriculture	863	7,55%	4.329.750	628.666	4.958.416	11,33%
Factors of production	1.181	8,65%	2.885.987	674.946	3.560.933	8,14%
Financial services	1.092	19,60%	4.069.089	416.992	4.486.081	10,25%
Non-financial services	1.985	8,64%	3.252.500	139.479	3.391.980	7,75%
Media	160	2,03%	1.267.952	3.260	1.271.212	2,91%
Infrastructure and transport	1.311	15,72%	7.870.823	634.333	8.505.156	19,44%
Retail	1.923	12,76%	5.162.788	712.826	5.875.614	13,43%
Natural resources	436	9,39%	4.009.886	1.287.101	5.296.986	12,11%
Government	537	8,47%	2.008.738	3.730	2.012.469	4,60%

In millions of Colombian pesos

### Financial indicators:

Business loans in local currency: COP 27,20 billion. 14% growth.

### Development Loans:

Volume; COP 2 billion. 33% growth. We granted a record amount of loans based on the terms and conditions stipulated by Bancóldex, Findeter and Finagro.

**Business loans in foreign currency** We help our clients in financing their international trade, investment and acquisition needs. A growth of 1.20% was obtained in the business loans for our Central American and Peruvian clients.

Property and Construction Banking	2015	2014	Change %
Deposits– Local Currency	417.081	393.577	5,97%
Deposits– Foreign Currency (USD thousands)	19.263	24.589	-21,66%
Loan Portfolio – Local Currency	4.783.983	3.938.254	21,47%
Loan Portfolio - Foreign Currency (USD thousands)	5.871	8.303	-29,29%
Market size	5.655.907	4.774.568	18,46%
Net Commissions	25.366	21.712	16,83%
Sales	202.702	153.490	32,06%

In millions of Colombian pesos

WE ARE THE BANK WITH THE LARGEST SHARE OF BUSINESS LOANS ON THE COLOMBIAN FINANCIAL SYSTEM, THAT IS TO SAY, 28.80% SHOWING A YEAR-ON-YEAR INCREASE OF 58 BASIS POINTS<sup>1</sup>

### Property and Construction Banking

We support the efforts of the Colombian government and the construction sector in driving the country's growth, leading the market with a 41% share of the property and construction banking market, thereby evidencing the trust and support of our clients

### Leasing Bancolombia and Renting Colombia

We provided support for companies to purchase productive assets for a value of almost COP 5.44 billion. We also helped make people's dreams of home ownership come true through residential leasing arrangements, with more than 2,400 homes worth COP 822,579 million. We also developed several products tailored to our clients' own cash flow requirements: *Mas Leasing* with a volume of COP 107,997 million, the *Flexible Plan* with COP 398,836 million and *Flexiback* with another COP 19,693 million. With the help of our subsidiaries, we reached a milestone in surpassing the COP 20 billion mark in total lending, thereby consolidating our leadership in the Colombian banking industry.

Leasing Bancolombia	2015	2014	Change %
Total assets	18.454.871	16.032.532	15,11%
Productive assets	16.643.106	14.561.838	14,29%
Net income	286.818	260.333	10,17%
Income before provisions	707.966	609.284	16,20%
Equity	2.005.188	1.740.699	15,19%
Return on Equity (ROE)	15,28%	16,83%	-1,54%

In millions of Colombian pesos

1 This information does not include Bancolombia Panama and Bancolombia Puerto Rico.

Renting Colombia	2015	2014	Change %
Total assets	1.111.591	994.068	11,82%
Productive assets	772.449	661.448	16,78%
Net income	73.501	37.242	97,36%
Income before provisions	103.653	70.984	46,02%
Equity	274.246	193.033	42,07%
Return on Equity (ROE)	32,47%	22,17%	10,30%

In millions of Colombian pesos

### Valores Bancolombia

Our positioning, staff and range of products allow us to provide our clients with access to the capital markets, both at home and abroad., in spite of the considerable decline in equity and fixed-income securities and the volatility prevailing on the global markets.

**Mutual Investment Fund Commissions:** COP 36,546 million 7.46% growth. Total assets under management -Valores Bancolombia: COP 2,33 billion. Total assets under management -Grupo Bancolombia: COP 13.76 billion.

**Equity Securities:** No. 1 in trading large blocks of shares, obtaining the largest volume of trades in just one day in the entire history of the Colom-

bian Stock Exchange, with the Cementos Argos stock totaling more than COP 600,000 million.

**Bancolombia eTrading Platform:** COP 4.50 billion in trading volumes or 45% of the total amount of trades performed by our stock brokerage subsidiary.. Trades averaged out at COP 375,000 million per month on this electronic stock trading platform.

**Fixed Income Securities:** Lead placement agent for 12 of the 15 issued of bonds. Amount awarded: COP 32.9 billion. 20% market share. We handle a volume of Government TES bonds worth COP 7.27 billion averaging out at COP 606,000 million per month, which is approximately the same amount as the total volume traded with local institutional segment.

Finally, we performed the first derivative trades with the international institutional segment, totaling COP 300,000 million, as we continued to expand our range of products for this segment.

Valores Bancolombia Results	2015	2014	Change %
Operating Revenues	157.423	174.427	-9,75%
Net income	9.610	31.820	-69,80%
Equity	220.189	202.603	8,68%
Return on Equity (ROE)	4,40%	15,70%	-11,30%

In millions of Colombian pesos



## Trading Desks

We performed currency and interest rate hedges for clients belonging to different segments by means of derivatives totaling USD 22,498 million which represented COP 45,998 million in revenues for the Group.

Similarly, we purchased and sold derivatives on behalf of a total of 2,254 clients from different segments, with the SME business segment gaining greater ground with 1,580 clients, or 70% of the total.

## Fiduciaria Bancolombia

Assets under management came to COP 55.60 billion, which represent 16% of the entire Colombian trust sector.

We are a key player with regard to the construction sector, helping to sell and market property development and real estate projects. Property sales continues to grow at a sound pace, having risen by 29% year on year. The assets relating to these projects amount to an approximate value of COP 4.10 billion.

## Banca de Inversión

Here we successfully closed 23 transactions in different industries and countries where we operate, for a total volume of COP 7.90 billion.

With regard to structured issues of securities we mobilized resources worth COP 6.80 billion in the form of 18 transactions that allowed us to obtain fees and commissions worth COP 48,634 million in Colombia, Panama and Guatemala. The purpose of these issues was mainly to drive project development in the energy, infrastructure and industrial sectors.

Our main clients include: Grupo Phoenix, Energuate, Celsia, Advent, Opain, Cartones América, Renace, Ingenio La Cabaña, amongst others.

We led the structuring of two bond issues for COP 850,000 million; one for the Terpel Organization worth COP 400,000 million and the other for Leasing Bancolombia worth another COP 450,000 million.

HERE WE SUCCESSFULLY CLOSED 23 TRANSACTIONS IN DIFFERENT INDUSTRIES AND COUNTRIES WHERE WE OPERATE, FOR A TOTAL VOLUME OF COP 7.90 BILLION

Fiduciaria Bancolombia Results	2015	2014	Change %
Operating Revenues	258.882	231.611	11,77%
Net income	92.757	60.616	53,02%
Equity	282.355	252.190	11,96%
Return on Equity (ROE)	32,90%	24,00%	8,90%

In millions of Colombian pesos

Banca de Inversión	2015	2014	Change %
Operating Revenues	118.861	44.033	169,94%
Net income	71.814	37.671	90,63%
Equity	630.636	550.667	14,52%
Return on Equity (ROE)	11,40%	6,80%	4,60%

In millions of Colombian pesos

## Factoring Bancolombia

We managed to consolidate our position as an important partner for our client companies in managing their accounts receivable and payable, and strengthening our relationships with their communities of clients and suppliers, numbering approximately 450, ending the year with disbursements close to COP 12 billion.

We have been strengthening our value proposition for exporters achieving a 37% growth in the volume of export operations; so we ended the year with five communities, 17 importers and disbursements of USD 58 million.

We strengthened our alliance with the retail organization, Grupo Exito, where we carried out Confirming operations, and obtained a growth of 33% in disbursements (30% corporate clients, 52% SMEs) with an average increase of 32% for our loan portfolio. So we have positively impacted a significant number of suppliers (471 for growth of 43%), 52% more new clients than for the previous year, among which 230 are SMEs and 59 companies.

## Asset Management

Through Fiduciaria Bancolombia and Valores Bancolombia, this firm's AUM came to COP 22.2 billion. Out of this amount COP 13.5 billion corresponded to mutual funds and COP 8.7 billion to delegated portfolios. These AUM provided COP 221,674 million in fee and commission income representing a growth of COP 18,245 million (9%) compared to the previous year

Our growth in managed mutual funds was higher than that of the local market, that is to say, 9.6% compared with 1.0% of the industry. Consequently our market share reached 29.8%, for a year-on-year growth of 3.3%.<sup>[1]</sup> Similarly, we increased the value of our service in terms of our funds, designing initiatives to facilitate client transactions, restructuring our current offer of funds, implementing regulatory changes, developing capabilities for alternate channels, strengthening cross-cutting functions, and launching other ideas in response to new investment needs. This produced an increase of more than 59,000 accounts for a total of 780,177 managed accounts.

## Banistmo

We integrated our specialized lines of business with regard to the capital markets (Investment Banking, Trust Funds, Distribution and Sales) with the aim of connecting up our subsidiaries for a much more in-depth knowledge of their different businesses and their needs.

We participated as a trusteeship of guarantee, administration and source of payment for structuring the financing provided by the Interamerican Investment Corporation (ICC) for the company, Divisa Solar, a member of the Ecos Group, for developing, building and operating a photovoltaic solar energy generating plant.

We drive community development by closely working with the real estate industry, obtaining approvals for COP 500 million in real estate projects.

## BAM (Guatemala)

We continue to drive the country's retail sector with working capital loans totaling USD 86 million.

We also took part in a syndicated loan for Renace, a company that is establishing itself as the largest private hydroelectric complex in Guatemala. This loan was worth a total USD 340 million, of which USD 230 million corresponded to Grupo Bancolombia.

**RAISING OF FUNDS IN FOREIGN CURRENCY FROM BANCOLOMBIA PANAMA, BANCOLOMBIA CAYMAN, BANCOLOMBIA PUERTO RICO, AND PANAMA BRANCH, EXCEEDED USD 4,544 MILLIONS; THIS ACCOUNTS FOR A 7% INCREASE**

Factoring Bancolombia	2015	2014	Change %
Total assets	2.401.447	2.147.800	11,81%
Productive assets	2.453.908	2.198.835	11,60%
Net income	6.429	4.124	55,89%
Income before provisions	59.227	57.803	2,46%
Equity	102.133	97.264	5,01%
Return on Equity (ROE)	7,20%	5,08%	2,12%

In millions of Colombian pesos

[1] estimates corresponding to the Mutual Fund Industry's own figures based on the information reported by Trust Funds and Brokerage Firms to the Colombian Superintendency of Finance. Figure do not include Private Equity Funds.

Banistmo (Panama)	2015	2014	Change %
Assets	3.408	3.184	7,04%
Liabilities	2.022	1.620	24,81%
Market size	5.430	4.800	13,13%
Sales	105	94	11,80%

In millions of Colombian pesos

BAM (Guatemala)	2015	2014	Change %
Assets	2.015	1.755	14,78%
Liabilities	483	404	19,49%
Market size	2.498	2.160	15,67%
Sales	47	43	7,49%
Operating expense	6	5	9,27%
Net income	41	38	7,24%

In millions of Colombian pesos

## Banco Agrícola (El Salvador)

Banco Agrícola became the first financial institution in the country to issue bonds on the international market, when it raised a total of USD 300 million, among more than 200 investors from various parts of the world.

We achieved a recovery in our deposit-taking through increased tax collections, recruiting major corporate clients and becoming more proactive in the Government banking segment.

We were named as the bank that provides the most support to Salvadoran industry by the Salvadoran Association of Industrialists, in token of our work in driving business, creating jobs, encouraging regional expansion and helping with the country's development by providing the industrial sector with loans worth USD 472 million.

## Perú

Net income for all Grupo Bancolombia's subsidiaries in this part of the world came to USD 14.60 million at year-end. This was made possible thanks to a significant growth in fees and commissions, new businesses, an efficiency indicator of 24.32% and a non-performing loan ratio of less than 1.39%.

"BANCO AGRÍCOLA" BECAME THE FIRST INSTITUTION IN EL SALVADOR TO ISSUE BONDS IN THE INTERNATIONAL MARKET IN THE AMOUNT OF

**USD 300**  
MILLIONS

## Bancolombia Peru Representation Office

We expanded this agency's product portfolio by including import factoring and renting arrangements in local currency, referrals to and deposit-taking with Bancolombia Panama and co-financing agreements with Cofide. This new range of products is allowing us to provide better support and enhance our positioning with clients.

IT IS WORTH MENTIONING THE INCREASE OF PROFITS IN ALL AFFILIATES OF GRUPO BANCOLOMBIA IN PERU; CLOSING IN

**USD 14,60**  
MILLIONS AT THE END OF THE YEAR

## Renting Perú

We hired a new insurance brokerage firm (catering to productive assets) with which we obtained savings. We also renegotiated our insurance rates for an additional efficiency of 10% for pickup trucks and 14% for larger trucks, thus increasing our competitiveness in sectors considered vital for securing the targeted growth in our operating lease business in Peru.

## FiduPerú

Here we carried out 34 transactions on the local market. 32% of all transactions carried out serve as collateral for subsidiaries belonging to Grupo Bancolombia and 80% for guaranteeing transactions on the local financial market.

Banco Agrícola (EL Salvador)	2015	2014	Change %
Assets	1.895	1.897	-0,10%
Liabilities	800	788	1,50%
Market size	2.694	2.685	0,40%
Sales	51	57	-10,20%
Operating expense	25	25	-1,20%
Net income	27	32	-17,20%

In millions of USD dollars

FiduPerú Results	2015	2014	Change %
Assets	3,9	4,0	-2,43%
Liabilities	0,2	0,1	219,12%
Market size	3,7	4,0	-6,22%
Income before provisions	1,4	1,4	1,40%
Net income (excluding exchange differences)	0,3	0,2	7,69%

In millions of USD dollars

Bancolombia Peru Representation Office	2015	2014	Change %
Assets	361	346	4,49%
Market size	33	34	-3,29%
Income before provisions	12	11	7,53%
Net income (excluding exchange differences)	9	(5)	293,44%

In millions of USD dollars

Renting Peru Results	2015	2014	Change %
Assets	53	64	-17,13%
Liabilities	48	57	-16,35%
Market size	6	8	-23,00%
Income before provisions	8	5	60,00%
Net income (excluding exchange differences)	4	2	65,92%

In millions of USD dollars

## Leasing Perú

Leasing Perú	2015	2014	Change %
Assets	99	130	-23,63%
Liabilities	84	113	-25,76%
Market size	15	16	-8,96%
Income before provisions	4	4	-7,56%
Net income (excluding exchange differences)	1	1	-26,87%

In millions of USD dollars



## Valores Bancolombia – Panamá

Having celebrated our first 10 years in the financial sector, we remain even more committed to allowing our clients access to major markets in different sectors of the world economy, mainly the United States.

During our first decade of operations we have purchased and sold more than USD 27 billion in securities for our clients.

In turn, we have managed approximately USD 750 million in assets for more than 2,000 Colombian and Central American clients, being the third largest brokerage firm in Panama in terms of trading volumes.

Valores Bancolombia Panamá	2015	2014	Change %
Operating Revenues	7,0	7,4	-5,41%
Net income	0,1	0,8	-84,39%
Equity	17,7	17,8	-0,56%
Return on Equity (ROE)	0,07%	4,66%	-4,59%
AUM	721	823	-12,36%

In millions of USD dollars

## Bancolombia Panamá

We are the top international-licensed bank in the country to be certified under the ISO9001 standard, this governing e-banking, fixed-term securities, complaints, grievances and compliments.

Our loan portfolio and strategic investments rose by 8% (USD 412 million) and 12% (USD 151 million), respectively, due to having extended our stake in Grupo Agromercantil Holding, GAH..

Client deposits rose by 3% (USD 131 million), thanks to the increase in clients based in South America, mainly Peru.

## Bancolombia Puerto Rico

We increased our volume of savings, checking and money market accounts along with our client base, going from an average of USD 700,000 held in these accounts to an average of USD 19 million by year-end 2015.

51% of our loan portfolio is held by our corporate clients Peru, which are driving the country's development along with the growth of their own companies.

Long-term deposits reached USD 60 million on the part of our Peruvian institutional, thanks to the BBB + rating issued by Fitch Ratings, which was the same rating given to Bancolombia S.A. and our local AAA rating was upheld for the 15th straight year.

BANCOLOMBIA PANAMA WAS THE FIRST BANK TO HOLD AN INTERNATIONAL LICENSE TO OPERATE QUALITY CERTIFIED PROCESSES UNDER THE ISO9001 STANDARD

# ISO9001

Bancolombia Panamá y Cayman	2015	2014	Change %
Assets	5.432	5.055	7,45%
Liabilities	4.451	4.184	6,38%
Equity	980	871	12,60%
Net income	113	108	5,02%

In millions of USD dollars

Bancolombia Puerto Rico	2015	2014	Change %
Assets	472	350	34,86%
Liabilities	369	251	46,91%
Market size	103	99	4,28%
Operating revenues	7	8	-9,06%
Net income	4	6	-26,63%

In millions of USD dollars

## Closer relationships with our clients

WE ENDED THE YEAR WITH A NET PROMOTER SCORE OF 71.6%, FOR OUR CORPORATE AND GOVERNMENT BANKING SEGMENT IN COLOMBIA, WHICH FAR EXCEEDED THE TARGETED 60%. WE ALSO SIGNIFICANTLY REDUCED OUR CLIENT DEFECTION RATE FROM 7% TO 4%.

## Corporate clients

We work to get closer to our clients and earn their confidence so that we may help them make the best possible decisions, through a portfolio of products specially designed for their needs and aspirations.

### Colombia

Colombia  
We participated in the financing awarded to Grupo Exito with the purchase of a 50% stake in the voting rights of Grupo Pão de Açúcar, one of the largest retail chains in South America along with a 100% stake in the Libertad chain of supermarkets in Argentina. Bancolombia held a 25% share in the total financing provided, this totaling COP 1, 29 billion.

We also granted an important loan worth COP 160 million for Advent International, in order to acquire a 30% stake in the share capital belonging to LifeMiles Corp.

We helped to drive the local and international expansion of our retail clients, which accounted for an increase of 28% in our loans for this important segment. We also provided loans worth COP 376,000 million to our clients in the manufacturing sector, as well as COP 893,000 million in agricultural loans (Finagro).

We designed the first App in the history of Renting Colombia, in support of our real-time inspection and maintenance program for the fleet leased by our clients. We went from an average of 4989 to 6264 vehicles inspected per month, which represents a 25.56% increase in the amount of checks carried out.

We extended our international factoring business to companies in other parts of the world through our regional cash management network managed by one of our subsidiaries in Colombia. Billings, in terms of cross-border factoring agreements between two factors, through Factor's Chain International, rose by 25%.

We doubled the number of corporate clients for whom we provide direct consultation and collection services (of the web service type), facilitating their account reconciliations and reducing lead times or public utility reconnection delays, for a 10.70% growth in commission revenues.

We helped our corporate clients to handle their liquidity much more efficiently, which increased our deposit-taking by COP 2.60 billion, helping us to keep our lead in the Colombian banking system with a share of 21% of the country's total deposit and demand accounts.

We took the first steps in implementing our Regional Cash Management framework, for the purpose of creating a single on-line banking channel allowing our clients to access the savings and checking accounts, loans and CDs held with Grupo Bancolombia on the international markets .

With our "green" line of credit, we provided COP 140 thousand million in financing for a

total of 69 environmental projects focusing on cleaner production, energy efficiency and renewable energy. We have also extended our range of products with a new line of credit funded by the Corporacion Andina de Fomento (CAF) for a total of USD 60 million, which is due to be launched in 2016.

We have redesigned our business models (technology, cross border and residential leasing) so as to provide a more rounded offering. Similarly, we are aiming to provide a more pleasant client experience with our new import model, thereby providing greater benefits in terms of timeliness, cost and traceability.

### Panamá

Today, we are a bank that supports the energy sector, for which we have provided our financial advisory services, recording the highest share among local and international investors in the public issue of AES de Panama bonds amounting to USD 300 million.

We also relaunched our leasing product, obtaining a 91% year-on-year increase with COP 72 million in new placements. This is allowing us to help build growth opportunities for our clients through the financing of movable assets

We supported one of the most important transactions to be carried out in Panama by facilitating the Grupo WISA S.A. a leading distributor of international luxury brands in Latin America, to acquire 100% of the share capital belonging to **Felix B. Maduro SA, offering a comprehensive portfolio** for handling the operating accounts of the acquired company together with its payroll, cash management functions, co-branded credit card and retail outlets.

### El Salvador

Banco Agricola launched a new security feature consisting of a soft token application that connects entrepreneurs and decision makers with the facility of having their own security pass-

word (OTP- one time password) enabling them to gain access to our on-line banking channels in a secure, user-friendly fashion.

We opened four new "Expressarial" service centers providing our clients with specialized assistance, connecting up businesses and government agencies and enabling them to be more efficient in their daily operations, thereby cutting down on the time it normally takes to attend this particular client segment in a normal "bricks and mortar" branch office. Our clients obtained benefits such as reducing operating risks since these centers are situated in private, secure and accessible locations where transactions and other service initiatives are offered. A total of 1,368 corporate clients are now using these centers.

### Guatemala

We helped the local construction sector with a series of property development projects, including shopping centers, office and apartment buildings as well other housing projects amounting to USD 60 million. We also provided support to the local sugar-manufacturing industry with their energy generation projects.

We participated in the financing of the first wind power generation project to be started up in Guatemala, through a syndicated loan on the part of BAM and Banistmo, for a total of USD 45.50 million, this representing 50% of total financing required.

### Perú

We developed a new recruitment strategy with institutional clients for the purpose of handling excess liquidity on the part of large-scale companies and in so doing diversify our sources of dollar-denominated funding. This strategy allowed us to negotiate the very first certificate of deposit for the Bancolombia Panama Branch worth USD 25 million with our client *Inversiones Centenario* of Peru.

# Government

Driven by the hope of a better tomorrow in supporting development and providing higher quality services to the people of the countries where we are present, we made a firm commitment to help central governments with their own development plans.

## Colombia

Here, we achieved a market share at year-end 2015 of 16.8% versus 16.1% in 2014. This goal, coupled with the challenges we face in terms of helping central governments with issues such as online government policy, the implementation of a Single National Account and changes in tax laws have allowed us to contribute our grain of sand to the progress of these nations.

**Infrastructure:** We continue to consolidate our leading position by managing the stand-alone trusts of a significant number of new concessions of fourth generation (4G) highway projects, with which we are increasing our share of the businesses associated with infrastructure projects under management which were collectively awarded increases by the Colombian Government to the various franchises in an amount totaling more than COP 20.3 billion.

We also provided our support to the second stage of expanding Cartagena's Regional Port Authorities with financing issued through Leasing Bancolombia for five new industrial cranes for a total of USD 45.24 million.

We signed an alliance with CCI Marketplace, a subsidiary of the Colombian Chamber of Infrastructure, who chose us to provide solu-

tions for improving its members' financial efficiency, as well as for reaching out to more than 21 communities with almost 3,000 suppliers, mostly SMEs and small-scale entrepreneurs.

**Education:** We approved loans worth COP 70,000 million to clients from the construction sectors involved in the Colombian Ministry of Education's Educational Infrastructure Plan, aimed at building, retrofitting and expanding school facilities.

We also helped 90,000 students receiving scholarships from Icetex with their monthly tuition installments, providing transactional support collecting approximately COP 263,000 million per year, with a 48% share of the total.

We also provided our advisory services for the largest purchase of technology in the country worth COP 1 billion aimed at achieve optimal efficiency in the financial management of resources used to train 40,000 teachers.

**Productivity and Employment Plan (PIPE) Version 2.0:** Here we were present with our rediscount lines through which a total of 328 transactions were rediscounted corresponding to approximately COP 217,577 million in disbursements.

We also provided support to our public policy initiatives drawn up by the Ministries of Labor and Agriculture as well as the Department for Social Prosperity - DSP, with programs such as My First Job, Temporary Rural Employment and Let's Work Together, where we were able to bancarize more than 7,000 beneficiaries located in the more remote rural areas who up till now had no access to financial services.

**The Environment:** We were also involved with the SECO (Swiss State Secretariat of Economic Affairs), signing eight loan agreements worth COP 1,169 million as well as a "green" line of credit covering a total of signed 17 agreements for COP 18,302 million in amounts disbursed.

**Social Security:** we helped almost 500,000 pensioners to receive their monthly payments for an increase of 29% year-on year. This meant managing more than 3 million social security forms as a financial operator and more than 4 million registered beneficiaries, being the No. 1 bank with 10% share of the total.

**Online Government Services:** here, we provided our services for processing and paying Free and Clear Property Title Certificates and property registration fees through electronic and direct payments throughout the network of offices belonging to the Superintendency of Public Notaries and Registries, collecting a total of COP 506,618 million in the form of 1,085,692 transactions.

**Highlight # 1:** Facilitating municipal tax collections nationwide with the main local authorities in the country with which we have entered into collection agreements. We moved almost COP 349,000 million in cash resources, which meant an increase of 50.6% compared to 2014, far exceeding the targeted 30%.

**Highlight # 2:** we were awarded a public tender by FOPEP - the Colombian Public Pension Fund, in conjunction with Fiduciaria Bancolombia, through which we shall be handling more than COP 28 billion in cash funds over the next three years by channeling monthly payments to a total of 328,000 pensioners.

**Antioquia:** We provided support to the Department of Antioquia with financing worth COP 120,000 million for building infrastructure projects, thereby helping to develop each of the work fronts defined by local authorities (education, infrastructure, security, job creation, among others).

**Central Colombia:** We provided COP 144,000 million in financing with rates subsidized by Findeter for building a water mains system going from the Tona River Reservoir to the city of Bucaramanga.

**The Caribbean Coast:** We disbursed a total of COP 58,000 million for paving, recovering and retrofitting roads in Barranquilla and also helped to improve parks and recreational facilities and enhance educational infrastructure in this same city.

Southern Colombia: We provided COP

50,000 million in financing for building the new Ukumari Bio-Park in Pereira and modernizing the corresponding treatment plant, thereby enhancing the city's recreational, cultural and tourist attraction.

## El Salvador

We also helped to finance the P @ goes (Salvadoran Government's Electronic Payment Platform) for its Social Housing Fund (FSV), thereby facilitating on-line loan repayments for all our clients in this part of the world. The FSV has granted more than 122,000 loans and about 57% of its clients pay their loans directly.

## Perú

We are supporting education in this country by providing a medium-term loan of USD 10 million to a chain of educational establishments, called Innova Schools. Through this investment, we are providing more than 35,000 middle-class students with the opportunity of receiving quality education through 34 schools located in 9 cities.

We granted a loan of USD 40 million for the IIRSA highway stretching along 350 kilometers connecting up towns and villages with the rest of the country and enhancing the living standards of the local communities.

We also financed the Gases del Pacífico project on the part of Grupo Promigás Group in the amount of USD 21.5 million, thereby helping to provide more than five cities in northern Peru with their own supply of natural gas.

WE FINALLY ACHIEVED MANAGEMENT OF FOPEP (NATIONAL PUBLIC PENSION FUND) WITH "FIDUCIARIA BANCOLOMBIA." THROUGH THIS FUND, WE WILL MANAGE FUNDS UP TO \$ 28 BILLIONS IN THE COMING THREE YEARS, IN ORDER TO PROCESS AND PAY THE ALLOWANCES OF OVER 328,000 PENSIONERS.



## Access to the securities market



### Fixed Income Plus Fund

We launched our new Fixed Income Plus fund, being the first bank in Colombia to offer a fund that invests in issuers other than those with AAA ratings or non-traditional issuers, with the aim of earning higher returns albeit with a higher risk. In less than three months this fund has outperformed a total managed volume of COP 80,000 million.

### Sales Service Model

We continued to build up our sales service model incorporating a service initiative with a reach of 300,000 clients nationwide, backed by contact center and CRM technology enhancing the traceability of client transactions. We are also fulfilling our service promise within 30 seconds as of the moment the first contact is established. With this model, we have become the best option for clients with medium to low requirements in terms of needing advice with their investments and trades on the Colombia capital market.

### New Platforms

We implemented two new platforms which allow us to consolidate our capabilities for product development, risk management and process efficiency, while enriching the experience of our clients. The Fidessa platform is aimed at our international counterparts and the Sungard platform deals with our stock brokerage firm's proprietary position, so as to be able to draw up trading strategies based on mathematical algorithms.

## Renewing value

We acted as lead placement agent through Leasing Bancolombia for a BANCOLDEX line, called My Competitive SME, rediscounting approximately COP 70,000 million out of a total quota of COP 100,000 million.

Our international trading desks scored a growth that worked out to be 2.8 times the total amount traded in 2014. One example of this were the Eurobonds (Colombian sovereign and corporate bonds denominated in dollars), where volumes and net income rose 11.3 times the figure recorded in 2014, positioning our capital market platform on the same footing as well-known international banks.

We united our efforts with different teams of staff from our trust subsidiaries abroad, thereby allowing our clients to feel that we are the extension of the same bank in different countries. This was the case of the Free Trade Zone, Factoría Quinoa Zona Franca S.A.S. for which we structured a trusteeship of guarantee, administration and source of payment on the part of Banistmo, having been referred by Fiduciaria Bancolombia and structured by the Banistmo's trust fund staff.

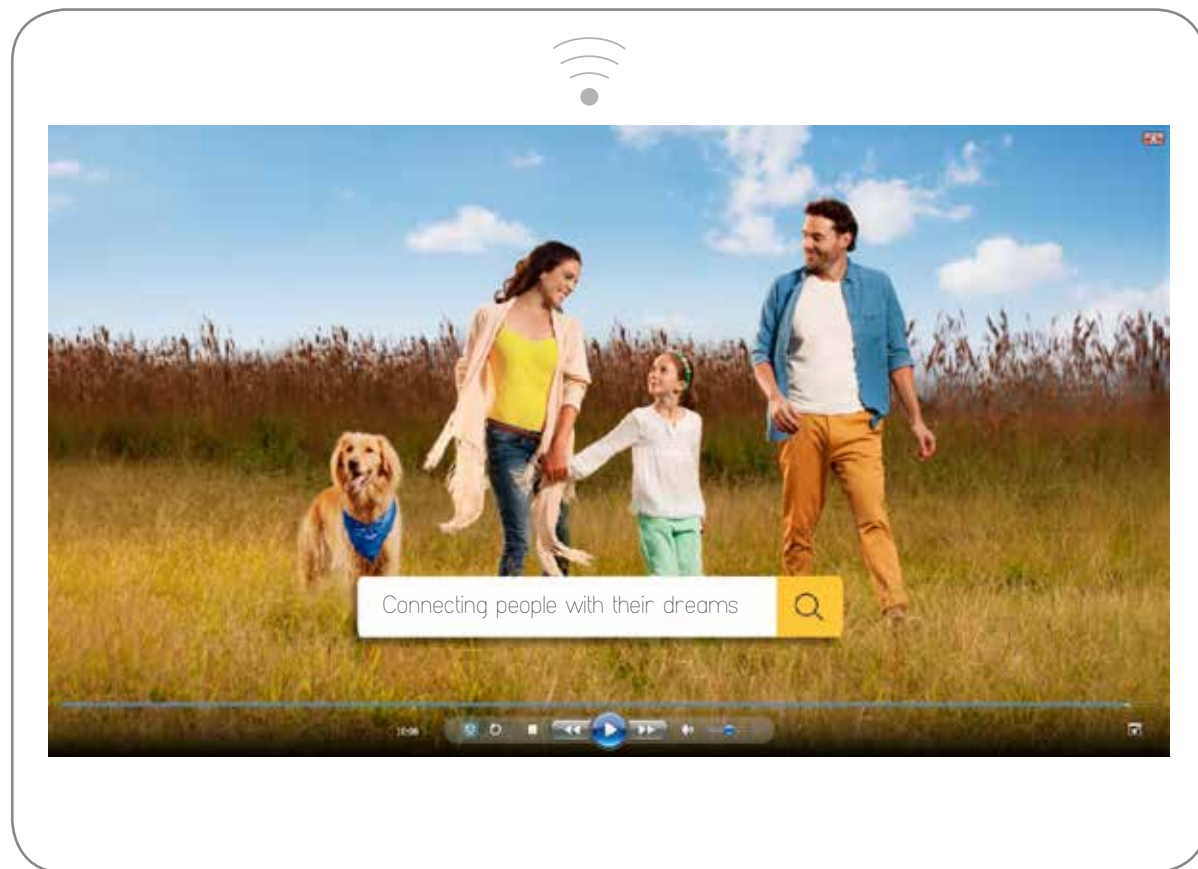
We created an International Desk in order to provide a new model of specialized care to meet the needs of Asset Management Companies, Hedge Funds and Family Offices abroad. This model allows international clients to carry out business arrangements in Colombia using the products and services offered by the desks that manage the bank's own position in Colombia: such as peso- and dollar-denominated Co-

lombian government debt, interest rate and foreign currency derivatives.

We also helped the Tribeca Energy Fund to monetize USD 240 million from the sale of its stake in a company abroad. This was the first major monetization carried out last year by our Institutional Desk.

We also staged sixth issue of bonds on the part of Leasing Bancolombia which received bids for 2.1 times the amount offered, that is to say COP 743,015 million.

WE WERE THE FIRST BANK  
IN COLOMBIA TO MANAGE A  
FUND INTENDED TO INVEST  
IN ISSUERS HOLDING RATINGS  
OTHER THAN "AAA" OR  
NON-TRADITIONAL ISSUERS



Greater  
convenience  
for all our clients

## Bancolombia's On-Line Consumer Banking Service:

### Revamping our on-line banking channel

Availability Rate: 99,49%

Since our financial consumers are becoming far more immersed in the digital world, we have completely revamped our on-line banking platform, offering clients a quality eBanking solution on a par with the best companies in the world. We now have a content site that provides information for our products and services by identifying the needs of our clients, with a clean, intuitive design that invites the user to jump in. We revamped our platform which recorded 563 million transactions representing 23% of the Organization's total transactions, for a year-on-year growth of 13,7%.

### Bancolombia a un Clic (Bancolombia Just A Click Away)

We are creating an increasing number of products and services that our clients can manage completely by themselves. We received a total of 1.2 million applications, 17% of which corresponded to requests for products and the remaining 83% consisted of requests bank references and bank statements, among other documents. Efficiency: COP 2.500 million.

### Valores Bancolombia Panama On-Line Banking Site

We refurbished our services so that our clients can now check on their investments and may receive their account statements via the Internet, just two days after the end of the month, containing details of their account positions and movements.

### El Salvador

**Advance Salary Payments (ASP):** this option is for clients holding a product offered via our electronic channels, enabling them to immediately draw on a maximum limit of cash, without having to go to a bricks and mortar office or requesting the help of an account executive. 124.123 ASP agreements . USD 13,980,792 in advanced salary payments.

# Mobile banking



We are enhancing the mobile banking experience we provide our clients. For the first year in our entire history, our mobile banking channels rank in No. 1 place in terms of total transactions performed nationwide through this means, with a total of 597 million for 2015, representing a year-on-year increase of 88%. This was the direct result of the constant innovation introduced in order to encourage more widespread use of this channel.. This included QR Codes for transferring data, APPs for tablets and the dedicated APP for our Handy Savings product, not forgetting the Bancolombia A Un Clic service and our chat capabilities, amongst others.

## Mobile wallet:

Upon registering their Bancolombia credit cards with this program, our clients are able to pay in different affiliated establishments using only their mobile phone. We are the first organization to offer this new alternate payment method, creating a much better experience for our credit card clients. So far our Mobile Wallet app has been downloaded 87,115 times and 6,709 data phones have been equipped with this new technology. 29,904 successfully registered clients who have made 1,554 purchases and produced billings of COP 53.5 million.

## QR code transfers:

We launched our QR code transfers as an extension to the bank transfers we offer to non-registered accounts between the Bancolombia App's client base, for a more innovative user experience thanks to new mobile technologies. 39,534 successful transactions and 27,861 bank transfers.

## My team app:

This app was especially designed for our football fan clients and is available at the App Store, Play Store and Windows Store. 35,534 downloads.

Availability Rate: 99,75%

## App Banistmo:

We launched this mobile app which shows a local map of branch offices and/or ATMs, pinpointing the nearest ones, along with other services such as performing bank transfers, and payments and requesting information and products. Downloads: 18.351. Transactions: 791,218

## App Guatemala:

We launched a new version of our application for mobile phones that allows clients to log-on using their fingerprints, locate channels through the Waze app, pay 64 different services offered by our affiliated establishments and view the balances held with their different products. 2 million transactions processed per year 49% growth, compared to 2014. 58% growth in users. Available for more than 61,000 thousand users.

Availability Rate: 98,43%

## Bancolombia App:

3,688,818 downloads, so far making this the most downloaded app in Colombia on the App Store, Play Store and Windows Store. We have enabled this application for tablets with IOS and Android operating systems, and a new transaction has been developed allowing transfers of funds using mobile QR technology. Active clients: 1,503,390, number of transactions: 531 million. Value: COP 32.9 billion.





## Enhanced client care at branch office level:

### Colombia:

#### 'Easier for everyone' project :

We are revamping the way we provide our services at branch office level with the help of our regional headquarters throughout the country. Here we seek to optimize our teller service, reduce waiting times and generally speaking enhance our clients' experience with new, multifunctional ATMs and a robust network of banking correspondents located just 100 meters away from those branch offices offering financial services exclusively.

This project began in 81 branch offices in Colombia, decreasing waiting times for our clients from an average of 45 minutes to just 24 minutes. We also reduced our client defection rate from 20% to 11%.

#### Multifunctional ATMs:

We created this new channel for clients to make cash deposits and pay bills without any outside help. We installed 193 multifunctional ATMs through which 246,055 cash deposits were performed along with payments of more than COP 225,000 million

#### Extending our correspondent banking network

so as to remain closer to our clients, we increased our Correspondent Banking network by another 3,785 POS, for a total of 6,595 POS at year-end 2015. Today, we are proud to announce that our correspondent banking network now account for around 60% of the transactions performed at branch office level, that is to say a total of 75.6 million for a year-on-year increase of 45%.

### Banistmo:

In order to improve the lives of our clients, we implemented a new service model at branch office level with which we have achieved a 24% reduction in overall waiting times in terms of our client care and other services and another 60% reduction in the average transactions performed at teller level thanks to the new counting machines.

We launched a new e-payment service as an alternative channel with more than 80 POS, thus increasing our coverage. Different transactions can be performed through this channel, reaching more than 900 transactions at year-end 2015.

### Guatemala:

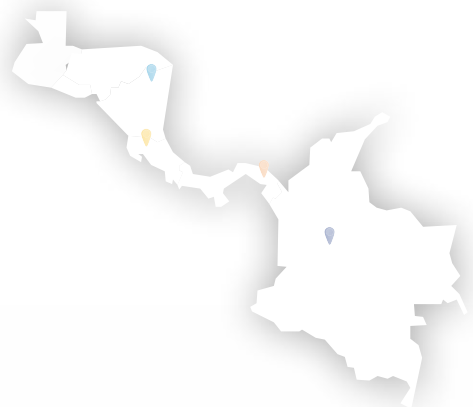
We are working on innovating our clients' experience by setting up contact centers and alternate channels, through which more than USD 8.4 billion in additional "extra-financing" loans have been provided along with 6,105 credit cards and USD 534,000 million in consumer loans.

In order to be able to improve upon the service we provide, we have made changes to our sales force, who now no longer specialize in one single product but in a whole range in order to satisfy our clients' every need. This has allowed us increase the volume of consumer loans placed by more than USD1.2 million.

New digital trends are changing the financial consumer, who now require that we provide more innovative and timely services. Consequently we have set new guidelines with regard to our distribution channels these focused on:

Encouraging the virtualization of money / Encouraging the use of electronic money on the part our clients / Encouraging clients to handle their own products autonomously / Becoming the No. 1 bank in terms of user experience. This is being achieved as follows :

We have over 2 million active clients registered with our Mobile Banking channel, 43.8% more than for 2014. This client segment accounted for, approximately 590 million transactions corresponding to 24.5% of the total volume of transactions conducted with the bank.



Bancolombia-Colombia	Banistmo-Panamá
827 Branch offices	47 Branch offices
4,084 ATMs *	323 ATMs
6,595 Banking Correspondents	73 Banking Correspondents
564 Mobile Points of Service (outlying areas)	36 Mobile Points of Service (outlying areas)
6,188 Electronic PACs (Neighborhood Points of Service)	
* Including 193 multifunctional ATMs. Availability Rate: 97,06%	
Banco Agrícola-El Salvador	BAM-Guatemala
97 Branch offices	220 Branch offices
561 ATMs	172 ATMs
215 kioscos.	
100 Banking Correspondents	
43 Mobile Points of Service (outlying areas)	

Grupo Bancolombia's network in the countries where we are present consists of the following:

1.191 branch offices	Availability Colombia: 93,82% Panamá: 99,23% El Salvador: 98,85%
5.860 ATMs	
6.188 Electronic PACs (Neighborhood Points of Service)	

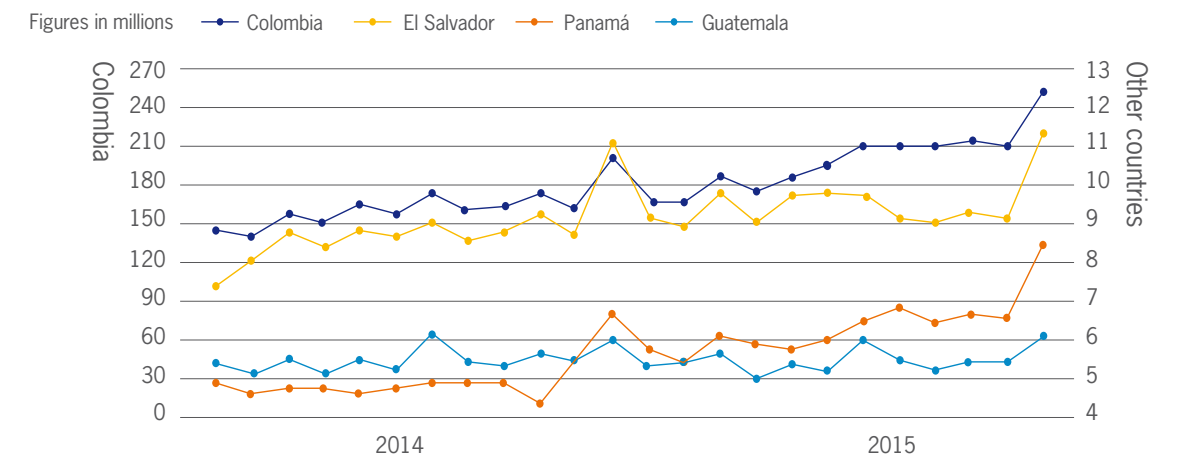
Channels map <

> Evolution of transactions

transactions 2015

Colombia	23,2%	2.418 millions
El Salvador	8,7%	111,2 millions
Panamá	31,9%	72,1 millions
Guatemala	0,3%	61,1 millions

Evolution of transactions



Digital channels (Consumer, Corporate and mobile banking ) represent about 60% of the Bank's total transactions with our branch offices now accounting for just 5% of this figure.

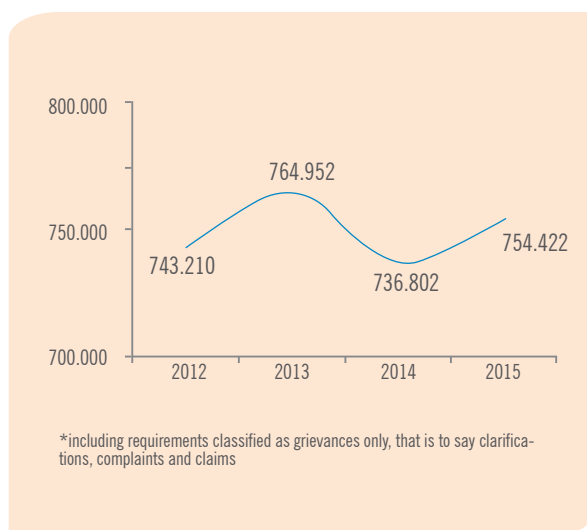
We provide more than 4.4 million products through all our channels; on average 23% of these are channeled outside our branch office network.



# An impeccable operating performance

Given our commitment to the way in which we cater and respond to our clients, we introduced improvements to our processes, which has allowed us to provide them with a more impeccable, straightforward, timely and quality service .

Client Requirements 2012 -2015*	2015	2014	2013	2012
Number of requirements *	754.422	736.802	764.952	743.210
YoY change	2,39%	-3,68%	2,93%	22%



Fewer requirements compared to growth in client base and transaction volume, showing an increase of only 2.39% year-on-year compared to the 9,82% increase in our client base and 24.19% in transaction volume.

We achieved a 106.5% compliance rate with regard to our goal of attending to client requirements, thanks to the fact that in 2015 we secured a 92.7% rate of delivering on our promise of a timely response which exceeded the original target of 87%.

51.3% of all requirements were addressed when first reported, the remaining 48.7% were resolved between 1 and 2 working days afterwards, thereby shortening our previous response time which was

between five and six business days.

We improved our client requirement service levels by 24%. Only 0.96% of the requirements received were not resolved to the client's satisfaction.

We implemented the 'Angels' program for a more personalized attention, in getting closer to our clients and understanding and helping those going through difficult situations.

We also shared a technological tool with the Financial Consumer Ombudsman that has been assigned to the Bank, which helps to inform, manage, monitor and track all those cases filed by clients before this government official. We improved our dialogue with our clients through on-line communications and SMS messages in plotting the status of their requirements.

## More solutions

We deployed a special service for clients to make withdrawals from their AFC accounts for purposes other than purchasing housing through our Telephone Help Line and our on-line channels (except chat), through which we attended a total of 3.000 requests.

We helped our consumer clients providing personalized guidance through our Telephone Help Line for purchasing and selling foreign currency, reducing our service times from 3 hours to an average

of 15 minutes. We also eliminated the formalities for issuing apostilled powers of attorney for Colombian residents abroad, as well as hardcopy forms for all our clients.

We implemented a new corporate on-line banking service for requesting and managing transactions relating to international trade, namely Foreign Currency Trade Finance. This service also offers the possibility of tracking the transaction, including the status of the operation itself, commissions and fees charges and the associated SWIFT messages.

We placed a new payroll deduction product with a total of 491,218 clients so far, allowing us to reduce branch office traffic. This allows us to exchange files with all those companies who have signed payroll deduction agreements with us through the platform belonging to the BPO firm, Enlace Operativo and we enabled a new payment method through the PSE on-line payment button. Currently 57% of our payroll loan portfolio has migrated to more than 3,800 agreements, which mitigates the risk of failing to comply with that stipulated in Circular 052 (governing information confidentiality).

## Changing from within for the benefit of our clients

We seek to fulfill our purpose of becoming quicker off the mark and providing timely and straightforward solutions while streamlining our processes for more opportune service

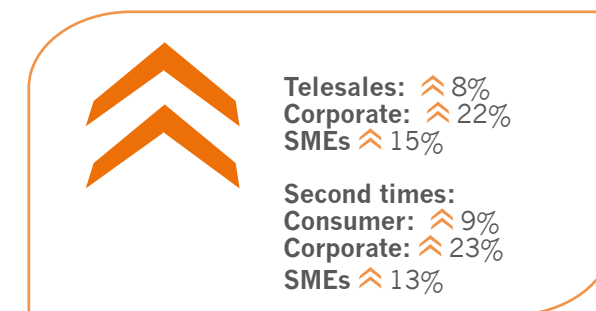
**Initiative Management:** we deployed more than 700 continuous improvement initiatives on an internal level, 35% of which was aimed at enhancing client-facing processes.

**Comprehensive Installed Capacity Model:** we have increased the quality of life of our employees, making people happier and more disposed to working and dealing with clients, this upon reducing overtime by 64%, going from 2885 hours between January and September 2014 to just 1048 hours for this same period in 2015, while attending more than a 20% growth in our tran-

saction volume and increasing our productivity from 93% to 97% by using a collaborative work methodology, which has allowed us to increase the number of clients attended by the same number of employees.

**Coordinator teams:** we developed a new form of collaborative work that allows us to evaluate processes from beginning to end, striking just the right balance between service, risk and efficiency. Achievements in this regard include renewing corporate credit cards before these expire in 100% of the cases during a period of just 10 months.

We also gave priority to six different services with this methodology, namely real estate solutions, payment methods, consumer banking, international trade, capital markets, leasing, financing and client engagement..We also provided more timely deliveries of new credit cards, as shown below:



**Micro SME service model:** We went from requiring 50 client income declaration forms to just 12, thanks to having trained our sales force to collect the client's financial and socio-demographic information when first visiting the client in question.

## Banistmo

We deployed new tables that helped us reduce processing and approval times for our mortgage loans from 11 days to just 24 hours .Thanks to having migrated to the new TDC Oh Cards platform, we have reduced our plastic delivery times from 15 to 8 days,allowing us to fulfill our promise of a simple straightforward service.

### Changing Dreams to Share Knowledge

When Diana arrived in the village all children of the Bora tribe (Amazonas) welcomed her right away. They were happy because they spend every afternoon listening to stories and strengthening their traditions. This was Diana's dream some years before when she was traveling to Bogota to start her linguistic studies.

Today, her effort has been rewarded when she returns to her home town and sees the expression of pride and joy

in the curious children's faces. She used to carry a backpack full of dreams; today, she shares with a suitcase full of books. This is an extraordinary story where Diana was supported by his father and "Fundación Bancolombia" (Bancolombia Foundation). Over 1,400 people (like Diana) from the entire country are beneficiaries of "Fundación Bancolombia" Scholarship Program. To promote education is to give people more development opportunities; another proof of the actions that are the grounds to be recognized as the most sustainable bank of the Americas.



## Consolidating Our Humanistic Banking Model

We have continued to drill down on our Humanistic Banking approach, including our process, technology and human talent management functions under one single governance model, with a much greater regional scope. All this shall be supported by the efforts of our Humanistic Banking Department, which was created as part of our overarching purpose to enrich people's lives by connecting them up to a world of possibilities.

Here, we have put forward nine strategic pillars in support of our Humanistic Banking approach, which are in turn aligned with our Organization's on-going strategy, global mindset, innovation, job flexibility, diversity and inclusion, leadership, healthy organization, mobilization of knowledge, ethics and service.

Workshops dealing with ethical issues directed at senior management and employees were held, encouraging the value of trust for obtaining better results. These were attended by a total of 127 members of senior management and 442 employees, both at home and abroad. The goal here was to provide continuity for this important topic, raising awareness among our employees regarding the importance of having a value-based culture, where ethics come first when it comes to making decisions.

Here, we launched a new initiative called "With All Our Hearts" stressing the importance of non-economic gestures that mean so much to our employees, helping them to strike a better work-life balance, encouraging them to aspire to greater things and acknowledging them for a job well done. Some 1,500 leaders attended the launching of this program, aimed at reinforcing a sense of loyalty and pride in belonging to an Organization such as yours..

One of the main advantages of the "With All Our Hearts" program is to give employees and their families the opportunity to get together and enjoy themselves. Here, we invited more than 3,800 children in Colombia, El Salvador and Banistmo -Panamá- to come to work with their parents and see them at work, encouraging a deep sense of belonging to the Organization.

In keeping with one of our corporate values, we set ourselves the task of recruiting new human talent from different cultures and regions, upholding diversity and inclusion through the following three action plans (i) respect for diversity and inclusion; (ii) accommodating inclusion and diversity within the workplace; and (iii) promoting multiculturalism.

We conducted the second annual Happiness and Wellbeing survey, aimed at better understanding how our employees think and feel. A total of 14,008 employees in Colombia, Panama, Peru and Puerto Rico took part in this survey, equal to 58% of our total headcount. The average perception score came to 9.17 out of a maximum of 10 points, in which 8,693 of the women surveyed gave an average score of 9.17 with 5,315 of the men giving a 9.15 score, with "very satisfied" being the answer given to values such as commitment, identity, pride and gratitude. We are also drawing up other initiatives to boost other factors such as innovation, assertiveness and assistance.

As a result of the efforts made by the Organization to build an employee-centric management model, our reputation as employers continues to be acknowledged by different institutions. According to Merco Talent 2015 we are the Best private company to work for in Colombia having gained second place in the overall ranking, this for the fourth year running. It is also worthwhile noting the progress made with youngsters and university graduates who identify more with our human talent leadership model having gone from sixth to third position with this age group.



# Innovative talent management

In terms of training programs, we deployed a new on-line platform called Success Factors, offering more than 180 on-line courses and an Internet training plan cross-cutting the entire organization, with the idea of seamlessly extending this abroad: Panama (Banistmo, Bancolombia and Valores), Puerto Rico, Peru and El Salvador.

We also set up a training portal for our strategic supply chain partners providing interest content in order to keep them up to date with the products and services offered by Grupo Bancolombia.

Continuing with our transformative leadership programs aimed at developing high potential, high-performance teams of staff, the Leadership Institute, invested in additional training and support programs in support of our current needs. We also designed two programs that provide tools for improving decision-making and leadership based on the outcome of informal talks, coordinated efforts and reflecting on what we do. Thanks to this type of program we trained 2,637 leaders.

With the aim of filling job vacancies on a more timely basis and reduce this process by half, we revamped our selection process so that the newly-recruited talent can assimilate our corporate values and acquire the required leadership skills that much more quickly and efficiently, this by encouraging more open discussion and drawing up agreements. Performance evaluations were drawn up for 99% of our employees (24,500), including our foreign-based subsidiaries, with 96% area and section heads, around 3,000 leaders, participated in this process.

We are convinced of the huge benefits of having more flexible work schedules, both for the organization as well as for employees, families and the country in general. This is why we encourage this type of arrangement, having introduced in 2014 a VPN project at a cost of COP 10.209 million which included 559 teleworkers with another 70 waiting to be included in the stabilization phase, thereby complying with the initial target of 600 teleworkers.

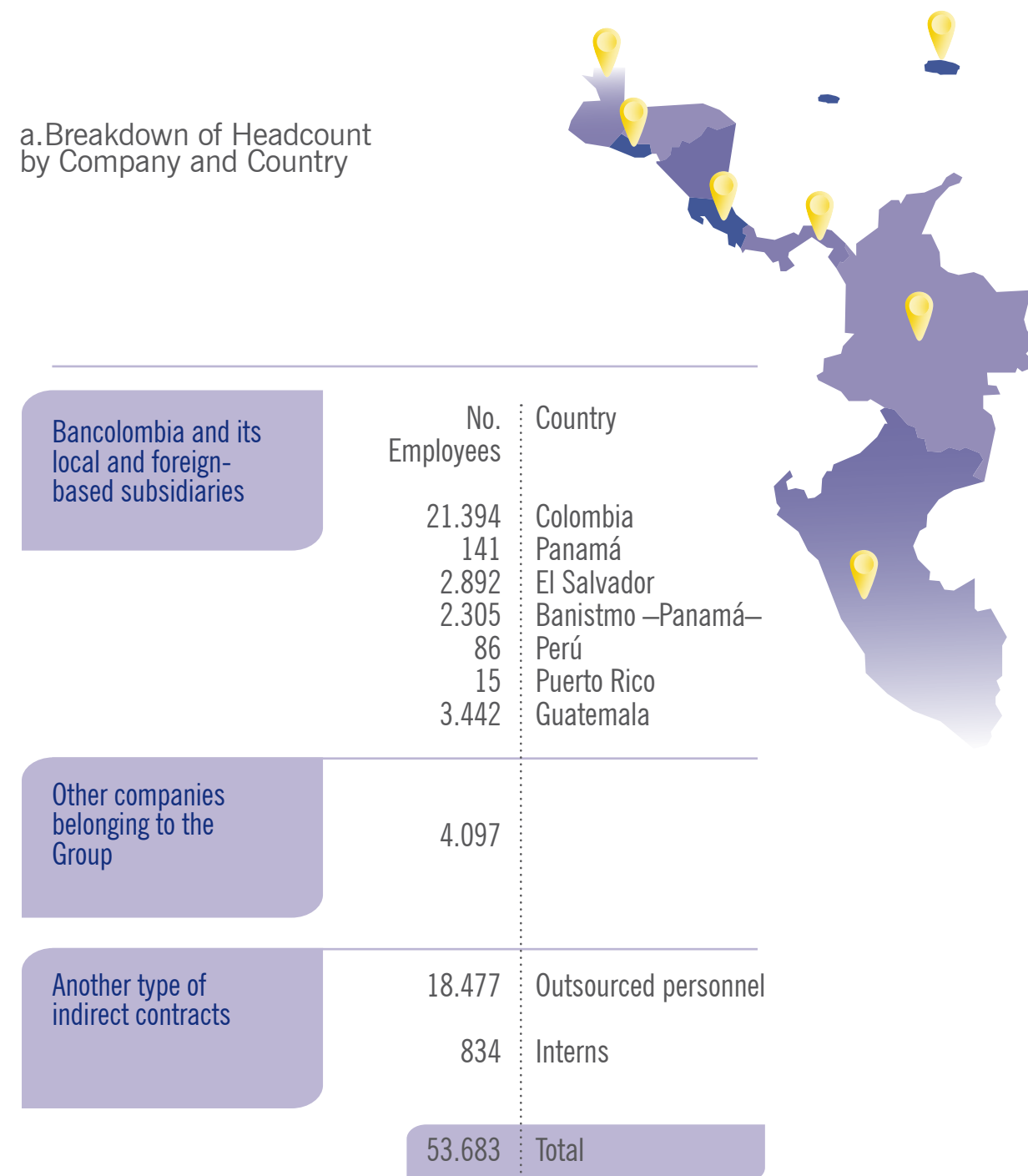
At year-end, we had a total of 1,168 teleworkers, of which 67% are "mobile" (their work activities allow them to be frequently away from the office, and they do not have a definite place to perform their duties, which is an arrangement that applies mostly to our sales staff), 33% are supplementary teleworkers. (those who work both at home and the office, using information technologies) of which 74% are women and 26% are men.

Absenteeism amongst supplementary teleworkers fell by 10% compared to the first half of 2014.

Surveys show satisfaction levels of 91% in the case of mobile teleworkers and 99% with supplementary teleworkers.

Aligned with a culture that focuses on coordination, dialogue, collaboration and co-creation, we updated our new Intranet, creating ways and opportunities for interacting with each other, as a community that relies on technology to share knowledge and best practices as well as take advantage of our collective intelligence for the benefit of all concerned.

a. Breakdown of Headcount by Company and Country



### a. Demographics

We recognize demographic diversity and generational changes, seeking greater flexibility in continuing to drive the Organization's development based on gender inclusion, knowledge and our different skills and aptitudes

		2014		2015	
Indicator		No.	%	No.	%
Gender	Women	16.610	63%	16.844	63%
	Men	9.808	37%	9.989	37%
Age	Employees under 30 years of age	9.693	37%	9.388	35%
	Employees between 30 and 40 years of age	10.186	39%	10.723	40%
	Employees over 40 years of age	6.539	25%	6.722	25%
Seniority	Employees with more than 3 years of service	6.663	25%	6.660	25%
	Employees with between 3 and 10 years of service	10.899	41%	10.984	41%
	Employees with more than 10 years of service	8.855	34%	9.189	34%
Diversity	Number and % of women serving in top positions (out of the total)	2.069	59%	1.955	58%
	Number and % of women in senior management positions	362	52%	103	39%
	Number of minority employees (disabled, ethnic/African descent, etc.)	60	0,2%	94	0,35%

*Including only the direct employees of Bancolombia and its subsidiaries in Colombia (Leasing, Valores, Fiduciaria and Banca de Inversión) and its subsidiaries abroad (Banco Agrícola, Banistmo, Bancolombia Panamá, Puerto Rico, and Perú) that is to say a total headcount of 26,883.*

### b. New Employee Turnover Rate

		2014		2015	
Indicator		No.	% / Rate	No.	% / Rate
Total income		2.376	9,1%	2.686	10%
Income for women		1.379	58,0%	1.613	60%
Income for men		997	42,0%	1.073	40%
Income for employees under 30 years of age		1.938	81,6%	2.117	79%
Income for employees between 30-40 years of age		383	16,1%	484	18%
Income for employees between 30-40 years of age		55	2,3%	85	3%
Income - Colombia		1.313	6,3%	1.823	8,5%
Income - Banco Agrícola		393	13,7%	338	21,6%
Income - Banistmo		670	26,0%	499	11,7%

### c. Employee Turnover

		2014		2015	
Indicator		No.	% turnover	No.	% turnover
Total departures		1.970	7,5%	2.275	8,5%
Departures - women		1.154	7,0%	1.379	8,2%
Departures - men		816	8,4%	896	9%
Departures - employees under 30 years of age		1.004	10,5%	989	10,5%
Departures - employees between 30-40 years of age		589	5,8%	746	7,0%
Departures - employees with more than 40 years of service		377	5,8%	540	8%
Voluntary resignations		822	3,1%	829	3,1%
Dismissals (without just cause)		545	2,1%	399	1,5%
Mutually agreed departures		334	1,3%	460	1,7%
Departures - Colombia		1.175	5,7%	1.166	5,45%
Departures - Banco Agrícola		232	8,1%	314	10,9%
Departures - Banistmo		563	21,9%	767	33,3%

### d. Promotions

		2014		2015	
Indicator		No.	Promotion Rate	No.	Promotion Rate
Total promotions		2.672	10,2%	3.399	13%
Promoted female employees		1.591	9,7%	2.061	12%
Promoted male employees		1.081	11,1%	1.338	13%



**e. Wages and salaries broken down by gender and age group**

\* This information does not include senior management positions



Colombia / (In Colombian pesos)			2015	
Hierarchical level	Gender	% of population	Average monthly salary	% below male salaries
Strategic / media	Female	32%	12.800.979	14%
	Male	68%	14.893.821	
Tactical	Female	55%	7.142.362	3%
	Male	45%	7.373.311	
Professional operating	Female	62%	3.380.193	4%
	Male	38%	3.508.013	
Operating	Female	66%	1.844.727	2%
	Male	34%	1.876.385	
All	Female	64%	2.598.077	13%
	Male	36%	2.970.353	

Banistmo / (In dollars)			2015	
Hierarchical level	Gender	% of population	Average monthly salary	% below male salaries
Strategic / media	Female	37%	10.188	26%
	Male	63%	13.712	
Tactical	Female	60%	4.506	22%
	Male	40%	5.743	
Professional operating	Female	60%	1.994	3%
	Male	40%	2.047	
Operating	Female	68%	867	2%
	Male	32%	887	
All	Female	65%	1.472	23%
	Male	35%	1.905	

Bancolombia Panamá / (In dollars)			2015	
Hierarchical level	Gender	% of population	Average monthly salary	% below male salaries
Strategic / media	Female	0%	USD 0	
	Male	100%	11.200	
Tactical	Female	50%	7.649	5%
	Male	50%	8.065	
Professional operating	Female	74%	1.713	-6%
	Male	26%	1.622	
Operating	Female	60%	1.059	3%
	Male	40%	1.094	
All	Female	64%	1.726	23%
	Male	36%	2.233	

Bancolombia Puerto Rico / (In dollars)			2015	
Hierarchical level	Gender	% of population	Average monthly salary	% below male salaries
Tactical	Female	33%	5.377	25%
	Male	67%	7.151	
Professional operating	Female	71%	3.198	7%
	Male	29%	3.432	
Operating	Female	0%		NA
	Male	100%	1.997	
All	Female	50%	3.821	40%
	Male	50%	5.352	

Banco Agrícola / (In dollars)			2015	
Hierarchical level	Gender	% of population	Average monthly salary	% below male salaries
Strategic / media	Female	40%	9.021	4%
	Male	60%	9.404	
Tactical	Female	50%	3.177	3%
	Male	50%	3.268	
Professional operating	Female	51%	1.236	2%
	Male	49%	1.257	
Operating	Female	56%	528	-8%
	Male	44%	489	
All	Female	54%	908	8%
	Male	46%	987	

f. Human Talent Training

2015

Leaders trained as part of the Leadership Institute Program *	4.387 superiors, 97%
Trained new superiors *	326 superiors, 92% of new superiors.
Total training hours	1.581.636
Average training hours per employee	59.48 hours / employee
Average on-line training hours per employee	22 hours / employee
Average hours of classroom training per employee	36 hours / employee
Average hours of training per male employee	57 hours / employee
Average hours of training per female employee	58 hours / employee
Average hours of training per employee - superiors	42
Average hours of training per employee - subordinates	61
Average amount investing in training per person *	USD 159,86
Scholarships	18 employees

\* Including Bancolombia and its domestic subsidiaries, Banco Agrícola and Banistmo

g. Performance evaluations.  
23,679 employees evaluated.

Indicator	2014		2015	
	Number	%	Number	%
Employees with performance evaluations *	23.195	98,0%	22.962	98,3%
Female employees with performance evaluations*	12.869	99,0%	14.462	98,5%
Male employees with performance evaluations*	7.187	98,5%	8.500	98%
Superiors with performance evaluations**	3.310	98,0%	3.077	96,4%

Information only available for Bancolombia and its domestic subsidiaries, Bancolombia Panama, Banco Agrícola, Peru, Bancolombia Puerto Rico.

\* Performance score in descending order  
\*\* Performance score in ascending order

Investment in quality of life programs

Bancolombia and its Domestic Subsidiaries

Total investment in quality of life programs *	\$11.308.397.164
Quality of Life activities carried out	19.184
Welfare activities carried out	3.482
Employee healthcare activities carried out	13.329
Employee safety activities carried out	2.373
No. of employees and their families benefiting from our Quality of Life programs	207.061

Banistmo

Total investment in quality of life programs *	USD 678.822
Total participants in quality of life programs *	18.000

Bancolombia Panamá

Total investment in quality of life programs *	USD 73.166
Total participants in quality of life programs *	99

Banco Agrícola

Total investment in quality of life programs *	USD 192.000
Total participants in quality of life programs *	2.684

h. Absenteeism  
(% of lost time)



	2012	2013	2014	2015
<b>General illness</b>				
Colombia	1,22	1,25	1,26	1,95
Banistmo				3,30
Banco Agrícola				1,577
Perú				1,11
<b>Occupational illness</b>				
Colombia	0,003	0,001	0,007	0,002
Banco Agrícola				
<b>Maternity / paternity leave</b>				
Colombia	0,64	0,59	0,62	0,932
Perú				1,73
Banco Agrícola				0,48
Banistmo				5,57
<b>Other leaves</b>				
Colombia	0,24	0,45	0,51	0,309
Banco Agrícola				0,017
<b>Work accidents</b>				
Colombia	0,02	0,01	0,02	0,02
Banco Agrícola				0,0032

i. Employee loans



Bancolombia and Domestic Subsidiaries (in Colombian pesos)	2014		2015	
Disbursed loans	Amounts	#Loans	Amounts	#Loans
Lines of credit	347.582.070.872	10.512	283.078.404.777	8.398
Student loans	3.261.141.215	318	2.154.940.938	293
Housing loans	237.330.527.589	2.890	197.985.067.693	2.417
Others	106.990.402.068	7.304	82.938.396.146	5.688

Banistmo / (in US dollars)	2015
Disbursed loans	Amounts
Lines of credit	621.240
Housing loans	156.000
Others	465.000

Banco Agrícola / (in US dollars)	2015	
Disbursed loans	Amounts	# Loans
Lines of credit	5.156.054	2.335
Student loans	158.927	26
Housing loans	8.478.398	187

j. Employee Insurance

**Bancolombia 2015** (In millions of Colombian pesos)

	Organizational Investment	Employee contributions	Employees benefited	Family members benefited
Total	32.398	28.230	Female	Female
Health care	26.393	18.496	Male	Male
Group life insurance (paid by employer)	2.600		Female	Female
Personal Accident (paid by employer)	471		Male	Male
Others	2.934	9.734	Female	Female

**Banistmo** (In millions of US dollars)

	Organizational Investment	Employee contributions	Employees benefited	Family members benefited
Total	32.398	28.230	Female	Female
Health care	26.393	18.496	Male	Male
Group life insurance (paid by employer)	2.600		Female	Female

**Banco Agrícola** (In millions of US dollars)

	Organizational Investment	Employee contributions	Employees benefited	Family members benefited
Total	32.398	28.230	Female	Female
Health care	26.393	18.496	Male	Male
Group life insurance (paid by employer)	2.600		Female	Female

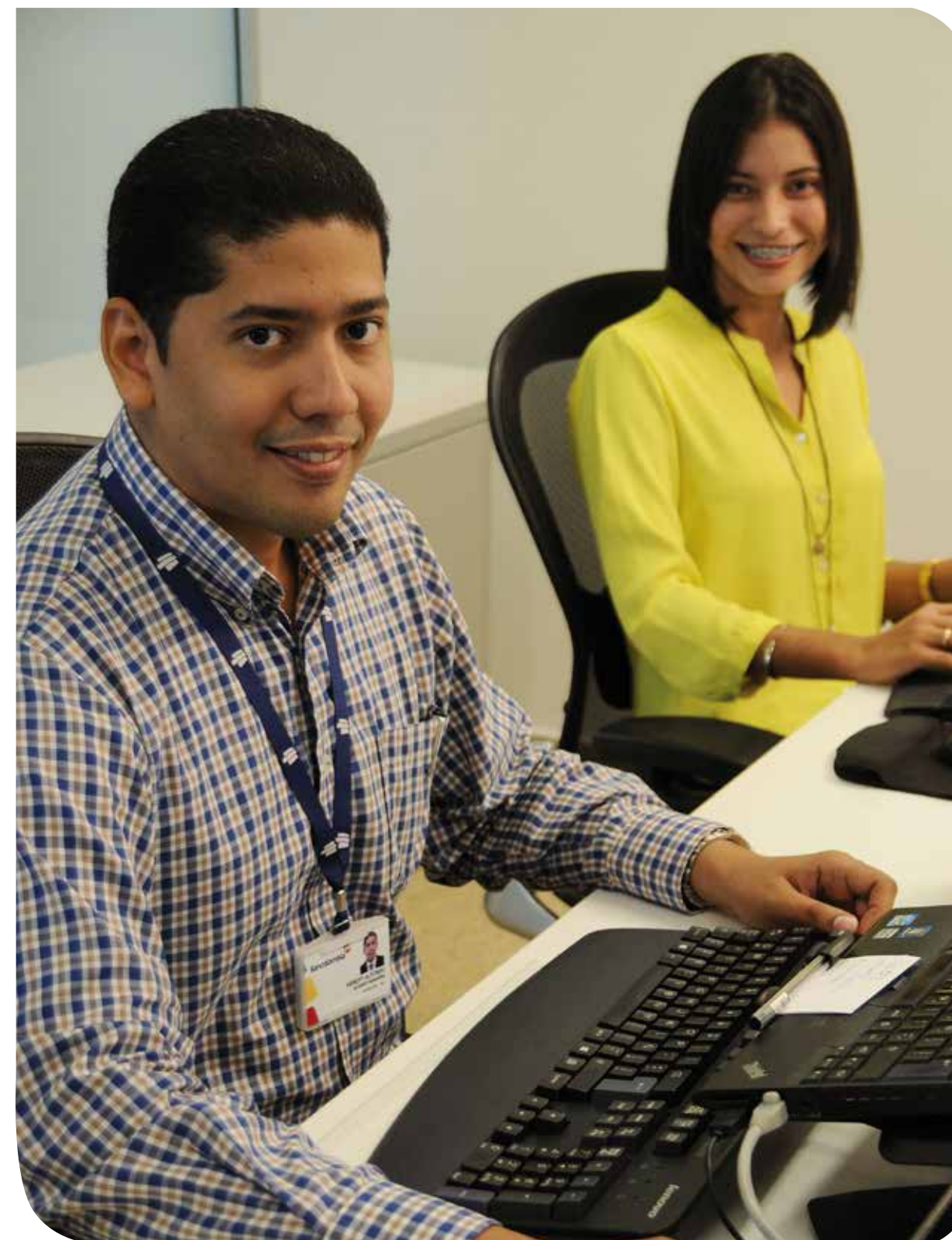
k. Organizational savings programs

**Bancolombia 2015** (In millions of Colombian pesos)

	Organizational Investment
Organizational contributions / investments	7.173
Contributions on the part of employees	14.564
Total savings	21.736
Employees benefited	9.376

**Banistmo 2015** (In millions of Colombian pesos)

	Organizational Investment
Organizational contributions / investments	225.769
Contributions on the part of employees	269.422
Total savings	495.191
Employees benefited	516



### Distance is not Isolation

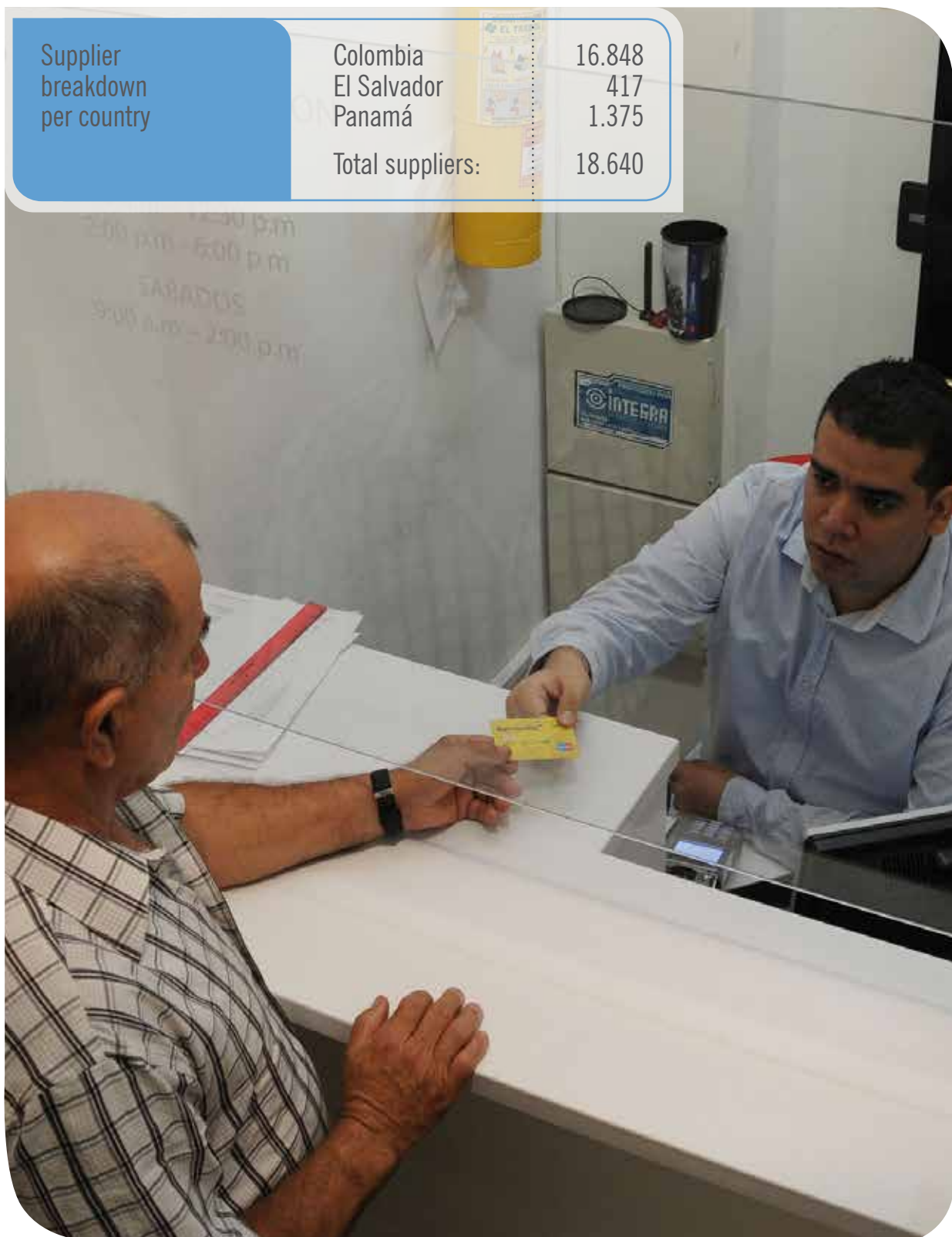
Many times distance implies isolation; however, this is not the case for Isabel and all the people who live in her hometown. They have never given up because they have known stories in which initiative overcomes difficult times.

Sometimes, not having something does not impose the reality of not enjoying it, since creativity and determination are essential tools to transform needs into opportunities.

Some day, someone noticed that her hometown had no banks, that paying bills was a big problem; for this reason, a Correspondent Bank was created as a community banker so that Isabel and people from her town could use and value the comfort of having a bank among them.

There are about 6,800 Correspondent Banks owned by Bancolombia, available for its customers and users; this is the proof that all people are important.

This is what an inclusive bank really is; another real case of the actions by which Bancolombia has been recognized as the most sustainable bank of the Americas.



Supplier breakdown per country		
Colombia		16.848
El Salvador		417
Panamá		1.375
Total suppliers:		18.640

# Profitability management

We have made progress with our more humanistic banking approach with the help of our strategic partners and suppliers, with whom we are consolidating long-term relationships seeking to provide a shared value by working together to build a better tomorrow. We have more than 16 thousand registered suppliers, as shown below:

Strategic suppliers	404
Occasional suppliers	4.898
Special third party suppliers	11.489
Strategic partners	58
Total suppliers - Colombia	16.849

## Suppliers and Supplier Payments by category

In 2015, we paid out COP 2.3 billion to a total of 10,582 active suppliers and strategic supply chain partners, broken down as follows:

- *Strategic suppliers, both at home and abroad: frequent suppliers who are large and medium-sized companies hired for a specific purpose.*
- *Occasional suppliers: with whom we have an occasional business relationship.*
- *Special third party suppliers: those that are not hired by the Grupo Bancolombia, but who provide a service, and therefore receive payment for such.*
- *Strategic supply chain partners: suppliers having a considerable impact on the Organization with regard to regulatory matters, handling confidential information, customer care, occupational risk, social risk, impact on our business and/or market, environmental risks and economic impact.*

Category	Number of suppliers by category	Amounts paid by category in millions of pesos	Percentage of total amount paid in 2015
Foreign-based suppliers	242	86.890	4%
Special third party suppliers	6.861	106.519	4%
Occasional domestic suppliers	3.117	177.865	7%
Strategic domestic suppliers	306	955.373	40%
Strategic supply chain partners	57	1.071.205	45%
Total	10.583	2.397.852	100%

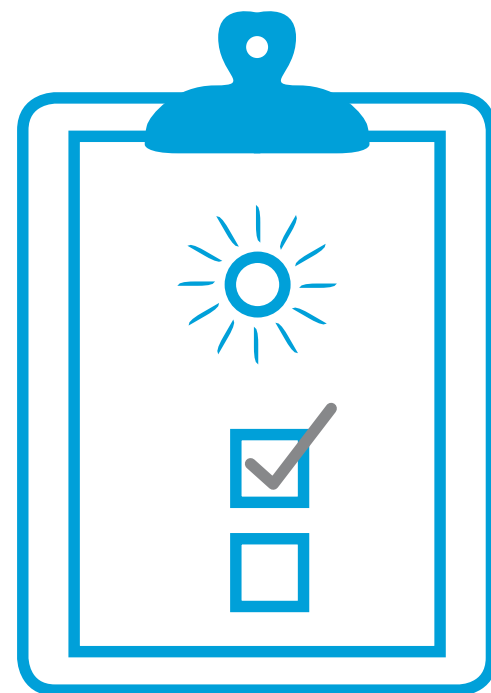


# Consolidating our environmental and social sustainability model

We performed evaluations on our entire sample (100%) of our more critical suppliers in terms of their environmental, social and employment impact. We also evaluated 103 suppliers (by means of environmental and social risk assessments, self-evaluations and inspections of civil engineering works), corresponding to 48% of the total amount invoiced in 2015.

As in previous years, we carried out on-site visits to all those suppliers with higher risk profiles and drew up action plans for any room for improvement that was detected as a result.

We also performed sustainability evaluations on Grupo Bancolombia's strategic supply chain partners. Scores averaged out at 4.67 out of a maximum of 5, showing an improvement compared to 2014 when the average score came to 4.23. We also saw an improvement in overall performance in 20 of the cases that had been evaluated previously.



Service Received	On-Site Visits		Evaluations		Average Score	
	2015	2014	2015	2014	2015	2014
Maintenance	0	8	8	37	4,74	4,08
Goods and Services	24	41	76	99	4,55	4,11
Civil Engineering Works	17	3	19	31	3,93	4,14
Total	41	52	103	167	4,41	3,99

Out of the 26 sustainability improvement plans drawn up for our suppliers and strategic partners, room for improvement in the following indicators was detected along our entire supply chain:

Action plan	Percentage
Having a procedure in place for updating the company's legal framework, which should include assessing compliance with current legislation.	54%
Upholding a policy or formal statement governing respect for all those human rights that the company could potentially undermine	54%
Designing and implementing selection, evaluation and control procedures for the company's suppliers and contractors, that should be based on environmental management criteria, occupational health and safety guidelines as well as good corporate governance practices.	46%
Implementing an Environmental Issue and Impact Checklist, which should include environmental evaluations used to prioritize significant environmental issues.	38%
Having a legally-compliant environmental framework firmly in place. This should include assessing compliance with current environmental legislation. It should also cover any other legal requirements or other rules and regulations, as applicable.	38%

Out of the 103 suppliers and strategic supply chain partners evaluated, performance improvements were noted in 31 (30%) of these. Average score obtained by suppliers and strategic partners who introduced improvements: 4,66 out of a maximum 5



As for those showing no improvements whatsoever, only one (1) was detected and this was because a maximum 5 out of 5 score had been obtained. As for the remaining 71 suppliers and strategic partners (70%) this was their first evaluation and therefore no year-on-year improvements applied. Average sustainability score for suppliers being evaluated for the very first time: 4.38 of 5.

A total of 50 evaluations were performed on the different business proposals submitted, these based on sustainability criteria.

**OUT OF THE 103 SUPPLIERS AND STRATEGIC SUPPLY CHAIN PARTNERS EVALUATED, PERFORMANCE IMPROVEMENTS WERE NOTED IN 31 (30%) OF THESE. AVERAGE SCORE OBTAINED BY SUPPLIERS AND STRATEGIC PARTNERS WHO INTRODUCED IMPROVEMENTS: 4,66 OUT OF A MAXIMUM 5**

Product or Service	Proposals evaluated
Customer Knowledge	2
Security Transport Services	5
Assisting Colombians Abroad	5
Client Reconciliations at Advanced Stages.	3
Information Security - Software	3
On-site Services and Support	1
Safes and vaults	1
Telesales and field sales	2
IT Fair	4
Cloud Services	1
Information Security - Infrastructure	2
Architectural and Engineering Design	6
Redesigning Recreational Areas	4
Statutory Auditing Firm	4
Temporary Manpower	4
Ethics Hot Line	3

Continuing on with our sustainable procurement policy, we evaluated and included new sustainability clauses in a total of 357 supplier and service provide agreements, which included compliance with all environmental legislation as well as the international conventions and agreements signed by Bancolombia, among others.

We also conducted inspections of civil engineering works as part of the evaluations performed on these suppliers (construction firms), including legal compliance, environmental management and occupational health and safety. We evaluated 15 of these suppliers who obtained an average score

of 3.9 out of a maximum of 5 with regard to environmental as well as occupational health and safety issues.

### Building On Our Supply Chain Capabilities

**Supply Chain Awards:** we held our first ever “Supplier and Strategic Supply Chain Partner Awards”, highlighting the efforts of our top seven suppliers in 2014. 200 people attended this event.

The winners were as follows:

Category	Winner
Commitment to taking a more humanistic business approach	Multienlace S.A.S Allus Colombia.
Experiencing first-hand the value of trust	Brinks de Colombia SA
Innovating client experience	Abogados Especializados en Cobranza- Aecsa
Driving quality assurance as part of a continuous improvement plan	Cadena S.A.
The most socially responsible supplier	Colombia Telecomunicaciones S.A E.S -Telefónica Movistar.
The company most aware of its environmental impact	Somatec S.A.S
The Most Comprehensive Supplier Performance - 2014	Sodexo S.A.
Winner of our sustainability challenge	Alliance formed between Refinancia and SAS.

**Ariba tool:** our new supply chain management and operating system, called Ariba, is composed of four modules aimed at automating our processes and obtaining better feedback from this channel.

As part of our sustainability commitment, we were able to improve our overall Supply Chain score by 14 points reaching 96 points which is only two points behind the world leader in this sector on the Dow Jones Sustainability Index.

## Innovative talent management

**Movie Forum:** we staged our first ever movie forum, which served as a means of reflecting on our leading position and how to drive our organizational culture towards a more humanistic banking approach. 52 staff leaders belonging to 18 of our strategic partners participated in this event.

**Quality of Life Conferences:** we also staged conferences for our suppliers on topics such as personal finance, leadership, stress management, emotional intelligence, workplace emotions, and healthier personal finances, among others. A total of 642 people attended these events in Medellin and Bogota.

**Social Responsibility:** our volunteer corps also includes employees of our suppliers and strategic partners, including Sodexo, Allus, Unisys, Andean Security Domesa, Call Center Intercobros and Choucair. These staged two day-long community initiatives, one dedicated to upgrading the school facilities in conjunction with Medellin’s Mayor’s Office and another day was spent with 50

children in the care of the local Child Protection Authorities

### Savings Initiatives

**Strategic Sourcing:** we continued to fine-tune and adapt our strategic sourcing methodology to the Organization’s current circumstances, which represented savings of COP 15,843 million, that is to say 114% of the targeted goal

**Client Communications:** these operations are now carried out by one single supplier, thus reducing SMS and email rates by 30%

**Information Security:** we also streamlined the outsourcing of our IT infrastructure and monitoring functions, generating savings of 18%

**Client reconciliations at advanced stages:** we reduced our outsourced services in this regard to just two providers who have been put in charge of our sales and operating processes and handling procedures for our Consumer, Consumer Plus and Micro- SME banking segments.

**Datacenter Infrastructure and Servers:** here we selected one single provider of all these datacenter infrastructure and server functions, achieving improved efficiency and availability levels.

**Outsourced Printing Services:** we were able to improve the technology used for this service and reduce the associated costs by 21%.

**Operating System Licensing:** This service was negotiated on a regional scale obtaining significant improvements. These included hiring an expert provider, in terms of best practices, producing total savings of 30%.



### Taking Care is Creating Hope

There is a privileged world where Marbi is the only person invited; this is the magic of feeling oneself a small girl everyday. She explores the universe of knowledge with small 5 year-old children; a world where playing is the only key; she dances, signs, paints, laughs, and learns from her "children" who she takes care of while their parents are at work.

She feels that she is taking care of the future of many families and a country; the seed of new gener-

ations and the hope of a society's transformation. Her community mother has taught her that if we create hope we will enjoy a better world. For this reason, she doesn't feel like working but enjoying being one of the 600 community mothers included in "Saberes" Program offered by "Fundación Bancolombia" and "Fundación Carvajal," as an attempt to educate over 12,800 children in Colombia.

Stories like this make of us the most sustainable bank of the Americas.

## A Brand with a Purpose

Here in Bancolombia, people and the environment remain at the heart of what we think, say and do. We continue to be inspired by others and the prospect of a greater sense of social well-being, because we believe that what makes us human is the ability to serve others in pursuit of the common good.

The purpose behind our Humanistic Banking model is to build a fairer, more equitable and inclusive society, which is why we strive on a daily basis to build close, warm and trusting relationships based on mutual respect. We are able to have a real impact on people and companies, as part of our daily dealings, ensuring that each and every one of us is given the same opportunity to develop our potential and achieve our goals.

We have found that there are always people and companies at our side achieving truly wonderful things and who are always on the lookout for new ways to improve their lives and those of others in all those countries where we are present. This has also inspired us, here in Bancolombia, to work towards a common purpose, that is to *say helping each and every one of us to have a better life, connecting people and businesses with a world of possibilities*. We intend to make the world a better place in which to live from the economic, social and environmental standpoints.

We also want this vision of our business and society to rub off on everybody else. This is how we shall be able to achieve a true social transformation.

We have traveled throughout the length and breadth of Colombia in our "magical bus" inspiring enthusiasm and passion for our purpose, with the firm conviction that we can change the status quo by sharing knowledge and creating well-being. So far we have visited 1,300 towns and come into contact with 260,000 people in the knowledge that by selflessly sharing knowledge and experiences, we can build a better country.



## Finding Inspiration in Reality

Listening to people who are forging a better future for our country, fills us with pride and optimism. This is why we have taken the testimonies of these exemplary humanitarians and have showcased them in our institutional campaigns as a means of inspiring others and showing concrete ways of sharing the same dream through all four strategic pillars that underpin our social investment policy, namely: peaceful coexistence, quality of life, culture and environmental responsibility.

### Promoting Culture

Placing our faith in ideas and dreams allow us to think that it is indeed possible to have a better country, where people can live together and capitalize on our differences to enrich our lives.

In 2015, we served as a development platform for driving social progress in the different countries where we are present. That is why we support programs encouraging cultural activities as an intrinsic building block for social development. Through the alliances we have formed in this regard, we are driving a culture of greater tolerance of others and a heightened awareness of our surroundings, so that we can truly connect up with other people, enriching our individual identities and inspiring greater innovation and creativity. This commitment to furthering our culture has enabled us to discover multiple ways of contributing towards a better society.

### Celebrating Our National Identity

Through the support we provide to more than 60 regional festivals throughout the length and breadth of Colombia, we are fostering a greater sense of pride in rediscovering our roots and our history.

For example, we were present at such iconic events such as the **Medellin Flower Fair**. In the case of the **Barranquilla Carnival** we provided educational material for more than 10 local schools in this city, titled "Where the Carnival Comes From" and 'Carnival Play-date' helping children to learn and appreciate the history and origins of this important local event. The **Black and White Festival**, the most important festival in the southern part of Colombia, hosted more than 10 thousand visitors and featuring 2,200 dancers and 2,000 child musicians. At the **Bambuco Folk Festival**, forming part of the **San Pedro Festival** in Neiva, we helped to further public appreciation of our cultural heritage preserving the collective memory of our people. The **Popayan Food Festival** was another event where we were able to show the world why this city forms part of the UNESCO's Network of Creative Cities, aimed at promoting local culinary traditions. The **International Theater Festival** in Manizales hosted indoor audiences of more than 25 thousand along with another 50 thousand people attending the outdoor plays. Also the **ExpoArtisan Fair** attracted 40 thousand visitors who were able to appreciate the handiwork of 123 artists and 258 artisans from 23 indigenous and Afro-Colombian ethnic groups.

These are just some, among many other festivities, that we have helped in support of our rich cultural heritage.

*We help to encourage a rich cultural life through various artistic expressions*

Museum of Antioquia

With the support we provided for the art exhibition 'The Circus' by Fernando Botero, more than 70 thou-

sand visitors were able to see first-hand the work of this important Colombian artist, encouraging them to reflect on the customs and legends that form part of our cultural identity.

Julio Mario Santo Domingo  
Theater

Thanks to Bancolombia's contribution, this cultural venue attracted 100 thousand people last year attending more than 140 world-class shows. Thanks to Bancolombia's dance scholarships, 10 dancers from across the country are receiving financial support for their studies, allowing them to become true professionals in the realm of dance and performing arts.

Digital Theater -

A program staged by  
the Julio Mario Santo Domingo Theater

Here we helped to bring cultural activities to the common people, in a participative, more inclusive way, by making the best plays in the world available on the Internet.

Medellin  
Philharmonic Orchestra

We helped with the professional coaching of more than 100 young musicians through Academy programs, facilitating the acquisition of new and more modern musical instruments for the orchestra and enabling 1,500 people to attend these concerts free of charge.

Gabriel García Márquez  
Awards for Journalism  
2015

Deeply committed to upholding transparency with everything we do and speak, we furthered the pursuit of journalistic innovation, ethics and excellence in Latin America and the Caribbean,

through this award ceremony held in 2015 featuring 75 guest speakers from 18 countries, and attended by journalists, students and the public at large who see in the legacy of Gabriel García Márquez a chance to positively transform our society.

*"Let's Love Our Traditions"*

We were present in Tolima with our support for a program sponsored by the local Cultural Department called 'Let's Love Our Traditions'. This activity has benefited a total of 18 towns and more than 1,500 underprivileged children between the ages of 8 and 15, by providing them with musical instruments that are typical to the region.

As facilitators of cultural transformation, we were also present with our support for creating venues for reflection, open-mindedness and civic coexistence, including the Medellin Planetarium, the Museum of Modern Art, the Social Circle Museum in Cali, the MDE15, the Caribbean Museum and Medellin's Metropolitan Theater.

Our commitment  
to overall culture also includes  
a culture of citizenship

*The New Medellin Tram Service*

We also gave our support to the new Aya-  
cucho tram service with a civic campaign  
aimed at raising public awareness of the  
importance of respect, tolerance and com-  
mitment, all of which foster a sense of be-  
longing and a more adequate interaction  
between our citizens with this new trans-  
port solution in Medellin.



\* Through this QR Code, please know our stories of support to culture, our identity as a country, and coexistence.

## Our responsibility goes beyond frontiers

To be of relevance in people's lives and to work for the transformation of communities where our Bank is present were the pillars Banistmo (Panama) and Banco Agrícola (El Salvador) worked on.

### El Salvador

#### Contributions in Education

"Manos Unidas por El Salvador" (Hands United for El Salvador): 12,382 students, 405 teachers, and 2,021 parents from 16 municipalities in 9 states of the country were the recipients of benefits.

#### Support to Disabled People

The "Teletón" Bank: Over 7,000 families have been provided with an integral rehabilitation service at three rehabilitation centres from three states: San Salvador, San Vicente, and Sonsonate.

### Panamá

#### Contributions in Education

"Fundación Ofrece un Hogar": Home-School.  
"Divino Niño": 200 children, teachers, and parents were the recipients of benefits in Panama City.

"EduCarte": 60 students received benefits in Panama City.

- "Mi Escuela Primero" (My School First): Ministry of Education, Presidency of the Republic, and "Fundación Glasswing: 519 students, 37 teachers, and administrative staff in Panama City.

- Development of Early Childhood within the "Nacer Prendiendo" Program ("Asociación Fondo Unido Panamá"): 1,200 children (preschoolers) and 23 preschool promoters and teachers from Panama Downtown, West Panama, Coclé, Veraguas, Herrera, and Los Santos.

- "Amigos de Zippy": 250 teachers, 6,834 students, and 102 educational centers and multi-grade schools received benefits countrywide in the following provinces: Coclé, Colón, Darién, Herrera, Los Santos, Veraguas, and Chiriquí.

#### Volunteers

Community Leaders (Volunteers): 46 volunteers mobilized and 354 people received benefits (old people, adults, young people, and children) in Panama City.



## Building quality of life

In 2015, we continued with our purpose of showing the way towards greater progress and providing a better future for the younger generations. The fact that we are able to reach out to a greater number of Colombians with our comprehensive educational programs for early childhood, our entrepreneur coaching initiatives, corporate volunteer corps activities, and our peaceful coexistence drive have become major commitments for us today.

### Early Childhood Program

In 30 different Departments in Colombia, we staged educational programs benefiting mainly young children, through various activities to improve the quality of teacher training, providing teaching material and equipment, ensuring the successful transition to later education and actively participating in the Government's focus on early childhood care.

Number of beneficiaries of the Early Childhood programs  
7,569 direct and  
423.627 indirect beneficiaries.

Total investment in Early Childhood programs:  
COP 2.500 million

Some of our achievements

- We held the first International Symposium on Successful Transitions from Early Childhood in Colombia:
  - 400 attendees
  - Guest speakers from the United States, the Netherlands, Panama and Venezuela.

- In just 4 years, more than 68,885 young children and teachers have benefited from these programs throughout Colombia.
- 12 Child Development Centers were inaugurated in a total of 8 Departments with our support
- We took 40 young children on a seaside outing, thanks to the efforts of our employees.

### Education

We continued to ensure the quality, coverage and relevance of the education provided to school children in 31 Departments, and provided support for hundreds of young people to continue with their technical, technological and professional studies.

Number of beneficiaries of our Educational programs:  
15,185 direct and  
32,464 indirect beneficiaries.  
Total: 47.649 people

Total investment in Educational programs:  
COP 5.632 million

Some of our achievements:

- We signed an agreement with a government agency, the Department for Social Prosperity to help young people living in extreme poverty to gain an education.
- We also signed other agreements with our strategic supply chain partners and clients, including Auteco and the Fraternidad Medellín, thereby extending coverage of the scholarships offered in Colombia.
- We also drew up a new employability and entrepreneurship program aimed at forming a bridge between university life and a professional career.
- 1,100 students have benefited from our Dreams of Peace scholarship program.

- The 'Reading and Writing Throughout Colombia' program was selected by the Regional Book Center for Latin America and the Caribbean -CERLALC in Spanish- to form part of the Regional Reading and Writing Project Portfolio. The reasons why our program was selected included its social impact, the possibility of it being replicated in similar contexts in other countries within Latin America as well as its innovative nature.

### Entrepreneurship Program:

We provide support to the entrepreneur communities in eight departments in five regions in Colombia, helping them to properly handle their finances, improve their products, identify competitive advantages and assess how they may serve as examples and agents of social transformation within their own communities.



Number of beneficiaries of our Entrepreneur programs: **453 direct and 1,451 indirect beneficiaries. Total: 1,904**

Total investment in our Entrepreneur programs: **COP 2.067 million.**

Some of our achievements:

- We In-launched our In-Pactamos program to drive the business model employed by 40 entrepreneurs involved with social and environmental projects so that they may help to improve the well-being and quality of life of their respective communities.
- We also launched our Business Consolidation project in support of the growth of 40 banking correspondents forming part of the Bancolombia network in Cali.

### Volunteer Corps

We are an Organization whose employees are keenly involved in helping the less fortunate in a total of 28 departments, with the firm conviction that the one of the most valuable things they can do in life is help improve the lives of others.

Total number of beneficiaries of our Volunteer Corps programs: **45,786 beneficiaries**  
**12,373 volunteers**

Total investment in our Volunteer Corps programs: **COP 2.500 million.**

Some of our achievements

- 85,544 man hours dedicated by our employees, representing more than COP 1,000 million pesos in terms of the amount of time, expertise and knowledge dedicated to these activities.
- We also launched our new “Causes that Transform” initiative aimed at forming leaders of our voluntary corps and persuading more employees to join up.

### Peaceful Coexistence Drive

This is aimed at teaching the values required for peaceful coexistence and building sustainable livelihoods with the inherent positive effects and the active involvement of community leaders in preventing the risk associated with extreme poverty and social inequality.

Much effort has been made throughout the country to turn war zones into oases of peace. We still face enormous challenges in achieving a true rapprochement and especially a degree of social development capable of being sustained in the different parts of the country.

In Bancolombia, we wish to make our own contribution to transforming our society by providing teaching initiatives to inculcate the values required for peaceful coexistence and building sustainable livelihoods with the inherent positive effects and the active involvement of community leaders in preventing the risk associated with extreme poverty and social inequality

To this end, our Bancolombia Foundation has drawn up two strategies: Football for Peace, which helps communities to focus their efforts on teaching life skills among children and adolescents between the ages of 6 and 18; as well as Goalombia, a Young Colombia methodology employed at high school level to reinforce principles among young people between the ages of 12 and 18 . Both of these are hybrid recreational/ educational initiatives that use football as a universal language for relaying values and life skills.

Seven cities benefited from our Peaceful Coexistence programs **Barranquilla, Bogotá, Buenaventura, Cali, Ibague, Medellin and Tumaco**



Total investment in our Peaceful Coexistence program: **COP 368 million**  
Number of beneficiaries of our Peaceful Coexistence programs: **1,580 children and adolescents.**

The Bancolombia Foundation invested a total of COP 17,494 million in the various programs and initiatives aimed at building a fairer, more equitable and inclusive society through activities paving the way to a world of possibilities.

# Consolidating our environmental and social sustainability model

In Bancolombia we are striving to strike a perfect balance between the quality of the environment and the quality of people's lives, so as to be able to remain more sustainable over time; this is why we analyze and identify the direct and indirect impacts of our activities on the environment while preventing, mitigating, correcting and offsetting

the inherent risks, thereby helping to create more prosperous economy, a healthy environment and a more inclusive society.

In 2015, Bancolombia was ranked by RobecoSAM as the fourth largest bank in the world with the best environmental strategies.

## Eco-efficiency

### Energy (Kwh)



Colombia	Panamá	El Salvador
2014 » 2015 87.017 84.125	2014 » 2015 15.300 15.098	2014 » 2015 12.411 13.362
<b>-3,3%</b> ✓	<b>-1,3%</b> ✓	<b>7,7%</b> ✗
Goal 2016 -2%	Goal 2016 -2%	Goal 2016 -1%
Goal 2020 -10%	Goal 2020 -14%	Goal 2020 -9%
Base year 2010	Base year 2014	Base year 2015

### Water (m³)



Colombia	Panamá	El Salvador
2014 » 2015 238.502 222.434	2014 » 2015 46.178 34.959	2014 » 2015 61.711 54.201
<b>-6,7%</b> ✓	<b>-24,3%</b> ✓	<b>-12,2%</b> ✓
Goal 2016 -2%	Goal 2016 -1%	Goal 2016 -2%
Goal 2020 -50%	Goal 2020 -30%	Goal 2020 -10%
Base year 2010	Base year 2014	Base year 2015

### Paper (Kg)



Colombia	Panamá	El Salvador
2014 » 2015 229.013 218.858	2014 » 2015 45.528 49.311	2014 » 2015 49.553 73.792
<b>-4,4%</b> ✗	<b>8,3%</b> ✗	<b>48,9%</b> ✗
Goal 2016 -14%	Goal 2016 -1%	Goal 2016 -2%
Goal 2020 -35%	Goal 2020 -2%	Goal 2020 -10%
Base year 2010	Base year 2014	Base year 2015

### Travel (Km)

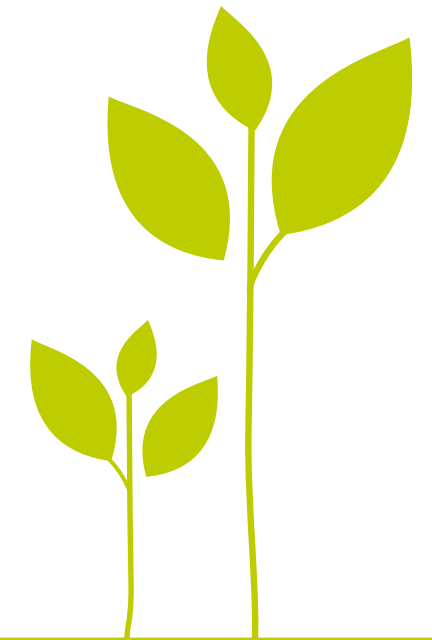


Colombia	Panamá	El Salvador
2014 » 2015 8.861.540 12.643.160	2014 » 2015 525.835 659.708	2014 » 2015 1.706.268 1.657.735
<b>42,7%</b> ✗	<b>25,5%</b> ✗	<b>-2,8%</b> ✓
Goal 2016 -2%	Goal 2016 -2%	Goal 2016 -2%
Goal 2020 -16%	Goal 2020 -2%	Goal 2020 -10%
Base year 2010	Base year 2014	Base year 2015

## Eco-efficiency

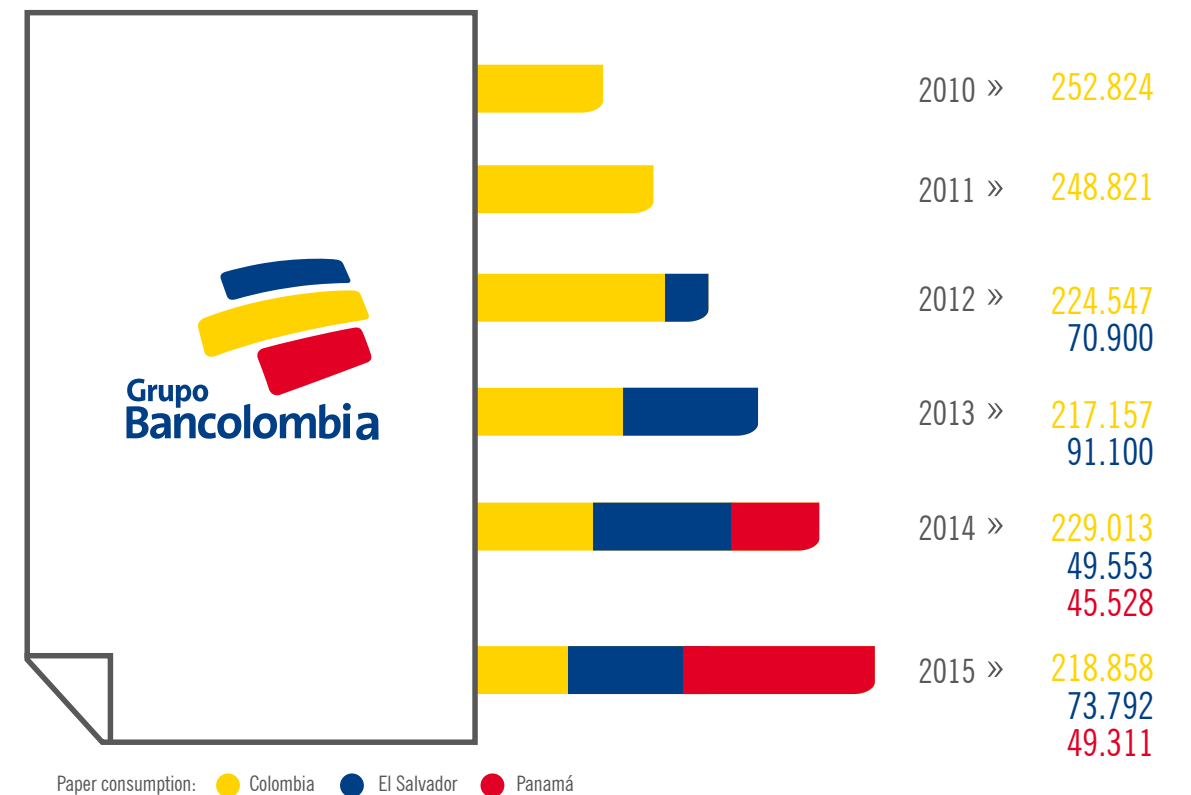
The consolidated information contained in this Eco-efficiency report is for the period January 1 to December 31, 2015. The scope of this report includes Bancolombia Group's operations in Colombia, Panama and El Salvador, for a 100% coverage of all those places where the Bancolombia Group exercises operating control. Our own direct impact on the environment relates to the natural resources we consume in carrying out our business operations.

In order to fulfill the goals we have set, specific strategies have been deployed with the assistance of the different areas of our Organization, by means of our corporate Eco-Efficiency dashboard.



## Paper consumption on an organizational level EN1

### Paper consumption within the Organization





Water consumption on an organizational level. EN8, EN10

Grand Total - Bancolombia Group



Groundwater (m3)	2010	>>	16
	2011	>>	359
	2012	>>	166
	2013	>>	225
	2014	>>	1.399
	2015	>>	796

Total (m3)	2010	>>	400.245
	2011	>>	293.470
	2012	>>	335.899
	2013	>>	326.409
	2014	>>	361.735
	2015	>>	323.977

Total / employee (m3/ person-year)	2010	>>	14,1
	2011	>>	9,0
	2012	>>	9,6
	2013	>>	7,4
	2014	>>	7,8
	2015	>>	6,5

Reclaimed water (m3)	2010	>>	2.073
	2011	>>	8.325
	2012	>>	14.123
	2013	>>	14.969
	2014	>>	15.345
	2015	>>	12.383

Water mains (m3)	2010	>>	398.172
	2011	>>	285.145
	2012	>>	321.776
	2013	>>	311.440
	2014	>>	346.390
	2015	>>	311.594

% Reclaimed	2010	>>	0,5%
	2011	>>	2,8%
	2012	>>	4,2%
	2013	>>	4,6%
	2014	>>	4,2%
	2015	>>	3,8%

Rainwater (m3)	2010	>>	2.057
	2011	>>	7.966
	2012	>>	13.957
	2013	>>	14.744
	2014	>>	13.946
	2015	>>	11.587

Energy consumption within the Organization. EN3, EN5, EN6

Grand Total - Bancolombia Group



Energy (MWh)	2010	>>	81.302
	2011	>>	85.888
	2012	>>	104.013
	2013	>>	103.284
	2014	>>	116.884
	2015	>>	114.057



Change	2010	>>	N/A
	2011	>>	6%
	2012	>>	21%
	2013	>>	-1%
	2014	>>	13%
	2015	>>	-2,4%



Energy / Employee	2010	>>	2,87
	2011	>>	2,65
	2012	>>	2,97
	2013	>>	2,35
	2014	>>	2,51
	2015	>>	2,30

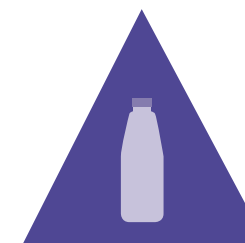
Total weight of waste by type and disposal method EN23



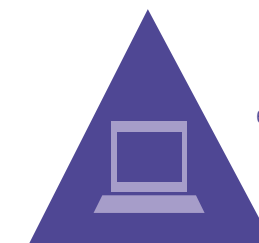
Recyclable Waste (Tons)	2010	>>	340,6
	2011	>>	341,5
	2012	>>	441,5
	2013	>>	331,5
	2014	>>	215
	2015	>>	380



Hazardous Waste (Tons)	2010	>>	1
	2011	>>	18
	2012	>>	19
	2013	>>	10
	2014	>>	17
	2015	>>	13



Ordinary Waste (Tons)	2010	>>	4.391
	2011	>>	1.256
	2012	>>	1.137
	2013	>>	1.014
	2014	>>	1.257
	2015	>>	981



WEEEs Waste Equipment electrical and electronic (Tons)	2010	>>	58
	2011	>>	143
	2012	>>	198
	2013	>>	177
	2014	>>	290
	2015	>>	354

### Energy efficiency projects at branch level:

In order to effectively handle and control our energy efficiency, we have staff who are especially dedicated to monitoring our consumption as well as the expense corresponding to our Eco - Efficiency indicators. Interdisciplinary committee meetings are held every month.

To date, two of our HQ facilities have received their LEED Gold certificates, namely our Corporate Headquarters in Medellín and the Soho Building in Panama, that houses Banistmo's Headquarters.

In 2015, we replaced the air conditioning equipment at one of the Bank's premises, where based on the need for new equipment, we set out to improve OUR energy efficiency at branch office level. Thus the Itagui branch office was overhauled with new energy efficient technology saving a total

of 1250 kWh per month for a 17.6% decrease in the amount of electricity used compared to the same period the previous year; this for a total investment of COP 61,190,127. Furthermore, we explored the possibility of installing solar film to lower the thermal load of our branch offices, thus allowing us to reduce our use of air conditioning equipment while at the same time making it more efficient. So far we have installed solar films in branch offices such as Piedecuesta Santander obtaining savings of COP 7,224.836 with a total investment of COP 9,971,425. This has allowed us to improve the energy performance of this particular branch office by up to 19.5% or 1696 kWh per month.

We also focused on the maintenance performed on our air conditioning equipment at branch office level with the aim of obtaining a greater degree of energy efficiency. At our Punto Clave office we saved a total of 10,664 kWh in just 5 months, this equal to COP 5,489,186.

Several of our branch offices have been built based on sustainable construction criteria, including our Carvajal branch in Bogotá which has reduced its water and energy consumption by 46% and 56% respectively, compared to other branch offices of the same size and characteristics. Also at the end of 2015 we inaugurated our first branch office with solar panels in the Mall Viva Palmas Shopping Center in Medellín. These premises are able to generate the entire amount of energy required during times of substantial radiation.

### Conservation and efficient use of water:

We also control plumbing leaks at branch level, and managed to detect a loss of almost 250 m<sup>3</sup> of water per month at our Sogamoso branch. The reparation of these plumbing installations cost COP 2,652,873 and the branch office's current consumption comes to just 17m<sup>3</sup>, which means we recovered this outlay in just two months.

We also reviewed water flow data and leakages at our Valledupar branch office reducing average consumption from 166m<sup>3</sup> to just 15 m<sup>3</sup> per month, producing annual savings of COP 3,813,187.

### Reducing our Consumption of Paper and Printing Supplies

In 2015, we toured our corporate and regional headquarters in both Medellín and Bogotá, raising awareness amongst our employees and training them to use our printing facilities that much more efficiently while analyzing our printing volumes, environmental indicators and good printing practices, this in order to encourage a more adequate use of paper while achieving greater efficiency and savings at the same time. This enabled a more efficient use of printing paper, which represented COP 256 million in savings and a reduction of 4,500 reams of paper for an additional efficiency of almost COP 45 million

In 2015, we staged our first "Clinching it by not printing it" awareness day in the Bancolombia Group, where we toured our corporate and regional headquarters in Medellín, Bogotá, Cali and Barranquilla. With this strategy we managed to reduce our daily printing volumes by 5%.

In 2015, we deployed our new Sustainable Reverse Logistics initiative. This is ensuring proper waste disposal at a total of 91 branch offices, thus completing the supply chain life cycle, delivering, using, collecting and disposing of materials such as paper, cardboard, boxes and brochures, besides feeding important information into our predictive supply chain model so as to properly plan our demand. With this project we recovered 3690 kilos of materials throughout 2015, which were subsequently recycled.

### Waste Recovery

As part of our recyclable waste strategy, we recovered approximately 362 tons of waste that provided COP 100 million in revenues which we shall use for our ongoing sustainability projects. Through the proper handling of waste electrical and electronic equipment (WEEE), we were able to obtain COP \$136 million in revenues, that shall be used to finance different sustainability projects benefiting our different stakeholder groups.

## Climate change

Grupo Bancolombia defined its climate change policy and strategy three years ago, when we submitted our first report to the Carbon Disclosure Project -CDP. In 2015, this Global Environmental Organization recognized us as having the best climate change management plan in Colombia. The CDP score obtained in 2015 is as follows:

### CDP score:

- 99 out of a total of 100 points in the Disclosure Category and ranked within the "B" Performance Band.
- No 1 place in Colombia and No. 3 in Latin America in terms of the transparent reporting of our climate change strategy.

### Climate Change Activities

We took part in the SISCLIMA conference sponsored by the Colombian National Planning Department, where we were able to share the Green Fund's strategies, with the assistance of PNUMA, PNUD and WRI so as to be able to define a financing strategy to address climate change in Colombia.

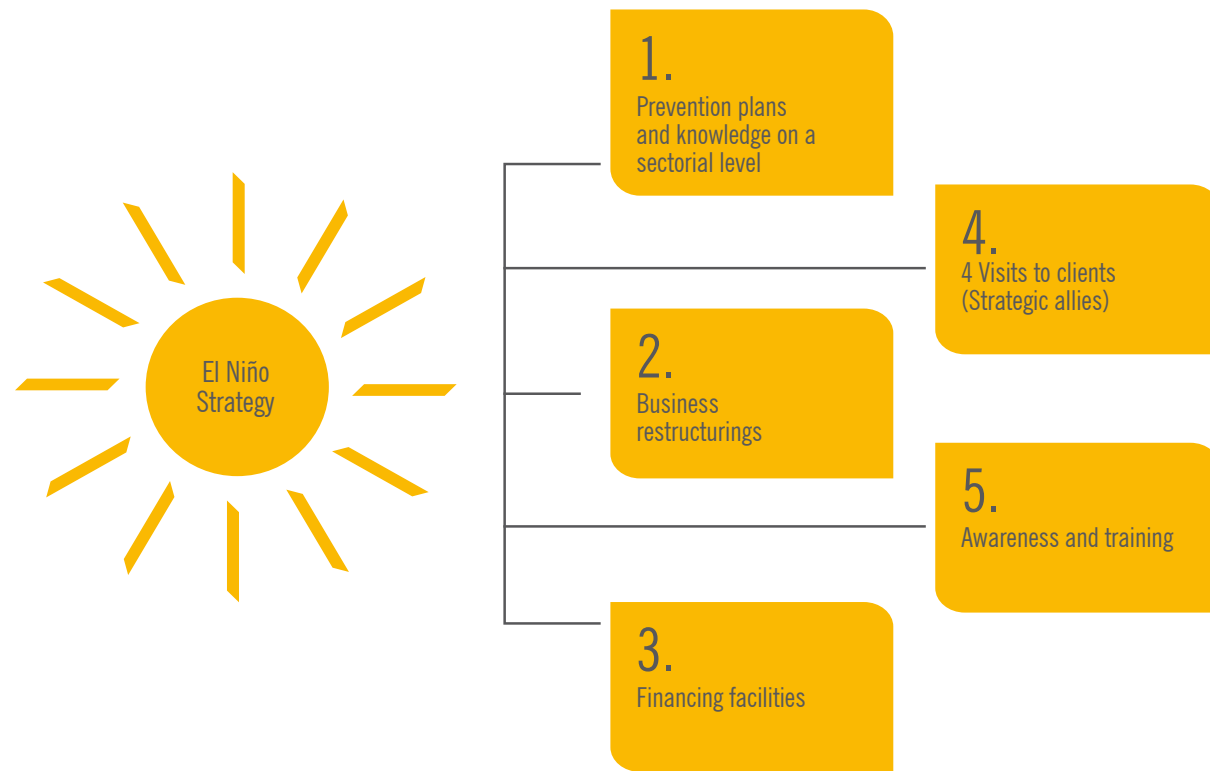
### Risks and opportunities for the organization's activities due to climate change GRI4 EC2

As part of our climate change strategy, we have identified and are handling risks and opportunities from the physical, legal and reputation standpoints as well as those relating to changes in client behavior patterns and increased humanitarian demands. This information has been fed as input into our sectorial analyses.

For more details, please click on the following link: Climate Change Strategy <http://www.grupobancolombia.com/wps/wcm/connect/4fad1537-4760-42e0-8127-c271590fe3be/ClimateChangePolicy.pdf?MOD=AJPERES>

WE HAVE SPECIALIZED  
STAFF MONITORING OUR  
CONSUMPTION AND SPENDING  
BASED ON ECOEFFICIENCY  
INDICATORS FOR WHICH  
INTERDISCIPLINARY COMMITTEE  
MEETINGS ARE HELD  
EVERY MONTH

### El Niño Strategy



In making our employees and clients more aware of climate change, we staged the following initiatives:

- Publishing information regarding the more critical sectors and assets to be financed, this through infographics distributed amongst our sales force.
- Showing our sales staff the importance of El Niño weather phenomenon and how it has affected different regions throughout Colombia and hence our own clients and partners.
- Streaming a video for our SME clients on the El Niño weather phenomenon, as well as aspects of climate change including expectations with the COP 21 Conference held in Paris in which the Director for Climate Change from the Colombian Ministry of the Environment took part.

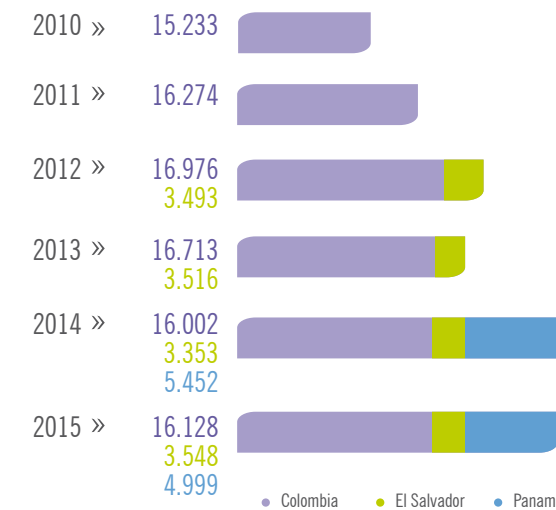
### Carbon footprint

We continued to measure our carbon footprint produced by both our direct and indirect operations in Colombia, El Salvador and Panama; we are also managing different components of such to reduce our energy consumption and offsetting our overall footprint by restoring the different ecosystems in conjunction with the Natura Foundation in Colombia, where we have been carbon neutral in terms of direct emissions since 2012. As a result of our reforestation project we have planted a total of 170,180 trees between 2011 and 2014. As a result of this arrangement with the Natura Foundation, these newly planted trees have been able to capture 9,535 tons of CO<sub>2</sub>.

### Greenhouse Gas Emissions . EN 15, EN 16, EN17, EN18 y EN19

	1	2	3	Total	Total employees	% Change
<b>Total</b> (Tons of CO <sub>2</sub> equivalent)	Scope	Scope	Scope	Total		
2010 >>	145	12.978	2.109	15.233	0,537	N/A
2011 >>	151	13.724	2.399	16.274	0,501	-7%
2012 >>	270	17.706	2.493	20.469	0,585	17%
2013 >>	296	17.603	2.329	20.228	0,461	-21%
2014 >>	811	21.942	2.055	24.807	0,533	16%
2015 >>	534	21.641	2.501	24.676	0,498	-7%

### Bancolombia Group's Carbon Footprint (Tons of CO<sub>2</sub> eq)



### Keeping our stakeholders well informed

In 2015 we implemented various internal communication strategies with the aim of making our employees more aware of how to take a responsible stand with the environment as part of their daily lives. We also used both our corporate and external communication channels to provide our different stakeholder groups with information regarding the most important steps we are taking in terms of our environmental and social efforts, and how we are building sustainable development based on our everyday tasks.

In this way, we kept our related groups updated

Issues	Employees	Clients	Suppliers	Shareholders / investors	Community
Yearbook	🍃	🍃	🍃	🍃	🍃
BanCO2	🍃	🍃			🍃
Corporate eco-efficiency	🍃				
Car Free Day in Medellin and Bogota	🍃				
Winners of the BID´s Beyond Banking Awards	🍃	🍃	🍃	🍃	🍃
Climate change	🍃	🍃			
WWF´s Earth Hour	🍃				
Cycle 7	🍃				🍃
Sustainable mobility	🍃	🍃			
Tree Day	🍃	🍃			🍃
CAF extends a line of credit worth USD 360 million to Bancolombia	🍃	🍃		🍃	
Dow Jones Sustainability Index	🍃	🍃	🍃	🍃	🍃
CDP score	🍃	🍃	🍃	🍃	🍃
For the Sake of Water	🍃	🍃			🍃
Green line	🍃	🍃			
ARAS	🍃				
Our contribution to the environment	🍃	🍃			🍃
Volunteer tree planting	🍃				
Titanes Caracol	🍃	🍃	🍃	🍃	🍃
Building Don Luis´ House	🍃				🍃

Highlights of our stakeholder engagement

- **Titanes Caracol:** We sponsored this program for the second year running in providing our support to people who inspire us by showing how our normal run of the mill activities can become quite extraordinary and how we can set an example of the many positive values existing in our country today. 'Gestures of Peace' is another of our initiatives in this regard, since we understand the part we play as managers of change and that our mission goes far beyond our role as a financial institution and that by recognizing anonymous social entrepreneurs we are encouraging a fairer, more peaceful and inclusive society in Colombia.
- **Building a home for a rural family in San Luis - BanCO2:** Don Luis decided to give away half a hectare of his land to a displaced rural family from Arboletes who badly needed to put a roof over their children´s heads. Our Organization, together with the Catalina Muñoz Foundation got together in a gesture of solidarity in order to build a house for this family, with the assistance of our volunteer corps made up of our own employees. Don Luis´ family is a beneficiary of the BanCO2 program, that is to say they receive a subsidy from the latter Organization in their Bancolombia savings account for their work in taking care of the forests and river basins.
- **Cycle 7:** We also celebrated Sustainability Week in Latin America, sponsored by Ciclo 7, the purpose of which is to raise awareness about social and environmental issues within the region, in order to identify best practices that drive sustainability in Latin America. During this week-long event, synergies and joint commitments were worked out on the part of various sectors for furthering sustainable development.
- **For the Sake of our Water:** This initiative is aimed at collecting waste dumped in different sources of water throughout the country. This campaign, which began 15 years ago, has done much to preserve water sources and raise awareness of the importance of water conservation, attracting more than 12 thousand volunteers. Grupo Bancolombia has decided to join the For the Sake of our Water initiative, not only in support of such but as a way of addressing the effects of climate change in Colombia. The aim here is to convert this day-long annual campaign in a culture of life.

Environmental education GRI FS4

We continue to provide environmental education programs to both our clients and employees by means of on-line and classroom training activities in various aspects of sustainability such as eco-efficiency, social and environment risk assessments as well as sustainable business opportunities.

On-line training courses GRAPH GRI FS4)

On-line courses	2012-2014 Employees	2015 Employees	Total
Corporate eco-efficiency *	8173	NA	8173
Think Green (Sustainable Business):	965	147	1112
Let´s be sustainable!	1880	194	2074
ARAS (Environmental and social risk assessments)	1954	124	2078

\* The eco-efficiency course was replaced by the Think Green and Let´s be Sustainable! programs in 2014.

Classroom courses	2014 Classes / Participants		2015 Classes / Participants	
Sustainable Business	25	230	25	200

**We also participate in environmental volunteer programs**

**"Leave your mark" volunteer program:**

Last year volunteer work was carried out in a total of three charitable organizations, two in Medellín and one in Cali. These projects benefited 360 animals (mostly dogs and cats) and focused on their protection and care. A total of 90 volunteers participated in these activities.

**"A Day for my Country" volunteer program:**

A total of 100 activities were carried out as part of this program, 32 of which were focused on environmental conservation, for which a total of 1.596 trees were planted by 1.721 volunteers in all.

Also a nationwide event (held in Medellín, Bogotá, Barranquilla, Cali and Bucaramanga) under the auspices of "For the Sake of Water" attracted 120 volunteers who collected a total of 3.3 tons of dumped rubbish.

**Environmental and Social Risk Assessments as part of our Financing Operations GRI4-FS2/3**

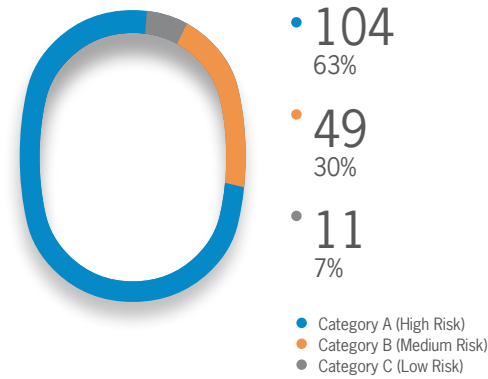
For the fifth year running, Grupo Bancolombia continued to detect, assess and handle the environmental and social risks and impacts inherent to the projects we finance, this pursuant to following international standards as contained in the Equator Principles as well as the IFC's and World Bank's Performance Standards. In keeping with the needs of Bancolombia, the country as well as the region, we have updated our policies, processes and procedures in compliance with that stipulated in the Equator Principles III.,

A new scope was defined and implemented for our SME banking sector, with a special emphasis on sectors such as mining, hydrocarbons and gas, energy and road infrastructure.

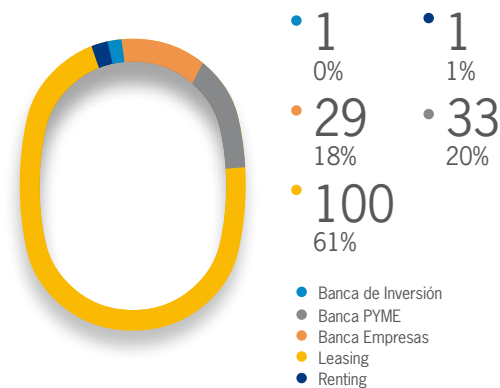
We have adopted the "Reporting Submission Template", as set out in the Equator Principles Governance Association Rules.

In 2015, a total of 164 projects were evaluated and categorized as follows:

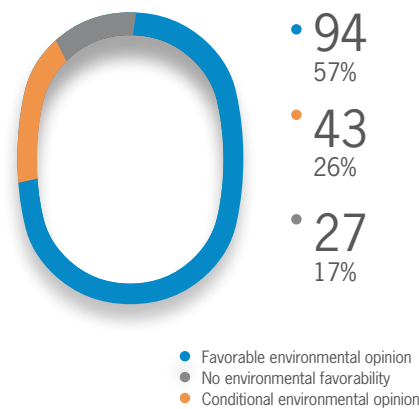
Project Categorization (Consolidated Bancolombia Group)



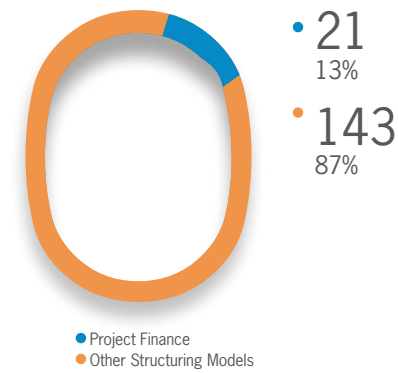
No. of Projects per Business Unit



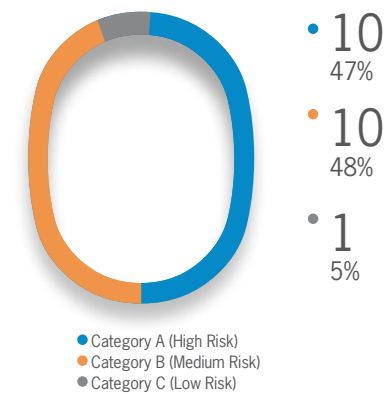
Project Conceptualization



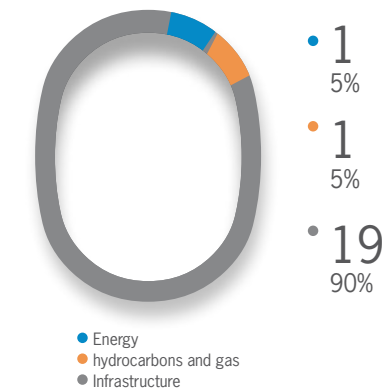
Relationship between Project Financing and other Structuring Models



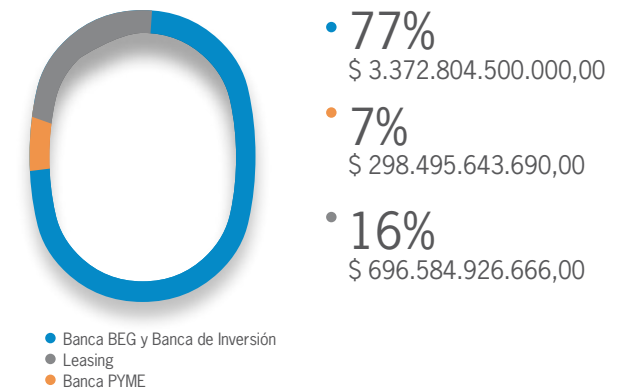
Project Categorization - Project Financing



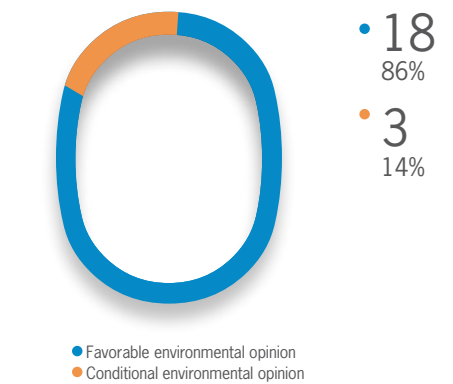
Projects Assessed per Economic Sector - Project Financing



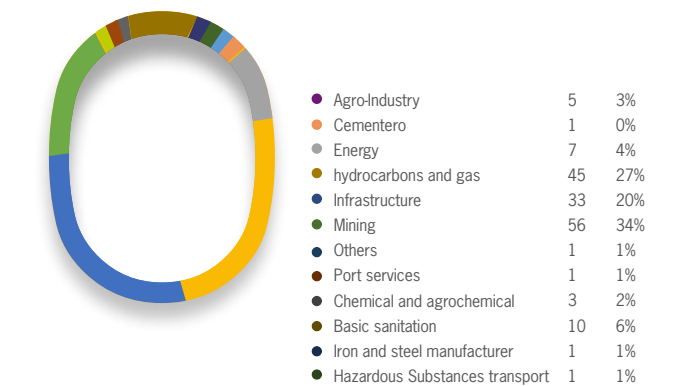
Loans covered based on Business Unit



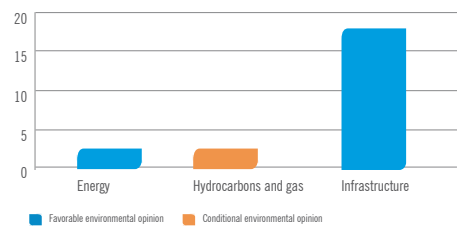
Project Conceptualization - Project Financing



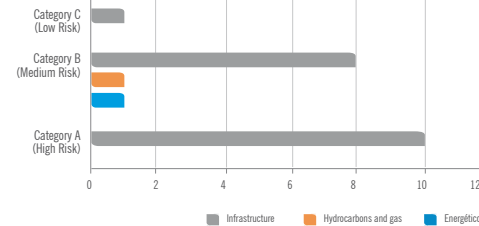
No. of Projects Assessed per Economic Sector



Correlation between the projects assessed, based on sector and results



Correlation between the projects assessed, based on sector and risk level



Report on Projects Financed in Latin America:

Sector and project	Category	Evaluation date	Country	Review External / Internal
<b>ENERGY</b>				
Hydroelectric Power Plant	B	13/02/2015	El Salvador	X
<b>HYDROCARBONS AND GAS</b>				
River transport - hydrocarbons	B	07/12/2015	Colombia	X
<b>INFRASTRUCTURE</b>				
Remodeling airport infrastructure	B	16/03/2015	Colombia	X
Refinancing airport operations	B	13/03/2015	Colombia	X
Building and operating highway infrastructure	A	08/05/2015	Colombia	X
Remodeling airport infrastructure	B	12/05/2015	Colombia	X
Remodeling airport infrastructure	B	13/05/2015	Colombia	X
Remodeling airport infrastructure	B	14/05/2015	Colombia	X
Remodeling airport infrastructure	B	14/05/2015	Colombia	X
Infrastructure construction - buildings	C	15/05/2015	Colombia	X
Remodeling airport infrastructure	B	28/05/2015	Colombia	X
Shopping center construction	B	25/05/2015	Colombia	X
Building, maintaining and repaving highways	A	10/11/2015	Colombia	X
Building, maintaining and repaving highways	A	09/12/2015	Colombia	X
Building, maintaining and repaving highways	A	24/12/2015	Colombia	X
Building, maintaining and repaving highways	A	28/12/2015	Colombia	X
Building, maintaining and repaving highways	A	29/12/2015	Colombia	X
Building, maintaining and repaving highways	A	30/12/2015	Colombia	X
Building, maintaining and repaving highways	A	30/12/2015	Colombia	X
Building, maintaining and repaving highways	A	30/12/2015	Colombia	X
Building, maintaining and repaving highways	A	30/12/2015	Colombia	X

## Case studies – Environmental and Social Risk Assessments

### 1. Favorable Environmental Opinion for a Hospital / Medical Center Project

**• General description:**  
This project involved the construction of a new building with an area of 36,911 m2 and consisting of 12 floors and 3 basement levels, where hospital services are to be provided in the following fields: intensive care for adults and newborns, Pediatrics, Gynecology and Obstetrics, Cardiology, Gastroenterology, Pulmonology and Neurology. This project is called the "Green Hospital" based on its environmentally-friendly practices and is to be located in Colombia's capital city, Bogota.

**• Project evaluation:**  
The project was evaluated from the standpoint of its Industrial Wastewater (effluent) Treatment System, Comprehensive Hospital and Similar Waste Management Plan, PGIRHS, Occupational Health and Safety program, and its Environmental Management Plan for extending the Medical Center / Hospital's physical infrastructure. It also has human rights and anti-discrimination policies, and has laid on a Whistle-Blowing Hot Line as well as internal and external communication channels. It has been given a favorable environmental opinion.

**Environmental covenants:**  
Copies of the findings of official tests performed on the quality of its industrial waste water (effluents), on the part of the corresponding Environmental Authorities. These tests are performed every year by labs duly recognized by the IDEAM.

Copies of certificates attesting to the proper collection, transportation and disposal of solid and liquid, ordinary, special, hazardous and medical waste, as issued by the agencies responsible for conducting annual assessments on such.

### 2. Conditional Favorable Environmental Opinion on a Coal Mining Project

**• General description:**  
This project involves the mining and quarrying of an underground coal deposit. The method used was to widen the internal mining shafts in the direction of the sill itself. The coal to be extracted would begin as of these drums, leaving a protection buttress between 2 and 5 meters wide above the guide wires and at the end of the coal face. This project is located in Colombia in a rural area belonging to the Department of Boyaca.

**• Project evaluation:**  
Once the project's technical documentation was assessed along with its Environmental Management Plans, Environmental Compliance Reports, social management plan and occupational health and safety program, it was evident that it had sufficient systems in place for monitoring, preventing, mitigating and offsetting the main environmental risks relating to the project's activities, along with channels for liaising with the community, oversight authorities and other stakeholder groups. Workplace safety measures have also been put into place to prevent incidents and accidents on each work front. Although the corresponding technical conditions are duly evidenced and documented from the environmental, social and occupational safety standpoints, an on-site visit would be highly advisable so as to be able to verify how these environmental programs are being applied, particularly those relating to occupational health and safety. So this project is dependent on technical and environmental checks being carried out by a visit to the mine.

**• Considerations**  
Action plans for implementing occupational health and safety standards with regard to underground mining operations, particularly with regard to the mine's mechanical and overhead ventilation system.

As shown by the findings of this evaluation, human rights are adequately protected with regard to the health and safety of miners, since the safety systems at the coal face have been restructured.

Given the above, a **CONDITIONAL ENVIRONMENTAL OPINION** has been issued subject to information being remitted within the defined terms.

### 3. Unfavorable Environmental Opinion on a Coal-Mining Project

- General description

This project involves the mining and quarrying of an underground deposit of coking coal by means of the downward widening of the internal mining shafts. This project is located in a rural area in the Department of Cundinamarca in Colombia.

- Environmental and social considerations:

- This prospective coal mining project is located high up in a paramo or an alpine tundra ecosystem.

- that provides unique environmental services in regulating water sources on a regional or macro-regional scale. These paramos are geomorphologically configured to store water and serve as aquifer recharge zones. Consequently they provide water for 70% of the Colombian population located in the Andean mountain and valley areas.

- The main environmental impacts caused by mining activities on the páramos are listed as follows:

- Changes to the area's topography and landscape, altering the physical, physio-chemical and chemical conditions of the soil and subsoil. Causes barrenness of the soil or allows contaminants to enter water sources since the canopy and top soil is removed. It causes slopes to fall away ostensibly changing the natural shapes and gradients of the hillsides down which smaller streams run. It changes the soil's mechanical make-up and prevents organic matter from forming and accumulating while releasing gas emissions into the atmosphere. It releases liquid, solid and gaseous pollutants which are directly or indirectly absorbed by the ground. It alters

the paramo's capacity to regulate the water supply and produces an irreversible loss of the ecosystem's physical functionality. It reduces the flow of water and alters the natural drainage system. It also affects groundwater levels and hence hydrological cycles. It diverts and interrupts flow rates given the amount of waste dumped. It affects the natural habitat of both fauna and flora.

The main social impacts caused by mining on the paramos are as follows:

- It takes away land from local communities. It affects public health. It changes the manner in which the land is used, destroying the livelihood and the quality of life of the local communities. This has a consequent impact on social and community organizations.

- Legal and documentary considerations:

- The project was given a favorable opinion by the Colombian Environmental Authorities, when the Regional Autonomous Corporation of Cundinamarca granted its approval to its Environmental Management Plan. Also it has been looked on favorably by the different mining authorities, related to the Mining Concession Contract and the Mining Registration Certificate both signed by the Colombian National Mining Agency. Nevertheless, the Colombian Congress is currently debating a bill that would introduce laws to protect ecosystems existing in paramos and wetlands, which would set more stringent conditions for mining and drilling activities, and thus greater restrictions are expected in this regard.

- The documentation received for this Project, did not include the social and environmental programs designed to control, prevent, mitigate, offset, correct or remedy the risks and impacts associated with underground mining activities, which given their inherent danger pose a high risk of possible violations of the human rights of workers and contractors as well as the local communities within the mine's direct and indirect area of influence. **WE THEREFORE ISSUED AN UNFAVORABLE ENVIRONMENTAL OPINION FOR THIS PROJECT**

## Adherence to international protocols and principles G415

### Equator Principles

On October 20 and 21, 2015 we attended the annual meeting of the Equator Principles in Washington D.C. along with more than 88 representatives from different member organizations worldwide. The topics discussed, apart from the normal matters of an annual meeting, were mainly to do with the outlook of different regions with regard to addressing the challenges of implementing the latest version of the Equator Principles, as well as case studies of the construction sector, maritime assets, cases of projects categorized as high risk, climate change and other specialized issues.

### Unep-FI

Bancolombia continued to attend these monthly workshops together with more than 50 other Latin American organizations with the aim of sharing good financial practices. We took part in UNEPFI's Mission in Colombia, last May, aimed at engaging in conversations with both the Government and private entities, so as to introduce new policies and regulations with regard to the financing of environmental and social ventures

### CEO Water Mandate

Bancolombia does not require substantial volumes of water in order to conduct its business purpose, however we do recognize the importance of our water resources and have thus endorsed the CEO Water Mandate which consists of six core elements with regard to which we have implemented our own water stewardship initiatives.

Water management is part of our climate change policy. This has been made available at the following link:

<http://www.grupobancolombia.com/wps/wcm/connect/4fad1537-4760-42e0-8127-c271590fe3be/ClimateChangePolicy.pdf?MOD=AJPERES>

1. Direct operations

- We collect rain water which is recycled as a coolant for the air conditioning systems in-

stalled at our Corporate Headquarters as well as our Data Center in the city of Medellin.

- Monitoring water consumption at regional office level is also vital in order to detect and correct any irregularities in taking advantage of any opportunity to reduce such.

2. Supply chain

- Incorporating environmental criteria for evaluating our suppliers and service providers (RFP - Request for Proposals).

- Follow-up visits to suppliers and service providers, where we provide our assistance in suggesting any improvements that could be made so as to ensure clean and sustainable production processes.

3. Watershed management

- We have already begun to identify all those regional and branch offices that are located in areas where water is scarce. (what do we do when we have identified these?)

4. Public policy-making

- We are well aware of the responsibility we have and the role we play within the private sector in providing our all-round support to the protection of water resources. Community involvement.

5. Community involvement

- Volunteer work cleaning up sources of water. Our volunteer corps is made up of our employees, their friends, family members, in fact anyone who would like to join us.

6. Transparency

- We include our annual water consumption in our Annual Management Report, specifically in the Environmental Management section as well as on our website. Corporate eco-efficiency.

<http://www.grupobancolombia.com/wps/portal/about-us/corporate-information/sustainability/ecobank>

- Corporate water consumption reduction target. Available on our website at the following link:

<http://www.grupobancolombia.com/wps/wcm/connect/33caac67-ef98-48a7-b107-7c125fd51a90/emiromental.pdf?MOD=AJPERES>

**PRI:**

We continue to adopt good practices as part of our commitment as signatories of the Responsible Investment Principles. As institutional investors, we are duty-bound to do everything we can to provide long-term value for our stakeholders. In our role as trustees, we believe that environmental, social, and corporate governance issues can affect the performance of our investments and so by upholding these principles we are acting in keeping with the broader objectives of society.

We currently form part of the Advisory Committee to the LatinSIF initiative which

is aimed at encouraging Responsible Investing in Latin America, creating an institutional framework, sharing knowledge with other members, building skills and proficiencies within our companies as we gradually develop a regional market for sustainable investment.

**Green Protocol:**

In 2015, we continued to actively participate in different workshops with regard to products and services, analyzing environmental and social risks, drawing up eco-efficiency standards and trying to extend the green protocol throughout the Colombian financial sector.

Measures taken in 2015 by Asobancaria's Green Protocol Committee in which Bancolombia plays an active role



Respecting all laws and other rules and regulations as the cornerstone of Bancolombia's policy framework

Bancolombia is firmly committed to preserving the environment and in so doing abides by all current environmental legislation and adopts the measures required to reduce the environmental impact of its business activities.

In 2015, we evaluated the risks and opportunities posed by Resolution 1928 issued in 2015 in Peru, which regulates the handling of all environmental and social aspects with regard to financing; the Single Regulatory Decree 1076 of 2015 issued in Colombia contains a compilation of all those environmental rules and regulations applicable in this country.

Since 2015 we have been working on identifying opportunities in terms of the tax benefits granted to our clients in the light of Decree 2143 which regulated Law 1715 passed in 2014, the purpose of which is to encourage renewable energy generation amongst our clients in Colombia. We also analyzed Resolution 631 issued in 2015, which set the parameters and maximum permissible limits for specific types of effluents or waste water, for which we have developed a system of alert triggers for our clients and different business areas, to ensure compliance with the aforementioned regulations. As part of all of this, we conducted a compliance analysis of all those sustainable construction bills that shall come into full force and effect as of June 2016, so as to be able to fulfill all those conditions established in carrying out new building projects and providing support to our clients through including new sustainable construction technologies.

Compliance with Resolution 1512 issued in 2010: Through Leasing Bancolombia, we now have our own Waste Management and Collection System for old electronic equipment such as computers and peripherals, as approved by the Colombian National Environmental Licensing Authority. This system is designed to adequately dispose of all computers and peripherals that the Company chooses to get rid of. This system was developed in conjunction with our service provider Belmont Tech.

**Compliance with Resolution 1512 issued in 2010:** Through Leasing Bancolombia, we now have our own Waste Management and Collection System for old electronic equipment such as computers and peripherals, as approved by the Colombian National Environmental Licensing Authority. This system is designed to adequately dispose of all computers and peripherals that the Company chooses to get rid of. This system was developed in conjunction with our service provider Belmont Tech.

**With regard to Resolution 1457 passed in 2010:** With regard to implementing a Waste and Environmental Management System for Used Tires, our companies Leasing Bancolombia and Renting Colombia have adhered to the "Green Waste Collection System", as approved by the Colombian National Environmental Licensing Authority. This waste collection system, adopted by more than 15 tire-producing companies nationwide is aimed at the safe disposal of used tires.

Environmental management system

We continued to drive our environmental management system, in keeping with the international standard ISO 14001: 2004, thereby complying with our corporate environmental policy and implementing improvements with regard to our corporate eco-efficiency, environmental and social risk assessments as well as sustainable business and climate change strategies, these being the cornerstones of our corporate mission. Closing the gaps detected by internal audits and managing our knowledge as well as drawing up the following corporate policies

- Sustainable procurement
- Human rights
- Climate change
- Controversial issues with regard to financing
- Responsible investment
- Stakeholder engagement

We also reaffirmed our commitment to working in conjunction with LatinSIF, the Natura Foundation and the NGO WWF.



Breakdown by type of total environmental expenditure and investment for 2015

Cost of treating waste and emissions as well as reforestation investments	Costs	Costs of environmental management and risk prevention programs	Costs
Sanitation charges paid	\$250.087.310	Rational Use of Energy Strategy	\$ 98.400.000
Waste disposal costs	\$ -	Technical Maintenance of Electromechanical Equipment	\$ 285.776.876
Awareness initiatives for categorizing waste (printed material)	\$12.772.992	Changeover to more Effective Equipment	\$2.629.580.959
Costs of cleaning up the Santa Elena land	\$465,371,934	Stakeholder awareness initiatives with regard to environmental and social issues	\$325.000.000
<b>Total environmental investments COP: \$ 4.066.990.071</b>			

Sustainable Business (GRI FS8)

This year we continued with our sustainable business initiatives, providing our financial services and technical assistance to clients in carrying out projects entailing both environmental and social benefits.

We visited and helped 109 clients to identify new business opportunities, and, as a result, value-added offerings were drawn up based on the technical assistance we provide with the aim of creating innovative solutions having a positive impact on the environment. Here we provided our support to a total of 70 clients in identifying the environmental tax benefits offered in the way of sustainable investments.

Through Bancolombia's own "Green" line of credit, we financed a total of 69 projects worth COP 140 thousand million pesos focusing on cleaner production, energy efficiency and renewable energy generation, for which we are using our own funds. Also, we supplemented our range of

financial services after structuring a new line of credit financed by the CAF (Andean Development Corporation) for a total of USD 60 million, which shall be made available as of 2016.

Our lending portfolio already boasts financing from important development banks in the form of the BANCOLDEX and Findeter lines of credit, Bancolombia's own "Green" line as well as the environmental line of credit sponsored by the Swiss Government's State Secretary for Economic Affairs (SECO) with whom we have worked for more than 8 years, now.

Last year we continued to create added value for our clients through the environmental alliances formed, thus providing greater assistance and coverage throughout the entire country. These alliances include Azimuth Consultants, Garper Energy Solutions, MGM Innova Services, Ambientalente, Gaia SAS and the Colombian National Center for Cleaner Production.

Visa Natura "Green" Credit Card

Banistmo launched its new Natura "Green" Credit Card in May 2015, for a total of 3,439 placed until year-end 2015.

This Natura Green Card encourages the conservation of water resources and biodiversity as part of the Panama Canal's hydrological basin. The corresponding card-holders receive a monthly newsletter containing information regarding important environmental issues and are invited to participate in the volunteer work carried out, among other activities.


Banikids

BaniKids covers Banistmo's children's segment and provides support to parents in encouraging their children to save and how to manage their pocket money responsibly. Besides involving them in helping to protect endangered Sea Turtles through our alliance with the Tortuguías Foundation, in 2014 we opened approximately 268 Banikids accounts for a total client base of 5.118. Thanks to the volunteer work carried out with the aforementioned Foundation, we helped to protect sea turtles and release them back into the wild as well as driving ecotourism in the coastal communities of Cambutal and Punta Chame.

Total financing

Helping to achieve Colombia's environmental targets with our "Green" line of credit

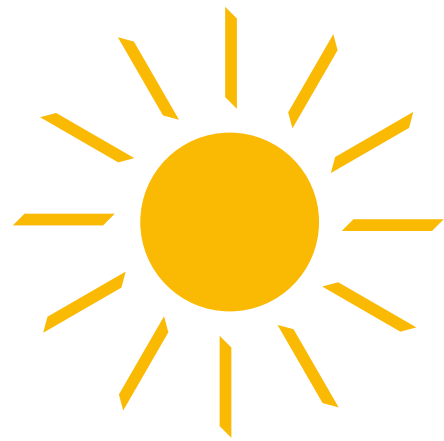
Savings	Quantity	Units
Electricity	5.945	MWh
Fuel-Coal	10.741	Tons
Fuel - Natural Gas	88.290	M3
Co2 Emission Prevention	27.679	tons of CO2
Water	12.4800	M3



The data herein reported corresponds to the period 2014-2015

Financing Sustainable Business (Colombia)	SECO Line (Leasing and lending)		Green Line (Leasing and lending)	
	Amounts	No. Transactions	Amounts	No. Transactions
	1,669,253,000	6	102,341,028,791	44
	48,106,554,407.00	30	18,008,517.000	13
	162.072,519,000	41	118,579,932,685	9
	888,890,000	201	451,667,127,935	344

Participating in industry-specific events:



2015

events **8** we were invited to speak  
attended customer **450**

In 2015, we were invited to speak at a total of 8 events, where we presented our sustainable business model, our "green" lines of credit as well as the amount of technical support provided by the entire Bancolombia Group. These events were attended by approximately 450 clients.

- 1 Solar PV Trade Mission Central America & Colombia. Bogota.
- 2 Banking Convention Panel 2015: Cartagena. Session 8 on Sustainable Banking, attended by the Group's Chief Executive Officer, Carlos Raúl Yepes.
- 3 Colombia Climate Financing 2015 - Colombian National Planning Department . Bogotá.
- 4 Business sustainability based on a more efficient use of energy and water for our SME clients in the Department of Antioquia.
- 5 Climate change and its effects on agriculture, risks and opportunities from the project financing standpoint, Agrofuture.
- 6 Financing opportunities for Sustainable Businesses - Grupo Bancolombia "Business Sector versus Climate Change" event: progress and opportunities.
- 7 Ethics and sustainability from the financial sector's viewpoint. Antioqueñan Society of Engineers.
- 8 Workshop of Sustainability and the Financial Sector. WWF Brasilia.

Sustainable Business Sales Force Training

In 2015 we conducted 25 training sessions attended by 200 members of our sales force, which were given on-line as well as in the form of personally-attended classroom events.

Also with regard to our ongoing sustainability strategy, we contributed to and were recognized by approximately 75 web publications and print media, including the following:

Last year we conducted four training initiatives amongst our clients on energy and water savings and how to use these important resources more efficiently, this in conjunction with our environmental partners, Azimut Consultants and Gaia Environmental Services where we were able to identify ways that our clients could easily implement as their contribution to the environment. More than 100 clients took part in these training courses.

BanCO2 Project

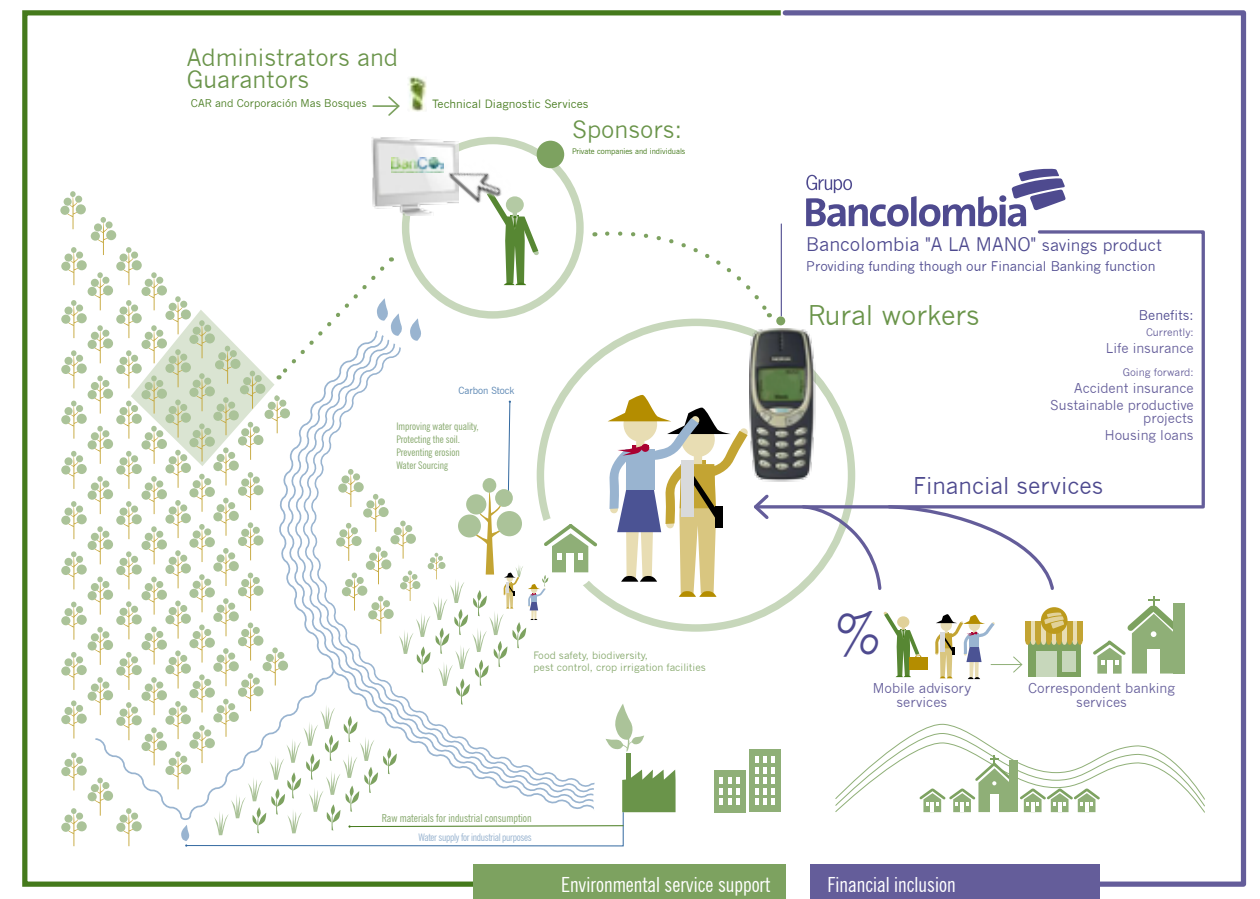
We continued to support the BanCO2 project, which is a strategy which allows companies, institutions and ordinary citizens to offset their carbon footprint by making donations for local environmental services through a special web site laid on for this purpose. This is not only helping to preserve the region's natural woodlands but also enhancing the quality of life of the rural families who live there and are paid for their stewardship services.

([http://banco2.com/BCO2\\_WEB/infografia.do](http://banco2.com/BCO2_WEB/infografia.do))

We are working in conjunction with the Natura Foundation in support of productive projects and ecotourism that benefit 19 families living in La Ceja and La Union who belong to the BanCO2 initiative . Here we structured a tourist hiking trail through the lush agricultural area in this part of the world, making improvements to rural worker housing and teaching them about good agricultural practices and tourism services thus laying the foundations for a sustainable production process.

BanCO2 in figures:

- No. beneficiaries of the BanCO2 program: **951 rural families**
- No. beneficiaries of the BanCO2 training initiatives: **351 rural workers on how to prevent and control forest fires**
- Protected areas: **13.423 hectares of woodland**
- No. Environmental Authorities involved in the BanCO2 program: **21**
- No. Tons CO2 eq of carbon stock: **4.026.900**



### Santa Elena Case History

In 1987 Banco de Colombia received from the Colombian Federation of Cotton-Growers a plot of land on the Mamonal highway in Cartagena, in the form of a payment in kind. This land showed trace contamination due to herbicides and pesticides deposited on the ground prior to its being received as payment. Since then the Bank has had to take measures to correct this situation.

We continued with this work in 2015 so as to be able to completely de-contaminate this property.

The work carried out so far has been divided up into two parts, the first consisting of establishing a containment area (where the bulk of the contamination is located) and the second corresponds to the tasks that must be performed on the land outside the containment area. In 2015 we continued with our efforts to decontaminate the outside area.

Although the methods used have been slow-acting, they represent minimal risk to the adjacent communities. The results obtained so far have been gratifying and there are only very small areas showing any significant level of toxicity.

Our efforts this year shall be largely focused of working in conjunction with the local environmental authorities in establishing appropriate methodologies for measuring environmental impacts on the Bank's properties as well as analyzing other remediation options for the areas that still remain pending.

We continue with the firm conviction that working together with the local communities and authorities is essential to a successful outcome for this process.

In 2015, in addition to routine administrative expense incurred with this land, the decontamination work carried out came to a total value of nearly seven hundred and seventy million Colombian pesos.

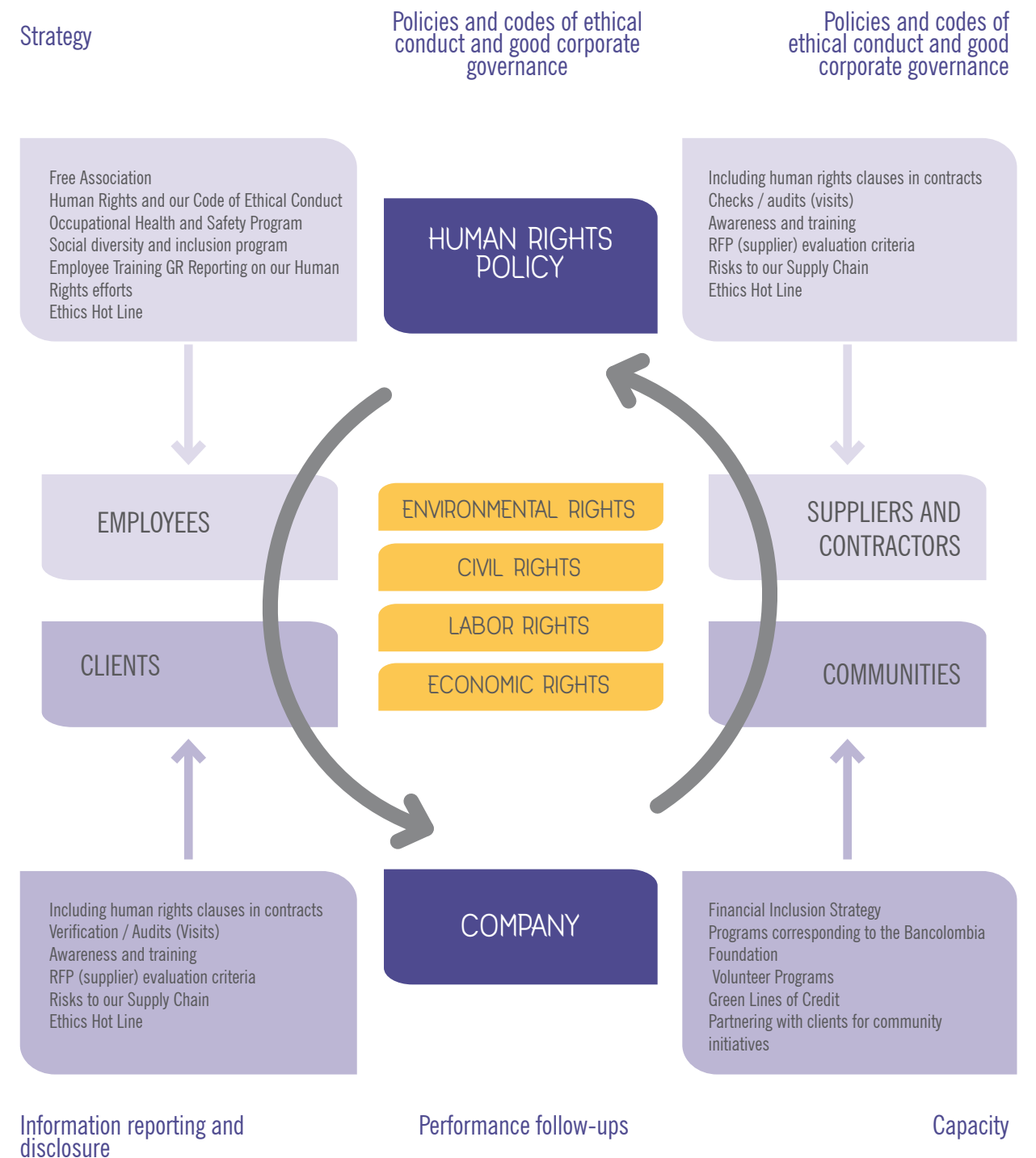
## The UN "Protect, Respect and Remedy" Framework - GRI 4-15

Since 2013, when we first issued our Human Rights Policy, the Bancolombia Group has had a framework in place for its handling of and adherence to the protection Human Rights, these based on the Guiding Principles on Business and Human Rights as presented by John Ruggie to the United Nations in June 2008. This also forms as part of our support and commitment to the Global Compact as well as to the Equator Principles insofar as these apply to project financing, thereby extending our Humanistic Banking approach which began a few years ago.

### Success Story

Case Study No. 1. We have a client who operates an underground coal mine in the Department of Boyaca. There was an accident in the mine which claimed the lives of five miners. The client requested financing from us and we performed an assessment of the environmental and social risks posed by the mine as part of a field visit carried out. Here we analyzed where and how the accident happened, and the Mining and Environmental Authorities as well as the corresponding Workers' Compensation firm decided that it had been in actual fact an accident and not caused by any negligence on the part of the mine's operator. Nevertheless various recommendations were made regarding the occupational health and safety of the mine's employees and the requested financing was provided subject to these recommendations being immediately implemented by the client.

Case Study No. 2. We decided not to finance another coal-mining project, located in the Department of Cundinamarca given a lack of clarity with regard to its corporate management and respect for the human rights of its employees, contractors and adjacent communities. The client had no occupational health and safety program for its underground mining activities, neither were there any policies in place prohibiting both child labor, forced labor.



### Human rights and how they affect business

Being fully aware of the risk exposure involved with the projects we finance and / or activities carried out in relation to such projects that could affect people's human rights, since 2009 we have been conducting a due diligence on our Human Rights performance through an Analysis of the Environmental and Social Risks posed by said projects and / or activities that are being carried out in sectors which we have classified as the most critical. We have tools at our disposal such as the Environmental and Social Risk Assessment Policy, which has been gradually fine-tuned in keeping with the new realities of the countries where we are present. We also have a policy in place governing controversial financing issues and an exclusion list.

Progress made in 2015:

- We amended our Environmental and Social Risk Policy to reflect an increased coverage in terms of the amounts to be financed as well as the sectors on which environmental and social risk assessments must be performed.
- We established the minimum requirements that must be met to finance projects and / or activities carried out in the mining, energy, hydrocarbons and gas, infrastructure and agricultural sectors.
- We continued to train the staff in charge of performing credit evaluations throughout the entire Bancolombia Group with regard to this sphere of activity.

IN 2015 WE CONDUCTED 164 ENVIRONMENTAL AND SOCIAL RISK EVALUATIONS BY MEANS OF WHICH WE WERE ABLE TO DETECT THE RISKS OF HUMAN RIGHT VIOLATIONS. AS A RESULT, WE DECIDED NOT TO FINANCE A TOTAL OF 17 PROJECTS FOR THIS REASON

### Projects that have not been financed due to human right violations in different sectors of the economy

In 2015 we conducted 164 Environmental and Social Risk evaluations by means of which we were able to detect the risks of human right violations. As a result, we decided not to finance a total of 17 projects for this reason .



### Human rights and our supply chain HR10- HR11

Since 2009 we have been working with our suppliers and strategic partners to continuously improve our mutual performance from the environmental, social and ethical standpoints. In 2015, we added a sustainability clause to 357 agreements with our suppliers and service providers, covering respect for human rights, compliance with all environmental, legal, occupational health and safety, corporate social responsibility, climate change and corporate governance rules and regulations. We also evaluated the risk of human right violations with 103 of our suppliers through environmental and social risk assessments and conducted 52 on-site visits. We also continued to evaluate our procurement of goods and services based on the guidelines contained in our Sustainable Procurement Policy, which explicitly prohibits contracting services or purchasing goods from a vendor that commits human right violations. In 2015 we evaluated this aspect in a total of 50 proposals received from prospective vendors.

Over the past 2 years we have evaluated a total of 207 suppliers, and action plans were drawn up in 23% of these cases in 2014 compared to just 14% in 2015; this with regard to our requirements for implementing good practices and having a policy or statement firmly in place in which the vendor pledges respect for human rights in all those cases where violations in this sense are possible.

### Human rights and our employees

#### Right to work in a healthy and safe environment

Right to work in a healthy and safe environment Since 2015 we have been deploying our "Healthy and Happy Organization" Policy, aimed at building a healthy work environment where outstanding results can be obtained, while building a culture geared to encouraging and protecting the health, safety and well-being of employees,

while ensuring inspiring work conditions where pleasurable emotions, feelings of happiness and self-realization can be experienced.

Our employee health, safety and welfare structure and corresponding processes and practices, including work space evaluations, are ensured by the following mainstays of our responsibility in this regard: The culture of a healthy organization, employee attraction and recruitment, the definition of employee compensation and fair and equitable benefits, all-round quality of life within the workplace, employee training and development, human relations, labor relations and corporate social responsibility.

#### Diversity and inclusion HR3

In 2015 and thanks to the work carried out by an interdisciplinary team and our benchmarking efforts in terms of best worldwide practices, we were able to define the concepts relating to Diversity and Inclusion that the Bancolombia Group must uphold, as stipulated in the corresponding Diversity and Inclusion policy based on the following three mainstays:

- Respect for diversity and inclusion,
- Reasonable adjustments to ensure inclusion;
- and encouraging multiculturalism.

#### "Bancolombia for all"

In 2015 there were 5 employees belonging to ethnic minorities working in our Organization; 3 of whom belong to Afro-Colombian communities and the other 2 are members of indigenous communities. Our new employee Julieth Paola, who works as a bank teller at one of our branch offices in Barranquilla and who belongs to the Cusuco Foundation has been warmly welcomed into the Organization, just like her other four work companions, Lidia Lisenia a member of our client care personnel at our branch office in Leticia and who belongs to the indigenous community in Macedonia; Esther Marlym of African descent who works as a bank teller at one of our

branch offices in Cartagena; Ronaldo who belongs to an Indigenous Reservation, works as a bank teller at the Puerto Inirida branch office; and Kathleen Yileinis belonging to the Son Palenque Foundation, who also works as a bank teller in a branch office in Barranquilla. All of the aforementioned employees work in the same regions in which they were born and belong and attend people belonging to their own communities, thereby helping the Bancolombia Group to become a more inclusive Organization. Similarly, their performance and sense of belonging both in terms of their positions and the organization as a whole have been excellent and continue to produce very good results in their day-to-day tasks.

### Right to free association

Bancolombia's own trade unions are an important source of feedback and dialogue given the regional and nationwide agendas affording permanent oppor-

tunities for ongoing discussions so as to be able to collectively resolve any differences or discrepancies that should arise, with a view to ensuring our institutional sustainability as well as enhancing work conditions and the quality of life for both our employees and their families.

In the light of this, and given the importance that social dialogue has for the Organization as a whole, an academic forum was held in October 2015 for the purpose of consolidating our labor relations. Here talks were given by expert speakers invited by both the Bank and its Trade Unions regarding social dialogue, business ethics and our more humanistic banking experience, based on which action plans were drawn up enabling us to build the Organization we all want, based on respect for people and diversity in general

### Grievances regarding human right violations filed by employees HR12



- 80 » Total number of grievances regarding human right violations filed through formal grievance mechanisms
- 80 » Number of grievances addressed
- 50 » Number of grievances where breaches of human rights were found to exist
- 27 » Number of grievances where no breaches of human rights were found to exist
- 3 » Number of grievances that continue to be investigated
- 2 » Number of grievances where human rights were effectively violated
- 77 » Total number of grievances where action plans were drawn up as corrective measures

Our Ethics Hot Line is the channel that has been laid on for suppliers and employees to report any violation of our codes of ethical conduct and good governance including possible violations or breaches of human rights.

All cases are investigated and based on the findings obtained action plan are drawn up and carried out. In 2015 only 2 out of a total of 80 were found to involve breaches of human rights, namely with two of our employees, and the corresponding action plans consisted of dismissing the culprits after they admitted their involvement.

### Controversial issues with regard to providing financing

#### We only provide financing to responsible companies

We continued to implement our policy governing controversial issues when providing financing. As part of the corresponding environmental and social risk assessments carried out in 2015, 142 projects in critical sectors were identified, 15 of which were not financed given their failure to meet the minimum requirements set for such.

The following list shows the projects rejected due to controversial financing issues for the period 2010-2015.

	2010	2011	2012	2013		2014		2015			
	Mining	Mining	Mining	Hydrocarbons and gas	Mining	Energy	Hydrocarbons and gas	Mining	Energy	Hydrocarbons and gas	Mining
Human rights - stakeholders		1				1	1	1		1	2
Environmental rights							1			1	5
Environmental violations	1	1	1	5	5	1	3	9	1	1	4
<b>Total General</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>10</b>	<b>1</b>	<b>3</b>	<b>11</b>

### Success stories

#### Case Study # 1.

A coal-mining project located between Zipaquira and Pacho, in the Department of Cundinamarca was not funded because it formed part of a paramo ecosystem, which is highly sensitive to any economic activity, especially mining which could impair the quality of the soil and water, destroy the natural habitat and in so doing affect the livelihoods of the local communities and their quality of life.

#### Case Study # 2.

The proposed construction, installation and operation of an open-cycle thermal power plant, located in Santa Marta, was not funded since it did not meet the minimum environmental requirements established by Bancolombia.

### Mario's Jump

Mario barely left the chair where he used to spend long periods of time looking outside. He had never dared to take the first step towards illusions since he did not feel as belonging to this world. One day, an explorer left a letter by the door with the following sentence: Taking the first step is the way to achieve your goals.

He left his fear behind and started walking towards the piece that was more than a simple paper. Then he could find a map with the places he always wanted to vis-

it and a marker to write his route. When he read the paper, he realized that the world of dreams was possible when you have someone to connect you to several options. Just like Mario, about 570,000 Colombian citizens approached the investment funds for the first time, with the confidence that it is an excellent vehicle to make your life projects come true.

Offering different choices to achieve goals is another good reason for having been recognized as the most sustainable bank of the Americas.

## The Company's Legal Situation

During the fiscal year ending December 31, 2015, Bancolombia conducted its business and operations in accordance with the legal requirements governing its activity and under the supervision and oversight of the Colombian Superintendency of Finance.

On the regulatory side, this year was notable since it was the first time we presented and reported our financial information under International Financial Reporting Standards IFRS, adopted by Colombia by means of Law 1314 passed in 2009 along with its subsequent regulatory decrees. Thus, in the case of Bancolombia, the consolidated financial statements that we have made available to our shareholders were drawn up entirely under these international reporting standards, while in the case of its separate financial statements these were presented pursuant to the special regulations issued by the Colombian Superintendency of Finance for such purpose.

The results of the Bank's different lines of business and its consolidated companies are duly reflected in its financial statements and all relevant issues were reported to the market through the reporting mechanisms laid on for such purpose by the Colombian Superintendency of Finance and the Securities and Exchange Commission (SEC).

The main contingencies arising from ongoing lawsuits are disclosed in the notes to the financial statements.

Subsequent to the closing date of our financial statements, we have not been made aware of any relevant facts that could adversely affect the economic, administrative or legal situation of either the Bank or the companies included in its consolidated financial statements.

## Free circulation of invoices

Pursuant to that stipulated in Law 1676 passed in 2013, Bancolombia hereby certifies that it has complied with all its responsibilities and duties with regard to receiving and paying invoices made out in its name. To facilitate the free movement and payment of said invoices, several measures have been adopted to ensure that invoices are duly processed and paid in a timely manner so as to be able to respond with due diligence to all those suppliers requesting prompt payment discounts.

## Operating Security and Quality Assurance

Bancolombia, in compliance with that stipulated in paragraph 2 of Part I, Title II, Chapter I of External Circular 029 of 2014 issued by the Colombian Superintendency of Finance - "Operating Security and Assurance" continued to bolster its operating security and quality assurance measures for the different channels through which the Bank provides its services, while complying with all applicable guidelines in terms of confidentiality, integrity, availability, effectiveness, efficiency and reliability of the information received, pursuant to the aforementioned regulations.

Firstly, client information is handled in the strictest reserve by means of technology-based processes that reduce the possibility that such information can be accessed by third parties, this through access controls, encrypted communications and other tools to protect the integrity and confidentiality of our client data.

On the other hand, there is a series of controls governing different processes, as well as security protocols and guidelines that provide clients with authentication and verification mechanisms for the different channels.

We also conduct preventive monitoring as well as vulnerability tests with protocols in place to ensure the efficiency, availability and reliability of the various channels.

These guidelines are applied not only by Bancolombia through its different channels, but also by all those companies that provide their outsourcing services to the Bank attending, either totally or partially any of its channels or who have access to confidential information belonging to Bancolombia or its clients. These guidelines are fully addressed when such companies are first hired in compliance with the requirements stipulated in the aforementioned Circular regarding the handling of client information.

## Compliance with intellectual property and copyright legislation

Pursuant to Article 47 of Law 222 passed in 1995, and amended by Article 1 of Law 603 passed in 2000, we hereby inform our shareholders that Bancolombia has duly complied with all intellectual property and copyright legislation in carrying out its business purpose, possessing the corresponding rights and/or authorizations, as part of the contracts entered into with owners or authorized distributors of such intellectual property and / or copyright.

Our own Bancolombia brand as well as other relevant brands are duly registered. In Colombia, the Bank has registered 211 trademarks, 17 commercial slogans, 10 commercial emblems and 14 trade names; with another 189 trademarks and 2 commercial slogans and 4 trade names registered abroad.

At December 31, 2015 and since then, we have not been made aware of any pending legal claims on the part of authorities or third parties involving possible violations of intellectual property or copyright legislation.

## Managing the Risks of Asset Laundering and the Financing of Terrorism

Bancolombia has its own ML/FT risk prevention and management system in place addressing its exposure in terms of money laundering and the financing of terrorism, by detecting and reporting all those transactions that make such criminal activities appear lawful.

The ML/FT system consists of a series of stages and elements in accordance with currently applicable Colombian legislation as well as international standards governing this matter. Additionally, we have implemented effective controls to prevent and mitigate this type of risk exposure.

As part of our continuous process improvement strategy, in 2015, the Bank designed and implemented improvements to the electronic consolidation of client operations so as to be able to identify unusual customer behavior. Likewise,

we redesigned our analytical models in order for alerts to be automatically triggered, which increased our detection and monitoring capabilities as well as enhancing our levels of effectiveness in flagging possible criminal activities. All this helped us to analyze these suspicious transactions in a more agile fashion and report confirmed cases to the authorities on a much more timely basis.

According to the social and economic conditions that affected the country in 2015, we deployed a more in-depth risk analysis in the case of certain economic sectors, the results of which led us to establish more effective controls and fine-tune our reporting capabilities to the corresponding authorities.

### Internal Control Report

Our control architecture is an essential element of the Bancolombia Group's good corporate governance system, since it combines our Internal Control System and Risk Management System so as to ensure an optimal governance structure and that our internal policies and guidelines are that much more aligned with the attainment of the strategic objectives we have set.

Our internal control model is based not only on the Group's corporate values and business principles but also the recommendations offered by the Committee of Sponsoring Organizations of the Treadway Commission, in its COSO I model which were updated in 2013 along with local regulations in each of the countries where we are present. This model is in keeping with the characteristics of a regional financial group on a scale such as ours.

In the light of the above, the following report contains an assessment of our internal control system, carried out by our Senior Management as well as the statutory auditing firm and our own internal auditing staff, who also performed audits, all of which allowed them to reach a conclusion regarding the Bancolombia Group's effectiveness.

### Senior Management Report:

Based on the activities and assessments conducted by Senior Management, and following the COSO I model's recommendations as updated in 2013, Bancolombia's internal control system at December 31, 2015 produced positive results in terms of its effectiveness. The principles, on which the model is based, exist, function and are strictly enforced by the Organization and the opportunities for improvement that were detected with regard to our internal controls had no material impact on the financial statements corresponding to 2015.

The results of the activities carried out by Senior Management with regard to the components and principles of the COSO I model are as follows:

### Control Environment

Bancolombia's Board of Directors has established the tenor of the Organization's ethical considerations through our Code of Ethical Conduct and Good Governance, which contain principles, values and guidelines applying to all employees, which are based on building a more humanistic banking approach. Senior Management in turn is responsible for promoting, coordinating and implementing the corporate culture, values and principles, as defined by the Board of Directors while ensuring that these are amply disseminated and strictly adhered to by all the employees of our Organization.

As for our Code of Ethical Conduct, as a result of a survey carried out amongst employees both at home and abroad, we obtained more than a 95% compliance rate. We also amended our Code of Good Governance based on the new recommendations contained in the Country Code issued by the Colombian Government in late 2014, through the Colombian Superintendency of Finance. The main changes introduced from the point of view of our control environment included new elements for managing conflicts of interest on a senior management level, new requirements for

conducting transactions with related parties, new policies relating to the Group's organizational structure as well its adoption of new standards relative to its control architecture.

In 2015 and in order to continue bolstering our risk prevention, management and control culture we launched a campaign via our internal communications and staged different forums to heighten awareness of our "zero tolerance to fraud" policy while underscoring the importance of our Ethics Hot Line as a means for reporting improper or fraudulent conduct, as well as how the issues reported via this channel are handled together with the procedure for managing and punishing instances of wrongdoing, among others. The Board of Directors through its Audit Committee monitored the main issues relating to fraud and our Ethics Hot Line.

Regarding the Group's organizational design, in 2015 we drew up a number of additional policies and guidelines, besides those relating to our corporate strategy in all the countries where we are present, that should come into full force and effect in the coming years and are firmly aimed at achieving unity of purpose as well as harnessing synergies to maximize our value and sustainability. As for Bancolombia, adjustments were made to the different Corporate Departments to meet new business challenges and new areas were set up specializing in digital banking and innovation.

We also continued to identify critical functions and positions and draw up the corresponding succession plans so as to be able to mitigate possible risks in terms of our business continuity.

Similarly, we continued to implement our high-potential human talent plan aimed at developing and retaining key personnel. Also, the knowledge and skills that our employees need in order to perform the duties inherent to each position were defined by the "owners" of the corresponding processes with the help of the Human Resource Department, whereby attitudes, skills and compliance with our more humanistic banking approach were duly assessed.

Finally, variable incentive plans were introduced for members of our senior management team and our sales personnel so as to be able to define their contribution to the established policies. The purpose of these plans is to assess and incentivize individual performance.

### Risk Assessment

The Bancolombia Group's Risk Management System consists of policies, guidelines, and specific objectives for handling its exposure, defining and implementing the different components that make up this system (identifying, evaluating, measuring, managing, monitoring and reporting risks), drawing up and monitoring a risk map as well as setting the minimum and maximum exposure limits, among others.

Understanding the risks to which we are exposed and the ability to anticipate and mitigate these, have an enormous importance for the Organization. This is why the Bancolombia Group has its own dedicated Department to constantly identify and update the potential risks inherent to our business, prioritizing those which are considered to be critical and could have a substantial impact on the Organization, while implementing and executing the necessary controls to mitigate these.

Similarly, Bancolombia has its own Risk Committee that provides support to its Board of Directors by reviewing beforehand all risk management policies, guidelines and strategies, including the assigning responsibilities and setting performance limits for the different areas. The Risk Committee also provides support to the Board of Directors in determining the capital required to underpin the risks faced by the Bank and defining the guidelines for capital allocation models for the companies belonging to the Bancolombia Group.

The Organization has an Operating Risk (OR), Credit Risk (CR), Liquidity Risk (LR) and Market Risk (MR), Money Laundering and Financing of Terrorism (ML/FT) Management System that en-



ables the Group's risk exposure to be opportunely monitored

Risk management requires a clearly defined, well articulated organizational culture and philosophy that is amply disseminated among all employees. For this purpose every year our employees have to attend an on-line training course covering the different aspects of the Group's risk management systems. In 2015, our employees attended a training course entitled Preventing Risk with Knowledge which covered FCPA, SAC, SARLAFT and SOX issues among others, with regard to our operating risk,.

### Control Activities

Bancolombia's main policies, processes, and controls are documented and also updated whenever required due to organizational and regulatory changes. These updates are complemented by periodic assessments of operating risk where based on the findings controls are designed for: allowing access to applications, obtaining half-yearly certifications for such access, attribution policies and exceptions, dual controls and the segregation of duties, this in order to ensure proper risk mitigation and prevent functions being concentrated in a single individual, leaving those that are required to support our Internal Control System.

The processes relating to our own lines of business are governed by both manual and automatic controls. The Group's applications are periodically evaluated to ensure that the corresponding controls exist and are functioning properly, while checking the integrity of the information and addressing other IT risks. We also have financial information systems that allow us to analyze and control the financial information used within the Organization.

The functions and services that Bancolombia has outsourced are underpinned by the respective contracts and documents, all of which are strictly monitored. These contracts include clauses that allow updates and changes to be made with

regard to any room for improvement that may be detected with regard to the service provided.

With a view to simplifying our processes and improving the service we provide, Grupo Bancolombia is turning to automation technology as a solution. In this regard, the Bank deploys automation initiatives and business application updates, beginning when the risk, security and control factors are first examined as part of the initial design phase. These initiatives are subject to the analytical and processing capabilities of the project and technology areas.

### Information and Communication

Con el fin de tener debidamente informados a In order for its different stakeholder groups to remain informed of the issues affecting Bancolombia, the Bank reports both its financial and non-financial information through the channels defined for this purpose and, when required, by means of relevant information that must be disclosed to the market by law. This relevant information is also published through the means laid on for this purpose by the Securities and Exchange Commission (the "SEC") and is made available to the market on the Bank's corporate website.

Grupo Bancolombia also has policies in place for handling classified, confidential and privileged information, which are amply disseminated amongst its employees and evaluated through training plans and regular monitoring.

Employees only receive the information required for properly performing their duties, this based on his or her hierarchical level, beginning with the selection process, employees undergo an initial induction training program, where they are introduced to the Group's philosophy, regulatory guidelines and basic conduct policy. Furthermore, through communication channels such as Intranet, corporate communications, e-mail and other internal channels, the Organization publishes its Code of Ethical Conduct and supplementary ethical standards, policies, guidelines, procedures, manuals, recommendations, items of news

along with other information that may be necessary for understanding and meeting the objectives described. Through these channels we also invite our employees to report any improper conduct or instances of corruption or fraud using our Ethics Hot Line, and in so doing make the Organization aware of such.

Network drives are protected and there is security support to ensure business continuity in the event of possible contingencies. Processes and applications meet basic security standards and all operations and transactions must be recorded by means of verifiable media so as to be able to trace operations from beginning to end. When information comes from external sources, its reliability and validity are checked before it is released into the process flow.

Similarly, the Group's technology platform is governed by policies and processes based on the COBIT model.

From the moment they are hired, our suppliers receive information from all channels of communication within the organization, including the Ethics Hot Line. This is complemented by the "United against Fraud," strategy where best practices are shared and information is provided regarding the different contact channels. We have also identified our more critical suppliers and have set up a dedicated Intranet as a channel for exchanging information and engaging with this important group.

### Monitoring

Bancolombia has a Corporate Department of Internal Auditing, responsible among other things for evaluating the Group's internal control, risk management and corporate governance systems, thus helping to improve efficiency, all within the framework of applicable legislation, rules and regulations.

Our internal auditing staff is made up of professional auditors who provide their support to all the auditing functions and activities carried out within the Organization, and who uphold a per-

manent commitment to integrity, independence and objectivity in carrying out their various activities. This Department also has a model in place that is constantly being updated thanks to new studies, training programs and best practices.

Every year our Internal Auditing Department presents its work plan to the Audit Committee, in which relevant issues or risks are identified so as to be subsequently assessed using the Wave Methodology. This Committee at its various meetings conducts follow-ups on the aforementioned work plan, which is presented and approved at the beginning of the year and the findings and room for improvement identified as a result of the different audits carried out are also reported to the respective superiors in conjunction with whom, action plans are drawn up, deployed and monitored.

All significant risks and weaknesses that may affect the Group's processes and prevent it from achieving its business goals are reported to Senior Management so that they can be dealt with accordingly and the Audit Committee is notified of the progress made and gaps closed with regard to addressing such risk..

Senior Management continuously monitors due compliance with all processes, objectives and controls for which it provides the corresponding certification.

The different committees set up within the Group allow for a general understanding of its business performance and possible risks. Likewise, the objectives and indicators set by each Department and the committee meetings held for this purpose, provide a benchmark against which we measure the progress made versus the progress expected

Furthermore, the use of international benchmarks such as Dow-Jones, the Country Code, the Wolfsberg survey, among others, have allowed us to identify room for improvement and keep us updated with regard to new standards and best practices in the fields of corporate governance, risk management and control.

In addition to internal monitoring and control mechanisms, the Bancolombia Group has its own Statutory Auditing Firm, and comes under the oversight of the corresponding authorities in the countries where we are present. The different areas involved are notified of the findings of the follow-ups conducted by both Senior Management and the oversight authorities, and after due discussion are relayed to higher managerial levels whenever this is required. The Audit Committee for its part, is responsible for monitoring the progress made with the action plans as reported by our internal auditing staff and the statutory auditing firm. The Audit Committee kept the Board of Directors permanently informed of the progress made with their activities.

Based on the above, we hereby certify that Bancolombia has a robust Internal Control System currently operating, which has been amply disseminated amongst its employees on all levels and is subject to regular audits, the findings of which are duly reported.

### Internal Auditing Report

Grupo Bancolombia's Corporate Department of Internal Auditing conducted its work by applying International Standards for the Professional Practice of Internal Auditing in accordance with the Bank's international certification obtained from the Institute of Internal Auditors (IIA).

In 2015, the Bancolombia Group's internal auditing staff inspected vital business processes including credit cycle management, the capital markets, risk management systems, the life cycles of technological solutions, channels, strategic partners, information security, accounting and financial management, among others. The auditing staff also provided its support to achieving the Group's strategic objectives through building trust and implementing new approaches such as continuous audits, model auditing, service auditing, responsible selling, and strict compliance in terms of closing gaps.

With the aim of enhancing the Organization's processes, recommendations were made that added quantifiable value to the Bank's comprehensive risk management system and the cost-effectiveness and efficiency of its internal control system; also new innovation-based work plans were introduced and advances were made with knowledge management.

In conducting their audits, all applicable standards and legal regulations were taken into account along with the policies defined by the Board of Directors and the Audit Committee as well as the Standards for the Professional Practice of Internal Auditing such as (i) reliability assessments of our accounting, financial and information management systems, with a special emphasis on the reliability of our accounting processes and the reasonableness of the more important figures recorded in our book accounts, (ii) performance and reliability assessments of our internal control system, by checking and testing the controls relating to our control environment, the five COSO components, general IT controls and high to low risk controls, (iii) assurance and adequacy testing of our systems so as to ensure compliance with all applicable laws, rules, regulations, policies, procedures with a special emphasis on the Colombian Superintendency of Finance's Integrated Oversight Model, and (iv) assessments of our IT services with special emphasis on the integrity, confidentiality and availability of such.

The findings of these assessments and audits as performed on our internal control and risk management systems with regard to their proper working order, availability, effectiveness, efficiency, reliability and reasonableness were satisfactory and no material or significant deficiencies were identified in the design and working order of the controls governing the processing and recording of our financial information.

### Statutory Auditor's Report

As part of a report submitted to the bank's audit committee and attached to the financial statements, the statutory auditing firm certified the

proper working order of the Group's internal control system in the following terms:

*"(...) Adequate internal controls were observed along with a proper preservation and custody of the assets belonging to both the Bank as well as those of third parties held in safekeeping. I have performed follow-ups on the recommendations made to improve the internal control system, finding that all significant recommendations were duly implemented as well as more than 70% of other minor recommendations, which in my opinion have no material effect on the Bank's financial statements (...)"*

### Audit Committee Report

Enhancing and monitoring the effectiveness of Grupo Bancolombia's internal control system constitutes one of the Audit Committee's prime objectives.

This report stated that in 2015, the Committee oversaw the work plans carried out by the Statutory Auditing firm and the Internal Auditing staff and found these to be comprehensive, complete and relevant. It also stated that in carrying out and implementing these work plans, the corresponding supervisory bodies have sufficient and adequately trained staff who have at their disposal the information, tools and autonomy to perform their auditing functions.

The recommendations made in drawing up such audits and assessments were monitored by the Audit Committee and work plans and corrective measures were deployed to close the gaps detected and mitigate the risks that arose as part of the Group's business activities.

With the International Financial Reporting Standards IFRS coming into full force and effect for the year ended December 31, 2015, the Audit Committee provided continuous monitoring and analyzed all financial information disclosed to the market, in strict compliance with all applicable legislation. The Audit Committee also oversaw the proper working order of all those processes used to construct such information together with the tools and controls used, thus avoiding, on

a reasonable basis the risk of errors impairing such information.

Other priorities for this Committee this year included ethical issues and the fight against fraud strategy. Besides monitoring the progress made with the Zero Tolerance of Fraud program and our Ethical Hot Line, our Ethics Committee drew up plans for prioritizing and giving more prominence to ethical matters within the Organization while moving towards a more complete alignment between ethical issues and our humanistic banking approach.

The following are just some of the other activities carried out by the Committee in 2015

- Reviewing the Colombian banking processes, which included issues relating to credit analyses, disbursements, guarantees, client recruitment, among others.
- Providing a detailed assessment of all internal control issues affecting our subsidiaries both at home and abroad, namely Valores Bancolombia, Leasing Bancolombia, Fiduciaria Bancolombia, Banco Agrícola and Banistmo.
- Ensuring business continuity, much progress was made with availability and infrastructure issues as well as the latest IT projects.
- Gauging issues such as the prevention and control of money laundering and the financing of terrorism and how these are being handled and dealt with across the entire Group.
- Our strategic sourcing model for our companies in Colombia and significant improvements in traceability, control and standardization.
- Reviewing the contents of Form 20 (20 F) which is filed every year with the SEC.

Based on the results of these activities and the information provided by these control bodies, no material or significant weaknesses were detected that could have jeopardized the effectiveness of our Internal Control System. We have not been informed of any instances of fraud, malicious errors or tampering with regard to the financial information prepared

and disclosed by the Companies belonging to our Organization.

This allows the Committee to submit for consideration, the financial statements for the year ended December 31, 2015 and the comparative financial statements for the year 2014 under standard IFRS, along with the corresponding notes and the statutory auditor opinions.

### Financial Consumer Ombudsman Report

Its clients are one of the Bancolombia Group's strategic focuses. We have decided to be a client-centric organization which is why we have been making so much progress with our Client Care System in fulfilling our service promise in terms of assurance and security, and responding in a timely and effective manner to the requests and claims made by our clients.

In 2015 we staged a series of financial education campaigns such as "Spending my money responsibly." Improving the experience we offer our clients, fostering a culture of service, providing friendly advice and selling our products and services in a responsible fashion were all drivers of our main corporate purpose.

This is a purpose shared with the Colombian Financial Consumer Ombudsman, who exercising his independent judgment has helped us to detect room for improvement with the financial services we provide in keeping with our organizational culture and our respectful, transparent, efficient and effective dealings. The Bank's Financial Consumer Ombudsman presents the findings of his work in a separate report.

2015 was an especially busy year in terms of regulatory changes that affected our clients. New regulations concerning product and service information, rights of petition, "express complaints" filed with the Colombian Superintendency of Finance, new instructions concerning the marketing of our products through our banking networks are only a few of the issues which we focused on last year and that shall continue to drive our improvement plans for 2016.

## Risk Management

Bancolombia's risk management performance is provided in a separate report based on the terms set out in Circulars No 067 of 2001 and No. 04 of 2008 issued by the Colombian Superintendency of Finance.

## Transactions with related parties

Transactions with related parties as performed in 2015 were properly recorded in our financial statements and duly complied with all applicable legislation. Note 27 to the financial statements contains a list of these transactions.

### Special Report on the Economic Group

Leasing arrangements, usage agreements for both the network and other operations and financial service or product contracts have been entered into between the Bank, its affiliates and subsidiaries. These were agreed upon in accordance with current legislation and were for the benefit of each of the companies individually considered.

The most significant transactions are described below:

#### Leasing Bancolombia S.A

At year end, the main lending operations performed by this subsidiary corresponded to a loan portfolio worth COP 1,356,301 million (including provisions totaling COP 6,827 million); along with investments in bonds and CDs issued by Leasing Bancolombia for a total of COP 45,077 million.

Bancolombia reported borrowings on the part of Leasing Bancolombia for a total of COP 899,014 million, this in the form of deposit-taking.

The above operations provided Bancolombia S.A. with COP 80,309 million in interest and commission income as well as COP 61,205 million in interest expense.

#### Tuya S.A. Compañía de Financiamiento

At December 31, 2015, liabilities with this subsidiary in the form of deposit-taking totaled COP\$107.395 million. This produced an interest expense of COP \$2.972 million.

#### Renting Colombia S.A

At year end, the main lending operations for this Company corresponded to a loan portfolio of COP \$223.187 million (including provisions for COP \$1.124 million).

The above operations produced an interest income of COP \$12.131 million for Bancolombia S.A..

#### Banagrícola

At December 31, 2015, Bancolombia did not report any transactions with the entities that make up the Banagrícola Conglomerate.

#### Bancolombia Panamá S.A

At year end, Bancolombia S.A. recorded deposits with other corresponding banks amounting to COP \$292.425 million. In 2015, Bancolombia S.A. issued loans to its subsidiary Bancolombia Panama S.A., for a year-end total of COP 2,324,045 million.

The above operations produced interest expense of COP 81,091 million for Bancolombia S.A.

#### Inversiones CFNS S.A.S

At year end, the main lending operations with this company corresponded to a loan portfolio of COP4 6.400 million (including provisions for COP 233 million). These operations produced COP 6,800 million in interest income.

#### Banistmo S.A

At year-end 2015 Bancolombia recorded bank deposits totaling COP 630,082,000 along with

bank balances of COP 90.145. At year-end Bancolombia recorded COP 2.866 million in interest income.

#### Other Operations

Bancolombia S.A. received deposits corresponding to both savings and checking accounts belonging to Fiduciaria Bancolombia, Valores Bancolombia and Banca de Inversión Bancolombia, which at year-end 2015 totaled COP 119,025, COP 25,110 and COP200,884 million respectively. These borrowing operations produced COP 7,532 million corresponding to interest expense and other items for Bancolombia S.A.

#### Grupo Agromercantil Holding

In December 2015 Bancolombia Group acquired another 20% stake in Grupo Agromercantil Holding (GAH) worth USD 151.5 million, thereby achieving a total stake of 60%.

WE DECIDED TO BE A CUSTOMER-FOCUSED ORGANIZATION; FOR THIS REASON, OUR CONSUMER SERVICE SYSTEM IS MAKING PROGRESS TO COMPLY WITH OUR SERVICE PROMISE UNDER QUALITY AND SAFETY CONDITIONS

## Article 446 of the Code of Commerce

Other reports required by Article 446 of the Code of Commerce have been duly disclosed in the financial statements and accompanying notes.

Certifications from Bancolombia's legal representative  
The Legal Representative of Bancolombia hereby declares to its shareholders that:

1. In conjunction with the Bank's Chief Accountant he has duly verified the individual and consolidated financial statements, along with other relevant reports. The records therein contained have been faithfully taken from Bancolombia's books and do not contain any errors, inaccuracies or omissions that could prevent the true situation with the Bank's equity or operations from being known.

2. The results of the audit performed on Grupo Bancolombia's Internal Control System were satisfactory with regard to the control environment and respective activities, risk management, information and communication and overall monitoring, as stated in the Internal Control System Report presented to the shareholders in conjunction with the Bank's Board of Directors.

Based on the above, I am able to reasonably attest to the quality, adequacy and timeliness of the Group's financial information.

WE HAVE STRENGTHENED OUR CORPORATE RISK MANAGEMENT MODEL ACCORDING TO THE MARKET NEEDS

## Balanced risk management

### Risk Management Report

2015 was a year of strengthening and consolidating our risk management function on a group level. We continued with our overarching corporate purpose of helping people to maximize their possibilities and achieve their dreams, with a series of business strategies and tools ensuring a proper risk management in terms of profitability and risk appetite as defined for the Bancolombia Group, and taking measures to boost the security of the investments made by our shareholders.

In 2015, we continued to beef up the Bancolombia Group corporate risk management model, attending market needs and focusing our efforts on maintaining an adequate risk return ratio for our shareholders. We hired an international consulting firm to provide their advisory services with regard to our risk governance based on how they saw the impact caused by the international crisis within the financial sector, changes to risk governance strategy and regulatory changes. This firm submitted its recommendations to Grupo Bancolombia so as to be able to achieve international standards, align the organizational structures in each country and define corporate functions so as to bolster the Group's international expansion strategy.

In addition to risk governance, we drew up maturity models for different risks, with the aim of standardizing our practices across all geographies and establishing a development plan for moving the risk management function towards a corporate model while respecting local peculiarities. We continued to fine-tune our models for handling our operating, liquidity, market and credit risks as well as our exposure in terms of capital allocation, information management and money desk compliance risk. We shall be drawing up our interest rate risk model in 2016,

and in so doing shall be completing these maturity models in support of our risk management function.

On the other hand, and since this forms the bedrock of Bancolombia Group's risk management model, we continued to make constant progress with our methodology for measuring how much corporate risk appetite we are currently using up, this defined by our Board of Directors. This includes measuring and controlling on a monthly basis the main consolidated risks to which the Group is exposed. These measurements are based on an overall analysis of our credit, market, liquidity, operating and capital adequacy risks. In 2015, the amount of risk appetite used up by Grupo Bancolombia remained within the ranges established for such, that is to say below 100%.

As part of this plan, second tier limits were established, defining risk appetite by segment, country or company, thus allowing us to conduct more detailed follow-ups on the risks to which all of the Group's companies are exposed.

Grupo Bancolombia's comprehensive risk management system was developed in compliance with current regulations and internal standards, as defined by the Group's Board of Directors with regard to credit, market, liquidity and operating risks.

The Board of Directors reviews and approves resources, structures and processes required for the Organization's risk management function, and in supervising such receives the support of the Risk Committee, which is the area responsible for advising the Board with regard to issues concerning the approval, monitoring and control of policies, methodologies, tools, guidelines and strategies for identifying, measuring, controlling and mitigating risk.

Likewise, the Bank has properly documented processes in place, with which we check that operations are fully compliant with the agreed terms and conditions and are properly registered in books. Similarly, both our Internal and External

Auditing staff keeps track of the Bank's operations and opportunely reports on all issues as required by current regulations.

Our Risk Management Department is made up of highly-skilled officers able to comprehensively manage different risks inherent to the Bank's activities, this in compliance with their own responsibilities and duties. They also have at their disposal the technological infrastructure required for obtaining the necessary information with which to handle and monitor all types of risk, based on the type of operation performed. This has allowed the Risk Department to draw up and present consolidated risk management reports to our Board of Directors and Senior Management. In 2015, we continued to develop and train our human talent, designing strategies that allow us to better understand the profiles and needs of our staff. In this sense, we are making progress with different personal and professional development plans so that our staff can improve their skills and capabilities such as training courses, internships both at home and abroad, innovation groups, among others.

Some of the main achievements with our risk management function

- We have carried out various projects to improve our metrics and processes and optimize our economic capital so that the resources belonging to both companies and private individuals earn the best possible rates based on an optimal use of capital. These projects include: a new methodology for calculating our operating risk capital based on the Basel framework; and for our consumer banking segment, a more accurate discrimination in terms of capital allocations and average credit risk losses for this segment.
- Recognizing the impact that the new 4G Highway Project shall have on the country's infrastructure over the coming years, we created an interdisciplinary team of staff belonging to both the business and risk areas, so as to be able to define Bancolombia's par-

participation in this project based on the restrictive effects that each risk could have on the Group's capital.

- We also were able to standardize a financial analysis and internal rating tool in all those countries where the Bancolombia Group is present.
- Furthermore, we were able to implement an international model with regard to our credit risk management function, which defines the manner in which we attend our clients or companies in different countries, and in so doing we were able to further consolidate the Group's scale on a regional level.
- As part of our mission to provide support to our business and its ongoing development, we drew up master plans on both a local and regional level, so as to be able to synchronize our business needs with our risk management function, this based on optimum returns and the risk appetite defined for the Group.
- We also successfully deployed a loan provision model under IFRS that shall allow us to estimate the provisions to be set up based on the information concerning each company.
- New market risk tools were also created for better decision-making at trading desk level and for measuring this risk on our banking book.
- The good practices implemented in handling behavioral risk on a money desk level are also being deployed in connection with other processes and risks, thus strengthening and extending our risk management culture throughout the Organization.

### Credit risk

The prevailing economic climate posed several challenges for our credit risk management function. This led us to take various measures

in 2015 to strengthen our strategies in terms of selecting risk, bolstering our monitoring capabilities so as to be able to detect early warning alerts, drawing up plans to improve our effectiveness in collecting amounts due and payable as well as developing other exercises to measure the sensitivity of our loan indicators against different economic scenarios.

As part of the measures taken to enhance our credit risk management function and allow us to anticipate events that could impact our loan portfolio, we deployed initiatives to enhance our credit analysis capabilities with regard to our Corporate and Government Banking division, and adjusted our internal rating policies and requirements for issuing loans.

We also extended the coverage of our Specific Client Management (SCM) function both in Bancolombia and the companies that form part of the Group, and reinforced our individual monitoring of our major exposures, thereby achieving an enhanced preventive handling of all those clients belonging to sectors affected by the current macroeconomic conditions.

We also carried out initiatives to standardize our credit risk management process by defining new processes, tools and corporate reports. In providing greater support to our corporate risk model we successfully introduced our credit analysis tool, enhancing our efficiency and standardizing our credit analysis function in all those companies belonging to the Bancolombia Group.

In this regard, we standardized our models, reports and processes that allow for more uniform risk monitorings to be performed and our loan forecasting and provisioning model was adopted by all companies belonging to the Group, thus allowing us to monitor risks and align these with our corporate goals.

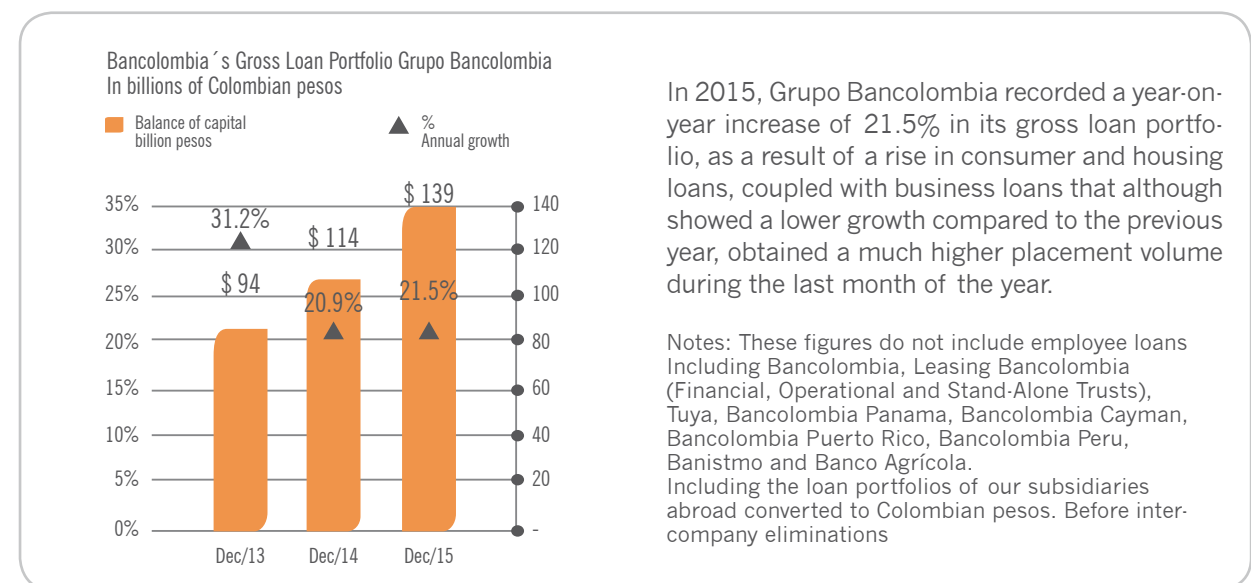
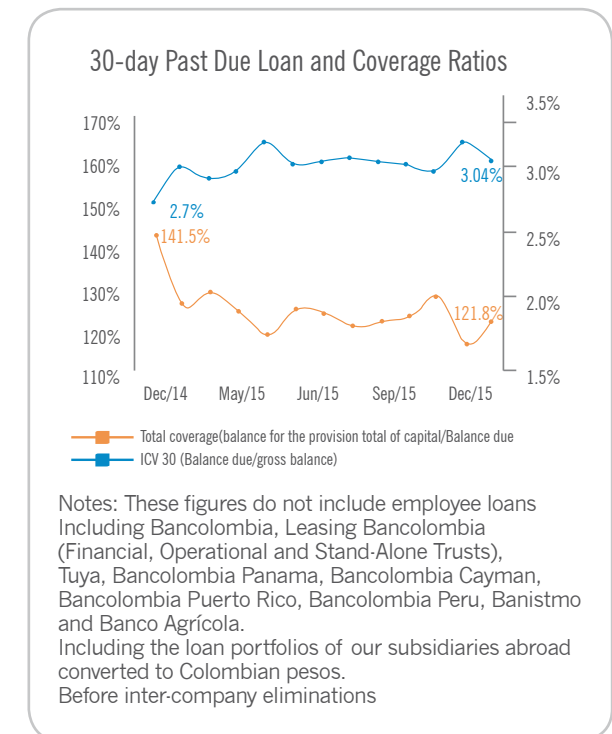
We also introduced and are currently drawing up monthly provision estimates under IFRS for these to be subsequently included in the consolidated financial statements; a challenge

that involved automating our processes and rigorously monitoring coverage levels in all our companies.

### Grupo Bancolombia's Lending Performance

The sustained growth of our loan portfolio in 2015, was mainly due to the devaluation of the Colombian peso against the dollar, bearing in mind that 30% of Grupo Bancolombia's lending is denominated in the latter currency. Disbursements meanwhile, showed a slight increase compared to the previous year. On the other hand, we recorded further deterioration to our past due loans as a consequence of adverse macroeconomic effects on different sectors of our economies. In response to this situation we have reinforced the follow-ups conducted on an individual company as well as a sectoral level, and in so doing have been able to conduct more detailed reviews of our major risk exposures and the clients and sectors affected by today's economic climate. The impairment recorded with the commercial loan portfolio had an impact on our provision coverage ratio, which nevertheless continues to remain adequate since our provisions cover 1.2 times the value of our 30 day past due loans and 2.1 times the value of our 90+ day past due loans

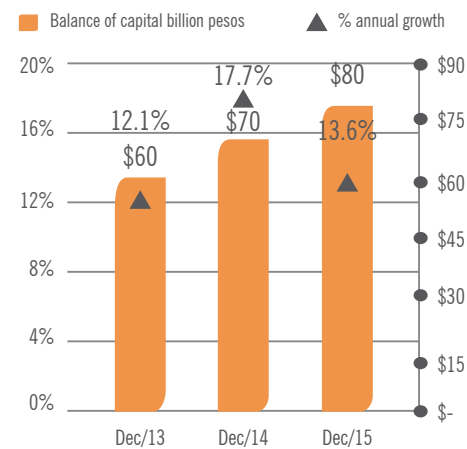
Past-due loans as a percentage of the total increased from 2.7% at year-end 2014 to 3.04% at year-end 2015, explained by a greater impairment to our business loans, with major clients defaulting on their payments. Nevertheless these are subject to strict monitoring and coverage levels of between 70% -100%.



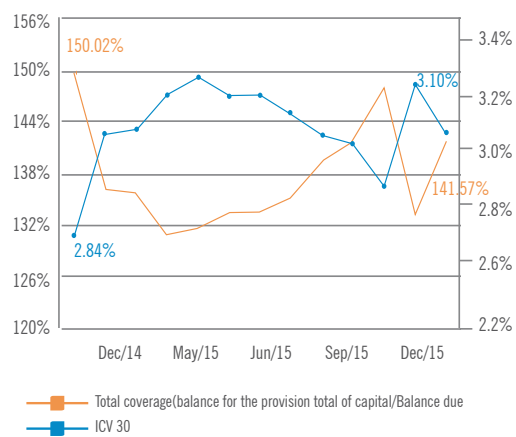
**Bancolombia**

Bancolombia's loan portfolio recorded a growth of 13.63% for 2015, although with a lower rate of growth in terms of disbursements, especially with our business loan portfolio, whereas our housing and consumer loans performed much better, given the growth strategy we are applying for these types of lending.

**Bancolombia's Gross Loan Portfolio**  
In billions of Colombian pesos



**30-day Past Due Loan and Coverage Ratios**



Note: These figures do not include employee loans

We began to extend our technical expertise with regard to projects slated for the infrastructure sector, in terms of both our loan origination and risk management staff, which has allowed us to prepare ourselves for the new 4G Highway projects to be carried out in Colombia.

We also continued to extend our environmental risk management function, furthering the due diligence to be carried out on projects on the part of public-private partnerships (PPPs).

In the case of our Consumer and SME Banking Divisions we worked on deploying new workflow tools, decision engines and origination models, in order to improve our efficiency and deploy much more accurate approval standards much more accurate approval standards and greater coverage. These new models include fraud scoring, low-income client scoring (i.e. those earning less than 2 basic wages), and a consumption score.

We also deployed collection strategies based on the different risk levels which allowed us to recover delinquent loans with different terms of default; on the other hand, our preventive monitoring focused on mitigating various risk factors such as oil prices, the fluctuating exchange rate, the situation on Colombia's borders, the El Niño weather phenomenon, among others, all this by providing support to and monitoring all those clients who could be vulnerable to such.

The past-due loan ratio increased due to the impairment sustained to our business loan portfolio, mainly in the business and corporate segments. Our 30-day past due loan indicator rose from 2.84% to 3.1% year on year. Coverage dropped from 150% to 141.6%, due to the fact that provisions were set up on impairments before year-end 2014, but the actual default only occurred in the first few months of 2015. Nevertheless, this indicator continues to show an acceptable level of risk coverage.

**Leasing Bancolombia**

At year-end 2015, Leasing Bancolombia's loan portfolio (including financial and operating leasing arrangements) rose by 16.6%, recording COP 2.2 billion in advance payments to suppliers. The 30 day past due ratio ended up at 2.1% with coverage standing at 119.4%.

The strategies used by Leasing Bancolombia to strengthen its risk management function include acquiring a more thorough knowledge of the assets to be financed and a constant monitoring of all stages of credit risk this through an asset knowledge tool. Similarly, the Company continued to conduct permanent follow-ups and deploy early warning methodologies to help prevent impairment, as well as bolstering our monitoring framework this consisting of short cycles, Specific Client Management (SCM) Committees, tracking advance payments made on leasing operations, whereby it was possible to make greater use of tools such as Moody's and SAS and draw up more timely, better quality reports.

In 2015, we continued to define our project approval and evaluation policies and attributes and completed the standardizing of residential lease analysis and approval in conjunction with its parent company, Grupo Bancolombia.

We introduced major changes to our loan recovery processes with regard to our operating leasing arrangements and provisional policies were drawn up to help all those clients affected by the current economic situation.

**Other companies**

Tuya's gross loan portfolio showed a growth of 9.14%, which was 4.1% higher than last year. Due to the specific profile of its clients, out of all the Group's subsidiaries TUYA continues to post the highest past due loan ratio, even though it dropped by 8.2% compared to the figure recorded for the previous year. This Company set up the necessary provisions to maintain a coverage level

of 227.6%.

With regard to the Group's overseas subsidiaries, Bancolombia Panama posted a significant growth of 52% in terms of its loan portfolio, which reached COP 10.3 billion at year-end 2015. In the case of Bancolombia Puerto Rico and Bancolombia Cayman, lending rose by 61.7% and 18.9% respectively. The consolidated growth in dollar-denominated loans for all three overseas subsidiaries came to 16.1%. The past-due loan indicator for Bancolombia Panama and Bancolombia Cayman rose compared to the previous year, mainly due to defaults on the part of clients belonging to the Government and International Banking segments. Bancolombia Puerto Rico's 30-day past due loan indicator went from 0.5% in 2014 to 0.01% at year-end 2015.

Banco Agricola's peso denominated loan portfolio showed an increase of 35.4%. Dollar-denominated loans rose by 2.84% in spite of the economic challenges and a highly competitive financial system. This Bank's past due loan indicator went from 2.6% at year-end 2014 to 2.7% at year-end 2015, and was mainly concentrated in business and consumer loans. Nevertheless, thanks to having deployed strategies to contain early defaults and the handling of the collection process that allowed us to reduce the past-due ratio corresponding to our housing loans while maintaining adequate levels of loan quality. On the other hand, the coverage indicator stood at 136.7%.

Similarly, we continued to align our credit risk and capital allocation policies and methodologies, making good progress with our handling of this risk.

Banco Agricola's main achievements last year in terms of risk management included automating all of its IFRS processes governing response times and impacts on a consolidated level based on Grupo Bancolombia's highest standards thereby fulfilling the goals of our international expansion while at the same time inspiring trust among our investors.

At year-end 2015, Banistmo recorded an increase of 41.9% in its gross peso-denominated loan portfolio. The increase in dollar-denominated loans came to 7.9%. The 30-day past due loan indicator rose from 3.7% in 2014 to 4.4% in 2015 as a result of defaulting clients belonging to our Corporate Banking segment as well as housing loan roll-overs. Nevertheless, the continuous and preventive monitoring we have deployed in terms of this risk has produced good results. We also consolidated our credit analysis model by including models and indicators based on specific types of industry as well as a training program for the staff responsible for this function. Here our coverage indicator ended up at 42.7%.

The peso-denominated portfolio belonging to Leasing Peru rose by 22.3% for 2015, while its dollar-denominated counterpart recorded a decrease of 7.1% given a lower amount of loans disbursed. The main assets financed were industrial machinery and equipment as well as overland transport vehicles. Last year there was a rise in delinquencies which explains the increase in the 30 day past due loan indicator from 3.2% in 2014 to 6.6% last year, this in conjunction with a lower value of its loan portfolio. Nevertheless, all the corresponding measures are being taken in order to mitigate this situation. The coverage indicator stood at 76.9%.

**Market Risk**

In 2015, in order to bolster our controls over our Treasury function we implemented certain Intraday VaR metrics based on our internal historic simulation model for our local government debt (TES bonds) portfolio which is handled by the Bank's Treasury Department in Colombia. Also, as part of the continuous improvement of our methodologies, a series of stress tests were approved and deployed, these based on a principal component analysis

(PCA), whereby the scope of the discount and projection curves for fixed income securities has been reduced to a smaller set of variables covering more than 90% of the variability of the original data.

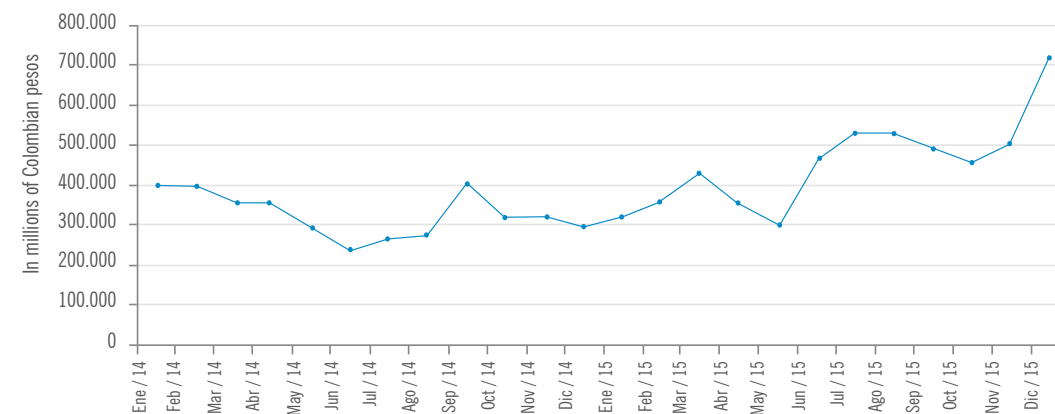
With regard to handling third party funds, and in order to monitor compliance with the value promised to our clients, we deployed Relative VaR metrics for all those funds bearing an explicit benchmark rate, based on our historic simulation method with a horizon of 10 days and a confidence level of 99%.

In 2015, the methodology used by the Bancolombia Group to monitor the market risk of its trading activities, continued to be the VaR method, which measures the maximum expected loss with a confidence level and certain time horizon. For this purpose, we use both the standard methodology regulated by the Colombian Superintendency of Finance in Chapter XXI of its Basic Accounting and Financial Circular, which includes our solvency ratio, our capital adequacy ratio, as well as internal model of historical simulation with a confidence level of 99% and a horizon of 10 days, using a data window of 250 days. We also continued with our historic and hypothetical stress testing so as to be able to monitor extreme events that are not covered by our internal VaR model.

In 2015, the Bancolombia Group's Treasury Department focused its attention on the needs of our clients, reducing as much as possible, directional risk exposures to our net open position. Market risk exposure measured using the standard methodology required by the Colombian Superintendency of Finance, ranged between COP 301 thousand million and COP 721 thousand million.. Grupo Bancolombia's market exposure is mainly concentrated in the risk relating to interest rates, as a result of positions taken in Government TES bonds in Colombia, as well as the exchange rate, in the light of the Bank's net long positions in US dollars, euros and Guatemalan quetzals

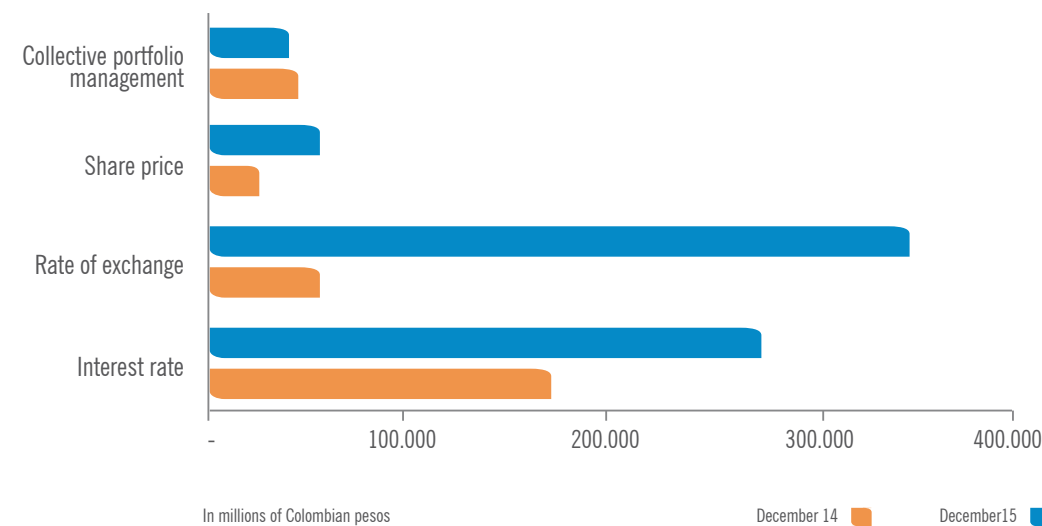
**VaR with regard to Total Market Risk Exposure for Grupo Bancolombia's Treasury Department.**

Standard Methodology Annex 1 Chapter XXI of the Basic Accounting and Financial Circular



**Breakdown of Risk Factors**

Standard Methodology Annex 1 Chapter XXI of the Basic Accounting and Financial Circular

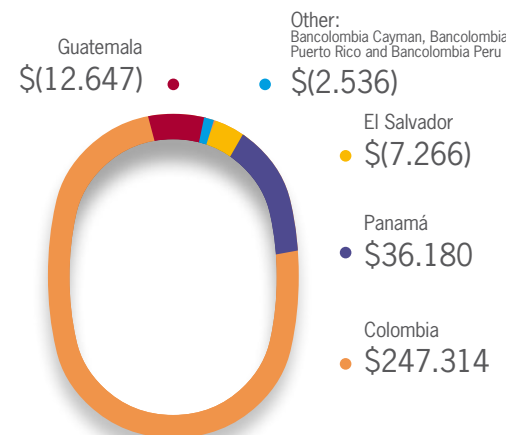


Regarding the interest rate risk for our banking book, in 2015 we amended the parametric methodology used to estimate the maximum devaluation of the market value of equity due to adverse movements with interest rates, by incorporating our historic simulation methodology, whose main advantage is that it contains no distribution assumptions with regard to fluctuating interest rates. We measured our banking book's VaR using our historic simulation model, with a confidence level of 99%, a time horizon of one year, and a window of weekly data going back to July 2006. This was applied both to our banking and leasing operations in Colombia, thus allowing us to incorporate historic data throughout the life cycle of our products including our mortgage loan portfolio.

Also, as part of the process of incorporating best practices, and in order to control exposure to interest rate risk, our Board of Directors approved a sensitivity limit for our market value of equity that is to say one basic point for Bancolombia's banking book in Colombia.

In general, the sensitivity to rising interest rates for the Group's total financial margin is positive. With regard to sensitivity in terms of our Market Value of Equity (MVE), the general positioning of our balance sheets was such that the average term corresponding to our liabilities was higher than that of our assets, given the stable nature of our deposit accounts.

Sensitivity analysis of our financial margin (+/- 100 bp)



### Liquidity Risk

Grupo Bancolombia's liquidity management model encourages each of our subsidiaries to autonomously manage this risk as part of an overarching coordination effort among the entire Group. This structure allows us to draw up liquidity metrics based on common, standardized concepts, but adapting these to the particularities of each business and country.

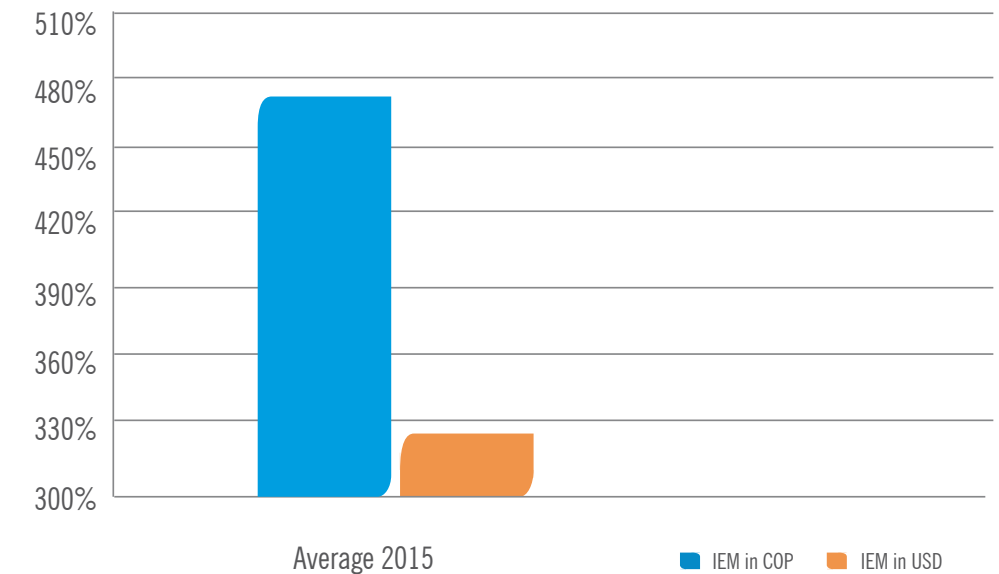
With regard to liquidity risk management, we continued in 2015 to use our internal projection model for measuring liquidity gaps at different time intervals for situations both real and stressed; as well as the LRI (Liquidity Risk Indicator) stipulated by the Colombian Superintendency of Finance.

In 2015, efforts to manage our liquidity risk included reviewing the Bank's liquidity alerts and well as the mutual funds managed by the Group. This included deploying new models such as the Probable Maximum Withdrawals for mutual funds, and forecasting models used for calculating the liquidity requirements per type of lending for our banking book in Colombia, all of which were aimed at improving our forecasting capabilities of possible outflows. We also reviewed our intraday liquidity management procedures for both the Bank and our stock brokerage firm in Colombia for which we approved new policies.

In 2015, the Group maintained ample liquidity positions with a 30-day liquidity coverage averaging out at 498% in pesos and 320% in dollars. The Group maintained liquid assets in local currency averaging out at COP 11.231.731 million with those in foreign currency reaching an average of USD 3.195 million. At year-end 2015, liquid assets held by Grupo Bancolombia in both local and foreign currencies totaled COP 14,272,104 million and USD 3.580 million respectively, thus providing 30-day liquidity coverage ratios of 743% and 204%.

### Short Term Exposure by Type of Currency

Total liquid assets / net 30-day liquidity requirement



### Operating Risk

#### Definition of the operating risk management function and the methodology used

We, in Grupo Bancolombia, understand operating risk as the possibility of incurring losses due to deficiencies, failures or inadequacies in terms of human resources, processes, technology, infrastructure or impacts from external events. This definition includes the legal and reputational risks associated with these factors.

Due to the nature of this risk, this function is evenly spread out throughout the entire Organization, since all our employees play an important role in handling the operating risks inherent to our products, channels, processes or activities.

Grupo Bancolombia has its own operating risk management methodology which is used in every country where we are present and by each of our subsidiaries and business units.

This methodology has four complementary stages that allow for a comprehensive risk management, these being identifying, measuring, controlling and monitoring risk.

In order to address each of the above stages, the Group uses a set of qualitative, quantitative and performance tools, such as:

- Risk assessments and controls: These are used to identify and measure the risks inherent to the different processes and activities carried out within

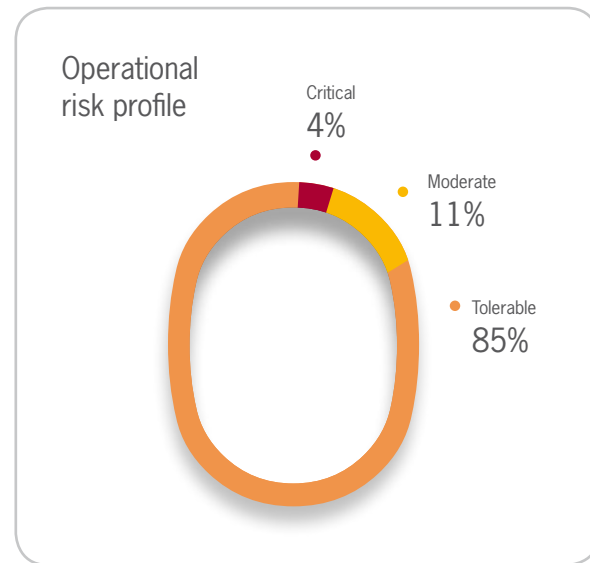


the Group, the identified risks are measured by means of quantitative, expert methods that estimate the severity and frequency of each occurrence and identify the existing controls for mitigating such risk as well as the effectiveness of these controls.

- Risk indicators: these are measuring and monitoring tools that allow for regular follow-ups to be performed on certain elements of risk such as the size of our operations, why these risks occur or the effectiveness of our controls.
- Risk attribution levels: the Organization sets risk attribution levels so as to be able to make high-level decisions on how to manage risk, while striking a cost-effective balance between the different treatment options (acceptance, mitigation, transfers to third parties, insurance or the elimination of the risk at stake).
- Monitoring the risk management system: this consists of a set of metrics aimed at detecting early warnings of deviations or adverse developments in terms of risk or changes to the business environment that could involve changes to the Company's profile.
- Loss database: the Organization has a reporting process for events producing operating risk losses that allows us to group together different types of operating risk. This information is used to estimate the Group's capital requirements and for drawing up risk transfer strategies by taking out insurance policies.

### The Organization's operating risk situation

85% of Grupo Bancolombia's operating risk map consists of tolerable risk (the lowest threshold defined for the Bank's individual appetite), 11% moderate (average) risk and 4% critical (high) risk. The Organization's risk map strikes an optimum balance, thanks to the efforts made to implement and maintain a control system in keeping with the size of its operations and the operating threats that could have an effect on its different financial products and services. We also allocate funds to promote initiatives aimed at mitigating further risk exposure.



### Main achievements and progress

In 2015, we enhanced our Operating Risk Management System (ORMS) by developing a maturity model enabling our subsidiaries to adopt best international practices and incorporating the most important legislative and regulatory aspects in each of the countries where Grupo Bancolombia is present.

Last year, we included more quantitative content in the methodology used to assess operating risks, which allowed us to enhance the handling of this type of risk and remain that much closer to our business. We also reinforced our risk identification and management capabilities with regard to our suppliers where we also introduced a dedicated IT risk management function. For this purpose, we have set up a new area, the overarching purpose of which shall be to draw up an IT risk management strategy, through a comprehensive business vision, well-disseminated policies, guidelines, and mitigation measures, supporting decision making at senior management level with the aim of safeguarding the Organization's reputation, shareholders' equity and client care service.

During the year in question, we were able to build upon our operating and IT contingency procedures and strategies, ensuring greater coverage

for our processes and services, by testing our ever-demanding strategies in terms of frequency and duration, and simulating different disruption scenarios. All this in order to increase the robust capabilities of Grupo Bancolombia and ensure a high degree of availability for the services we provide to our clients.

Banco Agrícola, through the new quantitative approach, has provided greater support to assessing sub-processes, projects and certain specific products. The aim of this is to consolidating the Organization's internal control model with regard to issues of greater importance to the Bank, such as the Alpha project (the New Operations Center) and credit and debit card fraud.

In the case of Banistmo, much effort has gone into constructing risk profiles, which has enhanced its decision-making process. They have also improved their ability to respond to disruptions with their service channels, which in turn benefited its business continuity management on all fronts.

As far as our operating risk culture is concerned, we have been constantly training our new employees and providing our existing staff with refresher courses, so that the Operating Risk Management staff can provide their valuable support to the decision-making process and the handling and mitigation of this type of risk.

On the insurance front, we continue to make progress by integrating the risk management function within the Group's insurance policy management area as well as studying alternate ways of transferring risk and improvement strategies for current insurance policies.

An important factor for all our banking divisions has been a comprehensive view of our operating risk profile, from the product, channel and supplier standpoints. In support of these efforts we have put into place limits for operating risk spending which also serve as risk appetite metrics. These thresholds are constantly monitored in order to contain the Organization's operating risk exposure and providing a constant and updated view of the more important fronts for our risk

management work.

This approach has allowed us to play an active role in extending and improving our products and processes, as well as the being able to take part in the more important business decisions. Our proximity to the business environment has enabled us to apply the risk return perspective, and in so doing define performance goals based on profitability, market needs and business growth; the latter being a basis for the synergistic work carried out with other areas of the Organization, generating positive and important impacts on Grupo Bancolombia's strategic objectives.

### Capital management

Capital optimization remains one of the Grupo Bancolombia's main commitments to its risk management function. We therefore continued to develop a framework of principles and methodologies for assessing our risk - return ratio and introduced a methodology for measuring on a monthly basis, the main consolidated risks to which Grupo Bancolombia is exposed while conducting follow-ups on the use of its corporate risk appetite. These measurements are based on an overall analysis of our credit, market, liquidity, operating and capital adequacy risks. In 2015, the amount of risk appetite used up by Grupo Bancolombia remained within the ranges

IN 2015, GRUPO  
BANCOLOMBIA CONSUMPTION  
OF APPETITE FOR RISK WAS  
KEPT WITHIN THE RANKS  
SET FOR THIS INDICATOR

established for such, that is to say below 100%.

In 2015, second tier limits were established, defining our risk appetite by segment, country or company, thus allowing us to conduct more detailed follow-ups of the risks to which all of the Group's companies are exposed. We continue with our efforts to validate and fine-tune the methodologies used to calculate capital allocation percentages, these being key to measuring risk in compliance with all applicable rules and regulations as well as Grupo Bancolombia's consolidated models

The main highlights here were as follows:

- Improved calculations of economic capital broken down by market risk with regard to our banking book.
- Progress made with estimating capital allocation in the case of private individuals using credit risk scores.
- Developing and implementing a capital allocation methodology in Banistmo.
- Progress made with estimating capital allocation broken down by operating risk

SECOND-LEVEL LIMITS  
WERE SET IN ORDER  
TO GO DEEPER IN THE  
MEASUREMENT OF  
CONSUMPTION OF APPETITE  
FOR RISK BY SEGMENT,  
GEOGRAPHY OR ENTITY

The Value Added System (VAS) model was set up for assessing risk with regard to profitability so as to facilitate pricing and form a basis for the Bank's variable compensation plans.

#### Money Desk Compliance

In 2015, initiatives were taken to mitigate the risk of improper conduct at money desk level both in Bancolombia, Valores Bancolombia and Fiduciaria Bancolombia along with preventive, monitoring and mitigation controls over their performance. From the risk prevention standpoint, advice and support was provided to our officers through talks, conferences and workshops. Clients were also visited in the company of our sales staff so as to share key tips for controlling operations and adopting better practices in this field.

As part of our supervisory work, new models were implemented to make us much more efficient in managing and generating automatic warnings. We also completed a prototype for detecting potential wrongdoings in voice and text messages, as a result of the research carried out in conjunction with the Internal Auditing and the Universidad EAFIT.

We also constructed a maturity model which facilitates out compliance strategy in different geographies, thus enabling our subsidiaries in Panama and El Salvador to benchmark their current status and define action plans in order to achieve the standard set by Grupo Bancolombia.





### A Trip to the Station of Comfort

In a train station, life was passing slowly and unhurriedly. Travelers got used to make long lines because there was only one ticket window. Before this reality, many people took advantage of the moment to read a book, get ahead on work, and interact with other people. However, life changed when Juana and her mother arrived in town just at the time wagons were opening. The scene repeated every day; many faces of surprise were seen in this terminal. A traveler decided to take a close stare at the card people passed every time they arrived in the station; the place had a sign: "Passport to Comfort."

Then, most travelers found out that, at an office adjacent to the station, the comfort chip was being installed. Some days later, the terminal exhibited a more rapid dynamic and more tourists and people arrived in the town which reality was changed and a town became a fruitful, progressive, and modern business site.

Just like them, over 500,000 Colombians enjoy rapid travels thanks to the debit credit with transportation functionality in mass transportation systems. Stories like these make of us the most sustainable bank of the Americas.

## Sección general GRI4 -2014

General reporting aspects	Page / Answer	Omitted	Global Compact	Sustainable Development Goals	External assurance
<b>Strategy and Analysis</b>					
G4.1 Statement from the most senior decisionmaker of the organization about the relevance of sustainability to the organization.	Letter from the President				x
G4.2 Description of key impacts, risks and opportunities.	Letter from the President				x
<b>Organizational Profile</b>					
G4.3 Name of the Organization.	Report Coverage				x
G4.4 Primary brands, products, and/or services	Bancolombia, commercial bank				x
G4.5 Location of organization's headquarters	Avenida Los Industriales, carrera 48#26-85, Medellín-Colombia				x
G4.6 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Bancolombia, commercial bank				x
G4.7 Nature of ownership and legal form	Chapter 8, Notes to Financial Statements				x
G4.8 Markets served (including geographic breakdown, sectors served, and types of clients).	Bancolombia Banco Comercial				x
G4.9 Scale of the reporting organization, including: - Number of employees - Total number of operations. - Net sales or revenues. - Quantity of products or services offered.	Economic report				x
G4.10 Report the following employment information: - Report the total number of employees by employment contract and gender. - Report the total workforce by region and gender	Chapter 4, Employee Relations				x
G4.11 Report the percentage of total employees covered by collective bargaining agreements.	For 2015 our collective convention benefits 13425 employees, this corresponds to 63% of all employees. Said employees occupy operative positions, whether or not they are affiliated to trade unions.				x
G4.12 Describe the organization's supply chain.	Chapter 5, Hand-in-hand with our strategic partners and suppliers				x
G4.13 Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	We continue our international growth with the acquisition on 60% of BAM in Guatemala. Page 13A Our Shareholders				x
G4.14 Report whether and how the precautionary approach or principle is addressed by the organization.	Chapter 7. Responsibility with Local Authorities		Principle 10_ Business for peace		x
G4.15 Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Development of the report page 7, Voluntary Commitments page 56 - 57. Chapter 6 In hand with communities. Pages 173 - 174 and 180 - 185.		Principles 1 to 9 of the Global Compact Business for peace initiative, CEO Water Mandate Initiative	Goal #17	x
G4.16 List memberships of associations (such as industry associations) and/or local or international advocacy entities which the organization supports.	Development of the report page 7, Voluntary Commitments page 56 - 57. Chapter 6 In hand with communities.			Goal #17	x
<b>Identified Material Aspects and Boundaries</b>					
G4.17 List all entities included in the organization's consolidated financial statements and report whether any of these entities are not covered by this report.	Chapter 8, Financial Statements				x
G4.18 Explain the process for defining the report content and the Aspect Boundaries.	Stakeholder Engagement Page 32 to 35				x
G4.19 List all the material aspects identified in the process for defining report content.	Stakeholder Engagement Page 32 to 35				x
G4.20 For each material aspect, report whether the Aspect Boundary covers the entire organization. If not, indicate which aspect is not material to any of the entities that form part of the organization.	All issues included in the matrix are material for the Bancolombia Group. Page 33.				x
G4.21 For each material aspect, report whether this is material outside of the organization.	Materiality Matrix Graph. Page 33				x
G4.22 Description of the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	About Our Report for 2015				x
G4.23 Significant changes from previous reporting periods in the Scope, Coverage and Valuation Methods applied in this report	About Our Report for 2015				x

## Sección general GRI4 -2014

General reporting aspects	Page / Answer	Omitted	Global Compact	Sustainable Development Goals	External assurance
<b>Stakeholder Engagement</b>					
G4.24 List the stakeholder groups engaged by the organization.	Interacting with our stakeholders. Page 32 to 35				X
G4.25 Report the basis for identification and selection of stakeholders with whom to engage.	Interacting with our stakeholders. Page 32 to 35				X
G4.26 The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Interacting with our stakeholders. Page 32 to 35				X
G4.27 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Interacting with our stakeholders. Page 32 to 35				X
<b>Report Profile</b>					
G4.28 Reporting period for information provided	Since the first of January 2014 to 31 December 2014				X
G4.29 Date of most recent previous report	2014				X
G4.30 Reporting cycle ( annual, biennial).	Annual				X
G4.31 Contact point for questions regarding the report or its contents	Please contact the following email address: <a href="mailto:comunica@bancolombia.com.co">comunica@bancolombia.com.co</a>				X
G4.32 Report the 'in accordance' option the organization has chosen (Core-Comprehensive). Report the GRI Content Index for the chosen option	This report was drawn up based on the GR1 4- Page 7				X
G4.33 Report the organization's policy and current practice with regard to seeking external assurance for the report.	Independent Review Report page 225				X
<b>Governance</b>					
G4.34 The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Corporate Governance. Page 64 to 81				X
G4.35 Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Sustainability Issues are conducted from the Sustainability Direction, which is a part of the Development of More Human Banking Vice-presidency				X
G4.36 Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Sustainability Issues are conducted from the Sustainability Direction, which is a part of the Development of More Human Banking Vice-presidency		X		X
G4.37 Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Sustainability Issues are conducted from the Sustainability Direction, which is a part of the Development of More Human Banking Vice-presidency				X
G4.38 Report the composition of the highest governance body and its committees by: - Executive or non-executive - Independence - Term of office. - Gender. - Membership of under-represented social groups - Competences relating to economic, environmental and social impacts.	Corporate Governance, Board of Directors, Attributes of Board Members. Page 75 to 81				X
G4.39 Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	Corporate Governance, Board of Directors. Page 72				X
G4.40 Report the nomination and selection processes for the highest governance body and its committees. and the criteria used for such, including: - Whether and how diversity is considered - Independence is considered. - Whether and how independence is considered - Whether and how shareholders are involved	Corporate Governance, Board of Directors, Attributes of Board Members. Page 64 to 81				X
G4.41 Report on procedures deployed to avoid conflicts of interest on the part of the highest governance body.	Corporate Governance, page 64 to 81				X
G4.42 Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Corporate Governance, page 64 to 81				X

## Sección general GRI4 –2014

General reporting aspects	Page / Answer	Omitted	Global Compact	Sustainable Development Goals	External assurance
G4.43 Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Chapter 2. Our shareholders and investors. Page 74. Advisory services received by the Board of Directors				x
G4.44 Procedures for evaluating the performance of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency.	Corporate Governance, page 64 to 81				x
G4.45 Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	Corporate Governance, page 64 to 81				x
G4.46 Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Corporate Governance, page 64 to 81				x
G4.47 Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Corporate Governance, page 64 to 81				x
G4.48 Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered	The highest instance of report review is the Board of Directors.				x
G4.49 Report the process for communicating critical concerns to the highest governance body.	Every month the Company Secretary compiles the strategic matters to be discussed by the Board of Directors at their monthly meetings. These are validated in advance by the Chief Executive Officer and his Basic Support Committee.				x
G4.50 Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	The Board is informed of the progress made with the Organization's strategy. In turn the Board has its own Committees that provide support in areas such as: Good Governance, Auditing, Appointments, Compensation and Development and Risk. Page 75 to 77.	The number of critical issues communicated to the Board is not reported			x
G4.51 Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration - Performance-based fixed or variable pay. - Equity-based fixed or variable pay - Bond-based fixed or variable pay - Termination Pay. - Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	Corporate Governance, page 64 to 81				x
G4.52 Report the process for determining compensation. Indicate whether there are consultants hired to determine such.	Corporate Governance, page 64 to 81				x
G4.53 Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	The stakeholder group of shareholders is taken into account.				x
G4.54 Report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees.	Not reported	Confidentiality reasons.			x
G4.55 Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees.	This came to 7% for all employees				x
<b>Ethics and integrity</b>					
G4.56 Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Chapter 7. Our Responsibility with Local Authorities. Corporate Governance Page 64		Global Compact Principles of Anti Corruption		x
G4.57 Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as help lines or advice lines.	Manuals have been made available through Bancolombia's intranet		Global Compact Principles of Anti Corruption		x
G4.58 Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistle blowing mechanisms or hotlines	Chapter 7. Our Responsibility with Local Authorities. Corporate Governance Page 64 External website with instructions to ethics line. Tab#8 <a href="http://www.grupobancolombia.com/wps/portal/about-us/corporate-information/corporate-governance/">http://www.grupobancolombia.com/wps/portal/about-us/corporate-information/corporate-governance/</a>		Global Compact Principles of Anti Corruption		x

## Sección específica GRI4 -2014

Aspect Material for Bancolombia	Related GRI Aspect	Indicator (GRI, Own)	Page Answer	Omitted	Global Pact	Sustainable Development Goals	External assurance	
Innovate talent management	Labor Practices	LA1. Total number and rates of new employee hires and employee turnover by age group, gender and region.	Chapter 4. Employee Relations. Pages 129 to 131. Graphics a. Demographics -b. New Employees rate -c.Employee rotation from resignation-d. Promotion Opportunities.		Principle 6, labor standards	Goal #5 and #8	x	
		LA2. Benefits provided to full-time employees that are not provided to temporary or part-time employees, broken down by main activity	Chapter 4. Employee Relations. Pages 137 to 138 Graphic i.Employee Loans-j.employee Insurance-k. Organizational savings programs. Page 135 Graphics Quality Life Programs		Principle 6, labor standards	Goal #3		
	Occupational health and safety	LA6.Absenteeism, occupational diseases lost days,and number of workrelated fatalities work by region and gender.	Chapter 4. Employee Relations. Page 136 Graphic h. Absenteeism (% of lost time)				x	
	Training and education	LA9. Average hours of training per year per employee by gender and broken down by employee category.	Chapter 4. Employee Relations. Page 134 Graphic f.Human Talent Training					x
		LA11.Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Chapter 4. Employee Relations. Page 134 Graphic f.Performance evaluations. 23,679 employees evaluated					x
Equal remuneration for men and women	LA13. Ratio of basic salary and remuneration of women to men by employee category	Chapter 4. Employee Relations. Page 132 Graphic e. Salaries/ wages broken down by gender and age	Excluding senior management		Goal #10	x		
Consolidating Our Humanistic Banking Model	Not a GRI Aspect	Own Merco People Ranking	Chapter 4. Employee Relations. Page 127 Consolidation of the More Human Banking Model. The company with the best reputation in Colombia.				x	
		Own. Measurement results wellbeing and happiness	Chapter 4. Employee Relations. Page 127 Consolidation of the More Human Banking Model. Second Wellbeing and happiness assessment.		The Principles of working standards and human rights are included.			
Building more and better relations with clients	Product and service labeling	PR5. Results of surveys measuring client satisfaction.	Chapter 3: Our commitment to our investors. Better relations with clients .Pages 92 NPS for Personas and SMEs segment and page 108 NPS for our Corporate and Government Banking division				x	
Conveniencia	Local Communities	FS14. Initiatives to improve access to financial services for disadvantaged people.	Chapter 3: Commitment to our clients / Ifinancial inclusion. Pages 93 and 94			Goal #1-#8-#10	x	
	Not a GRI Aspect	Own ATM Availability	Chapter 3: Commitment to our clients. Pages 120-121			Goal #10	x	
		Own Telephone Banking Channel Availability	Chapter 3: Commitment to our clients. Financial inclusion. Pages 115 and 116			Goal #10		
	Local Communities	Own APP Availability	Chapter 3: Commitment to our clients. Financial inclusion. Pages 115 and 116			Goal #10	x	
		Own SVE Availability	Chapter 3: Commitment to our clients. Financial inclusion. Pages 115 and 116			Goal #10	x	
		Own SVP Availability	Chapter 3: Commitment to our clients. Financial inclusion. Pages 115 and 116			Goal #10		
		Own Consumer On-Line Banking Channel Availability	Chapter 3: Commitment to our clients. Financial inclusion. Pages 93 and 94.			Human Rights Principles 1 and 2	Goal #1 Goal #2 and # 15 page 179 Goal #8	x
FS13. Access points in areas of low population density or economically disadvantaged by type.		Chapter 3: Commitment to our clients. Financial inclusion. Pages 93 and 94. Social and business impact indicators of financial inclusion programs and initiatives were verified by our external audit of the report, such as: Social Benefits 1. % of Share of banked individuals served by the Savings at Hand product: 16% 2 2. % of women customers of the savings at hand product: 54.69% 3. Families impacted by Bancolombia My Business Microcredit: 28,121 4. Families impacted Family remittances: 273.000 families/month and 834.000 families/year. 5. # of payments from mortgage loans to Colombians abroad: 2.161 6. People receiving service in a banking Correspondent: 1.500.000 7. Creation of extra employment in banking Correspondent: 1.034 8. Number of savings at hand product accounts: 410,334 9. People we have treated with selling products in rural populations; distant to major and minor cities: 299,44 10. Customers attended with microcredit through of the community of shopkeepers: 3,288. 11. Community of taxi drivers benefited from the agreement Easy Taxi: 34,748. 12. Farmers trained in financial education through an agreement with the institution Banco2: 885. 13.Number of beneficiaries of savings at hand active business agreements (subsidies and payroll payments): 117,723 Business Benefits 1. Average account balance of the savings at the hand product: 49,104 2. Total balance of savings at the hand accounts: \$ 20,464,753,610 3. Total Bancolombia My Business payments: 239,853,670,420 COP 4. Current portfolio balance of Bancolombia My Business: 223,765,365,848 COP 5. Coverage of family remittances: America, Europe, Asia and Oceania 6. Average received family remittances per month: 372,508 7. % paid family remittances in account: 54% 8. Average of dollars received in family remittances: USD: 153,918,891 9. % of total received from family remittances in account: 65% 10. Number of savings accounts open for Colombians abroad: 3,712 11. Share of the market: 40% 12. Total mortgage payments from Colombians abroad: COP 201.748 Millions 13. Income from family remittances: COP 77,707 Millions 14. Number of banking correspondent: 6,595 15. Municipalities served by correspondent: 875 16. Number of itinerant advisors points: 245						

## Sección específica GRI4 -2014

Aspect Material for Bancolombia	Related GRI Aspect	Indicator (GRI, Own)	Page Answer	Omitted	Global Pact	Sustainable Development Goals	External assurance
Strategic risk management	Not a GRI Aspect	Own Size of risk/ Consumed appetite	Chapter 7: Our Responsibility with Local Authorities (Page 199). The target is that the consumption appetite indicator remains below 100%. All along the 12 months of 2015 said objective was achieved. The coverage of the indicator is regional, although some indicators that comprise the appetite indicator are only available for Colombia.				x
		Own Segmentation, identification, measurement and control of the risk of asset laundering and the financing of terrorism.	Chapter 7: Our Responsibility with Local Authorities		Principle 10. Anti Corruption. United nations Call to Action	Goal #11	x
Operating simplicity and impeccability	Not a GRI Aspect	Own % increase in complaints and claims	Chapter 3: Commitment to our clients. Page 122	The Coverage of the information includes Colombia			x
Proactive Reputation Management	Product Portfolio	FS7. Monetary value of products and services designed to deliver a specific social benefit for each business benefit for each business broken down by purpose.	Chapter 3: Commitment to our clients. Page 93			Goal #9	x
Improving Efficiency and Profitability	Not a GRI Aspect	Own Group-wide efficiency indicator	Chapter 2. Our shareholders and Investors. Consolidated group results. Pages 50 to 52.				x
Consolidating our environmental and social model	General	Own % Commissions vs. Total expenditures	Chapter 2. Our shareholders and Investors. Consolidated group results. Page 52.				x
	Materials	EN31. Breakdown by type of total environmental expense and investments	Chapter 6. In Hand with Communities. Page 176		Environmental Principles, CEO Water Mandate EN8 and EN10		x
		EN1. Materials used by weight or volume	Chapter 6. In Hand with Communities. Page 159		Environmental Principles, CEO Water Mandate EN8 and EN10		x
	Water	EN8. Total water withdrawal by source	Chapter 6. In Hand with Communities. Page 160		Environmental Principles, CEO Water Mandate EN8 and EN10	Goal #6	x
		EN10. Percentage and total volume of water recycled and reused.	Chapter 6. In Hand with Communities. Page 160		Environmental Principles, CEO Water Mandate EN8 and EN10	Goal #6	
	Energy	EN3. Energy consumption within the Organization.	Chapter 6. In Hand with Communities. Page 161		Environmental principles		x
		EN5. Energy intensity.	Chapter 6. In Hand with Communities. Page 161		Environmental principles		
		EN6. Reductions in energy consumption.	Chapter 6. In Hand with Communities. Page 161		Environmental principles	Goal #7	x
	Emissions	EN15. Greenhouse Gases (Scope 1)	Chapter 6. In Hand with Communities. Page 165		Environmental principles	Goal #13	x
		EN16. Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Chapter 6. In Hand with Communities. Page 165		Environmental principles	Goal #13	x
		EN17. Other indirect greenhouse gas (GHG) emissions (Scope 3).	Chapter 6. In Hand with Communities. Page 165		Environmental principles	Goal #13	x
		EN18. Greenhouse gas (GHG) emissions intensity	Chapter 6. In Hand with Communities. Page 165		Environmental principles	Goal #13	
		EN19. Greenhouse gas reductions.	Chapter 6. In Hand with Communities. Page 165		Environmental principles	Goal #13	
	Effluents and waste	EN23. Total weight of waste by type and disposal method	Chapter 6. In Hand with Communities. Page 161				x
	Economic Performance	EC2. Financial implications and other risks and opportunities for the organization's activities due to climate change	Chapter 6. In Hand with Communities. Page 163		Environmental principles	Goal #13	x
Local Communities	SO1. Percentage of operations with implemented local community engagement, impact assessments, and development programs	Chapter 6. In Hand with Communities. Pages 150-157			Goal #1 and #15	x	
Product Portfolio	FS1. policies with specific environmental and social components applied to business lines	These are our policies: Sustainable Purchasing, Human Rights, Climate Change, Controversial issues in financing and investment, Environmental and Social Risk Analysis, Responsible Investment, Stakeholder Engagement.				Goal #13- #14- #15	
	FS2. Procedures for assessing and screening environmental and social risks in business lines	Chapter 6. In Hand with Communities. Pages 168-172				Goal #6- #7- #14- #15	x
	FS3. Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Although commitments have been generated through the environmental risk analysis in Project finance contracts regarding environmental requirement compliance, review on the compliance of said commitments has not been carried out by 100% due to current capacities in the team for effective review. Strategies have been generated to close this gap. We expect to report on this advance in 2015, emphasizing on projects with higher environmental risk and specific conditions during risk analysis.					x
	FS8. Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose	Chapter 6. In Hand with Communities. Pages 176-177. Products from Colombia and Panama are reported. For the Green Credit Line, avoided GHG Emissions from finance projects will be calculated.				Goal #12	x
Human rights	HR3 Number of cases of discrimination and implemented corrective actions.	Chapter 6. In Hand with Communities Page 183 and 184* Policy Diversity			Human Rights Principles	Goal #5 and #16	
	HR10. Percentage of new suppliers assessed using human rights criteria.	Chapter 6. In Hand with Communities. Page 183			Human Rights Principles	Goal #5	
	HR11. Real and Potential significant negative impacts regarding human rights in the supply chain and implemented measures.	Chapter 6. In Hand with Communities. Page 183			Human Rights Principles		
	HR12. Number of complaints regarding human rights issues that have been filed, and resolved using the formal mechanisms.	Chapter 6. In Hand with Communities. Page 184			Human Rights Principles		x
Consolidating our international presence	Not a GRI Aspect	Own Indicator. Number of Environmental and Social risk analysis of suppliers and strategic allies.	Chapter 5. Next to our Strategic Allies. Page 144		10 Global Compact Principles		x
		Own Indicator. % of action plans on suppliers and strategic allies	Chapter 5. Next to our strategic allies. Page 145 26 action plans formulated in 103 assessments		10 Global Compact Principles		x
		Own Indicator. Social Investment	Chapter 5. In Hand with Communities			Goal #3	x
		Own Indicator. Number of social development volunteer programs	Chapter 5. In Hand with Communities. Page 156		Business For Peace (B4P)	Goal #16	x
		Own indicator. Number of beneficiaries of social development programs	Chapter 5. In Hand with Communities. Pages 154-157		Business For Peace (B4P)	Goal #4 and #16	x
	Own Indicator. Energy, water, paper and Business travel reductions	Chapter 5. In Hand with Communities. Page 158		Environmental principles. Water mandate	Goal #6	x	
	Not a GRI Aspect	Own Financial information for each foreign-based subsidiary	Chapter 2: Our investors and shareholders. Pages 58-59				x
Product Portfolio	FS6. Percentage of the portfolio for business lines by specific region, size and sector (i.e. micro, medium and large-sized SMEs and their corresponding sector	Chapter 2: Our commitment to our investors and shareholders			Goal #9	x	
Gestión proactiva de la reputación	Not a GRI Aspect	Own Structuring our reputation indicator	Chapter 2: Commitment to our investors / Proactive Reputation Management. Page 53				x





### Independent Review Report

Independent Review of the Bancolombia Business Management Corporate Responsibility Report 2015.

### Scope of our work

We conducted our review of the adaptation of the contents of Bancolombia Business Management Corporate Responsibility 2015 Report to the Guide for the preparation of Sustainability Reports of Global Reporting Initiative (GRI) version 4.0 (G4).

Additionally, we performed verification processes of some indicators reported by Bancolombia to answer to the Dow Jones Sustainability Index Questionnaire. (See Annex 1).

### Declaration of Independence

Deloitte is one of the largest companies of professional services in audit, tax, consulting and financial and sustainability advisory to public and private clients in multiple industries. With a globally connected network of member firms in more than 185 countries, Deloitte brings world-class capabilities and high quality service to its customers. Approximately 210,000 professionals are committed to becoming the standard of excellence.

We confirm our independence from Bancolombia. All our employees perform annual updates to the Ethics Policy which promptly declare that we have no conflicts of interest with Bancolombia, its subsidiaries and its stakeholders.

### Standards and verification processes.

We conducted our work in accordance with ISAE 3000 - *International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC)*.

Our review work consisted in formulating questions to the Directors and the various areas of Bancolombia who participated in the development of the Business Management Corporate Responsibility Report and the application of certain analytical procedures and review testing sample described below:

- Interviews with staff members of Bancolombia to know the principles, systems and management approaches used to develop the report and calculate the indicators.
- Analysis of how the process of definition of the content, structure and indicators was defined, based on the materiality exercise according to the GRI G4 methodology.
- Evaluation of the process to collect and validate the data presented in the report.
- Checking, by testing based on sample selection and review of evidence of quantitative and qualitative information corresponding to the GRI and Argos internal indicators included in the Business Management Corporate Responsibility Report and proper compilation from the data supplied by the sources of information of Bancolombia.

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### Responsibilities of the Management of Bancolombia and Deloitte.

The preparation of the 2015 Business Management Corporate Responsibility Report and its contents are the responsibility of the organization which is also responsible for defining, adapting and maintaining management systems and internal control, which information is obtained.

Our responsibility is to issue an independent report based on our review procedures applied.

This report has been prepared exclusively in the interests of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the company Direction.

• We have performed our work in accordance with the Independence regulations required by the ethic code of the International Federation of Accountants (IFAC).

• The Scope of a limited Review is substantially less than an audit. Therefore we don't provide an audit opinion about the sustainability report.

DELOITTE & TOUCHE LTDA.  
Jorge Enrique Múnera D.  
Partner

Bogotá, March 2016

Deloitte Touche Tohmatsu

For further details of information related to basic and specific indicators, and management models, please refer to our Corporate Website, in the following links:

<http://www.grupobancolombia.com/wps/portal/about-us/corporate-information/sustainability/>

<http://www.grupobancolombia.com/wps/portal/about-us/>

<http://www.grupobancolombia.com/wps/portal/about-us/corporate-information/corporate-governance/>

<http://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/proveedores>

**Confirmation that the Corporate Responsibility Report is prepared in accordance with GRI methodology G4 in its "Essential" or "Core" version.**

General aspects

It was confirmed that the report meets the requirements of essential option of the general aspects of the GRI G4 version: indicators G4-1 to G4-34 and G4-56 were reported

Specific aspects

We reviewed the management approach and GRI and internal indicators of the material issues identified by the company. (See Annex 2).

**Conclusions**

As a result of our review, there was nothing that make us believe that the Corporate Responsibility Report contains significant errors or has not been prepared in accordance with the Guide for the preparation of Sustainability Reports of Global Reporting Initiative (G4) in its Essential version.

**ANEX 1**

DJSI Indicators
*Measures to ensure an effective management of health problems and risks.
*Figures of total absenteeism
* Percentage of clients that actively use the electronic financial / banking services.
*Measurement of social and business impacts of the financial inclusion initiatives.
*Aspects covered by the procedures of the company to finance or provide services to large-scale projects
existing policy / procedures that ensure efficient implementation and creation of a culture of combating money laundering
*GHG Emissions (Scope 1)
* Indirect GHG Emissions (Scope 2 &3)
*Energy consumption
*Water consumption
*Waste generation
*total Kms of business trips

	*Internal - Telephonic subsidiary Availability; *Internal - APP; *Internal – SVE Availability; *Internal - SVP Availability; *G4-FS13; *G\$-FS14
Value Renewal	*G4-FS7
Proactive reputation management	*Internal - Reputation model Results
Operational impeccability	*Internal - % evolution requirements (clarifications, grievance and complaints)
Equilibrated risk management	*Internal - Appetite consumption. *Internal - Segmentation, identification, measurement and control of risk factors to prevent laundering and terrorist financing
International consolidation	*G4-FS6 *Internal - financial information for each subsidiary abroad
Consolidation of environmental and social model	*G4-EN31; *G4-EN1; *G4-EN8; *G4-EN3; *G4-EN15; *G4-EN16; *G4-EN17; *G4-EN23; *G4-EC2; *G4-SO1; *G4-FS2, *G4-FS3, *G4-FS8, Internal - Number of analysis of environmental and social risks to suppliers and strategic partners Internal - Number of action plans and improvement suppliers and strategic partners Internal – Social Investment Internal – Number of volunteers in social development programs Internal – Number of beneficiaries in social development programs Internal – Energy, water, paper and trips savings.

Material Issues	GRI or Internal Indicators
Consolidation of the management model of the human Banking	*Internal. Position reached in Merco Talent *Results of the well-being and happiness Measurement
Innovative talent management	*G4-LA1; *G4-LA6; *G4-LA9; *G4-LA11; *G4-LA13
Close relationship with clients	*G4-PR5
Convenience	*Internal - ATM Availability;

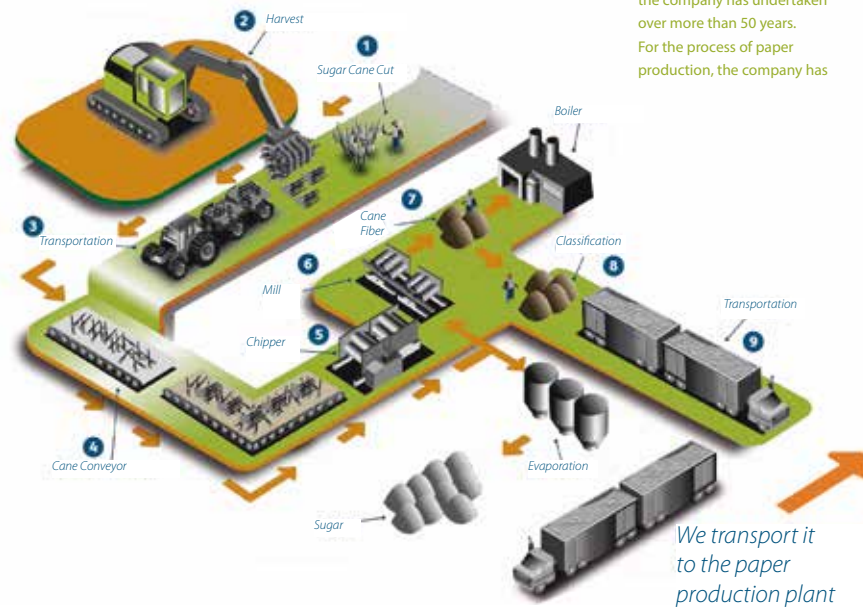
## Origin and process of paper made from sugar cane fibers



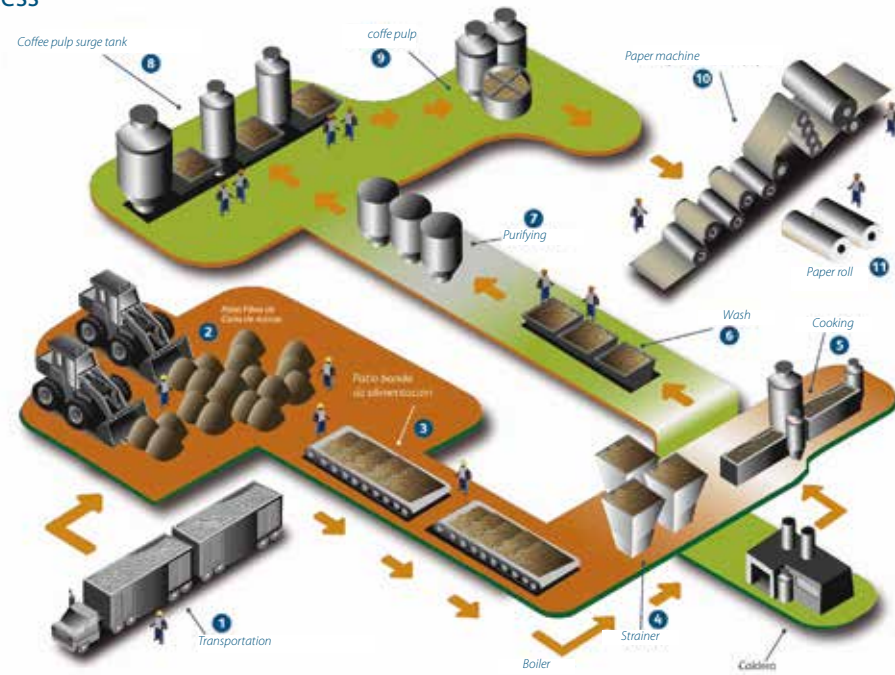
Evidence of the commitment of Carvajal Pulpa y Papel with the environment through a paper made 100% from sugar cane fibers, free of whitening chemicals, product of the innovation and research that the company has undertaken over more than 50 years. For the process of paper production, the company has

two production plants, located in Yumbo, Valle de Cauca and in Caloto, Cauca where all the technology is available to comply with the highest standards of quality. Below you can find the origin and production process of the sustainable paper used for printing our Corporate Management and Responsibility report oriented by our sustainability strategy.

### Origin of sugar cane fiber



### Paper Production Process



Financial results We have an integrated report available in Spanish which includes all financial information.

For financial information in English, please refer to our 20F form, and the following websites: Annual Integrated Report (Spanish) – Pag 231-569

<http://www.grupobancolombia.com/wps/wcm/connect/28324b2f-0844-4d26-9a30-2ba222ba572e/informe+digital+2015.pdf?MOD=AJPERES>

20F Form (English)

<http://www.grupobancolombia.com/wps/wcm/connect/415cc459-71eb-46ad-bec6-aaa7bb418365/20F+-+Completa+2015.pdf?MOD=AJPERES>

### A Brick Wants to Be More

Once I heard a phrase I liked a lot: A brick wants to be more than a clay block and has been given the chance to become an important work. But the brick did not aspire to be part of a famous architectural work. Maybe it is enough for him to be part of a transcendental object. A brick can become a tool for education.

A country that aspires to have better opportunities is a country that invests in educational infrastructure and a country that can accomplish this goal when it finds allies to give a better meaning to the word "progress." In order to build more schools, in 2015 Bancolombia approved for constructors lines of credit for over 70 millions.

In accordance with that stipulated in the Basic Legal Circular issued by the Colombian Superintendency of Finance, the Financial Consumer Ombudsman hereby issues the following summarized report on the activities carried out for Bancolombia during the year 2015.

## Regulatory environment

In connection with new regulations that shall affect relations with the financial consumer, it should be noted that the Law 1755 of 2015, which amended the Right of Petition, and Circular 052 of 215 issued by the Colombian Superintendency of Finance regulating "express complaints" had an effect on our ability to respond to the flow of client petitions.

Decree 1854 issued September 16, 2015 amended Law 1748 of 2014, as passed 26 December 2014, regulating the transparency of information to be supplied by financial institutions regarding the cost or benefit offered to the consumer

## Criteria used by the Financial Consumer Ombudsman

According to that provided by current legislation, the Ombudsman acted with independent judgment with the aim of ensuring that financial services were provided within the framework of legality, transparency, efficiency and effectiveness while applying criteria of not reversing the burden of proof, ensuring transparency in terms of tariffs and prices and compliance with the principle of "due diligence", while monitoring clients normal transaction patterns.

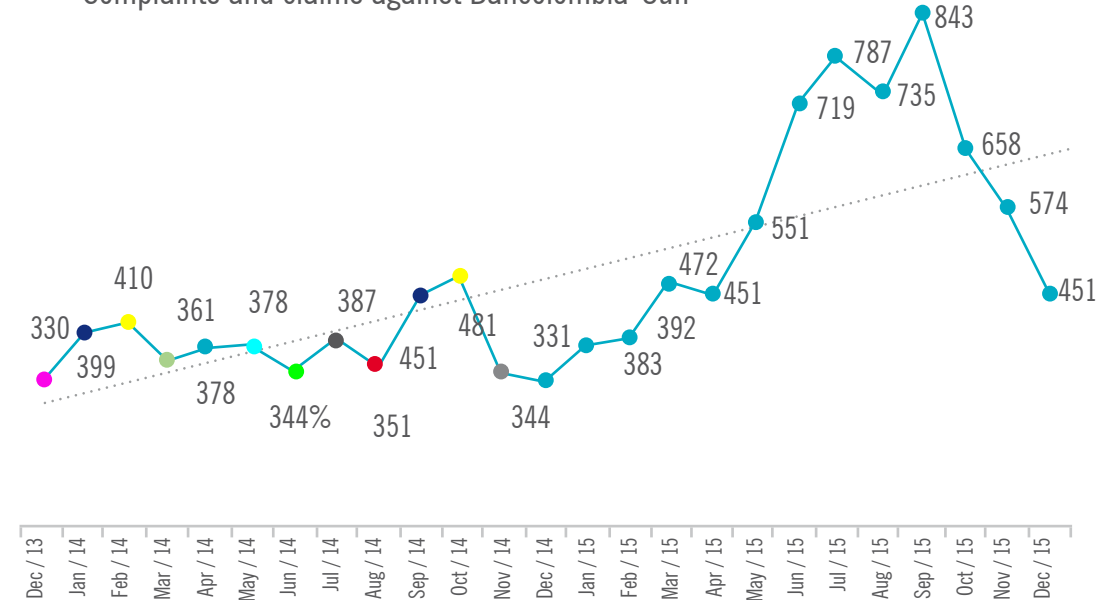
## General aspects regarding the function of the Financial Ombudsman and his/her relationships with financial institutions

The Financial Consumer Ombudsman continued to be invited to the Executive Client Care Committee where issues such as services and strategies were discussed. By attending these meetings he was able to ascertain senior management's commitment to providing better financial services while disseminating within the Organization a culture centered on service and respect for the client thus avoiding potential claims and grievances. Follow-up meetings were also held with regard to our client service. Information for addressing and resolving the different types of complaints filed by clients, was delivered within a reasonable time frame and the Bank has complied with all those opinions and reports issued by the Financial Consumer Ombudsman. It is to be noted that no complaints were received regarding unfair practices or abusive contractual terms.

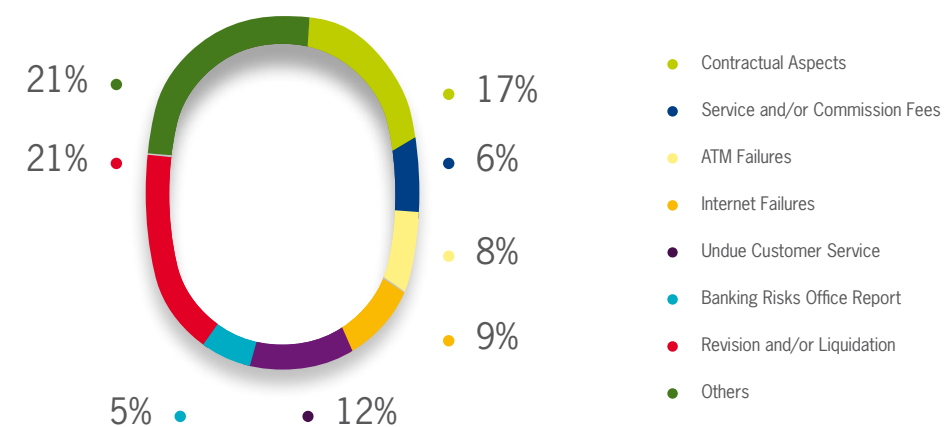
## Consolidated statement of complaints lodged with the FCO

In 2015, Grupo Bancolombia's Financial Consumer Ombudsman received a total of 9,205 complaints and grievances representing an increase of 30% compared to 2014, out of which 7,108 cases were promptly dealt with, thanks to the Bank's interest in making the public aware of the advocacy services offered by the Ombudsman's Office.

Complaints and claims against Bancolombia-Sufi



Complaints By Concept-Bancolombia, Year 2015



Comparing last year's results to the year before, we can see that 20% of these claims are classified in the "Review and Settlement" category, and thereafter in the "Contractual issues" and "Miscellaneous" categories.

It is also worthwhile noting that ATM and Internet fraud dropped by 4 percentage points as a result of the measures taken by the Bank, and a more engrained security culture it has helped to build.

"Credit Bureau Reporting" and "Service and commission collections" have remained stable over various periods.

The Ombudsman would like to underscore the Bank's continued efforts to prevent fraud through financial education initiatives, extending its alert and notification system to a greater proportion of its client base, setting maximum transaction limits and the parameterization of operations and channels made available to the financial consumer as well as continuous transaction profile monitoring.



## Writs of protection – rights of petition and habeas data

Since this is an important issue for the financial consumer and according to information provided by the Bank, the total amount of writs of protection taken out against it on the grounds of alleged violations of rights of petition and habeas data, came to 428 compared to 375 the previous year. This represents an increase of 14%, which we consider satisfactory given the number of rights of petition filed against all the companies belonging to the Group and the number of reported claims from active clients.

## Consumer writs of protection

According to information provided by Grupo Bancolombia, the number of writs of protection taken out by financial consumers before the Colombian Superintendency of Finance in November 2015 came to 235 compared with just 160 in 2014. This we consider to be low compared to the size and the type of operations carried out by the Bank as well as the total amount of grievances and complaints received. This shows that the client service areas and the Ombudsman's Office are trying to mitigate possible conflicts so as to avoid these ending up in proceedings involving the Colombian Superintendency of Finance, in its conflict resolution role.

## Conciliations in 2015

In accordance with Law 1328 of 2009, the Ombudsman has the power to act as an arbitrator with regard to claims filed by clients. For this purpose, the Ombudsman is able to hold conciliation hearings in the cities of Medellin and Bogota.

In spite of these hearings being a legal mechanism for resolving conflicts in an amicable fashion, only 32 of these proceedings were conducted in 2015. On the other hand, the Ombudsman fully complied with his duty to register all conciliations performed on the Colombian Ministry of Justice's website.

These conciliations are broken down as follows:

	Q 1	Q 2	Q 3	Q 4	2015
Conciliation requests	5	12	6	9	32
Notices served	5	12	7	9	33
Agreements	1	3	0	2	6
Failure to attend	0	0	0	0	0
Irreconcilable differences	0	0	0	0	0
Failure to agree	4	9	6	7	26
Cases still pending	0	0	0	0	0

## Rulings

The Ombudsman has issued rulings on various topics relating to banking activities. In cases of fraud, which have the greatest impact on the client, taking into account not only the client's responsibilities in handling the different media, but also the security parameters and transaction profiles required by the Colombian Superintendency of Finance.

His opinions and reports are stored on the SAP application that handles the Ombudsman's work flow.

## Financial Consumer Service System

According to the Ombudsman, the Consumer Service System adequately reflects the treatment provided to the consumer, in all of

its elements, in spite of certain improvements that could be made in adapting structures and developing processes based on the Bank's philosophy of respect for the client, as can be seen in its service-centric culture, responsible selling and continuous improvements of client facing processes.

## Acknowledgements

Finally, we would like to thank the directors and senior officers of Grupo Bancolombia, who provided us with their support and assistance in facilitating the legal functions assigned to the Ombudsman

Sincerely,

**JUAN FERNANDO CELI MUNERA**  
Financial Consumer Ombudsman

