

2016

COMPANY MANAGEMENT CORPORATE
RESPONSIBILITY REPORT

2016



An innovating culture for generating changes in our products and services.

Nowadays, seven out of ten of our customers manage their financial interactions through digital channels.

We innovate as a means for getting a purpose: we want to reach the preference and

satisfaction of our customers and contribute to make their dreams come true. This a very demanding challenge; however, we are sure that we have ideas and people who understand that we create for serving and improving

We think that the world would be better if companies will continue innovating for improving people's life.

Development of 2016 Report

In the development of this report, we identified the most relevant points of our management during the year for different audiences, reporting the main accomplishments articulated to the strategy and goals not yet achieved. In the last part, we present the index of contents GRI, indicators of economic, environmental and social areas, which are applied for the construction of a sustainability memory. For this year, we have used the new GRI Standard, according to the essential option. We commit to continue working under this methodology in order to attain a more adjusted report about our management, to different relation groups and to continue learning in the process. This report was verified by a third party who reviewed the adaptation of contents to *Global Reporting Initiative, GRI Standard* for preparing Sustainability Memories.

We also account for the commitment we have with sustainability showing the work carried out for the management of 10 principles of Global Agreement, Ecuador principles, Carbon Disclosure Project, Dow Jones Sustainability Index, ODS (Sustainable Development Objectives), PRI (Principles of Responsible Investment) CEO United Nations Mandate for Water and Companies for Peace.

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Independent Review Bancolombia_2016 Deloitte



We want to be the leader financial group, which marks a trend, generates a superior experience for our customers, pride among our employees, and value for our stockholders in a sustainable way.

Bancolombia Group

(100% of operation including our presence in Colombia)

	Customers	Employees	Branch offices	ATM	Bank correspondents	Puntos de Atención Móvil
Bancolombia	7.530.900	21.564	817	4.307	8.080	558
Investment banking	23	73	2	-	-	-
Factoring	3.733	-	-	-	-	-
Trust	736.888	534	5	-	-	-
Leasing	27.373	-	21	-	-	-
Securities	313.282	517	7	-	-	-
Apprentices	-	476	-	-	-	-
Total	8.581.093	23.164	852	4.307	8.080	558

Internacional

(35% of operation is outside Colombia)

	Customers	Employees	Branch offices	ATM	Bank correspondents	Puntos de Atención Móvil
International	825	15	-	-	-	-
Puerto rico pr	12.184	137	-	-	-	-
Panamá	-	-	-	-	-	-
Banco agrícola	1.177.084	2.932	97	574	538	55
Grupo peru	4.378	-	-	-	-	-
Cayman	-	-	-	-	-	-
Bam	1.116.626	3.202	208	179	-	-
Banistmo	560.041	2.393	45	358	128	14
Total	2.871.138	8.679	350	1.111	666	69

total data	11.452.231	31.843	1.202	5.418	8.746	627
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To our Stockholders

Good morning! It is a great satisfaction for me to address to you in this, my first ordinary assembly of stockholders, as president of Bancolombia, to show you the result of a disciplined and ordered exercise of a work team, which has been able to understand the challenge involved in the creation of a shared value for the organization I represent and the society.

From an economic point of view, 2016 was a year of big challenges for both Colombia and Latin America. At a global level there was a slow growth, the fall of international trade flows, and a volatile political environment. Regionally, several Latin American economies faced increasing inflationary pressures and a deterioration of company's confidence. As a result of these, it is estimated that GIP of Latin America was contracted 0.6% at the closing of last year.

Central America grew 4.2% due to its less dependency on price fluctuation of basic goods and to the good tendency of growth in the United States. Panamá had a particularly positive behavior, Guatemala and El Salvador were under the average of the region figures.

Colombia continued adjusting to the strong fall of prices of raw materials, which negatively affected both national income and aggregated demand, and although inflation increased in the first part of the year due to the child climatic phenomenon, transmission of devaluation to final prices and the strike of transporters in the last term, a gradual decrease started, which we hope to be consolidated in the 2017.

With this macro-economic environment, today we are showing very positive results which pick up the management of our Organization during the year 2016, understanding that from total of Grupo Bancolombia's assets,

35% are out of Colombia, which means that we are advancing in the consolidation of our regional model.

We closed the year 2016 with total assets in the amount of 196 billion Colombian pesos, a figure which allows us to go from the tenth to seventh place among the biggest banks in Latin America. Within this amount, the gross portfolio is the major component in a total of 152 billion Colombian pesos.

The quality of our portfolio was ranked in 3.22%, 0.26% above 2015 result and the coverage of the portfolio closed in 137%, showing the strength of our balance in which each Colombian owed to us for more than 30 days has a reserve of 1,37 Colombian pesos. The equity of the Group was 21,3 billion Colombian pesos, a year growth of 2 billion Colombian pesos which is equivalent to an increase of 10.3%.

Solvency levels were maintained above the limits demanded by the regulator and we ended the year with 9.02% of basic solvency, an appropriate level to support our growth and to be protected against possible risks.

The accrued net profit was 2,86 billion Colombian pesos, 13.75% above the result of the year 2015, and the financial efficiency finished in 51%, 355 bp under the result of the year 2015, a result of a more generation of productive income and a less growth of expenses.

At the end of the exercise, the profitability indicator on equity close in 14.5%, a very good result which makes us proud and motivate us to continue working for generating value. I invite you to make a profound review of all figures in our 2016 Management Report.

Our actions to make our customer's life easier

We continue working for consolidating an innovating culture, which generates changes in our services, therefore we form internal talent in agile methodologies using ways of work as big companies such as Netflix, Google, and Spotify, among others, do.

In 2016, we managed that 68% of our total monetary and non-monetary transactions in Colombia were made through channels such as virtual branches, our App, Ahorro a la Mano, and other digital channels. As a Group, which includes the behavior in Panamá, El Salvador, and Guatemala, today two of three transactions are carried out through these digital channels.

However, in our technological transformation process, last June, we put in production a new applicative of credit card, but unfortunately, this system had failures which affected the service to our customers in consultation and payment through electronic channels. To this situation, other events were added thus resulting in failures in our service. Due to the above mentioned, I want to excuse for all inconveniences, you can be sure that we act diligently in solving this events.

As soon as the problems started, we reviewed our processes in the development of each project, besides all technological infra-structure for identifying what to update and/or reinforce, and also for immediately solve any technical failure in situ and improve availability. A group was working 24 hours 6 days a week.

On the other hand, in the year 2016, we started an intense process for knowing our customers with the evolution of our analytical model in which we created capacities for better understanding our customers' behavior and consequently offer them financial services appropriate to their expectations. Evidences of the use of which means to better manage the information is that on this date we have dupli-

cated the number of pre-approved credits make the access easy and improving the service. And our customers have so understood it. For example, today free-investment credits triplicated in relation a historical behavior, which means that we are offering a service to people who want and need this product.

We are transforming data in knowledge for making better decisions and offer a better service and also to contribute with efficiency. We developed this experience in the knowledge of our customers using technology in which innovation has been a very import tool for constructing a superior experience.

The permanent evolution of other products such as App personas, la Billetera Móvil or Ahorro a la Mano have appeared in this moment. The latter application allows more than 580,000 people to be linked with the financial system, at the moment.

Besides, we created Nequi, the platform which developed payments, reloads, transfers, and conversations from cell-phones, with more than 122,000 downloads and that today it allows that more than 30,000 young people use the financial system without visiting any branch.

Technology for payment without contact allowed the purchase of 15,000,000 of trips purchased by more than 1,500,000 people in mass transportation in Bogotá, Medellín, Cali, Barranquilla, and Pereira. This innovation was also beneficial for our Company customers.

We launched different technological resources which make it easier self-management for financial need for our customers, such as App Companies which closed the year with around 27,000 downloads and more than 204,000 transactions.

Facility and everyday use of our services

To have different alternatives in transactional channels and to implement new tools have make it easier for many of branches in Colombia to offer a better service. Specifically,

the implementation of shifts system in 394 offices allowed offering comfort and a decrease of 20% in the waiting time of our customers.

Besides strengthening our digital service, we understand our different customer's profiles. This information has allowed us to make decisions and continue strengthening of our model of Bank correspondents with which we are offering service in 980 municipalities in Colombia, which allowed more than 107 million transactions.

In total, in the four countries in which we are operating, we have a wide canal network, composed by 1,202 branches, 5,418 cash machines and 8,746 bank correspondents, besides 226 huts in El Salvador.

To this amount, channels and already mentioned digital platforms are added. We promote inclusion, through small amount credits from COP\$100,000 Colombian pesos to almost one million and a half Colombian pesos, credits which are managed from a cellphone; we also helped more than 30,000 families to purchase their houses, a dream they had, through our mortgage credits, dreams the families started to make true with the approval of 3,5 billion Colombian pesos for the construction of more than 45,000 houses and more than 100,000 square meters for institutional and commercial use, which contribute not only with the wellbeing of people but also with the wellbeing of their business.

On the other hand, today 46% of Colombian Pymes are accompanied by us and we are allied to different productive sectors. In 2016, we were beyond for assisting Pymes; we wanted to help undertaking ideas knowing in the world as "of high impact." Small companies which start and search for developing business models with projections of exponential growth, innovators, and with social impact. We made it easier for them to have credits bearing in mind both their needs and projections.

Within the strengthening process for our position in Central America, we launched to the market our first regional product, Avianca Lifemiles credit card, launched in Colombia, Panamá,

El Salvador, and Guatemala, simultaneously. In only three months, we issued around 10,000 credit cards.

Alliances as an opportunity for making our impact more powerful

Alliances are a very important pillar in our evolution process. Hence we signed agreements for example with First Data, world leader in the technological development of financial services, for uniting capacities, integrating, and strengthening technological platforms which will search for more and better services for trades and creating new opportunities for our customers.

Besides, for facilitating the compliance of legal norms, but also for offering an aggregated value, we defined an agreement with Carvajal Tecnología y Servicios for integrating cash management and factoring services with electronic billing, a mandatory issue for all companies in Colombia.

From the business, we are committed with the Society and the Environment

From a couple of years ago, in Montería, one of the cities with the highest index of unemployment in Colombia, an attention center for solving our customer's needs was set up. To the initial 200 employees, other 150 will be added in a near future.

This, together with our allied Allus, allow us to be the highest employer in Montería.

We were the first bank in Colombia delivering benefits in house projects with sustainability criteria. For purchasers, through an additional benefit on the interest rate in the first seven years and for constructors with access to a Green Line, which finances with trade credits or financial leasing, the purchase of eco- technologies.

Other initiatives such as BanCo2 – a scheme of payment for environmental services in Colombia-, “solar leasing” – as a tool for accessing to assets with this environmentally responsible technology – and the payment of USD\$10 million dollars for financing 13 energy efficiency projects through CAF Line, are some of our evidences of our commitment with the planet.

The issue of Green Bonus (Bonos Verdes) was very important, this make of us the first financial private institution in Latin America in offering this service. The issue of COP\$350 thousand million Colombian pesos allows us to finance projects for fighting the climatic change, such as renewable energies and sustainable construction.

All these acts were recently acknowledged by MERCOSUR, Company Reputation Monitor which in its chapter of the most responsible companies and with the best corporate government ratified us in the first place in Colombia.

Besides, for the fifth consecutive years we are making part of Dow Jones Sustainability Global Index, an accomplishment were consolidates us as one of the most sustainable Banks of the world, but also as the most sustainable in the American continent, The United States and Canada included.

Challenges we assume for an immediate future

This 2017 year, we will have big challenges, however, I would like to refer to elements which constitute the basis our organization evolution for this years. I start with innovation not as an end but as a means to continue advancing in a way we are going over, it is to accomplish a really satisfactory experience for our customers, understanding that they are the ones, who are the core of our business.

Besides, to continue complying with economic, social and environmental responsibility, understanding that we should generate value and prosperity for the societies we provide our services, always respecting our essence and our prin-

ciples which is to work for people, for our customers. Some days ago, I read a phrase, which I think expresses our mission: “We think that the world would be a better place, if Colombia will not stop innovating for improving people’s life.”

Our gratitude

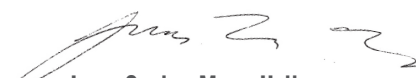
I would like to start with the prior president of Colombia, who held that position for five years, and left a very important legacy on which we have continued constructing.

Thank you to Carlos Raúl Yepes for his leadership with his example. Thank you to you our stockholders, who have constantly offered your support. Of course, to our customers, who value our effort for providing them opportunities to grow. To our team, people who every day wake up with the determination of making their best effort for reaching our objectives.

Naturally to the Board of Directors for their orientation and support. And to communication media to comply with their missions of social control.

I want to reaffirm our commitment for giving our best capacities to follow this consolidation process in a different way of providing banking services from people and to people.

Thank you very much.



Juan Carlos Mora Uribe
Bancolombia President



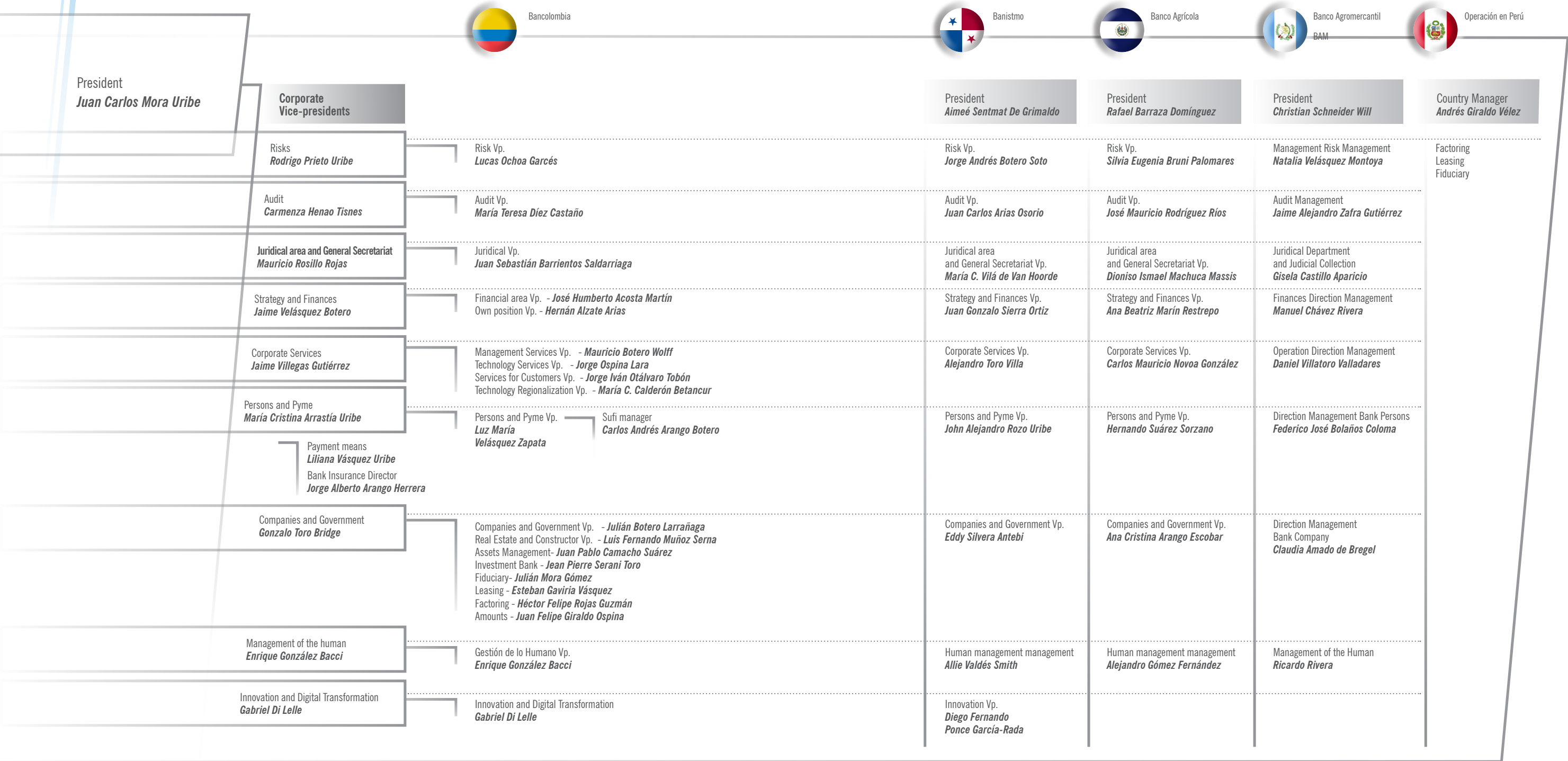
Who are we today

1

A five-year period in Dow Jones Global Index

With a score of 92 out of 100, Bancolombia has maintained for five consecutive years in this index, which measures the reached world economic, environmental, and social performance, a result better than 97% of Banks evaluated. 2,535 companies, of 28 countries, in 59 sectors of the economy, were invited to participate of the global index I, in which Bancolombia continued being the only Colombian bank in this classification and is among the four Latin American banks.

Organizational structure



Our shareholders

numbered 44,827 at year-end 2016



25%
Suramericana of
Investments and Subsidiaries

24%
ADR Program

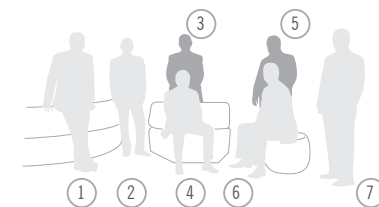
23%
Colombian
Pension Funds

15%
Other international
investors

12%
Other local
investors

1%
Grupo Argos and
subsidiaries

Board of Directors



1. Luis Fernando Restrepo Echavarría
2. Roberto Ricardo Steiner Sampedro
3. Arturo Leonidas Condo Tamayo
4. David Emilio Bojanini García
5. Andrés Felipe Mejía Cardona
6. Gonzalo Alberto Pérez Rojas
7. Hernando José Gómez Restrepo

Dialogue with our relation groups

In 2016, we based in the dialogue and consultation process made to our relation group relation in 2015, particularly with employees, customers, and suppliers, according to the Global methodology

Our model for our banking services is strengthened through relationship

Reporting Initiative and material topics we have defined in our organization for understanding better the issues which are relevant for them and to disclose our performance in the economic, environmental, and social fields.

Stockholders:
44.827
Customers:
11,4 million people

A new strategic vision from 2017

To continue surprising our customers, assisting and understanding their needs appropriately and providing them with technology and innovation in order to create superior experiences and to maintain strength and leadership for helping communities to transform, took us to devise the evolution of our strategy in a future.

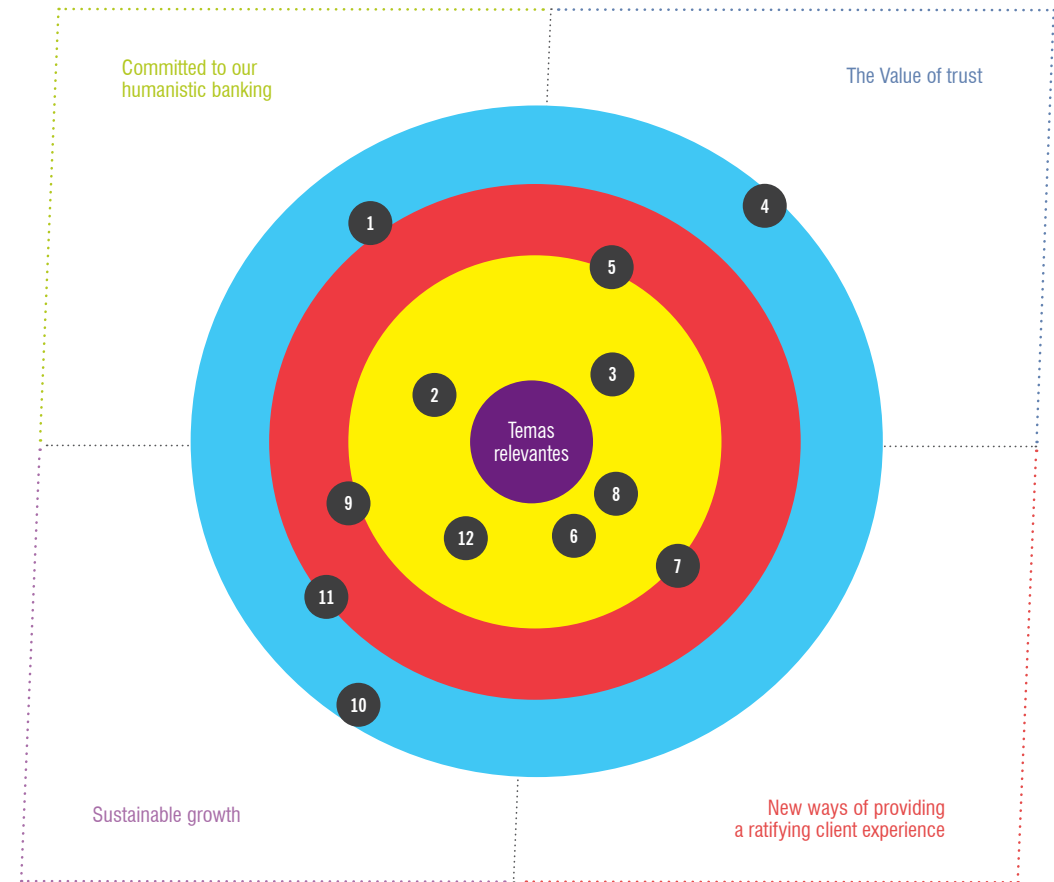
Employees:
31.843
Suppliers:
18.448

The following are the pillars which will be taken into consideration from 2017 on to be socialized with our relation groups:



Operational and technological excellence
Customer's superior experience
Innovation
Humanist Culture and high performance
Profitable growth and sustainability

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	Stakeholder
1. Consolidating a more humanistic banking model	90	Employees
2. Innovative talent management	91	Employees
3. Ethical and responsible leadership	108	Investors / Community
4. Proactive reputation management	32	Investors
5. Balanced risk management	52	clients
6. Close relationships with clients	58	clients
7. Convenience	68	clients
8. Operating impeccability	82	Investors /Suppliers and service providers
9. Profitability of management	24	Shareholders
10. International consolidation	27	Shareholders
11. Renewal of value	70	Clients and Shareholders
12. Transformation and technological leadership	88	clients

● High relevance ● Average relevance ● Low relevance



Acknowledgments:

Our role as a social actor in which we work for creating the best solutions for our relation groups was acknowledged by external validators what constitutes a great responsibility for us. These are some examples:

Colombia:

RobecoSAM: we are the fifth more sustainable bank in the world and the first in the American continent, including financial organizations of the United States and Canada; we were included in Sustainability Yearbook.

Bolsa de Valores de Colombia: we are the bank with the best practices in subjects such as Relation with investors, Disclosure of information to investors and to the market in general and to the Corporate Government.

Global Finance: Bancolombia Investment banking is the most innovating one in Latin America and for the fourth time, the best investment banking in Colombia. Bancolombia private banking is again the best of Colombia.

Digital banking is the best corporate banking of Colombia, the best persons digital banking of Colombia and the best mobile banking of Latin America.

Latin Finance: Bancolombia investment banking was the best of the country for the tenth consecutive year.

International Banker: Grupo Bancolombia is the best banking group in Colombia.

Merco: Bancolombia is the private company with better reputation in Colombia and is the best Company for attracting and retaining talent in Colombia, besides, being the company with the best corporate government.

Ministerio de Comercio, Industria y Turismo, y Colciencias: acknowledged as a Highly Innovating Company, for making of innovation a fundamental part of the strategy as a systematic process, with assigned and verifiable resources.

Llorente & Cuenca: we are the company of the most influential financial sector in social networks in Colombia, according to the study "Developing Ideas" of this company.

Revista Diners - Invamer Gallup: According to the journal and the research company, two of each interviewed people has Bancolombia in mind as the preferred brand of the banking sector.

Millward Brown and WPP: we are the most valuable brand of the financial sector in Colombia, pursuant to the ranking BrandZ, prepared by Millward Brown British Company.

Portafolio - Elite empresarial: We are the Company which offers the best service to the customer in Colombia; it was expressed by more than 1,294 interviewed people of big, middle or small companies in Colombia.

El Salvador:

Global Finance: Banco Agrícola is among the best Banks of emerging markets of the world, ad the best bank.

Latin Finance: Banco Agrícola was ranked as the best bank.

Euromoney: Banco Agrícola is the best bank.

International Banker: We are the best banking group in El Salvador and Banco Agrícola is the most innovating bank.

The Economist: Banco Agrícola is the bank preferred by Salvadorian people and the one which grants more credits to the industry.

Panamá:

Panama Environment Ministry: Banistmo received the award Environmental Excellence, in Clean Production category, with emphasis in Technological Innovation.

The Banker: Banistmo was the bank of the year in Panamá, in 2016.



Our stockholders
and investors

2

The best digital bank in latin america

The transformation we have carried out for being a digital bank that through new products creates better experiences for its customers, led us to be recognized by Global Finance as a referent for Latin America in Digital services. Among the reasons, they highlighted the wide range of products, the functionality of the website and mobile, as well as the relevance of our strategy in social networks. Our efforts for having each time more tangible products that deliver more agility, opportunity, and security was another of the advantages they valued in this publication.

Economic report

Bancolombia Commercial bank Non consolidated financial results. Subsidiaries

Results and balance (Figures at the closing in million Colombian pesos)	2016	2015	Variation \$	Variation %
Direct Operational Income	14.851.839	10.603.399	4.248.440	40,07%
Net Operational Result (Operational Profit)	3.301.084	2.700.500	600.584	22,24%
Net profit	2.444.061	2.462.778	-18.717	-0,76%
Total Assets	137.203.650	115.827.876	21.375.774	18,45%
Net Credit Portfolio	98.416.815	77.500.352	20.916.463	26,99%
Net Investments	20.842.305	22.435.810	-1.593.505	-7,10%
Total Liabilities	117.181.724	97.217.168	19.964.556	20,54%
Deposits (Current Accounts, Savings Accounts, Term Deposits)	79.723.609	65.130.418	14.593.191	22,41%
Equity	20.021.926	18.610.708	1.411.218	7,58%

Efficiency and Profitability	2016	2015
Interest Net Margin	7,11%	5,92%
Financial Efficiency	45,32%	46,96%
Operative Efficiency	3,63%	3,45%
Average profitability of total assets	2,00%	2,28%
Average profitability of Equity	12,70%	13,99%
Portfolio quality (Due Portfolio / Gross Portfolio)	3,14%	3,07%
Total due portfolio coverage (Provisions / Due portfolio)	180,96%	164,99%
Basic Solvency	8,41%	7,30%
Total Solvency	15,94%	15,82%

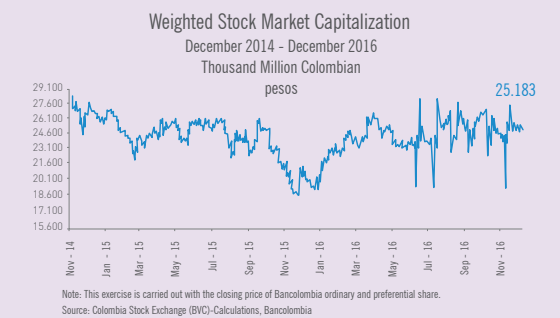
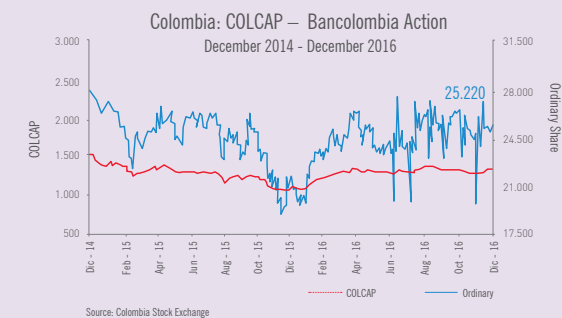
MARKET (Figures as of December 31)	2016	2015	Variation \$	Variation %
Weighted Price of each share in the stock market	26.141	21.271	4.870	22,89%
Stock Market Capitalization (en million Colombia pesos)	25.143.437	20.459.446	4.683.991	22,89%
Number of issued shares	961.827.000	961.827.000	-	0,00%
Intrinsic Value	20.817	19.349	1.467	7,58%
Profitability per Share	2.541	2.561	-19	-0,76%

Parametrization of accountable accounts according to the report of Board of Directors de and press release.

Grupo Bancolombia Consolidated financial results

Results and balances (Figures at the closing of fiscal year in million Colombian pesos)	2016	2015	Variation \$	Variation %
Operational Income	20.697.855	15.644.477	5.053.378	32,30%
Net Operational Results	3.968.282	3.235.635	732.647	22,64%
Net Profit	2.865.328	2.518.890	346.438	13,75%
Total Assets	196.261.044	192.972.867	3.288.177	1,70%
Credit Portfolio and Net Financial Leasing	145.125.575	140.371.884	4.753.691	3,39%
Net Investments	13.060.653	14.277.824	-1.217.171	-8,52%
Total Liabilities	173.784.064	172.564.948	1.219.116	0,71%
Deposits (Banking accounts, Savings accounts, and Term Deposit Certificates)	124.624.011	121.802.028	2.821.983	2,32%
Equity	22.476.980	20.407.919	2.069.061	10,14%

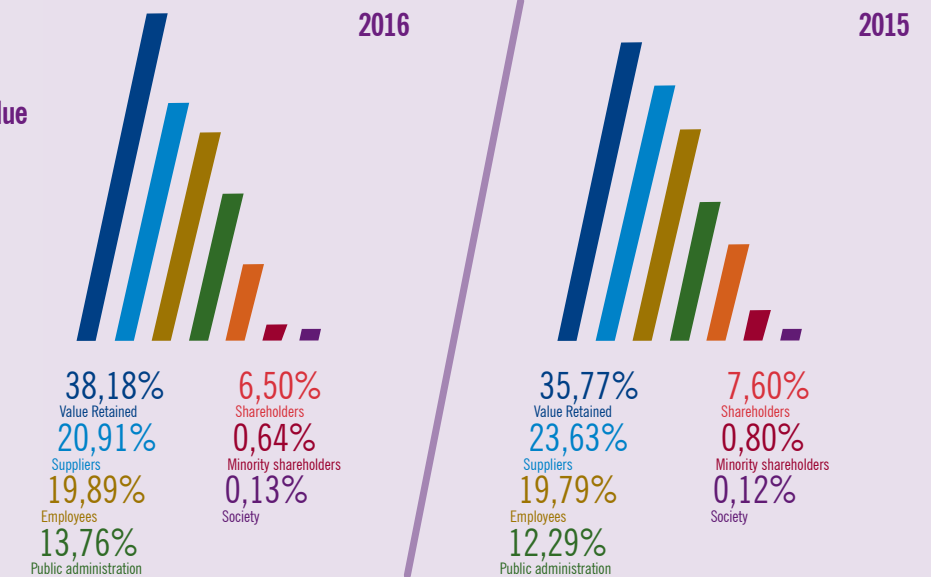
Efficiency and profitability	2016	2015
Interest Net Margin	5,96%	5,25%
Financial Efficiency	51,02%	54,57%
Operative Efficiency	3,64%	3,62%
Average profitability of total asset	1,49%	1,53%
Average profitability of Patrimony	14,52%	13,62%
Portfolio Quality (Due Portfolio/ Gross Portfolio)	3,22%	2,98%
Total Due Portfolio coverage (Provisions / Due portfolio)	136,95%	115,16%
Basic Solvency	9,02%	7,51%
Total Solvency	13,26%	12,46%



Contribution to economic growth

We reached economic accomplishments which allowed contributing to the development and growth of our different groups of interest. Based on the proposed methodology by Global Reporting Initiative (GRI), the value generated by the operation is distributed among the main group of interest and is retained for the compliance of other obligations and the strengthening of the equity.

Distribution Economic Value Generated



International Consolidation

The portfolio of Bancolombia Group before provisions in all the countries in which we are present, used to make it possible to fulfill the dreams of our clients, is \$ 151.7 billion.

Country	Portfolio Credits	% participation
Colombia	102.011.845	67,22%
Panamá	31.216.172	20,57%
El Salvador	8.879.815	5,85%
Puerto Rico	1.220.689	0,80%
Perú	140.114	0,09%
Guatemala	8.265.518	5,45%
Other countries	13.333	0,02%
Total	151.747.486	100,00%

Amounts in millions of pesos

Economic Value	Dec 2016	Dec 2015	Annual growth
Generated	14,06	11,23	25,2%
Intermediation margin	9,70	7,23	34,1%
Net commissions	2,32	1,99	16,4%
Other ordinary income*	2,04	2,01	1,8%
Distributed	8,69	7,22	20,5%
Suppliers	2,94	2,65	10,7%
Employees	2,80	2,22	25,8%
Public Management	1,93	1,38	40,1%
Stockholders	0,91	0,85	7,0%
Corporation	0,02	0,01	40,7%
Ssubordinated Minority Stockholders	0,09	0,09	-0,4%
Withheld	5,37	4,02	33,6%
Provisions, depreciation, and amortization	3,42	2,35	45,2%
Reserves	1,95	1,66	17,2%

Figures in billion Colombian pesos, consistent with financial statements consolidated as of December 31st, 2016.

*It includes net operative income different from commissions and interests, non-operative net income and difference in exchange.

1. El Global Reporting Initiative (GRI) is a non-governmental organization created in 1997 by (CERES) Environmentally Responsible Economy Coalition and by the program of United Nations for the Environment (PNUMA), which promotes and develops a standardized approach for the presentation of reports of a company or organization. It sets up principles and indicators that the companies may use for measuring and publish its economic, environmental, and social performance. This methodology has been implementing since the year 2008 in Grupo Bancolombia report of Management and Corporate Responsibility.

Bancolombia, a commercial bank

Bancolombia registered at the closing of 2016, a growth in total assets in the amount of \$21 billion Colombian pesos, closing in \$137,2 billion Colombian pesos, which represents a growth of 18.45% in relation to prior year mainly resulting from the fusion with Leasing Bancolombia, which contributed with approximately COP \$18,2 billion pesos. Additionally, the dynamism which Bancolombia had in 2016, allowed that the Company continued consolidating in Colombia banking system, as the bank with the biggest participation at the assets level (25%), portfolio and net financial leasing (25.33%), and total deposits (22.17%).

Portfolio and gross financial leasing showed an increase of COP\$22,7 billion pesos at the close of the year, 27.8% higher in nominal terms in relation to prior year, being the fusion with Leasing Bancolombia, the generator of the highest growth, mainly in company portfolio, which reached a positive variation of 31.4% and represents 81.6% of the total growth of gross portfolio during the year. The other credit modalities also showed annual growths (housing: 16.1%, consumption: 20.3%, and micro-credit 12.3%). Additionally, during the year there was a re-valuation of \$148,76 per dollar (4.72%), impacting the portfolio in foreign exchange, which represents 10% of the total of the portfolio. Likewise, net provisions increased in relation to prior year in COP\$1,8 billion pesos (43.4%) as a result of the change of methodologies of calculation of provisions for some segments, the deterioration of customers' grading during the year and incorporation of balances corresponding to the fusion

The indicator of portfolio quality was not unaware to the behavior generalized of the portfolio deterioration of the sector and was ranked in 3.14%, registering an increase of 7 bp, in relation to the close of the prior year. Portfolio coverage of the Company increased in 1,595 bp, placing

itself in 180.96% in line with the coverage policies of the organization assets.

Net investments registered an annual decrease in the amount of COP\$1,6 billion pesos (7.2%), as a result of the decrease of investments in subsidiary companies in the amount of COP\$1,7 billion pesos (10.7%), mainly due to the elimination of investment in participative securities the company had with Leasing Bancolombia, which amounted to COP\$1,4 billion. Investments in debt securities did not show relevant variation at the close of the year. In relation to other assets, there was an increase of COP\$2,8 billion pesos (20.2%), originates in the balance of cash which increased COP\$2,4 billion pesos, simultaneous operations and interbank funds, a result for maintaining appropriate liquidity levels in Bancolombia, which is added to the balance contributed for the fusion.

The total liability at the end of the year amounted to COP\$117 billion pesos, COP\$20 billion pesos more than the prior year, in which it has been highlighted as in other lines, the fusion with Leasing Bancolombia, contributing COP\$14,5 billion pesos to the growth of annual deposits, being TDCs (CDTs abbreviation in Spanish), the main amount of the growth. Likewise, the annual growth in savings accounts in the amount of COP\$1,4 billion pesos (4.0%), was compensated with the decrease in current accounts in the amount of COP\$1,4 billion pesos (10.9%). Additionally, during the same period, the balance of credits with financial entities grew about COP\$1 billion pesos, (7.6%), and the balance in bonus, COP\$2.3 billion pesos (17.3%), result of an increase in local currency in the amount of COP\$2,8 billion pesos (100.9%) due to the fusion with Leasing Bancolombia and the effect of re-valuation registered in the year, which decreases the balance in the amount of COP\$0,5 billion pesos. On the other hand, equity grew COP\$1,4 billion pesos (7.58%), a result of the profits of the exercise. At the same time, appropriation of profits carried out in March, 2016, allowed placing the basin solvency in 8.41%, 111bp above the one registered in the prior period.



Banking operation had a good performance showed in the growth of profits before taxes (22.2%), mainly due to the increase of rates associated to credits (DTF, IPC) for the intermediation margin. Such impact was not transferred in the same proportion to the funding, due to the big quantity of low cost deposits of the organization. The increase in the net income for interest of the organization was COP\$1,9 billion pesos, in which the fusion with Leasing Bancolombia contributes, approximately COP\$0,5 billion pesos. Income for debt securities grew 53.1%, contributing to the net income for interests the amount of COP\$154,000 million pesos. Likewise, the expense of net provisions increased COP\$0,6 billion pesos (37%), which grew, among others, due to the fusion with Leasing Bancolombia, which contributes to the annual variation, COP\$0,1 billion pesos, approximately. On the other hand, operative expenses grew in the amount of COP\$719,000 million pesos (19.3%), from which COP\$250,000 million pesos are due to the incorporation of balances of Leasing Bancolombia. In relation to income tax provision, an increase in the amount of COP\$619,000 million pesos (260.5%) was registered, being revaluation of currency during the year, a determinant factor. For this reason, Bancolombia net profits registered a decrease in relation to the prior year in the amount COP\$19 thousand million pesos (0.8%), closing in COP\$2,4 billion pesos

In 2016, operative expenses increased at a minor pace than the operative income, for this reason it was evidenced an improvement in financial efficiency, showing a decrease of 165 bp in relation to the year 2015, placing the company in 45.32%. It is worth mentioning that the entrance of Leasing Bancolombia generates efficiency since this Company at the moment of the fusion registered an efficiency indicator of 28%.

Finally, it is important to reiterate the high impact of tax provision, due to its relevance in the deterioration of equity profitability indicator (ROE), which was placed in 12.70%, 129 bp under the one reached in the prior year.

EQUITY GREW

\$1,4 billion pesos

AS A RESULT OF PROFIT IN THE EXERCISE

TOTAL ASSETS OF BANCOLOMBIA GREW

\$21 billion pesos

CLOSING IN COP\$137,2 BILLION PESOS

Grupo Bancolombia Results

Economic Context

It was one of the most challenging years for Latin America and Colombia in this century. At a global level, a slow growth and a fall in international trade flows were observed, which coincided with a volatile political environment. Locally, several of the main Latin American economies faced increased inflationary pressure and a deterioration of company confidence. As a result, it is estimated that the prior year, Latin America PIB reduced 0.6%. It is worth mentioning that Central America grew at a higher rate to the one of the sub-continent (4.2%), as a result of its less dependency of fluctuations of prices of basic goods and to the good tendency of growth in the United States.

In the same way as in prior years, Panamá presented one of the biggest expansions in the sub-continent (5.1%), while Guatemala grew a little bit under its potential (3.1%) and in El Salvador, GIP showed a variation of 2.3%.

For its part, Colombia continued adjusting to the strong fall of prices of raw materials, what had a negative impact on the national income and aggregated demand. Besides, in the first part of last year, the tendency to an increase of inflation was intensified due to the Climatic Child Phenomenon, transmission of devaluation to end prices and transporters' strike.

Nevertheless, in the last term of the year, the economy started a gradual recovering, which we hope to be consolidated in 2017. After an expansion of 3.1% in 2015, the prior year GIP grew 2% and we are projecting that it variation reaches 2.3% this year. On its part, after a maximum of almost 9% in July, In 2016, the inflation closed in 5.75% and for 2017, we hope that it goes up to 4.3%. On the other hand, the deficit in current account which had been extended up to 6.5% of GIP in 2015, Was corrected in a estimated of 2 pps and today it has been located closer to its sustainable levels.

On the other hand, the Congress approved Taxation Reform, which will allow partially compensating the fall of petroleum profit and will contribute that National Government may comply with the deficit goals of next years. Likewise, the reform has some elements which will benefit the recovery of private investment of the last years.

In conclusion, Colombian economy after had suffered one of the most severe falls of the last decades and after had adsorbed most of negative effects, it started to gestate the basis of a more constructive conditions at a short and middle terms.

Translator's note: FC means Foreign currency

Financial performance

El Grupo Bancolombia registered a growth in total assets in the amount of COP\$3,3 billion pesos, 1.70% compared with the prior year, going to COP\$196,3 billion pesos. This as a result of several factors: the dynamism of the portfolio, an important element is the growth of Assets in Legal Money in the amount of COP\$7,8 billion pesos and the revaluation of 4.72% of Colombian peso before the American dollar, during this year, which impacted all balance lines and mainly explains the decrease of asses in legal money in the amount of COP\$4,5 billion pesos.

Total gross portfolio amounted to COP\$151,7 billion pesos, showing an increase in the amount of COP\$6.1 billion pesos (4.3%), as a result of generalized increase of modalities of portfolio in Colombian pesos. Additionally, the effect of currency revaluation had influence in the balance in FC of the local banking book and branches abroad, registering a decrease of 4.6%. Portfolio and financial leasing provisions closed in COP\$6,6 billion pesos, with an increase of COP\$1,4 billion pesos (26.2%), mainly associated to general deterioration of the portfolio due to macroeconomic effects of each region in which we have branches and due to the alignment of methodologies applied, according to the new grading of customers.

The quality of portfolio was ranked in 3.22%, 26 bp above the registered at the end of the prior year as a result of the functioning of the portfolio. Portfolio coverage closed in 136.9%, improving the indi-

cator in 130 bp in relation the prior year, a result of the alignment of policies of Bancolombia S.A in the branches abroad.

Net investments closed in COP\$13,1 billion pesos with a decrease of 8.5% in the year, as a consequence of the decrease in Bancolombia S.A. portfolio in investment in debt securities.

In other assets, there was an increase in the amount of COP\$456,000 million pesos (1.3%) associated to the growth of cash and the decrease of assets kept to be sold; this last product of legalization of the sale of Tuya S.A. Additionally, the revaluation of currency generated a larger impact for balances in FC of mercantile credit, investments in debt securities and cash.

Liabilities with cost behaved according to the increase of productive asset, supported in deposits (CDT and savings accounts). Consequently, liabilities of the Group closed in COP\$173,8 billion pesos, registering an increase of COP\$1,2 billion pesos (0.71%), counteracting the decrease in current account, credits with financial entities and other liabilities. The balance of CDT grew COP\$4,0 billion pesos, mainly as a result of the increase of central banking rates in Colombia, reaching a total balance of COP\$52,7 billion pesos.

This represents 30.3% of the total of liabilities of the consolidated Group, while the prior year this relation was 28.2%. In relation to the decrease in liabilities, the completion of the sale of Tuya S.A. makes that the associated liabilities of the operation in discontinuation show a fall in the amount of COP\$1,6 billion pesos added to the decrease for revaluation which in general affects balances in FC of deposits, bonus, and credits with financial entities.

The equity of the Group after a minority interest was placed in COP\$21,3 billion pesos, registering an annual growth COP\$2,0 billion pesos (10.31%), mainly explained for the profit of the exercise and dividends decreed on 2015 profits, assuring an improvement in the equity leveling of the balance which goes from 10.0% in December, 2015 to 10.8% in 2016.

Additionally, solvency levels were maintained above the limits demanded by the regulator, ending with a basic solvency of

9.02%. In this way our commitment with equity strengthening and scope is reflected before future risks.

Net accumulated profit ended in the amount of COP\$2,9 billion pesos, registering an increase in relation to the prior year in the amount of COP\$346,000 million pesos (13.8%), as a result of: 1. Net income for interest increased in the year COP\$2,5 billion pesos (34.1%), as a result of the good behavior of interest rate of portfolios in investments in debt securities. Although expenses for interest grew more than income, it is evident the capacity of the Group for capturing at a low cost. 2. Net Portfolio and leasing provision expense increased in COP\$1,1 billion pesos, mainly in Bancolombia and Banistmo, for adjustment in the provision methodology, accordance with the portfolio grade and the inclusion of provision expenses of GAH (Grupo Agromercantil Holding). 3. The other net operative income increased in the amount of COP\$80,000 million pesos (5.0%), mainly for valuations (option of GAH in Panama and properties of investment in el Fondo Inmobiliario) and eh acknowledgment of participation method of investments associated. 4. Net Commissions grew COP\$326,000 million pesos (16.4%) mainly for banking services, tariffs of acquiring and management, representing 86% if the increase. 5. Increase of operative expenses in COP\$1,1 billion pesos, mainly due to the consolidation GAH operation. 6. Finally, the income tax provision increased at COP\$1,2 billion pesos, increasing COP\$528,000 million pesos during the year, as a result of the increase in the result of the exercise and revaluation of currency which affects bonus in FC in taxation issues.

As a result of the economic cycle, Colombia went through mainly, the net margin of interest of Grupo Bancolombia increased 71 bp closing in 5.96%; this as a consequence of the dynamism of the placing in portfolio of consumption at higher rates, of re-pricing of the portfolio in general and to the efficiency in placement at a low cost.

Financial efficiency ended in 51.02%, showing an improvement of 355 bp before the registered one at the closing of the prior year, as a result of a larger generation of operative income and a fewer growth of operative expenses. Finally, the indicator of profitability on the equity closed in 14.52%, 90 bp above the registered one in 2015, this, in a year in which the Group strengthened its equity and profited the operation extending its margin and controlling its expenses.

Reputation management

In Bancolombia, to be near our relation groups and to know their perception on the performance of our Organization is fundamental for encouraging our corporate strategy, for refining our business model and for extending our knowledge on needs and expectations of audiences with which we are in constant contact for linking better practices of our management.

In order to accomplish this goal, the proactive management of our reputation is our permanent interest. During 2016, under a reputation measuring model Ad Hoc and advised by Reputation Institute, we could verify, consulting customers and non-customers of the segment, people, presidents, companies, customers

of PYMES segments, opinion leaders and cooperators that the emotional perception and rational about business model of the organization was 70.91%.

This is an indicator which ratifies the importance of our reputation as an intangible asset associated to the duration of the business when the management of shared value is evident for all relation groups. This is a result involving confidence parameters, good impression, estimation and admiration this relation groups have, verified supported in solidity, leadership, n, customers experience, integrity, sustainability, and human management dimensions and which are reflected in the behavior of those audiences with the organization.

Commitment with our investors

Searching for coherence with our strategy of being an organization close to the different interest groups, we carried out more than 600 meetings with investors and analysts in order to communicate the Bank financial results and strategic vision

With these meetings we looked for informing about the most relevant aspects of the business to our stockholders and holders of bonuses through a more personalized space in which the public comes to ask in detail about the most important topics for them.

During the year, we solved questions about the growth of portfolio, bank capitalization, profitability, and strategical plans, among other aspects of great interest for these audiences. We are followed by 26 international commission agents and two local ones, who permanently monitor the performance of the Bank and provide recommendations to customers and investors on the action, Bancolombia ADR and debt securities.

We are convinced that this work contributes to the fact that Bancolombia may have access to capital markets in a recurrent way, since it is a known issuing bank. Additionally, there was a meeting in New York, presided by the main directives of the Bank, for discussing the strategic vision of the bank toward the future with the main international analysts.

We have the Stockholder Assistant Center, a specialized area in helping stockholders to solve their questions. The possibility a stockholder has for having a telephone line and to have a person who can solve difficulties is very

important for them and a service which we provide with great satisfaction

Besides, every term, we organize telephone conferences with the management of the bank to disclose recent results. In this space, our stockholders connected to know the most recent financial figures of the term. This is the way we maintain a permanent report of last tendencies, of how the strategy is being implemented and how it is visualized in the future.

Additionally, we had a space for answering questions. We continuously support the relation we have with capitals markets in processes to issue bonuses and stocks in Colombia and abroad. The relation we have maintained with Colombian pension funds, which invest in our securities has been fruitful for both parts, at the time that funds have seen their investment grow, the organization has obtained resources through bonuses and stocks with the purpose of continuing growing.

As of December 31st, 2016, bonuses represented 10.8% of the Bank liabilities and between both (equity + bonuses) represented 20.4% of the bank assets. The more than 13 million Colombian people who save their money in private pension funds are the end beneficiaries of the growth, solidity and profitability of Bancolombia, and this is another reason for affirming that if the Bank has good results, the country and Colombian people also had good results.

Corporate Government

Featured issues

Appointment of Board of Directors for the period 2016-2018

- A process guided by the Good Government Committee with the accompaniment of a consultant of large experience in the definition of profiles that the candidates to become members of Bancolombia Board of Directors should have.
- With the admission of three new members, the Bank reached a number of five independent members of the seven integrating the Directive organism.

Succession of high management posts

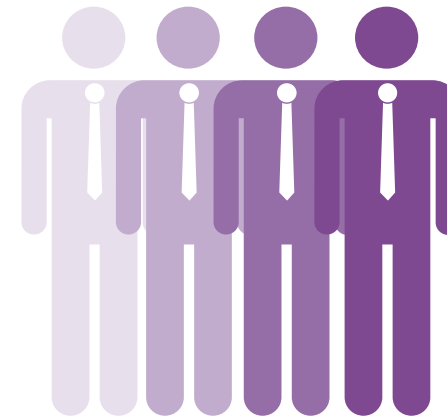
In 2016, there took place a transition in the presidency of the Bank and in the succession of certain high management posts, processes that under the leadership of the Board of Directors, the Appointment, Compensation, and Development Committee, and with the help of experts in these issues were carried out in an orderly way and assuring the best talent for the organization.

Bancolombia and Leasing Bancolombia Fusion

The fusion of the Bank with its subsidiary Leasing Bancolombia, approved by the stockholders in September, 2016, besides having a meaningful participation of holders of ordinary stocks and stocks with preferential dividend, it had a third independent member who provided an opinion about used valuation method and the interchange relation of the fusion.

Election of a tax auditor

After several years with PWC, an external tax auditor, and accepting international standards which tend for the rotation of the tax auditor firm, Deloitte & Touche was elected as the new tax auditor, not only for Bancolombia but also for the other companies of the Group.



In 2016, there were two meetings of the Stockholders Assembly. In both meetings, policies set up in calls, access to information and warranties to stockholders matters were complied.

91,68% quorum in Ordinary Assembly
90,27% quorum in Extraordinary Assembly, (included preferential stockholders).

II Encounter of Directors and members of Board of Directors of the companies of Grupo Bancolombia

In May 2016, there took place the II Encounter of Directors of the Group, a meeting which had representatives of seven countries: Colombia, El Salvador, Guatemala, Perú, Panama, Cayman, and Puerto Rican. In total 53 people participated, from which 25 are external or independent directors.

Fora in issues of Corporate Government

We carried out awareness fora in issues of Corporate Government for teams which belong to the process of granting credits as an additional tool in the analysis of these operations.

Evaluation of the Ethics Code

The percentage of total compliance of the Group was 97.6%.

Implementation of Corporate Government measures in BAM-Guatemala

In October, Guatemala Agromercantil bank Board of Directors approved its Corporate Government code becoming the first Guatemala bank in adopting high standards of Corporate Government aligned with the one of Grupo Bancolombia.

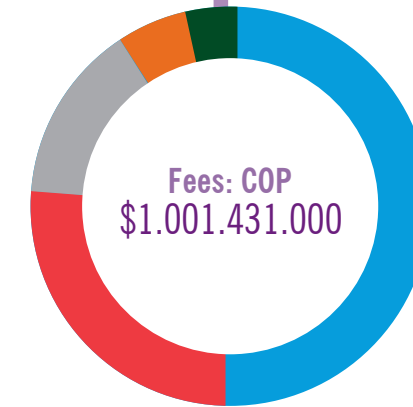
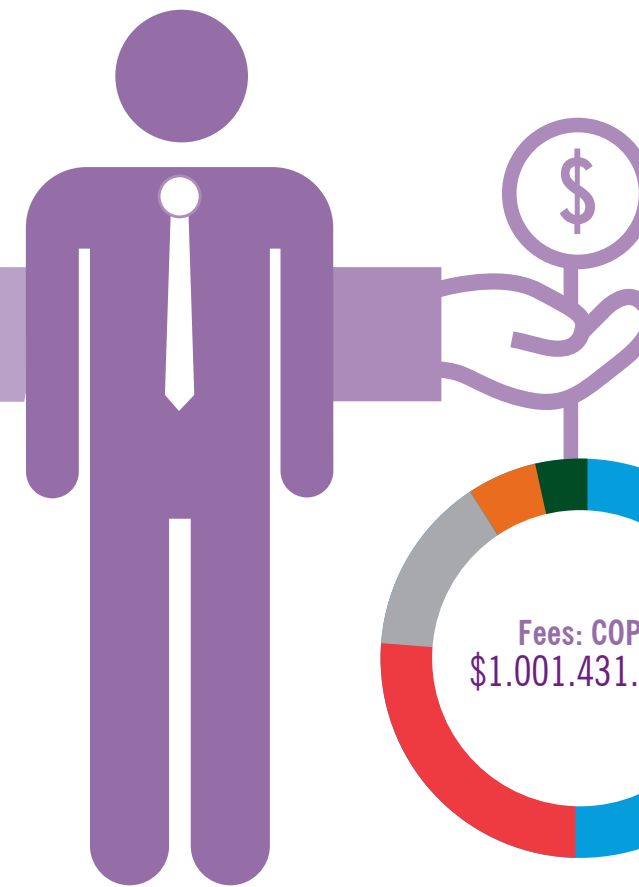
Training of corporate government with Panama Superintendence of banks

Members of Banitsmo Board of Directors members and Bancolombia Panama carried out the training that in Corporate Government recommend Panama Superintendence of banks

Section Board of Directors

Audit Committee	Risks Committee	Good Government Committee	Appointment, Compensation, and Development Committee
Hernando José Gómez Attendance 100%*	Roberto Steiner Sampedro Attendance 100% *	David Bojanini García Attendance 100% *	Gonzalo Pérez Rojas Attendance 100% *
Andrés Felipe Mejía Cardona Attendance 100%	Hernando José Gómez Attendance 100%	Roberto Steiner Sampedro Attendance 100%	Luis Fernando Restrepo Echavarría Attendance 100%
Arturo Condo Tamayo Attendance 100%	David Bojanini García Attendance 100%	Luis Fernando Restrepo Echavarría Attendance 50%**	Andrés Felipe Mejía Cardona Attendance 100%

* Presidents of Committees.
** The director previously excused for not attending one of the two sessions of the committee held in 2016.



\$29.342.500 3%
Compensation Committee

\$41.079.500 4%
Government Committee

\$485.215.500 49%
Board of Directors

\$203.449.500 20%
Risks Committee

\$242.344.000 24%
Audit Committee
Including fees of external advisor of the committee.

	David Bojanini García	Gonzalo Pérez Rojas	Hernando José Gómez Restrepo	Roberto Steiner Sampedro	Luis Fernando Restrepo	Arturo Condo Tamayo	Andrés Felipe Mejía
	Board of Directors' President		Independent Member	Independent Member	Independent Member	Independent Member	Independent Member
Attendance	100%	100%	100%	100%	100%	100%	100%
Participation with stocks in the company	0,00000104%	0,00000104%	0%	0,00013%	0%	0%	0%

The percentage of attendance is calculated on the total number of meetings they have attended since their appointment as members of the respective Committee.

Tax policies

Taxes paid in each country:

Taxes payed*	
1.828.749	Colombia
139.346	El Salvador
22.956	Guatemala
13.942	Panamá
7.831	Perú
271	Islas Caymán
55	Costa Rica
15	Puerto Rico
2.013.164	Total

*In millions of Colombian pesos

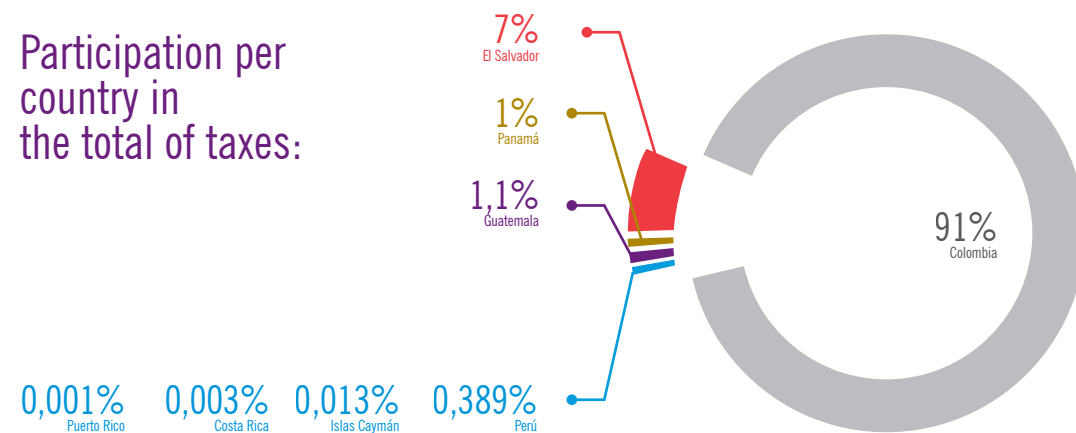
Grupo Bancolombia, as a regional actor pays attention in a responsible and timely way to its functions as a tax payer, understanding that to pay the corresponding taxes should be made in the place in which it is operating. This has a meaningful impact in what is social because such resources support the development of communities in which we are; it is a way to contribute with fiscal sustainability promoted by the governments through different measures, which have been implemented and which have as a goal to assure a sound public finances.

In order to timely comply with its fiscal obligations, according to norms in force, laws, decrees, doctrines and jurisprudence issued by national and territorial entities of each country are being continuously, analyzed and revised.

In the next years, the payment of fiscal obligations in Colombia will be affected by taxation reform issued by the National Government through law 1819, 2016.

In the following graph, the proportion of taxes paid by the Group in each country for the fiscal year 2016 is listed:

Participation per country in the total of taxes:



Corporate Government Report

2016 was a consolidation year for Bancolombia in relation to the new practices of corporate government which were adopted at the end of 2015 by the Board of Directors, some of them based on the Code Country of Corporate Government issued by Colombia Financial Superintendence, as well as the homologation of Corporate Government standards in Guatemala provided the investment the Group made in Grupo Agromercantil.

A. Outstanding aspects of the year:

- **Assembly practices.** During the year, there were two meetings of stockholders assembly. In the general ordinary assembly of stockholders of March, all policies of Corporate Government included in by-laws and the Good Government Code were complied. It is worth mentioning, the selection process of the Board of Directors for the period April 2016-March 2018 that upon recommendation of the Good Government Code was accompanied by an external expert who based on strategic referencing on international standards applicable to organizations similar to the Group, the study of demands and traits expected of a Board of Directors of a financial entity such as Bancolombia, and the sustainable and perdurable business vision at a long term, recommended a group of profiles and traits which candidates should have to be a member of Bancolombia Board of Directors.

- Such profiles and traits were accepted by the Good Government Committee as a competent body in charge of leading the process for selection the Board; they were accepted by the Board and communicated early enough to all stockholders, for them to have basis to submit different candidates to be members of the Board of Director

- In the Extraordinary Assembly of Stockholders held in September and which objective was the approval of the fusion

process between Bancolombia and Leasing Bancolombia, documents related to the issue were at the stockholders' service more than 30 days before the assembly and there was an independent external advisor to provide an opinion on the fusion process, valuation method used, and interchange relation.

- **Change of tax Auditor.** Bancolombia Stockholders' Assembly, based on the best government standards of Corporate Government and recommendations of Financial Superintendence through the code "Pais", which tends for the rotation of the tax auditor firm, in March, 2016 a new Tax Auditor firm was elected. This election led by the Audit Committee was accompanied by an objective and structured selection process for obtaining the best qualitative and quantitative conditions in the candidates. In this process, four highly regarded international firms participated.

- **Encounter of Bancolombia Group Companies Directors and members of the Board of Directors.** In May, 2016, there took place the II Encounter of Group Directors. In this encounter there were representatives from 7 countries: Colombia, Salvador, Guatemala, Perú, Panama, Cayman Islands, and Puerto Rico. 53 people participated, from which 25 were independent or external directors. This encounter had two main objectives; on one hand, to share strategic and transversal information of the group in such a way that it can be used by Directors in decision making in each one of Board of Directors and on the other hand, to know different visions in each country about its political, economic, and regulation environment.

- **Fora in Corporate Government issues.** During the year, there were several awareness fora for teams belonging to the credit granting process of Bancolombia to provide them elements of corporate government, which could be used as an additional tool in the analysis of credit operations for business customers or special projects.

- **Evaluation of Ethics Code.** There was an annual evaluation of the Ethics Code among the Group employees (about 33.000 em-

ployees), including –for the first time –Banco Agromercantil’s employees in Guatemala. The total compliance percentage of the Group was 97.6%. Compliance percentage distribution in each country is the following:

Results by country

Evaluation code of ethics



100%
Puerto Rico

100%
Perú

99,9%
Panamá

98,6%
El salvador

98%
Guatemala

97,6%
Colombia

- **Implementation of measures of Corporate Government in BAM- Guatemala.** In October, Guatemala Banco Agromercantil Board of Directors approved its Corporate Government Code, becoming the first bank in Guatemala in adopting high standards of Corporate Government. For 2017, measures such as management of interest conflicts, an operation model with economic linked people, approval of norms of the Board of Directors by the Stockholders Assembly according to domestic regulation demands, strengthening of the internal control system model will be implemented all actions oriented for disclosing the Good Government Code to stockholders and to all other interest groups will be deployed and to consolidate the functioning of risks, auditing and investment committees.
- **Corporate Government Training with Superintendence of Panama Banks.** Members of Banistmo and Bancolombia Panamá Board of Directors voluntarily accepted the training

in CORPORATE GOVERNMENT recommended by Superintendence of Panama Banks with the purpose of promoting standards of good government set up by Panama regulation.

- **Development of Talents Program for preparing succession processes of Bancolombia directive team.** Thanks to the operation of the program of development of talents at the interior of the Group, 15 appointments of directive positions were chosen from internal talent, within which it is worth mentioning the appointment of Presidents of subsidiary companies of the Bank in Colombia and the Vice-president of Internal Audit for Colombia. This program supplemented actions that in relation to High Management carried out the Selection, Compensation, and Development Committee for appointing Corporate Vice-presidents and for replacement in the Presidency of the Bank.

B. Other aspects of the report

► Shareholder Structure of Bancolombia

The shareholder Structure of Bancolombia, parent company of Grupo Bancolombia, is completely presented in the report of management. The following are the shareholders who had shares higher than 1% in capital of Bancolombia as of December 31st, 2016 (this information is periodically registered through SIMEV- Securities Market Information Integral System- which is of public access through Financial Superintendence of Colombia):

SHAREHOLDERS WHICH INDIVIDUAL PARTICIPATION IS EQUAL OR HIGHER THAN 1%	ORD		PREF		TOTAL	% PARTICIPATION TOTAL ON THE BANK
	ORD	% ORD PART	PREF	% PREF PART		
GRUPO DE INVERSIONES SURAMERICANA S.A.	234.740.245	46,05%	145.584	0,03%	234,885,829	24,42%
FONDO BANCOLOMBIA ADR PROGRAM	-	0,00%	226.617.888	50,12%	226,617,888	23,56%
PORVENIR MODERATE MANDATORY PENSION FUND	58.371.201	11,45%	31.230.426	6,91%	89,601,627	9,32%
PROTECCION MODERADO MANDATORY PENSION FUND	22.908.593	4,49%	52.393.707	11,59%	75.302.300	7,83%
COLFONDOS MODERADO MANDATORY PENSION FUND	13.145.520	2,58%	13.659.198	3,02%	26.804.718	2,79%
EMMERY EQUITY CORPORATION	24.387.619	4,78%	-	0,00%	24.387.619	2,54%
LORANGE INDUSTRIAL CORPORATION	20.612.331	4,04%	-	0,00%	20.612.331	2,14%
FONDO BURSATIL ISHARES COLCAP	5.752.795	1,13%	13.338.684	2,95%	19.091.479	1,98%
FONDO DE PENSIONES PROTECCION	9.176.583	1,80%	2.504.905	0,55%	11.681.488	1,21%
OLD MUTUAL FONDO DE PENS. OBLIGATORIAS – MODERADO	8.828.517	1,73%	2.850.242	0,63%	11.678.759	1,21%
CEMENTOS ARGOS S.A.	9.911.317	1,94%	-	0,00%	9.911.317	1,03%

Note: Bancolombia has a mixed shareholder structure: 52.99% correspond to ordinary shares and 47.01% to preferential shares.

In notes financial statements, it can be found in detail the authorized, subscribed and paid capital of Bancolombia. Likewise, there is a detailed description of privileges and restrictions resulting from each one of the type of shares issued by the corporation.

► Shares owned by members of the Board of Directors

No one of the members of the Board of Directors of the Bank owns in a direct way, ordinary or preferential shares of Bancolombia which provide relevant rights which may affect the Independence and objectivity in decision making.

The right to vote resulting of ordinary shares of all directors correspond to a total of 0.00000208% of the rights to vote of the Bank. The following is the detailed information of shareholders structure which Bancolombia S.A. Directors have as of December 31st, 2016:

	ACCIONES ORDINARIAS	% PARTICIPACIÓN ORDINARIAS	ACCIONES PREFERENCIALES	% PARTICIPACIÓN PREFERENCIALES	TOTAL
David Bojanini	10	0,00%	-	0%	10
Gonzalo Pérez	10	0,00%	-	0%	10
Hernando José Gómez	-	0,00%	-	0%	-
Roberto Steiner	-	0,00%	1,338	0%	1,338
Luis Fernando Restrepo	-	0,00%	-	0%	-
Arturo Condo	-	0,00%	-	0%	-
Andrés Felipe Mejía	-	0,00%	-	0%	-

* In relation to negotiation of Bancolombia shares by managers, the bank has a procedure published in the corporate webpage of the Bank in the space of Corporative Government / Directors and Managers which regulates conditions of mandatory compliance by the Directors and other managers, which include prohibition to carry out operations for speculation and in all cases, prior authorization is required by the Board of directors for any negotiation.

In the development of this norm, in 2016:

- No one authorization for a Director to negotiate shares of the bank was submitted before the Board of Directors.

- The Board of Directors granted authorizations for some of its main executives to negotiate shares of the Bank with purposes different from speculative ones. These authorizations corresponded to withdrawals of resources of SVA funds, through which the variable remuneration model for all employees of Grupo Bancolombia is managed and which is represented in shares of the Bank. The addition of such operations was less than COP\$300 million Colombian pesos.

• Other issues related to the structure of the property:

- Due to expressed legal disposition, Bancolombia cannot repurchase shares..

- Bancolombia has commercial and business relations with the main shareholders of the Bank who are also its clients or partners, which are made at the market price and are framed in principles and guidelines of Good Government established in the Code of Good Government and in applicable norms. Another information on commercial or family relations among shareholders, are not known by Bancolombia.

- Bancolombia does not know any agreement executed among its shareholders which object are the shares, rights or administration of the Bank or elated issues.

► Assembly of Shareholders

In 2016, there were two Assemblies of Shareholders: in March, the ordinary meeting and an extraordinary meeting in September with the objective of approving the fusion between Bancolombia as an absorbing entity and Leasing Bancolombia as an absorbed entity. In this assembly shareholders with preferential dividends participated with their vote.

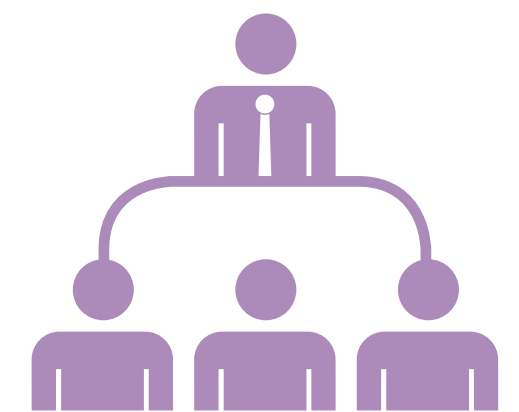
Assemblies were carried out in agreement with norms in force, by-laws, and Code of Good Government of Bancolombia:

- The ordinary Assembly has a participation of 91.68% of ordinary shares of the Bank and the Extraordinary Assembly with 90.27% of ordinary shares and shares with preferential dividends of the Bank.

- Calls were carried out 30 common days before the ordinary meeting and 60 common days for the extraordinary meeting, according to recommendations of Code Country and the norms in force. For both assemblies, shareholders had at their disposition the detail of the agenda to be developed.

- In the Ordinary Assembly, the following documents and propositions were submitted and approved: consideration, and approval of Financial Statements and Management Report of Managers and other legal reports, including corporate government reports, internal control reports, audit committee reports, distribution of profits, appointment of the board Directors and Tax Auditor fees for the Board of Directors and tax auditor. No other topics were considered in this meeting.

-The appointment of the Board of Directors, 2016, was preceded by an analysis the CVs of candidates to be new members of the direction body, evaluation carried out by the Good Government Committee.





- The appointment of a new tax auditor was the selection process by de Audit Committee
- In the Extraordinary Assembly, the fusion Bancolombia, as the absorbent entity and Leasing Bancolombia as an absorbed entity was submitted and approved. In this meeting, other propositions or issues were not considered.
- Propositions of the Board of Directors, submitted in the Assemblies carried out in 2016, were at the disposition of the shareholders through the webpage, no later than 15 common days.

► **Assistance to shareholders**

Management report collects in an integral way our attention to the shareholders. The following aspects are highlighted:

- During the exercise of 2016, the Bank had the renewal of IR certification granted by Colombia Stock Exchange, acknowledging the Entity as an issuer with the best information disclosure practices to its investors and the market, in general.
- We have a Relation Office with Investors through which the Bank provides a permanent direct attention to shareholders and investors (on-site, by telephone, or through e-mail), and with an Attention Center to shareholders served by Fiduciaria Bancolombia, through which shareholders of the Bank could have the possibility of consulting and solving their requests.
- During 2016, approximated 2,200 requests on topics such as shares, the quality of shareholders, certificates, changes, transfers and payment of dividends were attended.
- Bancolombia has provided its corporative webpage to its shareholders in English and Spanish updated, and with information of interest for different groups. Through this page information of the Group is disclosed and has a wide section of corporate government and relation with investors, with information and relevant document to be consulted by the public.

► **Board of Directors**

Compositions: Bancolombia S.A Board of directors is composed by the following directors, who were appointed in March, 2016, for a period of two years:

Bancolombia Board of Directors is composed by a group of people with different profiles, knowledge, professional experience and personal qualities in agreement with the nature and level represented by Grupo Bancolombia in markets. Within its composition, The Board of Directors has a foreign member, businessman, with knowledge and expert in Central American markets, mainly in countries in which he bank has branches. Likewise, the bank has directors, expert in financial risks, economy, law, business management, and people with orientation to sustainability topics.

Appointment process of members of the Board of Directors

In the year 2016, there were changes in the Board of Directors. Members of Bancolombia Board of Directors are appointed for a period of two years. For the appointment of the Board of Directors, The Good Government Committee requested the hiring of an external consultant, expert in Corporate Government topics, who advised the Bank in the construction of criteria and necessary characteristics to be a member of Bancolombia Board of Directors.

Likewise, the Committee knew the profiles of candidates, their academic and professional performance, possible inabilities and incompatibilities in order to evaluate their adjustment with expected criteria.

Accreditation, Independence of members of Bancolombia Board of Directors.

Bancolombia as a financial entity, main office of Grupo Bancolombia, issuer of American and Colombian securities market and member of the Index of sustainability Dow Jones-DJSI, has different criteria subject matter of independence of its members of Board of Directors.



Name	EOSF	Law 964 2005	Country Code	NYSE	DJSI
David Bojanini García – Board of Directors' President	✓				✓
Gonzalo Alberto Pérez Rojas	✓				✓
Hernando José Gómez Restrepo	✓	✓	✓	✓	✓
Roberto Steiner Sampedro	✓	✓	✓	✓	✓
Luis Fernando Restrepo Echavarria	✓	✓	✓	✓	✓
Andrés Felipe Mejía Cardona	✓	✓	✓	✓	✓
Arturo Condo Tamayo	✓	✓	✓	✓	✓

✓ Independients

It is important to outline that Bancolombia has a number of independent members higher than the one established in Colombian dispositions regulating the subject. With the appointment of the Board of Directors, which took place in March, 2016, a Board of Directors of 7 members was increased from 4 to 5 the number of members who complied with criteria demanded by the law of capitals market.

President and Secretary of the Board of Directors

The president of the Board of Directors of the Bank is David Bojanini García and should, in coordination of Bancolombia President and Secretary General, participate in preparing the annual agenda of meetings and in providing necessary guidelines for its due execution, supervise the timely delivery of information for the Board of Directors, guide conversations with the purpose of assuring active participation of directors and the relevance and leading debates, assure that Board of Directors efficiently implements the strategic direction and lead the annual evaluation process of the Board of Directors, all this, under supervision and report to Good Government Committee, from which he is a member. Likewise, to guide the interaction of directors among them and with the Board of Shareholders.



The secretary of the Board of Directors is Mauricio Rosillo Rojas, Juridical Corporative Vice-president and Secretary General, who was appointed by the Board of Directors. Among the activities of the Secretary there are among many others, to support the President of the Board of Directors in the call to meetings, supervise the delivery of required information, prior to each meeting of the Board of Directors, and in general, that information necessary and relevant to duly inform the members of the Board of Directors or for making decisions, likewise, he is also in charge of, maintaining- according to law- Books of Minutes of the Board of Directors and to supervise the compliance with policies and guidelines established in social by-laws and in the Code of Good Government related to the operation of the Board of Directors.

Other issues of interest related with the Board of Directors

- No one of the members of the Board of Directors of Bancolombia, parent company of Grupo Bancolombia belong to the Board of Directors of subordinated companies neither hold them positions in such companies
- No one of the members of the Board of Directors of Bancolombia is employee of the Bank.
- During 2016, the Board of Directors provided strategic and financial guidelines and approve the relevant policies or credits risks, market, liquidity, and operational of the company.
- The Board of Directors made a monthly follow-up to treasure operations carried out with economic links of the Group, according to the classification it has in market risk. Audit Committee following the Code of Good Government, approved in a prior way, the fusion operation with Leasing Bancolombia, operation with the condition of being material and not recurrent.
- The Board of Directors was provided with the prior information of sessions according to the Code of Good Government.
- As set up in the Code of Good Government, independent directors of the Board of Directors, who are part of the auditing committee met at least once a month during 2016, in a private way, without the presence of the Management,

with tax supervisor and the internal auditor of the Bank. The Auditing Committee is integrated by independent members. Most of members of the risks Committee are independent members. The presidents of Auditing and Risks Committees are independent members.

- According to the Code of Good Government, during the year 2016, members of the Board of Directors did not go through conflict situations of permanent interest which could result in a withdraw of their position.

- Directors abstained from participating in discussion and decision of credit operation for themselves or for their linked, which for legal disposition are of competence of the Board of Directors. In each case, approval of the same were made prior verification of compliance with indebtedness limits and concentration of risks and were provided with the unanimous vote of the other members of the Board of Directors who participated in the decision.

Detail of approval of credit operations in the Board of Directors, in which there were abstentions:

Type of abstentions in 2016 Approval of a credit limit

David Bojanini Garcia

Jose Alberto Vélez*

Ricardo Sierra*

Gonzalo Pérez

Hernando José Gómez

*Members of the Board of Directors until March, 2016.

Likewise, doctor Roberto Steiner in the first semester of the years abstained from participating in deliberation and discussion of an issue related with the business of way of payment.

Supporting Committees to the Board of Directors: Bancolombia has four supporting committees to different functions guided by the Board of Directors; they are: Auditing Committee, Risks Committee, Good Government Committee, and Appointment, Compensation, and Development Committee

In May, 2016 and when appointing the new the Board of Directors by the Assembly, new members for the Committees were appointed, a situation which was informed to the market. The following is the detail of members of each committee and the percentage of attendance to ordinary meetings held in 2016:



Relevant activities carried out by the Auditing Committee:

In a separate report, at disposition of the general Assembly of shareholders; there is the detail of report of activities carried out in 2016 by the Auditing Committee.

Relevant activities carried out by Risks Committee: In the year 2016, Risks Committee knew and led the following issues:

- Integral vision of risks, making a permanent follow-up to risks and credit risks indicators, market, liquidity, and operational both of Bancolombia and national and international subsidiaries.
- The Committee knew the new tool called model of efficient frontier, through which, it is searched to simulate scenarios which serve as a guide to define strategies in the composition of portfolio at a middle and long term. The exercise was carried out for Bancolombia portfolio.
- It knew the elements and components of capital assignment models.
- It was informed of the main guidelines and pillars of Bancolombia capital policy.
- In credit risks, the Committee knew portfolio projections, revision and adjustments to internal limits, risk, country, report of portfolio, process of grading to the same, follow-up to clients with deterioration and production expenses, modifications to the manual of policies and procedures SARC Manual and Management Procedures Manual, resulting from validations adjustments, and calibrations to score and rating models of different bankings and other risk models, as well as a change of estimation LGD (Loss Given Default), adjustment in parameters of the model of provisions, among all other relevant issues.
- In relation to risk of market and liquidity, the Committee made a follow-up to survival horizon, changes in characteristics of negotiation, of some treasure tables, report of derivatives, methodology for detecting operations far from the average of private indebtedness market, methodology for calculating a Stress Correlated to the Bank portfolio, proposal of modification of Stress Testing, strategy of treasures of the group for 2016 and the situation of liquidity of the financial system, scenarios of Liquidity Stress and Liquidity Mechanisms, as well as updating to Market Risk Manuals, Liquidity, and Valuation of Derivatives Instruments, among others.
- In operational risk, there was a follow-up to risk profile, (exposition and higher concentration of risks), analysis of economic loss of the Group and the Bank, advances, business plan continuation, among others.
- A report was submitted with commitments and projects that Bancolombia has for 4G and APP and there was a follow-up to appetite for risks there exists for these business.

- There was a follow-up to the main aspects related with Sarlaft.
- There was a follow-up to management informs of money tables compliance area.
- The Committee analyzed in detail results of resistance tests, which the Bank carried out with the purpose of comply with circular 051, 2015 issued by Financial Superintendence of Colombia
- Follow-up to the main risks of countries such as El Salvador, Panamá, Guatemala, and Perú.

Relevant Activities carried out the Committee of Good Government: During the year 2016, the Committee of Good Government knew and led the following issues:

- Defined profiles and characteristics of candidates to be members of Bancolombia Board of Directors, together with an external advisor.
- Knew the interest of doctors José Alberto Vélez, Ricardo Sierra, and Rafael Martínez of not being candidates as members of Bancolombia Board of Directors to be appointed in the month of March.
- Knew and evaluated the compliance of necessary profiles, characteristics, and academic and professional performance of candidates to be members of the Board of Directors submitted by shareholders, and provided its favorable opinion for them to be submitted to the general assembly of shareholders. It also validate the compliance of independence requirements, which 5 of the 7 members shall comply with, providing its favorable opinion.
- It made important reflections on methodology and functioning of the meetings of the Board of Directors, providing recommendations in relation to the way meetings shall be carried out in 2017.
- It knew and issued guidelines to be taken into consideration for the construction of the calendar of the Board of Directors and recommended dates for 2017, which were accepted by the Board of Directors.

- It knew the inform and results of evaluation carried out by Financial Superintendence of Colombia on the report carried by the issuers about the compliance of measures of country code.

- To provide compliance with the measure set up in Code of Good Government of Bancolombia which was approved by the Board of Directors in October, 2015, to alternate evaluation of the Board and bearing in mind the appointment of the new the Board of Directors with three new members and the change of the president of the Bank, the Committee recommended to apply the self-evaluation model for the evaluation exercise in

the year 2016 and the evaluation model of an external advisor for the year 2017.

Relevant activities of Designation, Compensation, and Development Committee: During the year 2016, Designation, Compensation, and Development Committee knew and led the following issues:

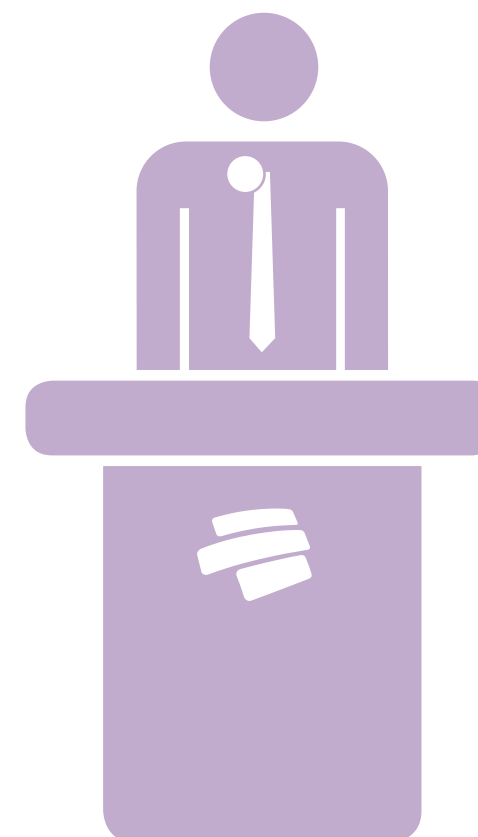
- It knew the total compensation strategy for Bancolombia Group.
- It knew and proposed adjustments to the pension policy of the Group.
- It approved the proposal of an annual increase, corresponding to 2017 for employees in Colombia and subsidiaries abroad.
- It approved salary adjustments for the Corporate President and Vice-presidents.
- It advanced relevant procedures to guarantee succession policies in high management positions, including the appointment of 1 Corporate President and Vice-president of Digital Innovation and Transformation and Corporate vice-president of services.

Policies of remuneration of the Board of Directors and Supporting Committees: In ordinary general assembly of shareholders of the year 2015, the policy of remuneration of the Board of Directors was approved, which considers, among other aspects. Qualities and professional performance of Directors, required time for holding such a position and responsibilities, leading a financial institution in Colombia, parent Company of an issuing Group of USA securities market and with regional subsidiaries. This policy is in effect and without any modification for the year 2016²

- 2Directors when accepting their appointment put at the service of shareholders and Bancolombia Group their knowledge, experience, and performance, multidisciplinary focus, business vision, personal and professional reputation; therefore, they should obtain a remuneration which properly receives the contribution, the entity expects from them.
- Remuneration of Directors will take into consideration the time required for performing such a position, it will mainly consider legal personal and professional responsibilities they have assumed when accepting their appointment including the ones they assume as managers of a Colombian financial institution, of an issuer of USA securities market, and of a parent company of a financial group with international presence I.
- Directors will receive, for their services, a remuneration composed by the following elements:
 - o A fixed monthly fee which amount will be determined by the shareholders Assembly.
 - o A fee defined by the Board of Directors for each session of the supporting committee they attend.
- Directors will not receive shares of the Bank or its subsidiaries as part of compensation for their service.
- The president of the Board of Directors upon decision of the shareholders assembly could have a remuneration higher than the other directors, taking into consideration his/her competences and responsibilities, as well as more dedication of time he /she should have as part of his/her position.

Bancolombia assumes the following not retributive expenses:

- Necessary expenses for directors may properly develop their functions, among which there are the ones related with travel expenses, accommodation, land transportation, technology supply and delivery of information.
- Expenses related to training, updating, and hiring of external advisors that as a collegiate body demands the Board of Directors.
- The payment of the policy of directors and managers.





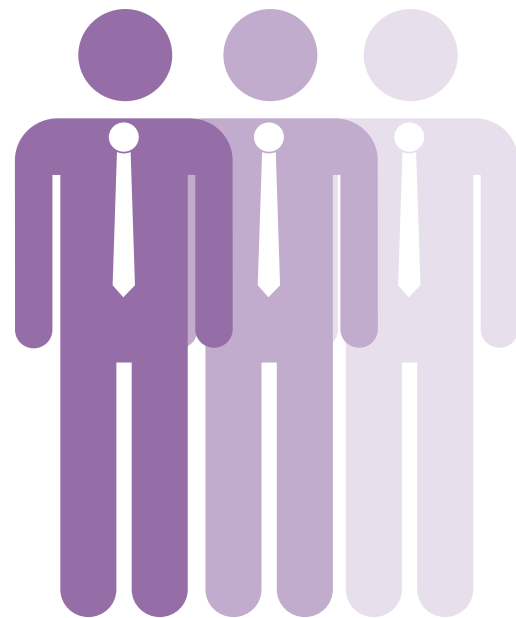
The assembly of the Bank, in the last years, has ordered for Directors, a fixed remuneration equal for each one of the members. There is not a variable retribution model for the Board of Directors.

In 2016, the total amount paid to Directors for their participation in the Board and in different committees supporting the Board of Directors, amounted to COP\$1,001,431,000 for fees and other expenses of the Board of Directors and Supporting Committees of the Board of Directors. In the year 2017, an appropriation of up to COP\$ 1,405 Million Colombian pesos has been estimated. The distribution between the Board of Directors and the committees was the following:

• Variable remuneration policy of the main executives of the Bank

In Bancolombia Group, we have a variable remuneration model which rewards the integral vision of the business, work in group, and the search for a profitable, efficient, and sustainable growth based on people. Our model called SVA – Aggregated Value System, pays for the creation of aggregated value, according to results at the Group level and the compliance with strategic goals, and has characteristics and policies which were approved by the shareholders assembly in 2015³.

✓ 3. Variable Remuneration Policy



• Operations with linked parts

According to our Code of Good Government, operations with related parts are classified in two groups:

- a. **Recurrent Operations**, understood as those which correspond to the ordinary performance of business of eh Group companies. Within such recurrent operations, there are, without limiting to them, active operations of credit, placement of resources, payments and collection capabilities, treasure operations, and purchase and sale of de currencies, contracts for using the web, operations of security market, operations of structuring and investment banking, fiduciary business, operations of renting, business derived of FICS, Factoring operations, general master agreements, agreements of adhesion of standardized for financial products and services.
- b. **Non recurrent Operations**, classifying the same as material and non-material. The first ones correspond to those non recurrent operations less than five per cent (5%) of one of the following accounts of the financial statements of the Bank, accordingly: total of assets, total of liabilities or total of equity. It will be understood that a non-recurrent operation is material when the same is equal or higher than (5%) of one of the following accounts of financial statements of the Bank, accordingly: total of assets, total of liabilities or total of equity.

For effects of materiality calculation, the last audited financial statements of the Bank will be considered.

Bancolombia during 2016, carried out a non- recurrent material operation which achieved the process established in the Code of Good Government and had the approval of the Auditing Committee and the Board of Directors, such an operation was:

- ✓ It is based on the generation of aggregated value, therefore, there should be a payment of bonus when organizational results in terms of profits overcome the cost of capital.
- ✓ The model measures the compliance of goals of strategic planning, which have to be aligned with the strategic orientation defined by the Board of Directors.
- ✓ Results are promoted at a long term, avoiding remunerations for results at a short term.
- ✓ A top of remuneration has been established. A maximum of six salaries per year as a bonus.
- ✓ A percentage of the remuneration is taken to SVA Voluntary Pension Institutional Fund, represented in shares of Bancolombia. According to the rules of the Fund, the employee may only withdraw his/her contributions after three years of having stayed in the Fund. The philosophy of this mechanism is that employees feel owners of the organization and are committed with sustainable results.

- Fusion Bancolombia S.A. with Leasing Bancolombia S.A. CF, which purpose was to take advantage of synergies and complementarities between the entities, a less funding expense and a more efficient leasing operation.

All other operations with linked ones at the light of Corporate Government such as operations with Bancolombia shareholders, who owns more than twenty per cent (20%)% in the share capital of the Bank, members of the Board of Directors, principal, executives, and subordinated companies of Bancolombia were recurrent and carried out at market prices and corresponded to the ordinary course of Bancolombia business. Operations information detail carried out during the year, has been disclosed in notes to financial statements.

• Control Architecture

For Bancolombia Group control architecture is an essential element of Good Corporate Government, which groups aspects related with Internal Control System and Risks Management System in such a way that with these, a government structure is assured and internal guidelines and policies of each company are aligned with the achievement of strategic goals of the Group.

Risks Management System: Detail of Bancolombia Group risks management system can be found in an additional report to be considered by the shareholders and incorporated in the Management report, as well as in the notes to financial statements.

Internal Control System (ICS): Management report of managers shows in an integral and independent way, the report of the internal control system corresponding the exercise of 2016 which includes the management report, the report of tax supervision, the report of internal auditor and report of activities of Auditing committee of the Bank. Such a report has been accepted by the Auditing Committee and the Board of Directors.



Efficiency and profitability management

Bancolombia continues advancing in the improvement of financial efficiency obtaining an indicator for 2016 of 51.02%, which represents an advancement of 3.5% in relation to 2015. This was achieved with a good performance of income and a permanent control of expenses. Bancolombia Group continues with several efficiency initiatives, such as interventions in processes, typing, innovation, and ways of work in order to improve productivity and competitiveness. Additionally, the budget of expenses aligned with the strategy and financial planning continue to be a very valuable tool for the management



Commissions percentage versus total expenses

2016 was a year in which we consolidated results of Agromercantil (GAH) Group with financial statements of the Group. Due to its high focus in company portfolio, GAH contributes with a low relation Commissions versus total expenses,, which generated a decrease of 56 bp in relation to the Group in 2015.

Concept	2016	2015
Net Commissions	2.318.964	1.993.044
Operative Expenses	6.979.050	5.898.287
Indicator Net Commissions /total expenses	33,23%	33,79%

Leaders in...

We assume with responsibility the leadership we have in the participation in different fields of Colombia financial system, understanding it as the result of a responsible management searching for generating value to our relation

People	Pyme	Channels	Companies and government
% Market participation (December, 2016)	% Market participation (December, 2016)	% Market participation (June, 2016)	% Market participation
Natural persons savings accounts 33%	Juridical persons Checking Account 24,8%	Branches 12,3%	Constructor credit 41%
Term Deposits* Natural persons 27,1%	Juridical persons Savings Account 20,2%	ATM 27,8%	
Family remittances 43%	Term Deposits Juridical persons 22,9%	Transactions of financial system 51,4%	
	Bancóldex 26,8%	Transactions through Internet 72,7%	
	Finagro 21,6%	Transactions in banking correspondents 49,4%	
New vehicles 11%	FNG 35,2%	Transactions through ATM 41,8%	
Used vehicles 13,2%			
Housing 23,9%	Findeter 30%		
Credit card (total billing) 23,3%	Acquiring billing 33,3%		
Debit card (Billing in POS) 46,6%			
Debit card, number of cards) 31,6%			
Portfolio: 16,6%			

Resources under management

	2016
Savings accounts	48,8
Checking Accounts	21,5
Term-Certificates T	52,7
Bonus	18,7
Capital	21,3
Collective Investment Funds	16,2
Third party's investment portfolios	10,6

Figures in billion Colombian pesos

Project for distribution of profits

Net profit 2016	3.301.084.901.846,55	
Appropriations for income and differed tax	857.023.408.911,25	
Net profit of the period 2016		2.444.061.492.935,30
<i>Participation Method year 2016</i>		<i>776.029.542.744,46</i>
<i>Profit before participation method</i>		<i>1.668.031.950.190,84</i>
More withheld profit acknowledged in aperture balance and which were effectively carried out during 2016		38.125.565.158,36
More liberation of 2015 reserves Decree 2336, 1995		421.730.330.357,39
Liberation of resources provisioned for paying dividends of preferential shares.		57.701.443.512,00
Total to be distributed		2.961.618.831.962,84
Minus mandatory constitution of reserves for fiscal depreciation.	77.398.450.240,00	
Minus mandatory constitution of reserves for tax to richness 2017	55.635.731.000,00	
Minus appropriation of legal reserve for profit withheld acknowledged in aperture balance and carried out during 2016	38.125.565.158,36	
Minus appropriation of legal reserve for profit in the year 2016	1.876.338.704.764,48	
For paying a dividend corresponding to 509,704,584 ordinary shares and 452,122,416 shares with preferential dividend and without a right to vote, subscribed and paid as of December 31st, 2016, at \$950.4 per share, to be paid as follows: \$237.60 per each share and term, from the first banking day of each calendar term (April 3rd, July 4th, October 2nd and December 27th, 2017).	914.120.380.800,00	
TOTALS	2.961.618.831.962,84	2.961.618.831.962,84

Values in Colombian pesos



We work for making an easier life for our customers

3

Highly Innovative Company

We have been recognized as a highly-innovative company by the Ministry of Commerce, Industry, and Tourism of Colombia, COLCIENCIAS, and the National Planning Department, due to the organizational structure and the definition of processes promoting innovation culture, assigned budget, innovative products in its portfolio, and suitability of people involved in these innovation processes. Within such achievements, launch of Nequi and Pyme Digital and implementation of the first release of the Innovation Promoters program are factors to be remarked.

Close relationships with our clients

Financial Results Vp. Personas y Pymes	Deciembre 2016	Deciembre 2015	Variation %
Legal currency investments*	37.105.161	33.456.046	10,9%
Foreign currency investments, USD	999.289	1.045.576	-4,4%
Legal currency Fund	52.324.031	47.101.433	11,1%
Foreign currency Fund, USD	422.821	505.179	-16,3%
Delinquent loan indicator (DLI)	5,86%	5,26%	

*December in millions of pesos
*Includes collective portfolios



WE HAVE REACHED
A NET PROMOTER
SCORE OF:

67,9%

COLOMBIA

40%

PANAMA

72,6%

EL SALVADOR

67%

GUATEMALA

We transcended the business relationship by seeing in each dream a chance to assist our customers with saving and investment solutions, own their own home and vehicle, have education, and meet all other needs relating to financing; we assist small and middle-size companies in their need for liquidity, financing, and investment. Furthermore, we support productive sectors which generate development, and open our own doors based on a differential assistance model for the entrepreneurs who are currently creating the companies of the future.

The best allies of agriculture, contractors, and businessmen

The first bank offering assistance to high-impact businessmen: We offer an assistance model to companies which, in their proposal of value, settle their needs in a differential manner, with a portfolio consisting of advisory, access to new markets, access to credit, and a basic package of products to accompany this kind of companies. 10,000 million Colombian pesos approved for the Entrepreneurship Line. 6,000 million Colombian pesos under study. 3,494 million Colombian pesos disbursed by Bancoldex Line.

This assistance model made us win the iNNpulsá Call as the bank keeping a structured process for the study of differential credit for financing the companies described above.

We are the first private bank in Agrofacil and Finagro disbursements: We have developed a strategy called "Yo también soy Agro," extending our proposal of value to different customers who belong to the agriculture productive chain, which is one of the main promoters of domestic economy. We were recognized as the first private bank relating to Agrofacil and Finagro disbursements, with disbursements amounting to over 1.1 billion Colombian pesos.

We consolidated as the bank of contractors: We have developed an assistance model to the public engagement sector, adapting new work models to the customers' needs, managing risk, and giving a closer assistance to contractors. 6.9 billion Colombian pesos in business size. 40,750 customers' beneficiaries of such model.

Renewal of Value

Over 30,000 families with their own home

We are still assisting people in their dream of having their own home, reaching in Colombia 30,818 disbursements, a portfolio of over 12.9 billion Colombian pesos, and disbursements exceeding 3.3 billion Colombian pesos.

The first bank in the country giving benefits to purchasers of sustainable homes; our commitment to the environment reflected on the work performed to offer purchasers of sustainable project homes a benefit in the effective annual rate during the first seven years and to offer constructors access to a Green Line consisting of financing with business credit or financial leasing for the purchase of ecotechnologies.

We are still providing interest rate benefits for the purchase of new homes: We support Colombian families from lower-middle classes to reach their dream of having their own decent home through “Mi Casa Ya Vivienda VIS” program, giving benefits to 1,381 families, and extending benefits to families with an income not exceeding a minimum wage and expanding the initiative until 2019. The program involves a subsidy to the down payment and a subsidy to the interest rate in the financing process, all within a single credit operation.



WE ARE STILL ASSISTING PEOPLE TO ACQUIRE THEIR OWN HOME, WITH THE FOLLOWING RESULTS IN COLOMBIA:

30.818

DISBURSEMENTS

Decent Home	# Disbursements	# Families given benefits	Amount Disbursed	Balance
“Mi Casa Ya” Subsidy at the interest rate (Frech II) VIP	3.935	\$ 173.930,00	\$ 868.136,00	13%
“Mi Casa Ya – Savers” (VIPA)	1.213	\$ 34.170,00	\$ 33.031,00	6%
“Mi casa Ya – Down Payment” VIS	1.381	\$ 65.046,00	\$ 64.369,00	25%
“Mi casa Ya” Above VIS	4.785	\$ 448.506,00	\$ 431.876,00	26%

Amounts in millions of pesos

We are Involved in People’s Daily Life

The new digital tendencies have changed the demands of current financial consumers who are demanding more innovation in the provision of our services; for this reason, we have developed a contactless payment ecosystem in the search for agility in payments made by our customers through such technologies in order to fulfill our promise to design quick experiences with customized products.



Contactless Payment Technology Leaders:

How it works: People make their payments approaching their debit card to the payment terminal reader, performing a quicker purchase without signing any slips or documents.

845% increase of transactions.

1.300% increase of invoicing.

2,5 million cards equipped with this technology

E-Prepayment Card:

Supplementary device to the debit card or on-line purchases: We have reached **214.131 valid cards** with an **80,7%** Accrued invoicing in 2016 was **\$169.251 million** Colombian pesos, with an annual increase of **77%**.

First Step in Micro-Payment Ecosystem:

Vending machines: In conjunction with Novaventa and Redebán, we started the **installation of 100 snack vending machines** which allow paying with contactless payment debit card in Bogota and Medellin.



Entry to the massive transportation systems:

1.550.000 cards equipped with this functionality.

Over **\$1,8 billiones** Colombian pesos of invoicing in POS

Over **15 millones**

million trips in the following transportation media: Transmilenio (Bogota), Metro (Medellin), Mío (Cali), Transmetro (Barranquilla), Megabús (Pereira).



Leading Company in Credit Card Portfolio in Colombia

The door of access to thousand experiences: We have launched Bancolombia Avianca Lifemiles Visa credit card; a way of payment addressed to people with affinity for trip-related experiences, becoming the first regional product of the Bank with scope within Colombia, Panama, El Salvador, and Guatemala. This card was created in conjunction with Visa, as the main payment platform in the region; Avianca as the leading airline in Latin America; and Lifemiles as the most reputable fidelity program in the Americas. In Colombia, we have issued 9,458 cards, with an invoicing of 24,452 million Colombian pesos.

We have reached the first anniversary of Avianca Lifemiles Pyme and Micropyme credit card as the leading plastic in the market for small and medium size companies in Colombia. 31,912 cards issued in 2016, with an invoicing of over 400,000 million Colombian pesos.

IN COLOMBIA WE ISSUE

9.458

CARDS



Tuya credit card

Tuya concluded the year as the first credit card financial institute in the country, with a credit card balance of COP\$2,211,513 million pesos, before COP\$1,724,758 million pesos due December 2015, that means a growth of 28,22%.



STAND OUT: WITH ÉXITO MASTERCARD AND CARULLA MASTERCARD, WE COMPLEMENT THE PRODUCT AND SERVICES PORTFOLIO THIS ALLOWS TO REACH THE POPULATION SEGMENTS BY MEANS DIFFERENTIATE BENEFITS.

IN 2016 WE ISSUED

532.480

CARDS

	New	Totales
Debit card	Colombia: 1.508.313 Panamá: 89.065 El Salvador: 287.584 Guatemala: 102.179	Colombia: 8.303.810 Panamá: 231.288 El Salvador: 752.537 Guatemala: 169.112
Credit card	Colombia: 653.114 Panamá: 34.179 El Salvador: 59.111 Guatemala: 13.426	Colombia: 2.123.981 Panamá: 97.013 El Salvador: 241.892 Guatemala: 102.398
Cumulate invoice		Colombia: \$14.228.951 million Panamá: USD 630 million El Salvador: USD 464 million Guatemala: USD 1.126 million

Payment methods	Type	# New cards	Total	Portfolio value
Tarjeta Éxito	Tarjeta Éxito private brand	400.231		\$2.211.513 million (Growth 28,22%)
	Tarjeta Éxito MasterCard	101.395		
	Tarjeta Carulla MasterCard	30.854		
	Total	532.480	2.414.259 active: 1.223.731	
Tarjeta Alkosto		119.685	273.318 active: 118.777	



We work for the financial inclusion

We redefine our strategy also reach segments none attended by the financial system, we can improve our value proposition to current clients, that for their specific and non-conventional necessities have not been adequately served, as temporary payroll clients, retail sellers, farmers and hardware dealers.

We launched “Crédito a la Mano”: we are the only bank in Colombia that has a low amount credit fully digital and intended to fight the non-formal jobs, making possible that from a cellphone, with no forms filling, clients have access to sums from COP\$100,000 to COP\$1,475,434 that can be paid out in one day, turning in many cases the first financing product with the financial system for many people. More than 3,500 credits placed, registering COP\$1,548 million pesos paid out.

The microcredit extended to branch network: the evolution of the “Bancolombia Mi Negocio” model take us to the microcredit structuration to the branch network, extended our attention schema to achieve bigger coverage to micro-entrepreneur, reaching a balance of COP\$628,000 million pesos with a 15% growth.

The evolution of “Ahorro a la Mano” App: searching clients that have “Ahorro a la Mano”, the free savings account that can be created from a cellphone, has a better experience, we keep improving the App for smartphones that allows the payment of invoices without previous registration with more than 9000 collective bargains, with the possibility to make balance inquiries and movements for no cost. In 2016 we had 260,000 downloads.

Financial inclusion program	Concept	2016	Growth 2015-2016
Correspondent bank	# Correspondent bank	8.064	22,27%
		107.617.365	41,99%
Loan on hand	#Movements	\$ 38.220.000.000	52,72%
	Traded amount	551.217	34,33%
Saving on hand	Total account	\$ 21.046.000.000	37,50%
	Balance	260.000	
Micro-credit	App downloads	106.000	
	Expenditure	\$ 1.458.873.837	67,34%
	Average portfolio balance	\$ 447.000	
		\$ 628.720.000.000	15,10%

Colombians overseas	Concept	2016	Growth 2015-2016
Remittance	USD amount	\$ 2.089.555.027	13%
	# operations	5.497.840	23%
Home purchase credit	Portfolio balance	\$ 634.498.140.757	29%
Colombian overseas	ICV	4%	

We are the bridge between dreams and reality

We made great efforts to make easier to the people access to car and study credits and to protect those they more care.

We keep along with desire of thousands of young persons to enter higher education in the country, standing out the efforts made to agree response in 15 minutes to short term credits and the “Fondo Nacional de Garantias” support. Has been benefited a total of 3,452 students.

Indicator name	Result
% participation in market (Portfolio balance)	21,46%
Automobiles	\$ 1.285.287
Motos	\$ 124.308
Credit for studies	\$ 88.246
SUFI consumption	\$ 13.172
Portfolio	\$ 3.090.080
Disbursements	\$ 1.608.698
Portfolio growth	5,83%
Disbursement growth	-3,71%

Amounts in millions of pesos

Insurances

We advance in the renewal of our insurance portfolio in a way that contributes importantly to our customer's value proposal, expanding the insurance sales to different channels to the standards one. At present, 43% of insurance sales are made through alternative channels such as telesales, Bank correspondents and specialized teams, with an insurance value sold of COP\$10.5 billion pesos. In the same way we structured for the Pyme client, segment a value proposal with Pyme protected plan, which already has in the market 12 thousand insurance policies for an insured value of COP\$1.6 billion pesos.

Country	Insurance type	# In force policies
Colombia	Volunteers	1.376.342
Panamá	Volunteers	144.870
El Salvador	Volunteers	287.129
Guatemala	Volunteers	113,947

Leaders in Digital Banking in Colombia

We gave an App to our Pyme and Company clients

We put to disposition of our Pyme and Corporative clients a new commercial channel: "Bancolombia App Empresas". With this development, clients may, among other services, request the products balance of your company and authorized third-party and approve pending monetary transactions. 28,847 downloads that represent 17,735 companies which 17,011 are Pymes and 724 corporations.

We fulfilled a decade of being the pioneer bank implementing Bank correspondents in Colombia: we make presence in 930 municipalities, move 56% of the bank transactions in the country and 67% of resources through this channels nationally, surpassing the 8,000 correspondent and moving COP\$3,4 billion pesos per month.

We improved the transaction services in our offices: implemented an attention scheme in 394 office branches, seeking more agility and better customer experience, introducing queue management systems, financial education and managing of alternative channels. Decreased the waiting average time in branch to 20 minutes and the payroll account opening from 40 minutes to 13 minutes, opened 150 robust correspondent of direction (located to 100 meters of branches and places in which financial services are provided).

Money collection in ATM machines: we make available this option with the purpose to offer more channels to payers clients and continue the direction management to more efficient channels. Were received 6,957 transactions, moving COP\$5,660 million pesos.

Multifunctional ATM: a new channel to make cash deposits and obligations payments without forms, available 24 hours seven days per week. We close the year with 259 multifunctional ATM on service. COP\$2.4billion pesos were transacted in deposits and COP\$642,000 million pesos in payments. The take in invoice with bigger number of transactions were: ICETEX, EPEM, and UNE which amounted approximately COP\$14,000 million pesos in 61,350 along the year.

We implemented the new foreign currency buy/sell service in free market for individuals through a phone line to guide

in foreign currency, simplifying formalities that should be done in offices saving time (passed from 3 hours to 15 minutes average) improving the security in transactions.

Panamá:

Wires passed in ATM: in Banitsmo we were the first bank in offer the local wire service without the necessity of being a client through our ATM network, making 1,671 transactions in the year.

We implemented bank correspondents: we setup an attention network of 128 points which our clients can deposit, withdraw and pay obligations. 27 thousand transactions made.

El Salvador:

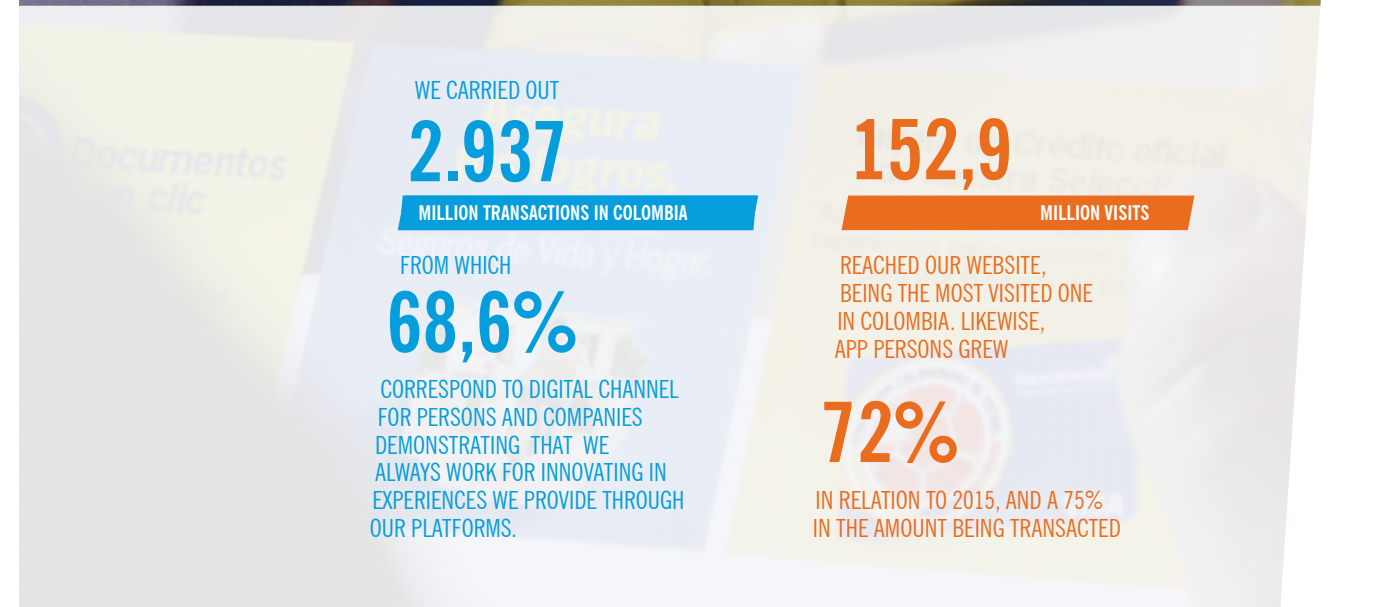
We extended our coverage of bank correspondents: a growth of 43,37% in performed transactions that reach out more than a million. Went from 60% of moved money for a total of USD\$98 million pesos. We opened in 104 municipalities in the country, closing year with a network of 538 correspondents.

Guatemala:

Technology at disposition in marketing through Beacons: It is composed by a proximity marketing system integrated with BAMapp 2.0, which our clients that close in an area of 35 meters proximity to a beacon and have a cellphone with turn on blue tooth and BAMapp installed, clients will receive a SMS with information about promotions and benefits to use in BAM projects in the market. 75 beacons and 50,145 activations have been installed.

Stand out: We carried out 2,937 million transactions in Colombia, which 68.6% correspond to digital channels for individuals and companies, showing to all that we always work to innovate in experience through our platforms.

Stand out: 152.9 million of visits in our web site, being the most visited one in Colombia, likewise, App persons grew in transactions a 72% compared to 2015 and 75% in the amount of money moved.



Maps of channels

Bancolombia-Colombia

Channel	#Channel/ download	Transactions	Rate	Availability
ATM	4.307	372.307.883	2,65%	94,09%
Personas Virtual branch		621.403.470	1,16%	98,91%
Personas App	6.074.146	942.957.192	61,93%	98,90%
Empresas App	28.847	204.567		100%
Branches	852	121.800.657	-8,75%	98,90%
Bank correspondent	8.080	107.617.365	41,62%	98,30%
Pac electronic	5.694	9.158.543	-22,54%	99,62%
Empresas Virtual branch		439.644.522	8,85%	



Red de canales Grupo Bancolombia

Channel	Colombia	Panamá	El Salvador	Guatemala	Total
ATM	4.307	358	574	179	5.418
Branches	852	45	97	208	1.202
Bank correspondent	8.080	128	538	-	8.746



Banco Agrícola-El Salvador

Channel	#Channel/ download	Transactions	Rate	Availability
ATM	574	39.739.910	5,41%	98,92%
Personas Virtual branch		12.641.127	15,00%	N/A
App	220.112	7.162.914	38,89%	N/A
Branches	97	21.742.612	4,11%	99,81%
Bank correspondent	538	1.364.363	43,37%	99,08%
Tends	226	14.153.879	8,17%	99,46%

Banistmo-Panamá

Channel	#Channel/ download	Transactions	Rate	Availability
ATM	358	15.995.427	12,15%	96,21%
Personas virtual branch		40.090.422	2,33%	100,00%
App	71.070	15.880.759	1.907,15%	100,00%
Branches	45	7.217.491	3,09%	100,00%
Bank correspondent	128	27.171	563,68%	99,00%
Boxes	31	10.361	-26,78%	100,00%

Banco Agromercantil-Guatemala

Channel	#Channel/ download	Transactions	Rate	Availability
ATM	179	9.089.134	-7,37%	96,33%
Personas virtual branch		11.613.450	-20,19%	100,00%
App	95.505	1.943.628	-4,74%	100,00%
Branches	208	27.308.008	-3,19%	99,91%

The allied bank of companies, government and development

Sector	# of clients	% vice-presidency performance	Total portfolio balance / Leasing, Factoring y Bank			% total inside portfolio
			Portfolio ML (Mill\$)	Portfolio ME (Mill\$ USD)	Total (Mill\$)	
Real- estate and construction	1.011	5,60%	5.662.585,02	15.426,30	5.708.874,87	9%
Farming	666	6,70%	4.573.739,63	537.739,08	6.187.338,66	10%
Manufacturing	821	7,50%	3.409.906,97	518.122,47	4.964.642,25	8%
Financial services	789	21,50%	5.053.372,02	508.934,97	6.580.538,27	11%
Non-financial services	1.510	9,40%	4.834.905,34	501.969,82	6.341.171,20	11%
Media	102	1,80%	1.619.238,25	644,04	1.621.170,83	3%
Infrastructure projects	467	9,60%	6.375.210,89	164.322,55	6.868.295,20	11%
Transport	300	3,20%	2.830.410,15	484.814,32	4.285.197,31	7%
Commerce	1.416	12,50%	6.228.199,53	638.192,74	8.143.230,87	14%
Natural resources	227	11,30%	4.347.050,20	683.862,29	6.399.122,61	11%
Government	425	8,80%	3.073.859,94	0,00	3.073.859,94	5%

Financial Results VP Empresas y Gobierno	December 2016	December 2015	Variation %
Bank deposits (COP\$Million pesos)	36.686.813	32.254.675	13,7%
Bank deposits (UDS\$Thousand dollars)	1.941.109	2.408.418	-19,4%
Portfolio (COP\$Million pesos)	43.657.787	38.320.808	13,9%
Portofio (UDS\$Thousand dollars)	4.325.481	4.501.619	-3,9%
Commercial Size (COP\$Million pesos)	104.169.481	94.297.755	10,5%
Net commissions (COP\$Million pesos)	608.907	530.776	14,7%
Commercial management (COP\$Million pesos)	2.789.927	2.450.816	13,8%

It includes financial information of VP Companies and Government and VP Real estate and Constructor

Support to government institutions

We assume our role in the society and support the public service from our capacities to contribute with country development and citizens wellbeing. From diverse approaches, we drive competitiveness, productivity and social investment, being allied to government institutions.

In Colombia, we reached a market share of 16% and supported the tax collect surpassing COP\$3 billion pesos, putting in service for the tax payer different channels. We supported the government in the development of solutions that offered through internet like tax payment and other services, in the "Gobierno en linea" frame program, registering 141 signed agreement with municipalities to the Portal access.

We advised the 90% of municipalities in the country with the registry of their general purpose master account, heading of big relevance inside of received wires of the National Government, involved in the registration of 30% of this account, that moves around COP\$1 billion pesos.

We keep with the commitment to support retired person under the "prima media" regime channeling more than 30% of payments. From the Social Security System, we managed as financial operators 2,221,278 forms as information operators 3,371,390 registries.

We also contributed to the formation and training of offices in different city halls and state offices, in matters like NIIF regulations, coactive and persuasive collection, public finances, user 's service, royalties' management, development plans and First 100 days of management, among others. This initiative impacted to more than two thousand public officers in the whole country.

Social investment

We surpassed COP\$170,000 million pesos in the financing of social investment projects that contributed in the improvement of life quality of citizens in different municipalities as Barrancabermeja, Rondon, Manizales, Pereira, Armenia, and states like Antioquia and Meta. We supported decentralized institutions as Power companies, where we financed work capital and modernization of power networks to improve the service to citizenship, extension of water treatment facilities, police stations and construction of Social Project Houses.

We contributed in the development of project to water supply to vulnerable municipalities and the modernization of water and sewer network in rural and urban areas, giving financing up to COP\$20,000 million pesos to municipalities in Risaralda, Antioquia and Caldas states.

● TRAINING
PUBLIC WORKERS

● WEB PORTALS
FOR THE MUNICIPALITIES

● PAY OF
ONLINE TAXES





Infrastructure

We took part in five of eight fourth generation road projects, structured under the modality of Public-Private association –APP- and that reached the definitive financial close during the year. Our presence is represented in commitment around COP\$1.75 billion pesos. This fact consolidated us as the financial institution with more participation before the number of projects.

Besides previous and aside the financing, we continue being leaders in the management of resource in infrastructure road projects, through our fiduciary solutions.

We also will finance COP\$76,210 million pesos in the improvement project of the Barranquilla's International Airport "Ernesto Cortizos" which was approved for the first time through a leasing line as financing mechanism in an APP.

Also despite the difficult financial situation in the third quarter of 2015 with our client CONALVIAS S.A., major player in the Colombian infrastructure sector, we achieved an agreement to negotiate under the company reorganization law to reduce negative impact of this situation.

Education

We supported the national government in the development of a strategy of "De Cero a Siempre" first childhood integral attention by means the financing of COP\$7,300 million to develop and construction of Child Development Centers (CDI) in the whole country. The financing was made through the State National Federation.

On the other hand, in several Antioquia municipalities, we gave credits to the educative sector for around COP\$2,500 million pesos. Also, we involved in the program "Bici Ando" of Pamplona University that has beneficiated the mobility of more than 150 students per week. WE also involved in educational programs opening more than 500 savings accounts "Ahorro a la mano" for the payment of allowances in El Politecnico (Antioquia)



Agriculture

We are allies of the coffee sector in the whole production chain. For it reassure our presence in 360 branches in 132 coffee maker municipalities. Likewise, we have 4,586 bank correspondents in 534 municipalities where grain production takes place and adjusted attention schedules in branches to the farming time.

We also supported the coffee marketing when give to the Coffee National Fund, managed by the "Coffee Producers National Association" a financing up to US\$150 million dollars.

Culture allies

In Boyaca state, we supported several artists from several places of the world with the purpose of driving the International Festival of Culture, which seeks to integrate its population into cultural activities

We have provided new instruments to music rooms in municipalities like La Mesa, La Calera, Tocancipá, and Puerto Colombia for the study of children in musical arts, strengthening welfare programs, education and recreation of the children in these municipalities.

Actors in Development

One of our priorities is to generate value in the company's ecosystem of the region. We understand that our clients face big challenges and for this reason, we are committed decidedly with their needs. From different business, we offer integral solutions based on the closeness and trust.

Leasing Bancolombia

Among outstanding facts, we can mention that, since October 1st, 2016, Bancolombia and Leasing Bancolombia are one company. After authorization of "Superintendencia Financiera" and the approval of shareholders, the merge was made.

The clients keep the same standard of quality and opportunity in service, but now they are benefited of synergies and simplicity that the merge represents, besides the decrease of risk associated to the operation.

On the other hand, it is worth mentioning that before the necessity of our client Bavaria S.A. to extend their vehicle fleet to distribute their products, from Leasing Bancolombia we supplied a fleet of 130 vehicles under the modality of pure operative leasing, becoming the first business of this type in the company. The main advantages for the client is the possibility to renew the product under the same figure, no additional costs, avoiding the obsolescence hidden cost of the fleet and access to fiscal benefits established by law.

Renting Colombia

We made important initiative that drive to aspects as important as sustainability –see chapter of sustainability- and support to clients, beyond the bank approach.

To support the fulfillment of road security strategic plans mandatory by the national government, we are prepared to capacitate 100% of drivers of fleet clients of Renting Colombia and administrative employees related to these assets-

Through the structuration of support action plans, we generate in clients social and economic benefits, such as fatality decrease and car accident, decreasing in the operation costs, bigger availability and minor deductibles.

In this way we saved the life and integrity of the road actor and contributed to reduction of costs resulting from car accident.

Leasing Bancolombia financial Results

Financial results	December 2016	December 2015	Variation %
Total Assets	17.960.389	16.949.320	6,0%
Productive assets	17.960.389	16.949.320	6,0%
Net Profit	161.106	179.152	-10,1%
Income before provision	2.016.995	1.570.870	28,4%
Equity	585.236	535.240	9,3%
ROE profitability	29,0%	36,0%	-7,0%
ICV	2,3%	2,1%	0,1%

Figures in Colombian million pesos

Renting Colombia financial results

Financial results	December 2016	December 2015	Variation %
Total Assets	1.265.580	1.111.591	13,9%
Productive assets	927.958	772.449	20,1%
Net Profit	73.169	73.501	-0,5%
Income before provision	137.108	103.653	32,3%
Equity	259.698	274.246	-5,3%
ROE profitability	28,2%	32,5%	-4,3%

Figures in Colombian million pesos

Factoring Bancolombia

We developed a module between Factoring and Almacenes Exitó, which main objective is to facilitate the invoice process to its supplier community. It is an automated process online that allows suppliers to anticipate the payment of their invoices in an agile and secure way.

For Colombian exporters and importers, with our products of International Factoring we had lines, which allow them to reach new markets through bank services, by means of discount for soon payment of bills resulting of their operations.

Extension of our international trading portfolio allows us to face challenges derived of the new economic cycle in the manufacturer sector in the country, in matter of export and import.

Factoring Bancolombia financial results

Financial results	December 2016	December 2015	Variation %
Total Assets	2.655.602	2.401.447	10,6%
Productive assets	2.719.173	2.453.908	10,8%
Net Profit	15.283	9.786	56,2%
Income before provision	48.018	59.388	-19,1%
Equity	143.965	110.238	30,6%
ROE profitability	14,9%	10,4%	4,5%
Due Portfolio Indicator (ICV)	0,4%	0,5%	-0,1%

Figures in Colombian million pesos

Valores Bancolombia financial results

Financial results	December 2016	December 2015	Variation %
Operational income	223.894	157.423	42,2%
Net profit	34.455	9.610	258,5%
Equity	235.754	220.188	7,1%
ROE Profitability	14,6%	4,4%	10,3%

Figures in Colombian million pesos

Valores Bancolombia

On the ground of investment, it is worth mentioning the successful launch of two projects that involves third party: t Sura Asset Management private capital fund and Renta Alta Convicción fund in alliance with Blackrock. Both funds represent investment options differentiated to our clients, reached during the year the management of more than COP\$120 thousand million pesos.

On the other hand, we were the more trusted company by Companies in Colombia to their issuance of private debt. Valores Colombia took part in 23 out of 32 issuance made, obtaining the first place in issuance in 16 of these.

It is also worth mentioning the increase of 280% of incomes of standard derivatives regarding 2015, which contributed to a greater diversification of incomes. This important increase was the result of a definite strategy, which more important action was the creation of Derivates Board, which was born with the purpose of promoting negotiation of these products and give a better advise to investors.

We keep consolidating our e-Trading platforms: during the year 2016, we traded more than COP\$7.1 billion pesos that represent an increase of 54% before the same period of 2015. We have an open architecture and we are capable of integrating third party trading systems with our electronic routing systems.

Investment Bank

We took part in several outstanding transactions in Colombia and the region. 33 advisories which amounted COP\$13 billion pesos were successfully closed. To mention some, the support in the emission of ordinary bonus of Suramericana, a new issuer in the market, Isagen; a transaction that marked the comeback to capital market of a known issuer, but that had just transformed due to its merge with an international majority partner.

Different advisories including CIFIN S.A., its sales to TransUnion (strategic investor with experience and knowledge in credit risk analysis and information provider); Mexican company Femsa Logística, for the purchase of the Colombian company Open Market Ltda (leader in the logistic sector for the pharmaceutical sector); and Cementos Argos S.A., for the sale of 20% of their share in Argos Panama to the Grupo Provienda for an amount of USD\$126 million dollars, trading that makes part of the disinvestment plan that allows the financing for the acquisition of cement assets in Martinsburg, United States of America are also highlighted.

We also participated as advisors in the private capital fund Fondo Inmobiliario Colombia to the acquisition of the 49% of autonomous equity Viva Malls, real state vessel of Grupo Exitó specialized in the development and operation of commercial spaces.

Banca de Inversión

Financial results	December 2016	December 2015	Variation %
Operational income	224.769	118.861	89,1%
Net profit	181.300	71.814	152,5%
Equity	1.357.922	630.636	115,3%
ROE Profitability	13,4%	11,4%	2,0%

Figures in Colombian million pesos

Fiduciaria Bancolombia financial results

Financial results	December 2016	December 2015	Variation %
Operational income	279.981	258.883	8,1%
Net profit	100.485	92.757	8,3%
Equity	321.281	282.355	13,8%
ROE Profitability	31,0%	33,0%	-2,0%

Figures in Colombian million pesos

Fiduciaria Bancolombia

We keep the leadership as managers in (4G) Fourth Generation ventures. The Public Private alliance "Corredor Espinal Girardot, Third road line Bogota Girardot" and the Public Private Alliance "Via al Puerto corredor Buga Buenaventura", as financial closure of the "Autopista conexión Pacifico 3", "Cartagena Barranquilla", "Conexión Norte", "Perimetral Oriente de Cundinamarca" and "Aeropuerto Barranquilla" is under our management and closed the year with a debt above COP\$7,92 billion pesos.

In the private capital funds (FCPs) and trust fund in the public sector, the strategy has been the selective participation in projects under an adequate risk evaluation and return levels. The main achievements in FCPs includes the agreement with Blackrock dot the launching of a debt fund for the infrastructure sector (with a AUM objective: COP\$2 billion pesos and agreement with Pactia for launching an equity fund for the real state sector (with an objective AUM: COP\$2.5 billion pesos).

On the other hand, we were awarded the management of important public resources from which thousands of Colombian depend.

In this case, it is retirement liability of Emcali and Ecopetrol, which represent the amount of COP\$5.2 billion pesos.

Asset Management

We consolidated our offer of value for clients to find alternative currencies that attends their necessities of investment, such as capital preservation, scheduled savings, diversification, and growth.

Likewise, we raised the service value in our funds, designing initiatives that make different transactions easier. Thanks to the support in the achievement of investment objectives, clients have provided us a rate of 9.3 in their satisfaction with our local commercial team.

Delegated portfolios closed the year with a volume of COP\$10.7 billion pesos, with a growth of 31.4%. The funds overpassed COP\$16 billion pesos, increasing in more than COP\$2.4 billion pesos. We reinforced as one of the most important managers in the local industry, with a market share of 30.5%. The growth in funds was superior to the local market, registering a rise of 11.8% compared to 9.7% of the industry.

We consolidated the Renta Fija Plus fund, specialized in fix income investment with a bigger credit risk; we made the launch of the Alta Conviccion fund as an innovative solution for clients with a high risk profile, allowing them to have positions in world capital markets. We also created and approved Omnibus accounts: which first launch was Omnibus in the real state FCP SUAM, directed to clients with a high risk or aggressive profile, which provides to investors an investment instrument in real estate projects.

DELEGATED PROFILES
CLOSED THE YEAR WITH
A VOLUME OF COP

10,7

BILLION PESOS

WITH A GROWTH OF

31,4%

Asset Management financial results

Financial results	December 2016	December 2015	Variation %
Operational income	251.423	221.674	13,4%
Direct Expenses	8.835	7.924	11,5%
Assigned expenses	65.961	54.546	20,9%
Indirect expenses	22.232	20.077	10,7%
Net profit	92.637	84.868	9,2%
ROE profitability (Direct)	87,9%	84,8%	3,0%
Direct margin	96,4%	96,4%	0,0%
Net Margin	36,4%	38,3%	-1,9%
SVA margin	22,1%	25,3%	-3,3%

Figures in Colombian million pesos

An impact beyond borders

El Salvador:

We launched “Mi Casa Banco Agrícola” site: it allows knowing new housing projects available in used properties, to calculate an agreement quota according to property, on line enquires of the status in the mortgage credit and reports about the documentation and requirements according to the client’s profile.

Clear approach for the financial inclusion: We signed an agreement with BID (Development Inter-American Bank) to contribute to the financial inclusion in the country, to provide simplified financial services with an easier access to those receiving remittances or who are in the informal labor market. We will invest more than USD\$800 thousand dollars with the purpose of developing products that provide this access.

We designed the Total Credit Card: It is made for clients that receives their salary through a Farming Bank with a minimum income of USD\$300 and allows assigning a fixed quota with automatic discount from their payroll.

Emergency assistance: We presented the service Assistance service 365 Debit Card that has a covering packages to protect the cardholders by means of SMS alerts for purchases made.

We supported the Tax Office Ministry with the product E-Anticipo Gobierno de Banco Agrícola, so their suppliers may discount invoices with the bank, invigorating the contracts with the state, contributing to the liquidity of contractor clients and generating savings in the contracting costs for the Ministry for the stability in the cash flow of the bidders that pretend to be contractors.

We supported the government with the first money forward signed in the history of Banco Agrícola by the Institutional Bank and government, generating bigger security and efficiency in the currency trading.

Meanwhile the economic growth of El Salvador to the end of 2016 was around 2.3%, bank of companies and government grew in net profits around 48%. We reached a growth of 19.1% in profits of commercial management, taking the corporative segment to a loan balance of USD\$1,063 million dollars and companies government bank to a balance of USD\$2,086 million dollars.

Panamá:

We entered to more than 5,400 families that could access to benefits of being proprietary house, with expenditure of USD\$434 million dollars.

Ecosystem protection: We continue supporting the project that seeks the conservation of hydric resources and biodiversity in communities located in the hydrographic watershed of Panama channel through the Natura credit card blue edition, achieving nearly 1,000 persons being beneficiated, reaching a billing of USD\$2,036,763. We launched in the last quarter of the year a limited version of Regalale Visa Platinum card, in the frame of the prevention campaign of cancer, providing benefits to more than 1,131 clients and reaching a billing of USD\$1,684,304.

Hand to hand with entrepreneur women: We keep supporting micro-entrepreneurs through their registry to Global Banking Alliance, UN Women and the signing of the agreement with Ciudad del Saber foundation and its project “Canal de Empresarias”, that looks to develop new markets to support the management of entrepreneurs. 250 women trained in five months in finances, customer attention and marketing. Direct market to services of Banistmo to Pymes to more than 500 women that make part of the Canal de Empresarias project.

We successfully completed the sale of the subsidiary Internacional de Valores to Banistmo, which allowed the merge between Securities Banistmo S.A. and Valores Bancolombia Panama S.A., becoming Valores Banistmo. With this merge, a stocks house that makes available our possibilities of acting in the Panama local, regional and center American market is configurated.

This initiative allows continuing in the business and begin with development of a new strategic approach, with bigger emphasis in corporative clients and local operation in Central American countries where make presence as a Group.

Besides, after two years of continuous work, the teams Leasing Bancolombia and Leasing Banistmo, passed from

PANAMÁ

THE TOTAL OF CREDIT DISBURSEMENTS IN PANAMA AMOUNTS TO USD\$1,500 MILLION DOLLARS PLACING US IN A PARTICIPATION IN LOANS TO COMPANIES OF



the fourth place of the market in 2014, to the second place in 2015 and today we are the number one in the Panama market.

We structured Bancolombia Trading Certificate Panama branch, with the purpose of extending the issuing offer at short-term in dollar currency and make available to new clients, new investment in foreign currency, with Risk Bancolombia S.A. This product 's distributed to all client segments from our stock market houses and aims to demands of our local and foreign institutional clients.

We also had an important role in the management in the financing of the first energy generation facility based in natural gas in Panama and the first regasification facility of liquefied natural gas of Central America. This project, which construction was awarded to AES Corporation, will be fully operating in 2019 and will mark a milestone for Panama people because it will have the capacity to generate 380MegaWats of electric energy and in turn store 180thousand cubic meters of natural gas, for domestic and industrial use.

We seek to strength bonds with the government, establishing a strategic frame and providing guidelines to strength and redesign a business unit of government and financial institutions in Panama. This with the purpose to maximize corporate capacities and value generation in the Panama territory, under a model of specialized advising with innovative and efficient solutions.

The total of disbursements of credit made to Panama companies amounts to USD 1,500 million, participating in all productive sectors of the Panama economy and giving us a share of Company loans of 13.6% in the Panama financial system.

Perú:

As a support to the Peruvian logistic sector, we financed USD\$16 million to Grupo Romero for the creation of "SLA Servicios Logísticos Automotrices", in partnership with SK Berge. It is the biggest company in the auto motor logistic center of the country, with an extension of 40 hectares of warehouse and an storage capacity of 18,000 cars.

In the subject of connectivity, financed investment that improves the connectivity of Peru, by means of a credit to Internexa for 6 million dollars, with a term of five years. This is a company of Grupo ISA that operates a total of 4,674 kilometers of optic fiber in the country.

We keep increasing our presence in the Peruvian foreign market by means of international factoring. We ended the year with an increasing of total disbursements above 30% diversified in several clients.

From Renting Peru made developments with the objective to use dead times (fleet pause) and moving times, to make maintenance without using the client work times. The purpose of this implementation is to increase the availability of units to our clients and improve maintenance costs through the no use of the supplier's facilities and the assurance of a services volume.

Guatemala:

Our commitment to get more people to the opportunity to have an own house was reflected with the support we provided to 750 families, registering a total of USD 58,872 million in disbursements. We began negotiations with different remittance companies, seeking to convert in multi-brand to assimilate our services to people that receives remittances. Last year we paid 481,992 remittances.

The structuration and launching of BAM Banca Seguro new portfolio, offering insurances to specific market niche as emigrants, life insurances and health insurances as Health One, which provides a wide coverage, better specialists and excellent benefits.

Puerto Rico:

As important facts, we setup the Trading Certificate Bancolombia Puerto Rico, which allow us to reach clients and local and foreign counterparts with a new products offered in investment products, adjusting to their necessities and expectations.

Región

We increased the channeling of foreign currency flows through Bancolombia Panama Cayman, and Puerto Rico foreign currency accounts. During the year 19% of the total of foreign currency flow in the account registered before the central bank, with an increase of 3.8% were channeled, compared to 2015.

WE FINISHED THE YEAR WITH AN INCREASE OF TOTAL DISBURSMENTS OF FACTORING WHICH SURPASSED

30%

PERÚ

BUT OUR COMMITMENT FOR MAKING DREAMS COME TRUE WAS REFLECTED IN THE SUPPORT TO

750

FAMILIES

GUATEMALA

Likewise, it was important the operation of the first transaction platform in the region of the Grupo Bancolombia, Treasury Key, which allows our clients to consolidate their treasury by means of inquires and local, regional and international transactions, with Cash Pooling services, consolidation of account in external banks, in multiple currencies and preferential rates.

Understanding the necessities of foreign commerce of our regional clients and allied suppliers overseas, we achieved to offer integral solutions to their supply chain, with this we extended the number of international communities served by Grupo Bancolombia. Today we have eight active international communities and 24 counterparts.

Strategic alliances

The capacity to generate Strategic Alliances has been reinforced in the last years, a proof of this is the development and consolidation of new business models through the convergence of strategic capacities of third parties with the Grupo strength.



Acquisitions

We signed with First Data – leader Company in acquisition services, payment services and e-commerce – an Alliance that looks to massify and renew the acceptance business of credit and debit cards in Colombia. Currently, it is under development and integrations and expected to begin operations in 2017.

Electronic Invoicing

Together with Carvajal – Tecnología y Servicios we developed a platform to massify the electronic invoice, which will be mandatory in the second term 2017. Through this platform, financial business of factoring and Cash Management services will be leveraged. We expect that in 2017 more than 1,000 companies and Pymes will register to this product.

Toll Electronic Payment

In Alliance with Flypass – Simplexity, we are developing an environment of digital payment around the transport ecosystem. This alliance will allow virtualizing payments related to vehicles such as: tolls, parking, gas stations, car wash and even fast food services delivered to car. In the first term of the year, we will launch the option of tolls electronic payment, and after all services of the transport ecosystem.

Pymes Digitalization

We boosted the advance of Pymes in the country through several initiatives that aims to digitalization. With allies as Civico and Web.com we support Pymes in their digitalization process with advising and implementation of e-commerce, market place construction, digital marketing strategies etc.

Communities of Productive Ecosystems

Committed to Pymes development, we structured strategic alliances through which we seek further value chain of bigger company ecosystems, at the same time solving joint challenge.

This was the case of Nutresa, Compañía de Empaques + Agricapital and Corbeta alliances, in which we identified financing necessities in the value chain of each company (suppliers and distribution channels), through information of joint construction, we designed models of exclusive attention, risk and operation analysis. The goal of 2017 is to beneficiate 2,000 Pymes through this three alliances.

Other Alliances Results:

Protección

We achieved to fulfill the dream of 997 families, thanks to a network use contract which allows us to offer credits of real estate credits and free investment credits with pledging of volunteer pension contribution. Total amount COP\$113,363,389,337 pesos.

Excellence Center in Big Data and Analytics Data – CAOBA

We are implementing three projects simultaneously that seek: to identify from transactions, the existing relationship among clients that create communities, with the purpose to identify risk and profitability in each community.

To analyze the behavior of the purchase basket in Colombia, and sales seasonality. From mobility analysis in Bogota, to identify high risk zones according to major serious accidents history, this with the purpose to prioritize the attention in these zones.

Flawless operation

We advanced in the implementation of improvements that guarantee opportunities in services. On the other hand, some of these decisions, as technological renewal bonded credits card implied affectation and stabilization periods that impact our requirement index.

Requirement evolution by clients	2016	2015
Amount	995.553	754.422
Annual variation	31.96%	

Requirement: affectation to clients pass to be clarifications, inquires and claims

However, all these modifications that generate difficulties and unusually affected the number of requirements, mainly in the second term of the year, were gradually solved until achieving the service normalization.

The main origin of the affectation was presented by the implementation of a new app and changes in the process model that will allow supporting the growth and innovation required by credit cards.

Today, thanks to this evolution, we are capable to issue more than 50,000 cards per month, which allows us to satisfy the dynamic of this business. It is important to clarify that for the year end, 98% of requirements had been attended and solved for this particular case.

We served 73.4% requirements solutions in a first contact and our opportunity index was 89.3%.

With the end of the Project and service stabilization, we expect these events drop down in a significant way. Besides and to strength the response capacity of the company before these situations of service affectation, we created the IT Integrated Operation Management dependency, a multidisciplinary area that monitors, operates, support and maintains our systems, 24 hours a day, 365 days per year.



Simplicity to achieve the improvement of relationship with our clients

The simplicity that clients perceive with us results in life quality for everyone. In this sense we implemented several initiatives that look to improve the service, fulfill our commitments and make everything easier.

One of these decisions to achieve closer relations with our costumers was the strengthening of "Angels" strategy, a human team that serves requirements understanding client necessities and looking for solutions to their proposals in the les possible time.

On the other hand, the strengthening our telephone channel through the extension of one to two suppliers with the goal to guarantee a bigger continuity service. Additionally, this initiative allows positively impacting the social development of Monteria, location of this new contact center, where 232 persons were hired as telephone advisors in a city with a non-formal jobs rate of 62.9%. It is worth mentioned that this team has achieved a satisfaction level of 95%.

With the purpose to achieve inclusion of persons with a hearing handicapped, 16 branches in Bucaramanga began the use of an app that makes the communication with these clients inside the branches easier.

We also effectively supported troubled clients in the achievement of their obligations, management process were simplified of judicial strategic allies that made easier the agreement achievements and constructed trust relations with them, and for the company, represented the increase in the recovery portfolio index.

We also redesigned the preferential client attention process of victims of fraud, making changes in the process to achieve the bonus in real time, which allows assuming a response promise of two hours or two days according to the product and registration day of the requirement, before the average was seven days as response term. Only in the first three months of implementation, more than 2,400 cases were served.

Finally, as result of the implemented actions, we achieved to improve the satisfaction index in costumer conciliation experiences and requirement attention by fraud. Besides, the previously pointed actions, other initiatives like improvement in the process of credit restructuration, training of the commercial network in advising for this structuration and massive response acceleration were implemented.

Naturally, corporate clients were also beneficiary of these decisions that look to improve their experiences with us. Two examples are the formalization of virtual commercial teams to deal with small Pyme, a model that remains with implementation until 2019, but in 2016 a bigger coverage in zones where we do not have robust presence of commercial teams was achieved.

The mixed commercial attention model to corporative and Pyme clients was the one which offers the possibility to deal, specially, corporative and companies clients from Pyme commercial teams in intermediate cities was implemented, assuring physical presence, bigger coverage and better commercial support.

Finally, we advanced to automation of several manual process in the Renting business, achieved significant improvements in the timely delivery of assets, increased the availability of these and decreased the time in car sales.

Flawless to achieve closeness in different countries

Naturally as a group, we always look for the uniform growth and improvement of the operation in countries where we are present, with the purpose to satisfy expectations of service and opportunity expected by our customers.

It is important to mention the launching of the regional platform that allows clients consolidate their treasury by means of inquiries and local, regional and international transactions with Cash Pooling services, account consolidation in external banks, in several currencies and with preferential rates, a service that applies for clients in Panama, Guatemala, El Salvador and Colombia. This first step we give in transactional regionalization and portfolio to our clients.

This are some of our main advances that from decisions and processes, we implemented in different regionals.

NPS CONCILIATION:

8,45/10

COSTUMER SATISFACTION INDEX FORT THE CONCILIATION PROCESS

NPS SECURITY

7,8/10

COSTUMER SATISFACTION INDEX IN SECURITY REQUIREMENTS

Panamá

In Banistmo, we managed the digitalization Project of account states that will beneficiate 12,271 clients, documents that sent to -emails thus achieving a big step in reducing the paper usage. The same digital strategy will be used in the preferential subsidy due date letters delivery that besides pointed benefits, it improves the information delivery, reducing to seven days the documents delivery.

Besides, Telered Clave Giro service was taken to production, a resource that prepares the national transfer delivery from 346 ATM´s, movements originated in checking or savings account, to not bank clients through the cell phone.

We made tax collection easier in Panama City with the setup of obligations payment related to plates change – a process annually performed -, commerce taxes for economic activities, fines payment, ads and permission renewals, all through ATM network.

In Bancolombia Panama, we improved the security environment for eight thousand clients that use the virtual channel through the use of softtoken and attention to security alerts.

Particularly, this last point allows that the attention index increased from 59% to 77% between June and December 2016.



We also implemented the batch wires service through the Companies Virtual Branch, a solution that allows the client internal and external massive transactions gathered in an only file, in different currencies and accrediting and debiting different origin and destiny accounts. One decision of high impact because very soon, it represented 80% of transactions for this client profile.

El Salvador

In the Agrícola Bank, we setup the Specialized Security Line –LES- in the contact center, a resource that allows first level attention requirements for non-acknowledged shopping, blocking, and products status.

Beside, inside the same Contact Center, we trained a team as “Virtual Executive” that have the same mission of giving advice to clients of corporate e-bank. With the operation in 2016, we dealt with 2,292 calls, this represented an increase of 70% in the call volume solved in the last three months of the year.

Finally for more comfort of clients, users and employees, the advance of a master plan of buildings with the constructions of a complex that gathers the Operations Center under the standard Tier 3 and capacity of regional attention, the acquisition and purchase of the building Torre Roma that integrates administrative offices and relocates business areas in main office, was continued.

Guatemala

In BAM, we implemented projects to make the people’s life easier such as the automation of payments reminders delivery process by e-mail, that between May and December generated the delivery of more than 105 thousand messages to 18,291 clients. In a virtual way, we are sending the account statements of credit cards: a total of more than 950 thousand statements of 137,601 clients.

We also developed a disbursement automated process that allows that 99% of them can be made on the same day they were authorized, excepting partials and easy credit accounts. We made the disbursement of 5,611 credits the on same day they were authorized.

Basis of an innovative culture

Beyond the use of technology as an argument, innovation is a culture that has been established inside Bancolombia, as one of the main competences to achieve our strategic goals. To innovate to improve the superior experience of our clients, because we understand that our business is make people’s life easier through products and agile and not complicated services.

Methodologies that promote innovation

Innovation drivers: A program that looks for integrating agile methodologies to daily work of the Company, seeking to settle basis of a culture that works under global standards. 19 mobilizers trained. 19 challenges executed. 7 successful project. 7 projects with a minimum viable product. 3 failed projects and 4 non escalated projects. 1,712 person attended workshops.

Service design: A methodology that allows us to achieve a prototype definition to evaluate the viability of the idea as an alternative that mitigate risk of error in implementation. 300 contributors, heads and tutors trained in Colombia, 66 initiatives developed. 12 persons trained in basic course and one person as a mentor in Banistmo.

Improvement spiral: A program that contributes to improve the efficiency, service improvement and risk decrease. Some of the achievements obtained are oriented to time reduction in the activity execution. In 2016, more than 300 persons, with roles as collaborators, tutors and heads were trained and efforts around 140 initiatives were made. The program was taken to Banco Agrícola, El Salvador, where 100 collaborators participated, and 50 in the role of collaborators, who are developing 45 initiatives.

Simplex: based in five pillars –continuous delivery of value to clients, adaptation to team work, product, and process and work methods permanent improvement, team motivation and collaborative work-. 2,000 collaborators trained and 190 work cells

were formed, who advanced 103 projects oriented to improve the costumer’s experience (24), legal subjects’ solutions (17), business efficiency and operation (51) and technological sustainability (11).

Joint teams: They were consolidated as work model that achieved passing the process measuring, measurement from costumer experience of client. Some products intervened were debit card, factoring, consume credit and reception/delivery of transfers and credit card that improved in 8% its delivery opportunity and reduced the delivery rejection of new card no requested.

1.712

PERSONS ATTENDED
TO WORKSHOP RELATED
TO INNOVATION

300

COLLABORATORS TRAINED
IN ACTIVITIES OF PROCESS
IMPROVEMENT

Nequi,

a separate chapter >>>

The digital bank
living in the cellphone

What is it: It is a free- financial platform that allows to persons over 13 years old and having a smartphone, to send money to contacts or receive money from them, to pay in business with QR code, to withdraw money in Bancolombia ATM or manage the balance through pockets that the user creates according to preferences and necessities.

• **Savings account of simplified procedure**

It is opened with minimum data from the mobile device and exempt of the 4 x1000 tax; the money add funds are through the PSE button or bank correspondent.

• **Account with a facial recognition and fingerprint system**

• **Eva Account:**

The first transactional robot in Latin America, a service through Facebook that lets send and receive money with Facebook's Messenger.



• **122 thousand**
downloads

30 thousand
active users

• Supported in a network of:

4.000 ATM and
3.900 bank correspondents

• Accepted in more than:

12.000 commercial business

Results that shows our transformation intention

We achieved the consolidation of Digital Transformation program, which has a transversal human and qualified team, an advising board that supports and challenges. As a first achievement, we should point out that now our clients can receive international transfers and manage the registry, modification and elimination of the service automatic deposit through Personas virtual branch.

These three services are completely digital, and in the case of international transfers, the client also benefits with a competitive rate and availability from any place of the world.

For the case of automatic deposit, the great benefit is represented in the efficiency to our customers, because they do not have to move to any office to manage, modify or eliminate this service. All this with fastness, easiness, and security that are common in all processes of digital transformation that we execute and are planning to improve every day.

The purchase and sale of foreign currencies can also be carried out through the virtual branch for our company costumers, operation in American dollars, accomplishment in the same day and easiness and security that offers the use of internet. In 2016 nearly thousands of Pyme clients and more than 120 companies carried out more than 6,800 transactions for an amount higher than USD\$140 million dollars. We also launched Rotalo, a project 100% digital that connects people in their possibility to sale, purchase or pay for the use of second hand properties, trustworthy, and its first stage is available to Bancolombia employees in Medellin, but it is expected that it evolves and transcends.

Today, Rotalo has 1,500 registered users, generated more than 400 publications and transactions close to COP\$9,000 million pesos, including debit cards, credit cards and disbursement of consume credits to finance these purchases.

Some of these achievements were born specifically in Bancolombia Innovation Center –CIB- a space special for the creation. During 2016, CIB received more than 25 events that promoted the culture of innovation in which we co-

operated with academic institutions such as Universidad Nacional, EAFIT, Universidad de Antioquia, Universidad de Medellin, and CEIPA.

We also shared learning with allied companies such as Ruta N, Cadena, Contreebute, XM, Seguros Suramericana, Proteccion, Nutresa, Allus, Grupo Exito, El Tiempo, Abracol, and Avon, among others.

Besides, we made two concept tests to validate cases of use about Blockchain technology, this included customer's knowledge, international remittances, proving that we are a company of global access to technologies and last generation business models.

Employees and suppliers,
a high performance team

4

We are the company with better reputation in Colombia

For second consecutive year, we were acknowledged by the Corporate Monitor of Corporative Reputation Merco as the company with better reputation in Colombia. This was possible thanks to the trust that Colombian have in our company and that in this study they were represented in 27,800 persons that make part of 18 relation groups other qualities.

Consolidation of the human management model

We are still convinced that persons are in the center of our company and this has been demonstrated through diverse initiatives, strategies and facts that prove that we are a company with values oriented towards the wellbeing of human being, what make it possible to fulfill our purpose. Such premise is demonstrated, for instance, with our initiative “facts from the heart,” a concept that gathers all those actions that are not of economic character but represent much more in persons’ life, because they facilitate the personal and work balance, development, formation, and acknowledgement.

Facts from the heart is based on eight pillars: we facilitate your time, contribute to your development, value your commitment, care for your health, generate space of you and your family, contribute to society, have the best place to work and feel proud.

Each one of these pillars represent those focus in which the company directs its efforts to support its collaborators and which goes beyond the economic compensation.

In concordance with this search of wellbeing of the collaborator, we also made the second evaluation of factors of psychosocial risk. This evaluation helps us to identify and characterize factors of psychosocial risks, protector factors and stress levels of Grupo Bancolombia employees for the construction of a healthier and happier company. 18,984 collaborators made the evaluation, this is a coverage of 84.7% of the employees and allowed comparing obtained results during the 2012 year, to measure the impact in actions of intervention after the first evaluation.

Our humanist commitment has transcended and for this reason, we were ranked in the first place in the general ranking

of Merco Talento 2016, as the best company to attract and retain talent in Colombia.

The grade took into account three companies’ values: labor quality, employer brand and internal reputation, dimensions that reflect how the value of trust and our corporative strategy generate each time more interest and better results among our relation groups.

OUR HUMANIST COMMITMENT HAS TRANSCENDED, FOR THIS REASON WE HAVE BEEN RANKED IN THE FIRST POSITION IN MERCOTALENTO 2016 AS THE BEST COMPANY FOR ATTRACTING AND RETAINING TALENT IN COLOMBIA.

Innovative management of talent

Innovation is a fundamental component of our human management model and there are several proposals which we placed at the service of our collaborators with high doses of innovation and understanding of their needs.

We put in operation Lazos, a community in which collaborators may voluntarily participate in challenges, projects, and initiatives, and share all their talent. It was born as a result of the Program: Innovation Mobilizers.

Lazos allows voluntarily participating in projects or contributing with knowledge for the solution of questions or challenges. It allows working in cooperation with different people, e.g. in knowledge, thought, points of view and perspectives of life, in order to generate solutions.

It also promotes networks for constructing links among different areas of knowledge through the interaction with people we almost never interact with.

Besides this initiative, we have privileged new ways of work, from several points, such as knowledge communities, collaborative spaces, and different collaboration tools.

Knowledge communities have the purpose of integrating efforts and share knowledge for reaching common results. Currently, we have thirteen (13) interest communities of the organization in topics such as contractors, competitive intelligence, challenger, international commerce, innovation, analytical capacities, testing, and TI experts, suppliers, coach, and photograph.

We created collaborative, innovating, flexible, and agile work places, which look for facilitating communication, fomenting construction in teams, and sharing opinions and knowledge.

Communication, to foment the construction of a team and share opinions and knowledge. In relation to collaborative tools, we have tools portfolio that allows collaborators to share information with other people, real time communication, simultaneous work and joint projects, opinions trade, synergy generation and more agile and efficient process.

As another innovative milestone, we launched the app Conectados Bancolombia, an application with which employees can access to information of covenants and benefits granted by the Company, from any place through a mobile device in real time. With more than six thousand downloads, the grade of the app by the employees was 4.66 out of 5.

The teleworking model keeps consolidating in the company. It has a growth of 27.58% compared to the previous year and we closed with a total of 1,494 teleworkers. 72% are women and 28% men, with an increase of 2% in the participation of men, compared to previous year. 50% of teleworkers are between 41 and 50 years.

WE CREATED COLLABORATIVE, INNOVATING, AND FLEXIBLE WORK SPACES

Diversity 405.1

Index	%
Female share of total workforce (%)	61.7
Females in management positions (as % of total management workforce)	55

a. Employment distribution by society and countries

Bancolombia, national subsidiaries and overseas subsidiaries

N° collaborators	Country
21.564	Bancolombia
137	Bancolombia Panamá
2.932	Banco Agrícola
2.393	Banistmo
91	Operación en Perú
15	Puerto Rico
3.202	Banco Agromercantil

Other Group companies

*includes data of Renting Colombia, Transportempo S.A.S, TUYA S.A. and Valores Simesa

4.193

Other type of non-direct contracts

18.088 External-professional service contract

*includes data of all countries: in Panama and El Salvador the number is zero

1.035

Interns

• Includes all countries; in Panama, Puerto Rico and El Salvador the number is zero.

53.650 Total

a) Demography 401.1

We acknowledge demographic diversity and generational changes, looking for greater flexibility in all development process of the company and gender inclusion, knowledge and different capabilities.

Index	2015		2016		
	No.	%	No.	%	
Gender	Women	16.844	63%	18.763	62%
	Man	9.989	37%	11.571	38%
Age	Employees less than 30 years old	9.388	35%	10.943	36%
	Employees 30-40 years old	10.723	40%	11.731	39%
	Employees more than 40 years old	6.722	25%	7.660	25%
Seniority	Employees less than 3 years seniority	6.660	25%	7.657	25%
	Employees with 3-10 years of seniority	10.984	41%	12.108	40%
	employees with more 10 years of seniority	9.189	34%	10.569	35%
Diversity	Number and % de women in a position of heads (of the total of chief)	1.955	58%	2.498	53,17%
	Number and % of women in high direction (directors and above)	103	39%	104	21%
	Number of employees of minorities (handicapped, ethnics, afro-descendants, etc.)	94	0,35%	77	0.25%

* data include bank and national subsidiaries, Peru, Banistmo, Panama, Puerto Rico, El Salvador. and Guatemala.

b. Rate of new employees 401.1

Index	2015		2016	
	Event	% / rate	Event	% / rate
Total	2.686	60%	3.542	11%
Women	1.613	40%	1.970	56%
Man	1.073	79%	1.572	44%
Employees under 30 years old	2.117	18%	2.789	79%
Employees between 30 - 40 years old	484	3%	551	16%
Employees more than 40 years old	85	8%	121	3%
Bancolombia	1.823	11%	1.446	6.7%
Banistmo	338	22%	466	15%
Bancolombia Panamá	499	10%	547	22%
Puerto Rico	14		25	18,2%
Banco Agrícola			2	13,3%
BAM		14%	1.040	32,5%
Perú	12		16	17,6%

• Data for year 2015 includes bank and national subsidiaries, Banistmo, Panama, El Salvador and Peru

c) Rotation due to employee's resignation 401,1

Index	Event	2015		2016	
		% rate	Event	% rate	Event
Total resignations	2.275	8%	3.374	11%	
Women resignations	1.379	61%	1.975	59%	
Man resignations	896	39%	1.399	41%	
Employee's resignations less than 30 years old	989	43%	1.708	51%	
Employee's resignation 30-40 years old	746	33%	961	28%	
Employee's resignation older than 40 years old	540	24%	704	21%	
Volunteer resignation	829	36%	1.410	42%	
Firing without a justified cause	399	18%	681	20%	
Resignation by mutual agreement	460	20%	701	21%	
Bancolombia resignations	1.166	5%	1.422	7%	
Banistmo	314	11%	426	15%	
Bancolombia Panamá	767	33%	459	19%	
Puerto Rico	17	12%	28	20%	
Banco Agrícola	1	7%	1	7%	
BAM			1.026	32%	
Perú	10	12%	12	13%	

• Data for 2015 includes bank and national subsidiaries, Peru, Banistmo, Panama, Puerto Rico, and El Salvador.

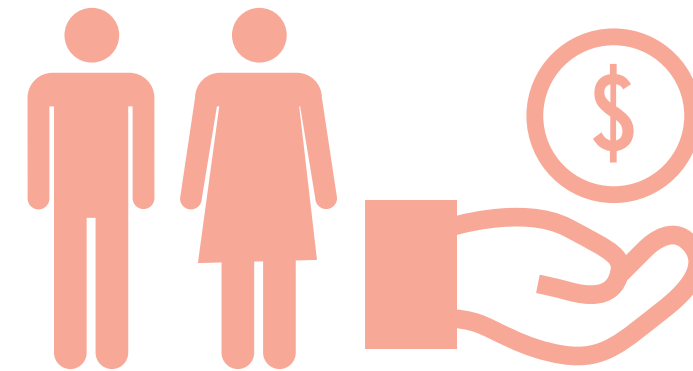
d) Promotion opportunities

Index	2015		2016	
	Event	Promotions rate	Event	Promotions rate
Total promotions	3.399	11%	4.547	15%
Women promotions	2.061	61%	2.863	63%
Man promotions	1.338	39%	1.684	37%

• The data includes bank, national subsidiaries, Peru, Banistmo, Panama, Puerto Rico, El Salvador and Guatemala

e) Wage remuneration by gender and age range. 405,2

*This information does not include high direction



Bancolombia / (Amount in Colombian pesos)			2016	
Hierarchical level	Sex	% Population	Monthly average salary	% below man
Strategic media	Female	35%	\$ 13.890.415	11,92%
	Male	65%	\$ 15.769.940	
Tactical	Female	54%	\$ 7.547.221	2,10%
	Male	46%	\$ 7.709.391	
Operative professional	Female	62%	\$ 3.609.978	1,98%
	Male	38%	\$ 3.682.729	
Operative	Female	66%	\$ 2.033.924	1,31%
	Male	34%	\$ 2.060.897	
All	Female	64%	\$ 2.830.011	7,3%
	Male	36%	\$ 3.200.983	

Banistmo / (Amounts in dollars)			2016	
Hierarchical level	Sex	% Population	Monthly average salary	% below man
Strategic media	Female	33%	USD 10.605	22,33%
	Male	67%	USD 13.654	
Tactical	Female	58%	USD 4.913	17,23%
	Male	42%	USD 5.936	
Operative professional	Female	57%	USD 2.084	3,29%
	Male	43%	USD 2.155	
Operative	Female	68%	USD 896	2,71%
	Male	32%	USD 921	
All	Female	63%	USD 1.583	18,4%
	Male	37%	USD 2.079	

Bancolombia Panamá / (Amounts in dollars)

2016

Hierarchical level	Sex	% Population	Monthly average salary	% below man
Strategic media	Female	0%	USD 0	100%
	Male	100%	USD 11.000	
Tactical	Female	67%	USD 6.189	32,81%
	Male	33%	USD 9.211	
Operative professional	Female	67%	USD 2.221	-25,34%
	Male	33%	USD 1.772	
Operative	Female	65%	USD 1.048	0,85%
	Male	35%	USD 1.057	
All	Female	66%	USD 2.143	58,9%
	Male	34%	USD 2.327	

Bancolombia Puerto Rico / (Amounts in dollars)

2016

Hierarchical level	Sex	% Population	Monthly average salary	% below man
Strategic media	Female	0%	USD 0	0%
	Male	0%	USD 0	
Tactical	Female	33%	USD 5.377	24,81%
	Male	67%	USD 7.151	
Operative professional	Female	75%	USD 3.164	-29,09%
	Male	25%	USD 2.451	
Operative	Female	0%	USD 0	100%
	Male	100%	USD 1.997	
All	Female	53%	USD 3.717	26,4%
	Male	47%	USD 5.071	

Banco Agrícola (El Salvador) / (Amounts in dollars)

2016

Hierarchical level	Sex	% Population	Monthly average salary	% below man
Strategic media	Female	38%	USD 10.092	5,13%
	Male	62%	USD 10.638	
Tactical	Female	48%	USD 3.717	-5,49%
	Male	52%	USD 3.523	
Professional operative	Female	51%	USD 1.342	4,13%
	Male	49%	USD 1.400	
Operative	Female	56%	USD 502	0,21%
	Male	44%	USD 503	
All	Female	54%	USD 964,11	2,6%
	Male	46%	USD 1.103,90	



Banco Agromercantil (BAM) / (Amounts in dollars)

2016

Hierarchical level	Sex	% Population	Monthly average salary	% below man
Strategic media	Female	18%	USD 13.997	-39,01%
	Male	82%	USD 10.069	
Tactical	Female	31%	USD 4.766	-11,56%
	Male	69%	USD 4.272	
Professional operative	Female	49%	USD 1.265	15,34%
	Male	51%	USD 1.494	
Operative	Female	55%	USD 424	6,33%
	Male	45%	USD 452	
All	Female	53%	USD 635,24	-25,6%
	Male	47%	USD 830,79	

Operación en Perú / (Amounts in dollars)

2016

Hierarchical level	Sex	% Population	Monthly average salary	% below man
Strategic media	Female	0%	USD 0	0%
	Male	0%	USD 0	
Tactical	Female	41%	USD 5.430	0,05%
	Male	59%	USD 5.433	
Professional operative	Female	53%	USD 1.844	2,89%
	Male	47%	USD 1.899	
Operative	Female	30%	USD 765	16,89%
	Male	70%	USD 921	
All	Female	45%	USD 2.293	2,6%
	Male	55%	USD 2.309	

f. Talent training. 404,1

	2016
Leaders trained in the program leadership institute*	3908 Chief, 89%
New chief trained*	222 chief, 81% of new chief.
Total hours of training	1.103.361
Average training hours per employee	36.37 hours / employee
Average virtual training hours per employee	9 hours / employee
Average attendee training hours per employee	32 hours / employee
Average training hours per male employee	36 hours / employee
Average training hours per female employee	36 hours / employee
Average training hours per chief employee	40
Average training hours per non-chiefs employee	35
Investment in average formation per person*	USD 338.909
Apprentice	99 employee

* Data include bank and national subsidiaries, Peru, Banistmo, Panamá, Puerto Rico, El Salvador, and Guatemala.

g) Performance valuation. Employees to be evaluated were 29.268. 404,3

Index	2015		2016	
	Number	%	Number	%
Employees with performance valuation*	22.962	98,3%	28.556	97,6%
Women with performance valuation*	14.462	98,5%	17.831	98,7%
Man with performance valuation*	8.500	98,0%	10.724	95,8%
Heads with performance valuation**	3.077	96,4%	3.898	97,4%

* Data include bank and national subsidiaries, Peru, Banistmo, Panamá, Puerto Rico, El Salvador, and Guatemala.

*Decreasing performance valuation

**Increasing performance valuation

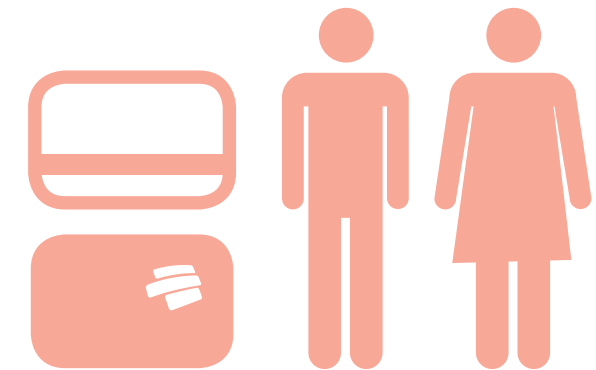
Investment in quality of life programs. 401,2

Bancolombia and national subsidiaries	
Investment in quality life programs	\$ 14.145.890.668
Activities in quality life developed	24.531
Activities in welfare developed	4.116
Activities developed for the collaborator's health	17.904
Activities developed in human security	2.511
No. of employees and families participating in quality life programs	218.019
Banistmo	
Investment in quality life programs*	USD 784.165
Participants in quality life programs	2.500
Bancolombia Panamá	
Investment in quality life programs*	USD 90.000
Participants in quality life programs	1.389
Banco Agrícola	
Investment in quality life programs*	USD 406.800
Participants in quality life programs	10.366
Operación en Perú	
Investment in quality life programs*	USD 13.365,25
Participants in quality life programs	104
Banco Agromercantil (BAM)	
Investment in quality life programs*	USD 113.352
Participants in quality life programs	4.475

h. Number of absenteeism (% of lost time) . 403,2

	2013	2014	2015	2016
General sickness				
Bancolombia	1,25%	1,26%	1,95%	1,90%
Banistmo				0,83%
Banco Agrícola				65%
Operación en Perú				1,12%
Bancolombia Panamá				1,03%
Puerto Rico				1,05%
Banco Agromercantil (BAM)				17%
Professional sickness				
Bancolombia	0,001%	0,007%	0,002%	0,02%
Banistmo				0,00%
Banco Agrícola				0,00%
Operación en Perú				0,00%
Bancolombia Panamá				0,52%
Puerto Rico				0,00%
Banco Agromercantil (BAM)				17%
Maternity/paternity sick leave				
Bancolombia	0,59%	0,62%	0,93%	0,99%
Banistmo				1,3%
Banco Agrícola				29%
Operación en Perú				0,6%
Bancolombia Panamá				0,7%
Puerto Rico				0,0%
Banco Agromercantil (BAM)				56%
Other sick leaves				
Bancolombia	0,45%	0,51%	0,30%	0,86%
Banistmo				0,00%
Banco Agrícola				14%
Operación en Perú				0,00%
Bancolombia Panamá				0,00%
Puerto Rico				6,9%
Banco Agromercantil (BAM)				2%
Accident at work				
Bancolombia	0,01%	0,02%	0,02%	0,02%
Banistmo				0,00%
Banco Agrícola				16%
Operación en Perú				0,00%
Bancolombia Panamá				0,00%
Puerto Rico				0,00%
Banco Agromercantil (BAM)				25%

i. Credits for employees. 401,2

Bancolombia and national subsidiaries
(amounts in pesos)

Disbursement credits	2015		2016	
	Values	# Credits	Values	# Credits
Disbursement amounts credits	\$ 283.078.404.777	8.398	\$987.907.631.431	26.270
Credits for education	\$ 2.154.940.938	293	\$ 8.449.834.207	525
Credits for housing	\$ 197.985.067.693	2.417	\$710.934.567.640	9.260
Other	\$ 82.938.396.146	5.688	\$268.523.229.584	16.485

Banistmo / (Amount in dollars)

2016

Disbursement credits	Values	# Credits
Disbursement amounts credits	USD 101.407,9	4.892
Credits for education	USD 0	0
Credits for housing	USD 67.499.483	869

Banco Agrícola / (Amount in dollars)

2016

Disbursement credits	Values	# Credits
Disbursement amounts credits	USD 12.825,104	1.766
Credits for education	USD 68.550	14
Credits for housing	USD 6.678.378	155

BAM Guatemala / (Amount in dollars)

2016

Disbursement credits	Values	# Credits
Disbursed credits	USD 8.580.997	753
Credits for education	USD 21.410,15	4
Credits for housing	USD 1.327.852,31	110

j) Insurances for employees. 401,2

Bancolombia 2016 / Amounts in million pesos

	Company investment	Employee's contribution	Benefited Employees	Benefited Families
Investment/ company contribution	\$28,910,560,104	\$26.426.263.931	22.666	13.334
Health	\$23,960,521,992	\$21.972.497.418	11.031	13.336
Life group (employer 's)	\$ 3,082,921,720	\$0	21.564	0
Personal accidents (employer 's)	\$ 602,000,541	\$0	21.564	0
Others	\$ 9,335,360,589	\$ 8.907.533.026	39.917	0

Banistmo / Amount if dollars

	Company investment	Employee's contribution	Benefited Employees	Benefited Families
Inversión/ aporte Organizacional	USD 2.335,465	USD 463.822	2.409	1.616
Salud	USD 1.855,289	USD 463.822	2.409	1.616
Vida grupo (patronal)	USD 480.157	USD 0	2.393	0

Banco Agrícola / Amount if dollars

	Company investment	Employee's contribution	Benefited Employees	Benefited Families
Investment/ company contribution	USD 2.202,516	USD 0	2.932	3.756
Health	USD 1.753.936	USD 2.200,00	2.932	3.756
Life group (employer 's)	USD 448.580,48	USD 0	2.932	0

Operaciones en Perú / Amount if dollars

	Company investment	Employee's contribution	Benefited Employees	Benefited Families
Investment/ company contribution	USD 44.679,56	USD 4.067,15	91	107
Health	USD 41.235,65	USD 4.067,15	91	107
Life group (employer 's)	USD 2.939,09	USD 504,82	91	0

Bancolombia Panamá / Amount if dollars

	Company investment	Employee's contribution	Benefited Employees	Benefited Families
Investment/ company contribution	USD 210,497.28	USD 16,416.00	144	114
Health	USD 87,215.12	USD 16,416.00	144	114
Life group (employer 's)	USD 32,280.00	USD 0	144	0

Banco Agromercantil (BAM) / Amount if dollars

	Company investment	Employee's contribution	Benefited Employees	Benefited Families
Investment/ company contribution	USD 6,488,942	USD 4,476,873	2874	694
Health	USD 830,408	USD 569,197	2874	694
Life group (employer 's)	USD 43,152.45	USD 33,492	2874	0

k) Programs of company savings. 401,2

Bancolombia 2016 (Amounts in million pesos)

Investment/ company contribution	\$ 5.783.572.044
Employee's contribution	\$ 15.272.756.370
Total savings	\$ 21.056.328.414
Benefited employees	9.399

Banistmo 2016 (Amounts in millions of dollars)

Investment/ company contribution	USD 603.146
Employee's contribution	USD 717.402
Total savings	USD 1.320.549
Benefited employees	1.282

Perú 2016 (Amounts in millions of dollars)

Investment/ company contribution	USD 0
Employee's contribution	USD 2.924,79
Total savings	USD 2.924,79
Benefited employees	23

Facts which approximated us to our allies and suppliers

Strategic national and foreign suppliers: recurrent suppliers which are big and middle companies with which we have contracts.

Occasional suppliers: Suppliers with which we have an occasional commercial relation.

Special third parties: Suppliers which are not contracted by Bancolombia Group but provide a service and consequently they receive payments from the Company

Supplying strategic allies: Suppliers with a high impact for the organization in regulation topics, management of confidential information, impact to customers, labor, social risks, commercial and market impact, environmental and economic impact.

Number of suppliers	
Strategic suppliers	465
Occasional suppliers	4.498
Special third parties	13.423
Strategic allies	62
Total suppliers	18.448

Category	Number of suppliers by category	Amount paid by category (COP\$)
Foreign suppliers	189	71.457.299.650,96
Special third parties	2.994	93.680.835.372,22
National occasional suppliers	3.053	205.184.381.173,86
National Strategic Suppliers	359	1.084.626.916.296,93
Supplying strategic allies	62	1.456.521.712.634,36
Total	6.657	2.911.471.145.128,33

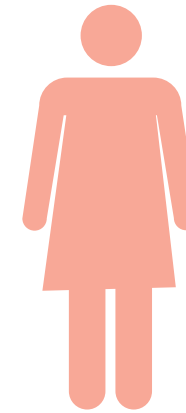
Sustainability in the supply chain with B System

We implemented a new way to measure sustainability performance of our supply chain, with 111 of our suppliers who measured the impact through the tool "Mide Lo Importante" of B systems.

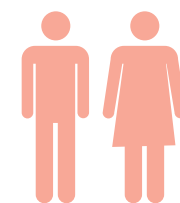
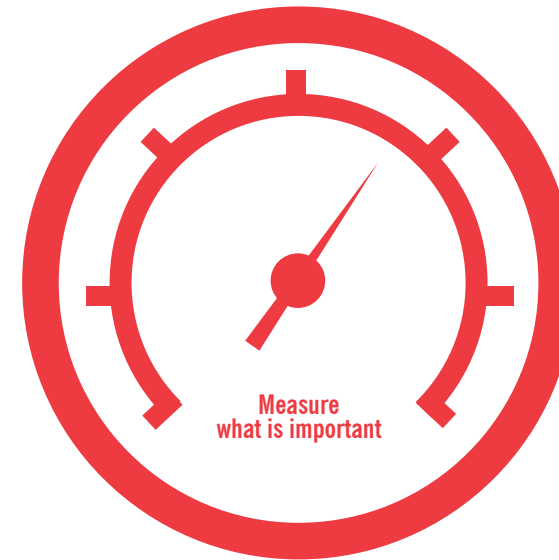
We made tools available for our customers, which allow measuring their economic, social, environ-

mental, and corporate government performance to identify improvement opportunities and we can accompany them in the implementation of better practices

Benefits are evident for us because we obtain a clear mapping of performance in sustainability in or supply chain, but also for them because it generates opportunities for reducing risks and impacts in society.



As an average in MLI companies, **36,33%** of executive positions are being held by women.



In suppliers which participated in Measure what is important, there are

683.297 full-time employees.
47.178 part-time employees

7% of companies has an inventory of gases of greenhouse effect

13% of companies which participated offers a bonus plan to all their employees.

11% of suppliers have a certified management environmental system

34% of participating companies there is a salary gap between the lowest and the highest, from 1 to 5 times, while in 14% it may be more than 20 times.

33% of suppliers have a conduct code for their suppliers

80% of companies increased their employees' salaries, at least at the level of inflation rate last year

68% of companies have an environmental policy.

44% of companies carried put an appropriate final disposal of their dangerous residues with a certified company

16% of suppliers do not make a monitoring of their energy consumption

92% of companies annually currently having training in security and health in work, including at least a simulation of emergencies

32% of companies evaluated do not have an anti-discrimination policy.

32% of companies have satisfaction levels of their employees higher than 80%.

111 companies of Measure What Is Important created 17,656 employments last year.

WE REWARD COMPANIES

8

Second acknowledgment event

In our II event of acknowledgment to suppliers, we rewarded eight companies in the following categories: committed with the humanization of its business, living the value of confidence, innovation, customers' experience, living a continuous improvement, sustainability, supplier in development, and integral supplier.

These categories are aligned with our corporate vision and unite to our idea of positively transforming society. 45 run for the reward representing an increase of 41% before the prior event.

We advanced with the formation program

We established a program to offer on-site and virtual courses to suppliers for strengthening soft and hard competences. We impacted 23 of them with a potential number of 699 impacted persons. Three courses focused on culture and service were offered in Medellín and Bogota.

Bank, Innovation, and Technology in Bintec 2016

We lived VIII Technology and Innovation Fair, Bintec 2016, and event which gathered technology suppliers entrepreneurs, and companies in a disruptive environment for generating synergies among them and foment the generation of income through new business

There were more than three thousand people, besides one thousand who connects through streaming. More than 40 technology suppliers participated in the event We had s of Sura, Nutresa, Protección, and Argos, which presented their innovations in technology. 10 entrepreneurs participated in this event.

Negotiation and legalization of contracts

The supply chain participated in the negotiation and legalization of 219 new contracts and 32 strategic initiatives, which included suppliers selection processes (RFP). Additionally, we worked in the consolidation of Supply Corporate Model in order to homologate policies, guidelines, and good practices in methodologies and processes for purchase of goods and contracting of Grupo Bancolombia services in countries in which we have subsidiaries.

699
PEOPLE IMPACTED

40/10
SUPPLIERS ENTREPRENEURS

219
CONTRACTS

Our commitment to sustainability

5

We are the most sustainable bank of Latin America

We have consolidated as the fifth more sustainable bank of the world and the first in Latin America, above financial organizations of Canada and the United States. Besides we have been mentioned in The Sustainable Yearbook, and we were awarded a silver medal by Robeco SAM for the social, economic, and environmental value generation.





THE DREAM OF A BETTER FUTURE ENCOURAGES OF TO WORK TODAY SO THAT FUTURE GENERATIONS CAN ENJOY A BETTER WORLD. FOR THIS REASON, IN CONJUNCTION WITH OUR ALLIES AND SUPPORTED BY OUR DAILY ACTIVITIES, WE HAVE POSITIVELY IMPACTED PEOPLE AND ENVIRONMENT.

“Historias que Transforman” (Transformation Stories)

We wanted to share with Colombian citizens the work we perform today for the community relating to social, environmental, and cultural aspects. In this way, the strategy known as “Transformation Stories” was born like a strategy intended to let people express their ideas in order to transform their lives in a positive manner since it is important for us to make the community know those people who have served as the inspiration for others who want to make a difference.

In our opinion, a bank that operates with the purpose of fulfilling people’s dreams should undoubtedly have the best stories; they need to be told in order to inspire other people to be the main characters of their stories.

This strategy included stories told by Colombian people -who have been accompanied by us to positively transform their lives- on the following communication media:

- Caracol TV: With a scope of 11 million people.
- El Espectador: With a scope of 1.8 million people.
- Blue Radio: With a scope of 1.5 million people.

- Cine: With a scope of 65 thousand people.
- Cromos: With a scope of 2 million people.
- Caracol Digital House Ecosystem: With a scope of 3.8 million people.

Bancolombia’s own media:

- Social networks, website, and intranet: With a scope of 1.7 million people.

“Historias que Transforman” strategy allowed people to recognize our work in areas such as sustainability. 73.1% accounted for positive opinions by using the following expressions: “Bancolombia supports the fulfillment of people’s dreams”; “Bancolombia makes contributions to reach a better country”; and “Bancolombia shows a sense of environmental responsibility.”

For further information, please visit:

<https://www.youtube.com/playlist?list=PLoD7GecpT5jP8WjeXGfRRfwK-z3gNpUj3>

Medellin Philharmonic Orchestra

Over 10,000 spectators attended the Orchestra's official concerts of the season. Besides, our involvement allowed 117 youngsters from the Philharmonic Academy to attend over 2,500 hours of musical studies.

The Christmas Concert should be highlighted; this concert was our Christmas gift to welcome this season of the year. The "Festival Buen Comienzo" was another concert attended by over 40,000 spectators who applauded the soundtrack performance of the movie "Magia Salvaje" (Wild Magic).

Antioquia Museum

We are official sponsors of the program "Diálogos con Sentido," intended to generate sense of belonging to children who live near the Museum, so that they can have, through artistic strategies, a learning space which allows them to develop their autonomy, express their ideas, give another meaning to their paradigms, and accept themselves as individuals with rights, skills, and own voice.

"Teatro Mayor Julio Mario Santo Domingo"

Our alliance with "Teatro Mayor Julio Mario Santo Domingo" allows having 90% subsidized tickets; this is a way of providing democracy to the access to world famous artistic expressions. Besides, this alliance allows strengthening the Education Program offered by the Theatre to students and artists from Bogota.

"Teatro Digital" (Digital Theatre) is an innovative initiative resulting from such alliance; this initiative allows people who have access to internet to enter the theatre's website to enjoy, at no charge, the best shows of the world. In 2016, thanks to this initiative, over 18,000 people were able to attend 6 wonderful performances in real time.

"Carnaval de Barranquilla" (Barranquilla Carnival)

In 2016, "Fundación Carnaval de Barranquilla" organized the "El Viaje del Carnaval" program that, with our support, shared the story of this cultural event with over 10,000 students accompanied by 200 teachers who participated in 67 pedagogic activities performed during nine months at schools from the entire Barranquilla.

"Museo del Caribe" (Museum of the Caribbean)

Through the program "Bancolombia Mas Cerca del Caribe," over 5,000 children visited the Museum as a way of being recognized their regional identity.

Additionally, the program "Escuela de Intérpretes Patrimonio" served to educate 20 youngsters from Atlantico State to work as guides to the Museum.

108 entities and 14,202 people were the recipients of the benefits.

"La Tertulia" Museum

Through the project "Museo + Escuela" (Museum + School), over 1,500 students enjoyed our guided tours in 2016 at no charges and 56 teachers were given the chance to know and make a reflection on the history of art. Besides, the Museum promoted the visit of 12,000 people to its Workshop Room and 20,000 people visited the "La Forma del Futuro" Room.

Popayán Gastronomic Congress

The community from Popayán City was given a change to attend the Popayan Gastronomic Congress held at the public park and small companies' entrepreneurs participated in health cuisine workshops as a way of improving their own businesses.

An Identity We Are Proud of

With the support given by us for the celebration of over 100 cultural festivals in several region of our country, we have grown stronger our pride for our culture and the interest brought by the rescue of our identity as a country. The International Culture Festival held in Tunja City, the "Cuna de Acordeones" Festival in Villanueva City, and the Fair of Flowers held in Medellin City, are clear examples of this initiative.

Our Responsibility Goes Beyond Frontiers

To impact people's life and work for the transformation of communities were our entity is present were the main objectives addressed by Banistmo in Panama, Banco Agrícola in El Salvador, and Banco Agro Mercantil in Guatemala.

Our responsibility goes beyond our borders

To transcend in people's life and work for transforming communities in which we have subsidiaries were the pillars on which we worked from Banistmo, Panama, Banco Agrícola in El Salvador, and Banco Agromercantil in Guatemala.

Panamá			
Line	Program	Beneficiaries 2016	Total investment 2016 (USD)
	United Way (Early Childhood)	1.133	\$51.145,45
	Panama Banking Association (Financial Education)	150	\$10.000,00
	"Sumarse": Participation in fora and business desks to promote development of social responsibility in Panama. Sponsors "Semana de RSE."	2.030	\$10.750,00
	"Mi escuela Primero y Los Amigos de Zippy"	5.203	\$225.544,12
Standard of living	"Asociación Religiosos Mercedarios"	717	\$5.000,00
	Community Leaders	1.050	\$5.000,00
	"Amaneceres" Foundation	180	\$20.000,00
	"Casa Esperanza"	500	\$100,00
	Junior Achievement	1.645	\$30.000,00
Consolidated Total	11 Programas	12.608	\$352.539,57

El Salvador			
Line	Program	Beneficiaries 2016	Total investment 2016 (USD)
Standard of living	"Manos Unidas por El Salvador"	14.363	\$362.500,00
	Your Financial Welfare	1.950	\$37.517,00
	TELETON Bank Support to FUNTER (Asociación Teleton Pro- Rehabilitación)	6.777	\$80.000,00
Consolidated Total	3 Programas	23.090	\$480.017,00

Guatemala / Social Initiatives			
Line	Program	Beneficiaries 2016	Total investment 2016 (USD)
Health	Teletón	29.175	\$22.318,00
Education	BAM Equinox BAM Extravaganzza	6 scholarships	\$15.468,00
Development	Handcrafted Bracelets	15	\$28.000,00



Building Good Standard of Living 413,4

In 2016, through Fundación Bancolombia (Bancolombia Foundation), we continue with our intention to connect people to real progress possibilities in order to improve the standard of living of the communities where our entity is present. To gain a higher number of Colombian citizens through integral programs for the early childhood, as well as education, entrepreneurship, corporate voluntary service and coexistence, were our main commitments.

- Presence in 32 States and 349 municipalities, making contribution to the integral development of Colombian people.
- 131,598 people obtained benefits granted by Bancolombia Foundation in 2016.
- In 2016, investment for COP \$18,419,207,272.

Early Childhood:

- 4,711 educational agents and 80,434 children.

Education

- 8,038 direct beneficiaries and 208 indirect beneficiaries.

Entrepreneurship

- 521 direct beneficiaries.

Coexistence

- 2,080 direct beneficiaries and 2,880 indirect beneficiaries.

Voluntary service

- 4,534 out of our volunteers spent 43,605 hours to positively transform society.
- 2,516 donors.
- 35,814 beneficiaries.

Social Investment

Total investment made in favor of the community during 2016 in Colombia amounted to COP \$27,491,859,968, distributed as follows:

Should you need further information of Bancolombia Foundation in 2016, please go to: (<http://informedegestion.fundacionbancolombia.org/>)

2016 Investment Bancolombia foundation	
Line	Investment
Education	5.196.089.528,00
Early childhood	4.813.532.519,00
Entrepreneurship	2.996.367.546,00
Voluntary service	2.098.775.147,00
Social development	1.695.652.772,00
Coexistence	1.618.789.760,00
Total investment	18.419.207.272,00

Social Investment	
Category	Percentage of total amount provided
Donations	13%
Community investment	83%
Commercial initiatives	4%
Total	100%

Social Investment	
Contribution	Total Amount (million pesos)
Social initiatives	\$22.012.554.500
Sponsorship	\$1.061.604.011
Donation in cash	\$1.914.652.772
Donation in kind	\$1.695.135.245
Estimated money per hours of voluntary service	\$807.913.440
General Management expenses	\$340.258.372

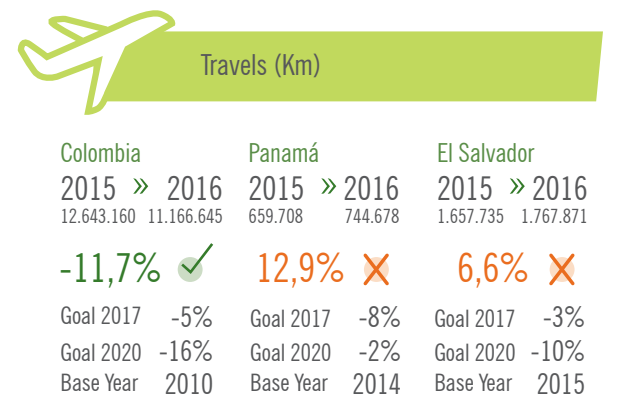
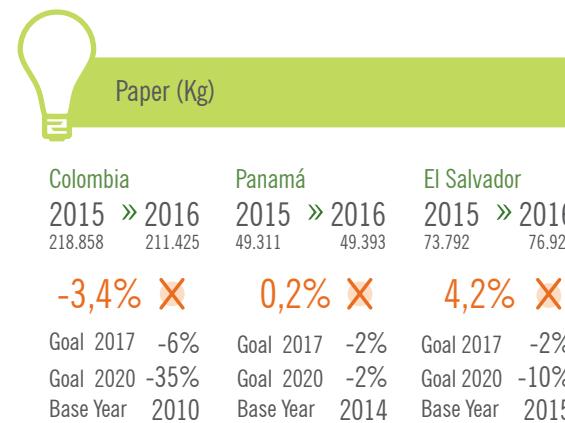
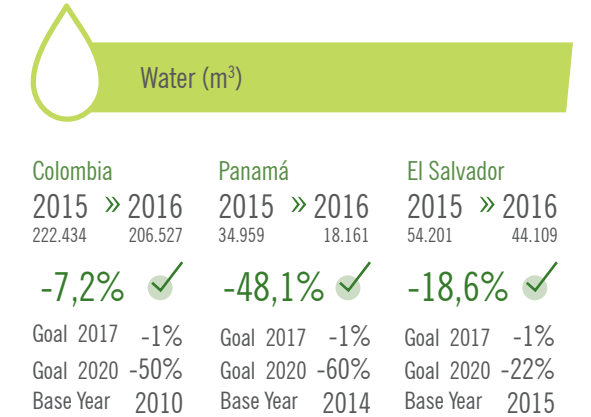
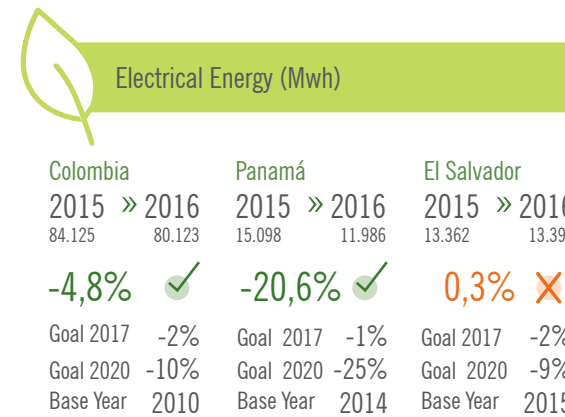
Corporate Eco-Efficiency

In Bancolombia, direct and indirect impact of our activity on the environment is identified and prevention, mitigation, reduction, and compensation of such impact are promoted.

This Eco-Efficiency Report includes information between January 1st, 2016 and December 31st, 2016. The scope includes operations of Grupo Bancolombia in Colombia, Panama, and El Salvador. Direct impact generated has been associated to the consumption of natural resources for the development of our operation.

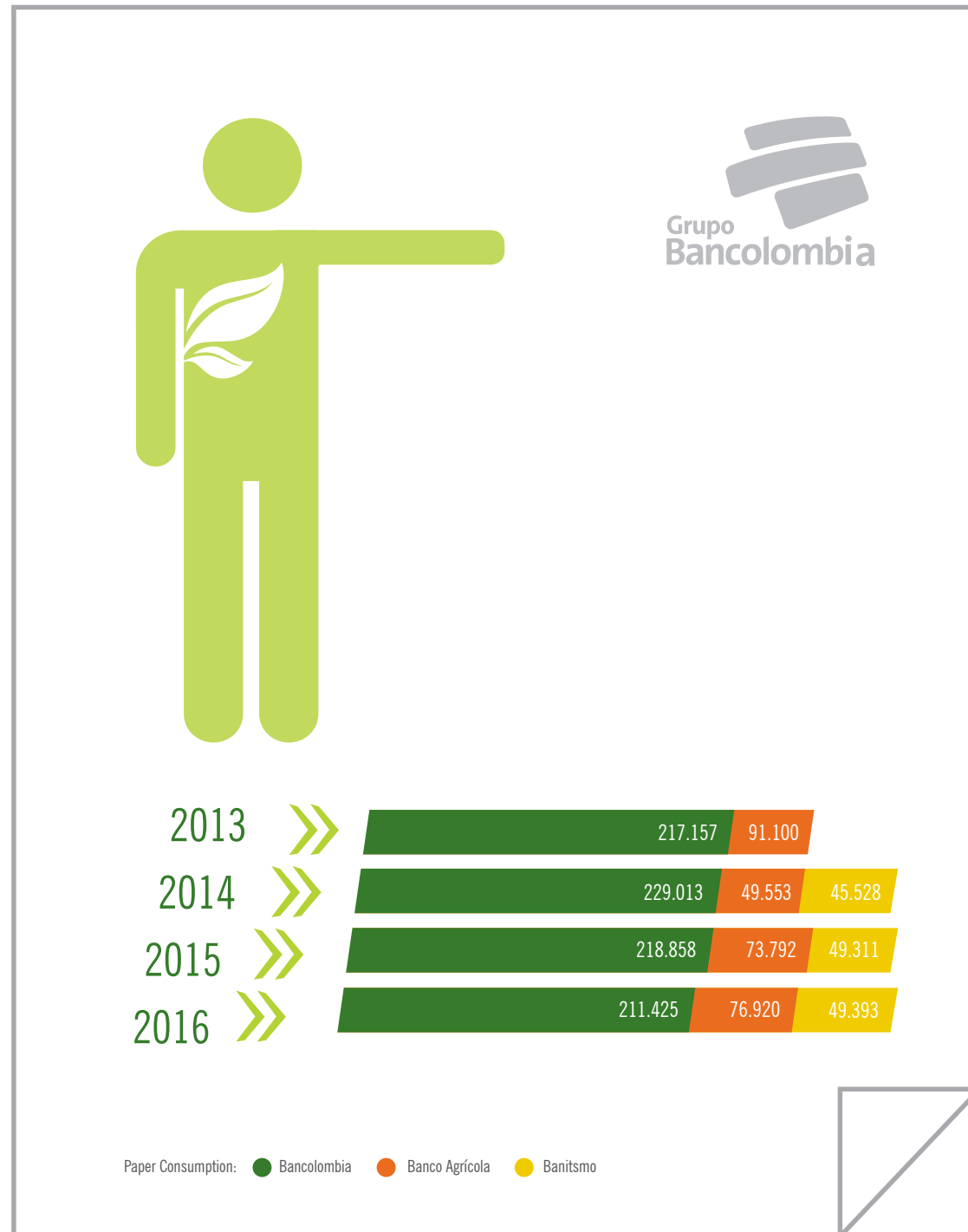


Eco-Efficiency Performance

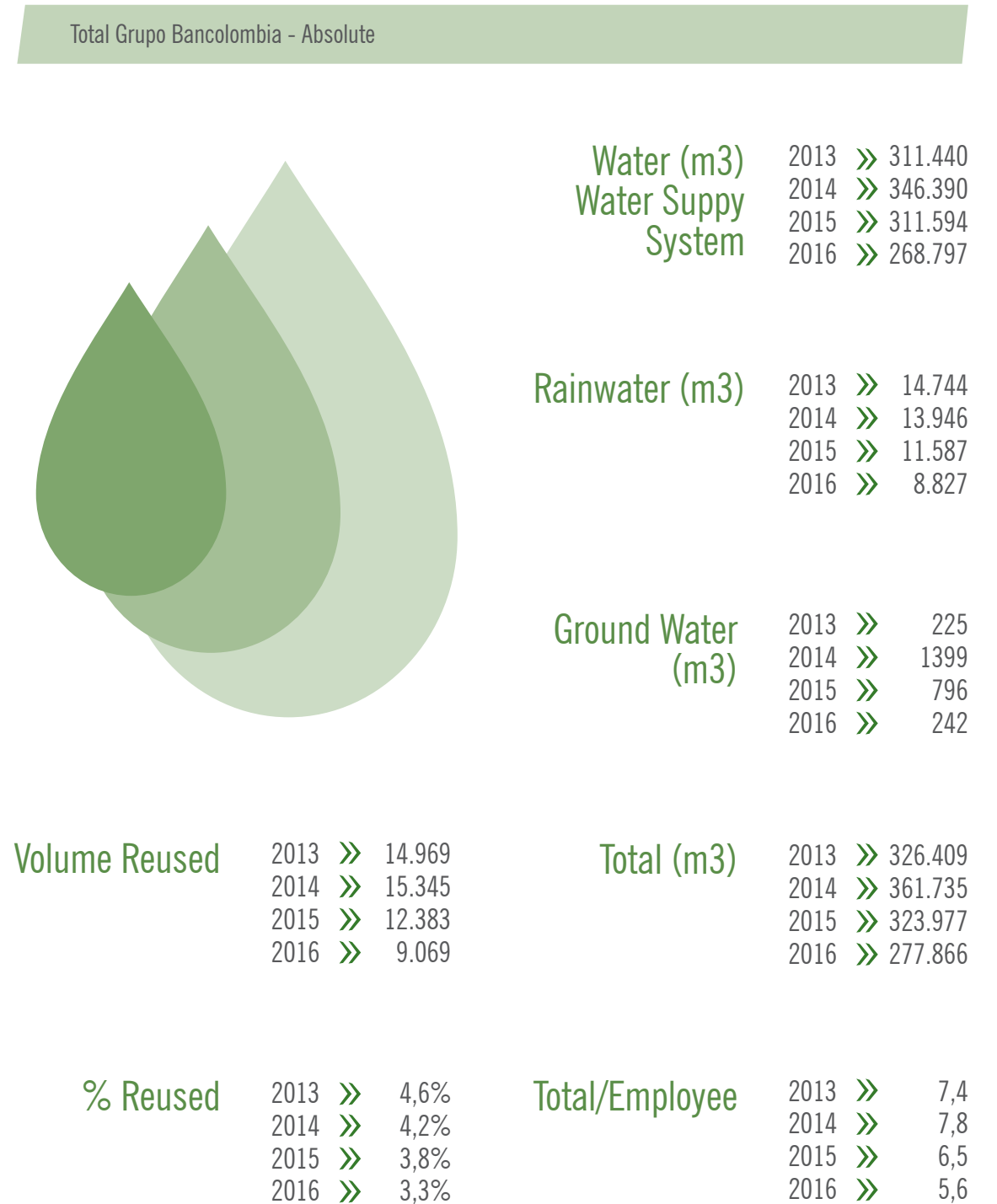


✓ Fulfilled goal ✗ Unfulfilled goal

Materials per Weight and Volume – Paper (kg), 301,1

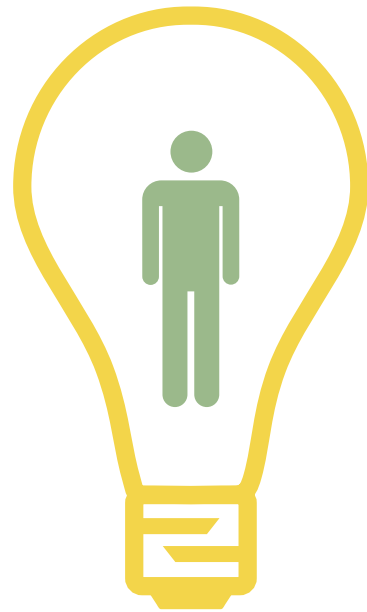


Water Consumption within the Organization 303,1 - 303,3





Power Consumption within the Organization 302,1 - 302,3 - 302,4



Energy (MWh) Variation (%)

2013	»	103.284	2013	»	-1%
2014	»	116.884	2014	»	13%
2015	»	114.057	2015	»	-2,4%
2016	»	107.184	2016	»	-6,0%

Energy / Employee Variation (%)

2013	»	2,35	2013	»	-21%
2014	»	2,51	2014	»	7%
2015	»	2,30	2015	»	-8,5%
2016	»	2,17	2016	»	-5,8%

Total Weight of Wastes per Type and Method of Disposal. 306,2



Recyclable Wastes (Ton)

2013	»	331,5
2014	»	215
2015	»	380
2016	»	306



Hazardous Wastes (Ton)

2013	»	10
2014	»	17
2015	»	13
2016	»	10



Ordinary Wastes (Ton)

2013	»	1.014
2014	»	1.257
2015	»	1.018
2016	»	1.017



Waste Equipment electrical and electronic (Ton)

2013	»	177
2014	»	290
2015	»	354
2016	»	271

Power Efficiency Projects at Branches 302,4

Branches have been equipped with solar energy system and sunlight use projects have been executed for reducing power consumption. A clear example is our branch "Viva Las Palmas," which generates 30% savings over the power bill compared to any conventional branch, with a decrease up to 1,300 kWh that, thanks to the solar panel system installed, equals the consumption of 13 apartments occupied by 3 people each.

"Becerril" branch, with an area of 180 m2, was built with an enveloping charge of high thermal efficiency that saves 2,400 kWh, equivalent to the consumption of 24 homes. This system also decreases the charge over the air conditioning system, thus reducing energy consumption up to 40%.

The implementation of dynamic control in air-conditioning compressors allows the compressor engine to consume the minimum amount of energy; consumption is decreased without affecting operation and generating a 12% saving of energy consumption at the branches where system has been implemented. This initiative generates savings of 206,405 kWh (equivalent to COP\$ 101.344.799).

Solar control films have been installed in windows from about 84 branches in Colombia, intended to decrease thermal charge of the air conditioning system and generate relevant electric energy savings. With this strategy a 15% saving of energy consumption is reached. Currently, savings of 397,836 kWh have been reached (equivalent to COP\$ 195,337,664).

Savings and Efficient Use of Water

After monitoring water consumption at each of our branches, the most critical ones have been identified concerning water consumption and relevant revision procedures have been executed on water flows and leak control, including the revision of sanitary equipment.

This allowed us to reduce water consumption, as follows: At the "Carrera Tercera" building (in the Caribbean region), water flow was calibrated, sanitary equipment was subject to maintenance and a saving of 63% was reached, equivalent to COP\$ 4,540,877, going from an average consumption of 95 m3 to an average consumption of 27 m3.

At the "CS Manizales" building, we have developed strategies to reduce water consumption and a saving of 63% was reached.

Business Travels

Shared travels were made from and towards different airports in Colombia; this allowed us to decrease land transportation routes and obtain efficiencies for COP\$ 385,596,024.

Exclusive transportation service with chosen driver in point-to-point routes between cities and towns was eliminated; such service was then replaced by inter-municipality public transportation service (bus, mini-bus), from bus terminals. This resulted in efficiencies for COP\$ 142,687,559.

Different areas and frequent travelers have been educated on the use of teleconference, web conference, videoconference, phone call, e-mail, and some other connectivity tools.

We have gained better discounts with airlines such as AVI-ANCA and LATAM for Medellin-Bogota route. Additionally, we have implemented a ticket purchase policy to include the lowest price fare at the time of the purchase with a minimum of 8 days before the date of departure.

We have further incorporated the air travel insurance for trips abroad, as a value added of the insurance covering the bank's personal credit cards, with a saving of COP\$ 60,000,000 per year.

Reduction of Consumption of Paper and Materials

We have implemented new printing equipment, with less energy consumption.

We have implemented the Printing Portal; a new self-management and information tool on the number of printing units for the Organization; system is available 24/7.

Thanks to the development of the culture and awareness plan on the good use of printing and installation of duplex printing functions, confidential, and watermark, an average saving is reached of COP\$ 24.6 millions.

The goal on paper saving for year 2020 is -35% compared to that of 2010. As of 2016, we have reduced paper consumption to about 16% compared to that of 2010. This accounts for 18,318 paper reams per year.

During the supply process of corporate forms (prepared with paper), we have achieved a decrease of 54 million forms; that is, a decrease of 24% in consumption and production.

Through our logistics strategies at Bancolombia offices, we have collected 17,294 kg of paper, cardboard, and folding material (97% recovered material), in the search for a maximum appraisal, exploitation, and compliance with environmental regulations.

Appraisal of Wastes

We have made the valuation of 193 tons of paper, cardboard, glass, plastic, among other materials, which generated an income of COP\$ 55,000,000 to be used in social innovation projects. Through our appropriate management of wastes from electrical and electronic devices, an income of COP\$ 263,000,000 was obtained to be used in social innovation projects.

An example of the above was the alliance with Guajira Red Cross to supply water to 80 families from the Polujali community, consisting of 560 people; the alliance included the construction of a tank that operates with a pumping system and solar panels. In the same manner, we have purchased dehumidifiers that generate water from the environment humidity for COP\$ 175,000,000 for the community living in Islote de Santa Cruz (State of Bolívar), a population that lacks water supply due to its geographic location; dehumidifiers will be installed in year 2017.

Sustainable Construction at Offices

BANISTMO has adopted a sustainability method measured through projects of new buildings; the method was included in the LEED (Leadership in Energy and Environmental Design) Certification process of the US Green Building Council, by incorporating strategies to increase efficiency and significantly reduce energy and water consumption, and to optimize comfort conditions and promote the selection of sites that can reduce the environmental impact.

An example of the above is the project “Sucursal Banistmo SOHO Mall” that developed strategies to gain points in 7 certification categories, obtaining a total of 66 points. This allowed reaching the LEED Gold Certification, the 3rd top degree out of the four levels of the LEED Certification.

For the project “Edificio Corporativo Banistmo,” the following strategies have been implemented: installation of lighting (en-

ergy saving of over 10%), efficient air conditioning systems, use of recycled and wood materials with certificates according to principles and criteria of the Forest Stewardship Council. For this reason, the project has obtained 83 points, which makes it close to reach the LEED Platinum Certification, the highest degree out of the 4 levels of the LEED Certification.

Climate change

Since 2012, we have defined policies and strategies on climate change of Grupo Bancolombia; we have further started the preparation of our report “Carbon Disclosure Project – CDP.” In 2016, after four years reporting in such standard, we have been included for the first time in the Leadership Category “A,” being the only Colombian company to reach such a position. We are one of the companies showing the best performance in Latin America, together with some other financial institutions such as Itaú, Santander (Brazil), and Grupo Banorte (Mexico). This report on climate change actions has been aligned with the CDSB (Climate Disclosure Standard Board) Methodology.

For further information on our Climate Change strategies, please go to: aquí <https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/sostenibilidad/reporte-de-sostenibilidad/ecobanco/>

Participation in Climate Change Public Policy

We have actively participated in the SISCLIMA Committee (Colombia Financial Management Committee) as lecturers at the annual event held by the National Planning Department concerning our vision on climate financing in the country and our interest in the issue of Green Bond as a mechanisms to strengthen the economy in areas such as energy efficiency, renewable energy, and sustainable construction, and participating in inquiry processes for the construction of the climate financing monitoring system in Colombia. The committee includes officers of the national government (National Planning Department), ministries, and entities such as PNUMA, PNUD, and WRI, with the purpose of defining the climate change financing strategy in Colombia.

We have given our opinion to competent national entities relating to several bills relating to energy efficiency, renewable energy, and all other topics associated to climate change.

Within the strategy led by “Asociación de Bancos en Colombia – ASOBANCARIA,” we have actively participated in financial innovation pilot desks that work to define different strategies to create financial products and synergies to strengthen the sectors and create opportunities and mitigate environmental and social impact generated by such sectors.

Management of Risks and Opportunities relating to Climate Phenomena. 201.2

The climate change strategy has been used to financially identify, manage, and quantify tax, legal, and reputation risks and opportunities, and changes of our customers’ behavior and increase of humanitarian demands associated to the climate change. Such items have been included in our analysis of sectors. For further information, please go to: aquí

<https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/sostenibilidad/reporte-de-sostenibilidad/modelo-de-sostenibilidad>

Generation of Knowledge on Climate Change for Customers and Employees

Concerning the generation of value for our customers and employees, we have executed the following actions:

- Events on generation of knowledge to customers in areas such as energy efficiency, saving and efficient use of water, law on waste disposal and climate variability. In such events, our Green Financing Lines are made available intended to support the implementation of projects or assets that are aligned with adjustment and mitigation strategies.
- Strategies with our employees on the reasonable use of resources in the field of communication and aligned with our environmental management policy.

Sustainable Transport

We have implemented alternative energies in vehicles, addressed to Renting and “Localiza” customers, intended to reduce environmental impact during operation and maintenance of vehicles, carbon footprint, reduction of hazardous wastes, among others.

Through Renting Colombia, we have delivered to POSTOBON a fleet consisting of 52 trucks with low emission of pollutants, as part of the renewal of their vehicles. The new fleet emits 338 tons less of CO2 per year, compared to the fleet renewed, and it holds the Euro-5 Standard Certification, which is a version higher than the one required in the country (Euro-4). These are vehicles totally equipped for the distribution of beverages.

By controlling and managing tires, we have extended the service life of tire retreads up to 3 times above the regular cycle. This allows reducing the impact on water and oil consumption and CO2 emissions, as well, since no new tires are purchased and old tires are retreaded. Today, the retread percentage is 41% in Renting Colombia fleet vs. 35% in similar fleets outside the Renting model.

Through the “Sistema Verde S.A.S.” collective system, we arrange the final disposal and exploitation of tires which service life is terminated within different contracts, through heat replacement in Clinker furnaces owned by Argos company. This allows Renting Colombia not only to comply with the goals proposed by Resolution No. 1457 but also to carry out proper disposal and use of 100% worn-out tires of the fleet.



Carbon Footprint

We continue measuring our carbon footprint for direct and indirect operation in Colombia, El Salvador, and Panama, under the GHG Protocol methodology. We manage its components to reduce energy consumption and compensate our footprint through restoration processes of ecosystems coordinated with “Fundación Natura” in Colombia, being then a neutral carbon in direct issues since 2012. This strategy included the sowing of 170,180 trees between 2011 and 2014. These planted trees captured 12,262 tons of CO2 accumulated until 2016.

Additionally, we were included in the BanCO2 system by giving benefits to 6 families from the states of Guajira (tropical dry forest), Meta (plain foothill), Guainía (tropical rainforest), San Andrés (coral ecosystem restoration), Cundinamarca (Sumapaz paramo), and Eastern Antioquia (tropical rainforest). We organize national events on sustainable businesses that are measured their carbon footprint and our compensation includes some contributions to a family belonging to the BanCO2 system within the jurisdiction of Aburrá Valley Metropolitan Area.

We support reforestation activities through the donation of Duranta plants, in cooperation with the community from Palermo Municipality, thus strengthening the region’s environmental awareness.

Greenhouse Gas Emissions.

305,1 - 305,2 - 305,3 - 305,4 - 305,5

Year	1 2 3			Total	Total Employee	Variation	Scope 1+2 (Kg CO2)/ Income (USD)	Variation
	Scope 1	Scope 2	Scope 3					
2013 >>	298	19.760	2.329	22.387	0,51	-21%	0,0074	-5%
2014 >>	813	24.047	2.055	26.915	0,58	13%	0,0058	-22%
2015 >>	536	23.676	2.505	26.717	0,54	0,7%	0,0051	-12%
2016 >>	603	21.954	2.441	24.999	0,51	-6%	0,0040	-22%

Greenhouse Gas Emissions “Grupo Bancolombia” (Ton eq CO2)



The Way We Keep Our Related Groups Informed

During 2016, we implemented communication strategies to share with our related groups the most relevant actions performed by us in areas such as sustainability and generation of shared value.

Topics	Employees	Customers	Suppliers	Shareholders/ Investors	Community
Sustainability Yearbook	Leaf	Leaf	Leaf	Leaf	Leaf
BanCO2	Leaf	Leaf	Leaf	Leaf	Leaf
Corporate Eco-efficiency	Leaf				
Climate change	Leaf	Leaf	Leaf		
Sustainable construction	Leaf	Leaf			
WWF Time of the Planet	Leaf				
Cycle 7	Leaf				Leaf
Sustainable Mobility	Leaf	Leaf			
CAF approved US 60 million dollars to leverage environmental projects of Grupo Bancolombia	Leaf	Leaf		Leaf	
Dow Jones Sustainability Index	Leaf	Leaf	Leaf	Leaf	Leaf
CDP Results	Leaf	Leaf	Leaf	Leaf	Leaf
Green Bond Launch	Leaf	Leaf	Leaf	Leaf	Leaf
Our contribution to the environment	Leaf	Leaf			Leaf
Environmental credit lines	Leaf	Leaf			
Corporate voluntary service	Leaf				Leaf

Environmental Education

Data Corrected as of Dec. 31, 2016

ONLINE COURSES	YEARS Approved	YEAR Approved	YEAR Approved	Cumulative Total
Years	2009-2014	2015	2016	
Corporate Eco-Efficiency*	17.034	N/A	N/A	17.034* was a mandatory course until 2014.
Years	2014	2015	2016	
Think Green (Sustainable Businesses):	865	148	96	1109
Years	2013-2014	2015	2016	
Commit to Sustainability	1694	187	104	1985
Years	2009-2014	2015	2016	
ARAS (Analysis of Environmental and Social Risks)	4091	30	48	4169
Years	N/A	N/A	2016	
Green Protocol*	N/A	N/A	33	33*started in August 2016

*Eco-efficiency course was replaced by the courses: Think Green and Bet to Be Sustainable in 2014.
 *The course Green Protocol was incorporated in the second term, 2016.

Sustainable Businesses

We have implemented a sustainable business strategy to support our customers in the development of projects and help them detect the projects that promote the use of clean technologies, renewable energy, reduction of wastes and emissions, efficient use of energy, cleaner fuels, among others, with less negative impact to the environment and the community.

Our strategy includes: Creation of sustainable products; special technical visits of our commercial team to the customers; identification of the new environmental regulations; and tax benefits for environmental investment; analysis of environmental and social risks; celebration of events, training, and courses; alliances with technical experts and technology suppliers to support our customers in the development of projects.

We have supported 236 customers in topics of sustainable business and advised 49 customers in the identification of environmental tax benefits that can be granted for sustainable investments developed. Since the creation of Bancolombia Green Line from September 2014 to December 31st, 2016, we have financed 59 projects for COP\$ 125,348 million Colombian pesos.

Relevant Aspects during 2016:

- Sustainable Home: In October, we launched a new product known as “Sustainable Home,” by means of which an additional benefit in the credit rate is granted for 7 years to any customer purchasing a sustainable home through credit or leasing with Bancolombia.
- Sustainable Construction Credit: In October, we started financing sustainable construction projects through Bancolombia Green Line (commercial portfolio).
- Solar Leasing: We have developed a solar leasing with preferred rate and a term up to 10 years; this allows our customers to access this technology without affecting their cash flow; the leasing fee is equivalent to the savings for electric energy billing.
- My Planet: This initiative is addressed to Renting and “Localiza” customers who wish to acquire vehicles that may be operated with alternative energies. Results to date: 6 electric vehicles; 40 gas-powered compactors; 69 vehicles with gas-oil conversion. Disbursement: \$ 26,840 million Colombian pesos.
- CAF Line: First disbursement was made for USD 10,000,000 to finance 13 projects involving energy efficiency, renewable energy, and cleaner production. 7 projects on cleaner production in fields of water; 3 energy efficiency and cleaner production projects; and 2 renewable projects. In general, the energy efficiency and renewable projects prevented the emission of 489 tons of CO2.

Type of project	Project	Region	Environmental Benefit
Cleaner Production	P1. Wastewater Treatment Plant	Cartagena	Treatment of 40,000 m3/day. Removal of 100% ss, turbidity, microorganisms
Cleaner Production	P3. Wastewater Treatment Plant	Medellín	65% increase of BOD removal
Cleaner Production	P6. Wastewater Treatment Plant	Cali	85% increase of BOD removal
Cleaner Production	P9. Wastewater Treatment Plant	Montería	33% water saving. 75% Increase of COD removal
Cleaner Production	P11. Wastewater Treatment Plant	Bogotá	58% decrease of DW
Cleaner Production	P8. Wastewater Treatment Plant	Bogotá	89% COD; 88% BOD; 91% ST
Cleaner Production	P7. Worn-Out Tires Management and Treatment Plant	Manizales	Processing of 975,000 tires/year
Energy efficiency / cleaner production	P4. Laser equipment for jeans finishing	Medellín	100% reduction of particulate matter. Energy saving of 65%, avoiding 114 tons/CO2
Energy efficiency / cleaner production	P12. Clothing Washing Machine	Bogotá	46% water saving; 10% energy saving, avoiding 3 tons/CO2
Renewable energy	P10. Self-generation with biomass	Bogotá	Replacement of 60% electric energy consumption with biomass-generated energy
Renewable energy	P13. Photovoltaic generation	Medellín	Generation of 121,760 kWh of solar energy per year, avoiding 30 tons/CO2/year
Energy efficiency	P2. Polyethylene blowing machine	Medellín	80% energy saving, avoiding 342 tons/CO2

Green Securities

Last December 5, we performed the first issue of green securities; to date, we have been the only private financial institution in Latin America to do it. The issue amounted to \$ 350,000 million Colombian pesos (about USD 115 millions). The entire issue was acquired by Corporación Financiera Internacional (IFI) which is a member of the World Bank Group. The scope of the issue includes financing of projects intended to fight climate change, including renewable energies and sustainable construction.

Resources from the issue have been used as a funding source for our green line. 67% of projects that are part of the Bond, correspond to small run-of-river hydroelectric plants with no dams. All plants with a capacity below 20 MW. Remaining 33% corresponds to LEED-Certified sustainable construction projects.

Type	Project	Region	Emissions of CO2 avoided, Tons/CO2/year
Renewable Energy	PCH 1. 2.3MW	Antioquia	4802.78
Renewable Energy	PCH 2. 0.85MW	Caldas	1759.64
Renewable Energy	PCH 5. 15MW	Cauca	27170.89
Renewable Energy	PCH 4. 16MW	Antioquia	33122.61
Sustainable Construction	Sustainable Home. LEED-Certified Project	Antioquia	N.A
Sustainable Construction	Business Center and Hotel. LEED-Certified Project	Cundinamarca	N.A

“Visa Natura” Green Card

Last May 2015, BANISTMO launched its “Visa Banistmo Natura” Credit Card; an innovating and unique card in the market, that operates under a shared brand with Fundación Natura (in Panama). Through this alliance, Natura card, in addition to providing all benefits provided by all Banistmo cards, offers the conservation of Panama Canal basin (one of the most important areas for the environment and the Panamanian economy). The card allows generating funds to develop projects that are intended to conserve water resources and biodiversity in surrounding communities.

- Over 4,600 active cards.
- Total balance (receivables): \$ 149,000,000.
- Compliance with placement goals: 183%.
- Generation of an environmental fund of over 200,000 dollars in 24 months.
- 211 volunteers (collaborators and customers) and more than 1,500 hours.
- Recognition by “Fundación Panamá Sostenible” and American Chamber of Commerce in Panama, AMCHAM.

Banikids

In August 2014, BANISTMO launched Banikids, segment created specially for children and intended to help parents support savings habit of their children, teach them the importance of the responsible management of money and environmental protection, inviting them to take care of turtles and develop ecotourism in coastal communities from Cambutal and Punta Chame Marinas (Panama), in alliance with Fundación Tortuguías. Being part of this segment, children will have access to a savings account at an excellent rate and they will be able to apply for a personalized Debit Card in the name of the minor child, with additional benefits.

- 8,985 customers.
- Balance in accounts: \$5,9 million Colombian pesos.
- Account placement goal set for 2016: 5,000.
- Goal achieved: 5,388.
- Goal fulfillment: 107%.

Total Financing

Our contribution to the country’s environmental goal from financing



Savings	Amount	Units
Electric Energy	8.014	MWh
Fuels – Coal	10.741	Tons
Fuels – Natural Gas	88.290	M3
Avoided emission of CO2	27.798	Tons/CO2
Water	141.800	m3

Sustainable Business Financing (Colombia)	Amount	Operations
Green Line (leasing and bank)	\$125.348.000.000	59
Green Line in USD (5 million dollars)	\$15.000.000.000	3
SECO Line (leasing and bank)	\$5.376.465.487	8
Re-Discount (Bancóldex, Findeter) bank	\$64.642.022.624	23
Re-Discount (Bancóldex, Findeter) leasing	\$25.279.288.772	9
Leasing Bancolombia	\$10.680.422.641	22
Ordinary Credit (project finance) /ARAS commercial portfolio	\$806.571.270.000	11
SUFI third party channels. Electric mobility financing	\$3,213,672,026	773
FINAGRO	\$26.242.769.000	191
Total Financing	\$1.079.140.238.524	1.099

Events of Sector Knowledge for our Customers

- 18 events on:
 - Climate variability: 7 events; 208 customers impacted.
 - Energy efficiency and saving and efficient use of water: 2 events; 51 customers impacted.
 - Waste Discharge Law: 8 events; 409 customers.
- Participation of 668 customers.

Formation of the Commercial Team on Sustainable Businesses

- Training of over 500 members of the commercial team.
- Training of the commercial team from 36 areas of the country, including zone managers and branch managers.
- Topics addressed: sustainable businesses; system B; climate change; BanCO2.

BanCO2 Program Allies

This is one of the main schemes for payment of environmental services in Colombia intended to protect environment, increase resilience and sustainability, and strengthen peace in territories, improving standard of living of its inhabitants. See more

- Last November 9, an alliance among Bancolombia, Asocars, and BanCO2 was subscribed in order to promote and assure sustainability of the scheme in the whole country.
- Currently, payments are made to 2,000 families, including 2 native conservations, distributed along different regions in Colombia.
- Through the scheme, we have been able to protect about 18,000 hectares of native forest, including fauna and flora species.
- The monthly amount received by families or communities ranges between \$ 200,000 and \$ 1,500,000.
- 2,000 savings accounts have been opened with Bancolombia during the last three years of operation of the scheme.
- A fiduciary scheme has been implemented, constructed through a Trust which allows collecting and executing resources of the scheme and generating financial security and confidence for the people who make contributions (voluntarily or mandatorily).
- Through Deloitte, BanCO2 wishes to offer an integral audit service in order to manage risks and improve quality and financial information of the scheme.
- Our support helped develop a new version of the web platform www.banco2.com in order to offer its users an easier way for navigation, inquiries, and contributions.

Analysis of Environmental and Social Risks in Financing

- We evaluate, analyze, and validate environmental, social, industrial security, and warranty risks and impacts during the financing operations.
- We evaluate, identify, and validate the legal environmental and social condition and respect for human rights.
- We follow the international standards of Equator principles, IFC Performance Norms, and the World Bank
- We evaluate 133 operations within the ARAS (Analysis of Environmental and Social Risk) Scheme, distributed among Bancolombia’s business units.

THROUGH SCHEME BANK2, WE HAVE BEEN ABLE TO CONSERVE ABOUT

\$18 thousand

HECTARES

OF NATIVE FOREST, TO PROTECT THOUSANDS OF SPECIES OF FAUNA AND FLORA.

CURRENTLY PAYMENTS ARE MADE TO

2.000

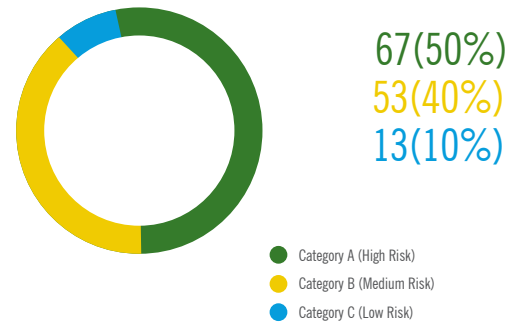
FAMILIES

DISTRIBUTED AMONG DIFFERENT REGIONS OF COLOMBIA, INCLUDING TWO INDIGENOUS RESERVATIONS.

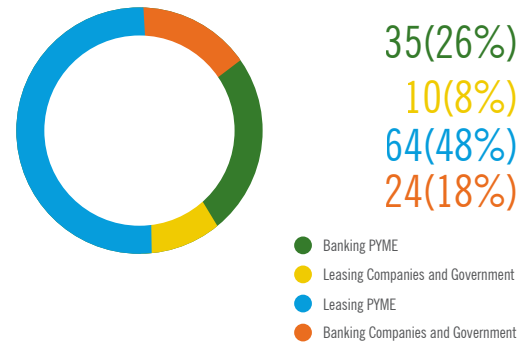


Bancolombia Projects 2016 Consolidated Grupo Bancolombia

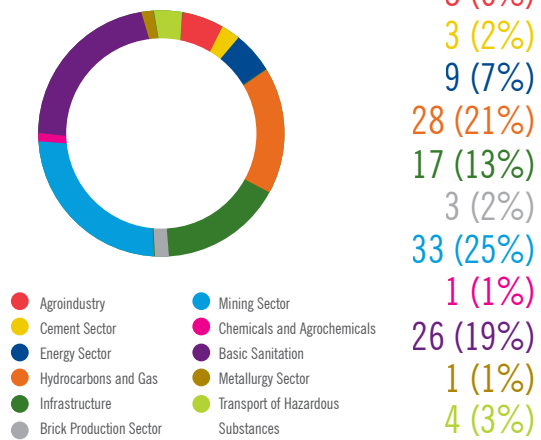
types of projects - Consolidated Bancolombia



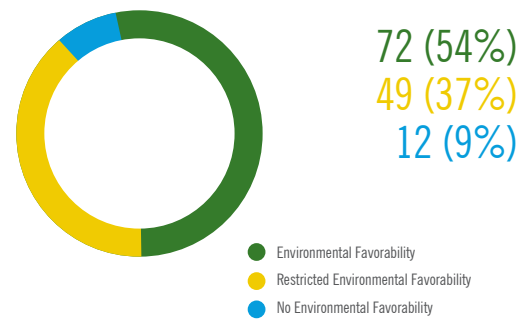
Amount of Projects Per Business Unit



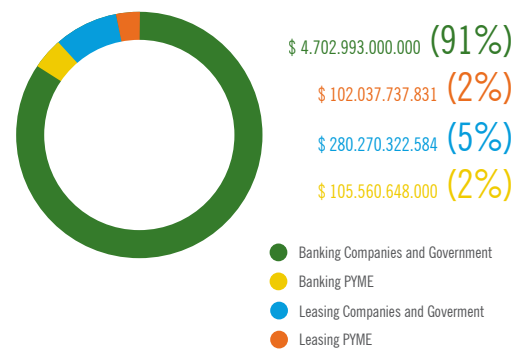
Projects Evaluated per Economic Sector



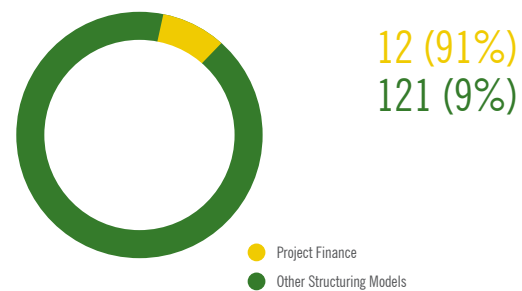
Concepts on Projects



Coverate at the Value of Approval Requests

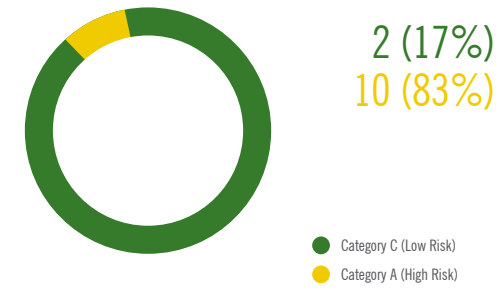


Relationship between Project Finance and Other Structuring Models

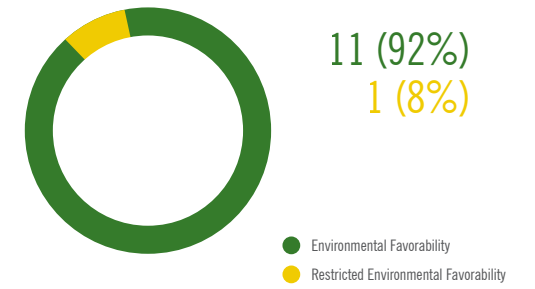


Project Finance 2016

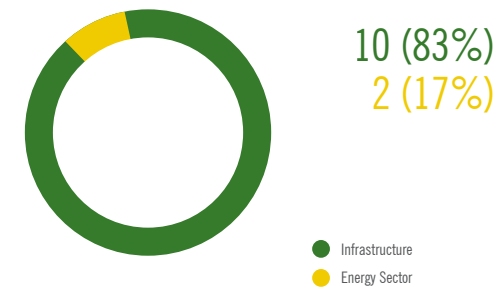
Types of Projects - Project Finance



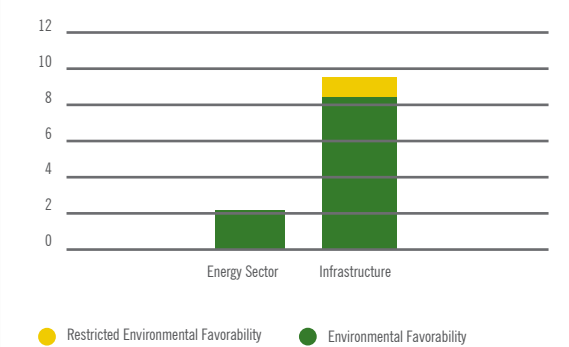
Concepts on Projects - Project Finance



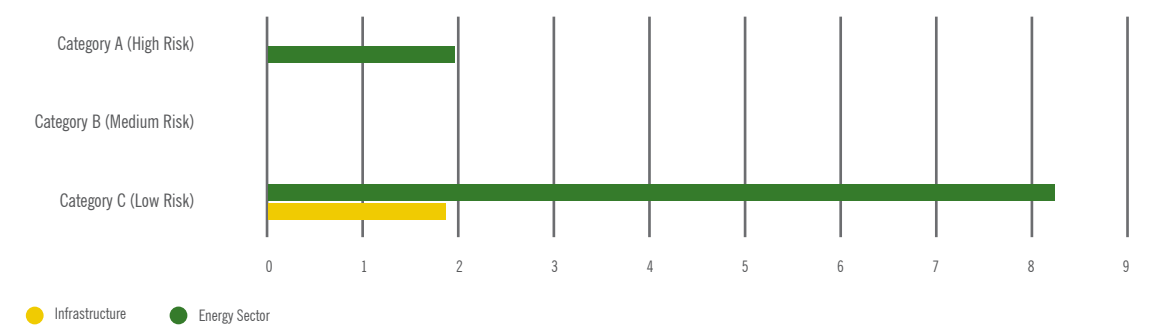
Projects Evaluated per Economic Sector - Project Finance



Correlation between Projects Finance Evaluated According to Production Sector and Results



Correlation between Projects Finance Evaluated According to Production Sector and Degree of Risk





Statistics about conceptualizations, productive sectors and business units:

	BANK (Companies and Government and PYME)	LEASING (Companies and Government and PYME)
Agroindustrial Sector	PROJECTS EVALUATED: 4 Environmental favorability: 2 Restricted environmental favorability: 0 No environmental favorability: 2	PROJECTS EVALUATED: 2 Environmental Favorability: 2 Restricted environmental favorability: 2 No environmental favorability: 0
Cement Sector	PROJECTS EVALUATED: 2 Environmental Favorability: 1 Restricted environmental favorability: 1 No environmental favorability: 0	PROJECTS EVALUATED: 1 Environmental Favorability: 1 Restricted environmental favorability: 0 No environmental favorability: 0
Energy Sector	PROJECTS EVALUATED: 6 Environmental Favorability: 2 Restricted environmental favorability: 4 No environmental favorability: 0	PROJECTS EVALUATED: 3 Environmental Favorability: 3 Restricted environmental favorability: 0 No environmental favorability: 0
Hydrocarbons and Gas Sector	PROJECTS EVALUATED: 8 Environmental Favorability: 4 Restricted environmental favorability: 2 No environmental favorability: 2	PROJECTS EVALUATED: 20 Environmental Favorability: 10 Restricted environmental favorability: 10 No environmental favorability: 0
Infrastructure Sector	PROJECTS EVALUATED: 13 Environmental Favorability: 11 Restricted environmental favorability: 1 No environmental favorability: 0	PROJECTS EVALUATED: 4 Environmental Favorability: 4 Restricted environmental favorability: 0 No environmental favorability: 0
Brick Production Sector	PROJECTS EVALUATED: 1 Environmental Favorability: 0 Restricted environmental favorability: 1 No environmental favorability: 0	PROJECTS EVALUATED: 2 Environmental Favorability: 0 Restricted environmental favorability: 2 No environmental favorability: 0
Mining Sector	PROJECTS EVALUATED: 12 Environmental Favorability: 4 Restricted environmental favorability: 6 No environmental favorability: 2	PROJECTS EVALUATED: 21 Environmental Favorability: 6 Restricted environmental favorability: 11 No environmental favorability: 4
Chemicals and Agrochemicals Sector	PROJECTS EVALUATED: 0 Environmental Favorability: 0 Restricted environmental favorability: 0 No environmental favorability: 0	PROJECTS EVALUATED: 1 Environmental Favorability: 1 Restricted environmental favorability: 0 No environmental favorability: 0
Basic Sanitation Sector	PROJECTS EVALUATED: 12 Environmental Favorability: 8 Restricted environmental favorability: 3 No environmental favorability: 1	PROJECTS EVALUATED: 14 Environmental Favorability: 8 Restricted environmental favorability: 5 No environmental favorability: 1
Metallurgy Sector	PROJECTS EVALUATED: 1 Environmental Favorability: 1 Restricted environmental favorability: 0 No environmental favorability: 0	PROJECTS EVALUATED: 0 Environmental Favorability: 0 Restricted environmental favorability: 0 No environmental favorability: 0
Hazardous Substance Transportation Sector	PROJECTS EVALUATED: 0 Environmental Favorability: 0 Restricted environmental favorability: 0 No environmental favorability: 0	PROJECTS EVALUATED: 4 Environmental Favorability: 3 Restricted environmental favorability: 1 No environmental favorability: 0

ARAS Cases

(Environmental and Social Risk Analysis)

In order to apply the Environmental and Social Risk Analysis process, the following report on three projects has been made, including each possible result, as follows:

1. Environmental Favorability (Customer of Basic Sanitation Sector)

- **General Description:**
The project consists of processing and use of construction and demolition wastes through a grinding equipment with a 200 ton/hour capacity. There is a projection on the potential use of about 30% of total debris generated with the purpose of processing them for the sale of concrete structures, sub-structures and aggregates. The project is located at "Siberia" village, "La Florida" sector, Cota Municipality, State of Cundinamarca.

- **Conclusions and opinion:**
- ✓ After evaluating technical conditions of the project, contained in the Environmental Management Plan and the technical and general description of the project –Construction and Demolition Waste Use Center- a verification is made to check if it includes relevant processes, mechanisms, and resources focused on control, prevention, mitigation, and compensation of environmental risks and impacts associated to special waste recovery activities.
- ✓ There is a Social Management Program containing the description of actions to be executed for maintenance of harmonic relationships with the groups of interest. There is also a Plan on Health and Security at the Workplace; the plan defines relevant criteria for prevention of accidents and events.
- ✓ There is a Certification issued by "Corporación Autónoma Regional de Cundinamarca – CAR" dated October 21st, 2010, relating to the non application of the environmental licensing process. It should be noted that the final purpose of the project can be seen with a positive environmental impact since it allows reusing materials that would otherwise be disposed of in a landfill.
- ✓ The environmental favorability opinion is given; inclusion of general environmental provision is required.

2. Restricted Environmental Favorability (Customer of Tannery Sector)

- **General Description.**
Activities conducted are associated to the processing of bovine leather to be manufactured in the leather industry. Stages of the tannery process include cleaning, tanning, and finishing, which implies the removal of fur, tanning with chemical agents (such as Chrome), and dyeing, in order to produce finished leather and a long-lasting material not subject to decomposition by physical or biological agents.
- **Conclusions and Opinion**
- ✓ After evaluating the environmental risk through technical/environmental programs on saving and efficient use of water and energy, air pollution, wastewater management, and contingency and emergency plans, verification is made to check if, theoretically speaking, there are necessary elements for control, prevention, mitigation, and compensation of environmental risks and impacts associated to leather manufacturing activities. However, these practices are not entirely applied according to the visit conducted. After the visit, there is clear evidence of water wastage and cross pollution of wastewater, easy entry of pathogenic agents and disease vectors, increased concentrations of hexavalent chrome, presence of organic wastes in other areas, among other irregular events. Concerning wastewater quality evaluation laboratory tests conducted by a laboratory not described in the Report, it is clear that there is a failure to comply with requirements defined for this activity, especially concerning the BOD (Limit: 1,200 mg/l; Result: 1,240 mg/l), sulfides (Limit: 3.0 mg/l; Result: 73.3 mg/l), and chrome (Limit: 1.50 mg/l; Result: 9.12 mg/l). For the above, there is clearly a significant risk from two standpoints: Pollution of water sources (surface and underground sources) and soils, and failure to comply with permitted limits for discharge of pollutants. After the visit, unsafe work conditions for employees and contractors were identified, personal protective equipment was not used, and no safety signs were posted. Notwithstanding the above, it should be noted that part of the investment has been used to improve facilities, infrastructure, health and security measures at the workplace, and environmental sanitation conditions, especially the conditions at the wastewater treatment plant.
- ✓ From the point of view of the environmental authorities' position, there are environmental permits for air pollution and water





concession; however, as of this date, the issue of a permit for the discharge of wastewater is still pending, and this authorization is extremely important for the productive process.

- ✓ Based on the field visit conducted, there are actions plans implemented such as a quarterly report by an Independent Consultant to validate (compared to a work schedule of the wastewater treatment system) the implementation of each component and a final result on characterization of wastewater, to certify the proper compliance with authorized limits for each applicable parameter. Consultancy Office should also submit reports associated to the implementation of the Health and Security Management System at the Workplace. This is subject to prior delivery of relevant administrative document on renewal of the wastewater discharge permit.
- ✓ For the abovementioned, the opinion on Restricted Environmental Favorability has been given subject to prior submission of information within set terms.

3. No Environmental Favorability (Customer of Palm Tree Cultivation Sector)

- General Description.
The project includes cultivation and sowing of the oil palm tree and future processing at the oil extracting plant, with a potential of zero emissions of carbon dioxide. There are 6,784 hectares sowed with oil palm trees and 15,000 hectares projected, for an estimated annual production of 30,000 tons of the fruit. The project is located in the State of Meta.
- Environmental and Social Considerations:
 - ✓ The project has gone through a penalty proceeding due to abnormal events seen on the illegal use of surface water at “Caño Macondo.”
 - ✓ There is not a concession on the industrial and household use of water for the operation of the extraction plant and the operation of a camp for workers.
 - ✓ Generation of discharges without treatment of industrial wastewater resulting from the operation of the oil palm tree extraction plant and the compost area.
 - ✓ Based on the information above, the project has caused damages and negative impact on forests and soils due to the improper management of byproducts from the extraction process.
 - ✓ The following are the main environmental impacts caused by the project:

- Alteration of topography and landscape;
- Alteration of physical, physical-chemical, and chemical conditions of soil and subsoil.
- Infertility or facilitation of the entry of pollutants through water due to the use of agrochemical products;
- Negative impact on fauna and flora natural habitats;

The following are the main social impact caused by the project:

- Impact on the workers' health and security;
- Infertility and change of the use of soil;
- Destruction of the maintenance activities and standard of living of communities;
- Damages to social and community organizations;

- ✓ It should be noted that with respect to risks associated to social perception, some complaints of native communities and inhabitants have been reported with a clear proof of the irreparable damages and other damages that can be mitigated such as generation of ecological damages and non-concession use of water.

• Legal and Documentary Considerations:

- ✓ It has been identified that the project is subject to the filing of a penalty proceeding issued by CORMACARENA (“Corporación para el Desarrollo Sostenible de la Macarena”), by means of which the use of water at “Caño Macondo” has been suspended, including industrial wastewater discharge and use of water retaining dam, suspension of the disposal of rachis directly on the soil, and suspension of the permit on discharge of lixiviates coming from the compost areas. The customer has informed that the processing plant and the palm tree plantation are still operating since the action in progress with CORMACARENA is going through the evidentiary stage and no penalties have been imposed, and the final resolution is still pending. However, relating to each finding identified by the environmental authorities on September 12th, 2016, the company responded the charges expressed by CORMACARENA, presenting the arguments to object such affirmations and, as of this date, a final response is pending, and the opinion of the Environmental Authorities concerning the penalty measures imposed to the project is still unknown.

• Environmental Concept:

Based on the considerations above, an unfavorable environmental concept has been given.

Adhesions and Protocols

Equator Principles

We continue with our voluntary adhesion to the Equator Principles and, during 2016, we participated in the EP LATAM Outreach WG led by ITAU, consisting of about 10 Latin American banks; our intention is to share good practices for the implementation of the Equator Principles in countries where our company is present.

The objective of this group is to know regional experiences that can be used to apply the Equator Principles by all member banks. Specifically, topics such as performance standard, biodiversity, and sustainable management of natural resources in financing projects were addressed.

Unep-Fi

We continue with our participation in monthly groups that gather over 50 Latin American organizations sharing good sustainability practices in the financial sector. Topics addressed during this year include: REDD program and sustainable use of soils, positive impact principles, and energy efficiency.

Mandate for Water

During the development of its operations, Bancolombia requires no high consumption of water; however, we are aware of the importance of water and we have committed to the CEO Mandate for Water, an initiative that proposes work in 6 areas and relevant actions have been implemented for each area.

Water management is part of our climate change policy. For further information, please visit our website or click here. <https://www.grupobancolombia.com/wps/wcm/connect/318878ac-2652-48bf-925e-c9d848027181/politica-cambio-climatico-grupo-bancolombia.pdf?MOD=AJPERES&CVID=I2RFWc5>

1. Direct Operations

Collection of rainwater, which is then reuses as refrigerant in air-conditioning systems at our General Management Office and our Data Center in Medellín City.

- Monitoring of water consumption at all our facilities, with the purpose of detecting abnormal events and identifying reduction and efficiency opportunities.

2. Value Chain (Suppliers / Customers)

- Environmental criteria in RFP (Request for Proposal) evaluations for supplies.
- Evaluation to suppliers in sustainability topics.
- Advisory service for our customers on the improvement of cleaner production, relating to water topics implying knowledge of current regulations in force.

3. Handling of Watersheds

We have started with the identification of facilities that are located in areas of water stress and we have implemented action plans to supply water not only in our offices but also in the facilities of our collaborators and their families.

4. Public Policy

We are aware of the role and responsibility of private sector to support the integrated management of water resources.

5. Community Participation

Voluntary service provided by our employees to Banc02 in the search for creating awareness on the management of water and the importance of protecting conservation sites and water springs that provide water to big cities.

6. Transparency.

The annual report on water consumption in the management report can be seen in chapter on environmental management and on our website. Corporate Eco-Efficiency. <http://www.grupobancolombia.com/wps/wcm/connect/25f60499-cc3e-44cf-9571-5a65faadc853/ambientales.pdf?MOD=AJPERES>

Corporate goal on reduction of water consumption, available at our website:

<http://www.grupobancolombia.com/wps/wcm/connect/25f60499-cc3e-44cf-9571-5a65faadc853/ambientales.pdf?MOD=AJPERES>





RIP (Responsible Investment Principles).

We continue with the implementation of good practices in order to comply with our commitments as subscribers of the Responsible Investment Principles. As institutional investors, it is our duty to guide our actions towards the better generation of value in the long term for our beneficiaries. By executing this fiduciary function, we believe that environmental, social, and corporate government issues can negatively impact the profit of our investment funds; we are aware that the application of this policy will help us act consistently with the widest objectives of society.

Currently, we are part of the advisory committee to the LatinSIF initiative, which is intended to develop the responsible investment scenario in Latin America, creating an institutional framework, generating of knowledge in the companies involved in responsible investment, creating capacities within the companies, and consolidating the development of a regional sustainable investment market.

Green Protocol

During 2016, we strengthened our participation and management in 12 work desks implemented on the four strategic topics of the green protocol, especially on Products and Services with the development of the second stage of the project “Financial Innovation Pilots” by means of which we have supported the agricultural and energy desks. We led the construction of the General Implementation Guide (ARAS) for the Colombian financial sector, issued by ASOBANCARIA. We have supported the development of the carbon footprint measurement guide prepared in conjunction with ICONTEC for financial institutions, sponsored by MADS and the Green Protocol.

Actions Performed during 2016 by the Green Protocol Committee at ASOBANCARIA, where Bancolombia Shows an Active Participation



Respect of Laws and Other Regulations In Force as the Action Plan for Bancolombia

Committed to the environmental conservation, Bancolombia is in compliance with environmental regulations in force and has adopted relevant procedures to reduce the environmental impact of its activities; for this reason, we are seen today as the second most important bank worldwide to implement the best environmental practices. We are still analyzing Resolution No. 1715 associated to the implementation of WEEE and Tire Management Systems and the entire strategy to support the implementation of Resolution No. 0631 of our customers.

Energy Efficiency and Renewable Energies: In order to promote renewable energies with our customers in Colombia, we have evaluated the regulations set forth by Law 1715 of 2014 and the tax benefits offered and relevant protocols have been defined to accompany our customers in the execution of such procedures.

With respect to the regulations of Resolution No. 631 of 2015, several events were held in cooperation with the Ministry of Environment and Sustainable Development with the purpose of discussing with our customers all the requirements to be fulfilled by them.

Environmental Management System

We continue strengthening our environmental management system aligned with the international standard ISO 14001:2004, which includes our Environmental Management Policy that sets reference framework, structures, principles, and directives on planning, organization, execution, monitoring, control, and improvement of the Integral Environmental Management System. In this manner, we promote the achievement of sustainable development objectives thanks to the strategic planning executed by us on an annual basis with the active participation of Bancolombia’s internal areas.

We have further implemented the improvement of our mission on corporate eco-efficiency, analysis of environmental and social risk, sustainable businesses, and climate change strategy, closing gaps on internal audit and managing knowledge and development of the following corporate policies:

- Sustainable purchases.
- Human Rights.
- Climate Change.
- Controversial Financing Topics.
- Responsible Investment.
- Relationship with groups of interest.

We continue working in our commitment and the participation of alliances with BanCO2, LatinSIF, Fundación Natura, and WWF non-government organization.

Concerning environmental expenses and investments within our environmental management system, we have obtained the following information:

List per Type of Total Expenses and Environmental Investments

Costs of waste treatment, treatment of emissions, and restoration	Costs	Costs of Environmental Prevention and Management	Costs
Payments made for sanitation fees	458.207.212,00	Strategy: Reasonable Use of Energy	135.457.787,00
Payments for final disposal of wastes	12.490.553,00	Investments: Energy Management System	1.227.906.303,00
Waste separation strengthening (supplies)	19.135.774,00	Change of electro-mechanical equipment and adaptation of facilities	2.546.361.089,00
Wastepaper bin removal strategy at 15 buildings	19.168.269,00	Consultancy / Certifications /	374.000.000,00
Costs of study for legalization of ground water tank at DG	2.375.941,00		
Remediation costs for Santa Elena piece of land (Cartagena)	820.529.745,00		
Investment in Social Innovation (SInes) to carry water to 2 sites in the country (Islote Project / Guajira Project. Solar panels, Porujari community)	257.000.000,00		
Total Investments / Environmental Expenses:		5.872.632.673	



“Santa Elena” Case

In year 1987, Banco de Colombia received from “Federación Nacional de Algodoneros,” as a way of payment, a piece of land located on Mamonal road in Cartagena. This piece of land was tested (with positive results) for contamination with herbicides and pesticides that had been deposited in the soil; this then required several interventions by the Bank.

By the end of the process conducted for remediation of damages during 2015 and after evaluating the results obtained during 2016, it was determined that a high degree of improvement was reached in land conditions, but total remedy required by ANLA document was not fulfilled.

Within the processes executed in 2016, new samplings were conducted to water and soil in order to determine the degree of contamination still present to be solved for the achievement of the objectives.

During 2016, necessary discussions with the environmental authorities were made with the purpose of defining a remediation method that fulfills the expectations contemplated in ANLA requirements. Therefore, relevant reports and results were submitted in order to reach an agreement to complete the process in a satisfactory manner.

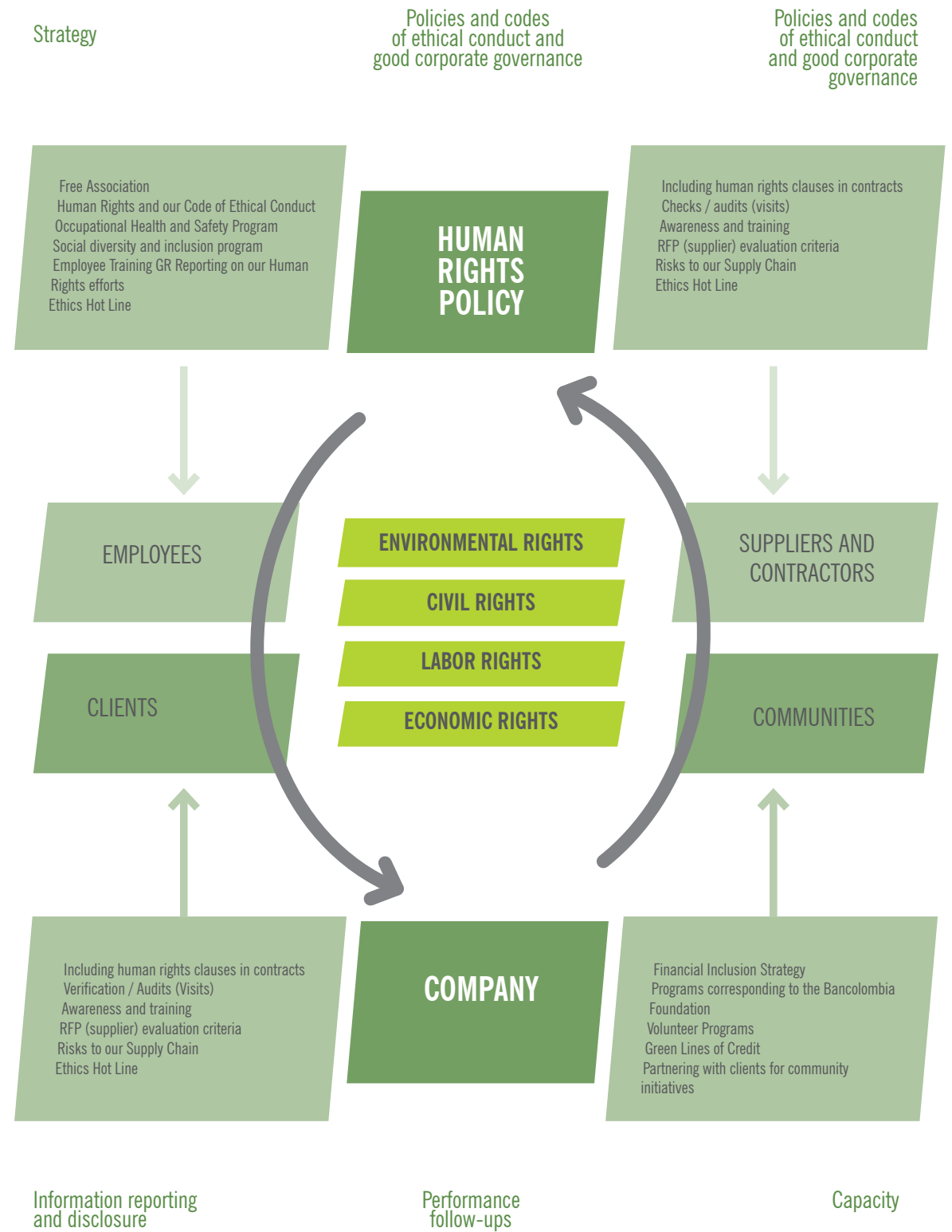
In year 2017, the objectives are focused on achieving an agreement with the environmental authorities on an effective decontamination method that allows, within a term not exceeding two years, completing all tasks and achieving final resolution to relieve the bank from its current obligations.

Human Rights: To Promote; To Respect; and To Remedy

We offer a policy and a framework on action and management of Human Rights according to the “United Nations Governing Principles on Companies and Human Rights” of John Ruggie, as part of our support and commitment to the Global Pact and the application of Equator Principles to project financing operations.

Human Rights and Businesses

Our due diligence process on Human Rights, performed since 2013, includes any breaches relating to labor practices, community impacts, and supply chain. This process is conducted by an interdisciplinary team in the countries where our company is present and it involves 100% of Bancolombia’s activities.





Cases

Below there is a list of cases that have been analyzed under our Environmental and Social Risk Analysis methodology and at risk of breach of Human Rights.

Case 1

An animal food production activity is developed in the State of Caldas; this activity was not funded since it failed to implement a Health and Security Management System at the workplace; employees' human rights had been violated and employees were exposed to potential accidents or work-related diseases.

Case 2

We did not finance an oil palm tree agroindustrial project located at the State of Meta due to the environmental and social impact resulting from the improper management of natural resources such as the illegal collection of water and generation of wastewater untreated discharge, which damaged soils, water bodies, gallery forest ecosystems, native communities, and inhabitants.

Projects not financed for their violation of human rights in different economic sectors.

The most significant impact on Human Rights in an indirect one: Financing of projects showing a higher risk of violation of human rights; for this reason, an additional due diligence was performed through the evaluation of Environmental and Social Risks to 133 projects, 10 of which were subject to non-favorability due to their violation of human rights.

Table of projects not financed due to violation of human rights

	Hydrocarbons and Gas	Mining	Basic Sanitation	Agroindustry
Right to a healthy environment				
Community Rights				2
Employees and Contractors Right to work in a healthy and safe environment				
Environmental and social operation license	3	3	2	
General Total	3	3	2	2



Human Rights and Our Employees

The Ethics Line is the instrument created to allow several related groups to report any type of breaching to the codes of conduct, ethics, and good government, including potential violation of human rights.

All cases have been subject to investigation and, based on the findings, an action plan is implemented. According to the reports received from the employees through our Ethics Line and the Coexistence Committee, no cases (0) of effective violation of Human Rights occurred in 2016.



Discrimination Events and Corrective Measures Adopted. 406,1

	2015	2016
Complaints made by our collaborators, suppliers, and customers on the actions that may affect and/or violate human rights		
Total number of complaints filed through our formal complaining mechanisms	80	71
Number of complaints accepted	80	71
Number of complaints verified proving that there was any action that could violate human rights	50	37
Number of complaints rejected because there was no proof of violation of human rights	27	45
Number of complaints proven to effectively violate any human right	3	5
Total number of complaints faced with an action plan	2	0
	77	59
Number of discrimination events	0	0



Human Rights and Supply Chain

We continue with the inclusion of provisions on the respect for human rights in all new agreements and contract renewals with suppliers and contractors, as well as in all service orders.

Controversial Issues in Financing Processes

Since 2013, we have implemented a policy on controversial issues in financing processes, intended to define the activities that shall not be financed due to their high environmental and social impact and the financing and investment conditions in economic sectors with a high environmental and social impact. Additionally, we have a list of exclusion where all activities and assets not financed can be found, covering 100% coverage of Grupo Bancolombia's activities.

During the evaluation process for environmental and social risks in 2016, 133 operations of critical sectors (due to their controversial character) were evaluated, 8 projects of which were not financed since minimum requirements had not been fulfilled.

Below there is a table showing the project that was not financed due to its controversial character (from 2010 to 2016).

Cases

Case 1

Construction and Operation of an LNG Gasification Terminal at the State of Bolívar was not financially supported since the project failed to comply with minimum environmental requirements.

Table of projects with favorability

	2010		2011		2012		2013		2014			2015			2016		
	Mining		Mining		Mining		Hydrocarbons and Gas	Mining	Energy	Hydrocarbons and Gas	Mining	Energy	Hydrocarbons and Gas	Mining	Hydrocarbons and Gas	Mining	Agroindustry
HUMAN RIGHTS COMMUNITIES			1						1	1	1		1	2			2
ENVIRONMENTAL RIGHTS							5			1		1	1	5			
ENVIRONMENTAL LEGAL FAILURE TO COMPLY	1		1		1		5		1	3	9		1	4	3		3
GENERAL TOTAL	1		2		1		5	5	2	5	10	1	3	11	3	3	2



Permanent dialogue with The authorities

6

Best Investment Banking in Colombia

Market participation, number and size of business, service, and advising, structuring capacity, distribution network, efforts for assisting market conditions, innovation, fixation of prices, further performance in market of structures issues and the reputation of market resulted in that Global Finance granted us the award Innovating Solutions created for clients' needs.

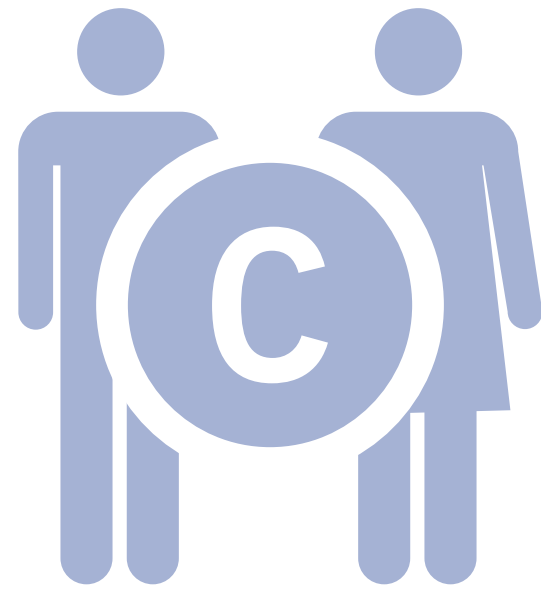
Society legal situation

During the social exercise due December 31st, 2016, Bancolombia made its business and operations according to legal regulations that are mandatory to its activity and under the surveillance of the Financial Superintendence.

Business results are reflected in the financial statement and relevant issues happened were dully reported to the market through information mechanism authorized by the Colombian Financial Superintendence of Colombia and USA Securities and Exchange Commission (SEC).

The main contingencies resulted from of judicial process in course are filed in the financial statement notes.

After the closing, Bancolombia was notified of a sanction resolution by the Financial Superintendence by technology events that interrupted the service provision, which was appealed by the bank.



Free invoice circulation

Paying attention to Law 1676/2013. Bancolombia S.A. certifies that in 2016 accomplished all corresponding duties for the reception and payment of invoices issued to it, in relation to administrative payments. To make easier the free circulation and payment of them, it has adopted, among others, measures to guarantee that invoices had its due process for timely payment and due diligence for requesting corresponding discount.

Intellectual Property and Copyrights

According to Article 47, Law 222/1995, modified by article 1, law 603/2000, we reported to our shareholders that Bancolombia fulfills all regulations about intellectual property and copyrights in the development of its trade purpose, taking into account the ownership of the mentioned rights or due authorizations to use it. The foregoing in virtue of signed contracts with owners or authorized distributors of intellectual property rights and/or copyrights.

Bancolombia brand and other relevant brands are duly registered, and in total the bank has 216 registered brands in Colombia: 17 commercial motto granted, 10 commercial banners in deposit and 14 commercial names granted; overseas it has 161 brands, 1 commercial motto and 6 commercial brands. To all this, name and brand rights that were registered to Leasing Bancolombia S.A., prior to the merge, will be added.

As of December 31st, 2016, and after the closing, there is not any information about pending claiming by authorities or third parties and that involves possible violations to regulations of intellectual property or copyright.

Elements of the internal Control System

a. Control Environment

Bancolombia Board of Directors is the body that sets up the ethical tone of the company and through Ethical Codes and Good Government define principles, guidelines, and policies that all employees should fulfil, who shall seek at every moment the generation of transparency and trust in different group of interest. The high direction, on its part, is responsible to promote, articulate and implement the corporative culture, principles and values defined by the Board of Directors assuring that they have been known and fulfilled by all employees of the company.

With the purpose to promote and consolidate the corporative culture, in 2016, different activities guided to assure that employees know the ethic tone and guidelines for the group in all issues were carried out; the following activities are outstanding:

- Annual evaluation of the ethics code, obtaining 96% participation by the group employees.
- Announcement reminding policies related to presents and invitations.
- Announcement remembering to employees the Bancolombia values remembering the treasury attachment has in the ethics code.
- Corporative announcement to reinforce the policy “Zero tolerance to fraud” and promotion and sensitization of the relevance of ethics line as mechanism to let know improper acts and fraud. In 2016 the campaign deployed was called “I choose to say not to fraud”.
- The Board of Directors through its auditing committee made following to relevant matters related to fraud and ethics line, mechanism strengthened by means the selection of a new provider with coverage in the different geographic zones where the group operates.
- Likewise the auditing committee watched for the performance of the intern control system of the bank and subsidiaries as Banco Agricola, Banistmo and Valores Bancolombia.
- Continue making activities related to anti-fraud strategy of the company, with investment in important resources.

Report of Internal Control System

The model of Bancolombia Internal Control System is inspired in the set of principles, philosophy and reality of group business and pays attention to recommendations of Committee of Sponsoring Organizations of the Treadway Commission (COSO I) in its updated model of 2013 and local regulation of each one of countries in which we have operations. Such system which complements with System of Risk Management, allows the company to have a proper control architecture to achieve objectives.

Following there is the report containing SCI evaluation carried out by the direction and independent control departments, financial auditing and internal auditing; all these evaluations allow concluding that Bancolombia has a proper effectivity of SCI.

Direction report - Certification

Based on activities and evaluations carried out by the direction, the valuation of Bancolombia inner control system as of December 31st, 2016 showed satisfactory results regarding to effectiveness. Model principles are clear, operate and fulfill in the organization and improvement opportunities identified and related to controls did not have material impact on the financial statements of 2016. Likewise, the SCIE is known to a reasonable level by employees and collaborators in different levels, it is operating and periodically reviewed. All this is dully supported.

- Revealing in the webpage of report of the ethics code breach.

Bancolombia group has an Ethics Committee in charge of supervising the fulfilling of dispositions in the Ethics Code and complementary attachment in this, as to determine necessary actions to knowledge, promotion, and strengthening of highest standards of conduct and ethics of each one of the group companies.

Regarding matters related to organizational design in Bancolombia and several group companies. Adjustment were made in the interior of Corporative vice presidency to attend new commercial challenges and business, likewise the strengthening of identification process of critical positions and succession policies and planes that with the same to mitigate possible risks in the business continuity were maintained. The high potential plans on target to develop and maintain key personnel in the company, operated in the right way.

The group continues advancing with programs that allows the strengthening of knowledge and skills of the company employees to the exercise of their positions, under the precept that formation it's a fundamental pillar in the development of growing of its employees and a leverage to achieve sustainability and high performance.

In the year 2016 the following activities made in Colombia through Bancolombia and subsidiaries were outstanding:

- Close to 3,300 employees in the commercial area passed by the training process of new positions
- 1,850 employees among apprentices and interns passed the training process to an induction process
- Near 3,200 chiefs certified in the Leadership Institute, this means 86%
- The 80% of employees made mandatory virtual formation plans.
- 5,490 internships were made to obtain knowledge and to develop an specific skill in any position of the company
- Close to 13,100 employees participated in formation attendance programs

- Risk evaluation

Bancolombia group Risk Management System covers the definition of risk policies and guidelines, specific objectives to the management of them, definition and

implementation of system's component (identification, evaluation, measuring, management, monitoring and risk report), creation and following of a risk map. As well as minimum and maximum limits of exposure and appetite that wants the company among others.

The risk understanding and capacity to anticipate to them, as well to mitigate them are tasks of big importance to Bancolombia, for this purpose, it keeps a Corporative Vice-presidency that permanently and regional reach, identifies and updates possible risks inherent derivate of business prioritizing those according to valuation made and being critical and of high impact for the company, and implements and execute controls necessary to mitigate them.

The company has a. Operative (RO), Credits (RC), Liquidity (RL) and Market Risk Management System, money laundry and terrorism financing (LAFT that allows opportunely monitor risk to which the company can be exposed. The risk management requires a culture and philosophy clear and unified and to be communicated to all employees, for such purpose annually employees make a virtual training course that covers different aspects of the risk system management of the company. In 2016 employees and collaborators made the course called Risk Hunters which includes among others, aspects related to operational risk, FCPA, SAC Sarlaft, SOX, the 81% of employees made this course.

The fraud risk is also monitored, for this, the company has a corporative security area and a security committee where review finding related to fraud and take necessary actions according. Initiatives as zero tolerance to fraud, complaints, diffusion, and publication of fraud inside the group converge to this type of risk do not impact significantly.

- Control activities

The main policies, process, and controls in Bancolombia are duly documented, which also are updated according to corporative and regulation changers. This update process is complemented with periodic risk operational risk evaluations where according to identified risks, controls are designed such as: controls to applicative access, access certifications, attributions and exception policies, dual controls and function segregations, to assure the correct mitigation of risk and to prevent the functions concentration, leaving the evidences required to support our Inner control System.

The related process to business includes manual and automatic controls. The main applicatives of the group are periodically evaluated to assure the existence and right functionally and its controls and to guarantee the integrity of information and risk associated to technology. Nevertheless, in 2016 year was a year of inconvenient to our technology system, affecting the right and timely service provided to our customers. This situation, assumed with the best attitude, implied evaluations on systems, to develop actions plans. Such action plans, are in course and has the duly following up of the control agencies.

Foro financial information systems, we have solid systems that allow making analysis and controls to financial information used inside the organization.

The functions and services that Bancolombia has outsourced has the respective contracts and necessary documentation, which have been monitored. Such contracts have clauses that allow making updates and changes facing opportunities of improvement identified regarding the service providing.

- Information and communication

With the purpose of keeping duly informed Bancolombia group of interest, from the relevant issues of the bank, financial and non-financial information is published through the corporative webpage and when required, through the mechanism of relevant information to the market. The relevant information published by Bancolombia is also published through the established mechanism established by Securities and Exchange Commission (from now on "SEC") and are available to the market in the corporative webpage of the bank.

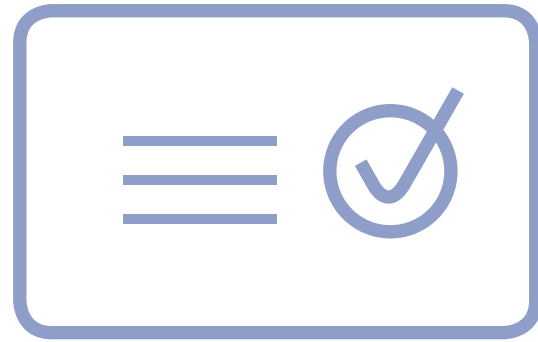
In Bancolombia group, we have policies related to the management of classified, confidential and privileged information, which are communicated to employees, evaluated in formation plans, and monitored.

The employees and collaborators in all levels of its structure and according to it, receive the necessary information for the right performance of their functions. From the selection process, employees are part of a guidance process, where they are acquainted with the group philosophy, normative guideline, and basic behavior for the company, among other aspects.

Additionally, by means of company communication media as intranet, corporative communications, e-mail, and other internal channels, the Ethic Code, regulations of complementary conduct to code, policies, guidelines, process, handbooks, recommendations, interests news, and other information necessary to the understanding and fulfilling of described objectives are published.

The network units are protected and there is a security backup and all operations to guarantee the business continuity before possible contingency.

All processes and applicatives fulfill the proper security standards and all operations and transactions must keep registered in verifiable means that gives traceability to the operation. When the information comes from external sources, its reliability and validity is verified before using it in the process flow. Likewise, the company applies COBIT standards in technology issues.



- Monitoring

Bancolombia has an Intern Auditing Corporative Vice-presidency, in charge among other issues to evaluate the Internal Control System, risk management and corporative government, contributing to improve the efficiency, all this inside the statute and regulation frame applicable and approved for this. The group intern auditing has been certified by the Auditing International Institute and has a professional team that supports all functions and activities of auditing at the company's interior, with a permanent commitment to integrity, independence and objectivity in the making of different activities and has a model, which is a reference at national and international level, which is in constant evolution by means of study, training and presentation of better practices.

Annually the auditing presents a work plan to the Auditing Committee, where some relevant matters or in risk to be evaluated are identified. The committee in its different meetings make a follow up to the approved work plan at the beginning of the year and conclusions and improvement opportunities identified in different works carried out by the Auditing, which are also reported to the direction, with which action plans are defined and a follow up to the fulfillment of the same is carried out.

The high direction makes continuous monitoring to fulfillment of its process, objectives, and controls and certifies its actions feeding our internal control system. Annually, it carries out an exercise on behalf of the high direction in which, it provides a concept about different components and principles of the intern control system, based on the COSO model. This activity is developed in coordination with the corporative SOX area for the different companies of the group.

The committees established at the interior of the group allow the general comprehension of business performance and its

possible risks. Likewise objectives, indicators, and committees designed on each vice-presidency establish a reference point before what is executed vs what is expected.

Additionally to internal mechanism of monitoring and control, Bancolombia group provides the monitoring and evaluation process by the financial auditing, which applies, in their works, international standards on the issue. Likewise, control institutions on countries in which we are present, execute surveillance and supervision works. The results of the monitoring as control institutions are known and discussed with different areas of the company, which have the responsibility to communicate them to superior levels, when necessary.

The financial auditor also represents his work plan to the Auditing Committee, this body through its different sessions make follow up to the development of it and to improvement opportunities and significant weakness. In case of exception in the report of the financial auditor, the committee will evaluate the situation to determine if such exception will be accepted and if necessary, report about commentaries and considerations will be reported to shareholders in the convention.

The Auditing Committee will permanently report to the Board of Directors about the development of its activities and main aspects known by this body.

It is necessary to clarify that in 2016 if it is true that there were improvement opportunities resulting from evaluations carried out in the Intern Auditing and Financial Auditing to some process, no material weakness or exemptions were mentioned by control bodies.

Report of the Intern Auditor

Bancolombia group Corporative Vice-presidency of Intern Auditing in 2016 carried out its work plan applying global standards to the professional exercise of auditing, according to international certification obtained from IIA "Instituto de Auditores Internos". The following aspects are highlighted:

- In 94% programs of the approved plan by the Auditing Committee were executed.
- Vital process of the business and operations made by clients in regions where the Bancolombia group

has operation were evaluated. In the search for process improvement of the company, the auditing issued recommendations that added value fomenting the integral management of risks and the control system effectiveness, among others.

- Evaluations based on the regulation and in force policies to reliability in the accounting, financial and management information systems, operation of the intern control system, of the system that guarantee the accomplishment of law, to IT services and main projects of the bank were carried out.
- The results of evaluations were submitted to responsible officers and the direction accepted recommendations. The relevant topics were considered in the Auditing Committee.

Evaluation results carried out in the internal control systems and related risks with the operation, existence, effectivity, efficiency, reliability and reasonability of controls were satisfactory and did not identify material or significant deficiencies in the design and operation of controls associated to the process and registration of the financial information.

Report of the Financial Auditor

In the report presented to the bank Auditing Committee and the opinion with the financial results, the financial auditor stated the system operation of internal control as follows:

"my evaluation of internal control, carried out with the purpose to establish the scope of my auditing tests, indicates that the bank has followed adequate measures of internal control and conservation and custody of its assets and third-party's that are in its domains. My recommendations about internal control and other issued have been communicated in separate reports, directed to the direction of the bank, which to date of this report, based on its deliberation, have been implemented in 71% and for the left 26% the bank has action plans."

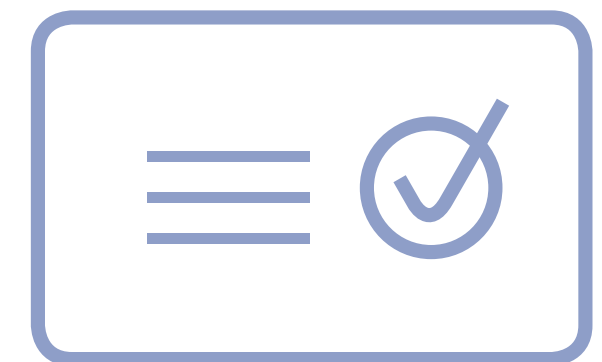
Report of the Auditing Committee

During the exercise finished on December 31st, 2016, the Bancolombia Auditing Committee watched for the due performance of the internal control system, in order to guarantee that its operation and business have proper controls and the contained information in the financial results reflects the business reality.

In development of the planned work plan, the financial information individually and in a consolidated way was evaluated. Issues such as models of project management, antifraud strategy, the merge of the bank with its leasing subsidiary, and Banistmo internal control, Banco Agricola, Bancolombia Panamá, and Valores Bancolombia, made part of the agenda in the monthly meetings of the Committee.

Among the year activities, it deserves a special mention, in the first place, the process led for the selection of the new financial auditing company of the group, resulting in the selection of Deloitte & Touché by Shareholders Assembly of the previous year. As well as the transition process supervision, which that allowed this company advance in its work plan.

On a second place, and due to the situation for technology issues in the bank, the Committee carried out a rigorous follow-up to actions in pro of the channels stability, service to customers and due attention of requirements and instructions issued by Financial Superintendence of Colombia.



Other issues to mention:

- During the exercise, there was the Committee renovation, with the inclusion of Mr. Arturo Condo and Andres Mejia, independent members of the Board of Directors:
- The financial auditing and internal auditing carried out its duties independently. Its findings were fully reported to the committee, which besides the supervisions to work plans, made follow-up to carry out actions to close gaps.
- The Board of Directors presented the periodic report about carried out actions and provided opinion about issues of committee competence.
- Thanks to the Disclosure Committee support, the Bancolombia group information to markets was sufficient, reliable, and opportune.
- There was no information about material deficiencies about control or fraud situations undisclosed that might affect the financial results and the management report.

Based on what has been expressed and once individual and consolidated financial results to December 31st, 2016, its corresponding notes and the content and scope verdict draft were evaluated, we consider that the same can be submitted to the Shareholder's General Assembly.

Attention to financial customers

In 2016, a series of action plans were carried out to accomplish to what has been established in the SAC handbook and applicable regulation concerning to financial consumer attention, as monthly monitoring to information published in the webpage in a way that the same keeps updated, continuity in the work of causes resulting the customers complaints, follow-up to opportunity indicator above set goals, follow-up to the service complaints for attitude and advising and looking for the satisfaction of customers through regional service committees, training in service to the commercial team and service workshop with managerial teams.

In the second term 2016, the attention capacity to customers was oriented very specially to concerns and claims originated from inconvenient in technology issues in the company, which impacted the indicators of solution, agility and opportunity expected.

The bank keeps its strategy of financial education to its clients and through the interpersonal communication, training in the virtual room, school bus and lectures in several subjects through different digital media that are available to clients.

In the ongoing year, we kept the permanent interaction with Customer Defense with the end to maintain a bigger close to customers' need, making monthly meetings in which the issues of interest, alerts in service, and support to requirements attention are addressed.

In 2017, the bank will keep strengthening its process with the purpose to increase the complaints and claims solution in the first contact, the enhancement of the customer support model and key process automatization to leverage the fulfilling of opportunity and diminishing of cycle time to the customer.

In fulfillment of established in the communication 029/2014, from the Financial Superintendence, the activity report presented by our Financial Consumer Defense, was put into consideration to shareholders and the general public through the webpage.

Quality and Security in Operations

Bancolombia during the 2016 keeps providing its best efforts to give fulfillment to the External Communication 029/2014 of the Financial Superintendence which refers to "security and quality to the executions of operations", through the strengthening and security and quality measures of different channels through which it provides its services.

Although the channels and services that the Company offers has with proper security and quality measures and customers information managed under confidentiality, integrity, availability, effectiveness, efficiency and reliability criteria, we are developing corporative projects that have as purpose the creation of authentication stronger mechanism, which allow having optimum and effective solutions to customers.

Likewise, the bank has proper controls and protocols that allow reducing the vulnerability risk guaranteeing availability and reliability in different channels. Such mechanism is demanded and applicable both the bank and service suppliers that attend different channels, which are demanded to apply it as part of the contracting process, giving fulfillment to applicable regulation in that issue.

Risk Management

In the financial states notes, Bancolombia risk management in terms established by Communication 067/2001 and 04/2008 issued by the Colombian Financial Superintendence is established.

System of Risk Management of Laundry Assets and Terrorism Financing

In the frame of System of Risk Management of Laundry Assets and Terrorism Financing – LAFT. BANCOLOMBIA S.A. deployed a series of actions in the 2016, in compass with latest mandatory and socioeconomic national and international tendencies, with impact on LAFT matter, with the purpose to carry out an adequate risk management and avoid the legal, operational, and reputational or contagion risk materialization, associated to LAFT risk.

During 2016, we took actions to guarantee the simplicity and veracity in the information used as a tool in the prevention and risk control. In this way, the commercial force has the best supplies in the process of due diligence regarding current customers and/or potential ones.

With occasion of the visit that will make the International Monetary Fund – FMI to Colombia in 2017, with the purpose to evaluate the National System of Money Laundering Prevention and Terrorism Financing, to the light of fulfillment of the recommendations of the Group International Financing Action – GAFI, the bank has been actively participating in academic and practical spaces, led by the Financial Superintendence of Colombia and Bank Association, looking for obtaining the best results for the country.

For reason of the risk that financial institutions may incur to begin and/or maintain commercial bonds with persons publically exposed – PEP, ei-

ther for their profile, the public activities they perform and/or the level of public recognition they have, during the 2016, we deployed a series of initiatives, with the purpose of defining strategies, monitoring and actions regarding clients that respond to this special quality.

In relation to new challenges related to the peace process with FARC and the purpose to manage in an opportune way the LAFT risk, which might result in the post conflict, the execution of a work plan that will allow the identification of clients with alerts and to carry out actions according risk criteria was defined and started.

Finally and accompanied by Internal Audition and the Innovation Center of Bancolombia group, we are working in the implementation of technologies and vanguard models for the identification of LAFT alerts in the individuals network.

Operations with bonded ones

The operations performed in 2016 with economic bonded ones were fully reflected in the financial results and for carrying them out, it complied with provisions in legal regulations. Note 27 in the financial results give account of such operations.

Special Report Economic Group

Leasing Bancolombia S.A

At the end of the exercise, Bancolombia S.A. (absorbent entity) and Leasing Bancolombia (absorbed entity) were merged by means of public deed No. 1,124, September 30th, 2016, in the Notary's Office 14, Medellin, duly registered in Medellin Chamber of Commerce. As a consequence of the merge, Bancolombia passed to be the holder of rights and obligations of Leasing Bancolombia and keeps offering to its customers the service and product portfolio of the leasing.

Tuya S.A. Compañía de Financiamiento

During 2016, 50% of shares of the Compañía de Financiamiento Tuya S.A. were sold to Grupo Exito; therefore this company became a joint business of Bancolombia group.

Renting Colombia S.A

At the end of the exercise, the main operations active with this company corresponded to net loan portfolio in the amount of COP\$406,356 million.

The previous operations generated for Bancolombia S.A. interests incomes in the amount of COP\$28,832 million and other operational incomes in the amount of COP\$6,988 million.

Banagricola Conglomerate

As of December 31st, 2016, Bancolombia S.A. did not present operations with institutions that compose Banagricola conglomerate.

Bancolombia Panamá S.A

At the end of the exercise, Bancolombia registered deposits in correspondent banks and interbank for COP\$445,260 million pesos and COP\$600,564 million pesos respectively. During 2016, Bancolombia S.A. made credits with its subordinated Bancolombia Panama, which amounted COP\$2,218,304 million pesos as of December 31st.

The previous operations generated to Bancolombia expenses for interests in the amount of COP\$88,053 million pesos.

Inversiones CFNS S.A.S

At the end of the exercise, Bancolombia S.A. did not submit operations with CFNS.

Banistmo S.A

At the end of 2016, Bancolombia registered deposits in bank in the amount of COP \$600,500 million pesos and had a balance in banks in the amount of COP\$25,657. At the end of the year, Bancolombia had income for loan interest in the amount of COP\$6,775 million pesos.

Private equity fund Colombia Inmobiliario

At the end of 2016, Bancolombia registered placed loans in the amount of COP\$142,530 with FCP Colombia Inmobiliaria. At the end of the year, Bancolombia presented income for loan interest in the amount of COP\$16,124 million pesos.

Other Operations

Bancolombia S.A. made acquisitions of resources through current and savings accounts with Fiduciaria Bancolombia, Valores Bancolombia and Banca de Inversion Bancolombia, which at the end of 2015, amounted COP\$151,389 and COP\$74,447 and COP\$538,648 million pesos respectively. This passive operations implied expenditures of interest and other concepts to Bancolombia, which amounted COP \$15,639 million pesos.

Grupo Agromercantil Holding

In December 2015, Bancolombia acquires the control of GRupo Agromercantil Holding (GAH) by means of the acquisition of 20% additionally in shares for an amount of \$151.5 million dollars, achieving obtaining a total participation of 60%.

As of December 31st, 2016, Bancolombia S.A. did not present operations with entities that are part of the conglomerate GRupo Agromercantil Holding.

Report Article 446 Code of Commerce

Other reports required by the Code of Commerce article 446 are revealed in the financial results and notes.

Certificates of Legal Representative

Bancolombia Legal Representative, certifies to shareholders that:

1. Jointly with the accountant, it has verified the individual financial results, consolidated and other relevant financial reports. The registries contained in this have been taken truly from books and do not have any vice, imprecisions or mistakes that prevent for knowing the real net equity situation and bank operations
2. Results of the evaluation of the Internal Control System of Bancolombia group as satisfactory in the environment elements and control activities, risk management, information and communication and monitoring, according as expressed in the report of Internal Control System that together to Board of Directors is presented to shareholders.

The previous allows certifying in reasonable way quality, sufficiently and opportunity of financial information of the group.



Balanced management of risk

During 2016, the Risk Framework as corporative tool that contains guidelines to risk management in Bancolombia group was developed. Having as a basis the government and risk arrangement, was changes in the company's structures of risk in different geographies, aligned structures of credit cycle to corporative level were implemented, and for Colombia, structures for monitoring the technological risks and infrastructures projects and 4G were strengthened.

At the light of ERM (Enterprise Risk Management), we continue with the evolution in management of risk appetite being this defined by the Board of Directors. The following of consume of risk appetite in different local and corporative scenarios was consolidated, and we advanced in the monitoring and local management of second level indicators, that define the risk appetite by segment, geography or entity. The risk appetite is defined based on quantitative index that reflects the credit risk, market, liquidity, operational and capital sufficiency. During 2016, the consume risk appetite of Bancolombia group maintained under 100%, this means, inside the established rank for this indicator.

Additionally, during 2016 the Board of Directors approved the framework of risk appetite and the framework of capital management, documents that contains methodological guidelines and corporative policies to manage the appetite and capital respectively.

Tools for risk management have a permanent updating and cover each time, the culture of risks of the organization. One of them is the corporative map of risk, by means of which, the most relevant risks for the group and for each geography in which the group has presence are identified, and defines action plans for its mitigation and control.

During 2016, the methodology for identification and management of emerging risks from a globalized world was designed, and once identified, it will serve as supply and environment for updating of the map of corporative risks of Bancolombia group, being introduced under this methodolo-

gy in the corporative management of risks and opportunity identification for the company.

On the other hand, and convinced of the relevance to strengthen the integral fulfillment function of Bancolombia group, according to international standards, the Vice-presidency of Risks lead the creation and conformation of a structure dedicated to develop, strengthen, and integrate the fulfillment of Bancolombia group, delivering guidelines and recommendations to its implementation during 2017.

Maturity models have been consolidated as an additional tool for the corporative management of risks, being a supply for the strategic planning of risks, defining levels of maturity expected from the company for all groups entities. During 2016, the construction of a maturity model of interest rate was concluded thus completing in this way, 8 models of maturity for Bancolombia group.

Bancolombia group integral management of risks is developed giving fulfillment to in force regulation and internal standards defined by the Board of Directors, related to credit, market, and operational risks.

The Board of Directors know and approves resources, structure, and process of the company associated to risk management, and for the development of its supervision functions, it has the support of the Risk Committee, a body in charge of supporting the approval, follow-up, and policies control, methodologies, tools, guidelines and strategies for the identification, measuring, control, and mitigation of risks.

Likewise, the entity has process dully documented that allow validating that operations have been fulfilled in the agreed conditions and with a correct accounting of them. The internal and external auditing are aware of operations that the carries out and timely present the corresponding report according to regulations.

The human talent of the corporative Vice-presidency of risks is integrated by officers dully qualified to integrally and adequately manage different risks inherent to activities developed in the fulfillment of its responsibilities, also having the proper technological infrastructure to obtain the necessary information for the management and monitoring of risks according to peculiarity of performed operations, which allows the Vice-presidency generates and delivers different instances of report, among them the Board of Directors, the Risk Committee and High Direction, and consolidated reports for risk management.

Being sure that the human talent is essential for the success of the management, during 2016, we maintained the process of identification, creation, and consolidation of tools that allows us manage it according to the profile. Additionally, in the search for strategies that allow bringing us closer in an effective way to our corporative team, the campaign "Appropriation" was implemented, which objective is to promote and encourage the risk team for skills and behaviors that we should demonstrate in our daily actions and in this way contribute to the value generation in Bancolombia group.

Some of the main achievements in the risk management

- We have supported the business growth, with innovative and efficient credit process, which includes risks models of credit based on analytical methodologies of machine learning, which include variables associated to consume habits of clients, use of channels, product portfolio, and historic behavior of payment, among others. These models allow us to attend new segments and offer the client the most adequate product for their profile.
- The first study plan of the Credit School for commercial teams in the Companies Bank with a regional reach, Colombia, El Salvador, Panama and Guatemala Was defined and implemented, managing in this way the integral and homogenous knowledge in credit risk.
- We continue advancing in methodologies of capital assignation in geographies where the Bancolombia group has presence, and in definitions for the implementation of the model of capital assignation based in Value of operational risk.
- The implementation of the value calculation of Agrícola Bank was carried out in the platform Murex, which allow us to consolidate the measuring of corporative Value and made integral monitoring of portfolio.
- New technologies of risk measuring in the market and liquidity under extreme scenarios were implemented, as well as simulations of the interest net margin for a better decision making, both in negotiation tables and in assets and liabilities management.
- The design of a methodology for the identification and management of emerging risks, attending better international practices in the issue generated a positive impact in the Dow Jones index for Bancolombia group in 2016.

- The methodology of corporative reporting of risks was defined, with the purpose of assuring the effectiveness and efficiency in the report generation, and data structure which allow having the consolidated information of Bancolombia group, in an agile and reliable way was constructed.
- A model of qualification of qualitative variables of the legal person clients, which complements the evaluation of the rating of clients counting with a better evaluation when diminishing the use of subjective criteria was designed.
- A process of Collateral Management to have a more efficient management of granted and received guarantees in the development of investment activities in derivate instruments was implemented
- Was advanced in the consolidation of capital policies and risk appetite of Bancolombia group, thus strengthening the corporative government.

The following is a summary of the risk management for each one of the fronts:



Credit risk

Processes transformation, structures, and tools, advances in analytics, the rigorous monitoring and follow-up of debt and development of risk model of corporative credit were the most relevant issues in the management of risk credit in Bancolombia group in 2016. Macro- economic conditions of this year brought up a challenging scenario; however, the group prevailed in its efforts to guarantee that policies, processes and methodologies implemented for the debt management adjusted every time more to reality that crosses the countries where it has a presence.

Trying to maintain the adequate management of credit risk and with the objective to anticipate to facts that impact the debt behavior in the companies and government bank, the continuous monitoring to process of credit analysis was maintained, adjusting policies, the requirements of granting and attributions as it was evidenced that observed conditions so deserved it. During 2016, we kept strengthening regional actuation model of Bancolombia group with the objective to improve the coordination of group subsidiaries in the attention of regional clients of the companies' bank.

On the other hand, to strengthen strategies in risk selection in the individuals bank and Pyme, adjustment to the process of credit origination were implemented with the purpose to incorporate more robust risk models that allow more efficiently attending clients according to their risk level, supporting a profitable growth of the business when improving the experience of this.

At a corporative level, we kept strengthening the scheme of Special Management of Clients (AEC) with the objective of having an individual follow-up process that includes in each geography specialties of the local market and treatment that every client deserves. It is a specialized scheme that pretends preventing the credit risk and which keeps investing efforts given the obtained profits during its maturity process.

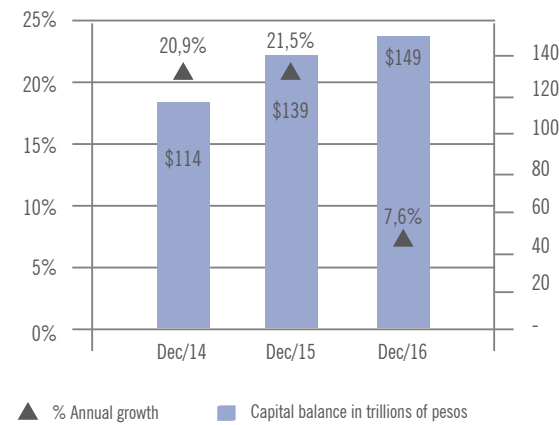
Results of Grupo Bancolombia

The result of 2016 shows a sustained growth of debt, mainly explained by Bancolombia, Banistmo and the entrance of BAM in the first term of the year. Disbursements, on the other hand, presented a light increase before the previous year, low perceptible variation in its balance valued in Colombian pesos by the effect of revaluation of the Colombian peso before the dollar.

Macroeconomic conditions of the year, among which it is worth mentioning: the volatility of the exchange rate, the effects of oil prices persisting in the 2016, the climate conditions as the El Niño phenomenon, the political situation in Venezuela, the finding in Panama with consequences in SARLAFT and other economic facts, triggered a direct impact in the portfolio specially in the second term. However, we achieved to close the year with a past due portfolio at 30 days with an index of 3.5%, which represented a great effort in the risk management of credit. Likewise the coverage supplies index keeps being adequate, locating in 124%.

For this year, Bancolombia group reached a growth in its portfolio balance valued in Colombian pesos of 7.6%, as a result of the consume debt growth, followed by the increase in the commercial and housing portfolio.

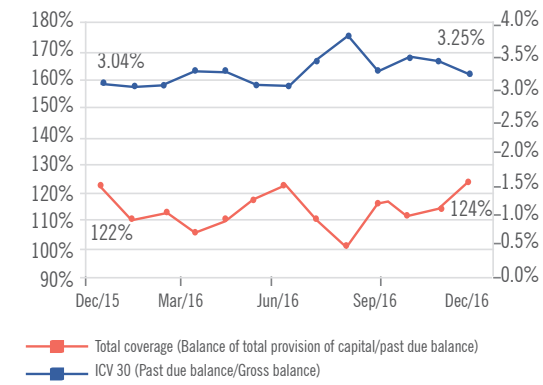
Gross balance of Portfolio Grupo Bancolombia Values in billion pesos



Notes: these values do not include employees' portfolio. It includes values of Bancolombia, Panama, Cayman, Puerto Rico, Peru, Banistmo, Banco Agricola, and BAM (only for 2016). It includes portfolio of subsidiaries overseas valued in Colombian pesos, before eliminations among companies. Capital balance in billion Colombian pesos % Annual growth

Despite previously mentioned conditions, the increase in the past due portfolio of 30 days index was moderate (3.04% to 3.25% at the closing of 2016, as a result of continuous improvement in the process of credit origination, the constant follow-up to portfolio, according to its risk level and adaptation of collection process according to features of portfolio under management.

ICV 30 and coverage of Grupo Bancolombia

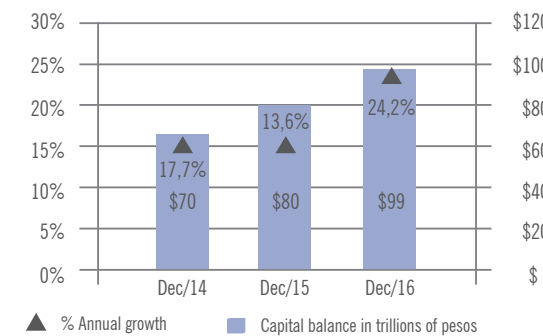


ICV 30 (Past due balance/Gross balance)
Notes: these values do not include employee's portfolio. It includes values of Bancolombia, Panama, Cayman, Puerto Rico, Peru, Banistmo, Banco Agricola, and BAM (only 2016). It includes portfolio of subsidiaries overseas valued in Colombian pesos. Previous eliminations between companies.

Bancolombia

Bancolombia in its individual book, presented a portfolio increase of 24.2% during 2016, a fact in which it is worth mentioning the merge of Leasing Bancolombia with the bank, which contributed a value of leasing contracts and portfolio approximately of COP\$18 billion pesos and which had a great impact in the growth of commercial portfolio, which grew 25.9%. There was also a significant growth in consumption and housing portfolio of 22.7% and 15.6 respectively.

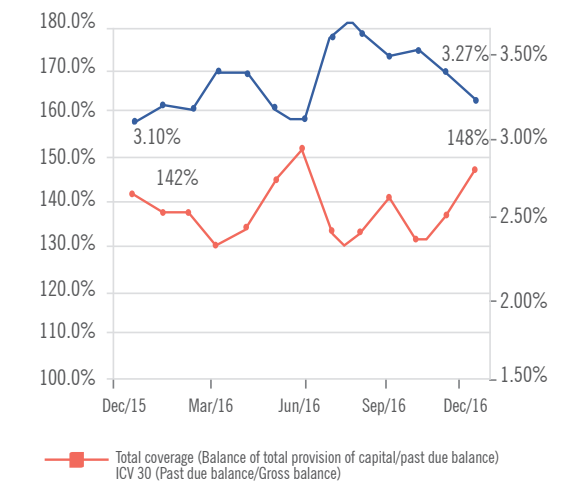
Bancolombia gross balance of debt Values in billions of pesos



Note: this values doesn't include employees debt

The due past portfolio of 30 days had a minor increase, mainly generated by the damage in commercial modality, especially in company and corporative segment. The past due portfolio to 30 days went from 3.10% to 3.27%. The coverage of past due portfolio with provisions improved passing from 142% to 148%, as a result of the major level in provisions in companies' clients and the inclusion of provisions of Leasing Bancolombia portfolio.

ICV 30 and Bancolombia coverage



Note: these amount do not include employees portfolio

During 2016, 4G infrastructure projects started, as result of this, we have total approvals in the amount of COP\$2 billion pesos, and disbursements made until the closing of December 2016 in the amount of COP\$238,788 million pesos. As a support to these projects inside the Risk Vice-presidency a technical and environmental Due Diligence process that allows complementing the analysis of financial model for the sake to achieve a complete evaluation of the project, that supports the credit decisions and generate scenarios of future following of the same has been designed. For 2017, the process will be designed and resources that allow making a detailed follow-up in the execution of such projects from the technical, environmental and financial point of view will be assigned.

Inside the projects of credit origination of the Personas and Pyme bank, score models renewed for individuals and small Pyme segment were implemented, changes in the work flow tolls and adjusted policies routed to reduce the exposure of highest rank clients were carried out.

The portfolio follow-up of this bank was strengthened by means of the use of tools that help estimating the impacts of economic novelties in the portfolio and allow directing the actions of follow-up towards the impacted community.

From the point of view of collection, process, policies, and tools, regularization alternatives and following schemes that allowed optimizing process and improving the customer experience were adjusted.

Other companies

In October 2016, the including of Leasing Bancolombia to Bancolombia was concluded. For the development of this process since the risk front, the definition of policies related to limits, attributions, guarantees, following and recovery of the debt portfolio was carried out. Likewise, the adaptation of applicative and procedures that allow an adequate estimation of provisions required according to the risk evaluation of clients was verified.

The revaluation of the peso before the dollar influenced the results of foreign entities: there was a decrease of 4.3% of in the balance of gross debt portfolio Bancolombia Panama closing the year with a balance of COP\$9.8 billion pesos; the balance in dollars did not show a significant variation. Bancolombia Puerto Rico portfolio valued in pesos reflected an increase of 2.77% while in dollars closed with an increase of 7.86%. Bancolombia Cayman portfolio valued in pesos decreased in such a period in 5.9%, and in dollars, it decreased 1.3%. The due past port-

folio indicator to 30 days of the three institutions presented a deterioration mainly generated by the corporative clients due date, closing in 1.05% and 3.6% respectively.

For the closing of 2016, Banistmo showed a growth of 6.3% in dollars, this variation re-expressed in pesos reduces to 1.3% as a result of the reevaluation of the peso before the dollar. Portfolios of greater contribution to this growth were: housing, credits cards and Pyme, aligned with the institution strategy. Related to due date portfolio behavior, stands out the reduction of 14.5% in the commercial modality given the regularization of clients that registered due date in previous years. On the contrary, the consumption portfolio increased its ICV from 6.0% to 7.3% and housing past due portfolio presented stability before the previous year. On the other hand, Banistmo ICV increased 30pb closing in 4.7%.

For the 2017, it is expected a good growth dynamic in consumption products and individuals and Pyme bank, for this reason. the adjustment process in policies, process and origination methodologies and collection is continuous, with the purpose of keeping the balance between growth level and the associated risk.

In Banco Agrícola, the credit portfolio valued in pesos presented a drop of 2.11%, while results in dollars show a growth of 2.7%, supporting in the growth of consumption portfolio. In 2016, the past due portfolio indicator of 30 days maintained stable in 2.7%, as a net result, between the minor deterioration of commercial debt portfolio which ICV30 closed in 1.2% and a light improvement in the consumption modality, which index decreased from 3.5% to 3.4%. These results reflect the maturity reached during 2016 in strategies of early debt contention and collection management that began its implementation since 2015 before its challenging environment of the Salvadorian financial system in consumption credits specifically in products such as Credit Card and Credipersonal, affected by the highest levels of indebtedness of their clients. Additionally, it is worth mentioning that during the year. We continued with the consolidation of methodologies of assignation of capital under the corporative guidelines.

BAM closed the year with a gross balance of portfolio in COP\$8.5 billion pesos and a past due portfolio indicator of 30 days of 2.82%. Its coverage was 71% for 2016.

Leasing Peru portfolio valued in pesos presents a decreasing of 46.1%, result of the decision made in 2015 of not placing new credits and designate 2016 to the management and administration of the company portfolio. From this strategy and a result of the drop of portfolio gross balance, the ICV30 grew to 9.06%. However, the due date balance decreased 25.9% reaching e COP\$12,948 million pesos, result of the collection management carried out during the year. Likewise, provisions level closed in COP\$9,699 million pesos (a decreasing of 27.9%) and the coverage indicator in 74.9%.

Market's risk

In 2016, with the purpose to reinforce the treasury controls, implemented methodologies for the detection of operations away from market conditions, supported in the methodology Support Vector Machines were homogenized. Likewise, and as a part of the continuous improvement process and to implement a stress methodology correlated to investment and derivate portfolio, generated from three elements was approved: time series theory, extreme value theory and copula theory. The exercise upon investment portfolio and derivate portfolio to give accomplishment to the Financial Superintendency decisions related to the Scheme of Resistance Trials was also carried out.

Likewise, during 2016, the consolidation process of risk management with a corporative reach, seeking the alignment of policies and methodologies of market risks in all geographies in which the group has presence continued, obeying in all cases, the peculiarity of each one of them. In this sense, Banco Agrícola in El Salvador, was aligned to the Value in Risk methodology for the group and BAM in Guatemala, registered important advances reaching the setup of technological infrastructure and process associated.

On the other hand, for third-party resources management, and the purpose of monitoring the accomplishment of value promises to our clients, Relative Value limits for those funds with a benchmark explicit managed by Fiduciaria Bancolombia and Valores Bancolombia were approved. Likewise, to support the process of decision making in the area of Asset Management was implemented a VaR simulator, that allows estimating the impact in the managed risk level of possible decision for investment. Also, during the first term the limits for delegated portfolios framed in the generic strategies scheme were reviewed and updated, with their respective mandatory circulars, and strengthened tools for the limit control of portfolio, with emphasis in defined limits with entry in force of Decree 1247 that regulated the third-party portfolio management.

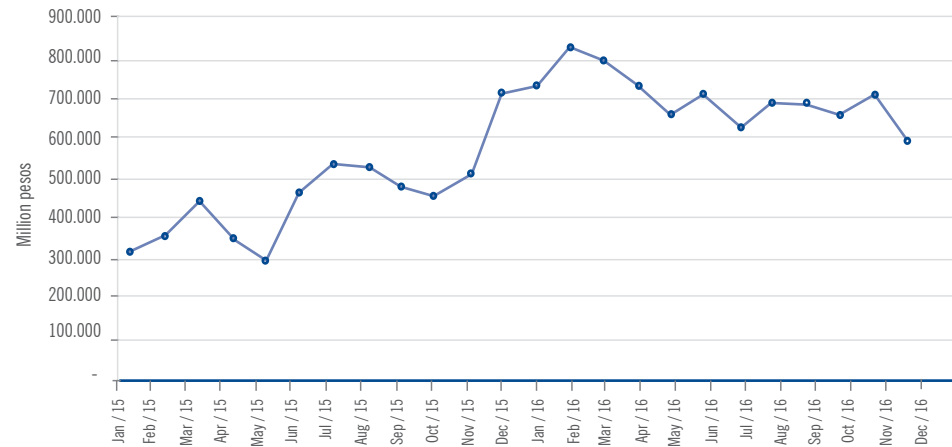
On the other hand, and with the purpose to improve our customer's experience, after an exhaustive quantitative study, policies and procedures for guaranteeing management for report and standardized future operations were reviewed and adjusted.

During 2016 period, the methodology used by Bancolombia group to monitor the exposure to risk market of negotiation activity, continued being the value in risk (VaR), which measures the maximum expected loss with a confidence level and time horizon set. For this, the standard methodology ruled by the Financial Superintendency in the XXI chapter of the Accounting and Financial Basic Communication, which is included in the solvency relation: as internal model of historic simulation with a confidence level of 99% and time horizon of 10 days, using a data window of 250 days is used. Additionally, it continued making hypothetic stress testing measures with the purpose of monitoring extreme events not covered by the internal VaR model.

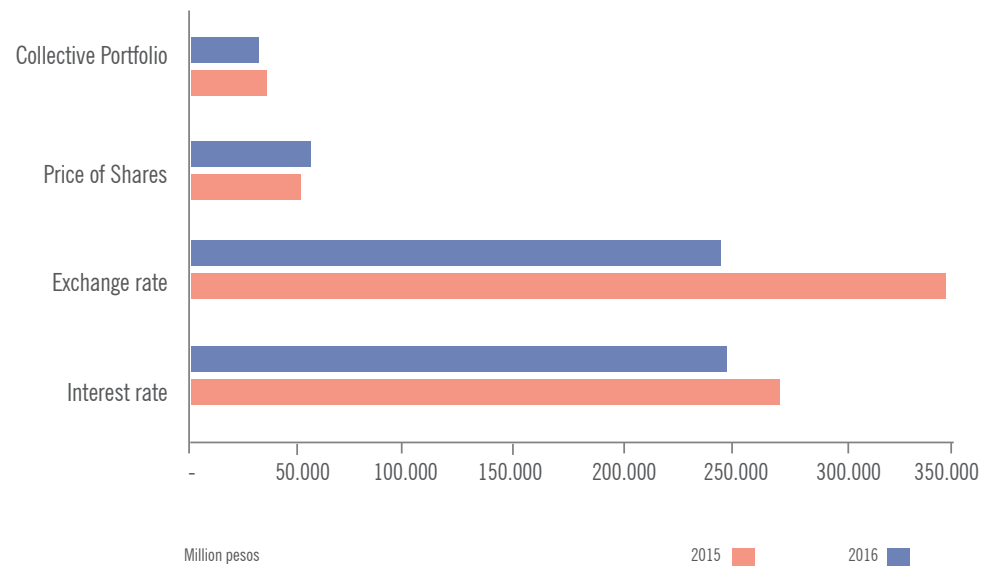
In 2016, Bancolombia group centered its treasury activities in our customer's attention of necessities, decreasing the exposure of opened directional risks in net terms, as possible. The exposure of risk market measured with standard methodology of Financial Superintendence oscillated between COP\$596 thousand million pesos and COP\$827 thousand million pesos, with an average exposure of COP\$574 thousand million pesos. The biggest contributions to exposure of risk market of Bancolombia group were concentrated in the interest rate factor, as a consequence of placement in TES of the bank in Colombia and exchange currency risk factor, due to the increase of net position of Euros and close of position derivated in the Panama and Cayman treasury.



Total VaR Evolution Market Risk of Bancolombia Group Treasury.
Standard methodology Attachment 1 Chapter XXI CBCF



Composition by Risk Factors.
Standard methodology Attachment 1 Chapter XXI



LIQUIDITY RISK

The model of liquidity management of Bancolombia group promotes the autonomy of subsidiaries, each one carries out this work, existing a corporative coordination. This structure allows the group to have metrics of liquidity developed from common and homogeneous concepts, but adapted to particularities of each business and geography.

The risk management of liquidity during 2016, continues making an internal model of gap projections of liquidity in different intervals of time, for both real situations and stressed ones; as well as the IRL (liquidity risk index) defined by the Colombian Financial Superintendency, the Short Term by Currency index ruled by the Banco de La Republica (central bank).

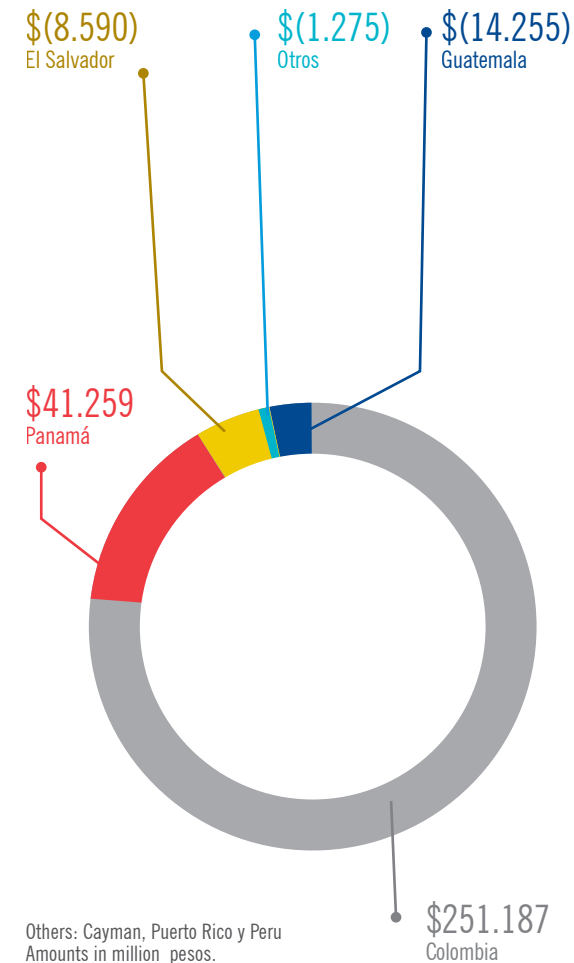
During 2016, the efforts of liquidity risk management oriented to redesign of contingency mechanism and implementations of new stress scenarios, including systemic and industry events and particularities of the entities that belong to Bancolombia group in Colombia. There were also exercises to give accomplishment to dispositions of Financial Superintendency related to Resistance Prove Scheme in matter of liquidity risk.

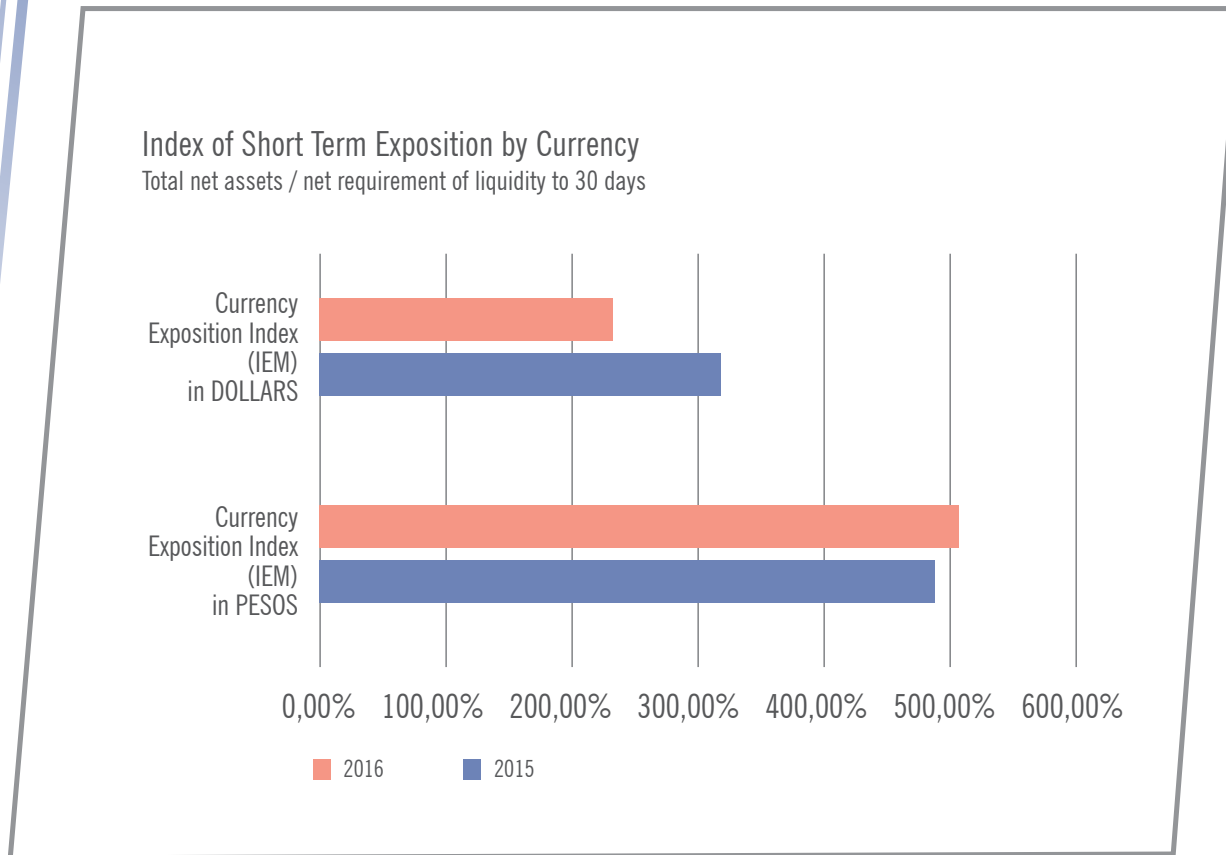
In the same way and as a part of the continuous improvement process, models of Likely Maximum Retire (MRP) to funds, which look for improving resources exits forecasts, that allow an efficient management of liquidity were adjusted.

In 2016 ample positions of liquidity in the group with a coverage of liquidity to 30 days average of 517% in pesos, and 240% in dollars were maintained, as well as liquid assets in legal currency average of COP\$12.1 billion pesos, and foreign currency average USD\$3,260 million dollars For the end of 2016, the net assets in legal currency of Bancolombia group amounted to COP\$14.5 billion pesos and foreign currency USD\$3,535 million dollars, leaving the liquidity coverage to 30 days in %686 and 253% respectively.

Likewise, sensibility analysis of the interest rate risk estimating the impact in the net margin in a twelve months instalments upon the banking book positions was carried out before a hypothetical change in the reference rates. For this, the re-appraisal criteria were used and assumed a parallel positive change of 100 basic points (pbs) in rates. The re-appraisal criteria make reference to the installment left to the indexed operation rate being adjusted according to its referent in the market. Before a scenario of increase in the interest rates, a positive net sensibility will imply and bigger sensibility of the asset and therefore a favorable impact in the net margin of the interest. A negative sensibility denotes a bigger sensibility of the liability and, therefore, a negative impact in the net margin of the interest. In case of a drop of interest rates, the behavior of net margin of interest will be opposite to the mentioned one.

Sensibility of financial margin to +/-100pb





Operational risk

Bancolombia group understands the operational risk as the possibility to incur in loss by deficiency, failures or weakness in: process, technology, infrastructure, and human resources of the company, or external causes.

Inside the definition of operational risk, the reputational, technological and legal risk is included.

Other associated risks are:

Interruption Risk

Bancolombia group understands the interruption risk as the possibility to incur in economic loss and/or generate impact to the client, before events of internal or external origin that affect the availability of technological, human, infrastructure

and process resources, required for the service supply and accomplishment of acquired agreement with third-parties and surveillance entities.

Business continuity:

Bancolombia group understands the business continuity, the strategic and tactical capacity of the company to guarantee its critic operation before an interruption event, to an acceptable service level previously defined. This capacity is achieved through management, planning, following, control and permanent improvement of continuity strategies of the business.

Technological Risk:

Bancolombia group understands as a technological risk, the possibility of incurring in affectations in the provision of financial services with occasion of failures in the technological infrastructure, application, data bases or IT processes that might affect the access, confidentiality, integrity, reliability, and availability of the information necessary for the business operation.

Due to the nature of managed risk under the Operational Risk frame, the management of this is desegregated in the whole company, where all employees play an important role in the operational, technological, and interruption risk inherent to products, processes or activities under their responsibility.

Management Frame

Bancolombia group has a frame for operational risk management which is transversal and keeps into account the maturity level of each one of the geographies where it is present and each one of the subsidiaries and business units, defining -for each one of them -a work plan towards management frame based in culture, risk appropriation, and decision making about risks based on precise and sufficient information

The management frame has 4 complementary stages, which allow an integral management of risks: identify, measure, control, and monitoring.

To carry out a successful implementation of each one of the previous stages, the group has a set of qualitative, quantitative, and management tools.

Inside of that said tools there are:

- Risk and control assessment: it is used to identify and measure inherent risk of different processes and activities that the company operates; identified risks are measured through quantitative methods and an expert to estimate the toughness and occurrence frequency of risk, through this same tool, the existing controls to mitigate risks are identified, and by means a collaborative work between the second and third line of defense, the effectiveness of such controls is estimated. Evaluations are supported on the team of Unit of Operational Risk.
- Risk Index: It is measuring and monitoring tools that allow having a periodic -up of the evolution of risk elements as well as the inherent size of operations, materialization causes or control effectiveness.
- Levels of risk attribution: the company defines levels of risk attribution to manage decisions of treatment about risk; these levels allow delivering individual thresholds of risk appetite, which assure that in highest levels of risk exposure, the decisions were made jointly looking for a higher cost-benefit balance in the possible alternatives of risk treatment (acceptation, mitigation, transference through outsourcing or securement or elimination of risk).
- Monitoring of the risk management system: consists of a set of metrics, which look for identifying early alerts of

deviations or adverse evolutions of risks or changes of situations in the environment of the process that might imply changes in the risk profile of the institution.

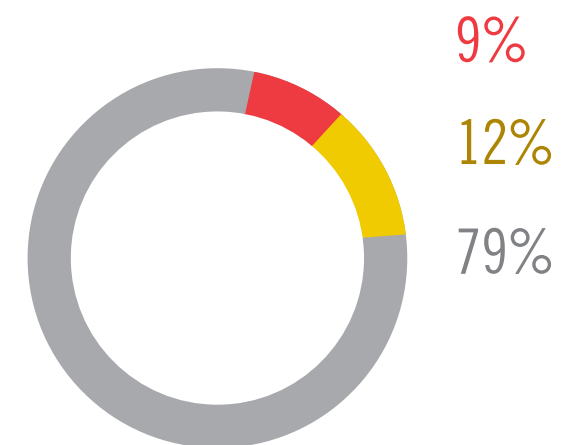
- Data base of loss: the institution has a report process of events of loss by operational risk that allow capturing all materializations that the group has for some risk typology considered inside the scope of operational risk. This information is used in the calculus estimation of capital requirement of the institution and transfer strategies by purchasing insurance policies.
- Expected loss: the institution calculates the expected value of its materialized loss with the purpose to establish thresholds to business responsible and maintain the loss within defined levels.

Status of the Operational Risk

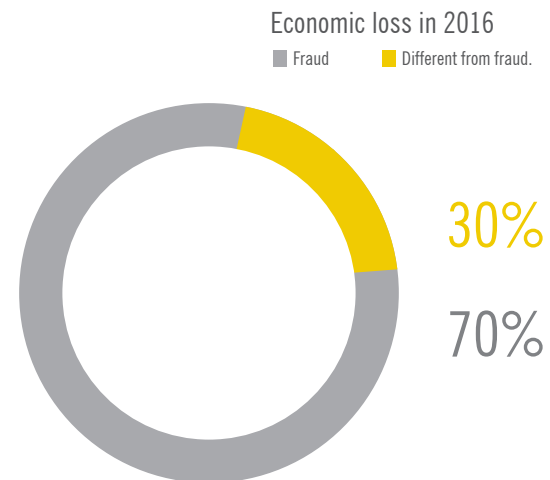
The operational risk map of Bancolombia group is composed in a 79% by tolerable risks (the lowest threshold of individual appetite defined) the 12% of risks are moderate grade (middle) and 9% of risk corresponds to a grade of critical exposure (high). This balance in the composition of risk map of the company reflects the effort of Bancolombia group on implementing and maintaining a control system according to the size of its operations and operative threats that might face when it provides different financial products and services, and the resource destination to promote initiatives oriented to the risk mitigation of bigger exposure.

Profile of operational risk

■ High ■ Medium ■ Low



The economic loss by operational risk in 2016 presents a decrease of 9% in relation to the previous year, mainly explained by a reduction of 17% in external fraud. For 2016, loss is distributed as follows:



Main achievements and advances in the year

During 2016, Bancolombia group achieved big advances in the system maturity of the management of operational risk (SARO), providing to the group a management frame that allows going beyond normative accomplishment and transforming the risk management in a tool to generate and preserve the value for the stakeholders. Following, there are in detail the main achievements obtained:

A higher coverage in the construction of operational risk profile advancing significantly in the identification and measuring of risks in the Panama, El Salvador, and Guatemala business was achieved; this allows the group to have an integral and complete risk map of all its exposures in different geographies where financial business operate; additionally it has allowed contributing to the improvement of business in execution of process by means of the risk comparison and control environment benchmark for the executed process.

The group advanced in the implementation of plans and projects of strategic character such as digital transformation, the incursion in new markets and business and the technological updating that support core services of financial business where the operational risk acted as allied in the identification and measuring of gaps, analy-

sis of cost-benefit and definition and improvement of control thinking in maintaining a balance between efficiency and security of process.

The profile of operational risk was adjusted through quantification tools included to methodology achieving a bigger precision in the determination of group exposition. The maturity level reached in this subject allows counting with necessary information to advance in the implementation of method of calculus of advanced capital and efforts that the company makes to mitigate it.

Identification and implemented action plans about technological risks that Bancolombia group faces were strengthened and might expose business to interruptions, security vulnerabilities, leaks and integrity of information about technological platforms. During 2016 the management of technology risk, through evaluations of operational risk about process of Technology Services Vice-presidency and transactional channels, critical facing the client was strengthened. As a result of these evaluations, action/control plans with the objective to minimize the exposure it has been implemented.

Inside the continuous improvement process and renewal of the technological platform in 2016, we had as a challenge to go out to produce the new applicative that supports the operation of credit card, thus improving the service levels, approval times and strengthen the security of our clients. During the outcome to production and project stabilization, there were some interruption events in the provision of service between June and July that represented an economic loss for the bank in the amount of COP\$1,704 billion pesos, direct acknowledgement of interests to our clients in the amount of COP\$510 billion pesos, indirect acknowledgment by failures in the system in the amount of COP\$180 billion pesos. Complementary actions, with the objective to assure the continuity of the service provision were taken.

The risk culture has evolved in the last years; the conscience and support received from high direction has allowed having a bigger agreement, responsibility by business unit before operational risks, the strategies continuity of business and massive events that might affect the service provision.

Before threatens that suppose the economic, environmental, technological, political and social surroundings of our target markets specifically, and the world in general products of globalization, a management frame for

emerging risk that might impact the company, with the purpose to identify and define at direct level the acts or strategies that the group has to follow to minimize the threatens of this risks, and some cases take advantage as potential opportunities of change or business was implemented.

In this same line, a significant advance in the coverage of cybernetic risk, which is in a negotiation stage with an insurance company was obtained. A coverage proposal adequated to group necessities and according to better existing conditions in the insurance market was constructed.

We supported the structuration and understanding of insurance scheme which should have the 4G projects and Public Private Associations (APPs), so that our financing quality can participate of new business with coverage conditions in front of an adequate risk, strengthening the growth and protecting the generation of value for the company.

During this year, improved contingency strategies of the group in matter of opportunity in its activation and positive impact in the customer experience and provision of financial services was achieved; additionally, communication models before events of crisis were improved and the compensation frame to clients that allows having a closer and timely interaction with clients was implemented.

Emerging risks

The identification and management of emerging risks in the companies has taken a special interest when it identifies every agent as a participant in a globalized world, where tendencies and threatens constitute an information source for things to come. In that sense, Bancolombia group has been working in the identification and management of these risks, integrating the knowledge and expertise and different areas with the realities of our surroundings, thus generating an integral management strategy of risks.

For the 2017 some Emerging Risks representative for the Bancolombia group will be submitted:

Technological dependence:

Product of the evolution of banking business and profile and necessities of consumers in the financial service, the technological dependency becomes a natural consequence of the banking operation, making of this for Bancolombia group a relevance front in risk management. That understanding is not a possible dispense of technology to our operation, the group has invested efforts and resources, contracting strategic suppliers in the technological market, it has developed robust strategies of continuity of the business (in processes, services, and channels) and has strengthened the security process in different fronts, looking with this to be able to account for the better international standards in the issue.





Conflict and post-conflict:

The disarmed and further re-integration process to civil life of former combatants, carried out with its countless variables and relevance effects for financial institutions led our company to prepare for its development and result. The possible growth in matter of fraud, unemployment variations, government policies for the integration of demobilized and other factors, imply that areas as Corporative Security establish follow-up and security policies for its clients and monitor strengthening of transactional monitoring, from accomplishment to watch if the money flow fulfills the conditions of legality corresponding to a SARLAFT process, and credit policies adjust to new factor in virtue of new participants of the society, among other strategies.

Non-traditional competitors:

Bancolombia group like other financial institutions of the world, are subject to regulations, standards and strict policies that look for guaranteeing the transparency in the financial market for all participants; however, said guidelines imply, for institutions, a robust process and in occasion a less agile process, that results in new competitors offering non-financial services, enter the market with similar proposals of the banks, but under more flexible and modern conditions. Because of this, Bancolombia group is investing in innovation with creation of a flexible and agile process, new products and channels for clients, virtual and simple offers, financial formation and, of course, guarantee stability and security to its customers and shareholders, what make us stand out.

Cybernetic risk

For Bancolombia group, the security in information is a fundamental premise and for this, it has developed programs, activities and follow-ups to cybernetic risk management in the company. From security and technology fronts, we look for having the best logical and virtual backup to guarantee secure operations to our customers, the continuity in service provision and recently the search of coverages on insurances for this risk, extending the reach even to our key providers, with the purpose to maintain an integral management process.

Unemployment

This risk has been qualified as emerging since it refers to a possible volatility linked to regulatory changes in tax matter, post conflict process, political situation with commercial allies, among other aspects, from Bancolombia group, we are preparing from different fronts and activities, which stand out the implementation of strategies for Credit Risk that allow keeping favorable conditions of debt portfolio for the group: the structuration of flexible and profitable processes to our customers to encourage corporative stability and conservation of the labor personnel, and also the generation of new products and value offers to strength the entrepreneurship in the creation of new business.

Capital management

The capital optimization in Bancolombia group keeps being one of the main commitments in the risk management, in this way during 2016, we continued with the development of the principles and methodologies that allow evaluating the relation risk-return framed in the capital policy and consolidated the methodology to monthly measure of main risks, which is exposed to Bancolombia group, making follow-up to consumption of corporative risk appetite.

During 2016, depth in the measuring, control and management of limits and index of second level, guarantying a detailed follow-up of the exposure behavior of risk in all Bancolombia group companies. Additionally, efforts in the validation and improvement of methodologies used to calculate percentages of capital assignation, key elements for the risk measurement and consolidation of Bancolombia group model were oriented.

The main themes developed were:

- Improvement of calculation of economic capital for market risk in the banking book, extending the measure for Bancolombia Panama books, Bancolombia Puerto Rico, Bancolombia Cayman, and Banistmo
- Estimation of capital assignation for individuals using risk credit scores.
- Consolidation of methodology of capital assignation in Banistmo.
- Development of methodology of capital assignation in BAM.
- Calculating monitoring of capital assignation based on the methodology VaR for operational risk.

The SVA model (Aggregated Value System) constitutes itself as the adopted system that involves the risk valuation, its relation with profitability, easiness, the price definition and constitutes the base of variable compensation.

Accomplishment management of money boards

In 2016, we kept the preventive strategy, based on the support to collaborators from money tables, which propends for the actuation with greater standards of ethics and accomplishment, through training and talks which end is to transmit learned lectures and fundamental matters, which improve the business management.

As part of the supervision work, new models were constructed and the existing ones were improved, thus generating efficiencies in the management of business reviewing. On the other hand, some customers were visited with the purpose of providing them recommendations and sharing good practices of operation in the capital market.



Specific Section GRI standard

Bancolombia material topic	Indicator (Own,GRI)	Page / Answer	Omitted	Global Compact	Sustainable Development Goals	External assurance
Innovate talent management	401.1 New employee hires and employee turnover - Total number and rate of new employee hires - Total number and rate of employee turnover	Chapter 4 Employees and suppliers a high performance team a. high performance team. Graphic a. Demographics-b.New Employees rate-c.Employee rotation from resignation-d.Promotion Opportunities		Principle 6, labor standards	Goal #5 y #8	x
	401.2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter 4 Employees and suppliers a high performance team. Pag-90 a 103- Graphic. i.Employee Loans-j.employee Insurance-k. Organizational		Principle 6, labor standards	Goal #3	x
	403.2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Chapter 4 Employees and suppliers a high performance team. Page 100 Graphic h. Absenteeism (% of lost time)				x
	404.1 Average hours of training per year per employee	Chapter 4 Employees and suppliers a high performance team. Page 98 Graphic f.Human Talent Training				x
	404.3 Percentage of employees receiving regular performance and career development reviews	Chapter 4 Employees and suppliers a high performance team. Pages 98 Graphic g.Performance evaluations.				x
	405.2 Ratio of basic salary and remuneration of women to men	Chapter 4 Employees and suppliers a high performance team. Page 95-97	Excluding senior management		Goal #10	x
Consolidating Our Humanistic Banking Model	Own. Merco People Ranking	Chapter 4 Employees and suppliers a high performance team. Page 90 Consolidation of the More Human Banking Model				x
Building more and better relations with clients	Own. Results of surveys measuring client satisfaction.	Chapter 3: Our commitment to our investors. Better relations with clients .Pages 83 NPS for Personas and SMEs segment and page 108 NPS for our Corporate and Government Banking division				x
	Own. Initiatives to improve access to financial services for disadvantaged people.	Chapter 3. We work to make life easier for our customers. Page 68-69			Goal #1 -#8-#10	X
Convenience	Own ATM Availability		The availability of the phone branch office is not reported as available in the report.		Goal #10	x
	Own Telephone Banking Channel Availability				Goal #10	X
	Own APP Availability				Goal #10	X
	Own SVE Availability (Virtual Business Branch)				Goal #10	x
	Own SVP Availability (Virtual Branch People)				Goal #10	X
	Own. Initiatives to improve access to financial services for disadvantaged people.	Chapter 3: We work to make life easier for our customers. We work for Financial Inclusion.Pag. 64.		Human Rights Principles 1 and 2	Goal #1 Goal #8	X
	Own. Access points in areas of low population density or economically disadvantaged by type.			Human Rights Principles 1 and 2	Goal #1 Goal #8	X

Specific Section GRI standard

Bancolombia material topic	Indicator (Own,GRI)	Page / Answer	Omitted	Global Compact	Sustainable Development Goals	External assurance
Strategic Risk Management	Own Size of risk/ Consumed appetite	Chapter 6: Permanent dialogue with The authorities (Page 142). The target is that the consumption appetite indicator remains below 100%. All along the 12 months of 2016 said objective was achieved.				X
	Own Segmentation, identification, measurement and control of the risk of asset laundering and the financing of terrorism.	Chapter 6: Our Responsibility with Local Authorities		Principle 10. Anti Corruption. United nations Call to Action	Goal #11	X
Operating simplicity and impeccability	Own % increase in complaints and claims	Chapter 3: Commitment to our clients. Page 82.				X
Renewal of value	Monetary value of products and services designed to deliver a specific social benefit for each business broken down by purpose.	Chapter 3: Commitment to our clients.			Goal #9	X
Profitability of management	Own Group-wide efficiency indicator	Chapter 2. Our shareholders and Investors. Consolidated group results. Pages 24				X
	Own % Commissions vs. Total expenditures	Chapter 2. Our shareholders and Investors. Consolidated group results. Page 26				X
Ethical and responsible leadership	Breakdown by type of total environmental expense and investments	Chapter 5. Our commitment to sustainability Pag.122		Environmental Principles, CEO Water Mandate		X
	301.1 Materials used by weight or volume	Chapter 5. Our commitment to sustainability Pag.114		Environmental Principles, CEO Water Mandate		X
	303.1 Water withdrawal by source	Chapter 5. Our commitment to sustainability Pag.115		Environmental Principles, CEO Water Mandate		X
	303.3 Water recycled and reused			Environmental Principles, CEO Water Mandate	Goal #6	X
	302.1 Energy consumption within the organization 302.3 Energy intensity 302.4 Reduction of energy consumption	Chapter 5. Our commitment to sustainability Pag.116		Environmental Principles.	Goal #7	X
	305.1 Direct (Scope 1) GHG emissions 305.2 Energy indirect (Scope 2) GHG emissions 305.3 Other indirect (Scope 3) GHG emissions 305.4 GHG emissions intensity 305.5 Reduction of GHG emissions	Chapter 5. Our commitment to sustainability Pag.120		Environmental Principles	Goal #13	X

Specific Section GRI standard

Bancolombia material topic	Indicator (Own,GRI)	Page / Answer	Omitted	Global Compact	Sustainable Development Goals	External assurance	
Ethical and responsible leadership	306.2 Waste by type and disposal method	Chapter 5. Our commitment to sustainability Pag.116		Environmental Principles	Goal #10	x	
	201.2 Financial implications and other risks and opportunities due to climate change	Chapter 5. Our commitment to sustainability Pag.118			Goal #10	x	
	413.1 Operations with local community engagement, impact assessments, and development programs	Chapter 5. Our commitment to sustainability Pag.118				x	
	Own 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	x
	Own. Procedures for assessing and screening environmental and social risks in business lines.	Chapter 5. Our commitment to sustainability. Pág.126 a 132				Goal #15	
	Own. Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose	Chapter 5. Our commitment to sustainability .Pág.126 a 132				Goal #12	x
	406.1 Incidents of discrimination and corrective actions taken	Chapter 5. Our Commitment to Sustainability.Page.136 to 140 * Diversity and Inclusion policy was defined and the three groups of actions to materialize it.* Number of claims.			Human Rights Principles	Goal #5 y #16	
	414.1 New suppliers that were screened using social criteria	Capitulo 5. Nuestro compromiso con la sostenibilidad.Pág.140			Human Rights Principles	Goal #5	
	414.2 Negative social impacts in the supply chain and actions taken	Chapter 5. Our Commitment to Sustainability.Page.136 to 140			Human Rights Principles		
	Own. Number of complaints regarding human rights issues that have been filed, and resolved using the formal mechanisms.	Chapter 5. Our commitment to sustainability .Pág.140					
	Own Indicator. Number of Environmental and Social risk analysis of suppliers and strategic allies.	Chapter 5. Our commitment to sustainability .Pág.140			10 Global Compact Principles	Goal #3	x
	Own Indicator. % of action plans on suppliers and strategic allies.	Chapter 5. Our commitment to sustainability .Pág.140				Goal #16	x
	Own Indicator. Social Investment	Chapter 4 Employees and suppliers, a high performance team pag. 104			Empresas por la Paz (B4P)	Goal #4 y #16	x
	Own indicator. Number of beneficiaries of social development programs	Chapter 5. Our commitment to sustainability .Pág.140			Empresas por la Paz (B4P)		
	Own Indicator. Energy, water, paper and Business travel reductions	Chapter 5. Our commitment to sustainability .Page.112			Principios de Medio ambiente	Goal #6	x
	International consolidation	Own Financial information for each foreign-based subsidiary	Chapter 2. Our shareholders and Investors. Consolidated group results. P 26-27		Mandato del agua		x
		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)					
Proactive reputation management Investors	Own. Reputation model results	Chapter 2. Our shareholders and Investors. Consolidated group results. Pages 32				x	
Transformation and technological leadership	Own. # Of successful projects, # projects in MinimumViable Product, and # of unsuccessful and unscaled projects	Chapter 3: Our commitment to our investors. Better relations with clients. Page. 66				x	

General GRI Standar section

Aspectos generales Estándar GRI	Página/Respuesta	Omisión	Pacto Global	Objetivos de desarrollo sostenible ODS	Verificación externa
102.14 Statement from senior decision-maker	Letter from the President				X
102.15 Key impacts, risks, and opportunities	Letter from the President				X
102. 1 Name of the organization	Report Coverage				X
102.2 Activities, brands, products, and services	Bancolombia, commercial bank				X
102.3 Location of headquarters	Avenida Los Industriales, carrera 48#26-85, Medellín-Colombia				X
102.4 Location of operations	Panamá, Perú, Puerto Rico, Guatemala, El Salvador				X
102.5 Ownership and legal form	Chapter 7, Notes to Financial Statements				X
102.6 Markets served	Panamá, Perú, Puerto Rico, Guatemala, El Salvador				X
"102.7 Scale of the organization - Number of employees. - Total number of operations. - Net sales or revenues. - Quantity of products or services offered."	Economic report				X
102.8 Information on employees and other workers	Chapter 4, Employee Relations				X
102.41 Collective bargaining agreements	For 2016 our collective convention benefits 13376 employees, this corresponds to 62.03% of all employees. Said employees occupy operative positions, whether or not they are affiliated to trade unions.				X
102.9 Supply chain	Chapter 4. Employees and suppliers. A high performance team				X
102.10 Significant changes to the organization and its supply chain	Page 12 To Our shareholders				X
102.11 Precautionary Principle or approach	Chapter 6. Responsibility with Local Authorities		Principle 10_ Business for peace		X
102.12 External initiatives	Desarrollo del informe pág.3, Compromisos voluntarios. Capitulo 5 nuestro compromiso con la sostenibilidad. Páginas 133-134.		Principles 1 to 9 of the Global Compact Business for peace initiative, CEO Water Mandate Initiative	Goal #17	X
102.13 Membership of associations	Development of the report page 3, Voluntary Commitments. Chapter 5 In hand with communities. Pages 133-134.			Goal #17	X
102.45 Entities included in the consolidated financial statements	Chapter 7, Financial Statements				X
102.46 Defining report content and topic Boundaries	Dialogue with our relationship groups Page 20 to 21				X
102.47 List of material topics	Dialogue with our relationship groups Page 20 to 21				X
103.1 DMA Explanation of the material topic and its Boundary	Materiality Matrix pág.21. All subjects are material				X
102.48 Restatements of information	Development report 2016				X
102.49 Changes in reporting	Development report 2016				X
102.40 List of stakeholder groups	Dialogue with our relationship groups Page 20 to 21				X
102.42 Identifying and selecting stakeholders	Dialogue with our relationship groups Page 20 to 21				X
102.43 Approach to stakeholder engagement	Dialogue with our relationship groups Page 20 to 21				X
102.44 Key topics and concerns raised	Dialogue with our relationship groups Page 20 to 21				X
102.51 Date of most recent report	Since the first of January 2015 to 31 December 2015				X
102.52 Reporting cycle	2016 Annual				X

General GRI Standar section

Aspectos generales Estándar GRI	Página/Respuesta	Omisión	Pacto Global	Objetivos de desarrollo sostenible ODS	Verificación externa
102.53 Contact point for questions regarding the report	Please contact the following email address: comunica@bancolombia.com.co				X
102.54 Claims of reporting in accordance with the GRI Standards	The New GRI standard is elaborated according to essential option_Pag 5 development of the report				X
102.55 GRI content index	The New GRI standard is elaborated according to essential option_Pag 5 development of the report				X
102.56 External assurance	Independent review report at the end of the report by Deloitte.				X
102.18 Governance structure	Corporate Governance Pág.34				X
102.19 Delegating authority	Sustainability Issues are conducted from the Sustainability Direction, which is a part of the Development of More Human Banking Vice-presidency.				X
102.20 Executive-level responsibility for economic, environmental, and social topics	Sustainability Issues are conducted from the Sustainability Direction, which is a part of the Development of More Human Banking Vice-presidency.				X
102.21 Consulting stakeholders on economic, environmental, and social topics	Dialogue with our relationship groups Page 20 to 21				X
102.22 Composition of the highest governance body and its committees	Corporate Governance, Board of Directors, Attributes of Board Members. Pag. 44 -45				X
102.23 Chair of the highest governance body	Corporate Governance, Board of Directors. Pag. 42				X
102.24 Nominating and selecting the highest governance body	Corporate Governance, Board of Directors, Attributes of Board Members. Pag. 44 -45				X
102.25 Conflicts of interest	Corporate Governance. pág.39				X
102.26 Role of highest governance body in setting purpose, values, and strategy	Corporate Governance. pág.39				X
102.27 Collective knowledge of highest governance body	Chapter 2. Responsible management that generates value. P.34 Advice received by the board of directors				X
102.28 Evaluating the highest governance body's performance	Corporate Governance. pág.34-51				X
102.29 Identifying and managing economic, environmental, and social impacts	Corporate Governance. pág.34-51				
102.30 Effectiveness of risk management processes	Corporate Governance. pág.34-51				X
102.31 Review of economic, environmental, and social topics	Corporate Governance. pág.34-51				X
102.32 Highest governance body's role in sustainability reporting	The highest instance of report review is the Board of Directors.				X
102.33 Communicating critical concerns	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.	The number of critical issues communicated to the Board is not reported			X
102.34 Nature and total number of critical concerns	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 34 to 56.				X
102.35 Remuneration policies	Corporate Governance. pág.34-51				X
102.36 Process for determining remuneration	Corporate Governance. pág.34-51				X
102.37 Stakeholders' involvement in remuneration	The stakeholder group of shareholders is taken into account.	Confidentiality reasons			X
102.38 Annual total compensation ratio	Confidentiality reasons.				X
102.39 Percentage increase in annual total compensation ratio	This came to 7% for all employees		Global Compact Principles of Anti Corruption		
102.16 Values, principles, standards, and norms of behavior	Chapter 6. Our Responsibility with Local Authorities.		Global Compact Principles of Anti Corruption		
102.17 Mechanisms for advice and concerns about ethics	Gobierno Corporativa pág.34 External website with instructions to ethics line. Tab#8 http://www.grupobancolombia.com/wps/portal/about-us/corporate-information/corporate-governance/				



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Independent Review Report

Independent review of the 2016 Corporate Responsibility Report of Bancolombia S.A

Scope of our work

We have reviewed the adaptation of the contents of the 2016 Report of Bancolombia taking into account the guide for the elaboration of sustainability reports of the Global Reporting Initiative (GRI) under the GRI Standard version.

In addition, we have performed verification procedures in the case of some indicators reported by Bancolombia to respond to the questionnaire of the Dow Jones Sustainability Index (Annex 2)

Verification standards and processes

We have carried out 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 Standard Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work consisted in the formulation of questions to the Administration, as well as to the various areas of Bancolombia that have participated in the preparation of the Report and in the application of certain analytical procedures and sampling review tests described below :

- Analysis of how the content, structure and indicators of the Report are defined based on the materiality exercise, as suggested by the GRI Standard methodology.
- Interviews with Bancolombia staff to know the principles, systems and management approaches applied to prepare the Report.
- Evaluation of the processes to collect and validate the data presented in the Report.
- Testing, through tests based on sample selection and review of evidence of quantitative and qualitative information corresponding to the GRI and own indicators included in the report and its adequate compilation from the data provided by the sources of information

Confirmation that the Report has been prepared in accordance with the GRI Standard methodology in its Core version.

General Aspects

It was confirmed that the report meets the requirements of the core option of the general aspects of the GRI Standard version

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>

Responsibilities of the Bancolombia and Deloitte Management

The preparation of the 2016 Report, as well as the content thereof, is the responsibility of the organization which is also responsible for defining, adapting and maintaining the internal management and control systems from which the information is obtained.

Our responsibility is to issue an independent report based on the procedures applied in our review.

This Report has been prepared exclusively in the interest 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's Management.

We have done our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).

The scope of a limited review is substantially lower than that of an audit. Therefore we do not provide audit opinion on the Report.

DELOITTE & TOUCHE LTDA.
Jorge Enrique Múnera D.
Socio

Medellín, March 2017

Deloitte Touche Tohmatsu

Specific aspects

We review the management approach and GRI indicators and specific material issues (See Annex 1)

Conclusions

As a result of our review, there has been no evidence to suggest that the Report contains significant errors or has not been prepared under the GRI Standard.

Recommendations

In addition, we have presented to Bancolombia our recommendations regarding improvement areas to consolidate the processes, programs and systems related to sustainability management. The most relevant recommendations are:

- Regularly monitor progress in the management of material matters, which will make the reporting process more efficient at the end of the year.

ANNEX 1

Materia Topic Bancolombia	GRI Standard Indicator and / or Own Indicator
Innovative talent management	401.1, 401.2 , 403.2, 404.1, 404.3, 405.2
Consolidation of the humanistic management model	Own. Position reached in Merco Talento
Close relationships with clients	Own: Results of surveys measuring customer satisfaction.
Convenience	Own. ATM Availability Own. Availability APP Own. Availability SVE (virtual branch companies and APP companies) Own. Availability SVP (virtual branch people) Own: Initiatives to improve access to financial services for disadvantaged people. Own: Access points in areas of low population density or economically disadvantaged by type.
Strategic Risk Management	Own. Consumption of appetite Own. Segmentation, identification, measurement and control of risk factors for money laundering and terrorist financing
Impeccability and operational simplicity	Own. % Evolution requirements (Clarification, complaint and claim)
Value Renewal and Key Business	Own: Monetary value of products and services designed to provide a specific social benefit for each line of business broken down according to purpose.
Management of efficiency and profitability	Own. Group efficiency indicator Own. % Commissions vs total expenses
International Consolidation	Own: Percentage of the portfolio for the lines of business according to the region.
Proactive reputation management	Own: Model reputation results
Transformation and technological leadership	Own: # of successful projects, # projects in Minimum Viable Product, and # of unsuccessful and unscaled projects

Ethical and responsible leadership	301.1, 303.1, 303.3, 302.1, 302.3, 302.4, 305.1, 305.2, 305.3, 305.4, 305.5, 306.2, 201.2, 413.1, 406.1 Own: Breakdown by type of total environmental expenditures and investments. Own: Number of human rights claims that have been filed, addressed and resolved through formal complaint mechanisms Own: Policies with specific environmental and social aspects applied to the lines of business. Own (Old FS2). Procedures for the evaluation and control of social and environmental risks in the lines of business. Own (Old FS3). Processes to monitor the implementation by customers of the social and environmental requirements included in contracts or transactions Own: Virtual courses of sustainability Own: Monetary value of products and services designed to provide a specific environmental benefit for each line of business broken down according to purpose. Own: Number of environmental and social risk analysis to suppliers and strategic allies Own: % of action plans and of improvement to suppliers and strategic allies Own: Social investment Own: # of volunteer social development programs Own: # of beneficiaries social development programs Own: Energy, water, paper and travel savings
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ANNEX 2 DJSI Indicators

* Measures ensuring effective management of health risks / problems * Total absenteeism	* Aspects covered by the company's procedures for financing or offering services to large-scale projects
* Percentage of customers actively using electronic banking / financial services	* Existing policy / procedures that ensure efficient creation and implementation of an anti-money laundering culture
* Measuring the social and business impact of financial inclusion initiatives	* Indirect GHG emissions (scope 2) * Indirect GHG emissions (scope 3) * Energy consumption * Water consumption * Waste generation * Total Business trips

ANNEX 3 Declaration of Independence

Deloitte is one of the largest companies in the provision of professional services in audit, taxes, consulting and financial. We advice to public and private organizations in various industries. With a global network of member firms in more than 180 countries, Deloitte delivers world-class capabilities and high-quality service to its customers. Approximately 280,000 professionals are committed to being a standard of excellence.

We confirm our independence from Bancolombia. All our employees make annual updates to the Ethics Policy, where we declare that we have no conflicts of interest with Bancolombia, its subsidiaries and its stakeholders.

