

ANNUAL MANAGEMENT  
AND CORPORATE  
RESPONSIBILITY  
REPORT  
2014



For a better society where  
integrity and high performance  
are possible

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



## Bancolombia, la mejor empresa privada para trabajar en el país



### Bancolombia, portafolios a la medida y banca cercana

EL ÉXITO EN LA EMISIÓN DE LAS ACCIONES DE BANCOLOMBIA

### Bancolombia, entre los mejores en emergentes

#### RECONOCIMIENTO

Global Finance premió a la entidad como la mejor en el país por su crecimiento, servicio al cliente, rentabilidad, y productos innovadores.

### Bancolombia apoyará proyectos viales 4G

#### Bancolombia sobresale

Por tercer año consecutivo, Bancolombia fue ratificado en el listado de empresas que conforman el Índice de Sostenibilidad Global del Dow Jones (Djsi), el principal indicador en el mundo que monitorea el desempeño económico, social y ambiental de compañías presentes en bolsas internacionales. Con un puntaje de 83 sobre 100, la organización continúa en la lista de empresas colombianas que hacen parte de este índice; las otras son: Davivienda, Unilever, Cementos Argos, Grupo Argos, Grupo Nutresa, Grupo Sura y Ecopetrol. Esta medición anual evalúa más de 3.000 empresas para la conformación de siete índices, entre ellos el Global y el de países emergentes.

### Euromoney premia a la banca de inversión de Bancolombia

### Bancolombia y Argos son los títulos más atractivos para los inversionistas

### Bancolombia, portafolios a la medida y banca cercana

### Bancolombia, sostenible

La organización financiera fue destacada por el Carbon Disclosure Project (CDP) como una empresa sostenible para invertir en ella. De las más de 5.000 empresas globales invitadas a participar, 1.111 pertenecen al sector financiero.

El Grupo Bancolombia se adhiere a los principios de inversión responsable de la ONU

Por sus compras, Bancolombia y Nutresa entran al top 10 de América Latina

### Bancolombia consolidó presencia en Centroamérica

CON EL inicio de operaciones de Banistmo, en Panamá, y del Grupo Agromercantil, en Guatemala, Bancolombia avanzó en su proceso de consolidación como referente de una banca sólida, rentable e internacional. Su modelo de servicio, que está basado en establecer relaciones de confianza para buscar a recomendación de los clientes, ya está presente en 10 países, donde 9 millones de clientes y 46.000 colaboradores hacen posible su operación. Gracias a esto, la entidad se posicionó como la más grande no solo de Colombia sino también de El Salvador, Panamá y Centroamérica, lo que lo convierte en uno de los 10 grupos financieros más importantes de Latinoamérica.

#### PREFERENCIA

### BANCOLOMBIA ES DONDE JÓVENES QUIEREN TRABAJAR

Según la encuesta 'Empresa de los sueños de los jóvenes', realizada por la firma consultora Compañía de Talentos, Bancolombia se ubica como la primera empresa privada de origen nacional preferida para trabajar en el país, según ellos. El estudio se hizo entre más de 3.000 universitarios.

BOLSAS. LA ENTIDAD TIENE 59% DE PARTICIPACIÓN EN E-TRADING

### Bancolombia, líder en mercado online

### BANCOLOMBIA ENTRE LOS 31 MEJORES

Una vez más, Bancolombia en sus programas de responsabilidad social. La entidad financiera más grande del país no sólo se empeña en cambiar la imagen de los bancos sino que nuevamente fue incluida en 'The Sustainability Yearbook 2014'. El banco logra entrar entre los 31 mejores en trabajos sostenibles luego de una selección entre 114 entidades del mundo. ¿Cuál será el nuevo colombiano en el libro? (W)

#### FIRMES EN EL ÍNDICE GLOBAL DEL DOW JONES

Bancolombia, Cementos Argos, Grupo Argos, Grupo Nutresa, Grupo Sura y Ecopetrol son las únicas firmas colombianas en el listado de empresas que conforman el Índice de Sostenibilidad Global del Dow Jones (Djsi), el principal indicador en el mundo de compañías presentes en bolsas internacionales.

BANCOS. PUBLICACIÓN EVALUÓ EL CRECIMIENTO Y SERVICIO AL CLIENTE

Global Finance destaca a Bancolombia como la mejor entidad financiera del país

### Bancolombia abre oficina en Guainía

### Ecopetrol, EPM y Bancolombia, las más responsables

#### Mil trámites simplificados en Bancolombia

PROCESOS. Tras menos de tres años en el proyecto de simplificación de trámites, el Grupo Bancolombia superó los 1.000 trámites simplificados en Colombia, El Salvador y Panamá, de los cuales 267 fueron en 2014.

#### Bancolombia invertirá más en El Salvador

Inversiones por US\$ 55 millones llevará a cabo Bancolombia en El Salvador, a través de su filial Banco Agrícola, anunció su presidente Carlos Raúl Yepes. La entidad fue autorizada a operar corresponsales bancarios: tiene 75 y cerrará el 2014 con 127.

### Bancolombia, primer banco del país que firma convenio con WWF

### Bancolombia y Nutresa entran al top 10 latino

ESPECIAL 100 Mejores Empresas Para Trabajar en Colombia. 'Las 100 empresas con mejor talento en Colombia 2014', según Merco

Grupo Bancolombia  
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Guided by our strategy, we hereby declare that this report was printed according to world-class environmental standards, using soybean oil-based inks and paper sourced from sustainable crops, both materials duly certified by recognized international organizations. Our printing supplier has implemented an Environmental and Social Management System that is fully aligned with Grupo Bancolombia's sustainability policies.

# About Our Report for 2014

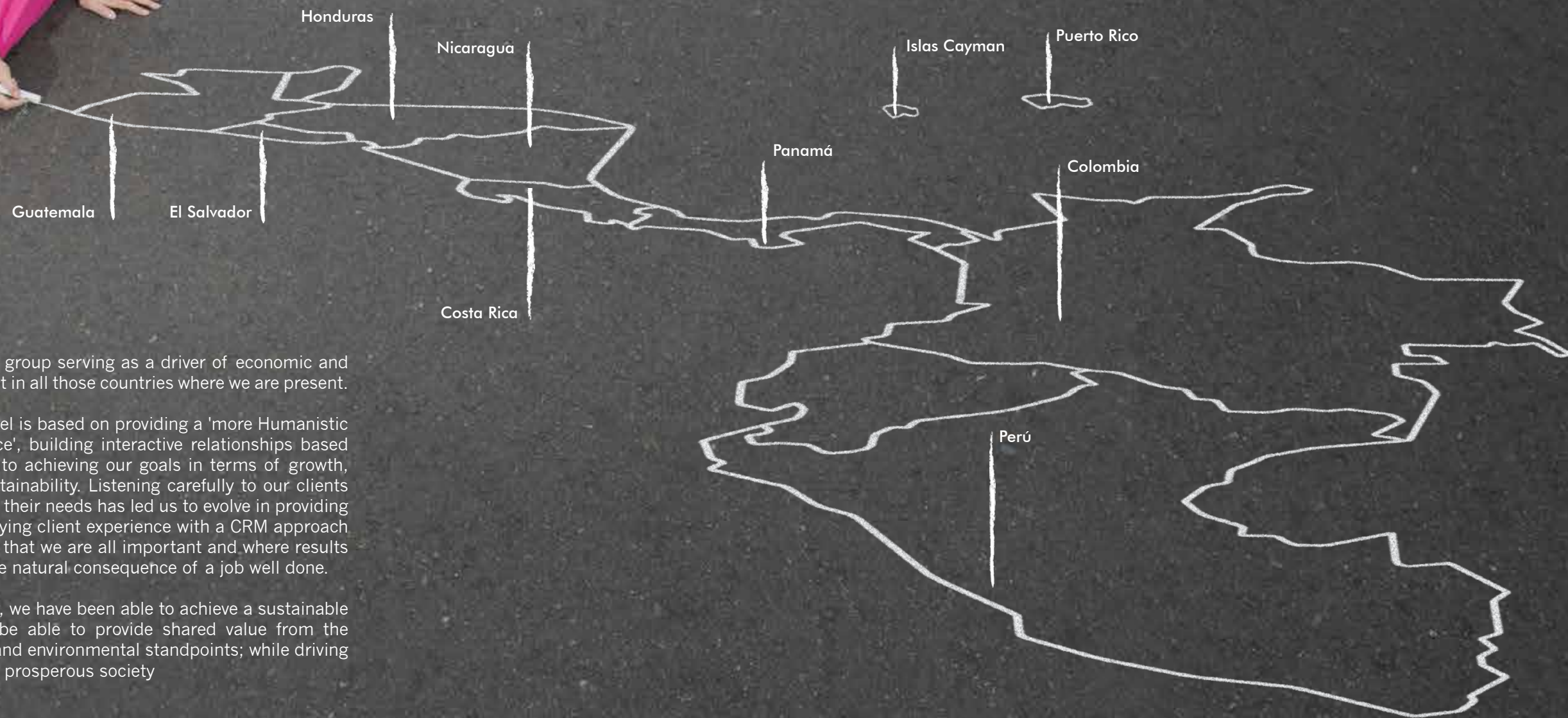
In drawing up this report, we identified the more salient aspects of the initiatives deployed throughout the year for the benefit of our different stakeholder groups, informing them of the main achievements obtained through our strategy as well as the goals ahead. In the final part of this report, we present the GRI content index along with different economic, environmental and social areas indicators that go into drawing up a sustainability report. Since we are only beginning to adopt this new G4 version, we chose to base this report on the G4 core option. We are firmly committed to working with this methodology so as to be able to provide our stakeholder groups with more complete information regarding our sustainability initiatives as we continue on this learning curve. This report was verified by the auditing firm, Deloitte which also reviewed how the contents of this report were adapted to the Global Reporting Initiative's Sustainability Reporting Guidelines Version 4.0

Our Sustainability report for 2013 can be found at: <http://www.grupobancolombia.com>

Should you have any queries regarding the content of such, please contact us at the following e-mail address:

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





We are a financial group serving as a driver of economic and social development in all those countries where we are present.

Our business model is based on providing a 'more Humanistic Banking experience', building interactive relationships based on trust as a key to achieving our goals in terms of growth, efficiency and sustainability. Listening carefully to our clients and responding to their needs has led us to evolve in providing a new, more gratifying client experience with a CRM approach based on the idea that we are all important and where results are nothing but the natural consequence of a job well done.

For 140 years now, we have been able to achieve a sustainable growth so as to be able to provide shared value from the economic, social and environmental standpoints; while driving change for a more prosperous society

## Message to our Shareholders

### Dear shareholders

We have always considered our Annual Shareholders' Meeting to be an excellent opportunity to talk about how proud we are to form part of Bancolombia, an organization that works toward raising the bar in a general sense, and driving transcendental changes for society, this based on the relationships of trust we are able to build thanks to the consistent steps we have taken.

However, this year in particular we have many more arguments for taking pride in this sense of belonging we feel for our Organization. Bancolombia is currently celebrating two important milestones: 140 years of existence and 20 years of being listed with the New York Stock Exchange, the world's No. 1 equity market in terms of trading volumes and market capitalization, an achievement that has allowed us to grow on an international scale and to receive significant support. These celebrations we wish to share with you today, together with the very good levels of performance we obtained for 2014, for the greater good of our clients, employees, partners, you, our shareholders, and the public at large.

2014 was a year of record highs for us thanks to a great deal innovation we were able to incorporate within our business and, above all, the advances made with consolidating our economic and social model. This was the fourth year since we first embarked on our Humanistic Banking approach, governing customer service, financial and social inclusion, respect, the client, responsible selling, dignified collections, Bancolombia for All, a sound performance, trust, teamwork, among others, that show that we at Bancolombia are on the right path towards fostering a better society, based on the idea that integrity and high performance are mutually compatible.

As we have stated on a number of occasions in the past, these results were been made possible with the help of our people, who are just as important as the way in which we obtain these results, and in this sense we are convinced that this is the result of a job well done by all of us.

Our Humanistic Banking approach has been the driving force with which we have been able to achieve the results that we are pleased to share with you today.

### *Integrity together with high performance.*

This year was an important one in terms of revenues. This excellent level of performance was mainly due to a wide range of factors such as a 20% growth in the number of new savings and checking accounts opened, which surpassed the eight million mark. But beyond the numbers, there are the all-important concepts such as 'bankarization' and 'financial inclusion' areas where our initiatives have filled us with satisfaction.

A clear example of this is our "Ahorro a la Mano" free savings account that can be opened from a mobile phone. This product was publicly recognized by the Colombian Ministry of Information and Communication Technologies and as well as the Colombian Association of Industrialists, ANDI, for its use of new technologies. More than 280 thousand Colombians now hold this innovative savings account, for many of whom this has been their first ever experience with the financial sector. Furthermore, we continue as the preferred bank of both credit and debit cardholders, with market shares of 23% and 43%, respectively. Today, our organization has over eight million active debit and credit cards in circulation, for a year-on-year increase of 8%.

We also helped our clients to attain their dreams in terms of home ownership with housing loans and residential leasing arrangements, for which we paid out more than COP 2 billion and COP 550 thousand million, respectively. We helped more than 31,000 families in this regard, in 2014. As for Sufi, the Group's retail financing subsidiary, its 165,000 clients hold at least one of its financing products. Of these, nearly 7,000

received student loans, which correspond to a portfolio worth more than COP 34 thousand million. Consequently the total amount paid out came to COP 1.42 billion, for a total portfolio reaching COP 2.7 billion with regard to our Consumer and SME clients.

As for our corporate and government banking segment, we were able to get to grips with the new dynamics and market structures of the Colombian financing industry, with a greater emphasis on short-term loans, that is to say for terms of less than 12 months. This and the committed efforts on the part of our sales personnel represented a 15% growth in business loans for this segment, for a market share of 25.5%. These results were also driven by driving and deepening subsidiary operations abroad, given their substantial liquidity and the significant change in their product portfolios.

Overall, our foreign subsidiaries Bancolombia Panama and Bancolombia Puerto Rico showed a combined growth of 49%. On the other hand, our trade finance business played a much greater role this year, going from COP 1.2 billion at year-end 2013 to COP 1.6 billion at year-end 2014. As for our specialized lines of business, I would like to highlight some of our achievements that were publicly recognized. For example, our Investment Banking subsidiary, Banca de Inversión, which was involved with 25 major projects worth a total of COP13.5 billion, obtained a well-balanced performance across various industries and products.

Thanks to the efforts of this subsidiary, we were ranked as the best Investment Bank in Colombia for 2014 according to the specialized journals, Latin Finance and Euromoney. Meanwhile, Leasing Bancolombia became the largest leasing company in Latin America, with a 44% share of the local market with its Financial Leasing, Residential Leasing, Operating Leases, Renting and International Leasing products. With just its Operating Leasing and Renting lines



of business, this subsidiary recorded a growth of more than 13%, with total disbursements reaching COP 860 billion. Also through our broker-dealer subsidiary, Valores Bancolombia we participated in the placement of 18 issues of bonds worth more than COP 3.6 billion pesos, all of which has helped us preserve our leadership in the placement of issues of stocks and bonds. Another hit was allowing clients to access the stock market through our E-Trading platform with trades rising by 735% year-on-year to a total of COP 2.1 billion, this corresponding to approximately 35,000 individual trades.

So in this way we are encouraging people to learn more, and become more involved with the financial system, in addition to help deepen the financial market so as to continue to advance as a developing economy. As for our Trading Desks, we continued to work on providing solutions for handling market risks through interest and exchange rate hedging arrangements.

Here, our transactions with derivatives came to more than USD 23 thousand million, which represented almost COP 29,400 million in revenues for the Group. It is also worth noting that 14% of this volume corresponded to transactions performed with our SME clients.

Through our trust management subsidiary, Fiduciaria Bancolombia, we managed assets worth more than COP 51 billion, representing almost 16% of the entire local trust sector, which meant a net profit of nearly COP 60 thousand million pesos. It is worth pointing out that this subsidiary recorded a growth of 29.4% with its real estate trust business, and obtained a 30.8% share of the entire fiduciary guarantee business.

As far as Assets Under Management are concerned, last year saw a recovery with Collective Investments Funds, which represented COP 187 thousand million for the Group. Managed Funds showed a year-on-year growth of around 14%, reaching COP 12 billion. With Factoring Banco-

lombia, we maintained our industry leadership thanks to having drilled down on existing agreements and made inroads on new markets such as energy and government. Disbursements here came close to COP 10 billion pesos, for an increase of 22% compared to the previous year. 2014 was an excellent year for harnessing our synergies and forming alliances with which we were able to strengthen our business model.

Today we work closely with organizations such as Easytaxi (transport), Proteccion (pension funds) and Suramericana (insurance and social security), among others, as well as with the mass transit companies in Bogota, Cali, Medellin and Barranquilla, as well as with other entities and projects dedicated to catering to our clients' needs. All these achievements and results have been possible thanks to initiatives that were put into place forming the basis for such. For example, we deployed a new Code of Service where we defined our performance model with regard to our clients, by thinking more of meeting their needs through simple, swift and impeccable solutions, all with the aim of going beyond a good client experience to providing a truly memorable one. For us 'Service and Responsible Selling' are not antonyms but perfect complements. Thinking more about the client and seeking ways of improving our customer care have been determining factors that have been much welcomed by the market.

In 2014 we were named by the *Élite Empresarial* survey conducted by the *Portafolio* newspaper, as the company with Best Customer Care Service. Similarly, IZO, a leading consulting firm in Spain and Latin America, ranked us as the bank with the best customer care service in Colombia. We are always thinking of ways to make life easier. Last year alone, we were able to streamline another 160 procedures for a total of 1,054 since 2012. Another 25 services were enabled on-line, thereby saving clients the bother of having to visit a "bricks-and-mortar"

branch office. These service improvements led to a reduction in client grievances.

For the first time in recent history, we were able to reduce the number of complaints, claims and clarifications on the part of our clients by 3.68%. Furthermore, 54% of all client requests were attended to at the first contact and the availability rate of our technological services came to 99.8%. But these good results also transcended the frontiers of Colombia, as is only natural with an organization such as ours. For example, in Panama we were able to make decisions that ultimately benefited our clients. In Banistmo, we modified our credit card and lending policies which led to an 80% year-on-year increase in personal loans, and another 50% increase in new credit cards.

After just 14 months of operations, Banistmo has improved upon its performance indicators almost on a daily basis, gaining public confidence and strength. It is also important to mention that the acquisition of Banistmo was ranked by *Euromoney* magazine as 'the Business of the Year' in Panama; and although it was acquired in 2013, it was only recognized as such in 2014. Also, Banistmo has regained its former status as 'Market Maker' a distinction awarded by the Public Credit Division of the Panamanian Ministry of Economy and Finance, for its contribution to the development of the financial system in this part of the world. Banco Agricola in El Salvador, financed various regional expansion projects within the service sector as well others having a substantial impact on the economy of this Central American country. It also was named the friendliest bank in El Salvador, an honor that fills us with pride.

According to the 23rd Annual National Trademark Survey published by *The Economist*, Banco Agricola obtained 45% of the votes cast in the "preferred bank" category, with the runner-up obtaining just 8% of the total ballot. As for BAM, in Guatemala, we continued to work on

introducing new products and services according to the needs of our clients, this as part of our "Responsible Selling" program. BAM was another subsidiary that obtained important awards and recognition. In a survey conducted by the firm Centro Enlace Research, the Guatemalans ranked this bank as providing the highest level of client satisfaction with a total score of 74%. We continued to extend our presence in Peru. Through our representation office in this part of the world, we achieved a 33% growth in market size, with a much more diversified portfolio of clients and having participated in major financing projects in sectors such as education, real estate, chemicals and the agro industry. Another point worth mentioning is our relationship with Peruvian government for which we manage funds worth USD 453 million for building energy networks in the central and southern parts of the country.

We also granted a loan of USD 20 million to a private company that provides basic and secondary education for more than 23 thousand schoolchildren from the middle- to low-income brackets. And in Puerto Rico, we continued to strengthen the structuring of our coverage and risk management function, with initiatives aimed at identifying, measuring, controlling and mitigating market, liquidity, credit and operating risks, this in order to ensure compliance with local regulations and the risk appetite defined for this bank. Overall, in Puerto Rico, our assets came to almost USD 347 million, with a portfolio of mainly business and leasing loans accounting for USD 248 and USD 63 million, respectively.

Another front on which we have been actively working as an Organization is innovation. In addition to maintaining and improving our digital banking channels for the purpose of facilitating transactions, this including our telephone and on-line banking channels, and offering the Bancolombia a un Clic product as well as the Bancolombia App in Colombia, El



Salvador and Guatemala, we have been able to drive key lines of business through quick and easy to use solutions with all the time-saving benefits that clients need in order to improve the quality of their lives.

For example, we pioneered a program in Colombia called 'Social Leasing', in partnership with Comfama, a Colombian family welfare institute, for the purpose of financing homes that this Institute rents out at a low cost. This plan provides the lessee with the possibility of paying the down-payment as part of the monthly rentals. On the other hand, we disbursed more than COP 667 thousand million for the Colombian Government's free housing program, covering 100 thousand units in all.

Our innovation has a natural bearing on technological change, and for this reason the magazine Global Finance gave us its award for 'Best Regional Mobile Banking in Latin America'.

### **Reaching a Record High in Sustainable Growth**

Last year's results were the best ever in our entire 140 years of existence, with consolidated earnings reaching COP 1.9 billion for a year-on-year growth of 24% and total assets totaling COP 150 billion showing an increase of COP 17.9 billion which is 13.7% higher than for the previous year, this thanks to the efforts of our sales staff who produced a dynamic increase in all types of loans both in local and foreign currency. This mere year-on-year increase in assets is equal to the total net assets of the 9th largest bank in Colombia.

This was mainly due to more than a 20% growth in our loan portfolio over the past 12 months. At year-end 2014, the loan portfolios in the

three main countries where we are present, stood as follows: Colombia with COP 76.2 billion for a 14.8% increase, Panama with COP 19.1 billion and an increase of 45.8% and El Salvador with COP 6.5 billion and an increase of 28.6%.

From the point of view of risk, the Bank continues to demonstrate its strength, as nonperforming loans at year-end 2014 came to just 2.9% of the total, with provisions covering 154% of this figure. A significant milestone in 2014 was the result of the largest and most successful capitalization of a Colombian financial institution totaling USD 1.3 billion (approximately COP 2.7 billion) through an issue of preferred non-voting shares that was completed in March. With this, we were able to welcome around 60 thousand new shareholders who now form part of our organization. With this issue of shares alone we were able to obtain an annual increase in Shareholders' Equity of COP 4.3 billion, or 34.6% compared to the previous year, with total equity now standing at COP 16.8 billion.

We also launched two issues of bonds: the first a series of ordinary bonds on the part of Leasing Bancolombia worth COP 400 thousand million and the second an issue of subordinated notes worth COP 988 thousand million pesos, both obtaining an excellent bid-to-cover ratio. On the other hand, our financial efficiency ratio - operating expense versus operating income before provisions- came to 52.4% compared to 56.81% in 2013; whereas our operating efficiency ratio - operating expense versus total assets - stood at 3.6%. Both indicators saw year-on-year improvements of 441 bp and 27 bp respectively.

These figures obviously fill us with great satisfaction, since they are tangible proof that the path we took four years ago was the right one, and as a result we are a much more profitable, sustainable, and efficient

organization, keenly focused on the "people" factor and with a much more gratifying level of performance.

### **Social and corporate governance**

Let me reiterate that these figures, as presented above are all-time highs for us. Never before has Bancolombia achieved this level of results. However, as I mentioned at the beginning, this is the natural consequence of excellent teamwork and a job well done. These achievements have been made possible by the decisions we have made and our understanding of our role in forging an economically prosperous, environmentally healthy and socially inclusive society. Our employees are essential part of our team.

For this reason, we signed a new Collective Bargaining Agreement with our labor union in November of last year, which shall remain in full force and effect over the next three years. The talks that took place resulted in an agreement that improves the quality of life for both our employees and their families in terms of salaries, wages, and educational, housing and health care subsidies. We also agreed on specific issues such as tele-working, gender equality, inclusion, working hours and work schedules, among others, extending this to the operating staff of our subsidiaries in Colombia, for a total of 13 thousand employees.

We defend this consistency between what we think, say and do and applying our corporate philosophy that defines a new way of doing business. This model, aimed at creating value to be shared by all, is firmly based on the belief that if our clients, shareholders, partners, employees and the communities we serve do well, so shall we as an organization.

But we are not just economic players but also growth drivers for a society to whom we owe

so much. For this reason, current trends today are aimed at aligning and integrating public and social initiatives with business activities. Indeed as social players we are compelled to strengthen the soundness and sustainability of our corporate clients. We also provide support for the economic activities and financial needs of our clients with COP 103 billion in loans for almost 10 million private individuals and businesses, and we improve the quality of life of our clients and their communities by providing our financial services to the more remote areas of the country, in a variety of innovative ways using our own network of channels, the largest in Colombia, consisting of 1,271 branch offices, 4,712 ATMs, 598 mobile banking points, 4,202 Banking Correspondents (third-party stores and businesses acting as a financial inclusion channel), 206 kiosks, supermarket banking, mobile advisory personnel and mobile phones. We also drew up a "green" business strategy, aimed at encouraging all those clients who are developing energy efficiency projects, renewable energy, cleaner production, sustainable construction, and climate change mitigation and adaptation projects with loans worth more than COP 200 thousand million.

We are taking our banking activities one step further as a way of transforming society, with strategies such as the BanCO2, an initiative that has been recognized both at home and abroad, and consists of paying rural families for their environmental services through our mobile banking channel. This shall improve the standard of living of these low-income families and preserve the environment for the benefit of all. Another important decision we made was introducing a Corporate Governance model for our particular sector, in keeping with the highest standards of transparent reporting both at home and abroad, while making the required adjustments for the latest regulatory changes, that together with a comprehensive risk management policy and in strict compliance with our codes of conduct, guide us along the

path towards greater sustainability, fulfilling our goal of transforming the lives of people and their communities, while helping them to prosper and attain their dreams and goals.

With a view to ensuring the sustainability of our business, we are voluntarily honoring commitments that go beyond that purely prescribed by law thereby placing us on a par with world-class sustainability standards. Today, the Bancolombia Group has embraced the UN's Global Compact, the Equator Principles, the Responsible Investment Principles Program, the United Nations Environmental Program, the CEO Water Mandate, and the Business for Peace initiative. Furthermore, we were recognized as 'Latin American leaders in transparency with regard to climate change strategies' by the Carbon Disclosure Project.

With all of these efforts we are committed to pushing ahead in a coherent and consistent manner, working as a team towards the goals set. All this has allowed us to remain on the Dow Jones Global Sustainability Index for the third year running, the only Colombian financial institution and one of just five Latin American companies to do so. Out of a total of 192 banks evaluated throughout the world, only 25 were listed, including our own Bancolombia Group, maintaining the same score as for the previous year, that is to say 83 out of 100.

This is clear evidence of our vision of the future. We are convinced that profitability is not just quantitative but also qualitative; the result of a job well done. Our goal is not just to generate profits but primarily to provide and create added value, because values continue to be the guiding principles for shaping the personality of an individual or a company, in rescuing our moral heritage, which is the only meaningful goal worth desiring, pursuing and achieving. Therefore, there is no doubt that integrity and high performance are mutually compatible. In addition to financial stability, we need moral values.

For this reason, we support cultural initiatives that encourage peaceful coexistence, tolerance and creativity, programs sponsored through our Bancolombia Foundation this in addition to the environmental management assistance we provide. We also provided support for very successful social projects such as 'My First Steps', 'Knowledge', 'First Things First' and 'Stomp' which benefited a total of 8,500 children. We also continued with the 'Dreams of Peace' program covering 550 youngsters. 'Reading and Writing in Colombia' is a program in which we work with 200 schools; and our 'Rural Youth' program helps to encourage a new generation of entrepreneurs from 15 educational institutions. Indeed, with regard to our initiatives to encourage the next generation of entrepreneurs, the program 'Growing with My Business' provided support to a total of 230 micro-entrepreneurs.

We know that we still have still some way to go, but we also know that we are on the right path. So we shall continue to expand our role as a key player in social transformation in today's world of possibilities.

### **Market and expert opinions**

As a bank that goes beyond merely receiving deposits and granting loans, we regard ourselves as champions of development, generating shared value while building relationships of trust.

Thanks to all of this we have achieved significant recognition and awards. Some of these I have already outlined in this report, but I would like to mention another four distinctions that were of great importance to us. According to the Corporate Reputation Monitor (Merco), we are the private company with the best reputation in Colombia, thanks to the confidence we inspire in both the public and the market itself as well as our corporate vision of the future. Perhaps it is because of this that young people dream of

working in the Bancolombia Group, as evidenced by the survey carried out by the HR consulting firm, Compañía de Talentos. To conclude we also received awards for the Best Bank in Colombia from the Latin Finance and Global Finance magazines, this based on an analysis of qualitative and quantitative factors, as well as our successful growth, customer care service, profitability and innovative products, amongst others.

### **Our gratitude**

Without resorting to clichés and much bandied sayings, I would like to express our gratitude using simple, straightforward language, which is perhaps the best way of expressing ourselves. Thanks to you, our shareholders, for your support and, most importantly, your vote of confidence in us, as you have helped us with our ongoing process of expanding and strengthening ourselves as an organization that is now approaching its centenary, amid much joy as we look back on the challenges overcome.

We fully understand the mandate you have given us, and you can be absolutely certain that we shall continue to work with the same commitment and responsibility that we have dedicated to this mission from day one. We of course, would like to thank our employees- both direct and indirect- these being team of very capable people both from the personal and professional standpoints, who show their daily commitment to our common goal through their responsible handling of a job well done. We would also like to express our gratitude to our clients, who remain at the heart of our business, for whom we get up every day with the mission of making their dreams and projects come true.

Although I run the risk of repeating myself, I would like to stress yet again our conviction that if our clients do well, we all do well. This is precisely the virtuous circle of shared value. Finally, thanks

to the media for fulfilling their mission thereby helping to build a healthy financial market. We really appreciate their highly responsible work in this sense.

It was back in 1875 that Banco de Colombia first opened its doors to the public in responding to the need for financial services within the Colombian economy. At that time we ranked as the No. 1 savings bank for more than one million Colombians. Today, as we move into the future with 10 million clients we are proud to remain at the forefront of our industry. Over these past 140 years, Bancolombia has become the largest bank in the country, amply recognized for its market share and constant innovation.

Over these fourteen decades of constant growth, we are proud to form part of a great organization and contribute to a corporate history that is not only known both at home and abroad for our economic achievements, but for being an effective driving force for the prosperity of all those nations where we are present. We have a goal and we have a vision to which we are deeply committed in the knowledge that we can continue with your support

Thank you very much!



Carlos Raúl Yepes Jiménez  
Chief Executive Officer - Bancolombia

## Economic report (summarized tables)

Bancolombia  
Banco Comercial  
Unconsolidated financial results (excluding subsidiaries)

Income statement and balance sheet (Year-end figures in millions of pesos)	2014	2013	2012	2011	2010
Direct operating revenues	30.231.086	16.100.274	10.962.300	12.118.167	11.149.631
Net operating earnings	1.515.387	1.548.786	1.456.957	1.267.775	1.212.867
Net income	1.331.316	1.467.907	1.284.490	1.192.267	1.177.999
Total assets	100.287.094	90.004.946	75.141.682	62.183.997	48.678.983
Net loans	67.941.677	57.757.411	51.850.670	41.969.524	32.917.062
Net investments	12.796.206	12.633.103	11.462.577	8.143.169	6.967.972
Total liabilities	83.593.805	77.575.845	63.640.733	53.390.110	40.861.988
Deposits (current accounts, savings accounts and CDs)	56.231.302	54.888.402	46.945.888	36.197.447	29.364.864
Equity	16.693.289	12.429.101	11.500.949	8.793.887	7.816.995

Efficiency and profitability	2014	2013	2012	2011	2010
Efficiency (operating expenses / average total assets)	3,7%	3,9%	4,6%	4,8%	5,1%
Average return on total assets	1,5%	1,8%	2,0%	2,2%	2,7%
Average return on equity	9,0%	12,4%	12,1%	14,6%	16,4%
Total solvency ratio	17,89%	13,34%	17,85%	15,52%	18,06%
Basic solvency ratio	8,72%	5,65%	5,62%	10,40%	8,99%
Loan quality (past-due loans/gross loan portfolio)	2,8%	2,6%	2,5%	2,2%	2,8%
Total past-due loan coverage (provisions / gross loan portfolio)	164,1%	175,8%	175,8%	199,8%	173,8%

Market (December 31st)	2014	2013	2012	2011	2010
Weighted stock market price	28.110	23.667	29.928	28.480	29.500
Market cap (in millions)	27.037.021	20.160.513	25.493.228	22.437.313	23.240.897
No. shares outstanding	961.827.000	851.827.000	851.827.000	787.827.003	787.827.003
Intrinsic value	17.356	14.591	13.502	11.162	9.922
Earnings per share	1.384	1.723	1.508	1.513	1.495
Number of shareholders	60.423	17.638	16.624	15.920	15.053
Number of employees	18.867	18.463	17.508	16.962	16.191
Number of offices	826	844	815	779	725

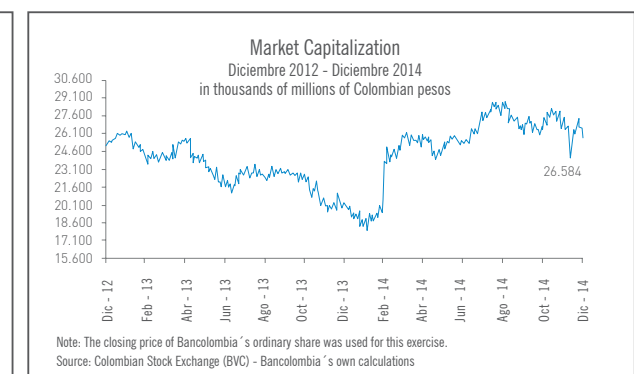
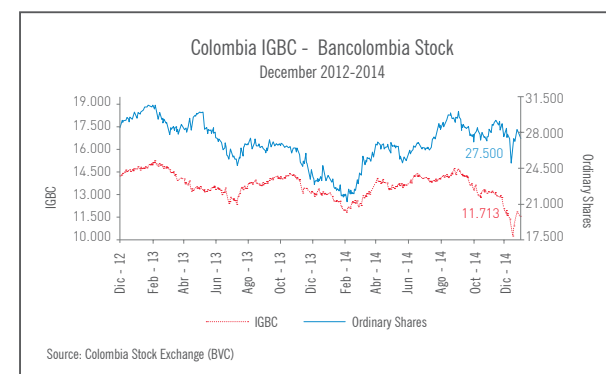
Account parameterization based on report from the Board of Directors

Grupo Bancolombia  
Consolidated financial results

Income statement and balance sheet (Year-end figures in millions of pesos)	2014	2013	2012	2011	2010
Direct operating revenues	13.084.739	11.135.032	10.504.664	8.492.762	7.226.263
Net operating earnings	2.924.362	1.974.039	2.179.595	2.109.595	1.914.801
Net income	1.878.721	1.515.127	1.702.046	1.663.894	1.436.494
Total assets	148.724.861	130.816.241	97.916.380	85.463.020	68.095.156
Net loans	102.803.637	85.394.191	66.739.040	58.575.846	46.091.877
					8.675.762
Net investments	13.677.802	13.805.790	12.554.311	9.958.191	
Total liabilities	131.907.507	118.323.394	86.309.425	76.469.661	60.148.016
Deposits (current accounts, savings accounts and CDs)	93.947.063	85.493.148	63.199.304	51.530.061	42.887.073
Equity	16.817.354	12.492.847	11.606.955	8.993.360	7.947.140

Efficiency and profitability	2014	2013	2012	2011	2010
Efficiency (operating expenses / average total assets)	3,6%	3,9%	4,5%	4,6%	4,9%
Average return on total assets	1,4%	1,4%	1,9%	2,2%	2,3%
Average return on equity	12,5%	12,8%	16,0%	20,2%	19,7%
Total solvency ratio	13,29%	10,61%	15,77%	12,46%	14,68%
Basic solvency ratio	7,71%	5,81%	5,62%	10,40%	8,99%
Loan quality (past-due loans/gross loan portfolio)	2,9%	2,9%	2,6%	2,2%	2,9%
Total past-due loan coverage (provisions / gross loan portfolio)	154,5%	156,5%	177,3%	209,8%	179,8%

Account parametrization based on report from the Board of Directors





# Macroeconomic environment

The International Monetary Fund (IMF) is placing the average Latin American GDP growth for 2014 at 1.3%, compared to 2.6% in 2013. This slowdown is mainly due to an unfavorable global environment on account of the slower growth rates of major trading partners within the region and deteriorating terms of trade, given the drop in commodity prices. In addition to this, investment in some countries is expected to slow with slackening levels of consumer and business confidence. The main risks to Latin America's productive activity

are declining, mainly due to the possible effect of the increasing instability with capital flows to the region, as well as various internal factors that have led to a reduction in their potential GDP.

On an individual country level, a slower growth in Latin America for 2014 is largely due to a slowdown with the Brazilian economy and a slower pace of growth in Mexico. Indeed, the IMF expects Brazil to grow by just 0.1% for the entire year, compared to 2.5% for 2013.

On the other hand, the Mexican economy is showing an evident recovery compared to 2013 (1.1%), with its GDP expected to reach 2.1% at year-end 2014. In Chile, the IMF expects real activity to have risen by 2%, which is much lower than for the previous year (4.2%). Peru's GDP is also expected to decline, going from 5.8% in 2013 to 3.6% for 2014. Meanwhile, in the case of Central America, the IMF estimates that GDP growth shall rise from 0.7% in 2013 to 2% in 2014.

The factors behind this quickening pace of growth have to do with the US economy picking up, which would help increase the incoming flows of remittances from abroad as well as the Panamanian economy, whose GDP is forecast at 6.6%.

With regard to Colombia, the macroeconomic situation for 2014 suggests a favorable level of productive activity. Between January and September 2014, Colombia's GDP came to 5% which was much higher than the 4.4% increase recorded for the same period the previous year. However, the quarterly results show a downward trend. Indeed, the year-on-year growth of 6.5% that occurred in the first quarter was followed by lower growths of 4.3% and 4.2% respectively for the second and third quarters of 2014.

During the third quarter of 2014, the Colombian economy was driven by a strong domestic demand, which rose by 6.6%. Conversely, the external sector sapped overall growth with exports rising by just 5.3%, while imports increased by 14.2%. On the supply side, the construction sector continued to drive real activity, mainly due to the amount of civil engineering projects underway.

For its part, Colombian industry showed signs of a slight contraction, with agriculture remaining on positive ground and the mining sector slowing.

For the last quarter of 2014, we expect productivity to have continued to slow to just 3.8%. If this forecast holds, GDP growth throughout 2014

in Colombia would have reached 4.7%, which would be the prelude to a projected growth of 3.4% for 2015.

As for inflation, consumer prices rose at a faster pace than the previous year. In fact, inflationary pressures from food and certain regulated goods and services such as electricity, led to a rise in inflation for FY 2014 of 3.66%, which was higher than the 1.94% recorded for 2013.

As we have seen over recent years, a much more positive labor market was one of the highlights of the Colombian economy in 2014. At year-end, the urban unemployment rate stood at 9.3%, which was below the 9.7% recorded for 2013. The rate at which new jobs are being created within Colombia's major cities has been one of the key factors that has sustained a stronger domestic demand, which has allowed household confidence to remain high.

Another negative factor has to do with the decline on the part of the Colombian external sector. During the first nine months of 2014

the country's balance of payments recorded a deficit in its current account amounting to USD 12,855 million, that is to say 4.6% of its GDP. This mainly explains the negative balance for the different sub-categories of factor income (USD 9.797 million) as well as trades of goods and services (USD 6.403 million); all of which was partially offset by income from current transfers (USD 2,984 million). The current account deficit was financed by incoming flows of foreign capital inflows as well as accumulated international reserves in the amount of USD 12,789 which accounts for 4.5% of the country's GDP.

On the monetary policy front, in response to higher inflation and a recovery in productivity, in April 2014, the Board of Directors of Colombia's Central Bank began to tighten its monetary policy. Thus, the benchmark interest rate was raised from 3.25% to 4.5% in late September in the form of five consecutive increases of 25 bps. Current estimates show that increased inflationary pressures in recent months may lead to the repo rate being raised to 5%.

The International Monetary Fund (IMF) is placing the average Latin American GDP growth for 2014 at

# 1,3%

## Key macroeconomic indicators for Latin America

	Economic growth (YoY % chg)			Inflation (YoY % chg)		
	2014 (P)	2013	2012	2014 (P)	2013	2012
Latin America and the Caribbean (1)	1,2	2,8	2,9	8,3	7,5	5,4
Financially-integrated countries (2)	2,7	3,8	4,0	4,9	4,4	3,9
Central America	3,9	4,1	4,6	4,7	3,9	4,2
Colombia (3)	4,7	4,7	4,0	3,7	1,9	2,4
Panama	6,6	8,4	10,8	3,0	3,7	4,6
Peru	3,6	5,8	6,0	3,2	2,9	2,7
El Salvador	1,7	1,7	1,9	0,5	0,8	0,8
Guatemala	3,4	3,7	3,0	3,0	4,4	3,5
Costa Rica	3,6	3,5	5,1	5,1	3,7	4,6
Dominican Republic	5,3	4,6	2,7	1,6	3,9	3,9

(P): Projected

(1): The growth forecast for 2014 corresponds to the IMF's latest revised update issued in January 2015.

(2): Brazil, Chile, Colombia, Mexico, Peru and Uruguay

(3): This growth estimate corresponds to the Bancolombia Group's own forecasts.

Source: International Monetary Fund (October 2014), Bancolombia Group, Bloomberg.



# FOR A BETTER SOCIETY, WHERE INTEGRITY AND HIGH PERFORMANCE ARE POSSIBLE

Art shall always remain a way of seeing and understanding the world. This could well be an image expressing a concept, or words used to interpret an idea.

There are many concepts and ideas that have helped us in our organization to give palpable shape to our defining philosophy. We wish to do business in a different way as we work to build up a bank for the benefit of our people and not to their detriment. So with this in mind we have made a great deal of effort in furthering our Humanistic Banking model, words like service, respect, client, strength, confidence and teamwork helped us to make good on our philosophy. And although integrity and high performance could well appear to some as cancelling each other out, we know that this is not the case, in fact on this depends our efforts to build a better society.

We have worked hard on the integrity factor, by helping our clients turn their dreams and projects into a reality, this through our determination to help our communities become more prosperous through the shared value we provide.

This concept of shared value includes recognizing and understanding that we have an economic, social and environmental responsibility.

Indeed, in order to help build a better society, we have defined certain focal points on which we wish to project ourselves beyond merely being a financial institution. This is just another way in which Bancolombia works for the good of society: enhancing people's quality of life, promoting cultural events, taking on environmental challenges as well as being firmly committed to a peaceful Colombia.

In this year's Management Report we have invited ten young storytellers as well as an illustrator, from different regions in the country, to showcase their artistic skills and invite us into their own worlds, through their stories and pictures, showing us how they understand the four purposes of our mission as outlined above.



1

140 years  
of transforming  
society

# AS IF A MAGNIFICENT HOUSE WERE TO SUDDENLY APPEAR

By: Fabián Mauricio Martínez González. Bogotá.  
Illustrated by: Alex Sarmiento.

Dad, even though you are dead and buried, you continue to have an effect on me; it was impossible for you to have passed without showing how great you were. Here lies the great writer, Lautaro Upegui, novelist, essayist and playwright, and I would add, a drunken, polygamous destroyer of lives, just like his son, Ephraim Upegui. Your servant. You divorced Mum when I was very young. She used to take me twice a week to your apartment. You used to wrap me in your arms and play with me for a little while, but you always got bored. You used to look at me as if to say, "when did I let all of this happen to me." And "all of this" was me. You used to leave me there between untidy piles of books, dirty dishes and empty bottles. I cut my finger once on one of those bottles, do you remember? You almost died of fright when you saw me with my hands and face smeared with blood. But you washed my wound and put two band-aids on my middle finger. You stroked my head and retreated to your morning routine. I wanted you to stay with me, Dad. But you were always writing. And it never occurred to you to read me a story. I would have been so happy had you drawn imaginary places inside my head. Your deep voice would say window, and suddenly a window would appear, as if a magnificent house would suddenly materialize out of nothing. But no, you always had a blank look on your face, which made me think that you could not feel anything for anybody. I remember waiting endlessly outside your locked front door. I imagined you with a red cape and a mask writing away inside. Yet, in spite of everything, you were my hero, Dad.

Time passed and look how things turned out. I became accustomed to being alone and, like you,

turned out to be an insatiable reader. In my teens, I realized I wanted nothing more in life than fiction. I was happy because, like you, I had discovered the mysterious privilege of inhabiting other worlds in the books I read. However, I still hated you when I went to study cinematography in New York. Do you remember the rainy night when we said goodbye at the airport. That was the last time I saw you. I never called and never answered your letters.

When I looked at myself the mirror - and increasingly more - often, - I recognized the same lost look as I used to see in you. Do you know, Dad, that I took my time getting back so I would miss your funeral? I did not want anybody else hanging around, I just wanted you and me to be together, because I could not do this in front of anyone else. And here in front of your grave, I forgive you, Dad. You can go in peace, because I no longer hold any grudge against you, because I have your eyes, your voice and your hands, Dad; and, in spite of this, I don't want to be like you. Did you know that you're going to be a grandfather, Dad? Your grandson was conceived three months ago and is now happily growing in Amy's womb. Amy is my girlfriend, Dad.

I shall call him Lautaro, after you. I'll talk to him about you. I shall invent trips we took together to the beach, I shall say that we went fishing for weeks on end, I'll describe the camping trips we took so we could gaze at the stars. Thanks to the best things that I inherited from you, I can invent a new grandfather for your grandson. This time I'll make sure everything is different. Peace. You can rest in peace now, Dad.



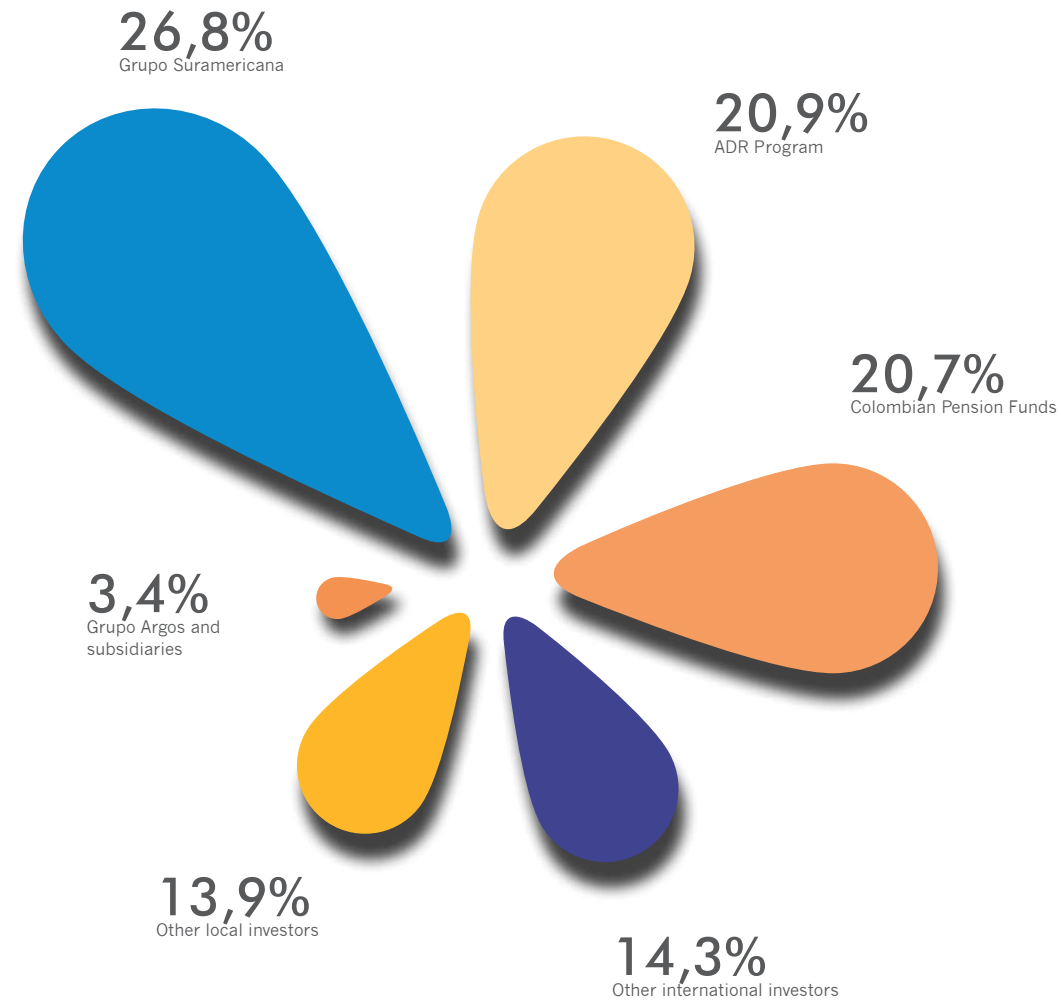
## Peace

We are ready to transform our future, changing the present and overcoming the past



## Our shareholders

We ended the year with 60 423 shareholders



## Board of Directors



Ricardo Sierra Moreno, Roberto Ricardo Steiner Sampedro, David Emilio Bojanini García, José Alberto Vélez Cadavid, Rafael Martínez Villegas, Hernando José Gómez Restrepo, Gonzalo Alberto Pérez Rojas.

# 1875 - 2015

Together we have made history

We are celebrating 140 years of helping people turn their dreams into a reality and driving a more prosperous society...



## Management team Grupo Bancolombia



History is something we are building together. This year, we are celebrating 140 years of existence, and on behalf of more than 45 thousand employees, we, the Bancolombia Group, would like to express our gratitude for the trust placed in us. We have all helped to create a different kind of bank, a bank that can

contribute to a more prosperous, environmentally healthy and socially inclusive society.

On the occasion of this anniversary, we would like to pay a heartfelt tribute of gratitude to each of our shareholders for allowing us to become a true driving force for development and supporting us in our goal of becoming a more humanistic bank.

Showing:

Julián Botero, Gonzalo Toro, Lina Duque, Héctor Felipe Rojas, José Luis Valdés, Hernán Alzate, Esteban Gaviria, Carmenza Henao, Christian Schneider, Mauricio Rosillo, Rodrigo Prieto, Juan David Correa, Aimeé Sentmat, Carlos Raúl Yepes, Jorge Isaza, Rafael Barraza, María Cristina Arrastía, Santiago Pérez, Augusto Restrepo, Liliana Vásquez, Carlos Andrés Echeverri, Jaime Velásquez, José Humberto Acosta, Juan Carlos Mora, María Cristina Calderón, Jorge Iván Otálvaro, Jaime Villegas, Ricardo Jaramillo y Luis Fernando Muñoz.

Absent from the picture:

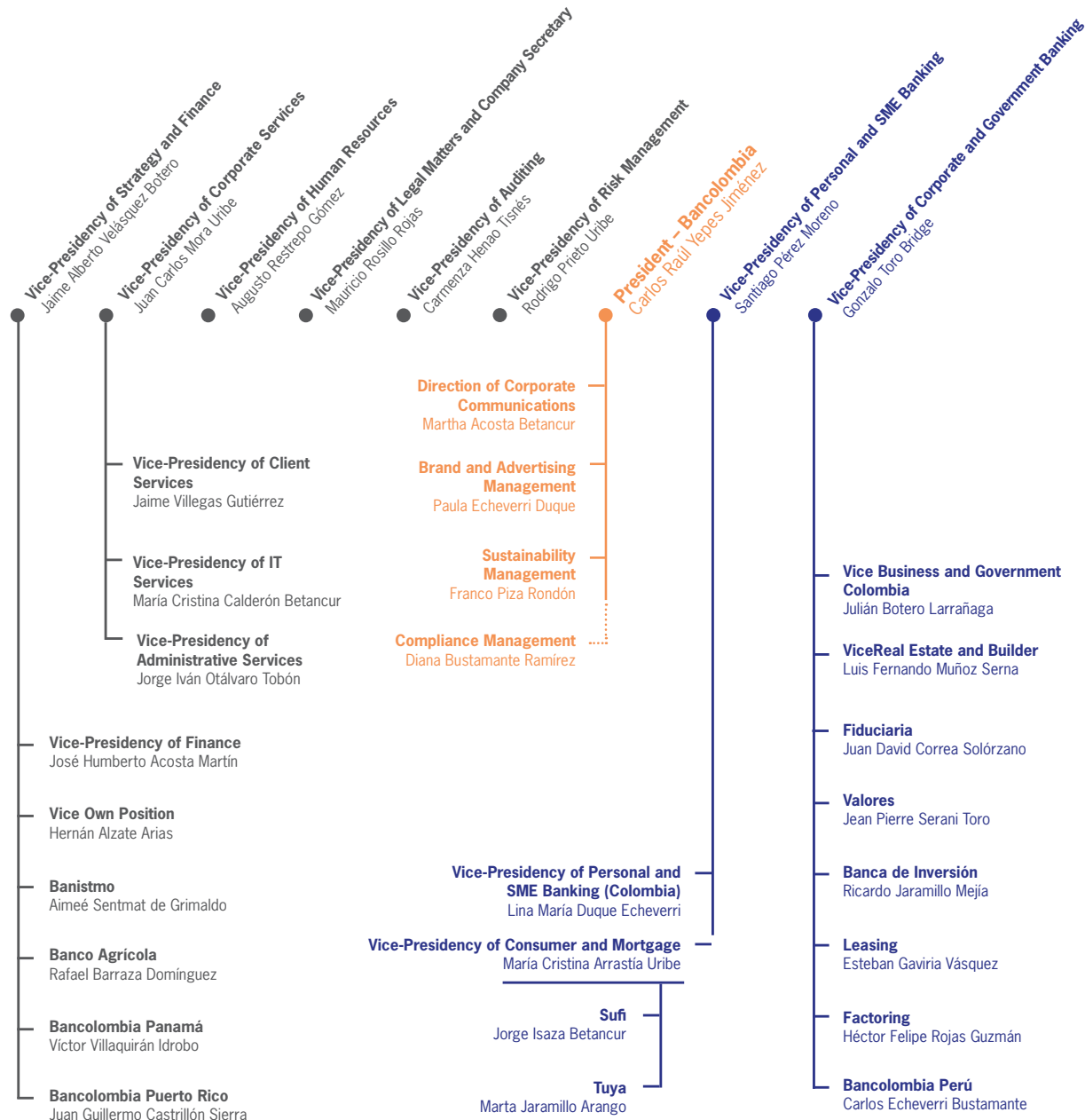
Marta Jaramillo y Jean Pierre Serani.



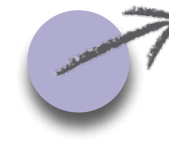


## Organizational structure

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



## Awards



## 2014

The results of our Humanistic Banking approach continue to attract recognition both at home and abroad. This shows once again that integrity and high performance go hand in hand in helping to shape a better society.

## Reputation

### The most renowned

Bancolombia was ranked as the No.1 private company with the best reputation among Colombia's 100 top companies by the Corporate Reputation Monitor (Merco), for which we held second place in the overall ranking.

### The most valuable

Bancolombia was named the most valuable banking brand in Colombia in 2014, occupying 158th position on a global scale, by Brand Finance as part of its Most Valuable Banking Brands of 2014 awards.

### Dow Jones Sustainability Index

For the third consecutive year, the organization was again included in the Dow Jones Sustainability World Index as one of the most sustainable corporations on a global level. Consequently, we were included in the DJSI's Sustainability Yearbook 2014.

### The most admired

We were also ranked by private enterprise as the most admired private company in Colombia, coming in second place in the overall ranking, according to an Invamer Gallup poll, published in the specialized journal, Dinero. "The initiatives taken by Bancolom-

bia to extend its positioning have produced tangible results. It now commands a high level of admiration," stated Jorge Londoño, General Manager of Invamer Gallup.

Also with regard to the sixth annual Opinion Panel Review conducted in 2014, where more than 2,300 opinion leaders nationwide voted for the companies they most admire, Bancolombia came in third position behind Ecopetrol and EPM. This nevertheless meant that Bancolombia is the top private organization most admired since the other two are state entities.

### The most valuable

Bancolombia was named the most valuable banking brand in Colombia in 2014, occupying 158th position on a global scale, by Brand Finance as part of its Most Valuable Banking Brands of 2014 awards.

### Boldness In Business Award - Developing Markets Category

This award was presented by the British newspaper the Financial Times to Bancolombia, Nutresa, Sura and Argos for their contribution to the business environment in Latin America, accounting for 7% of the region's GDP along with 110,000 jobs.

### HR Talent Management

According to the Merco People survey, Bancolombia is the private company with the



best HR talent in the country. This survey examined the three facets of an employer's reputation: job quality, the employer's brand and internal reputation.

### The Company where young people dream of working

According to a survey conducted by the consulting firm Compañía de Talentos, Bancolombia is the No. 1 private Colombian company that young people would like to work for on a nationwide basis. We also occupied second place next to a state-owned company and sixth place including multinationals in the global ranking.

### High CDP score

Our organization scored a high rating with the annual survey carried out by the Carbon Disclosure Project (CDP), as we get closer to being included in the CDP Leadership Index. We scored 85 out of a total 100 points for disclosure, while being ranked in 'Band B' in terms of performance, which means that we are doing well with our efforts to preserve the environment and ensure our ongoing sustainability. This result was made possible thanks to initiatives such as building the first ever sustainable branch office in Colombia's financial sector, creating a "green" line of credit and embracing the UN's Principles for Responsible Investment.

### Top of Mind

Bancolombia is the financial institution with the highest brand recordal in Colombia according to a Top Of Mind survey, published by the specialized journal, Dinero and carried out by the Invamer Gallup research firm.

It is worth noting that two out of five respondents consider us the best brand in the financial sector, placing us in No. 1 position in terms of top-of-mind awareness.

## Best bank

### Among the largest in Latin America

Bancolombia was ranked in 15th place among the 50 largest banks in Latin America (including the state-owned) by the magazine, América Economía, having risen by two places compared to the previous year. Capital adequacy, asset quality, management, earnings and liquidity were amongst the factors evaluated for this purpose.

### Bank of the Year - Colombia

This award is given by the editors of the magazine Latin Finance, taking into consideration quantitative and qualitative factors, including financial data, research studies and the opinions of different market players, collected through an on-line public ballot.

Also, the Global Finance magazine named Bancolombia is the best bank in Colombia, as part of its 'Best Emerging Markets Banks in Latin America' awards. This decision was made based on our successful growth, customer care service, profitability, innovative products and competitive prices.

### Best Regional Mobile Banking Channel - Latin America

Being able to provide our clients with digital, modern and affordable banking services via their mobile phones were the reasons behind this award from Global Finance magazine.

### Best Investment Bank in Colombia.

The finance and economics magazine, Euromoney, awarded Bancolombia this distinction in recognition of our commitment to building relationships of trust, delivering innovative financial solutions and providing the best value-added customer service in the country.

### Best Investment Bank in Colombia.

Awarded by the publications, Latin Finance and Euromoney, which highlighted our business strategy, financial strength, innovation and the support the company has given to its clients with projects both at home and in the rest of Latin America.

### Best Customer Experience

IZO, the leading consultancy firm in Spain and Latin America named us as the No. 1 bank in Colombian in terms of customer care service, ranking us in fifth place compared to the rest of the local sectors. This came in recognition of our excellence, best practices and innovation in providing the best possible customer experience.

### Recognition for our use of new technologies

The Colombian Ministry of Information Technologies and Communications, in partnership with the Colombian Association of Industrialists - ANDI, the Bancolombia Group received recognition for the use of new technologies with regard to its SMS Banking product, Ahorro A La Mano, in view of the positive impact this has had on society as a financial inclusion solution.

### Best investor relations practices

Finally, the Colombian Stock Exchange issued us with its IR award, for our best practices in the fields of investor relations, the quality of the information reported to investors and the market in general, as well as the Organization's Corporate Governance.

## In Panama, El Salvador and Guatemala

### Business of the Year

For the Euromoney Magazine, one of the "Businesses of the Year" for 2013 was Bancolombia's acquisition of HSBC Bank Panama, correspond-

ing to the purchase of 100% of its ordinary shares and 90.1% of its preferred shares, thus giving rise to Banistmo.

### Banistmo, market maker

Banistmo has regained its former status as 'Market Maker' a distinction awarded by the Public Credit Division of the Panamanian Ministry of Economy and Finance. This means that as an organization we are contributing to the overall development of the financial system in this part of the world, providing greater liquidity and growth to the investor community.

### "Preferred bank" in El Salvador

Global Finance named the Banco Agrícola as the safest bank in the country. Furthermore, as a result of the findings of the 23rd Annual National Trademark Survey published by The Economist, Banco Agrícola was named by the Salvadoran people as their "preferred bank", having obtained 44.9% of the ballot with the runner-up obtaining just an 8% share of the total

### Social responsibility

Banco Agrícola was named the top financial organization for its Corporate Social Responsibility, while obtaining fourth place in the overall ranking. This was based on the first ever Brand Perception Survey conducted in Central America and the Caribbean by the polling firm, Dichter & Neira and published in "What the public understands by CSR" a special publication issued by the Mercados & Tendencias magazine.

### BAM scoring the highest level of client satisfaction

In a survey conducted by the firm, Centro Enlace Research, the Guatemalans ranked this bank as providing the highest level of client satisfaction with a total score of 74%.



# Bancolombia



Category		Description
<b>Outlook</b>	Positive	<b>Upwardly revised from stable to positive.</b>
VR: Viability Rating	BBB	<b>Reaffirmed:</b> Investment Grade.
IDR - Issuer Default Rating	BBB	Reflecting the Bank's strong franchise, solid balance sheet, adequate performance, robust asset quality and provisions, good levels of liquidity, an ample deposit base, proven access to funding and to the capital markets along with a positive operating environment.
Long-term Issuer Default Rating (IDR)	BBB	The viability rating (VR) also reflects the challenges posed by recent acquisitions and recognizes the efforts made by Bancolombia to strengthen its capital levels over and above those reached at year-end 2013, including a successful issue of preferred shares in the first half of 2014, in addition to a solid history
Short Term Issuer Default Rating (IDR)	F2	of successful integration of acquired entities. Bancolombia boasts a well-balanced business with loans diversified by geography, by industry, by product and by lender. The Bank also shows an ability for strong earnings, resilient margins, controlled operating costs, adequate risk management and ample coverage reserves. In spite of its rapid growth into riskier segments, Bancolombia's loan quality indicators remain sound and it has enough flexibility to continue to grow. Because of its systemic importance as an entity, Bancolombia would count on the support of Colombia's Central Bank in the event of a possible contingency Colombia's ability to provide such support is reflected in the upgrade given to its Sovereign Rating in December 2013, which drives Bancolombia's support floor of 'BBB'.
Long-term foreign currency Default Rating (IDR)	BBB	Revised upwards from BB +.
Short-term foreign currency Default Rating (IDR)	F2	The ratings for this type of debt would move in line with the Bank's VR and IDR ratings.
Long-term local currency Default Rating (IDR)	BBB	<b>Reaffirmed:</b>
Short-term local currency Default Rating (IDR)	F2	<b>Reaffirmed:</b>
Support Rating	2	
Support Rating Floor	BBB-	
Senior Unsecured Debt	BBB	
Subordinated Debt	BBB-	
Local Long-Term Debt	AAA (col)	
Local Short-Term Debt	F1 + (col)	
Local Issues of Senior Unsecured Debt	AAA (col)	
Local Issues of Unsecured Subordinated Debt	AA+(col)	

# Bancolombia



Category		Description
<b>Outlook</b>	Negative	Reflecting concerns regarding Bancolombia's revenue generation capabilities, which according to this bank shall remain under pressure given low net interest margins and securities gains, Its outlook could return to stable if earnings rise to levels consistent with the bank's ongoing double digit organic and non-organic loan growth, or if the bank's core capital is strengthened.
Bank Deposits in Foreign Currency (Long Term / Short Term)	Baa3/P-3	Determining factors for the ratings given
Local currency bank deposits (short / long term)	Baa2 / P-3	- Well positioned in all areas of the typical banking business, good geographical and portfolio diversification, and a leading position within its market as the largest bank in Colombia and Central America.
Bank Financial Strength	D +	- Impact of acquisitions partially offset by capitalization.
Senior Unsecured Debt	Baa2	- Good proactive risk management and conservative lending and reserving policies have maintained past due loans at manageable levels.
Subordinated Debt	Ba1	- Proven ability to generate recurring core earnings based on an ample net interest margin
		- Broad access to core funding.





# Bancolombia

## S&P's



Category		Description
<b>Outlook</b>	Stable	<b>Reaffirmed</b> Reflecting the expectation that it shall remain as the largest financial institution in Colombia and one of the largest financial groups in Central America.
Long Term Foreign Issuer - Issuer Credit Rating (ICR)	BBB-	<b>Reaffirmed at BBB-</b> for the long term and A-3 for the short-term: investment grade.
Short Term Foreign Issuer - Issuer Credit Rating (ICR)	A-3	Bancolombia sustained its dominant market position in Colombia and has recently positioned itself as one of the largest financial groups in Central America major in Central America. Less stronger aspects in terms of its credit rating have to do with capital and profitability, which have remained fairly stable and at adequate levels. Recently the bank improved its earnings and profitability metrics, and consequently, its internal capital generation.
Local Long Term Issuer - (ICR)	BBB-	
Local Short-Term Issuer - (ICR)	A-3	These improvements have been better than we had expected due to better funding costs, more profitable earnings assets composition, and sound cost containment policies. We expect that the economies of scale and the benefits from current acquisitions will be more reflected in the intermediate term, improving profitability further. Its risk position as "adequate" as is its liquidity position. Funding levels are average and its refinancing risk is manageable, supported by a satisfactory maturity profile of the debt issued. Its customer base continues to exhibit long-standing relationships. Bancolombia has a high systemic importance within the Colombian financial system supported by a moderately high likelihood of extraordinary government support should this be necessary.

# Región

## Banco Agrícola – El Salvador



### Fitch

- Long-term Issuer Default Rating (IDR) at 'BB+' with a negative outlook
- Short-term Issuer Default Rating (IDR) at 'B'
- VR (Viability Rating) at 'BB +'
- Long-term National Rating: 'AAA (slv)'; Outlook Stable.
- Short-term National Rating: 'F1+(slv)'
- Support at: 3
- Senior Unsecured Debt Long-term Rating: 'AAA(slv)'.
- Senior Secured Debt Long-term Rating: 'AAA (slv)'.

### Fitch

- Long-term Issuer Default Rating (IDR) at 'BB+' with a negative outlook
- Short-term Issuer Default Rating (IDR) at 'B'
- VR (Viability Rating) at 'BB +'
- Long-term National Rating: 'AAA (slv)'; Outlook Stable.
- Short-Term National Rating: 'F1 + (slv)'.
- Support at: 3
- Senior Unsecured Debt Long-term Rating: 'AAA (slv)'.
- Senior Secured Debt Long-term Rating at 'AAA (slv)'.

Reflecting the bank's strong franchise and dominant local position, sound and stable profitability, robust loss-absorption capacity, strong capital position above the banking system's average good asset quality, and ample depositary base

The bank's ability to access and sustain an ample, stable, low-cost and diversified customer deposits base constitutes one of the bank's main strength Banco Agrícola's support of '3' denotes that Fitch views the bank as a core subsidiary for Bancolombia, provides a meaningful and recurring share of revenues to its parent and is an important subsidiary for Bancolombia's growth and diversification in Central America

The negative outlook for Banco Agrícola's IDR reflects that an eventual downgrade of El Salvador's current sovereign rating ('BB-/Negative Outlook) could result in a downgrade of the country ceiling (now standing at 'BB+'). However, Banco Agrícola's national ratings would not be affected should El Salvador's sovereign ceiling be downgraded

## Región

### Banistmo - Panamá

#### Fitch

- IDR (Issuer Default Rating) at 'BBB' / F2 with Outlook revised up from stable to positive.
- VR (Viability Rating) at 'BBB-'.
- Long-term National Rating: 'AA + (pan)'; Outlook revised to stable to positive.
- National Short-Term Rating: 'F1 + (pan)'.
- Banistmo's Support Rating: 2

#### Fitch

- IDR (Issuer Default Rating) at 'BBB' / F2 with Outlook revised up from stable to positive, given the potential support that Banistmo would receive from its parent, if required.
- VR (Viability Rating): Fitch downgraded Banistmo's viability rating from 'bbb' to 'bbb-' following its assessment of Banistmo's intrinsic creditworthiness after the completion of the acquisition of Banistmo by Bancolombia and the spin off of the bank's subsidiaries, which resulted in a sustained reduction of its size together with a lower income diversification
- Banistmo's Support Rating: 2 Fitch sees the bank as a key subsidiary of Bancolombia.
- Long-term National Rating: 'AA + (pan)'; Outlook revised to stable to positive.
- National Short-Term Rating: 'F1 + (pan)'.

#### S & P's

'BBB- / A-3' with a stable outlook.

#### S & P's

- Standard & Poor's Ratings Services affirmed a long-term rating at 'BBB-' and its short-term and 'A-3' for Banistmo SA after the completion of its acquisition by Bancolombia Bancolombia S.A. and subordinate companies. S & P now regards Banistmo as a core entity for Bancolombia, given its market position in Panama and the expected share capital and earnings for the consolidated group.
- S & P affirmed its ratings of 'BBB- / A-3' with a Stable Outlook for Banistmo and withdrew its observation status for possible review with negative implications. S&P's credit ratings for Banistmo as an issuer from now on will move according to those of its parent.

## Región

### Bancolombia Panamá

#### S & P's

'BBB- / A-3'.

#### S & P's

- BBB- / A-3. Reflecting the fundamental status of the consolidated Bancolombia Group and forming part of its overall strategy to act as a vehicle to serve Bancolombia's clients abroad, in fulfilling their credit needs in foreign currency, and providing the Colombian market with access to the Central American markets.

### Banco Agromercantil - Guatemala

Fitch A + (GTM) / F1 (GTM) with a Stable Outlook.

### Bancolombia Puerto Rico Internacional Inc.

#### Fitch

- Long-term National Rating: 'AAA (col)'; Outlook Stable.
- Short-term National Rating: 'F1+(col)';

## Filiales

### Leasing Bancolombia S.A. CFC

#### Fitch

- Long-term National Rating: 'AAA (col)'; Outlook Stable
- National Short-Term Rating at 'F1+(col)';
- Successive Multiple Emissions Leasing Bancolombia Ordinary Bonds of up to COP 1.5 billion - National Rating: 'AAA (col)'
- Issuance and Placement Program for multiple and successive issues under an overall quota of COP 2 billion (extended up to COP 4.5 billion) National Rating at 'AAA (col)'



## Compañía de Financiamiento Tuya S.A.

### Fitch

- Long-term National Rating: 'AAA (col)'; Outlook Stable
- National Short-Term Rating at 'F1+(col)';

## Factoring Bancolombia CFC

### Fitch

- Long-term National Rating: 'AAA (col)'; Outlook Stable
- National Short-Term Rating at 'F1+(col)';

## Banca de Inversión Bancolombia S.A. Corporación Financiera

### Fitch

- Long-term National Rating: 'AAA (col)'; Outlook Stable
- National Short-Term Rating at 'F1+(col)';

## Valores Bancolombia

### Fitch

- M1 (col) Superior: National Investment Managers Rating.
- AAA (col): Counterparty Risk
- F1 + (col): National Risk

### Fitch

- M1 (col) Superior: National Investment Managers rating.
- AAA (col): Counterparty Risk
- F1 + (col): National Risk

Fitch highlighted the fact that being a subsidiary of the Bancolombia Group as well as a market leader in terms of Assets Under Management, the total value of its equity, streams of commission income and net results. This credit ratings agency also highlighted the firm's constant search for best practices in business administration, its stringent corporate governance policies and robust management of both financial as well as non-financial risk together with its outstanding portfolio management.

Fitch expects the company to continue maintaining robust levels of capitalization.

## Glosario

### Definición de las nomenclaturas asignadas por cada calificadora

Definition of rating symbols assigned by each credit ratings agency

#### MOODY'S

Baa3 / P-3 / D

**Baa**: Investment Grade. The numeric modifier "3" indicates a position at the lower end of that generic rating category. Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

**P-3**: Issuers with a Prime-3 rating have an acceptable ability to repay short-term obligations.

**D**: Banks rated with a "D" have a modest intrinsic financial strength, and could potentially require some outside support at times.

#### FITCH

BBB / F-2 / AAA (col) / AA + (col) / F1 (col)

**'BBB'**: Investment Grade: Good creditworthiness.

**'F2'**: Good short-term creditworthiness

**'AAA'** (Triple A Colombia). The highest creditworthiness.

**'AA+'**: Very high creditworthiness.

**F1+':** The highest short-term creditworthiness.

**'M1(col) Superior'. National Investment Managers rating.** Asset management operations show the lowest level of vulnerability in terms of operational and investment management shortfalls compared to what would be appropriate for the market in question.

**Support Rating:** Support Ratings (SRs) reflect the views of the credit rating agency with regard to the probability that a financial institution would receive extraordinary support, if necessary, to prevent it from defaulting on its senior obligations. This extraordinary support would typically come from one of two sources: the shareholders of the rated entity (institutional support) or national authorities in the country where the entity is located (sovereign support). Support Ratings are assigned on a scale of 1 to 5, with "1" representing an extremely high probability of support, and "5" indicating that no support can be relied on.

#### S & P

BBB- / A-3

**'BBB'**: Investment Grade. Means relatively high levels of solvency and creditworthiness.

**'BBB'**: Considered by market participants to be the lowest level of an investment grade.

**'BB+'**: Considered by market participants to be the highest level within the speculative grade category.

**'BB'**: Less vulnerable in the short term but faces major ongoing uncertainties in terms of adverse business, financial or economic conditions.

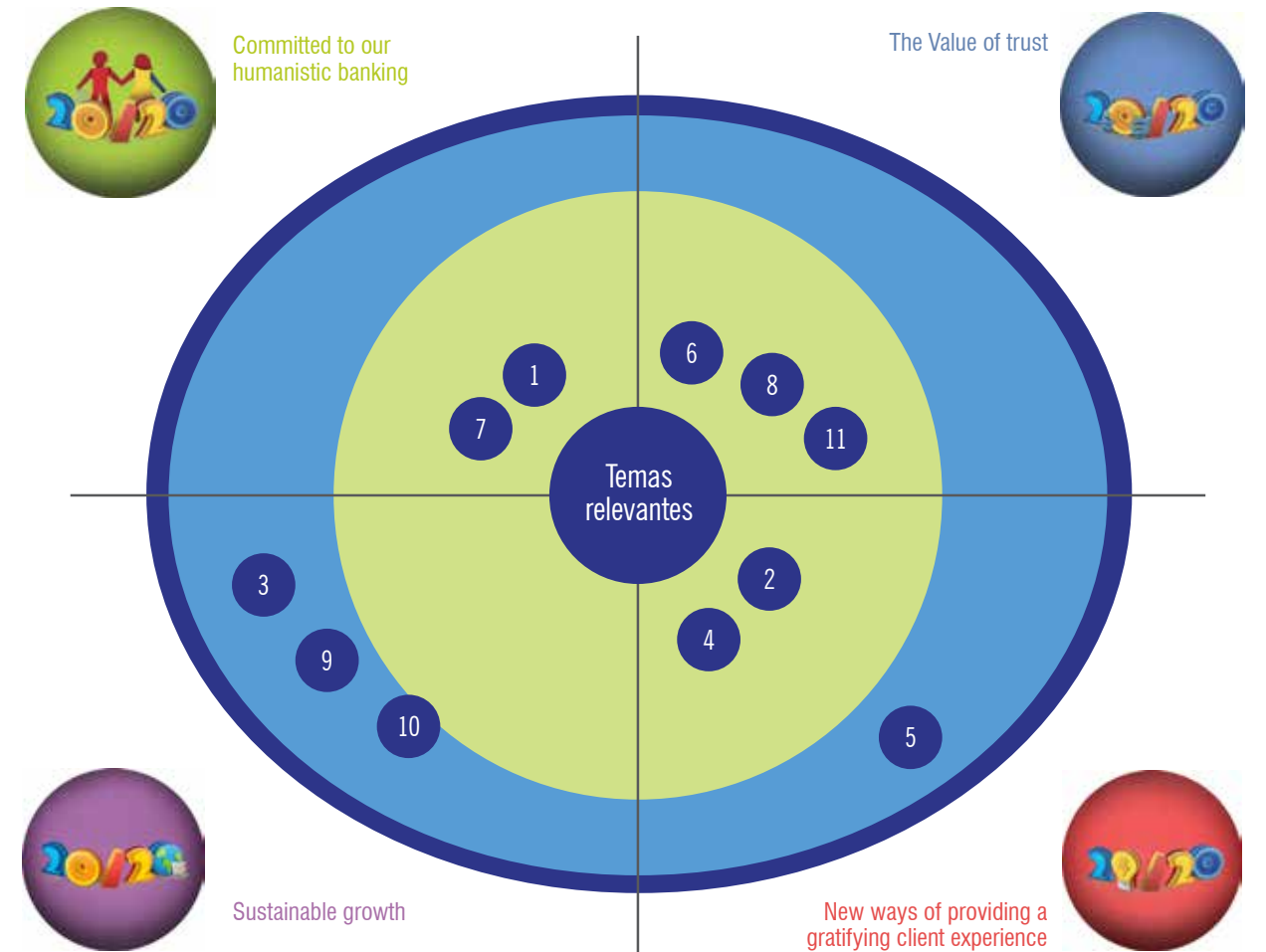
# Talking with our stakeholders

Thinking of others and being sensitive to their needs allows us to create a different way of relating, in which building confidence through conversation and constant dialogue with our stakeholders adds value to what we do and helps us to fulfill our mission of making Bancolombia a more humanistic bank. We interact with our stakeholder groups through different personally-attended events, the media as well as through our interpersonal relationships, so that we are able to get a much better idea of their interests and priorities and, with their help, build an organization that we all dream of. That is why in 2014, we consulted with our shareholders, clients, employees and suppliers, using the Global Reporting Initiative (GRI4) methodology on all those material issues that we have defined on an organizational level, so as to better understand how important they are to our stakeholders and to gauge our economic, environmental and social performance. For more information please visit this link and click on the Stakeholder policy.

<http://www.bancolombia.com/sustainability/dialogueS.html>

For more information please visit this link <http://www.bancolombia.com/sustainability/dialogueS.html>

Our humanistic banking approach is driven by our liaisoning initiatives



Relevant issues The Bancolombia Group's material issues

Issue	Stakeholder	Página
1 Consolidating a more humanistic banking model	Employees	120
2 Building more and better relations with clients	Clients	78
3 Efficiency and profitability	Investors /Suppliers and service providers	107
4 Operating simplicity and impeccability	Clients	82
5 Wherever, whenever and however our clients need us	Clients	86
6 Strategic risk management	Investors /Authorities*	179
7 Innovative talent management	Employees	121
8 Proactive reputation management	Investors	116
9 Strengthening key lines of business in terms of creating added value	Clients and Shareholders	91
10 International consolidation	Shareholders	67
11 Consolidating our environmental and social sustainability model	Investors / Community	152

● Substantial relevance: report and digital  
● Medium relevance: digital report and website



## THE DAY IT RAINED IN MANATÍ

by: Mayra Alejandra Díaz Montes. Barranquilla.  
Illustrated by: Alex Sarmiento.

That day it rained so much that the river swept over us. I say the water came over us, but then I heard some men say that it was the opposite: that the streets were built in the path of the river, and nobody likes to be ousted. In any case, I never thought that a river could flow through the streets, yet it did.

Before I knew it, my bed was full of rubbish and fishes. All the houses in the street were converted into murky pools of fallen branches and dead cats. Mum screamed. Dad started to take out all the stuff that could be saved. As for the hens, no one could save them. "You never know with nature," Mom explained afterwards. Nature is so beautiful and, at the same time, so sinister.

Mom always said things like that, which were hard to understand. Meanwhile the water flowed down the streets from the school to Miss Carmen's house. Some people were happily splashing about in the streets. And I did not understand why there were so many happy people amongst the sad. The following

day we set up a small tent, just like you see at a circus, but tiny. There was barely enough room to stretch your arms. And no food.

Mom yelled at Dad to go and get food, but Dad was angry. I remained silent so as not to cause a fuss, even though I felt hunger pains. I wanted to go back in time, I would have liked to have gotten up and gone to school, I wouldn't have minded getting up so early. But Mom said that you can't go back in time. I just wanted to open a book, play with my friends, and kick a ball around. And eat because I like to eat.

The weeks passed and the rain fell, but things were slowly getting back to normal, and when it began to dry up, the good news came. I heard that everything would be fine, that things were getting better, that they would come, they would bring food and books, (books! just think!) I heard some volunteers would come to help. And I waited anxiously. Then help came. Mum cried that day. But she was weeping with joy. Mom always said things like that, which were hard to understand.

### Quality of life Early childhood

These early years shall always be the most important in the life of an individual, and knowing how to educate a child when small means that we can begin to build a more just, balanced and inclusive society.

# Bancolombia Group's Consolidated Results

# 2014

As for the Bancolombia Group's consolidated results, total assets came to

**COP 17,9**  
billion

for a year-on-year increase of

**13,7%**

is similar to the value of all the assets held by the ninth largest bank in the Colombian banking system

Colombia's GDP for 2014 was higher than for many countries in the region, including Mexico, Peru, Chile and Brazil.

Panama was one of the countries that contributed most to the region's growth, having obtained one of the lowest unemployment rates in recent years and a significant reduction in poverty, thanks to the good levels of performance of the construction and mining sectors as well as a renewed growth in its fishing industry. The economies in El Salvador as well as Guatemala continue to do well, with the latter scoring much better results with its mining, manufacturing and agricultural sectors.

The Colombian financial system in 2014, presented a good level of overall results thanks to rising prices of local government debt together with a higher degree of macroeconomic stability, which in turn drove investments and lending. The financial system also obtained year-on-year increases in terms of both assets and profitability.

Likewise, the financial systems in the Central American countries have maintained strong balance sheets and stable levels of profitability. The Central American banking sector is expected to net a double-digit growth, with the exception of El Salvador and Panama, where growth has been slower.

As for the Bancolombia Group's consolidated results, total assets came to COP17.9 billion, for a year-on-year increase of 13.7%. On a comparative basis, this increase is similar to the value of all the assets held by the ninth largest bank in the Colombian banking system. Its gross loan portfolio accounted for COP 18.1 billion of this growth, for a year-on-year rise of 20.2%, with all

types of loans showing annual increases which boosted the overall lending figure and further consolidated sustainable rates of growth with our productive assets.

The foreign currency loan portfolio in Colombian pesos, representing 35.3% of the total, achieved a growth of 9.5% in dollars at year-end 2014.

On the other hand, net investments slowed by 0.9% year-on-year, as part of a financial management approach based on optimizing liquidity in favor of overall results. There was also a decline with the bank's portfolio of debt securities that offset the growth in its equity securities. The year-on-year decline of 0.5% in other assets was mainly due to lower liquidity operations, particularly in terms of interbank funds, simultaneous transactions with Colombia's Central Bank as well as cash and banks, which offset the growth in derivatives, with the dollar value of Banistmo's goodwill driven up by the year-on-year depreciation of 24.2% with the Colombian peso.

As far as liabilities are concerned, fund structuring costs recorded a year-on-year decline of 40bp or 2.9% as a result of deposits which rose by COP 8.5 billion, for a year-on-year growth of 9.9%, as well as liquidity operations, specifically repos and simultaneous transactions with Colombia's Central Bank, which came to COP 0.9 billion. Additionally, issues of bonds on the part of Leasing Bancolombia, Renting Colombia and Bancolombia allowed for a much more robust financial structure, strengthening market support and public confidence in the Group.

Shareholders' Equity rose by COP 4.3 billion or 34.6%, driven by an issue of preferred non-

voting shares placed by Bancolombia in March along with earnings for the period, all of which improved levels of basic and total solvency by 268bp and 190bp respectively, these showing the Bancolombia Group's financial capacity to absorb potential losses according to the type of risk to which its assets are exposed.

The Group's bottom line therefore rose by 24.0%, reaching COP 1.9 billion at year-end, driven by the 31bp year-on-year increase in its net interest margin, which ended up at 5.8% due to higher interest income from its loan and investment portfolios as well as liquidity operations. On the other hand, the increase in provision expense on a loan portfolio of COP 174 billion was mainly due to the increase in loans issued and the coverage required past due loans, as well as having aligned said provisions with our loan rating system.

Also the growth in net commission income for the year was mainly due to income from our card business as well as banking, payments and collection services. In turn, given a good level of Forex and derivative income coupled with an enhanced handling of operating expense, our financial efficiency indicator (operating expenses versus operating income before provisions) ended up at 52.4%, with our operating efficiency indicator (operating expenses versus total assets) now standing at 3.6%, showing improvements of 441bp and 27bp, respectively.

Finally, return on equity (ROE) ended up at 12.5%, and this is expected to improve in the short term as our subsidiaries and the latest issue of shares begin to have an effect on our financial results.



# Bancolombia

## A Retail and Commercial Bank

# 2014

Bancolombia continued to strengthen its financial position in 2014 with a growth in total assets of COP 10.3 billion, representing a year-on-year increase of 11.4%, equivalent in real terms to twice Colombia's real GDP growth as forecast for 2014.

Each of the different types of loans contributed to the year-end 17.7% increase in net placements amounting to COP 10.3 billion, particularly in the corporate and mortgage lending categories; the latter consisting of approximately 24,500 new loans so that more families were able to benefit from our housing solutions.

Net investments, for their part, recorded a year-on-year increase of 1.3% or COP 163 billion at year-end 2014, driven by the growth in our equity portfolio, relative to last year's devaluation of the Colombian peso which offset the annual decline in debt security investments. On the other hand, the decrease in other assets originated in the reduction in the cash and banks account, specifically the checking account held with the Colombia's Central Bank, as well as with the balance held in repos and interbank funds.

As for liabilities, in 2014 the year-on-year increase in deposits came to 2.6% or COP 1.4 billion, mainly driven by higher deposits in savings accounts. Also during this same period, simultaneous transactions and repos rose by

COP 925 thousand million or 106.9%, as did the balances held in foreign banks by COP 1.7 billion or 26.8%, and bonds, COP 1.0 billion or 10.8%, mainly due to the devaluation of the peso throughout the year (+ 24.2%), and the subordinated bonds in pesos issued in September 2014 worth COP 988 thousand million.

The trust inspired by the Bancolombia name on the different markets was again evident with the issue of preferred shares placed in March, thereby strengthening the bank's equity as well as improving its solvency and financial ratios which show its capacity to absorb potential losses according to the level of risk to which our assets are exposed.

We recorded an increase of 18bp with regard to our loan quality indicator, calculated as the ratio of past due loans to gross loans, which ended up at 2.80%. This was mainly due to a higher volume of past due loans, which in keeping with their levels of risk, implied a provision coverage ratio of 164.1% at year-end.

Bancolombia obtained net income of COP 1.3 billion, or -9.3% for the year, this mainly due to the increase in income from our loan portfolio and investments in debt securities. The bottom line was also driven by net commissions thanks to buoyant revenues from cards, collections, electronic banking and bancassurance services, as well as the reduction in interest expense specifically with regard to savings accounts and CDs.

On the other hand, provisions on our loan portfolio increased with the amount of new loans placed during the year as well as past due loans, whereas other operating income declined given the amount of income recorded the previous year on the transfer of shares in Protection to another company belonging to the Group.

In 2014, operating expenses rose at a slower pace than operating income, producing improvements in the Group's operating and financial efficiency ratios of 357 and 22 basis points, respectively, these reaching 51.9% and 3.7% at year-end. Labor expense increased due to higher provisions on variable compensation bonuses and the growth in wages/salaries and employee subsidies.

Meanwhile, overheads showed a moderate increase as a result of lower expense corresponding to property repairs, depreciation (computer equipment) and amortization (new software architecture) that largely offset higher leasing expense (computer and office equipment), deposit insurance and taxes (Industry and Commerce as well as Financial Transaction tax).

Return on equity for the year came to 9.0%, which was 3.5% lower than for 2013, due to higher amortizations of goodwill in December as well as the increase in equity with the last year's issue of preferred shares. ROE is expected to strengthen this coming year as the Bank continues to perform well.

**The trust inspired by the Bancolombia name on the different markets was again evident with the issue of preferred shares placed in March, thereby strengthening the bank's equity as well as improving its solvency**

A Growth in total assets of

↑ \$10,3  
billion

Representing a year on year increase of

↑ 11,4%

# Sustainable Growth



> It is the consequence of doing things right, it goes beyond a financial result and its reflected in the responsibility of our management, in our commitment to continue to reach the furthest places to support the development of the countries where we are present, generating shared value, because we are interested in building an economically prosperous, socially inclusive and environmentally healthy society.

## Personal and SME banking:

We continue firmly engaged with being present in every family and business by building relationships of trust, which is why we are helping the Colombian people to make their dreams come true, providing them with the opportunity of owning their own homes and vehicles and giving them access to the financial markets through our retail, savings and investment products. We also help SMEs to obtain greater liquidity for their businesses by financing their asset purchases and working capital.

We continue firmly engaged with being present in every family and business by building relationships of trust, which is why we are helping the Colombian people to make their dreams come true, providing them with the opportunity of owning their own homes and vehicles and giving them access to the financial markets through our consumer, savings and investment products. We also helped our SME clients to obtain greater liquidity for their businesses by financing their working capital and the assets they need.

Growths of more than 20% were recorded for our savings and checking accounts, with the former now surpassing the 8 million mark, 65% of which are active. This has allowed us to enhance bancarization levels nationwide with the easy, straightforward solutions we are able to opportunely provide our clients.

We also designed new transactional packages so as to be able to attend the payroll and supplier payment needs of our SME clients. Here we were able to sell more than 7,000 packages mainly to our micro and small SMEs, for a total of COP 2,000 million in cash commissions.

We continue as the preferred bank for cardholders in Colombia. This has allowed us to invoice COP 11.24 billion in the case of credit cards and another COP 81.4 billion for debit cards, for shares of 23.5% and 42.5% in the respective nationwide turnovers. We now have more than 8 million credit and debit cards in circulation, that is to say, 8%

more than for 2013, for a total card portfolio of COP 3.2 billion with past due accounts amounting to COP 152,848 million. On the acquiring side, turnover came to COP 17.2 billion with affiliated retail establishments now numbering 83,226.

We also launched two new cards. In the case of the Global Visa card we placed 12,441 plastic for a total turnover of COP 35,560 million; and with regard to the Visa Infinite card, aimed at clients from the preferred and Colombian banking segments, we billed a total of COP 36,017 million with 6,919 placed cards.

Our Young People's Credit Card achieved significant results last year upon reaching 112,283 issued plastic for a turnover of COP 212.793 million and a portfolio of COP 66,618,000 million.

We also furthered the positioning of the Exito Store Card, recording a total of 335,066 cards placed, compared to 258,083 the previous year, for a growth of 29.82%. At year end, we reached a total of 1,826,490 Exito Store Cards, which compared to the 1,697,770 existing in 2013, represented a growth of 7.58%. The number of active Exito Store Cards at year-end 2014 came to 1,053,494.

Also in 2014, a total of 76,248 Alkosto Store Cards were placed, compared to 54,116 in 2013, for an increase of 40.89%. 119,851 Alkosto Store Cards were in circulation by year-end compared to just 53,055 for 2013, representing a growth of 125.89%. The number of active Alkosto Store Cards at year-end 2014 came to 83,366. New housing loans reached a total of COP 2.088 billion, for a total market share of 26.9% and a

total portfolio value of COP 8.8 billion, showing a year-on-year growth of 13.61%. Meanwhile, new residential leasing arrangements came to COP 555,977 million, for a market share of 17.1% and a total portfolio value of COP 1.5 billion, showing a year-on-year growth of 26.59%

As for construction loans, we continued to lead the market with a share of 46.3%, this corresponding to a total portfolio value of COP 3.182 billion with loans for new housing projects totaling COP 3.104 billion. We also helped many families with their home ownership dreams, with a total of 31,202 housing loans and residential leasing solutions.

We recorded a growth of 6.71% in vehicle loans (for 32,239 new and 7,298 used cars). Leasing operations rose by 92% as we continue to consolidate our leadership in the new car market, in the form of a 15.7% market share.

We also have a total of 165,141 clients with at least one SUFI financing product. New SUFI financing arrangements came to COP 1.42 billion, for a total portfolio worth COP 2.7 billion.

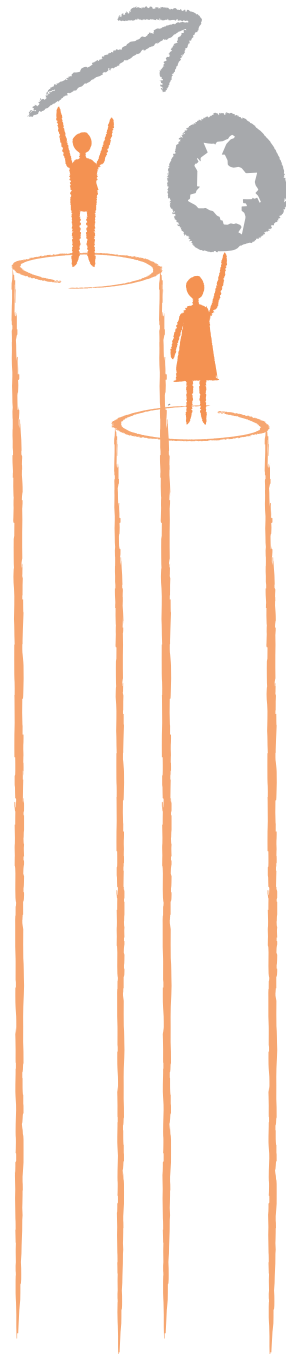
We also provide support to our clients and their projects in the form of special development lines with Bancóldex and Finagro, achieving higher profits for the bank and being able to propose attractive rates for clients, which makes for closer client relationships and helps us to become the bank of opportunities we wish to be.

With a record growth in commissions of 31% over the previous year, SMEs accounted for 73% of the total commissions received by the bank corresponding to COP 419,986 million.

Results Personas y Pymes	2014	2013	% Change
Deposits in Local Currency*	36.337.222	31.053.270	17,02%
Deposits in Foreign Currency (in USD millions)	1.049.508	1.077.141	-2,57%
Loans in Local Currency	35.938.610	32.160.549	11,75%
Loans in Foreign Currency (in USD millions)	529.174	501.603	5,50%
Main Indicators	2014	2013	
Past-due loan indicator	5,19%	4,92%	
Market size	73.756.003	64.692.822	14,01%

\*Including Collective Investment funds / Figures Main Indicators at December 2014 in millions of Colombian pesos.

### Colombian banking segments



<b>Micro-SMEs</b>	No. Clients 1.048.861 COP 6820220 million in loans
<b>SMEs</b>	No. Clients 147.371 From this segment we obtained more than COP 200 thousand million in commissions, which represented a 15% growth versus previous year
<b>Government</b>	No. Clients 3.579 90% of all towns and cities and 95% of all Departments in Colombia are clients of Bancolombia, showing a growth in market size of 13.17% for a total of COP 4.3 billion
<b>Personal</b>	No. Clients 4.194.994 Showing a growth of 23% with a volume of COP 465.833 million
<b>Personal Plus</b>	No. Clients 2.473.005 Showing a growth of 39%, driving expected shareholder value to COP 160887 million or COP 64.700 per client
<b>Preferential</b>	No. Clients 116.682 27.435 of these belong to the Preferential segment in Colombia, which are attended by our local branch offices. Market size rose by 11% to COP 14 billion
<b>Banconautas</b>	No. Clients 115.410 Showing a growth of 45% with deposits reaching COP 84.403 million, thanks to an increase in new Bancoauta savings accounts accounting for COP 78.760 million
<b>Youngsters</b>	No. Clients 1.253.701 Market size came to COP 1.06 billion, showing an increase of 63.08%, with a volume increase of 70.86%
<b>Senior</b>	No. Clients 849.270 Here we performed 400.840 monthly pension payments on behalf of all those companies with whom we have pension payment agreements for a year-on-year growth of 21%
<b>Families</b>	No. Clients 909.883 909.883 banking relationships on a family level compared to just 391.000 for 2013
<b>Employees</b>	No. Clients 3.626.608 With a new BPO support staff we are now attending 1.800 employees on a nationwide level
<b>Private Banking</b>	No. Clients 14.036 Here we drew up a new comprehensive care model for attending the financing, investing and transaction needs of this segment through a single channel, thanks to a joint customer care team made up of staff from both the Bank and Valores Bancolombia
<b>Colombian nationals living abroad/foreign nationals living in Colombia</b>	No. Clients 93.000 Here we helped more than 7.000 families to own their own homes in Colombia with the remittances received in Colombia

### Banistmo (Panamá)

Here, market size came to COP 224 million, representing an increase of 3.78% compared to 2013, this driven mainly by our asset portfolio which rose by USD 198,1 million, or 7% more than the previous year. Liabilities rose by COP 26 million, for a consequent increase of 0.84%.

Thus we obtained a growth of USD 13 million in net income compared to 2013, representing a year-on-year growth of 53.9%. This Company recorded a ROE of 9.4% which again rose by 2.8% compared to the previous year.

We offer financing alternatives consistent with the needs of the Panamanian people. Thus, we amended our credit policies for personal loans and credit cards that resulted in a year-on-year increase of 80% in new consumer loans which came to USD 45.3 million. Similarly, we placed 17,393 credit cards, for a growth of 50% compared to the previous year, which was made possible by our new approval and placement model.

We also deployed a new BPO customer care service, by recruiting new suppliers for placing cards and insurance, thereby reaching a greater number of clients, which accounted for 20% of our total product sales with 3,612 new cards issued.

With the aim of increasing our system reliability indicators we migrated 26 of our technology platforms that were run under our previous model. This was a joint effort on the part of all our lines of business providing us with a greater degree of system stability driving our ATM availability rate up to 98%, this based on the Organization's internally-sourced information.

### Banco Agrícola (El Salvador)

Banco Agrícola's asset portfolio rose by 4.11% compared to the previous year with commissions from credit and debit cards, bancassurance, remittances and advances on salaries/wages increasing by 7.02%.

\* The Bancolombia Group owns a 40% stake in BAM's share capital and therefore since it is not a subsidiary it is not included in the Group's consolidated financial statements

These results were mainly due to growths of 4.27% in mortgage lending, 18.04% in our credit card business and 29.30% in student loans. We also obtained a 11.07% growth in the number of cards in circulation for a 8.23% rise in credit card billings.

### BAM\* (Guatemala)

Here we achieved a 16% growth in our market size, with net income reaching more than USD 8 million. We now have over 8,000 SME clients, thanks to our commitment to helping small and medium enterprises in sectors such as agriculture, livestock and commerce, where we provided more than 1,000 loans for a total of USD 73.6 million.

With the aim of providing personalized attention to our clients, both existing and prospective, who visit our branch offices, we organized a team of customer care advisors who have been strategically allocated, based on the geographic distribution of our network. With the marketplace changes thus implemented, we significantly expanded our sales force with extra customer care personnel as well as the specialized consumer loan placement teams, all of whom helped to place more than USD 177 million in loans.

Finally, we placed more than 38,000 credit cards for a total of 135,000 in circulation, with BAM's total portfolio reaching USD 120 million.

**Our Consumer and SME Banking Channel earned a Net Promoter Score of**

**64,59%**

para Personas y Pymes





Carlos Enrique Cavalier  
Liaison officer for Sueños de Alquería,  
a company that thinks big because it knows  
that, besides providing financial solutions,  
the Bancolombia Group is able to make  
people feel that anything can be achieved.

## Corporate and Government Banking

This was extended to include our capital market business for a more comprehensive CRM vision along with a specialized sales model providing solutions for six corporate needs, namely financing, investment, transactions, risk management, strategic support and communities. This has allowed us to develop this business, for a much better alignment and performance, in addition to having harnessed the inherent synergies.

### Results in Colombia

We work with a deep conviction that we are contributing to the prosperity of our clients, understanding the dynamics of their particular businesses as well as the economic sectors to which they belong, so as to offer them well-differentiated, innovative proposals on which to build long term relationships.

Here we obtained positive results despite the conditions on the local and international markets. Average assets came to COP 50.5 billion for growth of 9.2%; the most representative being peso-denominated assets totaling COP 32.6 billion for a growth of 9.9%, thanks to our range of cash management products, ordinary loans, development loans as well as our Leasing, Renting and Factoring products, which recorded individual growths of 27.5%, 4.7%, 74.1%, 6.5%, 15.9% and 34.3%, respectively.

The business loan portfolio in local currency of the Corporate and Government banking division scored a significant growth in both monetary terms and market share compared to the previous year. Thus, business loans in local currency rose from an average of 23% in 2012, to 25% for 2013 and 25.5% for 2014.

In this same order of ideas, it was possible to engage with the new dynamics and structuring of the Colombian financing market, with a greater focus on short-term loans (less than 12 months), which went hand in hand with

a significant recovery in placement spreads which began to pick up during the second half of the year, after dipping to their lowest levels in March, April and May.

We saw a growing trend with business loans in foreign currency for a year-on-year increase of 12%, despite adverse market movements and mainly due to the prevailing exchange rate expectations, with regard to the Colombian peso losing ground to the dollar throughout the year. These results were also driven by more in-depth operations through our subsidiaries abroad, given their high liquidity and the significant changes with their product portfolios. Overall, our foreign subsidiaries Bancolombia Panama and Bancolombia Puerto Rico showed a combined growth of 49%. On the other hand, our trade finance business played a much greater role this year, going from COP 1.2 billion at year-end 2013 to COP 1.6 billion at year-end 2014.

On the other hand, liabilities in local currency declined, with average deposits ending up at COP 30.5 billion, for a drop of -2.7%. Liabilities in foreign currency reached USD 2.2 billion, showing an increase of 9.9%.

On average savings and checking account balances came to COP 16.8 billion. The volume of deposits in checking accounts rose by 11.4% compared to the previous year. Our payment and collection systems processed more than 144 million transactions on the part of our corporate clients, these worth a total of COP 437 billion.

Foreign currency deposits increased by 2.44%, and we were able to reduce our funding costs by 6 basis points given savings and checking account balances increasing their share of total deposits, which averaged out at 40% for 2014, compared to just 33% for 2013. We also were able to provide euro-denominated accounts for clients of Bancolombia Panama as well as dollar-denominated transaction ac-

counts for Bancolombia Puerto Rico, where we expect to see a growth this coming year.

Furthermore, thanks to the efforts of our sales teams for our international lines of business, we issued CDs worth COP 280 thousand million to major clients, offering the possibility of diversifying the funding that up to then had been largely focused on local clients. Also, thanks to a comprehensive approach taken on the part of our Institutional and Government Trading Desk investors showed an appetite for investing in Colombia.

**Business loans showed an increase of 15%, representing a 25% market share**

Sector	No. Clients	% Within the business management of vice	Total Leasing, Factoring and Banking Portfolio (In COP Millions)	% Of total portfolio
Financial Services	1.450	22,1%	4.082.183	11,9%
Construction	4.770	14,4%	7.828.570	22,9%
Commerce	2.704	13,8%	4.663.542	13,6%
Natural Resources	657	10,2%	4.234.808	12,4%
Manufacturing Production Supplies	1.551	8,9%	3.639.124	10,6%
Government	748	8,8%	1.974.874	5,8%
Agricultural Industry	2.447	8,6%	2.371.862	6,9%
The Media	1.215	7,9%	4.177.257	12,2%
	-	2,8%	39.697	0,1%
	269	2,4%	1.176.906	3,4%

Results	2014	2013	% Change
Checking Accounts - Local Currency	3,997,301	3,589,751	11,4%
Checking Accounts - Foreign Currency (USD)	478,663	448,221	7%
Loan Portfolio - Local Currency	29,964,183	27,169,227	10,3%
Loan Portfolio - Foreign Currency (USD)	4,224,641	4,324,797	-2,3%
Market Size	77,688,656	75,089,589	3,5%
Net Commissions	604,756	547,021	10,6%
Sales Revenues	2,012,437	1,844,095	9,1%
Main Indicators	2014	2013	
Past due loans	0,47%	0,48%	

Year-end figures in millions of Colombian pesos

### Investment Banking

It was an important year for us in terms of the strategies put in place to leverage this division's business model, which was set up in keeping with the Group's strategy as well as our corporate mission to become an Investment Bank with extensive local knowledge and a regional scope while adhering to the highest world-class standards.

We participated in a total of 25 business arrangements for almost COP 13.5 billion, these evenly distributed amongst different industries and products.

Product	Commissions	No. Projects	Amount
M&As *	2,826	1	1,600,000
Structured Financing	13,446	14	5,403,815
Capital Markets	4,563	10	6,498,253
Capital Investments *	2,156	0	0
<b>Total</b>	<b>22,990</b>	<b>25</b>	<b>13,502,608</b>

\* Including consultancy services and retainer fees  
Year-end commission figures in millions of Colombian pesos

We obtained COP 22,990 million in commissions representing a growth of 15% compared to 2013. Approximately 27% of the total commission figure was sourced outside Colombia

We are now working on consolidating a new operating model focused on covering different industries while providing a much deeper product knowledge, with which our staff, by gaining a greater degree of specialization, have obtained a bet-

Results Banca de Inversión	2014	2013	% Change
Operating Revenues	49.899	49.864	0,1%
Net Profits	24.412	30.924	-21,1%
Equity	521.279	472.542	10,3%
ROE (Return on Equity)	4,68%	6,54%	-28,4%

In millions of Colombian pesos

Year-end NPS (Net Promoter Score or Net Recommendation Index) came to

**58,5%**

for our Corporate and Government Banking division

Industry	Commission	No. Projects	Amount
Infrastructure	5,970	5	1,389,713
Energy and Natural Resources	10,427	8	4,421,153
Financial Institutions	3,057	8	4,987,753
Industry and Commerce	3,537	4	2,703,450
<b>Total</b>	<b>22,990</b>	<b>25</b>	<b>13,502,608</b>

\* Including consultancy services and retainer fees  
Year-end commission figures in millions of Colombian pesos

ter understanding of our clients and their different industries.

By expanding the Group's existing regional coverage and as we continue to transfer our investment banking skills to different parts of the region, we have come up with a work plan designed to replicate our value proposal on a regional level, so as to take full advantage of growth opportunities over the coming years.





## Leasing Bancolombia and Renting Colombia

Here we are focusing on offering our clients different solutions in terms of their need for productive assets, these aimed at providing added value via our Financial Leasing, Residential Leasing, Operating Leasing, Renting and International Leasing products; all of which have enabled us to obtain a market share of 44%. As a result, we are the largest leasing company in Latin America \*1.

With regard to our Financial Leasing range of products, we reached a level of productive assets worth COP 17.9 billion, representing a growth of 11% over the previous year. We also supplemented our portfolio with new solutions for financing assets such as Mas Leasing, so that clients covered by our Real Estate Leasing arrangements that are about to expire can obtain extra liquidity. In only four months we disbursed a total of COP 29,703 million.

Residential Leasing arrangements, on the other hand, came to COP 1.5 billion, for a 26.54% growth compared to last year, thus showing how successful this product has been in helping families to prosper.

A year-on-year growth of 13.58% was recorded for our Operating Leasing and Renting business, having paid out a total of COP 860 thousand million.

Results Leasing Bancolombia	2014	2013	% Change
Total assets	15.834.135	14.674.172	7,90%
Productive assets	14.216.295	12.755.326	11,45%
Net income	193.303	241.773	-20,05%
Income before provisions	521.262	532.066	-2,03%
Equity	1.606.327	1.373.310	16,97%
Past due loans	184.926	154.790	19,47%
ROE (Return on Equity)	13,37%	19,02%	-5,65%

In millions of Colombian pesos

\*1 Source: World Leasing Yearbook. The Alta LAB 100. The Alta Group

We also help clients to import assets from anywhere in the world. Leasing Bancolombia is the financing company that imports the most productive assets \* 2.

Our portfolio of Cross Border Leasing arrangements, a dollar-denominated product aimed at both Colombian and international clients reached a total of COP 544.9 million, representing a growth of 18.5%. We also continued to work on new group-wide regional leasing arrangements whereby we shall be linking up each of the countries where we are present. Our leasing portfolio outside Colombia totaled COP 260 million.

## Factoring Bancolombia

Factoring Bancolombia maintained its market leadership thanks to having deepened existing agreements and made inroads on new markets such as energy and government. Disbursements here in local currency came to COP 9.8 billion, for an increase of 22% compared to year-end 2013. One of the highlights of this subsidiary's performance was having secured a 38% increase with its Confirming Bancolombia product; and in terms of its Import Factoring arrangements a year-on-year increase of 52% was obtained.

With this gratifying level of performance, the subsidiary's strategic products in local currency

reached a total of COP 1800 million and in foreign currency USD 175 million, along with a 75% increase for its International Factoring business.

We also managed to sign and drill down on important agreements with national and multinational companies that allowed us to effectively manage their working capital, in the form of accounts receivable and accounts payable, for a total of 463 such arrangements currently in operation, while allowing them to take full advantage of the financial benefits and administrative efficiencies involved and hence contributing to the growth of both these clients and the economy in general.

Thanks to our efforts in handling credit risk, we achieved a past due loan indicator of

0,48%

Results Factoring Bancolombia	2014	2013	% Change
Total assets	2.147.124	1.567.247	37,00%
Productive assets	2.188.368	1.599.219	36,84%
Net profits	5.112	3.834	33,32%
Income before provisions	59.299	50.754	16,84%
Equity	102.202	87.446	16,87%
Past due loans	0,48%	0,59%	
Return on Equity (ROE)	6,04%	4,73%	

Year-end figures in millions of Colombian pesos

Since Factoring migrated to the bank in October 2014, the methodology for calculating net income was standardized in keeping with the Group's VAS (Value-Added System) methodology

\*2 Source: Foreign Trade Information System. www.sicex.com (http://www.sicex.com/)



### Valores Bancolombia

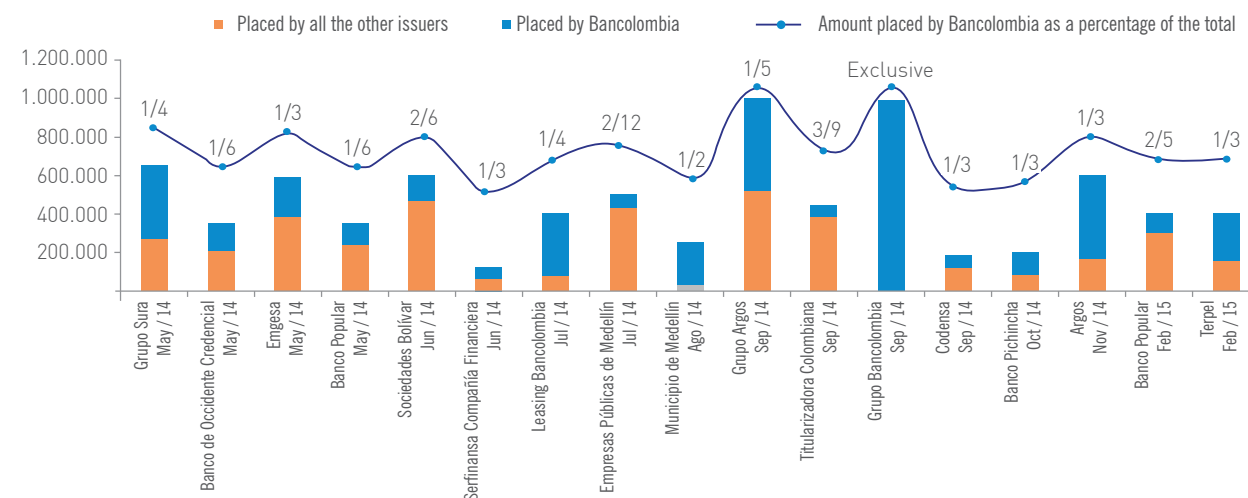
This subsidiary continued as the leading placement agent for issues of both debt and equity securities on a local level. Here we participated in the placement of 18 bond issues, worth COP 3.6 billion. It is also worthwhile pointing out that this subsidiary placed the entire issue of Bancolombia's subordinated bonds, with

bids totaling 1.68 times the value initially offered.

This issue obtained an optimization rate of 31, 25 and 31 basis points for each tranche (10, 15 and 20 years) respectively, compared to the expected level. We also would like to point out that Valores Bancolombia also took part in placing issues on the part of the Argos Group (49% of the total issue), Leasing Ban-

colombia (80%), Banco Pichincha (63%), Grupo Sura (59%), Banco Popular (32%), Emgesa (36%) Banco de Occidente (41%) and the Medellín City Council (84%), the issues belonging to the latter four having been structured by a third party. Valores Bancolombia continued as leader of the pack with what was considered as the most important corporate issues to be placed last year.

Bancolombia Group's participation in corporate debt placements in 2014



We also made a lot of effort with recruiting different international counter-parties, other than financial institutions, which represented 46 new clients from different countries such as Brazil, Chile, Peru, the USA, Canada, the UK, Switzerland, France and South Africa. These clients include fund management firms, hedge funds, pension fund management companies and broker-dealers. In total, we managed more than USD 1,000 million in maximum debt limits for DVP and derivative operations. These new sources of funding worth USD 500 million have had a very positive effect on our performance.

Results Valores Bancolombia	2014	2013	% Change
Operating Revenues	162.011	162.765	-0,46%
Net Income	35.961	31.077	15,71%
Equity	205.162	193.306	6,13%
ROE (Return on Equity)	17,53%	16,08%	9,03%

In millions of Colombian pesos

### Trading Desks

In addition to providing assistance to our clients with regard to foreign exchange transactions, we continued to focus on offering them solutions for managing market risk through interest and exchange rate hedging arrangements. Here our derivative transactions totaled more than USD 23,000 million, which in turn represented close to COP 29,400 million in income for the Group. We would also like to make special mention that out of the total trading volume, 14% was performed with clients from our SME segment.

We were also the placement agents for Bancolombia's primary issue of subordinated bonds back in September and together with Valores Bancolombia and acting exclusively as a group, we managed to obtain funds of almost COP 1 billion and for terms of more than 10 years.

Besides the operating hedging arrangements to mitigate exposure to the exchange rate by means of instruments such as forwards and option structurings, we would like to highlight the efforts made to offer solutions designed to cover risks associated with interest rate on borrowings or investment positions. In this sense, we structured interest rate hedges for the equivalent of USD 467 million through swaps.

We also performed hedging arrangements with 1,878 clients, 72% of which were for a total of 1,167 clients from the consumer and SME banking segments. We would also like to point out that out the total amount raised in CDs, 80% corresponded to Institutional and Government clients, thereby confirming the trust placed in us by large-scale investors.

80%

corresponded to Institutional and Government clients

### Fiduciaria Bancolombia

This trust fund management subsidiary managed assets worth COP 51.09 billion at November 2014, representing 15.9% of total trust sector.

Commission income came to COP 210,211 million at year-end, with net income reaching COP 59,863 million, representing a 19.3% share of the market. The real estate trust business performed very well with a growth of 29.4%, and its fiduciary guarantee business rose by 30.8%.

We also provide important support to the housing construction sector as well as to SMEs with plans that enable them to develop their projects and companies.

Results Fiduciaria Bancolombia	2014	2013	% Change
Operating Revenues	223.639	218.124	2,53%
Net Profits	59.863	58.792	1,82%
Equity	253.230	250.157	1,23%
ROE (Return on Equity)	23,64%	23,50%	0,59%

In millions of Colombian pesos

## Asset Management

Last year saw a recovery with regard to Collective Investment Funds. The aggregate volume of these generated revenues of COP 187 thousand million for the Group.

Managed Funds showed an increase of 13.77% compared to the previous year, reaching COP 12 billion, mainly due to Valores Bancolombia's banking network, distribution channels and sales volume all of which drove up the final figure by 24.5% year-on-year.

The size of assets under management in Collective Investment Funds and their continued growth show the amount of confidence that our clients have deposited in us. We are now the financial group with the highest volume of managed assets \* 1 through the aforementioned investment vehicles, with a lead of more COP 2 billion over our nearest competitor and an average share of 28.6% of the Collective Investment Fund market in Colombia.

The assets managed by Fiduciaria Bancolombia in the form of investment funds, increased at a rate of 9.72% for a year-end volume of more than COP 10 billion, this mainly driven by the Fiducuenta Fund which increased by more than COP 700 thousand million for a total of COP 7.7 billion. This product was set up as an excellent complementary deposit alternative for clients of the Bancolombia Group's network, a segment which recorded a growth of more than COP 500 thousand million that is to say 25% compared with the previous period.

Results Banco Agrícola	2014	2013	% Change
Total Assets	1.814	1.790	1%
Total Liabilities	832	844	-1%
Total Market Size	2.646	2.634	0,5%
Sales	58	53	9%
Operating expense	22	20	9%
Net Profits	36	33	9%
Past Due Loan Ratio	0,26%	0,33%	-0,07%

In millions of Colombian pesos

\* Own calculations and information from the Colombian Superintendency of Finance at year-end 2014. This includes collective investment funds only, and not pension funds or private equity funds.

Valores Bancolombia's Collective Investment Funds came to COP 2 billion, for a growth of 39%. Although this change was mainly due to its Liquidity Fund (which increased by COP 356 thousand million), it is important to note the changes made to our funds with strategies specifically aimed at the Colombian Stock and Balanced Global funds, with increases of 130% and 61%, respectively.

## Banco Agrícola (El Salvador)

Here we provided finance for several regional expansion projects in the service sector together with production plant expansions for our industrial clients, the diversification plans of the agricultural industry, as well high-end housing projects and working capital for different businesses.

We recorded a 10% growth in loans placed on the Salvadoran and Costa Rican markets, mainly in the Corporate and Agricultural segments, for a total share of 30% in the combined credit market.

On the other hand, deposits declined by 8.7% due to our corporate strategy of not competing so aggressively on the deposit market during the first half of the year. These efforts led us to increase our sales revenues by 9.1% and reduce our past-due loans by 38%.

## Banistmo (Panamá)

Here we focused our efforts on organizing our 2,616 clients into segments in order to provide timely and innovative solutions through our specialized advisory personnel. We also actively participated with various projects, in support of the Panamanian economy and the country's overall prosperity, as can be seen with the following results. The loan portfolio rose by 17% compared to the previous year; This placed us in an advantageous position, since we were able to grow four times more than the local market average. Also, a significant reduction was ob-

tained with the past due loan ratio going from 2.8% to just below 1%.

We concentrated our attention on recovering our share of the capital market, by winning back 38 previous clients and signing up 59 new ones. These 97 additional clients represented USD 264 thousand in banking commissions.

As for the trust business, we also made progress with recovering lost clients, representing 45% of the target market, who in turn represented USD 541 thousand in banking commissions.

Results Banistmo (Panamá)	2014	2013	% Change
Total assets	3.174	2.708	17%
Total liabilities	1.432	1.407	2%
Market size	4.606	4.115	12%
Sales	87	94	-7%
Operating expense	55	73	-24%
Net profits	32	22	47%
Past due loan ratio	0,89%	2,80%	-1,90%

In millions of USD dollars

## Valores Bancolombia - Panamá

Assets under management reached USD 823.1 million, compared to USD 817 million at year-end 2013, for an increase of 0.8%. The return on these managed assets (ROA) came to 0.87% compared to 0.78% for 2013.

now receive electronic statements, which are made available two days after the close of each month and contain detailed information regarding their positions and transactions. On the other hand, the technological tools used by our sales and operating staff are constantly updated, allowing for a more flexible, timely and transparent service.

We also offered our clients a safer, more efficient service network. 60% of our clients

Results Valores Bancolombia - Panamá	2014	2013	% Change
Operating revenues for Valores Bancolombia Panamá	7,4	6,3	17%
Net income for Valores Bancolombia Panamá	0,83	0,96	-14%
Equity	17,8	16,9	5%
ROE (Return on Equity)	4,70%	5,85%	-20%
Assets managed by Valores Bancolombia Panamá	823,1	817,0	0,8%

In millions of US dollars





### Bancolombia Panamá

This subsidiary reached record levels in terms of assets, which for the first time ever surpassed the USD 5 thousand million mark, 59% of which corresponding to business loans and leasing arrangements, and another 23% strategic investments. In this way, Bancolombia Panama became a vehicle for the Bancolombia Group to gain greater international scale in El Salvador and Guatemala.

This increase in assets was due to various financial and commercial strategies that improved the subsidiary's asset structure for an increase of 27%, as well as optimizing the excess liquidity obtained during the year as a result of a 13% increase in deposits, 63% of which corresponded to CDs, 16% checking accounts and 21% savings accounts, thus enabling us to provide solutions to our clients in different sectors of the Colombian and Central American economies with the aim of carrying out their international projects and strengthening their equity.

We also made progress with our goal of providing a more memorable client experience by allowing them to access our financial services in an easier, straightforward and secure fashion. As part of these efforts, we reviewed and updated all our internal and external processes.

Our risk management initiatives allowed us to reduce our past due loans by 0.08%, with the corresponding indicator dropping to below the level recorded for the previous year.

We maintained our leadership position within the community of international licensed banks operating in Panama, this according to the country's Superintendency of Finance, with 40% of the country's total assets, 44% of total loans, 50% of deposits and 40% of net income,

thereby boosting the sector and allowing us to continue as a strong financial ally for our clients in carrying out their projects.

### BAM\* (Guatemala)

Here, we continued to include several products and services within our portfolio that are more in keeping with new client needs. We created a new deposit-taking area responsible for providing a full range of financial products and services that make up the Bank's borrowings, this specifically aimed at corporate and business groups, which have allowed for a growth of USD 34 million.

From May to December of 2014 Banco Agricola and Ban-istmo recorded on Bancolombia's books new loans of USD 413 million, in addition to the USD 483 million already managed. Thus, we managed to reach a total year-end figure of USD 897 million, which BAM's sales force handles in other books belonging to the Bancolombia Group's banking network.

We obtained significant increases with our loan portfolio that reached USD 220 million, thereby representing a year-on-year growth of 20%, showing the degree of client satisfaction and acceptance.

On the other hand, our borrowings grew by 23% to a total of COP 64 million. Also, we were able to bring down our past due loan indicator to 0.15%.

We took advantage of the optimal conditions for growth that prevailed last year with an issue of international bonds worth USD 300 million and a capitalization of USD 112 million.

BAM posted



in loans, which represented a growth of 20%

Bancolombia Panama, reduced its past-due loan ratio to just



thanks to its risk management efforts

Results Bancolombia Panamá	2014	2013	% Change
Assets	4.980,8	4.332,0	14,98%
Liabilities	4.025,6	3.494,2	15,21%
Equity	955,3	837,8	14,02%
Operating Revenues	115,4	184,0	-37,28%

In millions of USD dollars

Results BAM* (Guatemala)	2014	2013	% Change
Total Assets	1.329	1.073	23,8%
Total Liabilities	345	272	27%
Market size	1.674	1.346	24%
Sales	29	23	26%
Operating expense	5	4	30%
Net Profits	25	20	25%
Past Due Loan Ratio	0,19%	0,13%	0,06%

In millions of USD dollars

\* The Bancolombia Group owns a 40% stake in BAM's share capital and therefore since it is not a subsidiary it is not included in the Group's consolidated financial statements



### Bancolombia Perú Agency

Here we achieved a 33% growth in market size, with a more diversified client portfolio and important financing arrangements in the educational, real estate, chemical and agricultural sectors.

It is important to note that we provided USD 20 million in financing for a major private company dedicated to providing primary and secondary education for the middle-income brackets. This initiative has benefited more than 23,000 students to date, thereby evidencing Bancolombia's commitment to social development in all those countries where it is present. With regard to the real estate sector, we provided loans totaling USD 40 million to construction companies building middle-class housing

Leasing Peru provided its support to more than

**12** major economic sectors

### Leasing Perú

The Financial leasing business, as part of the Peruvian financial system, declined by 2.5% year-on-year. In spite of this, our loan portfolio still managed to reach USD 108 million with 1,300 loans worth more than COP 53 million, representing a year-on-year growth of 10%.

We are contributing to the economic development of each of the countries where we are present by providing our support to the following economic sectors:

- 30% - Construction
- 25% - Transport and warehousing
- 15% - Manufacturing
- 10% - Mining and fishing
- 10% - Others

The main assets financed through leasing arrangements are broken down as follows:

- 45% - Machinery and equipment
- 35% - Vehicles
- 20% - Other assets

In keeping with our regional service model, we have helped a greater number of Peruvian clients, whose parent companies are served by the Group in other parts of Latin America to gain greater international scale



### Renting Perú

Thanks to the level of trust built over time and the continuous support we give to our clients, we renovated the fleets of vehicles of major clients belonging to different sectors of the economy, providing them with efficient solutions for their needs.

This subsidiary reported a total of 223 clients to whom 334 new vehicles were leased worth USD 8.7 million. The total number of units leased to date comes to 1,562, for a total fleet value of USD 49.3 million, of which 35% are heavy-duty vehicles (trucks and dump trucks).

The total vehicles leased to date by Renting Peru came to

**1.562**

Results Leasing Perú	2014	2013	% Change
Assets	129,9	135,9	-4,45%
Liabilities	113,4	119,2	-4,85%
Equity	16,4	16,7	-1,81%
Operating revenues (before provisions)	4,3	4,0	6,67%
Net income (excluding exchange differences)	1	1,2	-22,28%

In millions of USD dollars

Results Renting Perú	2014	2013	% Change
Assets	64,5	64,9	-0,74%
Liabilities	56,9	56,5	0,6%
Equity	7,6	8,4	-10,05%
Operating revenues (before provisions)	4,8	4,2	15,05%
Net income (excluding exchange differences)	1,7	1,3	30,41%

In millions of USD dollars

## FiduPerú

Out of the total number of new clients signed up in 2014, 75% had no previous knowledge of the products this subsidiary offers and their respective benefits. In this way we are helping to expand the trust market and strengthen the local financial system, creating a greater awareness of trust arrangements as a means of financial protection. At year-end 2014 this subsidiary recorded USD 453 million in assets under management.

70% of our new clients hold more than one trust arrangement with us, thereby confirming our commitment to creating long term relationships with these. Moreover, in continuing with our value creation strategy, we obtained for the fourth straight year our ISO 9001 certification for all our trust services, being the only trust management firm to have obtained this certification in Peru.

Results FiduPerú	2014	2013	% Change
Assets	4,21	4,10	2,69%
Liabilities	0,08	0,10	-17,71%
Equity	4,13	4,00	3,20%
Operating revenues (before provisions)	1,45	1,47	-1,06%
Net income (excluding exchange differences)	0,37	0,43	-13,12%

In millions of USD dollars

## Bancolombia Puerto Rico

The portfolio of this subsidiary is largely concentrated in Peru (70%) and Colombia (10%). Last year, we speeded up our client sign-up procedure, leading to an 80% reduction in the time it normally takes, thanks to having harnessed synergies between our foreign subsidiaries (Bancolombia Panama, Puerto Rico and Cayman).

We continued to strengthen our coverage and enhance our risk management functions. Various measures have been implemented for identifying, measuring, controlling and mitigating market, liquidity, credit and operating risks, this in order to ensure compliance with local regulations and the bank's own risk appetite.

Results Bancolombia Puerto Rico	2014	2013	% Change
Assets	346,98	382,54	-9,29%
Liabilities	244,74	290,54	-15,76%
Equity	102,24	91,99	11,14%
Operating Revenues	19,59	18,54	5,67%
Net profits	9,74	10,24	-4,82%

In millions of USD dollars

## International consolidation

We apply a well-differentiated regional model that reflects our Humanistic Banking philosophy in all those countries where we are present, supporting the development of the local communities and identifying new opportunities that shall allow us to continue growing on an international scale, in a cost effective and sustainable manner.

### Key figures for our foreign-based subsidiaries December 31 2014 / 2013

In millions of USD dollars

Note: Figures corresponding to the individual financial statements of each company which were standardized based on Generally Accepted Accounting Principles in Colombia (COLGAAP)

	Banco Agrícola			Bancolombia Panamá		
	2014	2013	% Change	2014	2013	% Change
Assets	3,975,42	3,942,36	0,84%	5,053,44	4,426,52	14,16%
Liabilities	3,424,48	3,386,21	1,13%	4,024,15	3,494,17	15,17%
Equity	550,94	556,16	-0,94%	1,029,30	932,35	10,40%
Net Income	76,87	82,80	-7,17%	85,72	148,08	-42,11%
Operating revenues	338,91	330,47	2,55%	225,01	290,18	-22,46%
<b>Loan Portfolio</b>						
Housing	461,68	442,70	4,29%	-	-	-
Consumer	1,149,55	1,101,55	4,36%	2,20	12,16	-81,90%
Business	1,250,06	1,212,49	3,10%	2,224,85	1,885,22	18,02%
Micro-credit	7,93	12,06	-34,30%	-	-	-
Leasing	-	-	-	378,30	0,16	229.436,56%
<b>Investments</b>						
Debt securities	-	-	-	-	-	-
Negotiable	-	-	-	-	-	-
Held for sale	217	260,81	-16,61%	48	90,32	-46,58%
Held to maturity	-	301,26	-100,00%	134	70,62	89,75%
Equity securities	-	-	-	-	-	-
Negotiable	-	-	-	2	2,45	-19,41%
Held for sale	4	3,90	0,00%	725	685,17	5,84%

	Bancolombia Puerto Rico			Leasing Perú		
	2014	2013	% Change	2014	2013	% Change
Assets	346,98	382,54	-9,29%	129,22	135,73	-4,79%
Liabilities	244,74	290,54	-15,76%	113,53	119,23	-4,78%
Equity	102,24	91,99	11,14%	15,68	16,49	-4,91%
Net Income	9,74	10,24	-4,82%	0,66	1,78	-63,21%
Operating revenues	19,59	18,54	5,67%	10,32	9,53	8,22%
<b>Loan Portfolio</b>						
Housing	-	-	-	-	-	-
Consumer	-	-	-	0,00	0,00	652,10%
Business	248,18	294,05	-15,60%	-	-	-
Micro-credit	-	-	-	-	-	-
Leasing	63,66	-	-	90,73	-	-
<b>Investments</b>						
Debt securities	-	-	-	-	-	-
Negotiable	-	-	-	-	-	-
Held for sale	-	4,95	-100,00%	-	-	-
Held to maturity	-	0,30	-100,00%	-	-	-
Equity securities	-	-	-	-	-	-
Negotiable	-	-	-	-	-	-
Held for sale	-	-	-	-	-	-

Key figures for our foreign-based subsidiaries  
December 31 2014 / 2013  
In millions of USD dollars

Note: Figures corresponding to the individual financial statements of each company which were standardized based on Generally Accepted Accounting Principles in Colombia (COLGAAP)

	Fondo de Inversión Renting Perú			Fidu Perú		
	2014	2013	% Change	2014	2013	% Change
Assets	30,20	31,71	-4,75%	4,21	4,10	2,69%
Liabilities	17,67	19,12	-7,58%	0,08	0,10	-17,71%
Equity	12,53	12,58	-0,46%	4,13	4,00	3,20%
Net Income	0,84	(1,00)	-183,32%	0,37	0,43	-13,12%
Operating revenues	14,23	13,17	8,07%	1,45	1,47	-1,06%
<b>Loan Portfolio</b>						
Housing	-	-	-	-	-	-
Consumer	-	-	-	-	-	-
Business	-	-	-	-	-	-
Micro-credit	-	-	-	-	-	-
Leasing	-	-	-	-	-	-
<b>Investments</b>						
Debt securities	-	-	-	-	-	-
Negotiable	-	-	-	-	-	-
Held for sale	-	-	-	-	-	-
Held to maturity	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Negotiable	-	-	-	-	-	-
Held for sale	-	-	-	-	-	-

	Valores Bancolombia Panamá			Banistmo		
	2014	2013	% Change	2014	2013	% Change
Assets	18,37	17,42	5,43%	8.287,79	8.000,05	3,60%
Liabilities	0,55	0,43	29,62%	7.517,66	7.323,97	2,64%
Equity	17,82	17,00	4,82%	770,13	676,09	13,91%
Net Income	0,82	0,96	-14,80%	94,15	1,17	7937,37%
Operating revenues	5,54	5,36	3,34%	702,88	111,85	528,40%
<b>Loan Portfolio</b>						
Housing	-	-	-	1.628,51	1.466,97	11,01%
Consumer	-	-	-	1.134,30	1.106,12	2,55%
Business	-	-	-	3.430,53	2.978,65	15,17%
Micro-credit	-	-	-	55,97	53,05	5,51%
Leasing	-	-	-	52,39	6,64	689,26%
<b>Investments</b>						
Debt securities	-	-	-	-	-	-
Negotiable	0,55	6,58	-91,59%	215	186,86	14,85%
Held for sale	-	-	-	418	422,40	-1,03%
Held to maturity	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Negotiable	3,06	3,25	-5,88%	110	119,70	-7,82%
Held for sale	0,08	0,08	0,00%	13	13,77	-7,57%

# The value of trust



> We are a solid and responsible organization ready to help people with their life-time ambitions by building relationships of trust. This important attribute, namely trust, is present in everything we do, effectively prompting us to transform our daily dealings through a proactive, balanced and comprehensive handling of the risks involved, and in so doing building a reputation for being a more "humanistic" bank.



Our of the entire bids for these preferred shares

23% corresponded to private individuals,  
41% international investors and the remaining  
36% to other local investors.

Fiduciaria Bancolombia

This subsidiary contributed to the success of this issue of preferred shares by handling the share allocation process

Valores Bancolombia

This subsidiary acted as lead placement agent, enabling the use of its network, channeling bids worth COP 4.4 billion, which represented 62% of the total volume, as well as allocating COP 1.6 billion or 64% of the total amount issued.

Not content with being an institution that merely lends and borrows, we wish to be recognized for our ability to inspire trust, which is present in all our dealings and has allowed us to create a different form of relating with our stakeholders, aimed at furthering our sustainability, strengthening our relationships and learning more about our different stakeholder groups.

A good example of this was when we issued a total of 110 million preferred non-voting shares, whereupon 50,000 new shareholders chose Bancolombia as the depository of their dreams, because they see in us a strong, responsible, transparent organization that thinks not only of today's challenges, but also is ready to plant the seeds for a better future.

Thanks to the integrated efforts of our customer care personnel and the different lines of business belonging to our subsidiaries, Fiduciaria, Banca de Inversión and Valores Bancolombia, bids for this issue came to 2.7 times the amount offered.



## Working together: Partnerships and Alliances

We continued to drill down on our model of strategic alliances, taking advantage of these partnerships and alliances in serving a common goal, thereby creating more value for more people through our range of products and services that are geared to improving the quality of life of our clients.



Housing  
Education

### Protection

We continued to help our clients with their dreams of home ownership and education by means of mortgage loans, residential leasing arrangements, student's loans, and unrestricted purpose loans

This was first deployed in 2014, and is scheduled for large-scale release in February 2015



On-line  
Cash management

### On-line cash management

We continued to help our clients with their dreams of home ownership and education by means of mortgage loans, residential leasing arrangements, student's loans, and unrestricted purpose loans.

This was first deployed in 2014, and is scheduled for large-scale release in 2015.



Mio  
Transmilenio  
Metro y Transmetro

### Mass transport

We formed alliances with various mass transit systems across the country, such as Mio (Cali), Transmilenio (Bogotá), Transmetro (Barranquilla) y Metro (Medellín), enabling our clients to gain access to these metro stations using their Bancolombia debit cards.

This was first implemented 2014, and shall be made available as of February 16, 2015.



700  
thousand  
families benefited

### Bancassurance

We beefed up our tele-sales channel and recorded a 30% increase in the insured values of the life insurance policies sold by the Bancolombia banking network. Furthermore, in partnership with Sura, we launched a personal accident micro-insurance policy which we are offering through our Banking Correspondents (third-party stores and businesses acting as a financial inclusion channel),

for a total of COP 26 thousand million in insured value.



22.500  
Exxon Mobil cards  
were issued in 2014

### Exxon Mobil

We continued to strengthen our relationships with Exxon Mobil through our innovative "More Fuel" banking product for our clients



411.314  
store cards  
Alkosto and Exito

### Tuya

We continued to offer financing through the Exito and Alkosto store cards as well as enabling our clients to conveniently acquire the protection they need through the Suramerica and Cardif insurance policies we offer.

335,066 Exito store cards and 76,248 Alkosto store cards were issued.



542  
clients benefited

### Flytech

We continued to encourage electronic toll collections through our Flypass product, a solution that allows our clients to pass through tollbooths without having to stop to swipe their cards or pay in cash, which so far has benefited more than 542 clients

During the first six months of having deployed this product a total of 1,730 debits were made to clients' savings, checking and credit cards.



19.778  
taxi drivers  
signed up

### Easy Taxi

Here we enabled our Colombian clients to pay for their taxi services with a safe electronic payment mechanism. This now covers a total of 19,778 taxi drivers through the Ahorro a la Mano savings account.

1,858 transactions.



Access to  
cars and  
motorcycles

### Vehicles

We consolidated our partnerships with various makes of vehicles representing 25% of the Colombian automobile market, namely Renault, Nissan, Porsche, Volkswagen and BMW. This was also extended to makes of motorcycles that have a combined 14% share of the market, such as Yamaha and AKT. z

## Stock market access

### E-Trading

We consolidated our strategy in helping to develop the Colombian stock market with this electronic trading platform. In June, we became the first company to send out an order to the fixed income market using this platform. Total trading volume came to COP 2.1 billion for a growth of 735% compared to the previous year, in the form of 35,000 transactions, representing an increase of 127% year-on-year.

### Liquidity Fund

This provides our investors with a short-term investment option bearing a conservative risk in the form of debt securities duly registered with the Colombian Registry of Securities and Issuers (RNVE). Results: a growth of COP 400 thousand million and 25,457 clients.

### Global Balanced Fund

This is a new product forming part of the range of funds offered by the Bancolombia Group that includes traditional and alternative assets in key international markets. Results: a growth of 61% and 1,359 clients.

### Colombian Equity Funds

These provide investors with a long-term investment option bearing an aggressive risk. This fund is comprised of equity securities issued by companies listed on the Colombian stock exchange, as well as other local and / or foreign securities listed on Colombia. Results: a growth of 130% and 3,080 clients.

### Pershing Platform

Valores Bancolombia Panama continues to offer its products and services to our clients in Colombia, Panama and Central America by means of a more convenient access in real time to the international stock markets time, especially those of the US, through their mobile phones or tablets. Results: 100% of our clients now have on-line access to their investment portfolios with 60% of these receiving electronic account statements.

### Investec Asset Management

Through this stock brokerage subsidiary in Panama, we are expanding and completing our range of products, including a fourth family of funds, this consisting of emerging securities, having partnered with companies in different regions of the world, for a greater degree of specialization in these markets. Results: USD 16 million invested in these funds.



## Managing trust



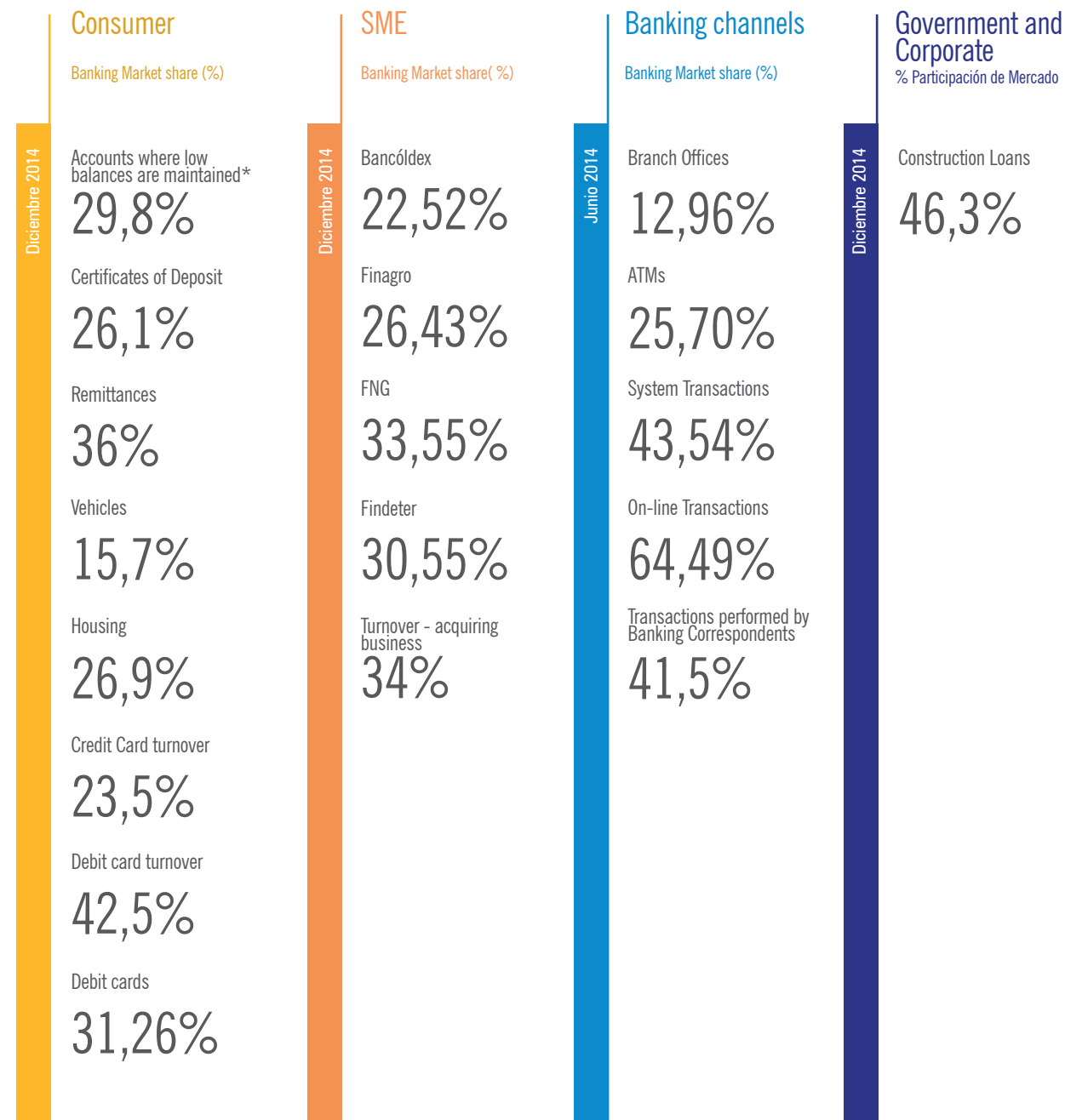
Assets Under Management

Savings Accounts	COP 39.2 billion
Checking Accounts	COP 18.1 billion
Certificates of Deposit	COP 36.6 billion (nominal value)
Bonds	COP 13.7 billion
Capital	COP 16.8 billion
Collective Investment Funds	COP 12.4 billion
Third-party Investment portfolios	COP 8.4 billion

Figures corresponding to the Bancolombia Group for 2014

## Leaders in...







We have responsibly taken a leadership position on different fronts of the Colombian financial system, as part of our responsible management approach aimed at creating added value for our stakeholders.



Account balances of less than 5 basic monthly wages

## Making dreams come true throughout the region

Bancolombia Group is helping people in the countries where we are present to fulfill their dreams, with a total loan portfolio of COP 112.8 billion.

Colombia <b>73,7%</b> 	Perú <b>0,2%</b> 	Puerto Rico <b>0,7%</b> 
Panamá <b>19,4%</b> 	El Salvador <b>6,1%</b> 	Cayman <b>0,01%</b> 
Bancolombia		63,1%
Banistmo		13,4%
Leasing Bancolombia		8,1%
Banco Agrícola		6,1%
Bancolombia Panamá		6,0%
Other 11 companies holding minor shares		3,3%
Total		100%



## THE CLOUDS

By: Daniel Alonso Carbonell Parody, Barranquilla.  
Illustrated by: Alex Sarmiento.

The first thing is my name: Armando. The second are the clouds. But, what are the clouds? I might not know for sure, but I know I like looking at them. When I grow up, I want to be a connoisseur of clouds. My parents say that clouds are a thing of dreamers, poets or slackers; my language teacher is not so sure, I think that observing clouds is a noble profession and not as straightforward as it might seem; you must be careful not to get a crick in your neck and the sun in your eyes, but the reward is indeed great. The sky can be as large as the eye can see, or as small as the square window of a prison cell. Whatever the size of your sky, if you don't have clouds, life is boring. A cloudless sky would be like having a dog that doesn't bark when he greets you.

I think of the clouds and think of my teachers. What clouds teach us is priceless! They change, if you look carefully, and anyone, whether they are young or old become poets when looking at the clouds. This is the education we need. Clouds are what the wind teaches them, but the very nature of the cloud is what allows it to change shape. I've seen really strange clouds; clouds that look like scarecrows, peppers, dragons, ghosts, icebergs, ice cream cones, carrots, boats,

shells, cats, lilies, accordions, swans, umbrellas, lighthouses, daggers, sea horses ...

The first thing is my name. The second are the clouds. The third are Amanda's eyes. In Amanda's eyes, I see the sea, and above the sea, I see the clouds. Amanda's eyes can change shape, seeing me in different ways. Someday I will hire a pilot to write her name in the sky, with cloud ink, so she'll know how much I love her. As I've already said, and I'll say again, I think I'll become a cloud connoisseur.

I repeat, it is my greatest wish. Hopefully my parents shall one day come around to the idea that they have a dreamer in the family. Maybe my teacher shall convince them that this is a commendable vocation. The first thing is my name. The second are the clouds. The third are Amanda's eyes. The fourth is my plan. My plan is nothing else but living in the clouds. I want to create a society, if it can be called that, which is dedicated to appreciating clouds. People from all walks of life can join in. We shall teach them the goodness that dwells in cloud formations and how they can change depending on the wind. In the same way as we change. What clouds teach us is truly priceless! They make the world a better place. Beginning with me!

### Quality of life Education

Is the driving force for a country's ongoing development, which is why we lend our support to educational initiatives, so as to improve schooling coverage and living standards, particularly in rural areas.



## Finding new ways of shaping a more gratifying experience for our clients



> Our goal is to offer a memorable experience whenever and wherever our clients need us, ensuring easy access to our financial services by means of secure, straightforward processes, providing products and services tailored to the needs of our consumer and corporate clients. For this reason, we are implementing ways of liaisoning with our clients in a closer more opportune fashion.

Since we took the first steps towards our more Humanistic Banking approach, we have found new ways of relating to our clients, going beyond our natural economic role as a bank. We first got to grips with enhancing our human resource talent in adopting a workplace culture that has led us to provide a better, more comprehensive experience for our different stakeholders.

Thanks to the amount of thought that has gone into understanding our clients and recognizing that they lie at the heart of everything we do, we have deployed various measures in a responsible fashion, that have led to significant changes being made to our different processes, the ranges of products offered and our determination to build a more modern, digital bank that is readily accessible, and above all, socially-inclusive

We still have some way to go in this respect, but 2014 was definitely a year in which we were

able to convert this philosophy into a series of concrete measures and take full advantage of the lessons learned in talking with our clients in order to continue enhancing our performance.

## Building more and better relationships with our clients

One of our basic premises has always been to constantly be able to reinvent ourselves in terms of how we relate to our clients, by listening to them, strengthening our role as their advisors, forming part of their individual stories, understanding their needs and getting closer to them so as to be able to offer them better solutions.



## Working for our clients: progress which translates into action

We live our Service Model by coordinating the work we have done on a personal basis through our values and our ways of doing things which in turn reflects on what we do and the quick, straightforward and timely solutions we provide



We launched our "Leader of Leaders" initiative for the Consumer and SME Banking Division, the goal of which is for all our leaders to become fully aware of our corporate strategy in becoming a humanistic banking organization.



Our Corporate Code of Service was deployed in order to guide our conduct and help us provide a pleasant, more memorable client experience



We staged seven different events for introducing this new Code of Service: 5 in Colombia, one in El Salvador and 1 in Guatemala.



## More than 3.000 employees have now received their copies of our Corporate Code of Service

This initiative was adopted by Banco Agromercantil in Guatemala, which just a few years ago implemented its own Code of Service. Our new Corporate Code of Service now provides the guidelines for our customer care service in Panama, Guatemala, El Salvador and Colombia



We ended the year with a total of 1,433 employees acting as "Service Ambassadors" for our Consumer and SME Banking Division, and in the Government and Corporate Banking Division we appointed another 100 employees to form part of the Leadership Network Service.



We also staged a week-long Client Service event, whereby 1,630 employees took up the challenge to change the way in which they serve our clients in providing them with a more gratifying experience.



conducted 53 Service Code workshops, in which 2,960 employees were trained in the major cities and towns.



In El Salvador, we also launched a campaign called "Putting our souls into serving our clients" so that through our day-to-day dealings, our clients feel appreciated and are able to more readily recommend us to others



## Adjusting our structure to provide a better service

As part of our efforts to better serve our clients, we made several adjustments to our sales staffing structure.

**Colombia:** We laid the groundwork for designing a new platform, in conjunction with staff from our Cash Management Departments in the countries where we are present. This has made it easier to have a single On-Line Banking Channel so that clients can access their savings and checking accounts, loans and CDs held with different banks belonging to the Bancolombia Group.

In 2014, we served a total of 22,936 clients from the Preferential Consumer segment with the Crediagil revolving line of credit as well as credit cards and checking accounts, achieving a 90% compliance rate for one-day service agreements.

**El Salvador:** We expanded the number of branch offices at which our clients can pay their housing loans and manage the entire credit cycles so as to provide greater convenience with flexible office hours, more streamlined processes and more personalized customer care.

**Guatemala:** We integrated the sales personnel from the agencies of Banco Agrícola and Ban-istmo forming one single sales force, and set up a shared communication channel with our clients. This allowed us to obtain a loan portfolio of USD 897 million, which we manage in other books belonging to the Bancolombia network.

We created a new deposit-taking area responsible for providing a full range of financial products and services that make up the Bank's borrowings, this specifically aimed at corporate and business groups, which have allowed for a growth of USD 30 million.

Finally, we set up a call center along with other alternate channels, so as to support our Consumer and SME Banking Divisions, making these much more user-friendly and efficient.

## Enhancing our service models

With the aim of providing a more enhanced customer service, we carried out the following initiatives:

**Colombia:** We strengthened our Dignified Collection strategy with a view to understanding our clients when they are in a difficult economic situation and making them feel respected and supported. This implied training a total of 1,400 customer care employees who work for the four strategic partners that provide us with this telephone help line service. The aim here is to take a more conciliatory approach for a more responsible collection process. We also conducted a client satisfaction survey which provided an average of 5,000 feedbacks per month.

On the other hand, and continuing with our Responsible Service and Selling strategy while ensuring a greater degree of security for the transactions performed by our 2,800,000 clients who receive their salaries directly in their bank accounts, we redesigned our Business Executive Program for a more enhanced client experience with the product or the service offered, ensuring that all points of contact with the client are perfectly aligned in terms of processes as well as our advisory and after sales services.

**El Salvador:** Here we opened various specialized points of service for our Government and Corporate Banking Division, these called Business Banking Agencies. We also installed deposit-taking ATMs on client premises with a view to bringing the bank closer to our clients.

**Bancolombia Panamá:** This subsidiary began the required procedures for obtaining its ISO quality certification, being the first international licensed bank to implement a quality system in client-facing processes, that is to say transfers, e-banking, fixed term investments, complaints, reported incidents and congratulations.



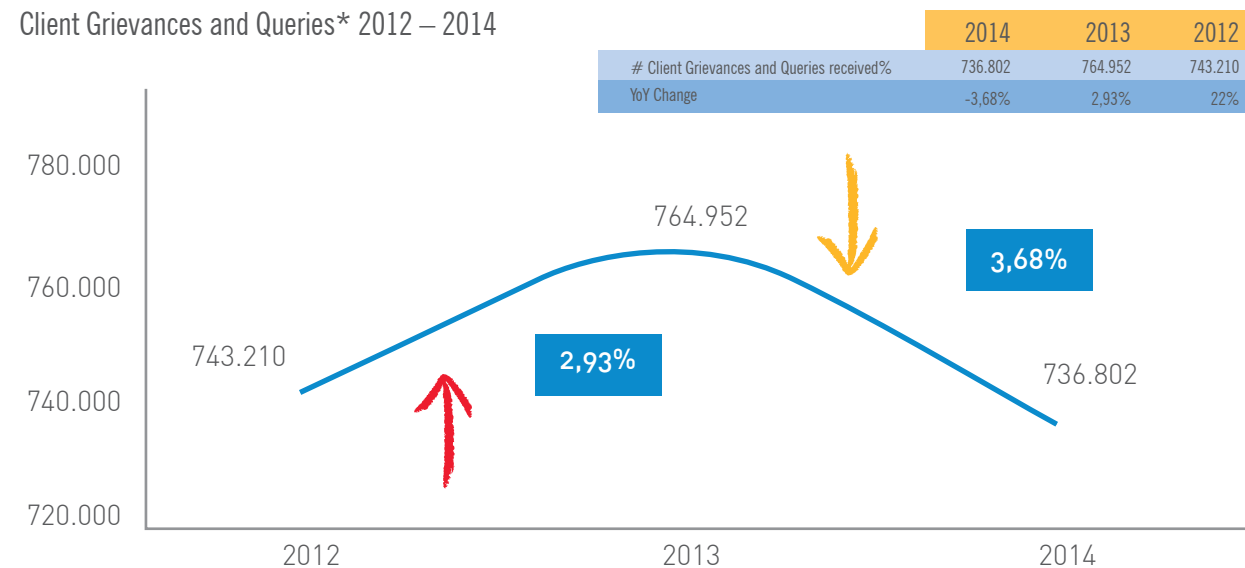
# Operating simplicity and impeccability

We are committed to making our client service the Organization's best asset, as we move toward more impeccable, straightforward, timely, autonomous, flexible and innovative processes, so as to make life easier for our clients.

## More solutions

So as to improve our relations and provide opportune care to almost 7,470,227 of our clients in Colombia, which last year rose by 12% with a total of 907,176 new clients, we have implemented various initiatives aimed at enhancing their banking experience..

Client Grievances and Queries\* 2012 – 2014



\*Only grievances such as queries, complaints and claims on the part of clients were taken into account for this study

For the first time in recent history, we reduced the amount of client grievances (queries, claims and complaints) by 3.68% compared to 2013, this corresponding to 28,150 fewer customer complaints. Compared to the rest of the sector, over the past two years we have reduced customer complaints going from 22.74% for 2012 to 17.65% during Q3 2014.

22 50 interdisciplinary teams completed 50 work plans and we

are now deploying 52 additional initiatives, which has allowed us to reduce the amount of customer complaints regarding credit cards, consumer loans, business loans, savings accounts, among others.

Our opportune service indicator surpassed the goals set with 87.45% of all complaints being attended within the stated time frame, 52.11% being dealt with upon the first contact and the re-

maining 47.89% - close to half of the total - were resolved and/or answered within two business days. The average time taken to attend our entire volume of customer complaints comes to 5.3 working days, having declined by 15.8% compared to the previous year's indicator.

We also drew up a new policy for temporary and definitive reimbursements so as to facilitate this facet of our customer care.

Thinking simply with our "Anti-Paperwork" approach

We continued to simplify our procedures and eliminate red tape by implementing this initiative with our Banistmo and Banco Agricola subsidiaries, so as to provide a more enhanced experience for our clients.

We worked in close conjunction with the Colombian Tax and Customs Department (DIAN in Spanish) in Bogota as well as the Comptroller General's Office of the Republic of Colombia in introducing a new channel for sending and receiving electronic information in a quicker, more timely fashion.

As part of its efforts to uphold the Organization's best practices, Banistmo streamlined a total of 50 procedures, trailed by Banco Agricola with another 9. So far, this has benefited more than 15,000 clients of our foreign-based subsidiaries providing a quicker, better service in terms of leasing operations, branch office service, opening new accounts as well as with the products offered through our call center, among others.

In 23 branch offices in Colombia, we launched a new teller system called Voice Transactions, where clients do not have to fill in physical forms for cash deposits, manual collections, credit card and loan payments which make up 72% of the bank's operations, this representing savings of COP 5,000 million a year for the bank.

Since this project began back in 2012, we have streamlined a total of 1,054 procedures.

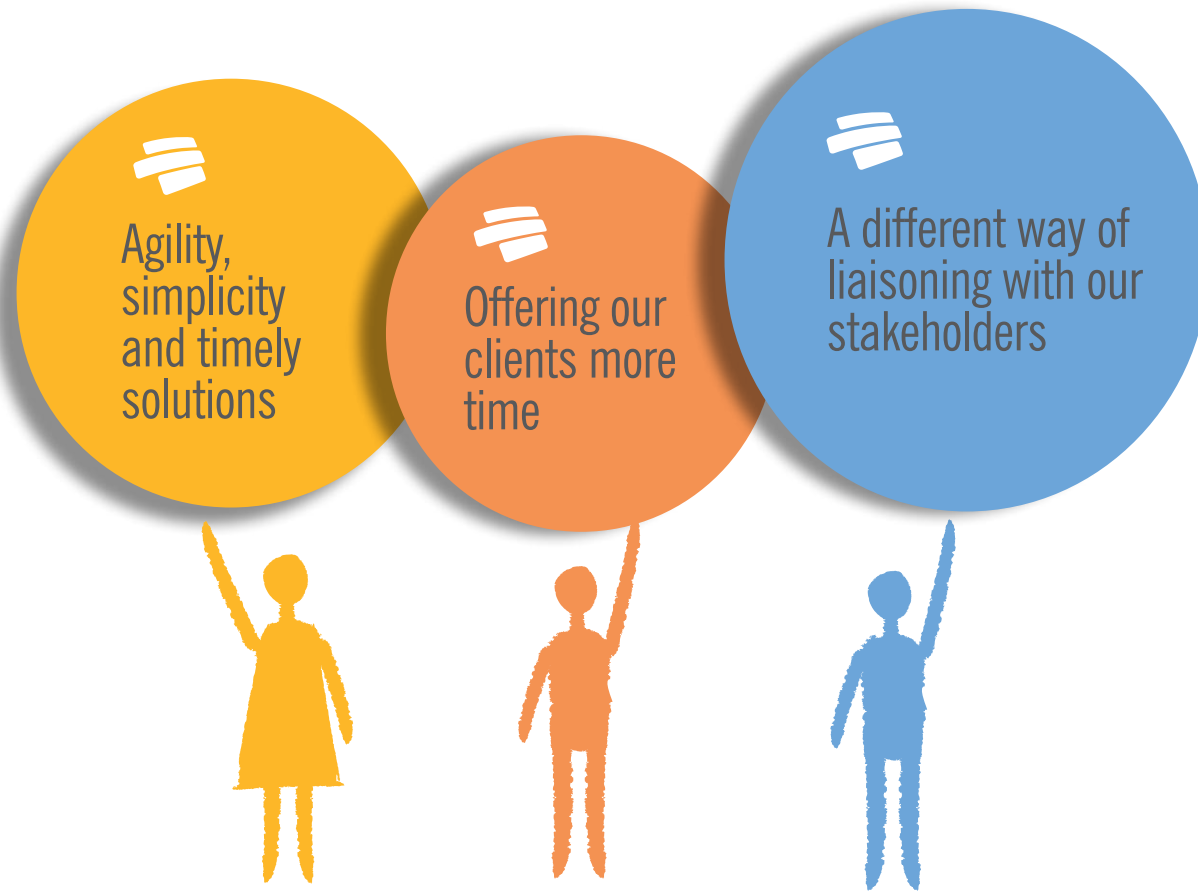
In 2014, we launched some 155 initiatives that allowed us to streamline 304 procedures producing savings of COP 421 million for the Organization.

Furthermore, we eliminated or combined a total of 117 letters, documents and forms that were previously used for our banking processes.

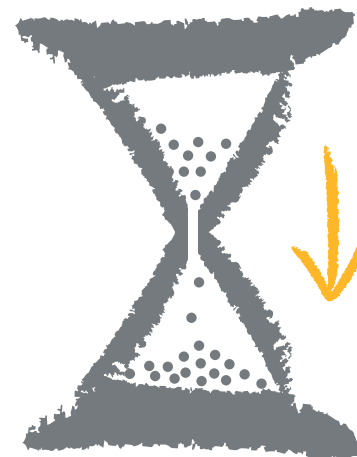
We also modified a total of 38 documents with which we managed to simplify much of the documentation required by Leasing Bancolombia.

We implemented SME credit studies based on documents remitted on-line, training the entire sales force in this process.

We enabled our Fopep pensioners, some 212,235 retirees representing 72.4% of the total, to withdraw their pensions from any branch office, or depositing these payments directly in their accounts, for an 11% increase compared to the previous year.



Transforming ourselves from within to provide a more enhanced client service



## Making life easier

We fulfilled our promise to offer a pleasant, more memorable

When dealing with fraud, we send out a text message response, reducing the time it takes to reimburse clients to a maximum of three days (in the event of the findings being in favor of the client), increasing the amount of customer complaints resolved during the first contact to 53% for a total oportune service indicator of 87.87%.

We also reduced registered mail deliveries of credit and debit cards to just three days which avoided clients having to visit our branch offices to claim a total of 81 683 reissued and 56 155 renewed cards. We also facilitated credit card activations by means of SMS messages sent out by the bank.

We also did away with clients having to visit a branch office to personally reactivate accounts with low balances or which have remained dormant for less than three years.

We also eliminated the documentation required for complaints regarding lack of knowledge of international purchases and advance payments.

We also provided for Guarantee Fund commissions to be charged in conjunction with the credit quotas for these funds, thereby simplifying the payment of such in support of greater efficiency. Since implementing this framework, we have charged COP 133 thousand million on 114,816 loans, and have collected COP 121 thousand million.

We now receive on-line the deposit forms for AFC accounts as part of our Corporate On-Line Banking services, which can be paid using our on-line collections service, thus saving our clients a trip to the bank and reducing from 3 days to just 1 the application of these funds to employee AFC accounts.

We also made the necessary changes to AFC account balance inquiries made via our Consumer On-Line Banking Channel as well as our Bancolombia App, thereby benefiting a total of 59,956 account holders.

We transferred the balances held in 91,067 savings and checking accounts to other accounts held by the same holders, for a total value of COP 1,033.8 million, thereby protecting the unpaid balances of our clients and reducing the amount of dormant and canceled accounts.

We also centralized SUFI's disbursement and commission process. This was previously distributed amongst the major cities of Medellin, Bogota and Cali, with a response time of one day; after the stabilization period, overall response times were reduced to just two hours, with a 95% compliance rate.

We also made improvements to our processes for 219 of our corporate banking clients. The time taken to purchase different currencies was reduced from 3 to 2 hours (33% faster), and we extended our schedule for receiving the corresponding documents until 2:30 pm for foreign exchange trades, thereby ensuring that these transactions were performed on the same day. These changes shall allow our clients more time for performing their financial transactions. We also assigned an exclusive member of our customer care personnel to each region in order to address the concerns of a total of 1,400 clients conducting trading operations, and implemented the IVR for our the VIP and Trading Help Line; this in order to boost our advisory function in this regard and get closer to our clients with this service.

## Wherever, whenever and however our clients need us

This approach consists of getting closer to our clients on a daily basis for which we have enabled different channels that allow them to access our financial services in a quick and convenient fashion, whenever and wherever they wish.

We continue to focus our efforts on covering the more remote areas, serving more than 875 towns and villages in Colombia, 124 in El Salvador and 9 Panama, with the help of 250 members of our customer care personnel. In Colombia, we have the largest branch office network, according to the Superintendencies of Finance in both Colombia and El Salvador.

We conducted 1.945 million transactions, for a year-on-year growth of 18%; 92.7% of which were performed on-line.

We also sold more than 4.1 million products through our current channels; with an average of 19% via channels other than our branch offices.

We have more than 1,400,000 active clients in our Mobile Banking segment, which is 74.8% more than for 2013. Our mobile banking clients conducted approximately 317 million transactions accounting for 16.3% of the total.

In the countries where Bancolombia Group is present, we have a network of 1,070 branch offices, 4,524 ATMs (where availability rates average out at 93.62% in the case of Colombia and 99.23% for Panama), 7,807 Micro ATM wireless machines, 4,2022 Banking Correspondents (third-party stores and businesses acting as a financial inclusion chan-

nel), 598 Mobile Service Points 598 and 206 Kiosks.

We take pains to reach out to the more remote towns and villages that have no physical banking presence through our POS service, covering a total of 566 so far. In this way we are helping the unbanked or under-banked population to achieve their dreams.

**Creating a more digital, modern and affordable mobile banking experience for all our clients was the reason why Global Finance named us as the Best Regional Mobile Bank in Latin America.**

**We performed 1.945 million transactions, with an annual growth of 18%; 92.7% of which were conducted via our electronic channels.**

### Overview of all transactions performed through the Bancolombia Group's distribution channels

Channels	# of Transactions / 2014	# of Transactions / 2013	# of Transactions / 2012	Change 2014 vs 2013
Branch offices	138.597.489	136.932.756	132.498.871	1,22%
Our own ATMs	272.101.252	266.745.289	241.551.935	2,01%
Other ATMs	5.687.399	5.245.356	4.383.228	8,43%
Own POS	11.391.305	11.542.629	12.151.045	-1,31%
Other POS	138.502.179	124.865.999	111.141.701	10,92%
Audio-response	16.972.147	16.825.498	17.296.712	0,87%
Internet	924.490.948	743.976.645	567.147.502	24,26%
Mobile Banking	43.428.762	32.335.886	17.273.556	34,31%
Banking Correspondents	42.728.743	34.017.009	20.696.257	25,61%
ACH Banking Network	12.446.257	11.220.348	9.698.075	10,93%
Automatic Payments	21.606.919	19.771.058	18.315.854	9,29%
Total Transactions	1.627.953.40	1.403.478.473	1.152.154.736	15,99%

Data based on that reported in Forms 444 and 398 to the Colombian Superintendency of Finance for 2014, this covering only cash withdrawals, payments, deposits, transfers and account statement checks conducted via the group of channels selected for the Colombian Banking Unit.



# Digital banking channels:

We take care in providing different client experiences in accessing our services and products directly from their mobile devices or home computers, while ensuring the highest security standards.

## Internet

### On-line Credit Card Sign-Ups:

This channel allows young people to self-manage their own applications, directly from their mobile phones, tablets or computers in just nine minutes, seeing in real-time their preapproved credit quotas and enabling them to continue with or check the status of their applications at any time.

1.873 "Youngster credit cards" placed

### Always On Line with Bancolombia:

This service allows our clients to sell their products online, using our e-commerce facilities in a safe and secure fashion, thereby expanding our range of accepted payment methods and contributing to a greater degree of financial inclusion, with 19,778 taxi drivers now registered with our Easy Taxi alliance.

87 retail establishments

### "Salary Advances" Banco Agrícola

We introduced this new "Salary Advances" product which is now available on our alternate channels as well as ATMs, e-banking and kiosk services

10.366 active accounts  
90% usage

### Electronic BAM

With the aim of serving our clients who live in the more remote areas and have no access to branch offices, we launched a cash withdrawal service for all ATMs belonging to the 5B network which requires entering a special code on their mobile devices.

135.000 clients benefited  
2.300 ATMs

### NetCard Guatemala

This on-line shopping card is designed for making all kinds of on-line purchases in a safe and secure manner. Each card holder is assigned a maximum limit which can be disabled whenever required.

1.200 cards placed on an annual basis

## Always at hand

### Bancolombia a un Clic

We expanded our portfolio of services to cover document requests on the part of private individuals and corporate persons with regard to our leasing services, obtaining comprehensive insurance coverage, requesting debt to be purchased in the form of consumer loans and applying for automatic debits of installments owed on debit and credit cards as well as mortgage loans. Also, microSMEs and SMEs can self-manage documents without having to go to a branch office.

▶ 386.541 documents requested  
140.025 products requested for an increase of 125% compared to 2013

Availability rate: 99,55%

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

We launched a new transaction that allows our customers to check their AFC accounts; we also redesigned our on-line account statements.

▶ 478 million transactions processed  
24,6% of all transactions were performed using our electronic channels

Availability rate: 97,5%

### Banistmo's On-Line Banking Service

We now offer new services that allow for clients to perform swift, straightforward and user-friendly searches. We provide a 24 hour service and facilitate access to information showing consolidated account balances in a single view. Transactions are now performed in fewer steps with visual aids helping to guide the client through this process. We also implemented an option for approving international money transfers at any time and created a template for recurring transactions.

▶ 36.500 active clients

### Bancolombia's On-Line Corporate Banking Service

We created a contingency plan for disruptions in this channel, to satisfy the needs of our customers.

▶ 99,27% availability rate for 2014

# From cell

We enabled the client authentication function on our digital services

this with the aim of providing personal and specialized information for their products

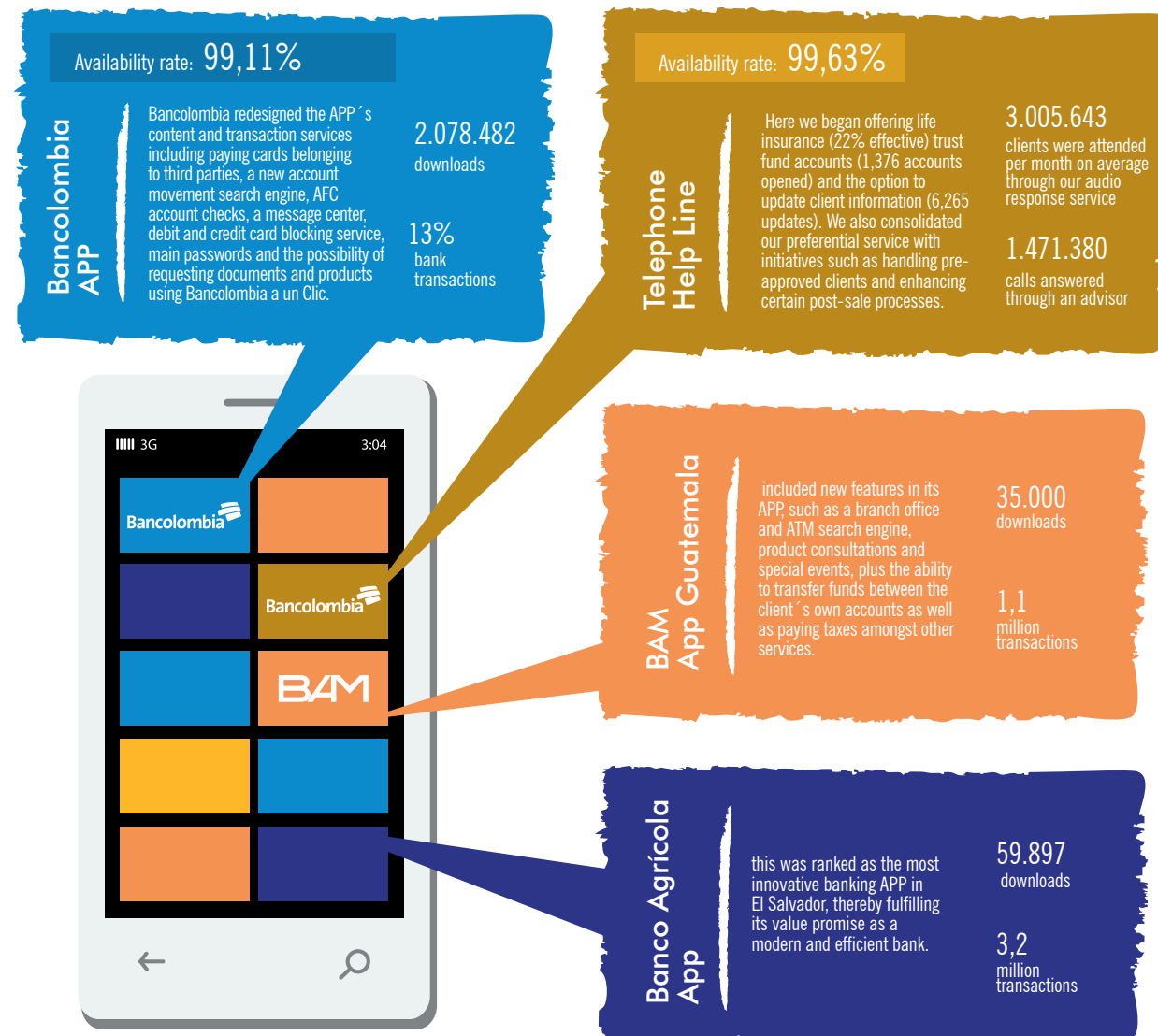
**Clic to call**  
from the computer where they receive specialized customer care



**Callback**  
Con la posibilidad de que el which consists of clients leaving their contact information so that we can communicate with them at a later time

Use of these services rose at a year-on-year rate of

# 100%



# Strengthening key lines of business in terms of creating added value

We are constantly looking for new ways of doing business so as to provide solutions to ensure our ongoing market competitiveness, while meeting the expectations of our stakeholder groups.



# Consumer Banking

## Inclusion

### Children

**Cifras:** 1.656 1,656 children signed up.

**Banikids:** Banistmo launched this new segment in order to teach children to save from a very early age. A new debit card now includes a personal accident insurance for up to USD 10,000 with dental and A&E medical services available nationwide.

### Colombian nationals living abroad

**Housing loans:** Here we helped 1,800 families residing in the Americas, Europe and Oceania to own their own homes in Colombia. This product scored a growth of 22% compared to 2013. A total of COP 153,891 million was disbursed in the form of housing loans to this segment.

**Remittances:** Here we provided the opportunity for 275 thousand families living abroad to send back remittances to Colombia and use this money productively with our savings, protection, education or housing solutions. Our market share came to 36% in terms of incoming remittances for an average monthly value of USD 115 million (USD 1,380 million per year).

### Low income segment

**Products placed:** 335,066 Exitto store cards for an increase of 29.82% compared to 2013. Active cards: 1,053,494

**Turnover:** COP 2.5 billion. Products placed: 76,248 Alkosto store cards representing an increase of 40.89%. Active cards: 83,366

Out of all of the Exitto and Alkosto store cards placed, 37.7% corresponded to clients having their first ever credit experience with the local financial sector, with 54.6% of these earning an income of up to two basic wages.

### Small and medium-sized enterprises

**Figures:** we recruited 11,000 new small SMEs and 200,000 micro SMEs. Disbursements: COP 548,481 million (total micro and small SME segments ) Total SME clients: 1,196,232 1,048,861 micro SME clients, and 147,371 SMEs.

We disbursed a total of COP 198.653 million in micro SME loans, benefiting 31,000 microentrepreneurs.

## Sufi credit studies

### Students

**Figures:** COP 34,604 million in student loans were issued to a total of 6,881 clients. Sufi was the first private institution in Colombia to offer student loans for undergraduates, graduates and continued education courses going from a minimum of COP 500 thousand up to full tuition and for terms of up to 12 years.

### Social Leasing Program

**Figures:** 21 families benefited from 139 approved loans. We were the first in the country to launch the Social Leasing program in partnership with Comfama, a Colombian family welfare institute, for the purpose of financing the acquisition of housing that the institute rents out at a low cost. This plan provides the lessee with the possibility of paying the down-payment through monthly rentals.

### Low-income families

**Figures:** with regard to the Colombian Government's free housing program (100,000 units) we approved a total of COP 918,490 million and disbursed a total of COP 667,879,000 of this figure. Since we started these programs for disadvantaged families with subsidized interest rates, we have paid out a total of COP 1.2 billion, benefiting 39,652 families. In this way, we are supporting the Colombian Government's strategies to help fulfill the dreams of many families to purchase their own homes through the 'Housing for Savers (VIPA)' and '100 000 Free Homes' programs all of which bear subsidized interest rates.

### Employees

(salaries and wages deposited directly in their accounts)

**Figures:** 2 million employees and 458 thousand pensioners receive their salaries, wages and pensions directly in their Bancolombia accounts. Compared to 2013, we obtained an increase of 17% in the number of clients attended with this product. 9,614 new corporate clients signed up for our direct payroll deposit service, where we reduced the amount of complaints by 39%.

## Financial education

### Segments of the population

**Figures:** Through activities such as the "International Financial Education Week for Children and Youngsters" and the "International Savings Week", we were able to extend our financial education program to a total of 1,208,718 clients, explaining to them the importance of knowing how to handle their financial products. Also through our on-line classroom

initiative, we were able to reach an average audience of one million with regard to topics such as responsible borrowing, channel usage and savings, amongst other important issues.

## Low-income savings product

### Low-income segments of the population

**Figures:** more than 280.000 clients now hold this product. For 19% of these, this was their first ever financial product. With products such as these, we have now bankarized 30.6% of the target population. We are encouraging more people to use financial services with this free savings account that can be opened directly with a mobile phone.

## Clients/users of our Banking Correspondents

### Clients/users

**Beneficiados:** Over 1.5 million people are now using this new transaction channel. Figures: 4,098 Banking Correspondents in Colombia (third-party stores and businesses acting as a financial inclusion channel) and 104 in El Salvador. We also launched, in conjunction with Sura, a personal accident micro-insurance which is unprecedented with this type of channel since it can be obtained without necessarily being a client of the bank. There is also the additional protection in the case of death or total disability as a result of an accident.



## Moments of Truth

We help our clients to achieve their dreams by providing them with the possibility of purchasing their own homes, cars, as well as giving them access to the financial markets by means of credit and debit cards while providing insurance against personal and property risk .

### Housing

We helped a total of 31,202 families just in Colombia with their dreams of home ownership, in the form of mortgage loans and residential leasing arrangements which together reached a total of COP 10.3 billion along with disbursements of COP 2.6 billion.

Country	Colombia	El Salvador	Guatemala	Panamá
Families benefited	31.202	1.264	1.000	2.800
Disbursed loans	\$2,6 billion	USD 7,28 million	USD 59 million	USD 315 million

### Vehicles

Helping clients to buy their own cars and motorcycles through attractive financing plans.

Country	Colombia	Guatemala	Panamá
Vehicles	39.537	900	3.466
Motorcycles Portfolio	14.389 \$2,18 billion	N.A. USD 15,8 million	2 USD 156.404 million

## Cards

In order to satisfy the consumption needs of our clients, we made progress with our payment strategies on a regional level .

Country	Colombia	El Salvador	Guatemala	Panamá
New Debit Cards	1.615.951	266.652	88.104	61.358
Total Debit Cards	6.524.197	699.445	177.232	180.005
New Credit Cards	517.595	60.000	38.000	17.555
Total Credit Cards	1.863.512	219.461	135.000	62.329
Debit Card Turnover	\$81,4 billion	USD 240 million	USD 540 million	USD 405 million
Credit Card Turnover	\$11,24 billion	USD 410 million	USD 290 million	USD 569 million
Affiliated Retail Establishments	83.226	1.191	N.A.	2.670
Retail Establishment Turnover	\$17,3 billion	USD 325 million	N.A.	USD 1.138 million

## Newly launched cards

**Global Visa Credit Card** (Colombia): 12,772 cards.

**Visa Infinite Credit Card** (Colombia): 5,157 cards placed.

**Re-establishing the American Express Green Credit Card**: 4,204 new cards.

## Always Protected

We offer a range of insurance policies including life, unemployment, household, fraud and medical assistance in conjunction with well-known insurance brands such as Sura, Cardif, IKE and Allianz, among others.

We also offer a range of insurance policies including life, unemployment, household, fraud and medical assistance in conjunction with the Sura and Cardif and other insurance companies.

**Colombia:** 1,500,000 policies currently in force. Insured value: COP 32.9 billion. Growth: 19.3% compared with 2013.

## Protección Total

- We extended the benefits of our unemployment insurance to protect clients and their families who take out unrestricted purpose loans, and for some reason are laid off or succumb to a serious illness. Results: 4,038 insured loans.
- Sofi extended the coverage of the insurable portion of its financial leasing product by 40%, and also launched its "Life Insurance +" product, in conjunction with Sura, so now loans can be insured to a much greater degree. So far, we have

obtained a market penetration of 21.53% with this product.

### El Salvador

Thinking of our clients' well-being, we now have 237,553 insurance policies in force for an insured value of USD 4.381 million, this corresponding to a year-on-year growth of 18%. Insurance fees amounted to USD 5.97 million for a year-on-year increase of 7.7%.

### Guatemala

**Figures:** 75,500 policies issued. 41% increase. We offer life, household, car, financial obligation insurance for Guatemalans living abroad.

### Panamá

We have 204,812 insurance policies in force for an insured value of USD 31,954, representing an increase of 19.2% compared to the previous year. These insurance policies provide USD 4,535,146 in commissions per year.

## Other initiatives

### Colombia

The "Who Will Lend Me Money?" portal allows clients, primarily eligible employees, to take out payroll loans issued by different banks, including Bancolombia, so as to be able to meet their financial needs and enabling them to make their own decisions.

### Panamá

We launched the "Express Savings Account" that clients can sign up for in a quick and straightforward fashion. So far, 35,614 accounts have been opened for 12% increase compared to the previous year.

# Government

**Transforming a country means working with the Government in support of its development plans for greater progress and better quality of life for its people.**

## Colombia

- We provided our support for the Government's territorial plans through a client service model specially designed to serve contractors. So far we have signed up 4,900 clients. Market size: COP 69,500 million.
- We also worked in partnership with the agricultural sector with the Finagro line of credit, covering its entire production chain. Our market share in terms of Finagro loans came to 19%.
- We also took part in initiatives for facilitating home ownership, such as extending subsidized interest rates for the middle class. Here we have disbursed a total of COP 644 thousand million, benefiting 7,851 families since the Frech 3 program began.
- New tax reforms increased the taxpayer base. As a Group, we are preparing ourselves for efficiently dealing with the projected rise in the amount of tax payments to be transacted, especially since we already collect 34% of the country's total tax revenues.
- We also support the country's growth through a study worth COP 4.7 billion for the 4G highway tenders. We issued quota letters for more than COP 1.2 billion for different clients.
- We also worked with the National Infrastructure Agency (ANI), so as to define a partici-

pation model for the financing of 30 highway concession projects to be implemented over the next five years.

- 13.4% of the total pensioner base belonging to Colpensiones, approximately 175,125 retirees, receive their pensions directly through us.
- More than 17 million Social Security Settlement Forms (PILA in Spanish) were channeled through our on-line channels (86%) and branch offices (14%) (assisted forms).
- In support of the National Low Carbon Development Plan, we launched a line of financing for encouraging energy efficiency and renewable energy for a total of COP 200 thousand million and so far have placed loans worth COP 86 thousand million.
- We help and advise the Treasury Departments of 178 municipalities with whom we have signed 376 agreements covering the collection of taxes due, going from the purely manual to bar code reading which has made this process so much more efficient.

## El Salvador

- Through our Web Service platform, we increased the number of tax payments received by 20% to 44 thousand transactions with an increase of 32% in the actual amounts collected.

## Panamá

- In terms of our proprietary position, 70% of our commission income was obtained

from turnkey contracts for new highways and road works and, that is to say contracts between the Government and private enterprise

- We continued to support the Panamanian Government's infrastructure plans as major funders of contractors working on projects such as the Mecó Vigui-San Félix highway worth USD 75 million, and others such as the widening of the Panama Canal.

## Perú

- We managed funds worth USD 453 million for building energy networks in the central and southern parts of the country. We managed funds worth USD 453 million for building energy networks in the central and southern parts of the country.
- We also granted a loan of USD 20 million for a private company that provides basic and secondary education for more than 23 thousand schoolchildren from the middle- to low-income brackets.
- We lent USD 22.5 million to a major Peruvian real estate company dedicated to building low-income housing.
- We also handled the cash flows associated with the repair and maintenance of highways far away from the capital city such as the Abra Toccto – Vilcashuaman Highway, namely the Condorcocha - Vilcashuaman which was contracted by the Regional Government of Ayacucho.

# Corporate Banking



**Through a comprehensive integrated portfolio, we made efforts to manage our relationships with our corporate clients so as to fulfill their goals and help them during the most important moments of their projects.**

## Colombia

We launched a call service for new home buyers, allowing construction companies to close deals with a far greater certainty because they can immediately check the feasibility of lending to buyers.

We also launched the 'Tidis Bancolombia' line of credit, which takes assigned rights on future tax refunds as a source of payment. To date we have disbursed loans totaling COP 24 thousand million.

We were the first bank to perform a standardized derivative operation, with a third party through Give Up arrangements. This allowed our institutional clients to close futures on Colombian Treasuries (TES), specific references and a notional bond with the bank, and also transfer these positions to the client's Clearing House (another financial institution). Since this first operation, we have closed 3,170 contracts for a nominal traded value of COP 889,979 million.

We also performed Swaps on the UVR-IBR curve to help our institutional clients, who by their very nature have CPI-indexed portfolios, in hedging their risks for a more enhanced risk management. In this way, we were able to estimate long-term inflation more precisely as well as enhance the hedging of our UVR-indexed loans.

We created a new form of self-management for companies holding our payroll lending product,

by means of which they may exchange files with Bancolombia for paying installments, reporting incidents or taking out new loans this through the BPO firm, Enlace Operativo. So far 1,585 companies have signed up.

We extended this product to our international leasing clients in Colombia, particularly those belonging to our Consumer SME segments, through which they may choose the solution that best suits their needs for purchasing assets manufactured abroad.

We encouraged investing in efficient and environmentally-friendly technologies through our environmental lines of credit such as the Green Line, having disbursed more than more than COP 12 thousand million over the last quarter of 2014 alone. Similarly, with regard to the Bancoldex rediscount lines we provided funding worth COP 9.131 million for hybrid transport and sustainable development.

We continue to support our clients with their international operations through our Import Factoring product, where we share prompt payment discounts with the importer. We also resumed our discounted letters of credit business.

We also developed innovative ideas and improvements with regard to our Cash Management range of products and services:

- We created a collection file converter for a quicker, more streamlined reconciliation of our clients' accounts, this by means of flat files.
- We increased the frequency of the distribution process of new collection agreements at branch office level.

- We doubled the amount of clients holding our Integrated Business Collection product (web service) which facilitates the automation of client cash management in real time.
- We also extended Cross Border Leasing arrangements to the SME segment, facilitating the purchase of assets manufactured abroad.

## El Salvador

Here we developed new customized services such as automating international transfers, beefing up our interbank payment system as well as introducing new pre-approved supplier payment options on our Corporate e-Banking platform, allowing us to eliminate manual processes and obtain a 21% increase in the amounts traded electronically by clients who have signed up for this service.

## Guatemala

Here we developed new products and services, such as Bamprovee, Visa Payment Controls and customized applications for the VIP segment, so as to be able to better cater to the needs of our clients.

## Puerto Rico

Checking and money market accounts were set up for transferring funds from all our demand deposit accounts to any beneficiary. Previously we only attended our clients with savings accounts in this regard. Here we managed to open underlying accounts with balances of between USD 70 million and USD 520 million.



## LOLAS'S FLY

By: Fernando Borda, Barranquilla.  
Illustration by: Alex Sarmiento.

A unique smile can be seen in her face. It is noon now and there it goes Lola making way through bottlenecked cars, in the middle of a strong storm falling of a sudden in Bogota. The rain is dense and profuse but she remains harmless and totally dry.

Determined and free she walks along the city; one could swear that Lola has forgotten that she is made of flesh and bones since she is seen flying through the air. She woke up that morning with her hope on edge, but she hardly noticed that on the mirror; she made a face and then her customary skepticism arose; the defense mechanism of the perfect cancer she pretended to be: The banks lend people umbrellas when it is sunny and take them back when a storm falls, she unknowingly murmured reinventing the famous quotation of Mark Twain. Her mother, a Caribbean tanned woman who exhibited an ancient sorrow, listened to her with concern: Pessimism can be weighed my daughter, she said with a voice of someone who has known the other side of the things; stop carrying it or it will not let you fly. I totally trust in that process.

"I can see clearly the elements of your star sign, mom," Lola said to her mother while watching the weather through the window. A gray block charged with water had huddled in the sky but Lola was totally convinced of the city climate bipolarity so she put on a thin jacket. "When we have a cold morning, a suffocating hot weather is expected at noon. Gemini is the star sign of Bogota," she affirmed. Squeezed in the bus, she focused on planning her business: "Lolitas," coconut cookies she initially cooked for her school friends and then for her neighbors and the entire neighborhood.

One day she started her day with an order of one hundred "lolitas" and a life project. She decided to travel to Bogota and try her luck; but starting a company in Colombia is an act of faith. She was in need of a better package and a solid financial scheme. "Having that, and adding my strength as a woman born in Cartagena, I think is enough to start flying by myself," she said. Ivan, a very special officer, welcomed her cordially and told her that the Foundation had chosen her "lolitas" for the project "Growing with my Business." Now, she was going to be advised by a team with experience in administrative, financial, and marketing issues. Lola fixed her gaze on him totally involved in a clinical silence.

Narrating calmly all the events that would result from this could be difficult. A quality of happiness is how fast events occur. With the vertiginous outburst of the person who recognizes her future, she stood up, hugged Ivan, and ran towards the door. This was something she needed to tell her mother. "Happiness is a contagious emotion and my old mother had not felt happy for a very long time," she thought. When she reached the door she was stopped by the rain she had dismissed that morning. She did not care. She had already advanced one step when she was stopped by someone's cry. It was Ivan. He was running towards her along the lobby holding a strange object. When Ivan met her, he pushed a button and all of a sudden an incomprehensible framework opened and covered her. Still in shock, she received the object in her hands, looked upwards and written in colors of illusion she could recognize a word fixed on that unexpected blue circumference around it: Bancolombia.

### Quality of life Entrepreneurship

We give hundreds of families the opportunity to build a society with better employment opportunities for all.

# Contributing to overall economic growth

The economic results obtained by the Bancolombia Group in 2014 helped to create added value amongst our different stakeholder groups, thereby strengthening our relationships with both these and the general public as well as helping to drive the overall economy. Based on the Global Reporting Initiative (GRI)<sup>1</sup> methodology we calculated the economic value we produced, that is to say net operating revenues; our distributed economic value, or payments to employees, shareholders,

suppliers, customers, the Government and the public at large; as well as our retained economic value, or the portion of the economic value produced and used to strengthen the organization.

In 2014, the Bancolombia Group provided a total value of COP 9.57 billion, representing an annual increase of 21.4% over the previous year, this mainly due to higher net income from our services and products, including our loan portfolio, investments and leasing contracts, worth COP 6.52 billion, which represented 68.2% of the total value obtained and an annual growth of 24.3%. Net commissions also contributed the value generated in the amount of COP 2.30 billion, this corresponding to 24.1% of the total value generated for which a year-on-year growth of 13.3% was obtained.

## Economic Value Generated, Distributed and Retained 2013-2014

Economic Value	2014	2013	YoY Growth
<b>Value Generated</b>	<b>9,57</b>	<b>7,88</b>	<b>21,4%</b>
Brokerage margin	6,52	5,25	24,3%
Net commissions	2,30	2,03	13,3%
Other ordinary income*	0,72	0,59	22,0%
Insurance revenues	0,02	0,01	126,8%
<b>Value Distributed</b>	<b>6,12</b>	<b>5,28</b>	<b>15,9%</b>
Suppliers	2,24	1,95	14,8%
Employees	1,94	1,66	17,0%
The State	1,12	0,89	26,1%
Shareholders	0,80	0,75	7,0%
The public	0,01	0,01	27,6%
Minority shareholders	(0,00)	0,02	-100,7%
<b>Value Retained</b>	<b>3,45</b>	<b>2,60</b>	<b>32,5%</b>
Provisions, depreciation and amortization	2,37	1,84	29,1%
	1,08	0,77	40,5%

\*Amounts expressed in billion Colombian pesos, consistent with the consolidated financial statements as of December 31st, 2014.

\*Including net operational income other than commissions and interest, net non-operational income, and exchange difference.

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

Out of the total amount of economic value generated, 64.0% was distributed amongst our stakeholders and the remaining 36.0% was retained to strengthen the organization. The total amount of distributed value came to COP 6.12 billion, with a year-on-year growth of 15.9%. The group to which the greatest value was distributed consisted of suppliers who received 36.7%, or COP 2.24 billion of the total in the form of payment for their services and products, namely insurance, transport, fees, maintenance and repairs this as a fundamental part of the proper functioning of our Organization.

We also distributed 31.8% of our total economic value to 30,158 employees for a value of COP 1.94 billion through salaries, wages, benefits and bonuses, with an annual growth of 17.0%. Additionally, we provided other benefits to this group, such as loans with preferential rates and incentives to engage in cultural, sporting and social activities that are held throughout the year.

Bancolombia, at year end had a total of 60,423 shareholders, having increased by 243% due to new shares issued in March 2014. This group received COP 798 thousand million in the form of dividends, that is to say 13.0% of the total amount thus distributed. The percentage of profits distributed in 2014 corresponds to the dividends approved by the Board of Directors, that is to say COP 830 per share, after the year's profits had been determined, this subject to the approval of the Group's General Assembly of Shareholders.

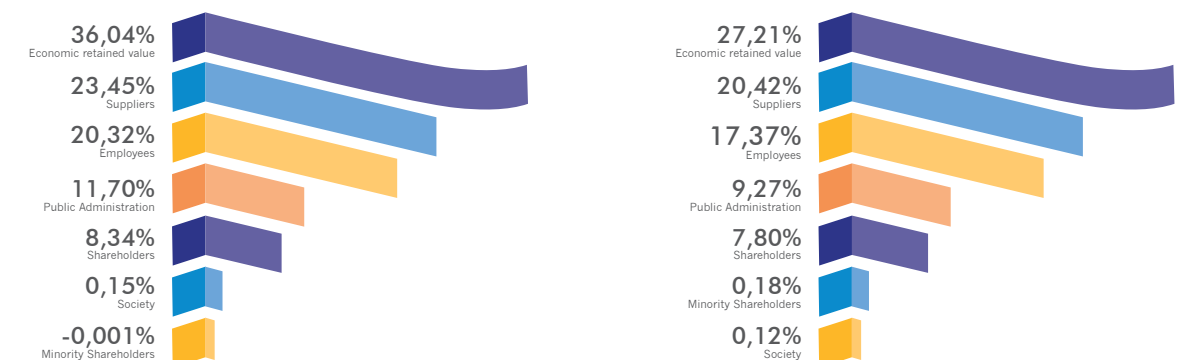
Another group of stakeholders in which the Bancolombia has a vital interest is the community. Here, we

have worked hard to include this group in our overall plans with regard to our distributed economic value. Consequently, the Group as a whole donated a total of COP 14.7 thousand million for social projects of which COP 11 thousand million corresponded to the actual bank. We also provided the Government with a total of COP 1.12 billion in the form of taxes, used in turn for social, educational and cultural programs, reaffirming our purpose as a more Humanistic Bank and improving social well-being so as to be able to build a better country.

Out of the total economic value generated, the Group retained 36.0%, or COP 3.5 billion, of which 47.7% was allocated to provisions for preserving the quality of our balance sheet (COP 1.65 billion); along with COP 723 thousand million (20.9%) for replacing and maintaining our productive capacity. The remaining COP 1.08 billion (31.3%) was allocated to our reserves, with the aim of funding the Organization's ongoing growth plans as well as for complying with additional and amended regulatory requirements.

The Bancolombia Group upholds guidelines for transforming its banking business, making it increasingly more human and more approachable by means of financial education programs, innovative new products and services for the public at large so as to reach the remoter corners of the country that up till now have never had any contact whatsoever with a bank. Also by means of high-impact social development programs, the Bank is helping to build a better quality of human capital. In this way, we have become vital partners in helping society to fulfill its dreams.

## Distributed Economic Value 2014-2013





## THE GARDEN OF OPIUM POPPIES

By: Luis Alberto Mallarino Beleño. Cartagena.  
Illustration by: Alex Sarmiento.

The drawing teacher had a poppy garden just next to the classroom. It was a garden full of light and scents, butterflies, and insects. Flowers were sowed so untidily that one could have the impression that soil was uncombed. The teacher did not like to trim the garden and did not like the lovers to cut his flowers that were inevitably going to die squashed in the notebooks of the blushed girls, just next to the notes on the perfect-square trinomial or the Colombia fluvial map.

María Alexandra affirmed that the teacher took much more care to flowers than to his students and I think she was right. If someone damaged a flower during the recess, punishment involved drawing a new intact flower full of gloss and light. If a lover was surprised pulling a flower up, he/she was required to sit and draw an intact flower without protesting.

If someone did not take with him/her necessary supplies to be used in his drawing class, his/her punishment involved watering the flowers and pick dry leaves and petals. They were required to clean the garden during two hours, while their classmates were in the classroom painting their noses and foreheads with paints and laughing at the horrible drawings of the less talented peers. The drawing teacher also had a locked secret trunk totally full with mystery. One day, knowing that his trunk was unattended, we opened it and we could see it was full of butterflies (drawings of butterflies), so well painted that their wings seemed to move. The

strange thing here was that we had never painted butterflies in class before.

We really had painted gardens, dragonflies, water springs, brooks, landscapes, all kind of flowers: gladiolus, cloves, heliotropes, wallflowers, willows, eucalypts; but we never drew butterflies, and not those beautiful butterflies. When we wanted to run away from the trunk, it was too late; the teacher caught us red-handed but he said nothing at all.

He only said that our task that day was to make a free drawing (he always said that every time he was feeling sad). Just by the year end, two days before the field outing, the teacher confessed everything. He told us that when the school was left alone he used to plant in the sand the flowers drawn by lovers and criminals and he waited for a butterfly to lay on the paper and make it turn into a real flower again. The butterfly then turned into paper as a sacrifice for the flower's life.

He also explained that he would eventually free the paper butterflies from a balcony and most of them came back to life before falling on the floor. Remaining paper butterflies had to wait for the rain to be reborn; that clouds were magical brushes. That day we could understand why our teacher, year after year during our field outings, left in the forest (scattered everywhere) drawings of willows, oaks, brooks, and eucalypts, and will spend the next days waiting for news about the rain.

### Environmental Responsibility Protection of natural reserves

We support protection of our reserves because we want to preserve a healthy and clean environment for future generations.



## Commitment to our investors

In keeping with our strategy of getting closer to our stakeholders, we maintained constant interaction with our investors and shareholders, in the form of more than 500 meetings held in order to present our latest results and answer queries from our shareholders.

Our aim with these meetings is to present the more relevant aspects of our organizational performance to both shareholders and bondholders alike, ensuring that the public can openly ask about the issues that matter most to them and informing them of our strategy going forward.

In 2014, we channeled and cleared up concerns on the part of shareholders with regard to dividend payments, exchanging old stock certificates for new ones, shareholder rights and issues of shares, etc.

### More than

# 12

million Colombian private pension fund members are the ultimate beneficiaries of Bancolombia's combined growth, strength and profitability.

Bancolombia is monitored by 15 international and 5 local broker-dealer firms, who constantly gauge the Bank's performance and make recommendations to their own clients and investors regarding Bancolombia's shares, its ADRs issued abroad as well as its different issues of bonds.

These initiatives help Bancolombia to access the capital markets on a recurring basis, since it is a well-known issuer.

The Bank has a dedicated Shareholder Office, which is a specialized help center responsible for addressing their concerns. We have also laid on an exclusive Help Line where shareholders can ring up and talk to someone who can take care of any problem they may have. This is providing excellent added value as well as being a sign of respect for our shareholders.

We also stage quarterly teleconferences at which the Bank reports its recent results. Here our shareholders can connect up via Internet for an on-line presentation of the Bank's financial figures for the most recent quarter. In this way, the Bank is able to permanently report on the latest business trends, the manner in which the strategy is being deployed and how Senior Management envisions the future. A final Q&A session is held to clear up any queries.

We also have a good working relationship with our capital markets with issuing bonds and shares both at home and abroad.

The relationship we have built up with the Colombian pension funds that invest in our securities has been very fruitful for both parties. While these pension funds have seen a growth in their investments, the Organization on the other hand has obtained funds from share and bond issues to secure its future growth. At year-end 2014, Bancolombia's bonds accounted for 10.4% of the Bank's liabilities while its equity shares and bonds represented 20.5% of the Bank's assets.

More than 12 million Colombian private pension fund members are the ultimate beneficiaries of Bancolombia's combined growth, strength and profitability, which is one more reason for stating that if the bank does well, so does the country and its people.

Finally, the Colombian Stock Exchange issued us with its IR award, for our best practices in the field of Investor Relations, information reporting to investors and the market in general, as well as Corporate Governance.

## Efficiency and Profitability

**We strive on a daily basis on a variety of fronts to improve our efficiency and profitability, providing structural solutions that generate economic and social value to both the Organization and our stakeholders, thus allowing us to optimize our resources, reduce operating costs and obtain higher revenues.**

Our financial efficiency indicator underwent significant improvements during the year, having risen 3 percentage points on a year-on-year basis. The results we have achieved so far are largely due to our operating expenses rising at a slower pace than our operating income as a result of the various initiatives that we have put into place for a more efficient use of resources within the entire Organization, including a corporate budget that is well-aligned with our strategy and financial planning, allocating loans below the requested levels, improvements with our supply chain having reviewed our major contracts, our revenue optimization program and the improvements made to "across-the-board" processes with the help of our interdisciplinary teams, among others.

Our performance indicator went hand in hand with a more optimal control over costs and expense, in keeping with the bank's corporate vision. We also obtained significant reductions with regard to account statements with 41% of these now provided on -line, corresponding to 3,725,000 accounts. We also controlled the growth of our headcount, introduced a new model for packaging and sending out cards, made adjustments to current supplier contracts and implemented a channel strategy whereby we encouraged our clients to perform their transactions on-line at a much lower cost.

This level of efficiency compares favorably to other banks within our sector, with Bancolombia (the bank) now ranked in sixth place in terms of financial efficiency in Colombia for 2014, compared to eighth place in 2013.

## Revenue optimization

Identifying opportunities to capitalize on our income in the short and medium term, is a priority for us. Hence, the Organization now has areas responsible for coordinating the handling of rates and fees so as to encourage a pricing culture that sets us apart from the rest of the market.

Looking ahead, we shall be gauging and obtaining much more information on how sensitive our clients are to prices, and shall be effectively handling such information so as to provide added value for both our Organization and our clients.

Furthermore, at year-end 2014, the net commission to operating expense ratio came to 47.3% compared to 46.8% at the end of the previous year, achieving a much more enhanced diversification of our revenue base.

In millions of Colombian pesos	2014	2013
Net commissions	2.299.962	2.023.279
Operating Expense	4.859.129	4.327.213
	47,3%	46,8%

Bancolombia (the bank) now ranked in

# 6<sup>o</sup>

place in terms of financial efficiency in Colombia for 2014

# A Corporate Governance honing in on the essential

Under the leadership of our Corporate Governance Board Committee, the Bancolombia Group continued to strengthen its standards of good governance. The most important of our achievements was undoubtedly the Board of Directors that was appointed by our Shareholders, made up mostly of independent members. Out of a total of seven members of the Parent Company's Board of Directors, four enjoy an independent status and none of them are members of Senior Management.

Similarly, we updated our Code of Good Governance with the aim of having more independent members on both the Board and its various Board Committees.

Likewise, we beefed up our regional performance model, celebrating our first every plenary meeting attended by the Bank's Chief Executive Officer, Senior Executive Officers and members of Boards of Directors of the Bancolombia Group subsidiaries both in Colombia and abroad, as well as BAM Guatemala. Here we discussed issues regarding our strategy, risk management, business and audit plans, service model and human talent management, among other key aspects of our commitment to achieving our corporate objectives. This event allowed us to share our thoughts on our Humanistic Banking approach, which is a different style of doing business, paying as much attention to our results as to the way in which we obtain these.

The Colombian Government, under the leadership of the Superintendency of Finance and based on the recommendations made by Organization for Economic Cooperation and Development (OECD) undertook the task of updating the country's corporate governance standards as applicable to

the companies listed with the securities market. The result was the new regulations contained in Circular 28 issued September 30 by Colombian Superintendency of Finance, which is better known as the Country Code.

Here, Bancolombia has taken an active part in the various forums that have taken place with regard to reforming our Country Code and we are firmly committed to implementing these new standards in the coming months, for the benefit of our shareholders and investors alike. Similarly, we attended the Latin American Corporate Governance Round Table, organized by the OECD in conjunction with the Colombian Superintendency of Finance and the Colombian Stock Exchange, whose main purpose was to provide an opportunity to discuss and review the principles of corporate governance as well as design the corresponding policies for different Latin American countries. This meeting also helped to enrich our outlook and proactively prepare for implementing these best practices.

We have been working as part of an agreement signed in 2012 with the Swiss Government through the State Secretariat for Economic Affairs of the Swiss Confederation, the consultancy firm Seco, as well as Confecámaras, in implementing corporate governance practices for Colombian SMEs. In 2014, we worked with Seco to develop a methodology for identifying qualitative corporate governance standards as applicable to our SME clients when granting loans. Based on the results obtained, we were able to bolster certain variables within the internal rating models for our loan portfolio and in 2015 we hope to implement this model for a specific group of SME clients, in order to show that best corporate governance practices, as adopted by these help to reduce risk and obtain better lending conditions and rates.

As far as our Code of Ethics is concerned, we extended this to formally include our commitment to honoring and complying with human rights, particularly as enshrined in the Universal Declaration of Human Rights, the principles endorsed by the Global Compact, the Equator Principles, the Responsible Investment Principles, as well as the regulations upheld in each country where we are present, this as a basis for the Bancolom-

bia Group's ongoing sustainability strategy and its Humanistic Banking approach. Likewise, we incorporated measures relating to institutional contributions and sponsorships thus confirming our commitment to help with programs and activities having an economic, social, environmental or cultural impact on local communities, provided these are in keeping with the Group's sustainability strategy and the guidelines for projecting its institutional image.

We also brought forward the annual Code of Ethics evaluation for all the Group's employees, with an average score of more than 95% for the total headcount. It should be noted that in 2015, we shall be bolstering our ethics model so as to present our stakeholders with our anti-corruption policies that apply to each and every one of our employees.

One of the aspects introduced by the Country Code and which was submitted for the consideration of our shareholders had to do with our remuneration transparency policies.

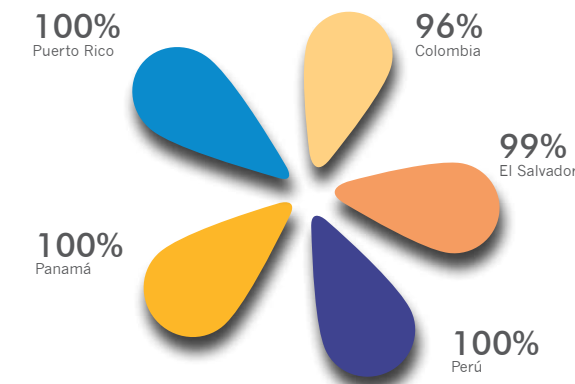
In terms of employee remuneration, we have a variable compensation model in place that rewards a more comprehensive view of the business, along with teamwork and securing a profitable, efficient and sustainable growth based on the people factor. Our model, called the VAS - Value Added System provides a remuneration based on creating added value, according to the results obtained at Group level as well as the degree with which our strategic goals are fulfilled. This model covers the following attributes and policies:

- Since remuneration is based on creating added value, there is no possibility of performance bonuses being paid should the Organization's results in terms of profits exceed the value of the cost of capital.
- The model measures the fulfillment of the goals relating to our strategic planning, which must be aligned with the strategic focus defined by the Board of Directors.
- Long-term results are encouraged, thus avoiding incentives for short-term results.
- A maximum remuneration has been set, this corresponding to six salaries per year in the form of a bonus.
- A percentage of this remuneration is deposited in the VAS's Institutional Voluntary Pension Fund, which consists of shares in Bancolombia. Based on the rules and regulations of this Fund, an employee may only withdraw his or her contributions after a minimum term of three years has elapsed. The philosophy behind all of this is for employees to feel they "own" the Organization and hence are all the more committed to obtaining sustainable results.

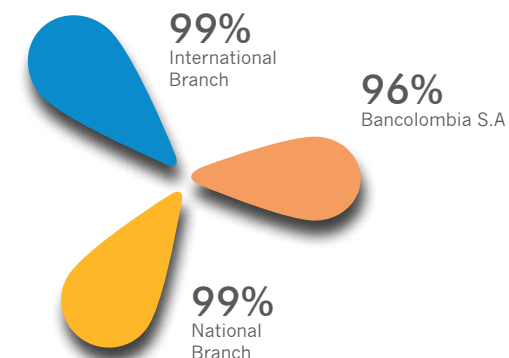
Coverage: employees of the Bancolombia Group, in analyst positions or higher. This also applies to senior officers without discrimination.

As for the remuneration paid to members of the Board of Directors, this is set by the Shareholders, based on the following principles:

Code of Ethics Evaluation Results Per Country



Code of Ethics Evaluation Results for the Group  
(Foreign-based subsidiaries, Bancolombia S.A. Local Subsidiaries)





- The members of the Board, upon accepting their appointments, place at the service of the Bancolombia Group and its shareholders their knowledge, experience, track record, multidisciplinary approach, business vision and personal and professional reputation. Consequently, their remuneration must adequately address the contribution that the Organization expects of them.
- The remuneration paid to members of the Board shall be based on their length of service and more specifically the personal and professional responsibilities they must assume on a legal level, upon accepting their appointments. These shall include those inherent to managing a Colombian financial institution, which is also listed on the United States markets, as well as the nature of a parent company of a financial group with international presence.
- Members of the Board of Directors shall receive a remuneration for their services, this based on the following:
  - o A monthly fixed fee, the value of which shall be determined by the Shareholders.
  - o A fee defined by the Board for each board committee meeting attended.
- Members of the Board of Directors shall not receive, either as part of their remuneration or in exchange for their services, shares either in the Bank or any of its subsidiaries.
- The Chairman of the Board, should the Shareholders so decide, may receive a higher fee than the other members of the Board, taking into account the skills and responsibilities that this position entails, and the greater amount of time that must be dedicated to his or her activities.

Bancolombia pays the following non-salary costs:

- Costs and expense that are necessary for the members of the Board to adequately perform their functions, including travel, accommodation, overland transport, technological supplies and the sending of information.
- Costs and expenses relating to training courses, technological updates and hiring any outside consultants as required by the Board of Directors.
- Payment of an insurance policy covering members of the Board and senior management.

For 2015, we are estimating COP 1,100 million in director fees.

Other important information with regard to our Corporate Governance is shown as follows:

### Bancolombia's ownership structure

The shareholding structure of Bancolombia, the parent company of the Bancolombia Group at December 2014 was as follows:

Note 26 of the financial statements shows details of Bancolombia's authorized and subscribed capital.

Other items of interest:

- Bancolombia is expressly prohibited by current legislation to repurchase its own shares.
- Bancolombia, according to its corporate governance principles, maintains commercial and business relations with major shareholders who in turn are clients or allies. Such relationships are part of an interest each party has in obtaining the best possible conditions for their own business. Therefore, any business relationship with shareholders takes into account the value created and the financial implications of such for the Bancolombia Group in addition to any other legal provisions.
- Note 30 to the financial statements, as presented to our shareholders, contains a breakdown of all transactions performed with related parties.
- Bancolombia is unaware of any agreement made between shareholders with regard to their shares, rights, the bank's overall management or any other related issues. Other information concerning business or family relations between shareholders has not been made known to Bancolombia.

The following table contains the names of shareholders with stakes of more than 1% in Bancolombia's share capital, this information is periodically recorded through the SIMEV (Integrated Stock Exchange Information System) and is made available to the public on the Colombian Superintendency of Finance's portal:

Individual shareholders with stakes equal to or greater than 1%	% held in ordinary shares	% held in preferred shares	% held of Total
Grupo de Inversiones Suramericana S.A.	45.48%	4.96%	26.43%
Bancolombia Fund's ADR Program	0.00%	44.54%	20.94%
Porvenir Mandatory Pension Fund - Moderate Risk	10.36%	6.55%	8.57%
Protección Mandatory Pension Fund - Moderate Risk	4.06%	10.69%	7.18%
Colfondos Mandatory Pension Fund - Moderate Risk	2.75%	2.48%	2.62%
<i>Emmery Equity Corporation</i>	4.78%	0.00%	2.54%
<i>Lorange Industrial Corporation</i>	4.04%	0.00%	2.14%
Cementos Argos S.A.	4.01%	0.00%	2.12%
<i>Fondo Bursatil Ishares Colcap</i>	0.00%	2.91%	1.37%
Grupo Argos S.A.	2.49%	0.00%	1.32%

Información a 31 de diciembre de 2014

### Shares owned by Senior Management

None of the members of Bank's Board of Directors holds, either directly or through companies where they appear as majority shareholders, shares in Bancolombia and therefore no voting rights have been conferred that could affect the decisions taken. The voting rights in the possession of all members of the Board of Directors are equal to 0.000058% of the total voting rights. The Bank's shares as held by members of the Board of Directors at year-end 2014, are broken down as follows: David Bojanini, 10 ordinary shares; Gonzalo Perez, 10 ordinary shares; Ricardo Sierra, 264 ordinary shares; Roberto Steinter, 1,338 preferred shares; and Rafael Martinez, 11 ordinary shares. Messrs. José Alberto Vélez and Hernando Jose Gomez do not hold shares in Colombia.

With regard to stock trades performed by senior management, Bancolombia is fully compliant with a government regulation that stipulates conditions of mandatory compliance on the part of members of the Board and senior officers, including a ban on transactions performed for speculative purposes. All such stock trades shall require prior approval from the Board.

With regard to this policy, in 2014:

- The Board of Directors was not requested to authorize any director or senior officer to buy or sell shares in the Bank.
- The Board gave its authorization for some of its top executives to negotiate shares in the Bank. Said authorizations overwhelmingly were for funds to be withdrawn from the VAS Fund, through which the

Bancolombia Group's variable compensation model is handled for all its employees, with said fund holding shares in the Bank. All authorizations provided to senior executives in this regard were duly disclosed to the public in accordance with current reporting regulations and none exceeded the sum of COP 100 million.

Finally, with regard to the shares issued by the Bank in 2014, the Board requested senior management to announce that, in keeping with the Organization's good corporate governance principles, certain senior officers with access to strategic

information were prohibited from acquiring shares. Under these same principles, the members of the Board abstained from investing in this issue.

### Bancolombia's Board of Directors

The Board of Directors of Bancolombia SA is comprised of the following members, who were appointed in 2014 by the General Assembly of Shareholders:

Name	Independent / Not independent	Date of first appointment	Attendance
Bojanini David Garcia - Chairman of the Board	Not independent	2007	100% (*)
José Alberto Vélez Cadavid	Not independent	1996	100%
Gonzalo Alberto Pérez Rojas	Not independent	2004	93,33%
Ricardo Sierra Moreno	Independent	2004	86,66%
Rafael Martínez Villegas	Independent	2010	93,33%
Hernando José Gómez Restrepo	Independent	2013	100%
Roberto Steiner Sampedro	Independent	2014	100%

of the meetings held after their appointment.

(\*) Abstained from participating in the extraordinary board meeting where the price of the shares issued in 2014 was set.

### Other items of interest:

- None of the members of the Board of Directors of Bancolombia, the parent company of the Bancolombia Group, is a member of any of its subsidiaries or holds an executive position in those companies.
- None of the members of the Board of Directors of Bancolombia, is employed by the bank.
- In 2014 and pursuant to that stipulated in current legislation and the Bank's own by-laws, the Board provided strategic and financial guidelines and approved the Company's credit, market, liquidity

and operating risk policies. This has been duly disclosed in the risk management report presented to the General Assembly of Shareholders.

- As stated in our Code of Corporate Governance, the independent members of the Board that serve on the Audit Committee met privately at least once during 2014, without either the Bank's senior management, or its statutory or internal auditing staff being present.
- The members of the Board abstained from participating in any discussion and/or decision regarding loans issued to themselves, their relatives or related parties, which by

law must be authorized by the Board. In each case, all loans were approved after verifying compliance with debt limits and risk concentration factors and these were unanimously approved by all Board members (a total of 27 such loans).

- David Bojanini Garcia, Chairman of the Board, taking into account the public announcements made by Grupo Suramericana de Inversiones regarding its intention to purchase shares issued in March 2014, abstained from any involvement in setting the price of these shares.
- The Board of Directors performed monthly follow-ups on treasury operations carried out with the Group's related parties, as legally defined for the purpose of monitoring market risk.
- The professional profiles of the members of the Board have been made available on the Bancolombia Group's website.

### Board Committees:

Our Corporate Governance and Audit Committee reports as presented to the General Assembly of Shareholders provided detailed information regarding the activities performed by these committees in 2014.

For its part, the Risk Committee continued to provide its support to the Board in the form of monitoring and controlling policies, guidelines and strategies for the administration and management of the risks to which Bancolombia is exposed, and understanding the risks assumed by the Group in general, its risk appetite and the capital required to address such.

The Appointment, Compensation and Development Committee ensured that the Group's employee remuneration, compensation and development models were properly deployed in order to ensure that we attract and recruit the talent we need for our humanistic banking approach.

\* Further information regarding our Board committees can be found on our website

### Board Committees and attendance rate 2014

Audit Committee	Risk Committee	Corporate Governance Committee	Employee Remuneration and Benefits Committee
Hernando José Gomez (Chairman)	Roberto Steiner (Chairman)	José Alberto Vélez Cadavid	José Alberto Vélez Cadavid
100%	100%	100%	100%
Rafael Martínez Villegas	Hernando José Gómez	Rafael Martínez Villegas	Ricardo Sierra Moreno
100%	100%	100%	100%
Ricardo Sierra Moreno	David Bojanini García	Carlos Raúl Yepes Jiménez	David Bojanini García
92.30%	100%		100%

### – Appointing Our Board of Directors

When the General Assembly of Shareholders appointed new members to our Board of Directors in 2014, the procedure for such, as stipulated in the Bank's Code of Good Governance, was duly complied with.

Senior Management proposed a list of candidates for the new Board of Directors, that included information showing that each of these prospective members offered the necessary academic and professional experience, as contained in our Code of Good Governance, as well as the specific skills and knowledge of our industry, financial risks and issues together with legal and business matters, etc. This proposal, as soon as it became known to the bank, was presented for the consideration of all shareholders on our website.

We also checked to ensure that no incompatibilities and disqualifications, criminal or administrative sanctions existed with these candidates, and in the case of the prospective independent members, we evaluated due compliance with all standards, as established by the Colombian authorities and the SEC, together with certification attesting to the independent character of such candidates in terms of being Colombian institutional investors. This entire evaluation process was duly documented and made available to shareholders via our website as well as to Colombian pension fund management firms, particularly for the purposes of ensuring full compliance with all corresponding legal provisions.

It is important to note that the new appointments received votes in favor corresponding to 88.35% of the Bank's total ordinary shares.

Also, since Bancolombia is a financial institution, all board members when appointed have to be examined by the Colombian Superintendency of Finance to ensure that they are suitable for their posts. In this case said oversight authority authorized these new members of the board to take office.

#### – Board of Directors' Remuneration Policy

The remuneration of our Board of Directors is decided by the Shareholders, this being one of their indelegable functions.

The Bank's General Assembly of Shareholders, in recent years, has ordered a set remuneration for each member. There is no variable remuneration model in the case of our Board of Directors. In 2014, the amount paid to board members for their work on both the Board and the various Board Committees, totaled COP 854 million

#### – Chairman and Secretary of the Board of Directors

The Chairman of the Bank's Board of Directors is David Bojanini Garcia who is responsible, together with the Bank's Chief Executive Officer or the Board's Secretary, for preparing the yearly schedule of board meetings and issuing the necessary guidelines for conducting these, ensuring that adequate information is provided to the Board on a timely basis, guiding discussions with the purpose of allowing all members of the board to have their say, as well as deciding on how important specific board discussions are and where they are ultimately leading to. Likewise, the Chairman is also in charge of interacting with the different members of the Board as well as between the Board and Shareholders.

The Secretary of the Board, as set out in the Bank's by-laws, is Mauricio Rosillo Rojas, who serves as Bancolombia's Chief Legal Officer and Company Secretary and was appointed to this post by the Board. The Company Secretary's functions include providing support to the Chairman in calling for Board meetings, ensuring that the information required prior to each Board meeting is opportunely provided, along with any other information that may be required or relevant so that all members of the Board are properly informed and may make the respective decisions, keeping Board meeting minute books, as required by law, thereby ensuring that they faithfully comply with all policies and guidelines contained in the Bank's by-laws and its Code of Good Governance with regard to the Board's ongoing performance.

#### – External advice received by the Board

After Nestor Advisors, a leading UK firm providing consultancy services for financial institutions, provided specialized training to both the Board and Senior Management, in 2014 adjustments were made to the methodology used at Board meetings so as to continue to strengthen its role with regard

to handling a financial group, its strategic focus and the bank's risk appetite and risk management function. The purpose of this was to balance out the interests of different stakeholder groups and create added value for shareholders, depositors, investors, regulators and the market in general.

#### – Transactions with related parties

Note 30 to the financial statements contains a breakdown of the transactions performed between the Bank and its related parties. In performing such operations, all legal requirements were duly complied with, and, wherever necessary, were specifically authorized by the Board of Directors. The Audit Committee periodically conducted follow-ups on these transactions.

#### - Risk management system

The Bancolombia Group's risk management report is attached to the Annual Management Report submitted for the consideration of its Shareholders.

#### - Understanding the Group's Internal Control System (ICS) and the changes made to such in 2014

Our Annual Report contains a comprehensive and independent report on our internal control system for the year 2014 this including our management report, the opinions of both our statutory auditing firm and internal auditors as well as a breakdown of the activities performed by the Bank's Audit Committee. This report was subsequently approved by the Audit Committee and the Board of Directors.

#### - Shareholders' Meeting 2014

The Annual Meeting of Bancolombia's General Assembly of Shareholders, as held in 2014, was conducted in accordance with that stipulated in all applicable legislation, by-laws, regulations, and the Corporate Governance standards, as adopted by the Bank; the most salient of which was the required prior disclosure on the Bank's website, of all proposals submitted for the consideration of our shareholders such as financial statements, the projected distribution of profits as well as appointing a new Board of Directors and statutory auditing firm,

among others. We also disclosed how this Shareholders' Meeting progressed and the decisions taken minute-by-minute on our website.

#### Other items of interest:

- Shareholder attendance was good, as was their response to the call for this meeting. The Shareholders' Meeting held in 2014 recorded an attendance rate corresponding to 90.79% of the Bank's ordinary shares.
- Notice of this Annual Meeting was published 25 calendar days beforehand.
- No other proposals nor miscellaneous matters were submitted for the consideration of the Shareholders. Shareholder participation at said meeting mainly corresponded to motions of congratulations or different observations that were of general interest to all.
- At this Annual Shareholders' Meeting the following documents and proposals were approved: Consideration and approval of the audited financial statements and Management Report, proposed distribution of profits, appointing a new Board of Directors, appropriation proposals and setting the fees for the members of the Board, appointing a Statutory Auditing firm for the period 2014 - 2016, appropriation proposals and setting the fees for the Statutory Auditing firm and a proposal for freely-disposable funds

### Shareholder Assistance

Bancolombia made available to its shareholders and investors its corporate website in both Spanish and English. This important channel provides ready access to information regarding the Group, its governing bodies, main products and services, organizational structure, financial information and all those documents relative to its codes of corporate governance and ethics, as well as the mechanisms through which stakeholders can contact the Board of Directors and senior management of each company. To visit this page, please click on the following link: [http://www.grupobancolombia.com/home/\\_index.asp](http://www.grupobancolombia.com/home/_index.asp)

We received the IR award from the Colombian Stock Exchange for our website, in recognition of the Bank's commitment to its investors, in adopting and implementing best investor relations practices.

This comes in addition to the Bank's ability to interact with its investors through its Investor Rela-





tions Office, where shareholders and investors can receive direct assistance (in person, by telephone or via email), or through Fiduciaria Bancolombia's Shareholder Care Center.

In 2014, our Investor Relations Office and Shareholder Care Center dealt with an estimated 15 thousand queries and requests, grouped into topics such as the macroeconomic environment, strategy, business metrics, and the competitive environment as well as shares, shareholder status, and dividend payments.

## Committed to providing economic, social and environmental value

We were re-admitted for the third consecutive year to the Dow Jones Sustainability World Index, being one of the best performing companies in the world on an economic, social and environmental level out of a total of 2,500 corporate candidates from 59 economic sectors that are listed on international stock exchanges, of which only 319 were selected for this index. On this occasion, a total of 25 banks were included in this list. Our orga-

nization, which is also listed with the Emerging Markets Index, outperformed 52% of the leading companies in each sector and was considered the second best performing sector out of the entire 59 companies evaluated. In terms of best practices, we outperformed 92% of the banks included in this list, having risen 23 points above the industrial average.

## Proactive Reputation Management

We know that trust is the core value which forms the basis for our relationships with our stakeholders, and is a driving factor for clients to recommend us as a more Humanistic Bank. Consequently, we began designing our new Reputation Management Model. With this, we aim to extend our understanding of how we are emotionally and rationally perceived by our stakeholders, identifying patterns of conduct on the part of our Organization and taking measures to strengthen these relationships. For this endeavor we hired the services of the Reputation Institute, an international company with extensive experience in the financial sector.

## Dow Jones Global Sustainability and Emerging Markets Indices

Index	Scope	Results	Banks	Results
DJSI World USD 20.443 BII RA: 20,85% / 0,27% COL 10% Mejores Top NY stock exchange	2.500 Companies 47 Countries 59 Sectors	319 Companies 26 Countries 59 Sectors I: 32 / S: 46	192 Banks 40 Countries 13 Latam	25 World 5 Latam 1 Colombia
DJSI Emerging Markets USD 1.841 BII RS: 21,47% / 4,91% COL 10% Top Local stock exchange	800 Companies 23 Countries 57 Sectors	86 Companies 12 Countries 37 Sectors I: 19 / S: 14	109 Banks 20 Countries 17 Latam	13 World 6 Latam 2 Colombia

## Dow Jones Global Sustainability and Emerging Markets Indices

Focos visión 20/20	Material issues	Criteria	Points	% Weighing	Percentile	Average	Dimension	Responsible area	
Employees committed to our humanistic banking	* Consolidating a more humanistic banking model	Human capital development	80	6	97	41	Social	HR Management	
		Occupational health and safety	80	3	80	47	Social	HR Management	
	* Innovative talent management	Labor practices and human rights	91	5	90	67	Social	HR Management	
		Talent attraction and retention	74	6	82	56	Social	HR Management	
The Value of trust	* Risk strategic management	Financial Stability and Systemic Risk	100	4	32	90	Economic	Risk management	
		Anti-crime Policy/Measures	100	4	86	77	Economic	Corporate services	
	* Proactive reputation management	Risk & Crisis Management	93	6	86	72	Economic	Risk management	
		Brand Management	96	3	86	65	Economic	Corporate Identity	
	* Consolidating our environmental and social sustainability model	Controversial Issues, Dilemmas in Lending / Financing	90	4	96	50	Social	Corporate Identity	
		Codes of Conduct/Compliance	82	7	73	73	Economic	Company secretary's office	
		Corporate Governance	72	7	56	69	Economic	Company secretary's office	
		Tax Strategy	71	2	92	46	Economic	Strategy and Finance	
New ways of providing a gratifying client experience	* To construct more and better relationships with customers	Sustainable Business	88	9	87	57	Environmental	business unit	
		Client Relationship	91	6	81	67	Economic	business unit	
	* Operating simplicity and impecability	Financial Inclusion	92	3	85	55	Social	business unit	
Sustainable growth	* Wherever, whenever and however our clients need us	* Efficiency and profitability management	Environmental Management Systems	93	3	92	57	Environmental	Identidad Corporativa
			Operational Eco-Efficiency	74	3	89	38	Environmental	Servicios Corporativos
		Corporate Citizenship and Philanthropy	86	3	81	49	Social	Identidad Corporativa	
		Climate Strategy	84	4	88	51	Environmental	Identidad Corporativa	
	* International consolidation	Stakeholder Engagement	94	2	93	61	Social	Identidad Corporativa	
		Supply Chain Management	82	2	96	49	Economic	Servicios Corporativos	
		Social Reporting	62	4	60	47	Social	Identidad Corporativa	
Environmental Reporting	49	4	39	52	Environmental	Identidad Corporativa			

**Rate:** Is the average of the Banks Sector.  
**Percentile:** Is the percentage of companies that are overcome with the score made by Bancolombia.  
Audit and Strategy and Finance areas are common for all indicators

# OBSESSION FOR DOING THINGS WELL

By: Santiago Hoyos Buitrago. Medellín.  
Illustration by: Alex Sarmiento.

-I have come to see you and know if I am crazy or something similar. The doctor adjusted his eyeglasses. What happened? She panted through her nose. Well.... I think everything started with my colon. I could not eat anything without feeling pain at night... I could not sleep well either due to my pain or for not achieving a comfortable position until dawn. The problem is that I used to feel exhausted. I saw a doctor and he told me what I already knew: Irritable bowel due to stress... Of all his recommendations, what I really did not like was his suggestion to quit smoking and do exercise. The doctor opened his folder and wrote something with unreadable letter.

-The truth is that I used to be concerned about everything.... I am of those people who want everything done immediately. Well, since I did not want to attend a gym, I decided to walk to my office. My office is 15 minutes away by car, but if I walk it takes me forty minutes to get there. How long did you walk to your office? Six months have passed. Do you sleep well? She assented with her head. The doctor was checking and writing behind his folder. The most difficult thing is to start but I liked going out earlier, walking slowly, watching houses, and seeing people I had never seen before because I was taking care of traffic. I ate more vegetables this week; I drank more water; I stopped ordering Chinese food, pizza, and chicken; I could notice I was not piling up too

much garbage (bad wastes); I was filling my waste container with fruit and vegetable skins... then I decided to buy another container for the organic wastes and... Are you still doing exercise? Yes, I need to move myself... I do not walk... I jog. Then I bought a pair of tennis shoes. One day, I saw a beautiful pair of tennis shoes at a store but my work involves the estimation of costs and it seemed to me they were very cheap for shoes holding such a good quality. I do not know. I had a bad feeling about purchasing something you really do not know how they have been manufactured and under what conditions, so I bought a pair of ugly but more expensive shoes but manufactured in this country.

The case is that I bought the pair of tennis shoes with all the money I saved in gasoline during a month. Seriously... What other savings do you have? Let's see... I installed LED lights at home, at the office... I make other people unplug chargers; I turn off the faucet when I brush my teeth; I take cold showers. One day, some employees from the utility company came home to find out why my utility bills were showing such a low price. The point is that my family does not stand me anymore. My boss made me come and visit you because she thinks I have a problem. How do you feel about that? I feel happy (she answered with concern). What do I have? The doctor closed his folder and smiled. Common sense, he said.

## Environmental Responsibility

### Innovation, Production, and Sustainable Consumption

We make creation of sustainable products and services possible; environmentally friendly products and services to enjoy a better future.

Besides, we every day find new ways of evolving towards a sustainable consumption, with the purpose of reaching a balance of the resources around us and improving everybody's standard of living.



## Committed to our "Humanistic Banking" Approach

> Our purpose as an organization is to think about others, to help them with their life-time ambitions, to build long term relationships and to form a greater understanding of our clients. This requires the commitment and talent of our employees and associates so as to be able to reinvent our business with a more human approach, with the firm conviction that we can obtain positive results with a more "people"-based orientation.



## Consolidating Our Humanistic Banking Model

We have gone into greater detail with our culture model in each of the countries where we are present, taking into account characteristic regional differences. For this purpose, we implement corporate policies and unified, cross-cutting measures to close gaps on our culture map. We also deployed various initiatives in each country and in keeping with the needs of each business unit.

Being a more Humanistic Bank! is the phrase that echoes the patterns of conduct that we are aspiring to through personal development, interpersonal relationships, effective performance leadership and the contributions that each one of us makes to the Organization as well as for the greater good. These definitions resulted from a collective project drawn up by those responsible for managing cultural issues in different coun-

tries and was simultaneously deployed in Colombia, El Salvador, Bancolombia Panama, Peru and Puerto Rico.

We put into place a series of training and coaching programs including employee assistance and support for all those who were promoted for the first time to a leadership position, with the aim of providing these with the conversational tools to create better relationships with their respective teams.

We also deployed our Collaborative Work project, which came into being when we were drawing up our Culture Map and our 20/20 Vision, this as a new form of collaboration-based team effort. All this shall allow us to build more flexible, close and effective conversations on a more personal

level. The main collaborative platform shall be our Intranet, thereby enhancing effective information searches for greater employee productivity and process efficiency.

As part of our efforts towards a becoming healthier organization, and in keeping with our model for handling psychosocial risks, we have provided assistance to a total of 1,380 employees in Colombia who are more exposed to risks associated with the emotional demands of their jobs.

We achieved 120% of the corresponding target, covering a total of 1,699 employees, mostly those in charge of leading teams of staff. A total of 3,076 hours of training were given to managers and section heads in how to handle emotional and leadership issues with another 3,720 hours of training given to employees on how to handle their emotions.

We have also defined a risk matrix for gauging the exposure of each work unit. The psychosocial risk factors both inside and outside the workplace that are a priority for us to treat are as follows:

- Quantitative demands and others relating to how the job affects the employee outside the workplace.
- Leadership issues and a clearly-defined leadership role.
- Social relations within the workplace, as well as housing and the outside environment, and how all of this affects the employee's work.
- Performance feedback, role consistency, rewards for developing a sense of belonging to the Organization, the work carried out and time spent outside working hours

## Innovative talent management

Our Humanistic Banking approach means finding different ways of doing things, listening to other people, really understanding the matters at hand and performing our work from the very

essence of our being. Our interest here is for our employees to develop a passion for serving our clients so as to provide them with a positive and memorable experience. It is for this reason that we have set a goal to remain amongst the top three private employers in Colombia, having been ranked in No. 1 position by the Merco People Survey. We also decided to close the gaps detected according to the findings of this latter survey, by drawing up an action plan to redefine our value proposal.

We redesigned the "Come and Work For Us" section of our corporate website, where we underscored our approach to the level of employee well-being that we aspire to. Here, all those who are interested in working for Bancolombia may apply quickly and in a straightforward fashion for all those jobs currently on offer, while checking their eligibility for such based on the required job profiles.

"Bancolombia for All" reflects our strategy embracing diversity and inclusion with regard to the Bancolombia Group's human talent. Since 2012, we have employed a total of 49 people with physical or visual disabilities, as well as those of indigenous or African descent, thereby indirectly benefiting a total of 211 people who, while not working in Bancolombia, are sponsored by the Organization. We also adjusted our human talent and technological processes to facilitate the work of these employees. Various events and workshops were staged to extend our culture of social inclusion (the Branch Office Experience forum, the "Visual Disability" panel and "Social Inclusion in the Workplace" conference).

As part of our Talent Management program launched in 2013, we identified employees with substantial skills, commitment and aspirations who are able to relate in a friendly all-inclusive, respectful way so as to be able to handle more timely and efficient succession plans for critical positions within our Organization.

In 2014, we began with 211 high potential employees, with 207 of these remaining in the program.

As far as employee development plans are concerned, we deployed various initiatives de-

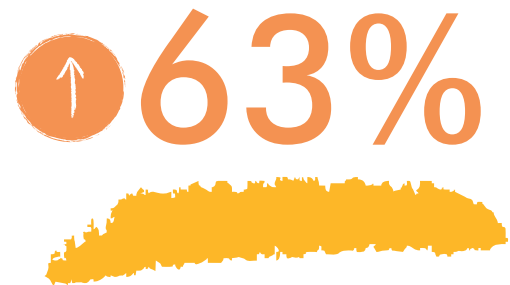


signed to strengthen and leverage growth opportunities for the Group's employees. Last year, we helped 94 managers and section heads with their new role as leaders, aligning these with our Culture Map.

We also carried out development plans in conjunction with our employees, but the results were unsatisfactory in terms of the internal selection process, where we identified a total of 87 employees of whom 82 received assistance.

We also fully deployed our training model within our Consumer and SME Banking Divisions, so that any employee joining the Organization or being promoted to a higher position may go through a more structured induction process. The goal is to prepare and enable our employees to perform their jobs effectively and to adapt to the organization. In 2014, a total of 2,588 employees received training in their new positions, which represented 79% of the total target base.

As far as employee remuneration and incentives are concerned, we focused on applying our corporate policies within the region, especially in Panama and Peru, which included drawing up job maps, wage and salary policies, and introducing variable remuneration plans



of human talent in the organization are women

for each country.

In Colombia, we continue to work on our compensation model in keeping with our strategic needs, and making the required adjustments to our variable compensation plans in the Corporate and Government Banking Division as a result of the having gained greater ground with the capital markets. With our Consumer and SME Banking Division, we revised our policies and made significant changes to performance metrics based on the information and concerns received from our employees as part of an investigation conducted on the Sales Management Plan and corresponding campaigns.

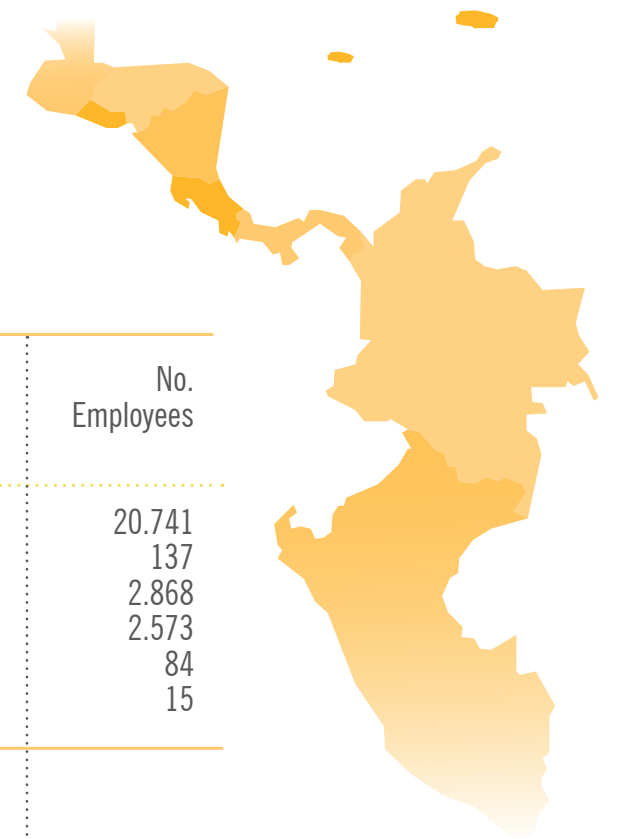
In terms of retaining and attracting human talent, we continued with our career plans especially for the Auditing and IT Departments given the amount of specialized knowledge that these functions entail. We also made progress with some proposals that resulted from these same plans being deployed in other business units, mainly the so-called emotional salary, which shall be deployed in 2015 as part of the "Kind Gestures" program.

Furthermore, we signed a new collective bargaining agreement in force from 1 November 2014 to 31 October 2017, with the aim of enhancing the quality of life of our employees and their families. The following were the highlights of this new agreement in terms of wages/salaries, education and housing.

This new collective bargaining agreement covers more than 13,000 employees, that is to say 63% of all employees at operating level in both Bancolombia and its Colombia-based subsidiaries (Banca de Inversión, Fiduciaria, Leasing and Valores), whether or not they are union members.

- Being able to successfully complete these agreements was another point in favor of our Humanistic Banking approach, which involves talking over our differences while upholding our core values of responsibility, trust and respect.

## b. Breakdown of jobs by company and countries\*



Bancolombia, local and foreign-based subsidiaries	Country	No. Employees
	Colombia	20.741
	Panamá	137
	El Salvador	2.868
	Banistmo	2.573
	Perú	84
	Puerto Rico	15
Other companies belonging to the Group	Other companies belonging to the Group	3.740
Other types of non direct employment agreements	External Service Providers	12.066
	Interns	3.492
		803
	<b>Total</b>	<b>46.519</b>

b and g includes Bancolombia and its subsidiaries in Colombia (Leasing, Valores, Fiduciaria and Banca de Inversión) and its foreign-based subsidiaries ( Banco Agrícola, Banistmo, Bancolombia Panamá, Puerto Rico and Peru ) for a total of 26,418 employees, representing 88% of the entire 30,158 employee base as reported by the Group.

c, d, e, h, i, j, k, l, m includes Bancolombia and its subsidiaries in Colombia (Leasing, Valores, Fiduciaria and Banca de Inversión) and the two largest foreign-based subsidiaries ( Banco Agrícola and Banistmo) representing 87% of the entire 30,158 employee base as reported by the Group.

f corresponds to Colombia only, that is to say the Organization's 20,741 local accounting for 68% of the Group's entire employee base.

**a. Demographics:**

We recognize demographic diversity and generational changes in seeking greater flexibility with the Organization's development processes including gender, knowledge and different skills.

Indicator		No.	%
Gender	Women	16.610	63%
	Men	9.808	37%
Age	Employees under 30 years of age	9.693	37%
	Employees between 30 and 40 years of age	10.186	39%
	Employees over 40 years of age	6.539	25%
Seniority	Employees with less than 3 years of service	6.663	25%
	Employees with between 3 and 10 years of service	10.899	41%
	Employees with more than 10 years of service	8.855	34%
Diversity	Number and % of women in management positions (versus total)	2.069	59%
	Number and % of women in senior management positions (executive officers and higher)	362	52%
	Number of minority employees (disabled, ethnic/African descendant, etc.)	60	0,2%

**b. New Employees**

Indicator	Number	% / rate
Total new employees	2.376	9,1%
Total new female employees	1.379	58,0%
Total new male employees	997	42,0%
New employees under 30 years of age	1.938	81,6%
New employees between 30-40 years of age	383	16,1%
New employees over 40 years of age	55	2,3%
New employees - Colombia	1.313	6,3%
Banco Agrícola:	393	13,7%
New employees - Banistmo	670	26,0%

**c. Exiting Employees**

Indicator	Number	% turnover
Total exiting employees	1.970	7,5%
Exiting female employees	1.154	7,0%
Exiting male employees	816	8,4%
Exiting employees under 30 years of age	1.004	10,5%
Exiting employees between 30 and 40 years of age	589	5,8%
Exiting employees over 40 years of age	377	5,8%
Voluntary departures	822	3,1%
Dismissals ( without just cause)	545	2,1%
Mutually agreed departures	334	1,3%
Exiting employees - Colombia	1.175	5,7%
Exiting employees - Banco Agrícola	232	8,1%
Exiting employees - Banistmo	563	21,9%

**d. Promotions**

Indicator	Number	Promotion rate
Total Promotions	2.672	10,2%
Promoted female employees	1.591	9,7%
Promoted male employees	1.081	11,1%

**e. Salaries/wages broken down by gender and age**

Hierarchical Level	Gender	Percentage of population	Average monthly salary/wage	% below male salaries/wages
Strategic and Media	Female	32%	18.274.241	11%
	Male	68%	20.420.175	
Tactical	Female	54%	8.787.572	4%
	Male	46%	9.198.222	
Professional operating	Female	63%	3.245.084	5%
	Male	37%	3.412.287	
Operating	Female	66%	1.520.432	2%
	Male	34%	1.554.177	
All	Female	64%	2.441.980	17%
	Male	36%	2.939.237	

\* This information is only available in the case of Colombia and does not include senior management.

### f. Human Talent Training

Leaders trained as part of the leadership institute program	3,002 section heads, 86.3%
New section heads trained	282 section heads, 98% of total.
Total training hours	1.222.265 hours
Average training hours per employee	46 hours / employee
Average hours of on-line training per employee	30 Hours / employee
Average hours of classroom training per employee	16 Hours / employee
Average training hours per male employee	45 Hours / employee
Average training hours per female employee	47 Hours / Employee
Average training hours per employee - section heads	50
Average training hours per employee - non-section heads	46
Average investment in training per person *	COP 514,678 / employee
Scholarships	30 employees

\* Figures corresponding to foreign subsidiaries converted into Colombian pesos using the exchange rate applicable at December 31, 2014  
\* including Bancolombia and its local and foreign-based subsidiaries

### g. Rating performance. The number of employees subject to performance evaluations came to 23,679

Indicator	Number	%
Employees with performance evaluations	23.195	98,0%
Female employees with performance evaluations *	12.869	99,0%
Male employees with performance evaluations *	7.187	98,5%
Section Heads with performance evaluations	3.310	98,0%
Non- section heads with performance evaluations	19.885	98,0%

\* Information available only for Colombia (classification by gender)

### i. Welfare Programs

We offer our employees a number of added-value benefits amid a working environment based on trust and respect, thereby providing ideal conditions for maximizing individual and group talent and achieving higher levels of performance. At the same time, we are helping to achieve our corporate objectives.

#### The pillars of an optimal quality of life:

- **Working Environment:** We provide a healthy environment, facilitating tools to both leaders and their teams for optimal mental health. We celebrate special dates, and train for a healthier level of leadership through conferences and various other events at which we disseminate and extend our recognition model through leadership training, agreements benefiting our employees and their families, as well as celebrating every five year period of service.

- **Healthy Employees:** We promote health care practices, preventive diagnoses and healthy lifestyle. Providing health care for our female employees including expecting and nursing mothers, cancer prevention for both men and women as well as care for the elderly (our retired employees), medical check-ups focusing on health risks, preventive care, cultural, recreational and sports activities as well as providing bonuses and staging conferences.

- **Working conditions:** Fostering a safe work environment through different practices for handling different labor risks, including risk assessments, job evaluations, master emergency plan, educational activities for taking care of the body with mental and physical breaks (active breaks), work station inspections to identify risks and educating our employees on how to deal with emergency situations.

Total investment in quality of life programs *	COP 12,745 million
No. participating in quality of life programs	115,664 (employees and family members)
No. participating in work environment programs	27,406
No. participating in healthy employee programs	47,868
No. participating in conditions of the workplace programs	40,390

\* Figures corresponding to our foreign-based subsidiaries were converted to Colombian pesos using the exchange rate applicable on December 31, 2014



In Standard of Living programs we had over

115 participants

86,3%

of heads were trained in the program "Instituto de Liderazgo" (Leadership Institute)



**j. Absenteeism (% of lost time)**

General illness	2012	2013	2014
Colombia	1,22	1,25	1,27
Banistmo			0,84
Banco Agrícola			2,72
Occupational illness	2012	2013	2014
Colombia	0,003	0,001	0,001
Banco Agrícola			0,06
Maternity / paternity leaves	2012	2013	2014
Colombia	0,64	0,59	0,62
Other permissions	2012	2013	2014
Colombia	0,24	0,45	0,51
Work accidents	2012	2013	2014
Colombia	0,02	0,01	0,02

*In 2014 no deaths due to work accidents were reported.*

**k. Employee loans**

Employee loans	Amounts	No. Loans
Amounts disbursed	347.582.070.872	10.512
Student loans	3.261.141.215	318
Housing loans	237.330.527.589	2.890
Others	106.990.402.068	7.304

*\* This information applies only to Colombia.*

**i. Employee Insurance**

	Organization's Investments	Employee Contributions	Employees benefited	Family members benefited
The Organization's contributions / investments	38.494.548.490	25.412.515.885		
Health care	31.615.235.441	17.690.515.885	17.317	18.061
Group life insurance (paid by employer)	3.830.313.049		23.311	
Personal Accident (paid by employer)	419.000.000		20.741	
Others	2.630.000.000	7.722.000.000	16.163	

**m. Organizational savings programs**

Organizational contributions / investments	6.398.671.733
Contributions on the part of employees	16.211.634.495
Total savings	22.610.306.228
Employees benefited	11.067

**l. Colombia College Foundation**

The Colegio Fundación Colombia (the Colombia Foundation School) was created for the children of the Bancolombia Group's employees in Bogotá. Established more than 40 years ago, today it is a school boasting the highest academic standards. The school's focus on finance and banking reinforces the administrative and financial education of its students, preparing them to go onto higher education for subsequent professional positions.

The education given is supplemented by our institutional principles and values, which means that students are able to develop a critical sense and are respectful, caring and have mapped out what they wish to do in life. We would like to thank Maria Helena Reyes for all her efforts as the school's headmistress until retiring the end of 2014. We also warmly welcome Jose Vicente Munevar, who was appointed the new headmaster this year.

About **2.890** housing credit program

people's dream of having their own house came true through our housing credit program



**Great Place to Work** recognized "Banco Agrícola" as the second best company to work for in Central America



## iShhhh..!

By: Luis Felipe Núñez. Bogotá.  
Illustration by: Alex Sarmiento.

I can remember now the day when I stopped having fear of silence. In the beginning, I think it was just a matter of silence. Now I don't think so; neither silence nor loneliness. Now, when I stay quiet I feel like a bunch of coconuts were falling from their palm tree, all at the same time. The truth is that coconuts seem to fall all at the same time and, when they bounce on the sand no noise is heard but you can feel you have just heard them fall.

It is difficult to understand, isn't it? I was not going to tell that to anybody because my family is aware of my way of living... but I had to tell them. Mom did not know what to do at first. Both of us remained quiet for a couple of days, exclusively dedicated to ordinary home activities: going to the bathroom, eating, etc. She was thinking about my unsolvable problem and I -with my knees together and my arms crossed over my chest- was waiting for her to get involved in my big internal chaos.

Then she took me by the hand and asked me to get dressed. I did it quickly to avoid wasting more time. We went out. I can remember now that it was cold outside. Fortunately, my mother took a scarf with her in a purse. Since the green bus was a little bit late, we had to resign ourselves to the noise of cars and air... and with the voice of other people who passed walking in front of us chatting as if silent didn't exist. When we went downtown, my mother could notice how serious my problem was because I was not even running after the doves.

She carried me in her arms and walked through the main square.

We entered the library. To top it all, silence had increased three thousand percent. I desperately looked at mom and she twisted her eyes and stuck out her tongue. We sat at a table -it was incredible how people sitting at other tables could stay quiet as if nothing was happening. My mother asked me to wait for her at the table. I stayed sitting for a moment. When she came back, she brought a pile of books with her. This is boring, I thought. Little by little I could see the other side of silence. New ways and possibilities opened with every line I was reading.

I could realize that one can talk without voice, without making a scandal, and I like that. By knowing the words you also learn how to better listen to the others who say important things most of the time. But I didn't realize that at that moment. I could do it when I arrived home and told my mother that I didn't like the end of the book. I wanted Manuel (the bug) not to be homeless. But that is the way books are; one never knows what it will happen. And that is something good because every time I find an end I don't like, I just write a different end, in silence of course. When I finish writing it, I can read it to my mother and my friends. How nice it is to see them smiling at the end of each story, because I can see a little bit of my silence in their smiles, don't you think so?

### Culture Citizenship behavior

To promote citizenship behavior from respect of norms and recognition of the others; this is a chance to achieve a healthy community living, tolerance, and participation.





Total suppliers	
16.000	Colombia
370	El Salvador
1.703	Panamá
18.073	Total de proveedores

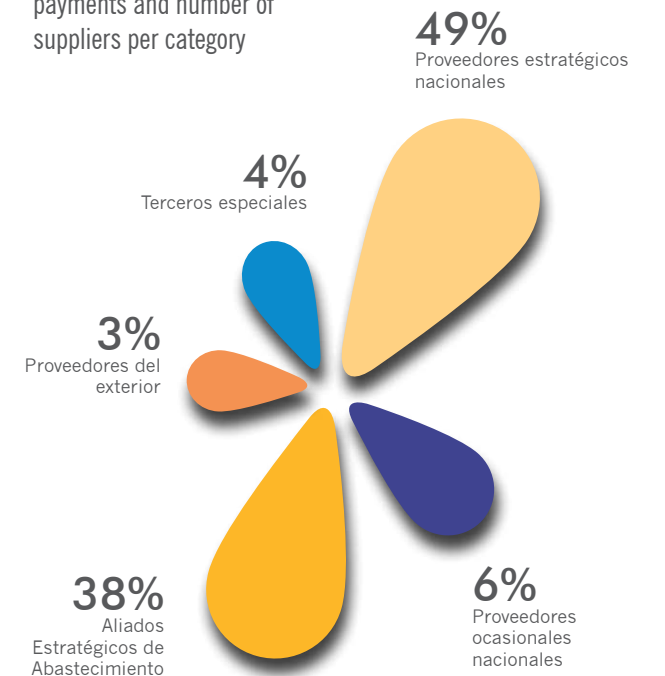
## Hand-in-hand with our strategic partners and suppliers

### Colombia

We have continued to move towards being a more humanistic and sustainable organization thanks to the support of our strategic partners and suppliers, with whom we are creating shared value in all those countries where we are present.

In 2014, we paid out COP 2.1 (\*) billion to a total of 9,165 active suppliers and partners, broken down as follows:

Percentage of total payments and number of suppliers per category



Category	Number of suppliers per category	Amount paid out per category in millions of pesos	Percentage of payments made as a share of the total for 2014
Foreign suppliers	218	61.413	3%
Specialized third parties	5.210	93.918	4%
Local strategic suppliers	296	1.043.243	49%
Occasional local suppliers	3.387	121.237	6%
Strategic Supply Chain Partners	54	806.512	38%
TOTAL	9.165	2.126.324	100%

• Strategic suppliers, both at home and abroad are large and medium-sized companies hired to provide their goods and services on a permanent basis.  
 • Occasional suppliers are those with whom we have an occasional business relationship.  
 • Specialized third party suppliers are those that are not hired by the Bancolombia Group but who provide a service, and therefore receive payment for such.  
 • Strategic supply chain partners are those who have a considerable impact on the Organization with regard to regulatory matters, the handling of confidential information, customer care, occupational and social risk, business and market impact, environmental risk and economic impact.



# Handling sustainability risks along Bancolombia's supply chain

Here we identify risk using the methodology developed in coordination with the Risk Management Department in order to evaluate the supply of all goods and services purchased by our Supply Chain Procurement Department. This methodology allows us to classify our suppliers and service providers based on the impact they have on the following critical variables:

**Regulatory Issues:** this refers to all circulars, rules, regulations and / or decrees governing the service or goods provided, the barriers to investing in the sector, office hours and regulated rates.

**Customer Impact:** this takes into account whether the failure to provide a service has a direct effect on the client and / or causes the suspension of one of the Organization's processes.

**Market:** this variable refers to supplier bargaining power, whether there are substitute products or services available elsewhere, and whether the service is provided by a single or multiple provider or supplier as well as restrictions for migrating or replacing the provider of the current service.

**Business Scope:** this relates to the validity of the contracts in place, the frequency with which the service is adequately provided and the conditions agreed upon with the supplier.

**Social Impact:** the possible impact on the community.

**Environmental Impact:** affecting the environment in terms of water, soil or air, or the ecosystem and its diversity.

**Occupational Risks:** this includes evaluating the probability of accidents and / or occupational illnesses occurring due to the type of work activity (high risk) and due compliance with all employment benefits.

**Handling Confidential Information:** proper use of the proprietary information on the part of the Bank and / or subject to banking confidentiality.

- We evaluated 91 critical suppliers in terms of environmental, social and employment issues, these corresponding to 100% of those identified using this methodology.
- We defined 54 companies as Strategic Supply Chain Partners given their economic impact based on the amounts paid out last year as well as a comprehensive evaluation carried out every three months, which allowed us to gauge their performance based on the following factors:

**SLA indicators:** the results of service level agreements on a scale of 0 to 5.

**Supplier visits:** made in order to ensure that we know who our suppliers really are in accordance with our procurement requirements. The purpose of these visits is to provide a first-hand assessment on the following 5 fronts: employment, installations, security, suppliers and technology on a scale of 0 to 5.

**Evaluation of corporate environmental and social responsibility (ESR):** covering the environmental and social risks associated with the service provider or supplier in order to encourage and support sustainable practices and prevent environmental and social risk, on a scale of 0 to 5.

**Financial analysis (FA):** assessing the financial capacity of the supplier or service provider by analyzing their financial statements and certifications, based on the value, impact and risk level of the respective negotiation, on a scale of 0 to 5.

The result of this comprehensive assessment allows the Bancolombia Group to make decisions regarding its suppliers as well as to define plans to enhance their performance, among others. The values thus defined are shown below:

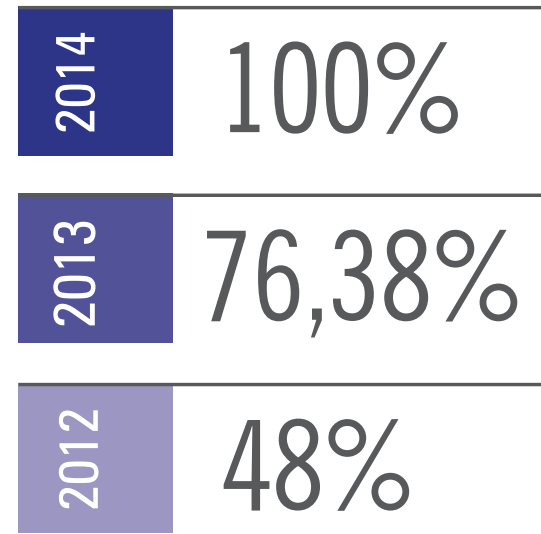
## We defined

# 54

companies as strategic supply allies due to their economic impact according to the value paid during the last year



Percentage of payments made to suppliers subject to sustainability clauses



(Value paid out in 2014 to suppliers subject to sustainability clauses versus total amounts paid out to suppliers)

100% of the sample of critical suppliers in terms of environmental, social and workplace risks were evaluated (for a total of 91). We also evaluated 135 suppliers from the standpoint of environmental and social risk along with another 44 who presented self-assessments, these

corresponding to 33.44% of the total turnover in 2014.

We visited the premises of all those suppliers showing substantial sustainability risk and defined action plans for subsequent improvements:

We also examined the sustainability factors of 32 out of a total of 54 strategic partners, these scoring and average rating of 4.23 out of a maximum 5. We also saw an improved level of performance with 13 suppliers who had been previously evaluated.

Service received	# Visits		AESR Evaluations*		Average scores	
	2014	2013	2014	2013	2014	2013
Maintenance	8	15	37	15	4,08	3,73
Goods and Services	41	44	99	60	4,07	4,11
Civil Engineering and Retrofitting Work	3	4	31	25	4,46	4,14
Total	52	63	167	100	4,10	3,99

\*Assessment analysis of environmental and social risks.

**167 environmental and social risk evaluations** were performed, including subsequent assessments of the progress made with their corresponding action plans.

**52 visits were made to Suppliers and Strategic Supply Chain Partners in Bogotá and Medellín.**

**89 individual sustainability action plans were drawn up.**

Out of the 89 improvement plans that were drawn up for 60 suppliers or strategic partners, we obtained the following indicators as a result of the main opportunities for improvement detected with our supply chain:

- 63%** had designed and implemented a plan for the sustainable management of their supply chains.
- 52%** had an anti-discrimination policy in place
- 52%** were implementing a Code of Ethics as a means whereby stakeholders can air their grievances.
- 45%** were implementing performance indicators with their handling of hazardous and non-hazardous solid waste.
- 44%** had a policy in place dictating the Company's respect for Human Rights

Out of a total of 135 suppliers and strategic supply chain partners that were evaluated, performance

improvements were noted with 79 of these. Average rating for suppliers and partners who introduced improvements: 4,61 out of a maximum 5

In the case of 6 suppliers and strategic supply chain partners where no improvement was observed (4%), this was due to the fact that they already had very high rating or new information was requested that had not been required in previous visits. The average score on sustainability issues where no improvements were observed came to 4.43 out of a maximum 5

50 suppliers or service providers (37% of the total) did not record improvements since this was their very first assessment. Average score on sustainability issues for suppliers being evaluated for the very first time: 3,42 out of a maximum 5

A total of 47 evaluations were performed on the different business proposals made, these based on sustainability criteria.

Product or Service	Proposals evaluated
Cloud-Based Human Resource Management	2
Secure Networks	3
Safekeeping	2
Software Support and Maintenance	9
Telecommunications	3
Audiovisual services	3
Real Estate Solutions	2
Civil Engineering	3
Market Research	6
Computer Equipment	3
Server Solutions	2
Software	2
Contractor Insurance Policies	3
Document Intelligence	1
Safes and Lock Boxes	1
ATMs	2

\*Assessment analysis of environmental and social risks

Continuing with our sustainable procurement policy, in 2014 we evaluated and included sustainability clauses in 37 new supplier and service provider contracts, covering issues such as environmental and legal compliance, as well as embracing the same international initiatives as Bancolombia.

In order to improve our performance evaluations for outside maintenance providers, we defined certain assessment criteria for on-site maintenance crews in conjunction with our Facility Management area.

We also worked with our provider of Civil Engineering Inspection services to create what we call the 120 Form, that includes all legal compliance criteria regarding environmental management, social management and health and safety within the workplace which all providers of civil engineering services must comply with.

## Building the Capabilities of our Supply Chain

**Strategic Partner Forum:** We conducted our Third Annual Forum of Strategic Partners where we invite them to join us in the challenge of driving our sustainability by means of innovative ideas so as to supplement the work we have already done to show our commitment to providing our clients with a great banking experience. A total of 54 companies participated in this event

**The Sustainability Challenge:** As part of the Stage I of this initiative, we received 85 proposals from 27 strategic partners providing helpful ideas on issues such as the optimization of resources, process improvements, inter supply chain alliances, and enhanced efficiency or revenue-generating capabilities. Stage II continued with five initiatives on the part of 5 strategic partners that met the required criteria in terms of innovation, efficiency and sustainability.

**Award ceremony:** We laid the groundwork for recognizing our best suppliers and strategic

partners, receiving 33 nominations in all six categories, defined in keeping with our corporate strategy. These categories are as follows:

1. Commitment to the humanization of our business
2. Living the value of trust.
3. Innovating client experience.
4. Living quality as part of our continuous improvement
5. Acting responsibly with the general public
6. Acting with awareness of the environmental impact caused

**Allies Against Fraud initiative:** We conducted 10 workshops, 75% of which resulted in action plans being worked out to create a greater awareness of all those practices that go against the guidelines set by the Organization.

**100% Sustainable Supplier Initiative:** Here we reaffirmed our commitment to sustainability in conjunction with 60 companies from the Civil Engineering, Maintenance and Graphic Arts sectors by holding meetings where we shared experiences on issues such as climate change, product life cycles, sustainable procurement policies, environmental lines and waste recovery.

## Impact of our work on managing the human side of our business in conjunction with our suppliers and partners

- **Quality of Life:** 20 employees and 32 of their relatives took part in recreational activities held in the more remote areas (Family Day in Urrao, Antioquia).

- **Evacuation Drills:** employees of our suppliers and partners who work in a total of 380 branch offices and 7 administrative buildings took part in these drills.

- **A Humanistic Banking Culture:** 6,250 employees received our allies content on 20/20 Vision, Model Service, SAC and Zero Tolerance Fraud, among others.

- **Labor Market Inclusion:** here we extended awareness of our 'Bancolombia for All' program with 16 of our strategic partners so as to stress the importance of providing job opportunities for the disabled.

## United for Greater Efficiency

Here we adapted our strategic supply methodology to the Organization's current situation, with a view to driving sustainability in terms of our efficiency and service quality indicators through effectively regulating our consumption and reviewing our costs at source.

### Strategic Supply Chain:

- Here we obtained cost savings of over COP 10 thousand million compared to 2013
- We achieved 144% of our targeted savings.
- We also improved our service and operating levels in various areas, including our Contact Centers, Product Sales, Facility Management and Logistics.

**Application Support and Maintenance:** Here we achieved a 20% reduction in service costs, going from 23 contracts to just two, by deploying best standards upheld by other industries.

**Advertising Agency:** We deployed strategies aimed at regulating our consumption and controlling and/or eliminating waste by means of a formal model entailing various initiatives such as work improvement project teams, single billings and improved efficiency in our customer care and operating model.

**On-Line Banking Channels:** Here we came to an agreement with one of our strategic partners regarding a new model of service charges based on demand, with unified invoice calculation methods.

**On-line Bank Statements:** With the clearly-defined goal of achieving efficiencies in providing our clients with their account statements, we began to distribute these electronically having migrated 75% of the corresponding volume to our on-line banking channels for monthly savings of COP 458 million.

**Integrated Document Management:** We implemented our Integrated Document Management Model that offers a range of advantages including a greater degree of efficiency and more streamlined document management processes, while reducing operating risk, all of which is having a favorable effect on our ongoing sustainability and cost efficiency.

**Christmas kit:** This kit which we give to our employees at Christmas time is made of environmentally friendly materials, that is to say paper manufactured from sugar cane by-products, free of chemicals and bleaching agents, which represented savings of COP 17 million pesos in the use of these materials and COP 135 million compared with purchases in previous years.

**We work together with our suppliers and allies, generating better awareness about fraud prevention and developing**

# 75%

**in action plans**



## LINE BY LINE

By: Carlos Barros. Bogotá.  
Illustration by: Alex Sarmiento.

Junior was standing when the school bus stopped. He was involved with a great emotion because we wanted to enter the “Suspended Cube,” as he used to call the museum. He had walked by the place several times with his parents but he never had visited the museum. When his plastic arts teacher proposed this visit as an end-of-year activity, he was the first to support the idea. Now that he was about to drop off the bus, he felt he was entering a second home.

The elevator opened on the sixth floor and Junior went out. He started to walk around the room and was astonished with the sounds of seas, projected images of flora and fauna, and he found out, with fascination, that we all come from mother nature. During his tour on the fifth floor, Junior was drawing in his notebook the faces of people associated to several cultures and he thought that he was a combination of all of them but nobody had told him that and he was happy for having confirmed that.

Before descending the stairs to visit the fourth floor, he thought that he could retain the spirit of the facilities, the sounds, the lights, the screens, his classmates, and even the assigned guide by drawing in his notebook the entire museum, just as it was at that moment. With this intention in mind, after reaching the last step of the stairs, with determination, he sat at a room corner turning his back on his classmates. He opened his notebook and took several coloring pencils from his pencil case.

When he started drawing, he suddenly said “stay still” in a loud voice. The museum lights turned off at that moment and turned on again a couple of seconds after. Junior felt that time had stopped and started to draw -on the first page- the exact moment when he dropped off the bus, when he walked through “Santo Domingo” Square, and when he entered the museum and took the elevator to reach the sixth floor. Junior had retained all the details and expressions of his classmates to capture them on the drawing he was creating.

After a tour by the third room of the museum he knew he could draw the remaining two. He recalled the feeling of being at his second home, so he started his task with no difficulties. When he was drawing the last line, he felt his plastic arts teacher’s hand on his shoulder; he asked Junior what he was doing. Junior stood up and limited himself to give him his notebook. The teacher opened the notebook and started watching Junior’s drawings carefully and surprisingly. When he watched the last page, he only had a question: how many times had Junior been before to this museum? Junior knew that, despite saying the truth and saying that this was his first time at this museum, nobody would believe it. But he was feeling very good with this question because he proved to himself that he could draw so well that he could impress anybody. For this reason, he had no fear to answer that he had already known the museum, line by line.

### Culture Art

Art promotion is a form of raising the degree of sensitiveness and reaching understanding of several expressions of life and diversity.

An Organization that tirelessly strives to transform society, has to have a clear conviction of how and where to focus its strategy. It must also act in keeping with its philosophy, not only in terms of obtaining results but also in projecting its corporate image by choosing the sponsorships, events, partnerships and social projects that help to secure social transformation.

In this chapter, we shall attempt to explain how our Humanistic Banking approach has defined our support for peace, culture, quality of life and environmental responsibility as the fronts on which we wish to be known for in helping to forge a better society.

## A brand with a purpose

We continued to demonstrate our conviction as an Organization by positively transforming society through our Humanistic Banking approach, which in turn is based on relationships of respect and trust.

Therefore, our branding initiatives in 2014 were focused on how our brand can be used as a driving force for building and strengthening our ties with different stakeholder groups.

One example of this was the "Beyond victory and defeat" TV campaign which aired at a time when the country was divided up into opposing political factions in the run-up to the presidential elections as well as when the Colombian football team classified for the World Cup for the first time in 16 years.

This campaign showed the determination of the Colombian people, that goes beyond all difficulties, triumphs and defeats, showing who we really are: a deeply-committed nation.

By mid-year we scored a 64% Top Of Heart rating, which has been historically unusual for the local financial sector. This shows that a brand can indeed convey a purpose, and be much appreciated.

Another important moment was at Christmas time, when we invited people to unite under a common

purpose, of "giving of themselves". Consequently, our brand is connecting with people through our core values for a building a better society.

## Working for peace

We are convinced that being able to live in harmony is essential for a company's sustainable growth, so we decided to support the dreams of our stakeholders in becoming a company in which human relationships based on respect for others and the collective well-being are key factors. For this reason, we took part in various programs that recognized the role of companies and individuals who contributed to peace in our country.

### Soy CaPAZ (Working for Peace)

We took part, in conjunction with almost 100 companies in Colombia, in this nationwide campaign inspiring our people to work for peace with the understanding that this is an internal process that everyone must go through for the sake of our collective welfare and the transformation of our society.

We invited all of our employees to participate in initiatives that Bancolombia deployed during this public movement for peace. The three best ideas were acknowledged by our Chief Human Resource Officer, Mr. Augusto Restrepo.

### Titanes Caracol

We took part in the Gestures for Peace category with the project "**Titanes Caracol**", which recognizes those who work in favor of peace, education, technology, communications, sustainability and the environment, as well as health and wellness.

The winner of the Gestures for Peace category was Yeudiel Vargas Mateus, who lives in the town of Sucre, Santander, whose projects have entailed great changes for his community, these including the Corn Festival which pays tribute to rural workers and their deeply rooted culture, as well as a new Sports Board and Human Rights Group, encouraging respect for life and peaceful coexistence.

## Contributing to culture

Culture involves civic participation and recognizing and appreciating our ethnic diversity. For this reason, it has become a tool for social inclusion and cohesion, which are key factors for reducing poverty, promoting peace and promoting a better quality of life.

Aware of our responsibility as agents of transformation, we have turned to culture as a way of protecting our untold wealth and the roots that define our identity, so as to promote greater awareness through different cultural expressions and to create opportunities to encourage civic participation as well as a harmonious and respectful coexistence.

Our commitment to cultural development is shown through the different alliances we have formed:

### Digital Theater - free of charge for everyone

Our support for the first ever free digital theater in Latin America allows Colombians access to major events occurring in real time at the Teatro Mayor by means of video streaming directly to a computer or mobile device.

With this type of initiative, we are encouraging social inclusion and the democratization of culture, so that Colombians can participate in cultural events regardless of their economic situation.

That was how in 2014, the Spanish dance company Antonio Gades delighted 676 people from various regions that were able to connect up to this on-line transmission. This partnership also allowed 1,600 people to enjoy the Argentinian Ballet Company, regardless of wherever they were in the country, thus driving and enhancing cultural and social development.

*"Digital Theater provided me with the wonderful experience of watching the Argentinian Ballet Company. From the comfort of my home and with my son at my side, I was able to see watch such a beautiful spectacle that filled us all with joy and united us as a family. It was a different form of entertainment that enriched us both spiritually and culturally.. Digital Theater is a great opportunity to experience a cultural event without having to leave home".*

Isabel Silva, 59, an accountant.

### Delirium

For the seventh straight year, we provided our support to providing a lifetime opportunity for young people in Cali to train to express themselves artistically. This bright and colorful spectacle has propitiated a sense of our roots, raising awareness of how strong our idiosyncrasies are and taking on the responsibility of sharing this knowledge with future generations. In 2014, we formed an alliance with Deliro to provide jobs to almost 500 people with more than 14 shows, attracting more than 10,000 spectators with nearly 550 students, both children and young adults receiving training.

### La Cueva Foundation

We supported the release of a CD honoring the signature song "Te Olvidé" ("I have forgotten you"), of the Barranquilla Carnival, which was composed 60 years ago, thus reviving the memory of our purest Caribbean traditions. Our purpose here has been to provide support to the La Cueva Foundation, as part of a folk tradition that reaffirms our cultural identity, encouraging community participation as an expression of the inextricable link between culture and social development.

Over

2.270

people enjoyed the Spanish dance and Argentinian ballet shows offered through the Digital Theater.



We also contributed to different programs such as La Cueva for Colombia and the Arts Carnival, with the aim of inspiring the imagination of both children and young adults through participative and creative endeavors, as well as reflections, communications and recreational initiatives with regard to topics ranging from the origin and significance of Carnival of Barranquilla to the most amazing life stories. In this more than 2,000 youngsters and 30,000 adults participated, representing nearly 250 jobs.

"Here in the Caribbean region we really do appreciate Bancolombia's commitment to our culture and our Caribbean identity. The support received for paying tribute to 60 years of the "I Have Forgotten You" song meant reviving our roots and strengthening the cultural heritage that we wish to continue passing from generation to generation. Abelardo Garcia, SiliCar Ltda.

### Blacks and Whites' Carnival

We also helped with traditions that underpin the history, life and culture of Pasto with our support for the Blacks and Whites' Carnival, where once again we were able to appreciate the rituals and magic woven together as part of such a special event that allowed us to proudly honor our ancestral roots and keep our cultural identity alive.

### Teatro Mayor

With 100,000 people attending 143 shows in 2014 thanks to the support of more than 100 national and international companies from 20 countries, this Theater has given a new meaning to cultural exchange, encouraging civic participation and discovering new forms of expressing the world through culture.

With the Training for the Arts program, almost 11,800 art students were given the opportunity to extend their professional training in dance, music and theater. We also sponsored the program "One Hundred Thousand Children at the Theater", helping to provide more than 67,000 children and youngsters with the experience of collective participation and civic culture.

*"Thanks to the help of Bancolombia Group, not only with the Teatro Mayor but with all the rest of important events they sponsor in terms of art and culture, we are now able to meet and enjoy these activities, while gaining knowledge and helping to build a society capable of rising to new challenges and charting its own goals. I would like to thank Bancolombia for its humanistic spirit and for its unwavering commitment to extending culture".*

Clarisa Ruiz Correal, Secretary of Culture for Bogota

### Medellín Museum of Modern Art

Its "City for the Children" program catered to a total of 80 underprivileged children in Medellin thanks to our support. Here they were taught ways of understanding life and their city, through art as a means of transformation. This same program was also showcased at the Festival of Books and Culture, providing an opportunity for more than 1,100 children to attend workshops where they could imagine a city shaped as they would like it to be based on how they see and understand the reality of where they live.

### Museum of Antioquia

Almost 34,000 people visited the exhibition "Counter-expeditions, reflecting the way the communities in Antioquia inhabit their different territories. Through this alliance we helped 16 resident artists to work together with communities documenting their knowledge, their collective memory and their problems in areas such as agriculture, environment, mining, urban development and infrastructure.

### Expoartesano (Local Handicraft Exhibition)

In search of a connection with our past through the traditional knowledge and experience of indigenous communities, we provided our assistance to this exhibition showcasing Colombian traditional handicrafts as an expression of our identity, aesthetic values and ethnic customs. Here, more than 360 artisans including 52 representatives from indigenous communities and 64 traditional craftsmen from across the country.



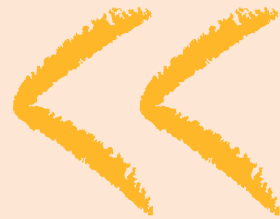
### The Gabriel García Márquez Journalism Awards

What it means for Colombia to host the Gabo Awards goes far beyond being a mere ceremony honoring the best journalism in Latin America, it means preserving the collective memory of our people, exalting our history, valuing our fanciful imaginings and understanding how we define ourselves with regard to what characterizes us. For the second year running, we gave our sup-

port to these awards for which 1,400 nominations were received from a total of 35 countries. We hope that these awards shall preserve the legacy of someone who with his stories knew how to portray our culture, while providing an opportunity for continuing to tell stories of our rich idiosyncrasy.

*"The Gabo Awards are based on the conviction that we need better informed societies. Thanks to the invaluable*





support of Bancolombia we were able to hold the First Festival of Latin American Journalism, aimed at showcasing journalism as a civic and cultural process of the utmost importance".

Jaime Abello, Director of the New Iberoamerican Journalism Foundation.

### Metropolitan Theater

Apoyamos la realización de tres conciertos especiales que contaron con la asistencia de más de 2.600 personas, entre ellos la presentación del Cuarteto de Cuerdas de Brasil, uno de los mejores ensambles de guitarra del mundo y ganadores de un Premio Grammy; el concierto de Maxim Vengerov, considerado uno de los mejores violinistas del mundo, y la presentación del cantautor uruguayo ganador de un Premio Oscar, Jorge Drexler, quien en un concierto estelar deleitó a más de 1.300 asistentes con la profundidad de sus letras.

### Philharmonic Orchestra

With our support, 14 concerts were performed during last year's Philharmonic Orchestra season, so that more people could discover through symphonic music a different way of enjoying art. We also sponsored Medellín's 7th International Music Festival, which filled the city with different rhythms and musical genres, providing more than 15 thousand people with free access to lectures, academic activities, concerts and theater performances.

### Boyaca's International Culture Festival

Music, theater, dance, literature, visual arts and cultural exchanges in various scenarios formed the cultural richness that this event was able to show Colombia, which so far has been extended to cover nearly 90 municipalities in this Department. More than 15,000 people enjoyed the Festival held in 2014.

## Contributing to a Better Quality of Life

Being an organization that thinks responsibly, requires us to go beyond the economic role we play as agents of social development agents and concern ourselves with creating long-term transformation and capabilities that have a positive impact on the community, so as to comprehensively support the life cycles of our people from early childhood until they become independent adults responsible for their own development.

One of our main commitments in this regard is being able to reach a larger number of Colombians with our early childhood education and entrepreneurship programs.

## Early Childhood Program

We work in partnership with the public and private sectors in continuing to promote the comprehensive development of children between the ages of 0 and 6. Here we have joined up with various Government initiatives aimed at training educators with regard to teaching and psychoemotional issues, providing funding for child development centers and generally strengthening early childhood education so as to pave the way to formal education.

Significant progress was made with our Successful Transitions program and thanks to these good results we were able to expand its coverage to another 16 municipalities, in the Departments of Antioquia, Cundinamarca and Sucre, improving the living conditions of 3,389 children in 66 schools that are currently transitioning from early to formal education. We have also trained 622 qualified educators and teachers so that schools can prepare themselves in the best way possible to help children enter the educational system.

With an investment of COP 5,301,222,450 we helped a total of 58,300 children and educators across the country.





## Education Program<sup>1</sup>

We continued to support public-rural and urban schools so as to ensure the best possible quality, coverage and relevance of child education. We also helped hundreds of youngsters to continue their technical, technological and professional studies.

With the program 'Reading and Writing in Colombia', we are enhancing the literacy skills of children and young people in rural communities at a total of 200 educational institutions in 16 Departments. 97% of the targeted group of schoolchildren were introduced to basic affective and cognitive reading so as to improve reading comprehension in the classroom.

On the other hand, our higher education scholarship program "Dreams of Peace" provided gratifying results on a nationwide level, in providing direct and indirect support to 580 young people from 29 Departments, who have been able to realize their dreams of a college education.

In El Salvador, we also demonstrated our social commitment by carrying out a total of 21 educational projects through our intersectoral alliances, providing a total of 215

programs relating to infrastructure, language and technology labs as well as natural science labs together with other programs focusing on developing human values and social skills so as to foster a healthier coexistence within the beneficiary communities.

We also implemented a children's financial literacy program along with an educational workshop for sugar cane growers, teachers and parents from the schools covered by the Supporting Education initiative, through which they were taught about the financial aspects of managing their personal finances, credit management products and household economy. Also, as part of the IDB-ILC Banco Agrícola agreement, workshops were staged for owners of shops and micro and small SMEs.

The total number of beneficiaries on a nationwide level came to 58,160 for a total investment of COP 6.792.338.657

In El Salvador, we helped more than 14,500 students, for which we invested more than COP 300,000 thousand dollars.

## Entrepreneurship Program

We work to drive economic development in different parts of our country providing coaching to entrepreneurs in the proper handling of their finances, helping them to improve their products and make them more competitive. We rate these beneficiary entrepreneurs in order to exemplify them as agents of social change within their own communities.

Thus we are consolidating Growing with My Business initiative which began in 2013 as a pilot program in Risaralda. Currently we have helped more than 230 microentre-

preneurs in five departments (Quindío, Santander, Norte de Santander, Bolívar and Risaralda), in the technical, financial, social and commercial aspects of their different businesses. We have enjoyed the support of different local Chambers of Commerce, the Colombian Apprentice Institute (SENA) as well as town councils and foundations working in the business ecosystem. We partnered with the Sophia Perez de Soto Foundation in eastern Antioquia, where we are coaching entrepreneurs from a business standpoint through the Promoter of Social Commerce agency.

We also work on a project in partnership with the Carvajal Foundation based on an inclusive business model in Cali, supporting eight families with the launching of a production unit that is creating full-time jobs.

Direct beneficiaries of our entrepreneur programs in Colombia came to 283 with another 700 indirectly benefited (by the number of jobs created by these businesses) for a total investment of COP 1,591,861,813 in 2014.

## Volunteer Corps

Here we fulfilled our goal of recruiting 10,000 of our employees as members of our volunteer corps. Upon including those who dedicate their time and make in-kind and monetary contributions, we now have 11,193 volunteers across the country, thereby fulfilling the fundamental purpose of volunteer work, which is to mobilize more and more employees towards helping the disadvantaged and creating a more equitable social fabric.

Our volunteers dedicated a total of 46,636 hours, which is equivalent to COP 819'509.753, if we were to calculate each hour of their time at an average hourly rate corresponding to their salaries or wages.

Our new program "Contributing from the Heart" is gaining popularity. This enables our employees to make cash donations to the Bancolombia Foundation, which are in turn invested, in Early Childhood Education and / or Entrepreneurship programs, as the employee should so choose. This year we extended the program A Day for My Country to six new cities and towns, namely Quibdó, San Andrés, Valledupar, Aguazul, Palmira and Popayan. We also worked in close conjunction with our strategic partner Sodexo on events such as "D-Day" (in-kind donations), and voluntary counseling given by experts from this organization on important issues and which is providing added value to the NGOs participating in the "Leave Your Footprint" program.

### Number of volunteers per region:

Antioquia:	4.607
Bogotá:	1.968
Sur:	1.702
Caribe:	1.843
Centro:	1.073

The number of volunteers in 2014 grew by 31% year-on-year, for a total of 34,101 volunteers taking part in 30 different towns in 23 Departments. The budgeted investment came to COP 680'011.858

COP 2,308,600,082 was invested in other social development projects.

The total figure amounted to COP 14,974,034,860 in community projects.

We invite you to extend the information about our foundation in the web <https://www.fundacionbancolombia.org/informe-de-gestion-2014/>

<sup>1</sup> Regulatory definitions required that financial education programs were mandatory as an offer of value from financial institutions to their customers; for this reason, it was decided to stop the financial education program that was of benefit for over 100,000 young people from educational institutions, to focus on providing this knowledge on a permanent basis and made it available online for about 10,000,000 Bancolombia customers. See further information at: [www.grupobancolombia.com/usoresponsable](http://www.grupobancolombia.com/usoresponsable).



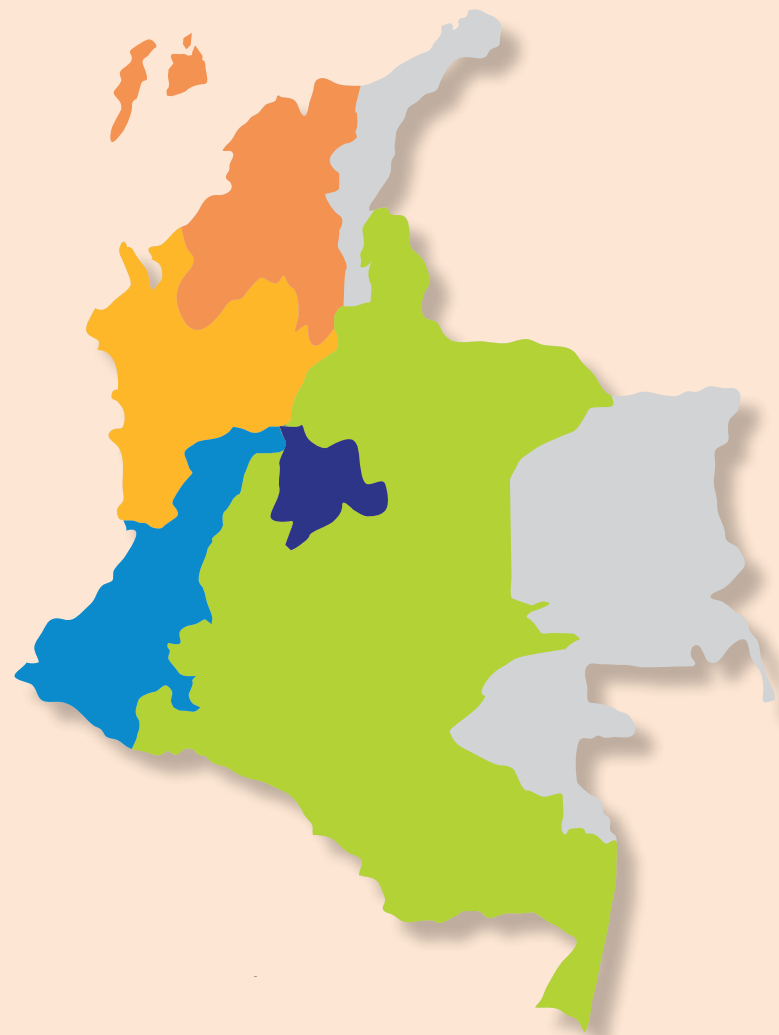
# Our presence and impact on the different regions in Colombia

Education

Early Childhood

Entrepreneurship

Volunteer Corps



We are present in 31 from 32 departments



## Caribbean Region

Departments	Lines	Beneficiaries	Total Volunteers
Atlántico Córdoba Magdalena Bolívar San Andrés Cesar Sucre La Guajira	Early Childhood Education Entrepreneurship Volunteer Corps	14,854 Children 618 educators 8,911 students 372 teachers 45 entrepreneur 4,413 children and Adolescents	1.843



## Antioquia and Chocó Region

Departments	Lines	Beneficiaries	Total Volunteers
Antioquia Chocó	Early Childhood Education Entrepreneurship Volunteer Corps	11.335 children 484 educators 6,564 students 410 teachers 37 entrepreneurs 14,060 children and adolescent 21 entrepreneurs 176 elderly people 260 animals	4.607



## Bogota and Cundinamarca Region

Departments	Lines	Beneficiaries	Total Volunteers
Cundinamarca	Early Childhood Education Volunteer Corps	4,206 students 176 educators 810 students 165 teachers 3,995 children and adolescents 40 householder women	1.968



## Central Region

Departments	Lines	Beneficiaries	Total Volunteers
Boyacá Casanare Tolima Huila Meta Norte de Santander Santander Amazonas Putumayo Arauca Caquetá Vichada	Early Childhood Education Entrepreneurship Volunteer Corps	16,760 children 843 educators 15,767 students 575 teachers 110 entrepreneurs 4,313 children and adolescents 15 Householder women	1.073



## Southern Region

Departments	Lines	Beneficiaries	Total Volunteers
Valle del Cauca Cauca Risaralda Caldas Nariño Quindío	Early Childhood Education Entrepreneurship Volunteer Corps	8,326 children 517 educators 21,209 students 608 teachers 91 entrepreneurs 3,604 children and adolescents 120 animals	1.702



# Consolidating our Sustainability, Social and Environmental Model

In Bancolombia we are striving to strike a perfect sustainable balance between the quality of the environment and the quality of people's lives, identifying the direct and indirect impacts of our activities on the environment while preventing, mitigating, correcting and offsetting the inherent risks for a better tomorrow that future generations can enjoy.

Performance Goals for 2010-2020 and the targets set for 2014

■ goal achieved ■ unrealized goal

	2010	2011	2012	2013	2014	Goal 2014	Goal 2015	% Change 2010/2014	Goal 2010/2020
Energy (Kwh)	80707277	85346425	90153219	89115481	87017379	-2%	-2%	8%	-10%
Change		5,7%	5,6%	-1,2%	-2,35%				
Water (m3)	398172	223884	277239	250060	238502	-2%	-2%	-40%	-50%
Change		-43,8%	23,8%	-9,8%	-4,6%				
Paper (kg)	252824	248821	224547	217157	222669	-5%	-7%	-12%	-35%
Change		-1,6%	-9,8%	-3,3%	2,5%				
Travel (Km)	10963422	12660349	10701353	10645558	8861540	-5%	-2%	-19%	-16%
Change		15,5%	-15,5%	-0,5%	-16,8%				
Ordinary Waste	4391	1256	1121	999	1107	-5%	-5%	N/A	N/A
Change		-71,4%	-10,7%	-10,9%	10,8%				
B8		2026	3016	3745	3843	N/A	N/A	N/A	N/A
Change			49%	24%	3%				
B10		9607	18706	22005	28187	N/A	N/A	N/A	N/A
Change			95%	18%	28%				
Hazardous Waste (Ton)	1	18	15	7	14	-10%	Gestion 100%	N/A	N/A
Change		1269%	-14%	-58%	108%				
Recyclable waste	340665	341549	441486	331575	198803	20%	Aprovechamiento	N/A	N/A
Change		0,3%	29,3%	-24,9%	-40,0%		90%		
WEEEs	58	143	198	174	275	-5%	Gestion 100%	N/A	N/A
Change		147,6%	38,0%	-11,9%	58,1%				

The goals contained in our corporate scoreboard goals only applied to Colombia in 2014. However, an overarching set of corporate goals are scheduled to be defined and deployed in Panama, El Salvador and Colombia.

## Eco-efficiency

The consolidated information in this eco-efficiency report corresponds to the period January 1 to December 31, 2014. The scope of this report includes the Bancolombia Group's subsidiaries in Colombia, Panama and El Salvador, for a 100% coverage of all those places where the Bancolombia Group exercises operating control.

The Bancolombia Group's direct impact on the environment mainly relates to the natural resources it consumes in carrying out its business activities. In 2014, we included our eco-efficiency program in our Corporate Scoreboard

having set goals for reducing our consumption of water, energy, paper and travel.

To achieve these goals we created specific strategies that are regularly reviewed with the corresponding areas, based on the model defined by the Carbon Disclosure Project. Based on Bancolombia's International Sustainability strategy, in 2014 we extended our Corporate Eco-efficiency program to Banco Agricola in El Salvador and Banistmo in Panama.

Materials used by weight and volume. EN1

Total Bancolombia Group	Paper (kg)	
	2010	2011
	252.824	248.821
	295.447	308.257
	315.994	

Energy consumption within the Organization. EN3

		Biodiesel		Gas (m3)	Electricity (kWh)
		Diesel (Gl)	B8(Gl)		
Total Bancolombia Group	2010	6.792	-	40.936	80.707.277
	2011	-	2.026	52.485	85.346.425
	2012	4.153	3.016	64.362	103.197.690
	2013	3.952	3.745	34.371	102.423.096
	2014	49.196	3.843	48.818	114.728.451

Energy Intensity per Full Time Employee (EN5)

		Diesel	Biodiesel	Biodiesel	Gas (m3/FTE)	Electricity (kWh/FTE)
		(Gl/FTE)	B8(Gl)	B10(Gl)		
Total Bancolombia Group / FTE	2010	0,239	-	-	1,443	2.844,2
	2011	-	0,062	0,296	1,617	2.629,4
	2012	0,119	0,086	0,535	1,841	2.951,5
	2013	0,090	0,085	0,501	0,783	2.333,0
	2014	1,058	0,083	0,606	1,049	2.466,3

Reductions in energy consumption. EN6

		2010	2011	2012	2013	2014
Bancolombia Group	Electricity	80.707.277	85.346.425	103.197.690	102.423.096	114.728.451
	% Change		5,75%	20,92%	-0,75%	12,01%
	Gas	40.936	52.485	64.362	34.371	48.818
	% Change		28,21%	22,63%	-46,60%	42,03%
	Diesel	6.792	-	4.153	3.952	49.196
	% Change		-100,00%	N/A	-4,84%	1145%
	B8	-	2.026	3.016	3.745	3.843
	% Change		N/A	48,86%	24,17%	2,62%
	B10	-	9.607	18.706	22.005	28.187
	% Change		N/A	94,71%	17,64%	28,09%

Total water consumption by source. EN8

		2010	2011	2012	2013	2014
Total Bancolombia Group	Water (m3)	398172	285145	321776	311440	346390
	% Change	N/A	-28,4%	12,8%	-3,2%	11,2%
	Rainwater (m3)	2057	7966	13957	14744	13946
	% Change	N/A	287,3%	75,2%	5,6%	-5,4%
	Groundwater (m3)	16	359	166	225	1399
	% Change	N/A	2143,8%	-53,8%	35,5%	521,8%
	Total	400245	293470	335899	326409	361735

Percentage and total volume of water recycled and reused. EN10

		2010	2011	2012	2013	2014
Bancolombia	Reused Water (m3)					
	Bancolombia	2073	8325	14123	14969	15345
	Reused Water (m3) Banco					
	Agrícola	N/A	N/A	0	0	0
	Agua Reused Water (m3)					
	Banistmo	N/A	N/A	N/A	N/A	0
	Total Power Consumption (m3)	400245	293470	335899	326409	300024
% Reused	0,5%	2,8%	4,2%	4,6%	5,1%	

Total weight of waste by type and disposal method EN23.

Recyclable Waste (Tons)	2010	2011	2012	2013	2014
Bancolombia	340,6	341,5	441,5	331,5	198,8
Banco Agrícola	N/A	N/A	0	0	0
Banistmo	N/A	N/A	N/A	N/A	15,8
Total	340,6	341,5	441,5	331,5	215

Ordinary Waste (Tons)	2010	2011	2012	2013	2014
Bancolombia	4391	1256	1121	998	1107
Banco Agrícola	N/A	N/A	16	16	16
Banistmo	N/A	N/A	N/A	N/A	134
Total	4391	1256	1137	1014	1257

Hazardous Waste (Tons)	2010	2011	2012	2013	2014
Bancolombia	1,3	17,8	15,3	6,5	13,5
Banco Agrícola	N/A	N/A	3,6	3,7	3,8
Banistmo	N/A	N/A	N/A	N/A	0,0
Total	1	18	19	10	17

WEEEs (Tons)	2010	2011	2012	2013	2014
Bancolombia	57,8	143,1	197,5	174,0	275,1
Banco Agrícola	N/A	N/A	0	2,6	7,7
Banistmo	N/A	N/A	N/A	N/A	7,5
Total	58	143	198	177	290

**Energy efficiency projects at branch office level**

So as to be able to effectively control and our energy efficiency at branch office level, we have a group of staff dedicated to monitoring consumption and expense relating to our eco-efficiency indicators, and every month an interdisciplinary committee is held.

Last year we replaced our fluorescent lamps for LED white lighting panels at our Los Molinos Branch Office, with savings of 1100 kWh / month at cost of COP 4,646,400. We have also changed our UPS for a modular system reducing our electricity consumption by 14% compared to the same period last year.

We also reviewed whether our equipment at branch office was too excessive for the utility perceived. These investigations revealed the need to change a 30KVA UPS which only functioned at 30% of its capacity at the El Poblado Leasing Bancolombia subsidiary, replacing this with a smaller one that was available at our Central Headquarters. Installation expense came to COP 1.648 million, which we recovered within just four months with consumption savings of 17,280 kWh / year.

**Efficient use of water**

We corrected or repaired all leakages at our branch offices, and found that our Calle Nueva Branch in Medellín (Antioquia) was spilling 600m3 per month as a result of faulty plumbing. This repair cost COP 2,652,873, which was recovered in just two months since now the branch's current water consumption comes to just 30 m3.

**Zero Paper Strategy**

We initiated various projects in terms of our paperless strategy, which seeks to reduce printing and the amount of paper used. One of these is the "Viva Voz," project that focuses on eliminating transaction forms with which we aim to save the equivalent of 84 million print-outs. Since October 2014, we have eliminated 56% of these transaction forms.

Another is our "Electronic Teller " projects whereby all documents received electronically by the bank

are processed in the same way and not printed. With this, we have ceased to send out 365,769 spread sheets this year.

**Waste Recovery Strategy at Branch Office Level**

As part of our recyclable waste program, we recovered a total volume of 198 tons producing savings of COP 58 million that shall be used for our sustainability projects.

**Climate change**

In 2013, we defined our climate change policy and strategy and drew up our first ever report for the Carbon Disclosure Project. The main results obtained in 2014 were as follows:

- CDP Results - Bancolombia:
- 85-point score for Disclosure, placing us within the B Performance Band.
  - We are the only bank and organization in Colombia to be included in the CDLI (Climate Disclosure Leadership Index for Latin America).
  - We are also the regional leader in transparency with regard to our climate change strategy.

**Highlights**

As part of our role as representatives of the Green Protocol, we attended a Sisclima Financial Management Committee meeting, held on November 20. Here we shared strategies such as the Green Climate Fund and coordinated a plan with the UNEP, UNDP and WRI for developing capabilities for receiving green fund backing on the part of both development and private banks.

**Managing risks and opportunities with regard to climate change GRI4 EC2**

We have detected a series of risks and opportunities with regard to climate change. These include physical, legal, reputational risk as well as changes in client behavior patterns and increased humanitarian demands. We also saw an opportunity for creating new businesses to meet

these needs. For more information, please click on the following link:  
<http://www.grupobancolombia.com/webcorporativa/responsability/content/RE/climateCH.asp>

After reviewing the 96 economic sub-sectors of the economy in which we work, we performed an analysis of which were the most sensitive to climate change (mitigation and adaptation) so as to proactively draw up a work plan in support of these clients.

With regard to the El Niño weather phenomenon that affected Colombia in 2014, we are working with our clients that have been most affected in different regions and sectors. In conjunction with various suppliers and service providers, we staged workshops where we presented our range of environmental products and technologies that allowed for more efficient processes. We also drew up sector-based infographics for our sales team, in which we identified impacts, risks and opportunities in terms of cleaner production methods so as to provide value added advice to our clients and encourage them to recommend us to others.

**Carbon footprint**

We continued measuring our carbon footprint based on our direct and indirect operations in Colombia, El Salvador and Panama. With a view to reducing our energy consumption, we are offsetting our footprint by means of various ecosystem restoration projects in conjunction with the Natura Foundation in Colombia where we have planted another

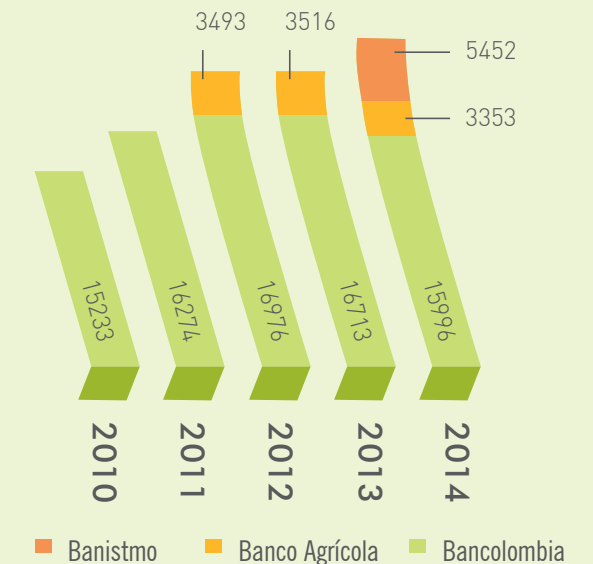
42,000 trees, for a total of 170,180 since this program began in 2011.

This represents approximately 675 tons of CO2 eq captured in 2014. Over the next 15 years, we are expecting to capture another 10,125 tons of CO2 eq.

The 170,180 trees planted as part of this agreement captured a total of 6,808 tons of CO2 in just 2014.

Likewise, with the amount donated to the BanCO2 project, we have offset our footprint with another 900 tons of CO2.

**Bancolombia Group's Carbon Footprint (Tons of CO2 equivalent)**



**Bancolombia Group's Carbon Footprint EN15, EN16, EN17, EN**

	2010	2011	2012	2013	2014
Scope 1 (tons of CO2 eq)	145	151	270	296	811
Scope 2 (tons of CO2 eq)	12978	13724	17706	17603	21942
Scope 3 (tons of CO2 eq)	2109	2399	2493	2329	2050
Total	15233	16274	20469	20228	24802
% Change		6,84%	25,78%	-1,18%	22,61%



Greenhouse Gases (Scope 1). EN15

		Scope 1				
		Diesel (Gl)	Biodiesel (Ton Co2 eq)	Biodiesel B10(Gl)	Gas (m3)	TOTAL (Ton Co2 eq)
Absolute Footprint - Bancolombia Group	2010	68,87	-	-	76,55	145,42
	2011	-	18,81	87,24	45,10	151,15
	2012	41,90	28,00	169,87	30,31	270,07
	2013	39,88	34,76	199,83	21,28	295,74
	2014	496,38	35,67	255,97	22,53	810,56

Energy indirect greenhouse gas (GHG) emissions (Scope 2). EN 16

		Scope 2		
		Electricity (Ton Co2 eq)	TOTAL (Ton Co2 eq)	
Absolute Footprint - Bancolombia Group	2010	12.978	12.978	
	2011	13.724	13.724	
	2012	17.706	17.706	
	2013	17.603	17.603	
	2014	21.942	21.942	

Other indirect GHG emissions (Scope 3) En17

		Scope 2		
		Paper (Ton Co2 eq)	Travel (Ton Co2 eq)	TOTAL (Ton Co2 eq)
Absolute Footprint - Bancolombia Group	2010	214,90	1.894,56	2.109,46
	2011	211,50	2.187,81	2.399,30
	2012	251,13	2.242,29	2.493,42
	2013	262,02	2.067,30	2.329,31
	2014	268,59	1.781,13	2.049,72

Maintaining our stakeholders up-to-date on environmental issues

We use our external and corporate communication channels to share with our various stakeholders the most important environmental initiatives that we have embarked on, so as to raise awareness among our employees of the importance of acting responsibly in terms of the environment by means of notes, on-line training courses and campaigns, among other activities.

For more information, please go to the following link: <http://www.grupobancolombia.com/sustainability/Inclusive-Bank.html>

Environmental education GRI FS4

We conduct employee classroom training and on-line courses on sustainability, environmental and social risk assessments, sustainable business and eco-efficiency issues

On-line Courses:

- Eco-efficiency 8.173 employees
- Think Green (Sustainable Business): 965 employees
- "Let's be sustainable" 1.880 employees
- AESR: 1.954 employees

Classroom Training:

- Sustainable Businesses

We conducted 25 training courses for our sales force, which were attended by 230 members of our staff by means of teleconferences and personally attended meetings.

We also contributed to a total of 75 web publications and printed media, for which we obtained recognition for our sustainability strategy, including the following:

- In conjunction with Cecodes we published an article on our sustainability strategy.
- In the Colombia Energia magazine we discussed the financing we provide for energy

efficiency, renewable energy and sustainable construction projects in Colombia.

- We were recognized by the Semana magazine as one of the 20 most sustainable companies in Colombia.

AESR:

As an integral part of our sustainability strategy we have provided training to our internal interdisciplinary teams regarding the more environmentally-sensitive sectors of the economy such as:

- Fracking
- Hydrocarbons
- Mining
- Gas Stations
- Transport of Hazardous Substances

Procedures for assessing and screening environmental and social risks in business lines. GRI4-FS2/3

We have an internal process in place that allows us to identify, prevent and mitigate indirect environmental and social risks associated with projects and activities undertaken by our clients and investors and financed by us. Here we recognize business opportunities with positive environmental impact GRI4 FS2. For more information, please click on the following <http://www.grupobancolombia.com/webcorporativa/responsability/content/RE/analysisRSE.asp>

We enhanced our environmental and social risk assessment policy by extending this throughout our entire Organization, including newly designed documentation and processes and additional requirements based on the Equator Principles III in terms of human rights and climate change, that shall allow us to expand and improve upon our performance on a Group level.

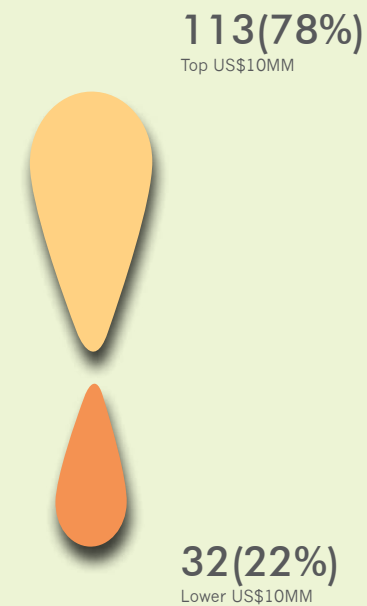
We evaluated 145 projects being financed by our different business units, 49 on the part of the Bank and 97 in the case of Leasing Bancolombia, 32 of which are worth more than USD 10 million, and in turn 20 of these received more than USD 10 million in project financing.

### Environmental and Social Risk Analysis

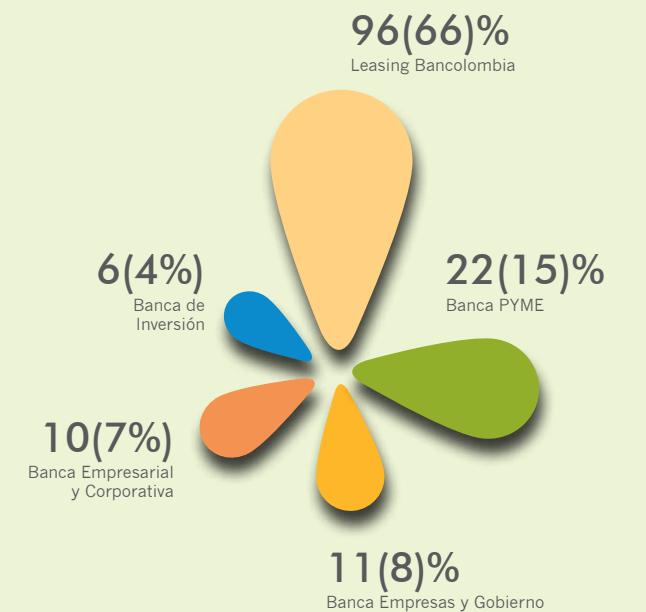
During 2014, increase the number of projects evaluated 20.7%

Sector and project	Category	Evaluation date	Country	Type of review	
				External	Internal
<b>Agro-Industry</b>					
Project involving the planting, sowing, cultivation and agro-industrial processing of palm oil covering 5500 hectares	B	26/03/2014	Nicaragua	X	
<b>Energy</b>					
Hydroelectric power station	A	13/06/2014	Colombia	X	
Hydroelectric power station	A	19/06/2014	Colombia	X	
Hydroelectric power station	A	29/10/2014	Colombia		X
Hydroelectric power station	A	20/08/2014	Guatemala	X	
Hydroelectric power station	A	29/10/2014	Colombia		X
Hydroelectric power station	B	04/12/2014	Colombia		X
<b>Oil and gas</b>					
Building and operating a pipeline	A	28/05/2014	Colombia	X	
Oil drilling	A	28/11/2014	Colombia		X
Oil drilling	A	07/10/2014	Colombia		X
<b>Infrastructure</b>					
New warehousing	C	15/08/2014	Colombia		X
Public infrastructure	C	21/08/2014	Colombia		X
Motorcycle manufacturing plant	C	21/08/2014	Colombia		X
<b>Mining</b>					
Hydrated lime production	A	13/08/2014	Colombia		X
Quarrying project (building materials)	A	12/08/2014	Colombia		X
Quarrying project (limestone)	A	22/10/2014	Colombia	X	
<b>Port services</b>					
Expanding and maintaining an airport terminal	A	22/07/2014	Colombia		X
Building a general-purpose maritime port (bulk and coal freighters)	A	09/09/2014	Colombia	X	
<b>Basic sanitation</b>					
Building an industrial wastewater treatment plant	B	28/08/2014	Colombia		X
Building and operating an area for handling and disposing of solid waste	B	06/11/2014	Panamá		X

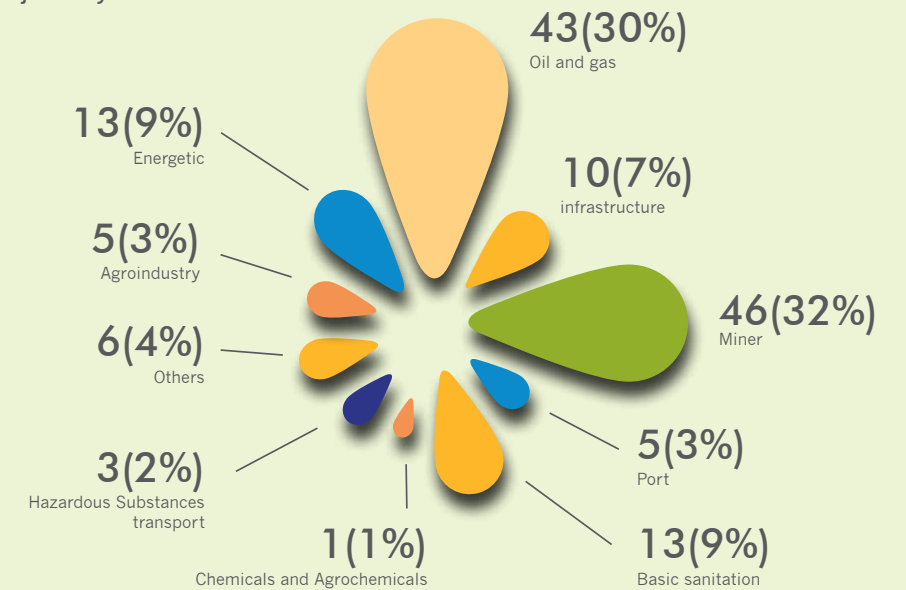
Number of projects evaluated based on the amount



Number of projects evaluated by business unit



Evaluated projects by economic sector



## Adherence to international protocols and principles

**The Equator Principles:** We adapted our processes to the new requirements contained in Version III of these Principles, these mainly relating to climate change, footprint metrics and prior consultation. We rely on the team work being conducted in Latin America so as to be able to share our experiences in implementing these practices.

**Green Protocol:** We continue to actively participate in this protocol, this year through a specific area set up to manage the strategies proposed at different meetings and their related activities.

**Eco-efficiency strategy:** : We helped with the structuring of a sustainable procurement guide for the financial sector under the auspices of the Colombian Ministry of the Environment, Housing and Territorial Development (MADS), in order to provide methodological guidelines for handling the procurement function within each financial institution based on sustainable criteria.

**Our sustainable business strategy:** In conjunction with the Colombian Ministry of the Environment, Housing and Territorial Development (MADS and other banks who have embraced the Green Protocol, we drew up a guide for our sales personnel with regard to tax incentives in Colombia. We also were involved with the first sustainable business opportunities workshop in the field of solid waste and worked with the CGFCC - SISCLIMA with the cooperation of UNEP and UNDP on the necessary capabilities and resources for fostering a sustainable business climate.

**AESR strategy:** We are currently helping to draw up the first Sectorial Guide on Waste and Environmental and Social Risk, this for the use of our sales personnel. Also meetings were held with the Colombian Environmental Licensing Agency to establish two-way communications with projects for which licenses have already been obtained as well as their current compliance status with local environmental authorities.

**Unep FI:** We continued to form part of this alliance together with more than 200 financial institutions sharing best sustainable practices in this regard.

**PRI:** In March 2014, we became the first company in Colombia to become a signatory of the UN's Principles for Responsible Investment. As part of this commitment, we published our own Responsible Investment Policy. As institutional investors, we are duty-bound to create long-term value for our beneficiaries. In our role as trustees, we believe that environmental, social, and corporate governance issues can affect the performance of our investment portfolios and recognize that the implementation of this policy helps us to act in keeping with society's broader objectives.

For the first time ever we were involved in the Colombo - Dutch Responsible Investment Initiative (CDRII), under the auspices of Sustainable Analytics, which is being funded by the Dutch Embassy in Colombia. This project is aimed fostering a more propitious environment for Responsible Investment in Colombia, creating an institutional framework and forming a knowledge bank with the companies involved in this Responsible Investment initiative, building up the capabilities of these same companies and finally further developing the market for sustainable investment in Colombia. The Bancolombia Group is a member of the advisory committee for this initiative.

**Global compact:** As part of our commitment to the Global Compact, we remain engaged with aligning our operations and strategies with the ten universally-accepted principles in four key areas of human rights, labor standards, environment and anti-corruption.

## Respect for all applicable legal and regulatory provisions as part of Bancolombia's policy framework

Committed to preserving the environment, we abide by all current environmental legislation putting into place procedures to reduce the environmental impact of our activities. We continued to actively participate in the Environmental Committee of the ANDI (Colombian Association of In-

dustrialists), so we remain permanently updated on all changes to Colombian legislation in this regard discussing and helping to introduce new environmental standards.

We also have our own Environmental Committee that meets on a monthly basis to discuss technical issues of a legal nature in all those countries where the Bancolombia Group is present.

## The most important progress made in this regard last year is shown as follows:

**We continued to put into place that stipulated in Resolution 1512 of 2010** with regard to Selective Individual Collection and Environmental Management System for Computer and Peripheral Waste. This work plan is being developed in conjunction with our supplier Belmont Tech.

- **With regard to Resolution 1457 of 2010**, regarding the implementation of a Selective Individual Collection and Environmental Management System for Used Tires both Leasing Bancolombia and Renting Colombia are drawing up a work plan.
- **In compliance with that stipulated in Resolution 222 of 2011**, relating to equipment containing polychlorinated biphenyls (PCB), we are 60% of the way through an inventory that we are taking of all PCB equipment owned by the Bancolombia Group.
- **We also responded to the Technical Ozone Unit - (UTO) attached to the Colombian Ministry of the Environment** regarding Bancolombia's air conditioning equipment and the refrigerant gases contained in such equipment in order to continue implementing and complying with the commitments acquired by Colombia in terms of the Montreal Protocol.

We also evaluated the Colombian renewable energy legislation, as regulated by Law 1715 of 2014, where we identified issues relevant to cre-

ating business opportunities, tax benefits for our clients and participating in the workshops held by the Colombian Government namely the UPME (Mining and Energy Planning Unit attached to the Colombian Ministry for Mining and Energy) for regulating said Law.

Last year, Renting Colombia began maintaining the trees planted along the roads transited by the fleets of vehicles belonging to clients of its TransporTempo subsidiary. We also helped with all the paperwork involved with the corresponding environmental authorities approving said program.

## Environmental Management System

We continued to beef up our environmental management system so as to continuously improve upon our environmental performance, in keeping with our internal Environmental Management policy introduced back in 2008, which was drawn up by representatives of each of our operating areas. Our internal and external auditing staff completed a thorough evaluation of this system, which enabled us to detect processes that had to be dealt with so as to ensure our continuous improvement and that these were fully compliant with ISO 14001.

The following environmental and social policies remained in place in 2014: FS1.

- Climate Change
- Controversial Issues in financing
- PRI
- Human Rights

We also formed a partnership with the WWF to include certain environmental and social criteria for different sectors of the economy criteria, thereby giving rise to our Webex educational strategy for our clients.

As for the amounts spent and invested in our environmental management system, these are broken down as follows:



## Breakdown of total environmental expense and investment

Waste and emission treatment expense as well as restoration costs	Costs	Environmental management and risk prevention costs	Costs
Sanitation rates	253.000.000	"Rational Use of Energy" Strategy	2.300.000
Hazardous waste disposal services	62.591.980	Technical Maintenance of Electromechanical Equipment	13.720.520
Clean-up costs on the Santa Elena plot of land	1.884.087.000	Changeover to more Efficient Equipment	157.200.000
		Designs of Environmental Infographics per Sector	350.000
		Design of Bancolombia's Environmental Report 2013	3.298.000
<b>Total</b>	<b>2.199.678.980</b>	<b>Total</b>	<b>176.868.520</b>

**Total environmental investment \$ 2.376.547.500**

### Sustainable Business (GRI FS8)

We continued to structure our sustainable business model that includes financial and technical assistance for client projects that provide social and environmental benefits. We conducted 74 client visits, some in the company of our service providers, identifying a total of 165 business opportunities, thereby providing added-value technical assistance in seeking innovative solutions that have a positive impact on the environment.

We helped 67 clients to identify environmental tax benefits when investing in sustainability.

We also set up our own green line of credit aimed at projects involving cleaner production, energy efficiency and renewable energy, thereby complementing our existing portfolio of products and services provided by development banking and the environmental lines of credit provided in conjunction with the Secretary of State for Economic Affairs attached to the Swiss

Government (SECO), with which we have worked for seven years, and which are also offered by Leasing Bancolombia.

We have expanded our portfolio of environmental suppliers and service providers in providing greater support and national coverage. We have currently partnered with a total of six firms: Azimuth Consulting, Garper Energy Solutions, MGM Innova Services, Ambientalmente, Gaia SAS and the National Cleaner Production Centre.

#### Participating in industry events:

We gave conferences at 15 of these events, where we presented our sustainable business model, our green lines of credit as well as the technical support we provide as a group. The following were the events in which we took part, which were attended by approximately 350 clients.

- Green Financing Workshop, Guatemala, November 24 and 25, 2014.
- Expoagrofuturo Fair, September 2014
- Green Business Workshop, Asobancaria and Green Protocol. September 2014.
- Event staged by the Bogota Environmental and Cleaner Production Department. May 2014.
- REDD + Cartagena event. April 2014.
- Cleaner Production Agreements with Corantioquia. January 2014.
- FIMA (International Environmental Fair) Business Roundtable, where our line of financing for energy efficiency projects and renewable energy was presented. June 2014.
- IDB's REED Sustainable Projects, Cartagena, April 2014.
- Biodiversity Talks: The future of environmental offsets in Colombia. Bogotá, May 2014. Universidad de los Andes.
- Experience and business opportunities in managing environmental and social risk. Brasilia, August 2014. BNDES IDB.
- The role of the private sector in climate finance. Bogotá, November 2014. DNP.
- Responsible investment, Medellín. November 2014 RS.
- Responsible investment, Bogotá. November 2014 RS.
- Green infrastructure, Lima. December 2014. COP20.
- Latin America and the Caribbean's Climate Finance Day, Lima. December 2014. COP20.

### Financing sustainable business (Colombia)

	Amount / COP	No. Operations
Green Line (Leasing Bancolombia and Bancolombia bank)	\$75,902,779,663.26	20
SECO Line (Leasing Bancolombia and Bancolombia bank)	\$1,358,000,000.00	3
Rediscount Lines (Bancóldex, Findeter) Bancolombia bank	\$7,150,000,000.00	6
Rediscount Lines (Bancóldex, Findeter) Leasing Bancolombia	\$9,131,055,808.00	4
Leasing Bancolombia	\$36,961,224,483.00	12
Ordinary Loans	\$57,447,000,000.00	7
Sufi third party channels. Financing for electric motorcycles	\$28,998,800.00	12
<b>Total Financing</b>	<b>\$187,979,058,754.26</b>	<b>64</b>



### BanCO2

- We continue to support the BanCO2 project, which is a payment strategy for environmental services enabling companies, institutions and the public at large, to calculate and offset their carbon footprint through our website, thereby encouraging the conservation of natural forestland and improving the quality of life of the rural workers who live there. The activities carried out as part of this initiative included:

- Signing a partnership agreement with the Natura Foundation to support productivity and ecotourism projects that benefited 26 families.
- We helped to draw up a Code of Good Governance for this BanCO2 project.
- In conjunction with different environmental authorities we included the BanCO2 payment model for the ecosystem services rendered.

For more about the BanCO2 project, please click on the following [http://banco2.com/BCO2\\_WEB/infografia.do](http://banco2.com/BCO2_WEB/infografia.do)

### The Santa Elena Plot of Land

In 1987, Banco de Colombia received from the Colombian Federation of Cotton-Growers a plot of land on the Mamonal highway in Cartagena, in the form of a payment in kind. This land showed trace contamination due to herbicides and pesticides deposited on the ground prior to its being received as payment. Since then the Bank has had to take measures to correct this situation. During 2013 and much of 2014, we managed to clean up this land. The results to date continue to show the benefits of the methodology applied.

The entire clean-up process has been duly monitored by the Colombian environmental authorities to whom we have rendered periodic reports.

However, it is within the bounds of possibility, that some residual compounds and waste still remain and this is scheduled to be rectified. This new stage shall begin during the first quarter of 2015.

The communities adjacent to this land have welcomed this project and have been informed of the progress made to date.

### Human Rights

- In 2013 Bancolombia issued its human rights policy "Respecting, encouraging and remediating human rights", as part of our support for and commitment to the Global Compact and the Equator Principles, which also under the UN Ruggie Framework included in our Humanistic Banking approach".

Here we defined our commitment to monitoring and guiding our clients and suppliers in protecting and promoting human rights. Since 2013, we have been incorporating human rights in our environmental and social risk assessments of clients and suppliers alike. We have consequently included a Manifesto of Human Rights in the contracts entered into with our clients as well as a clause in contracts signed with suppliers and contractors. We also included various human rights requirements in our Requests for Proposals forming part of our RFP valuation models.

- We analyzed the risk of human rights violations in the case of 94 subsectors of our economy in order to establish controls over loans being issued to the more critical cases in this regard.
- Another important highlight was having included human rights policy guidelines in the Bancolombia Group's Code of Ethics.

### Success stories

In keeping with our commitment to human rights, in 2014 we decided not to fund an energy project in Central America since it violated the rights of adjacent communities as well as the employees of the company carrying out the project. We also rejected another project in Colombia's mining sector for violating the human rights of employees and failing to perform due diligence with its affected communities.

In terms of our Supply Chain, after consistently promoting human rights and sustainability for a period of five years, we decided to terminate our relationship with two of our suppliers for violating the human rights of their employees and failing to remedy the situation.

### Qualitative Annotation – Corporate Management Report

The Bancolombia Group, as a regional stakeholder with presence in 11 countries, complies in a responsible and timely manner as tax contributor, in the understanding that taxes should be paid there where the Group operates. This makes profound sense in the social sphere given that said resources leverage the development of the communities in which we are present as a means to contribute to the fiscal sustainability that their Governments promote through the various measures that they have implemented aimed at ensuring healthy public finances.

With the purpose of meeting fiscal obligations in a timely fashion and in compliance with regulations in effect, we are constantly reviewing and analyzing the laws, decrees and concepts issued by national and territorial entities.

In the years ahead, the tax contribution of the Group will be impacted by the Tax Reform issued in the year 2014.

The Bancolombia Group has contributed to the fiscal finances of every country where we have presence through dutiful payment of the corresponding taxes.

The following graph details the proportions of its total taxes that the Group has paid in each country:

Taxes paid by region	
Region	Taxes paid
Colombia	891.442
El Salvador	97.268
Panamá	83.580
Perú	3.060
Islas Caymán	184
Costa Rica	38
Puerto Rico	9
Guatemala	1
Estados Unidos	-
TOTAL	1.075.582

In millions of Colombian pesos

Being part of a highly regulated and monitored sector and one upon which the largest share of taxation is levied, along with the importance that Bancolombia bears for the national fiscal collection, serves the purpose of the Group's strategy, since this constitutes an ongoing encouragement for us to perform this function within an ethical framework focused on the perdurability of our business, as we understand that we will only be able to progress in societies that are developing in a sustainable manner. Growth in local economies within a globalized framework and with a significant number of free trade agreements and double taxation prevention treaties, along with some legal restrictions that modify operations and the taxes associated with financial products, have various implications in each one of the jurisdictions.

Uncertainty related to the tax legislation and its interpretation poses a risk, given that at present changes in taxation norms are frequent with potential impacts on the fiscal burdens and in turn, on financial statements. This is represented in the new tax reform regulation that the Colombian Government has issued though Law 1739 of 2014, which modifies Law 1607 of 2012 and brings important changes that will start to be reflected in the coming years.

In addition to the above, each year the list of fiscal havens is updated and that may affect the business of Grupo Bancolombia and consequently its financial results, given that operations conducted by our clients with companies located in the fiscal havens may be subject to withholding taxation at a 33% tax fee, and they would also have to meet transfer price obligations. This has given rise to countries signing information exchange agreements with the aim of promoting international cooperation in tax matters as well as double taxation prevention treaties.



# BRAHMS' SYMPHONY

By: Andrés Delgado. Medellín.  
Illustration by: Alex Sarmiento.

According to the legend, one night, at one of the city hills, a man went out to his house deck to enjoy the breeze. Darkness in the sky was totally hosted and the gleam of multitudinous yellow lights could be seen down the hill. The tiny lights looked like the living ashes of a gigantic fire. The man was silently thinking about the absence of sounds, but also about the music.

Both entities belonged to the same order and he found pleasure with silence and music and with loneliness and company. These aspects were for this man like intellectual and emotional exercises; music and silence; reasoning and emotion; loneliness and company. He remained this way for a while until the moment he wanted to continue listening to the night but with Brahms' compositions.

He went to his studio and approached the couch near the stereo; he adjusted the headphones and played one of the symphonies. He concentrated on the magnificence of that vigorous, strong, and splendidly executed body. He closed his eyes and imagined he was seeing the entire orchestra playing the symphony. The imaginary lines formed by the violinists' bows on the air; the director moving his baton; and the flautists' eyes embedded in the scores. He imagined the empire of sounds mixed in a masterful manner. This was his intellectual exercise. But then he wanted to stop thinking and started to feel emotions. Now it was just emotions; placid and clean music. He felt his weightless body filled with an endless peace. His reality was changing... his reality.

His body was not a body anymore; it was a spirit, a concentrated steam. It was also the

power of music. The man was floating. His body was vanishing and he unfortunately couldn't evade Brahms' effect. Concentrated. His body disappeared from the studio.

Brahms' composition was playing cleanly and in frequency with the universe harmony; all of a sudden, the concert stopped and the man couldn't recover his physical state. He remained floating on a black and peaceful space, just like a lost soul does. He was totally desperate. He was in panic slapping and kicking under his weightless condition, just like a ghost, within a dark and lifeless space. Stuck in nameless time and place, with no floor or bottom; a state that made him feel asphyxiated with darkness and emptiness. It was terrifying! A couple of seconds elapsed and music started again.

The man immediately recovered his physical state, sitting in his studio. He was breathing again, felling his arms and legs and watching his books and desk. What it happened when he remained suspended in the infinite was a change of a musical piece, from an Allegro to an Adagio. But he had not anticipated that because he did not know that symphony well. The man understood that he could be kept in the space forever. The legend tells us that if you are going to listen to Brahms' songs you should first know the musical composition, its tone variations, its peaks, its voids, its distresses; you should know by heart all the motions of the composition. Otherwise, and if you exceed your concentration status, you might vanish in the dark universe of silence.

## Culture Music

To open your mind and soul and to know the world and approach several musical expressions are the notes of a universal melody that encourages us to transcend as a society.





## The Bank's Legal Situation

In 2014, Bancolombia conducted its operations and business transactions in strict accordance with current regulations, under the oversight of the Colombian Superintendency of Finance.

Its financial results have been faithfully reflected in its financial statements and all relevant information publicly disclosed using the channels enabled for such by the Colombian Superintendency of Finance and the Securities and Exchange Commission (SEC) in the United States.

The main contingencies arising from legal proceedings are disclosed in the notes to the financial statements.

Since the end of the fiscal year of 2014, the Bank has not been made aware of any significant events that could adversely affect its economic, administrative or legal situation

## Free circulation of commercial invoices

Pursuant to the provisions of Law 1676 of 2013, we hereby certify that we have duly complied with the obligations that bind Bancolombia to receive and pay invoices issued for its account. To facilitate the free movement and payment of said invoices, we have adopted several measures aimed at ensuring that bills are duly processed and opportunely paid, in order to meet with due diligence the discounts requested by our suppliers.

## Compliance with intellectual property and copyright legislation

Pursuant to Article 47 of Law 222 passed in 1995, as well as Article 1 of Law 603 of 2000, we hereby inform our shareholders that Bancolombia has duly complied with all intellectual property and copyright legislation in carrying out its business purpose, possessing the corresponding rights and/or authorizations, as part of the contracts entered into with owners or authorized distributors of such intellectual property and / or copyright.

Our own Bancolombia trademark as well as other relevant trademarks are duly registered. In Colombia, the Bank has registered 203 trademarks, 17 commercial slogans, 14 commercial emblems and 15 trade names; having registered another 190 trademarks and 2 commercial slogan abroad.

At December 31, 2014 and since then, we have not been made aware of any pending legal claims on the part of authorities or third parties involving possible violations of intellectual property or copyright legislation.

**At December 31, 2014 and after the close, we are not aware of outstanding claims by authorities or third parties involving possible violations of the intellectual property rules or copyright**

## Internal Control Report

In terms of our internal controls, the Bancolombia Group deploys a model based on the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This model was updated in 2013 to reflect the characteristics of a financial organization with an extensive regional presence such as ours.

The following is our Internal Control Report, as presented to our shareholders, which contains an assessment carried out by Senior Management as well as the findings of independent audits conducted by both our statutory auditing firm and our internal auditing staff.

Similarly, we include a report on the activities carried out by our Audit Committee.

### Senior Management Report:

Based on the activities and assessments conducted by Senior Management, the Bank's internal control system at December 31, 2014 produced positive results in terms of its effectiveness. The control weaknesses detected had no material impact on the financial statements of 2014.

The results of the assessments made by Senior Management with regard to the different components and principles of the COSO I model are presented below:

### Control Environment

Senior Management articulates and demonstrates the importance of integrity and corporate values, setting the tone at the top of our Organization by applying all those ethical principles

contained in our Codes of Ethics and Good Governance that govern all our employees. Employee understanding and adherence to these codes was evaluated in 2014, producing a good level of results. The Group has a structure in place, along with the corresponding policies and procedures to provide reasonable assurance regarding the achievement of its objectives, where it has continued with its strategic planning based on the Group's 20/20 Vision and its employees were duly notified of the progress and achievements made with the goals set for 2014.

The Board of Directors has remained in charge of promoting a culture of risk control within the bank that has been extended to the other companies making up the Bancolombia Group. Likewise, roles and responsibilities have been defined in terms of risk management, internal controls and their corresponding assessments, along with clearly established reporting channels. As a result, we have considered the risks relating to the Group's strategic definition of its business processes so as to be able to properly manage these.

The Board of Directors has also ensured that the Group's internal control architecture covers all of its companies and lines of business, establishing responsibilities for implementing these policies and guidelines and clearly defining the respective reporting channels so as to facilitate a more comprehensive view of the risks to which the Group is exposed as well as to put into place any other controls that may be required.

Employee remuneration plans are periodically reviewed in keeping with the Bank's objectives and market conditions. Additionally, job descriptions have been drawn up stipulating the skills, abilities, aptitude and expertise that our employees must have in order to fulfill their duties, and these are subject to bottom-up and top-down performance evaluations as well as conversations with their superiors designed to recognize or enhance their individual efforts. We also continued with our employee training courses, both personally attended and on-line, which included content relating to regulatory compliance, risk prevention, information transparency and internal controls.

On an annual basis, the Bank's internal control system is evaluated by its Senior Management to make sure that all the corresponding components are in place and working properly in keeping with the 17 principles of our Internal Control System (ICS). The results of these assessments were duly validated by our Internal Auditing Department as well as our Statutory Auditing Firm.

Both the Board and Senior Management have given their wholehearted support to the "Zero Tolerance" Anti-Fraud campaign, the application of which was reinforced in 2014 for all employees, which has been relayed by different messages underscoring our ethical commitment as well as our duty to report any wrongdoing via the Ethics Help Line or the Group's Security Department. Similarly the Anti-Fraud Program was monitored to prevent and mitigate the risk of fraud.

### Risk Management

As a financial group, we are committed to upholding an optimal risk management model that allows us to properly manage our business risks and achieve the strategic results we expect. From the standpoint of internal control, and in addition to disclosures regarding risks as contained in our Annual Shareholders Report, it must be noted that the Group has identified potential risks based on how well we know and understand our business, taking into account quantitative factors as well as their probability of occurrence, while applying qualitative criteria associated with the type, complexity or structure of the respective line of business. Based on the above, we assessed wide range of risks, including credit, market, liquidity, operating, financial reporting, business continuity, fraud, asset laundering and the financing of terrorism, using our risk management systems. The Group has put into place a risk map, which identifies and monitors the financial and non-financial risks to which it is exposed. The Board of Directors meets regularly and periodically oversees the bank's exposure to maximum risk limits and proposes any corrective actions and follow-ups to correct any anomalous situation

Likewise, we determined the extent of our compliance with the Sarbanes-Oxley Act of the United States, as a listed issuer on the US market, and we conducted different trial-runs on all those processes included in our financial report in order to identify the related risks, claims and controls.

On the other hand, and having adopted the International Financial Reporting Standards (IFRS) we evaluated the impact of said standards on each of the transactions and processes corresponding to all the companies that make up the Bancolombia Group so as to be able to draw up the opening balance sheet and financial statements for the year 2014.

This methodology allowed Senior Management to measure our risk exposure more efficiently while obtaining a more comprehensive view of how this is controlled, the effectiveness of such controls and the residual risks obtained, which served as input for consequent decision-making as well as subsequent risk mitigation plans. In all those cases where a material risk was detected, these losses were measured, recorded and reported to the appropriate management levels, which in turn took action to minimize future impacts. Management policies and maximum exposure limits are approved and monitored by the Board of Directors.

### Control activities

In order to manage the risks thus detected, we reviewed, analyzed and monitored the results obtained in order to detect potential problems or errors in our financial reporting as well as the presence of fraudulent activities so as to apply the necessary corrective measures. This according to the Bank's policy and risk culture, and which are governed by specific activities and controls. We also effectively apply all policies, processes, controls and metrics with regard to risk management.

The Board of Directors through its Audit Committee ensures the existence of an adequate internal control system, consistent with the Bank's risk management policy, the effectiveness of which is

supervised by the Board. The Bank requires that all its employees apply the principle of self regulation so that in conducting different processes this is considered as an inherent part of the scope of their responsibility and serves as support for the decisions made.

In terms of processes, duties have been segregated as a control for mitigating the risk of omitting or tampering with information. There are also general and specific controls for applications, that have been specifically designed and deployed to ensure the proper functioning of programs and technological platforms, as well as inventory controls and spreadsheet monitoring in support of our accounting function. Processes were also updated by those responsible for handling such.

Finally, every six months, the Bank evaluates and certifies employee access to applications to ensure due compliance with the respective policies as well as the responsibilities assigned to each position.

### Information and communication

Our Organization strives to provide our employees and stakeholders with clear, consistent and timely information and have policies in place for handling such. In this regard, the findings of different audits carried out allowed us to conclude that we have systems in place that ensure the security and quality of our information, as well as a governance structure for processing data with clearly-defined requirements on how to receive, interpret and process the information obtained from internal and external sources. The Group has an organizational culture in place where both senior management and employees manage the risks associated with their own activities and help design the appropriate controls.

Our risk culture, philosophy and policies are disseminated from top down and transversely across the entire Organization, along with the exposure limits approved by the Board. This enables us to consider the risks and controls inherent to each of our activities. We also

have a top-down, bottom-up information reporting structure that is accurate, complete and easy to understand so as to facilitate the decision-making process with regard to risk management and our internal controls.

This structure allows Senior Management to involve the entire Group in a collective responsibility for our risk management function as well as for defining the corresponding controls so that all employees are able to understand their roles in terms of risk management, identifying the controls in place and their individual contribution to the work of others. Similarly, we have adopted the latest COBIT standards in support of all our IT processes thus ensuring adequate levels of information confidentiality and safekeeping as well as policies governing the custody of such information.

To supplement the above, we are encouraging a more collaborative culture with a view to renovating the Bank's internal information site so as to fast track the flow of information to our employees.

In 2014, we informed all our employees of the relevant issues affecting our internal control system and in violation of our ethical conduct. This was conducted using our corporate bulletin boards, internal communications and our own CCTV facilities. Here we firmly underscored our zero tolerance to fraud, and whenever we did discover instances of internal fraud, we promptly communicated this situation to all our employees together with the sanctions that were applied.

The latest trends and best practices in relation to the internal control system were reported to Senior Management and the Audit Committee. Employees, suppliers and clients alike can anonymously report any illegal or unethical behavior or situations that go against our risk management culture and controls via our Ethics Help Line. Furthermore, the Bank's Board of Directors and the

Audit Committee were duly informed of the matters thus reported. The Group complied with all its reporting obligations both with the market and the corresponding oversight authorities.

### Monitoring

The Board of Directors, through its Audit Committee is responsible for overseeing the effectiveness of the various components of the Group's Internal Control System. Senior Management, who is responsible for the Group's processes, acting as the first line of defense, as well as the related support areas -acting as the second line of defense, duly supervised the more salient business processes. This is carried out by means of indicators, metrics, and committee meetings, among others. Annual self-assessments are performed on all those controls affecting the Bank's financial reporting, identifying control weaknesses and devising the corresponding action plans.

The Group's monitoring activities are aimed at providing reasonable assurance of the effectiveness of the Control Architecture, which mainly involves our internal auditing staff with the help of the Statutory Auditing firm with regard to matters falling under its authority, particularly with regard to all financial information reported by the Organization.

Our Internal Auditing Department presented a general work plan along with how much of this was accomplished during the year. The results of the monitoring conducted by both Senior Management and the oversight authorities were duly discussed amongst the different areas involved, and transmitted to the higher managerial levels whenever necessary. The Audit Committee, meanwhile, was responsible for monitoring the action plans and the progress made with such, as reported by the internal and statutory auditing staff. The Audit Committee kept the Board of Directors permanently informed of the progress made with their activities.

### Internal Auditing Report

The results of an assessment conducted by the

Internal Audit staff on our internal control and risk management systems with regard to their working order, existence, effectiveness, efficiency, reliability and reasonableness, were satisfactory and no material or significant shortfalls were identified with the Bank's process controls and financial reporting mechanisms.

The Internal Audit assessed vital business processes such as the handling of credit cycles, capital markets, risk management systems, life cycles of technological solutions (change management as well as designing and enabling new solutions), security management, channels, strategic partners, financial and accounting management, among others. Similarly new methodologies were introduced for evaluating the various processes relative to the credit cycle, that is to say CSA, ongoing audits, structuring and implementing the methodology for analyzing credit risk models used by the Group for decision-making purposes. There were also various corporate projects that helped with the Organization's compliance and business strategy, that is to say DELTA, SARIC, IFRS.

We also duly audited the trades performed at front and middle office level with regard to Bancolombia Group's investment portfolios, evidencing adequate compliance with policies, procedures and controls in place for manage operating, market and liquidity risks in handling the Bank's proprietary position as well as client funds.

Audits were also performed on the security controls of our information systems by running ethical hacking tests. We also audited our database security and management functions as well as our business continuity on all four fronts, namely Technology, Infrastructure, Processes and People. Audits were also performed on critical cash management applications, branch office operations and the closing of our accounts, together with major technology platforms that support our banking services.

These audits revealed no significant breaches that could have a detrimental effect on our internal control system, and potential improvements were discussed with the users with whom action

plans were promptly drawn up. With the aim of enhancing the Organization's processes, the Auditing Department provided a series of recommendations that added measurable value to the Bank's comprehensive risk management system and the effectiveness and efficiency of its internal control system; also new innovation-based work plans were introduced and advances were made with knowledge management.

In performing these audits, all applicable standards and regulatory requirements were taken into account, as well as the policies drawn up by the Board of Directors and Senior Management, through the Audit Committee, along with the standards for the professional practice of Internal Auditing.

In carrying out these audits, the Auditing staff were given full access to all records and information required for such.

### Statutory Auditor's Report

In a report submitted to the Audit Committee as well as an opinion attached to the financial statements, the Bank's Statutory Auditing firm provided the following conclusion regarding the Bank's internal control system::

"Adequate internal controls were observed along with a proper preservation and custody of the assets belonging to both the Bank as well as those of third parties held in safekeeping. I have performed follow-ups on the recommendations made to improve the internal control system, finding that all significant recommendations were duly implemented as well as more than 70% of other minor recommendations, which in my opinion have no material effect on the Bank's financial statements"

### Audit Committee Report

In 2014, Bancolombia's Audit Committee continued to provide its support to the Board of Directors in monitoring the effectiveness of the internal control system belonging to the Bank as well

as the Bancolombia Group.

The Committee, through its monthly meetings, ensured the proper working order of policies and procedures and controls in place, the efficiency and effectiveness of the operations carried out, the reliability and timeliness of the information provided, as well as the prevention and mitigation of fraud all being essential factors in achieving the Organization's strategic goals on both an individual as well as consolidated level.

Through monitoring the functions and activities of both our internal auditing staff and the statutory auditing firm, the Committee was able to provide assurance that these effectively carried out their work plans, in an independent and autonomous fashion, that said plans were sufficiently adequate in scope and that the risk management systems functioned properly.

As far as financial reporting is concerned, 2014 was a year of enormous challenges for Bancolombia's Audit Committee. In addition to examining the results and other financial information presented to the markets, as disclosed in Form 20F filed with the Securities and Exchange Commission of the United States, the Committee, and as part of Colombia's plan to adopt International Accounting Standards (IAS), the Audit Committee made sure that the Bancolombia Group took the required measures for preparing, presenting and disclosing its financial information in accordance with these new standards as well as overseeing that the necessary controls were put into place and used.

Consequently, this Committee evaluated major policies for preparing its opening statements of financial position both on an individual as well as a consolidated level, as required by the Colombian Superintendency of Finance and also examined the qualitative and quantitative impacts that this changeover to the IAS would have on the Bancolombia Group.

Aware of the impact that fraud is having on the finance industry both at home and abroad, the Audit Committee was permanently engaged in monitoring the Organization's efforts to prevent fraud and monitor its zero tolerance for such, while strengthening our organizational culture in this respect.



The Committee also monitored other work fronts, such as our corporate IT security model, business processes such as bank reconciliations, checks on securities, accounting records, monitoring and controls, tax management, drawing up legal reports, the closing of books and the drawing up of financial statements, the safekeeping of securities, portfolio valuations, distribution channels and their current risk mitigation strategies, corporate projects and their impact on strategy, the business continuity plan, among others, where their performance was evaluated and action plans deployed to ensure their continuous improvement

On an international level, and from the parent company's standpoint, the Committee conducted an evaluation of the broker-dealer firm, Valores Bancolombia as well as the companies domiciled in Peru, Banco Agrícola in El Salvador and Banistmo in Panama. In the case of Banistmo, in 2014, the Committee helped to draw up and deploy a corporate model that included the structuring of the three lines of defense as perceived by Bancolombia, namely No. 1 Self-regulation, No. 2 Monitoring and support policies (these being the responsibility of senior management) and No. 3, Assurance and consultancy services (for which the Audit Committee and Board of Directors are responsible). This also included the progress made in terms of environmental issues, risks, controlling and monitoring information and communications, the adoption of the Bancolombia Group's Codes of Ethics and Corporate Governance, the implementation of the COBIT reference control model with regard to technological issues as well as introducing the Ethical Help Line, among others.

The information that the Bancolombia Group provided the market for the year ended December 31, 2014, as handled by the Disclosure Committee was sufficient, reliable, timely and reflected the real situation of our business.

Based on the statements made and upon completing the audits of both the individual and consolidated financial statements at December 31, 2014, along with the accompanying notes to the financial statements and the draft opinions on the part of the Statutory Auditor, the Audit Committee was able to allow these to be submitted to the shareholders for their subsequent approval.

## Attending to our financial consumers

In 2014, the bank carried out different activities as part of our financial consumer service model. In order to ensure that our financial consumers receive accurate information, we periodically check rates, tariffs and other consumer information made available on Bancolombia's website and make sure that our Telephone Help Line provides adequate advice on how to lodge a complaint with the Consumer Ombudsman.

We continued with our financial education strategy "Responsible Money Management" with informative and educational activities on our website, social networks, client messages as well as personally attended talks for employees. Also with the aim of reducing client grievances, we deployed our new "Root Cause" strategy for our more critical products. In addition to the new policies that were drawn up governing temporary and permanent payments to clients and with a view to speeding up this process, we designed a series of messages to our clients informing them of the current status of their complaints and/or claims.

Thanks to our efforts in conjunction with the Financial Consumer Ombudsman, we continued to monitor client complaints and design and plan processes or strategies to improve the services we provide.

Similarly, we carried out various activities in order to extend a culture of service within the Organization through strategies such as the Code of Service, the Ambassadors Network and Client Week.

In compliance with that stipulated in External Circular 029 of 2014 issued by the Colombian Superintendency of Finance, the Financial Consumer Ombudsman now reports on the different activities carried out.

## Operating Quality and Security

In 2014, Bancolombia continued to improve the quality of its transactions and the security measures in place, so as to ensure a speedy, straightforward, efficient and impeccable service, pursuant to that stipulated by the Colombian Superintendency of Finance in External Circular 042 of 2012.

We paid special attention to speed and simplicity by redesigning our Bancolombia App and Mobile Banking Website for a more unique client experience that is more intuitive and user-friendly. Efficiency was also addressed by means of a strategy aimed at migrating monetary transactions from our branch offices to our other channels, namely the Consumer On-Line Banking Channel, the Bancolombia App, Bancolombia a la Mano - Banking Correspondents (third-party stores and businesses acting as a financial inclusion channel), the Mobile Banking Channel and ATMs, so that clients do not have to go out of their way to visit a bricks-and-mortar branch office.

We are also working on increasing the volume of secure financial transactions in all our channels by deploying different security mechanisms. Firstly, we signed up a total of 106,676 clients for our Alerts and Notification service, whereby messages are received in real time regarding movements with their financial products all this free of charge 24 hours a day, 365 days a year.

We also implemented a strategy whereby we reduced transaction limits depending on whether or not the client performs transactions using the following channels: PSE Payment Button, Facturanet, the Telephone Banking Branch, the Consumer On-Line Banking Channel, the Mobile Banking Site, this in order to reduce on-line fraud.

Other measures were also implemented to enhance access security to all our channels, for which a second password is required for

transferring funds to the Ahorro a la Mano savings accounts via our Telephone Banking branch as well as the monitoring of transactions performed using the PSE Payment Button. We informed our clients of these latest enhancements by means of security recommendations to be taken into account when performing transactions via our different channels.

## Managing the Risk of Asset Laundering and the Financing of Terrorism

In 2014, we continued working on the prevention and control of money laundering and the financing of terrorism with process enhancements and a new corporate risk management methodology that allowed us to increase our efficiency in triggering alerts and become more assertive in defining controls. Similarly, we redesigned the alert evaluation process based on the critical nature of the risk involved and deployed tools for a 360 ° view of our clients, which again helped to increase the timeliness with which we analyze and report cases to the authorities.

In 2014, we continued to analyze the alerts produced by our transaction monitoring system as well as the media, requirements from external entities and notifications for our sales personnel, and whenever necessary, we reported these cases to the corresponding authorities. We also performed blacklist checks with new and existing clients, training our employees and clients in controlling and preventing asset laundering and the financing of terrorism, and analyzing different economic sectors and jurisdictions with higher risk exposures, taking all necessary measures to mitigate these. With regard to knowing our clients, we conducted activities with the staff

responsible for such highlighting the importance of this issue in being able to prevent risk.

On a corporate level, we continued to work on our compliance model, defining initiatives for standardizing our policies, processes and best practices on a regional level, that is to say in all those countries where we are present.

## Transactions with related parties

Transactions with related parties as performed in 2014 were properly recorded in our financial statements and duly complied with all applicable legislation. Note 30 to the financial statements contains a list of these transactions.

### Special Report On The Economic Group

#### Leasing Bancolombia S.A.

At year end, the main lending operations performed by this subsidiary included a loan portfolio of COP 1.324.983 million (including provisions totaling COP 16,177 million); as well as investments in bonds and CDs issued by Leasing Bancolombia for a total of COP 46,630 million. Bancolombia reported borrowings on the part of Leasing Bancolombia for a total of COP 600,923 million, this in the form of deposits.

The above operations provided Bancolombia with COP 52,006 million in interest and commission income as well as COP 28,641 million in interest expense on deposits.

#### Tuya S.A. Compañía de Financiamiento

At December 31, 2014, liabilities with this subsidiary in the form of deposits totaled COP 56,701 million. This produced an interest expense of COP 3,476 million.

#### Renting Colombia S.A.

At year end, the main lending operations for this Company corresponded to a loan portfolio of COP 190,698 million (including provisions for COP 2,325 million).

These produced interest income totaling COP 8,177 million

#### Banagrícola Group

At December 31, 2014, Bancolombia did not report any transactions with the entities that make up the Banagrícola Group.

#### Suvalor Panamá S.A.

At year end, Bancolombia S.A. recorded deposits with other corresponding banks amounting to COP 81,948 million. In 2014, Bancolombia S.A. issued loans to its subsidiary Bancolombia Panama S.A., for a year-end total of COP 1.985.742 million.

This produced an interest expense of COP 50,792 million for Bancolombia.

#### Inversiones CFNS S.A.S.

At year-end, the main lending operations with this company corresponded to a loan portfolio of COP 172,440 million (including provisions amounting to COP 2,102 million). These operations produced revenues of COP 20,177 million.

#### Banistmo S.A.

At year end, Bancolombia recorded deposits with other corresponding banks amounting to COP 473,373 million. Bancolombia recorded a year-end total of COP 478,492 million in interbank funds sold with its subsidiary Banistmo producing year-end revenues of COP 2.183 million.

#### Other Operations

Bancolombia received deposits in both savings and checking accounts belonging to Fiduciaria

Bancolombia, Valores Bancolombia and Banca de Inversión Bancolombia, which at year-end totaled COP 77,821, COP 22,917 and COP 73,069 million respectively. This corresponded to COP 9.507 million in interest expense and other items for Bancolombia.

## Article 446 of the Code of Commerce

Other reports required by Article 446 of the Code of Commerce have been duly disclosed in the financial statements and accompanying notes.

## Strategic risk management

### Risk Management Report

**We assessed all those operating, market and credit risks that could have an impact on both our Organization and stakeholders, in a timely, rigorous manner, as part of our innovative risk management function. Here we drew up strategies to adequately anticipate such risk and where possible turn these into profits.**

During the year, we continued to consolidate Bancolombia Group's international expansion having acquired HSBC Panama, now known as Banistmo. Although this was a challenge for the Group, we were able to extend our comprehensive risk management model throughout our Organization, achieving a great deal of progress and positive results in standardizing the policies and procedures put into place by the Bancolombia Group with regard to credit, operating, market and liquidity risks amongst others.

Under the auspices of the Colombian Superintendency of Finance, we deployed a Risk-Based Supervision methodology throughout the entire Group, in which the respective supervisor is in charge of assessing the various business areas and the quality of its management systems and internal controls so as to identify the areas posing the greatest risk and concern and focusing their supervisory efforts mainly on those areas. After just two official inspections, the results obtained to date have been good, evidencing appropriate levels of risk management and well-established competent structures within the different organizational areas.

The Bancolombia Group's comprehensive risk management system was developed in compliance with current regulations and internal standards defined by the Group's Board of Directors with regard to credit, market, liquidity and operating risks. Our risk management activities are fully integrated and coordinated with the rest of the Organization's activities, for which advanced methodologies are used to identify the different risks to which we are exposed.

The Board of Directors reviews and approves resources, structures and processes required for the Organization's risk management function, and in supervising such receives the support of the Risk Committee, which is the area responsible for advising the Board with regard to issues concerning the approval, monitoring and control of policies, methodologies, tools, guidelines and strategies for identifying, measuring, controlling and mitigating risk.

Our Risk Management Department is made up of highly-skilled officers able to comprehensively handle different risks inherent to the Bank's activities, this as part of their own responsibilities and duties for which it has the required technological infrastructure to obtain the necessary information with which to handle and monitor all types of risk, based on the type of operation performed. This has allowed the Risk Department to draw up and present consolidated risk management reports.

Likewise, the Bank has properly documented processes in place, with which we check that operations are fully compliant with the agreed terms and conditions and are properly registered in

books. Similarly, the Internal and External Auditing staff keeps track of the Bank's operations and opportunely reports on all issues required by current regulations.

Our major achievements in handling the main risks to which we are exposed included the following:

With regard to handling credit risk, amongst the tools used for monitoring our loan portfolio and the corresponding provisions, it is worthwhile noting that we were able to join up our past due loan forecasts and provisions with our growth strategy, impairment expectations and financial forecasting risk in a single model. This also including business expectations, historical performance trends with our loan portfolios prospects going forward within the business environment. Based on this, we were able to draw up estimates of key risk indicators for each company, product and segment. These estimates form part of our financial planning, as well as our sales and collection targets. Similarly, in 2014 we continued to develop tools for automating our workload in terms of loan origination and extracting information.

As for market and liquidity risk, it is worth noting that we included new methodologies and management models (VaR, Incremental VaR, Marginal VaR and Component VaR simulators) as well as improving the existing ones (probable maximum withdrawal model). Significant improvements were also achieved with the exposure indicator for short-term currency operations as regulated by the Colombian Central Bank, re-defining liquidity alerts as well as policies and limits governing our foreign currency liquidity.

On the other hand, with regard to operating risk we made significant progress with our pricing models, premium estimations as well as optimizing our insurance policies for more efficient coverage. We therefore renewed our global banking policy obtaining much better terms and conditions, this based on the Bancolombia Group's actual needs and risk profile.

As part of our strategy to consolidate our comprehensive risk management on an international level, which began in 2014, we were able to draw up different risk maturity models as a tool for describing the key issues that are expected to arise and that

can be handled based on their level of maturity. These maturity models shall provide valuable input for our risk planning function since they shall help us identify the current level of maturity of each element of risk so as to be able to define a target for the entire Group.

### Credit Risk

With regard to handling our credit risk, measures were taken in 2014 in support of our profitable growth strategy and the consolidation of our international business.

In keeping with these guidelines, certain improvements were introduced to our tools, models, policies and processes that led to a more enhanced risk selection in the case of private individuals, enabling us to recover a greater amount of past due loans in the case of Banistmo, which recorded an early default indicator for the preceding year which was a lot higher than the average levels posted by the rest of the Group's subsidiaries.

In January 2014, we introduced a new financial analysis and rating application for our corporate clients. This replaced the existing one, and shall help us adhere to best credit management practices on a global level. This has allowed us to improve our efficiency in conducting credit evaluations and represents important synergies since the entire Group shall be using the same tool. This shall also allow us to prepare ourselves for adequately assessing all those clients who are now presenting their financial statements under IFRS. This system is still at a developmental stage and is scheduled to be up and running by the first half of 2015.

In 2014, significant progress was made with standardizing our internal provision models. By aligning the principles applied across the entire Group, we are ensuring the same standardized measurements and estimated risk profiles for each of our subsidiaries. This has been a fundamental step towards consolidating our financial statements under IFRS. The most important progress made on this front includes the Probability of Default (PD) and Loss Given Default (PDI)

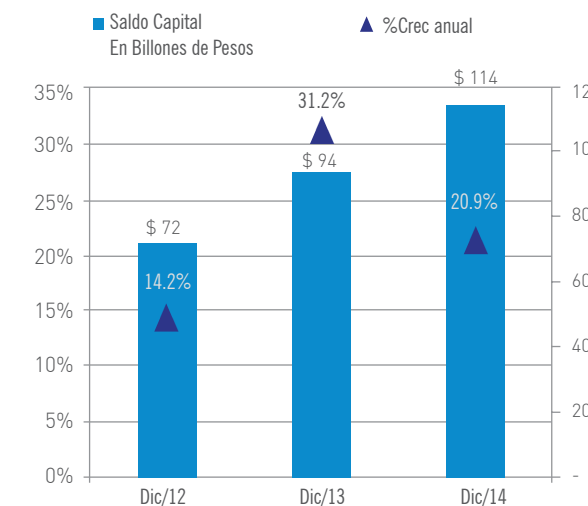
models that were deployed in both Banistmo and BAM, based on their own individual credit history.

### Results for the Bancolombia Group

Although our line of business loans has shown the fastest growth, it has also recorded the most impairment, this due to the amount of past due loans mainly with clients from the oil and commodity sectors. To counter this, we have taken a number of actions that have begun to have a positive effect on our early default indicator. It is important to mention that coverage rates are maintained at adequate levels.

In 2014, the Bancolombia Group presented a year-on-year increase of 20.9% with its gross loan portfolio, which was lower than for the previous year, due to our profitable growth strategy, as well as having established stricter requirements for granting consumer loans in order to maintain adequate levels of past due loans.

### Gross Loan Portfolio Bancolombia Group



In billions of Colombian pesos

Notes:

These figures do not include employee loans. Including Bancolombia, Leasing Bancolombia (Financial, Operational and Stand-Alone

Our past-due loan ratio declined from

2.8%

at year-end 2013 to 2.7% at year-end 2014

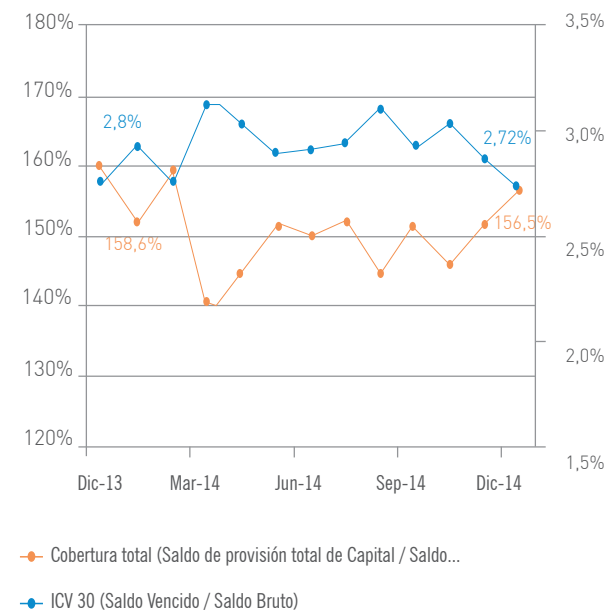
Trusts), Factoring Bancolombia, Tuya, Bancolombia Panama, Bancolombia Cayman, Bancolombia Puerto Rico, Bancolombia Peru, Banistmo and Banco Agrícola. Including the loan portfolios of our subsidiaries abroad converted to Colombian pesos. Before inter-company eliminations

Our past-due loan ratio declined from 2.8% at year-end 2013 to 2.7% at year-end 2014, this mainly due to the a higher value of our gross portfolio versus a lower degree of impairment to our consumer loan portfolio in Colombia, thanks to the adjustments made in our lending policies and the collection campaigns staged to recover past-due loans. It is also worthwhile pointing out the success we have had with Banistmo's collection strategy, reducing its 30-day past due indicator from 5.16% at year-end 2013 to 3.71% at year-end 2014.

Our provision coverage indicator also dropped from 159.3% to 156.5% year-on-year, due to a further deterioration in some segments, especially SMEs, given a slower growth in much of the year. It should be noted, that this contrasts with the results of the last two months of the year, given a greater amount of loans issued. On the other hand, coverage for loans more than 90 days past due remained at above 265%, which is considered sufficient to mitigate any further risk.



### 30-day Past Due Loan and Provision Coverage Ratios



**Notes:**

These figures do not include employee loans including Bancolombia, Leasing Bancolombia (Financial, Operational and Stand-Alone Trusts), Factoring Bancolombia, Tuya, Bancolombia Panama, Bancolombia Cayman, Bancolombia Puerto Rico, Bancolombia Peru, Banistmo and Banco Agrícola.

Including the loan portfolios of our subsidiaries abroad converted to Colombian pesos.

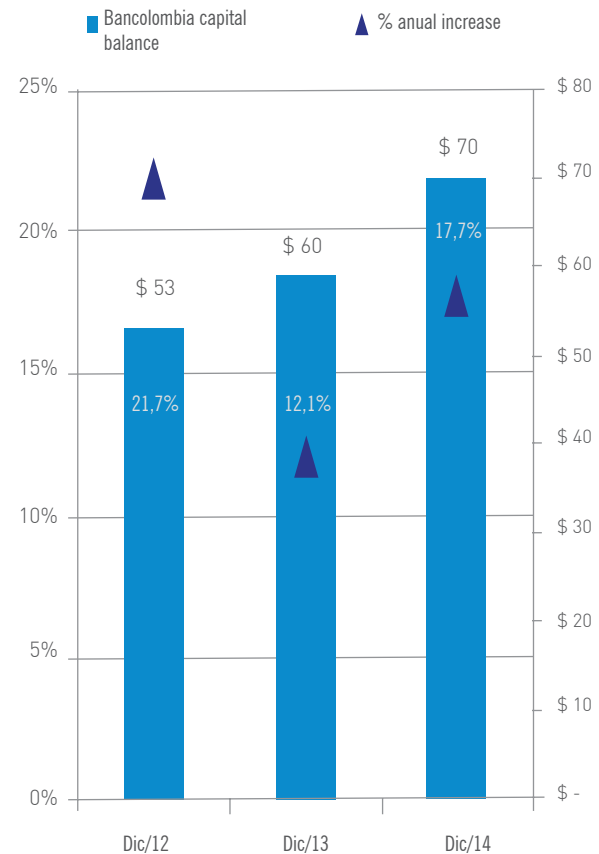
Before inter-company eliminations

### Results per Subsidiary

With regard to the results reported by each individual subsidiary in the case of Bancolombia its loan portfolio rose by 17.7% which was higher than for 2013. Its business loan portfolio scored the highest growth, mainly due to having migrated Factoring's loan portfolio to the Bank's own books, along with a higher amount of loans granted during the last few months of the year, averaging out at COP 8.9 billion compared with an

annual average of COP 6.3 billion. On the other hand, consumer and housing loans obtained the lowest growth rates compared to previous years.

### Bancolombia gross portfolio balance Figures in billions of pesos



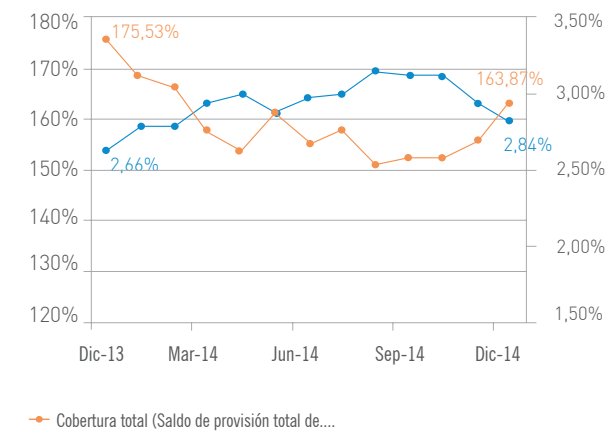
**Note:**

These figures do not include employee loans. The figures at the end of 2014 include the Factoring portfolio which was assigned to the Bank.

This slower growth continued through much of the year, as a result of our profitable growth strategy and stricter lending policies. However, given how well our consumer loans performed, we were able to relax our policy a little and encourage a greater growth over the last quarter of the year.

Past-due loans increased given a greater degree of impairment to our business loans, mainly in the SME segment as well as with certain clients attended by our corporate banking division. This is why our 30-day past due ration rose from 2.66% to 2.84%. Our coverage ratio also dipped from 175.5% to 163.8%.

### 30-day Past Due Loan and Provision Coverage Ratio



Note: These figures do not include employee loans

With regard to loans issued to the SME segment, we made adjustments to the tools used for originating loans, by including new variables that allow for more accurate credit analyses to be performed on this segment. In the case of small-scale SMEs, a scoring model was developed for more enhanced risk selection purposes, while extending credit coverage in this segment. We also fine-tuned our collection models and strategies so as to enhance our recovery of past-due loans.

With regard to our consumer segments, we also amended our lending policies with regard to mortgages, financing for Colombian nationals living abroad, all purpose loans, credit cards, micro-credit and payroll lending.

During the year new scoring models were developed for greater innovation in selecting clients and segments, this based on their inherent characteristics, while expanding coverage with a much more improved level of risk.

Similarly, measures were taken for more efficient loan originations, while continuing to deploy decision engine tools that facilitate the handling of parameters and allow us to quickly incorporate policy changes.

A certification program was launched for our sales, credit analysis and collection staff, producing very positive results so far. This has allowed us to test employee knowledge of our policy and credit analysis issues and identify key points that must be addressed by our training programs.

With regard to our corporate clients, adjustments were made to the policies governing business loans for builders, the business sector and international counter-parties, among others. Also with regard to cash management operations, we redefined our credit risk management processes.

In 2014, we defined policies and tools for handling counter-party risk (RiC) on the part of our broker-dealer firm, this based on instructions issued by the Colombian Superintendency of Finance. These policies and tools are scheduled to be up and running in 2015 according to the timetable set for this recently introduced standard. With these, we expect to have proper control over individual and consolidated exposures for the various products offered by Valores Bancolombia.

At the end of 2014, Leasing Bancolombia's portfolio (including financial and operational leasing arrangements) grew by 15.2%, for a total of advanced supplier payments of COP 2.3 billion. Its 30-day past due indicator came to 1.75% and its provision coverage ratio stood at 199.7%.

Among the strategies that helped to improve our risk management capabilities was having achieved a better understanding of the assets being financed which we are incorporating at all stages of the credit risk cycle. Similarly, we continue to reinforce our permanent monitoring and early detection methodologies to help prevent impairment.

With regard to our Factoring business, its migrated loan portfolio and factoring operations in Bancolombia and its subsidiaries abroad, reached a total of COP 2.19 billion pesos, with its

past-due loan ratio standing at 0.48%. This good level of performance was by possible by the strategies that form part of our credit policies, our handling of past-due loans as well as the different lines of credit.

Tuya showed an increase of 4.1% with its gross loan portfolio, which was much lower than the 15.2% recorded for the previous year, this in turn due to changes in its business strategy and having ceased to issue any further vehicle loans. Due to the specific profile of its borrowers, out of all the Group's subsidiaries TUYA continued to post the highest past due loan ratio, that is to say 8.8%, after reaching 7.5% the previous year. This increase was due to a lower growth with its loan portfolio as well as changes to its loan adjustment and restructuring policies. It must be noted that the Company deployed shock plans in 2014 to combat the impairment to its loan portfolio. In spite of the increase in past-due loans, the Company has set up the necessary provisions to maintain a coverage ratio of 234.3%.

In Banistmo,  
nonperforming loans  
major indicator to 30  
days closed at

3,71%

with a 125 pb  
reduction versus  
to indicator from  
one year ago

With regard to the Group's overseas subsidiaries, **Bancolombia Panama** posted a 56.7% growth in terms of its portfolio, which reached COP 6.76 billion at year-end 2014. The portfolios belonging to **Bancolombia Cayman** and **Bancolombia Puerto Rico** performed similarly to the previous year. Both the ratios and the amounts of past-due loans declined in the case of Bancolombia Panama, Bancolombia Cayman and Puerto Rico.

As for Banco Agricola its loan portfolio in pesos showed a growth of 28.6%, this due to increases with the exchange rate. Its dollar-denominated loan portfolio ended up with an increase of 3.6%, which was slightly below the 3.7% recorded for the previous year. The overall past-due indicator came to 2.56%, thanks to a proactive monitoring and handling of collections, which resulted in a lower expenditure versus the previous year. On the other hand, its coverage indicator went from 186% to 192% in 2014.

Banco Agricola's main achievements last year included designing and defining its risk appetite, which consisted of indicators, levels and appropriate methodologies for measuring and monitoring such. Also, in terms of regulatory changes affecting the Group as a whole, we worked hard with the Salvadoran bank in adopting IFRS, so as to standardize our international business and provide greater confidence to investors. We also continued to standardized credit risk and capital allocation policies and methodologies so as to align these with the rest of the Bancolombia Group.

At the end of 2014, Banistmo recorded an increase of 38.2% in the gross loan portfolio denominated in pesos. This increase in dollars came to 11.3%.

Its 30-day past due loan ratio came to 3.71% having dropped by 125 bp on a year-on-year basis. This was mainly due to new collection strategies implemented at an earlier stage for all products making up the Bank's loan portfolio.

Coverage increased from 61.4% in December 2014 to 59.7% in December 2014.

In 2014, we began to readjust the Group's risk management model in keeping with the particular characteristics of the Panamanian economy. We updated our models for calculating portfolio provisions using the Parent Company's methodology, and deployed Moody's credit risk rating model for our for Corporate and Government Banking division, having made changes to our lending policies for our Consumer and SME Banking Divisions which allowed us to place loans in sectors previously considered restricted.

Leasing Peru's loan portfolio rose by 32.4% for 2014 mainly due to a new focus on clients from the non-financial services sector, where the main assets financed included: overland transport, industrial machinery and equipment and buildings, with the latter increasing its share of the total from 9% to 14% at year-end. Last year, we saw specific cases of clients defaulting on their debts, who received our assistance in this respect. This drove up its past-due loan ratio to 3.2% compared to 2.6% for the previous year. The coverage ratio ended up 96.6%, this based on the estimated level of provisions for this Company.

### Market Risk

In 2014, as part of the ongoing review of risk management and measuring models, we implemented tools for handling third party funds such as VaR, Incremental VaR, Marginal VaR and Component VaR simulators, through which risk positions or assets can be identified in terms of their contribution to our total risk exposure. Also, limits were set in terms of crisis events for some of the more speculative portfolios, and we redefined our maximum tolerable VaR limits, by modifying the basic allocation variables, with the aim of preserving our capital, and helping to secure the targets set by the Bancolombia Group in terms of its sustainable growth. We also adjusted the Vega limit for our options portfolio so as to be extend our capability to serve our clients.

For 2014, the market risk affecting Bancolombia's cash management ledger continued to be measured using the Banks internal Value at Risk (VaR) model based on historical simulations with

a confidence level of 99% over a time horizon of 10 days. We also continued with our historic and hypothetical stress testing in monitoring risks that are not addressed by our internal VaR model. Progress was also made in extending the our cash risk management to the Group's largest subsidiaries, coordinating the necessary adjustments made according to the specific characteristics of each of the different countries and lines of business as well as the corresponding legal requirements.

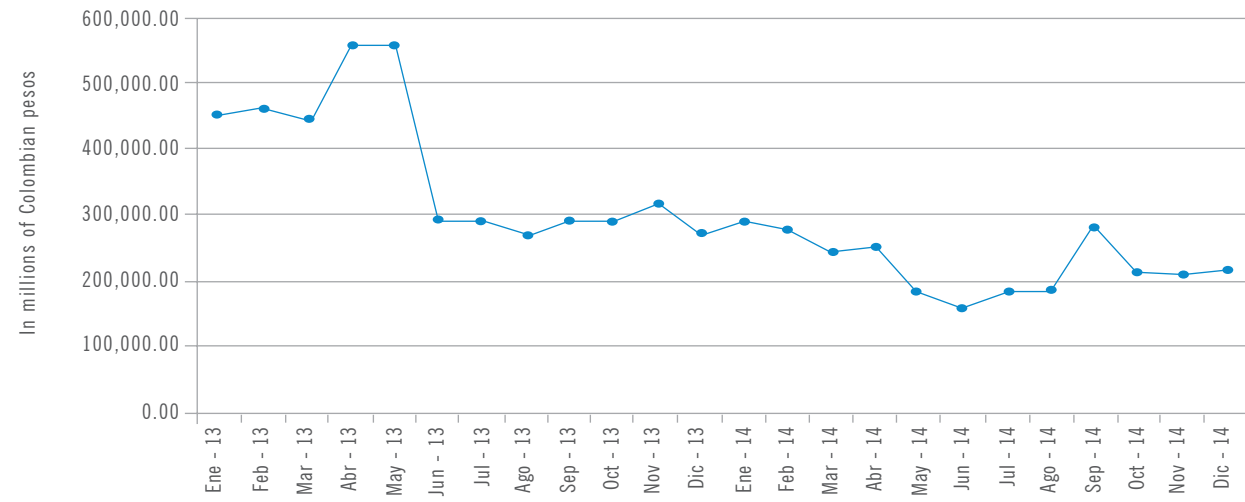
In 2014, the Bancolombia Group's cash management function was mainly centered on customer care, reducing as much as possible directional open risk exposures in net terms. This had an impact on our VaR, which continue to decline throughout the year. Market risk exposure measured using the standard methodology required by the Colombian Superintendency of Finance, ranged between COP 154 million and COP 289 million, with the interest rate risk factor contributing the most to the Group's total cash management exposure figure, continuing with the same trend seen over prior years.

Leasing Peru's loan  
portfolio rose by

32.4%

for 2014 mainly  
due to a new focus  
on clients from the  
non-financial services  
sector

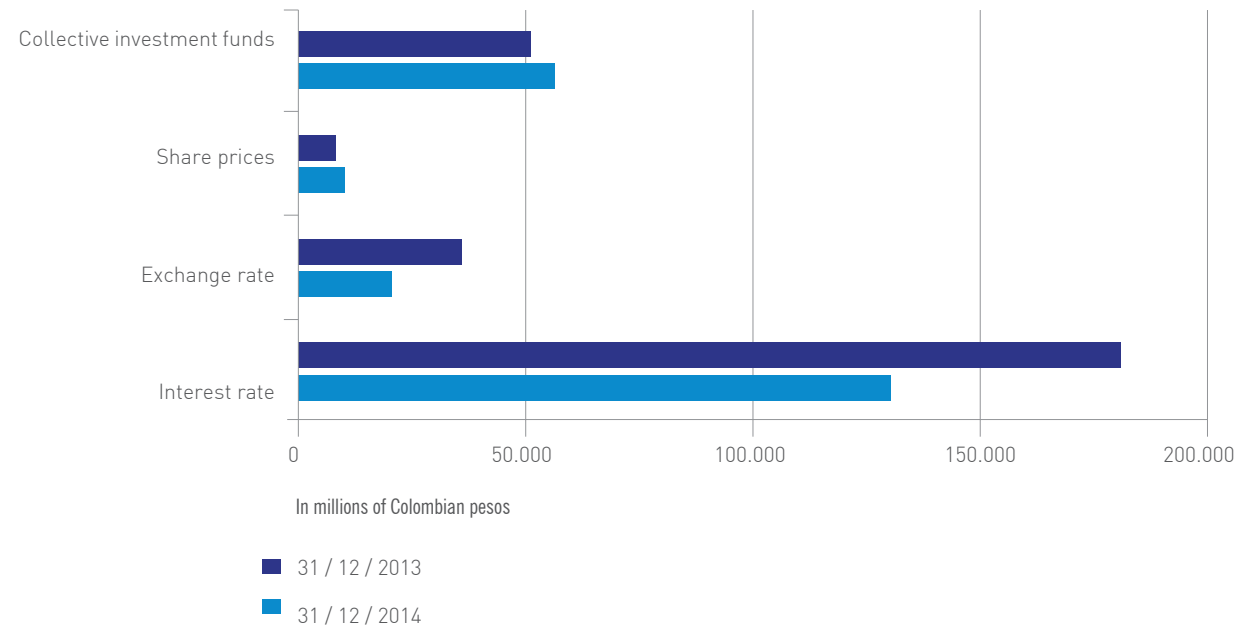
**Total Market VaR for the Bancolombia Group's Cash Management Function.**  
Standard Methodology Annex 1 Chapter XXI CBCF



In millions of Colombian pesos

Subsidiary risk exposure drove up the Bancolombia Group's total market risk for its cash management function by 18%.

**Breakdown of Risk Factors**  
Standard Methodology Annex 1 Chapter XXI CBCF



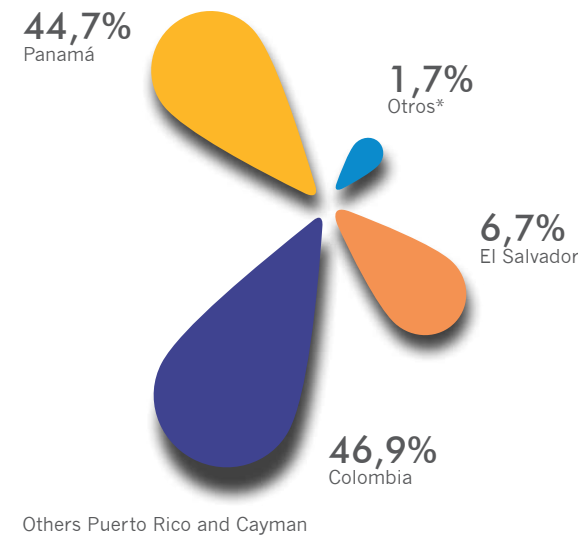
In millions of Colombian pesos

■ 31 / 12 / 2013  
■ 31 / 12 / 2014

With regard to the interest rate risk corresponding to our Banking Book in 2014, we continued to measure the Bank's VaR in Colombia, using the parametric methodology over a horizon of one year with a confidence level of 99%. Metrics were designed to evaluate how our mortgage lending contributes to the Bank's overall risk in Colombia, which resulted in the GAP Committee authorizing certain strategies to preserve our financial margin.

Generally speaking, the Group maintained a positive sensitivity to increases with the interest rate and their effect on our financial margin. With regard to sensitivity in terms of our Economic Value of Equity (EVE), the Group's balance sheet was such that the average duration of our liabilities was higher than that of our asset given the levels of stability recorded with our deposit accounts.

**Economic Value of Equity (EVE) to 100 bp Percentage of total**



Others Puerto Rico and Cayman

In 2014, a sovereign zero coupon curve was drawn up in conjunction with Headquarters for El Salvador - Banco Agrícola, applying the most appropriate methodology given liquidity constraints as well as market information, to be used with the theoretical valuation of local bonds, thus providing greater innovation and reliable information for our internal clients.

In 2014, Banistmo reviewed and adjusted its VaR limits for its cash management function in keeping with its risk profile. It also deployed a new management tool consisting of VaR loss alerts which was duly aligned with the Parent Company's VaR model and guidelines. The relationship with headquarters was strengthened with the adoption of best practices and enhancing local knowledge of methodologies used to measure market risk.

**Liquidity Risk**

The Group's liquidity management model allows for its subsidiaries to act autonomously while promoting a level of coordination at corporate level. This structure allows the Group to measure its liquidity based on common, unified standards duly adjusted for the particularities of each business and country.

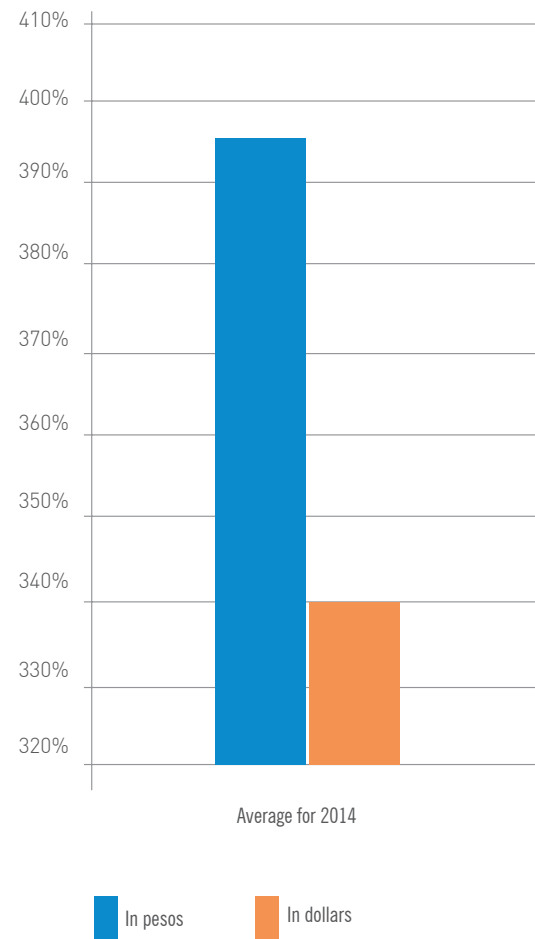
With regard to liquidity risk management, we continued in 2014 to use our internal projection model for measuring liquidity gaps at different time intervals for situations both real and stressed; as well as with the LRI (Liquidity Risk Indicator) stipulated by the Colombian Superintendency of Finance.

In 2014, our efforts in managing liquidity risk were mainly geared to implementing a short-term currency risk exposure indicator as regulated by the Colombian Central Bank, and redefining alerts, policies and limits governing our liquidity in foreign currency, in order to adjust such risk to the prevailing trends with different economies and international markets. The internal models of our dealer-broker firms in both Colombia and Panama were also updated by incorporating client default indicators. Also, as part of these upgrades and continuous improvements, we designed and implemented new Maximum Probable Withdrawal (MPW) models for some investment funds managed by the Bancolombia Group, so as to be able to predict incoming and outgoing flows over a horizon of one day.

In 2014, the Group maintained ample liquidity positions with an average 30-day liquidity coverage ratio of more than 400% in pesos, and 340% in dollars. Liquid assets in Colombian pesos averaged out at COP 10.4 billion, with liquid assets in foreign currency averaging out at USD 3.396 million.



Short Term Exposure Indicator for local and foreign currency  
Total liquid assets / Net 30-day liquidity requirements



Banco Agricola improved its handling of liquidity risk by defining set levels for warning indicators in tracking, monitoring and activating contingency plans, in accordance with established methodologies, so as to reflect recent changes within the market.

In 2014, Banitsmo made much effort in terms of managing its liquidity risk, improving models for projecting expected flows, in measuring the gaps detected, as well as its internal model. The Company also adjusted the methodology used for defining short-term liquidity alerts, to reflect in a more timely fashion movements with its balance sheet as well as recent changes within the

market and its size. Additionally, a new liquidity contingency plan was designed in keeping with Banistmo's new needs and the nature of its local market.

### Operating Risk

In keeping with regulatory requirements and best practices, the Bancolombia Group achieves its objectives by strictly adhering to its operating risk management function. This involves certain policies and procedures for identifying, measuring, monitoring and mitigating risks with its business operations. Parallel to its ongoing growth, the Group has adapted the necessary methodologies in order for its operating risk management system to provide relevant information for the decision-making process in all those companies that make up the Group, this in terms of their level of maturity, business culture and local regulatory requirements in each of the countries where we are present. Here we made a special effort in going beyond the methodological and technical standards, seeking subsidiary engagement with the Group's business models; integrating the concepts of profitability and efficiency within their basic performance assumptions.

The Bancolombia Group's operating risk management (ORMS) is a dynamic, constantly evolving system, which allows us to optimize our risk decisions based on sufficient and adequate information. As part of this work plan, we drew up regional maturity models, in which each of the subsidiaries and countries where the Group is present could assess their current status in terms of all those components that make up our Operating Risk Management System, which in turn produced action plans in order to reach the standards required on a Group-wide basis. In 2012, we made changes that allowed for more precise quantitative measurements to be taken in terms of our operating risk and last year we made significant progress in this regard by measuring statistical factors, generating scenarios and models that have significantly improved the accuracy of our risk evaluations, so much so

that it plays an important role in our major decisions in handling or mitigating risk from a more cost-effective standpoint.

The Bancolombia Group's operating risk culture has become one of the cornerstones of our organizational dynamics, being one of the main vehicles for connecting up our business needs with our operating capabilities. Our operating risk management system has been amply disseminated amongst the various countries where we are present and forms part of the day-to-day activities of all our employees. These achievements have been made possible with the assistance we provide and the responsibilities set in terms of the risks posed by each of our products, including our day-to-day operating risks.

As far as insurance is concerned, we have been proposing outlines for distributing the cost of transferring risk to our insurance policies, for which we developed a methodology for measuring physical risks at branch office level. We also adjusted our cost-benefit model with regard to our insurance policies so as to produce maximum efficiency between our insurability and the cost of such.

Risk mitigation strategies were also put into place with regard to our banking correspondents by profiling, classifying and evaluating fraud for our infidelity and financial risk insurance policies. We also drew up a model for estimating the quotas to be objectively assigned to these banking correspondents, based on their financial and non-financial information as well as historic payment patterns

With regard to renewing our Global Banking policy we planned and carried out this process with evident results in preparing information for the reinsurance market, optimizing delivery times and the reliability of the information reported to the insurance companies, providing a diagnosis of the coverage to be provided and the respective requests as well as including Banco Agricola in this coverage. All this produced a marked improvement in the insurability terms and conditions relating to this policy, upon adjusting this to the Group's risk profile and needs.

The main action plans implemented in 2014 with a view to mitigating operating risks, included a new authentication process for our branch office clients in the case of large transactions, a robust client authentication mechanism for our corporate On-Line Banking Channel as well as changing our cards and channels over to chip technology. In 2015, we shall be focusing our efforts on improving our authentication mechanisms for our other On-Line Banking Channels.

In 2014, progress was made in implementing continuity strategies for the Bancolombia Group's critical processes as identified in our BIA (Business Impact Analysis) report, producing a gain of 90% with documenting operating contingency procedures. Out of the 114 technology components that make up these critical sub-processes, 97 have their own High Availability (HA) contingency technology. Also we achieved a significant level of performance with the tests performed on different aspects of our IT continuity, infrastructure, employees, and processes with the aim of ensuring the continuity of the Group's critical services. This year we set up a Crisis Management Team with better capabilities in order to promptly respond to any disruption.

Banco Agricola made progress in covering and drawing up its risk profile by identifying and measuring risks through various factors such processes, projects, products, channels and services. It also made the operating risk tools available to its employees much more robust, taking risk analysis and risk-based decisions as a point of reference for determining the feasibility of introducing changes and improvements to both processes and services.

Banistmo successfully implemented changes to its operating risk management system, in keeping with the Bancolombia Group's best practices, and drew up a new operating risk profile based on the new SOX standards governing critical processes. Finally, with regard to the business continuity, procedures and contingency strategies were defined to ensure seamless banking operations in the event of any disruption.

## Capital Allocation

Aware of the importance of optimizing its capital structure, creating shareholder value and maintaining an adequate level of solvency, the Bancolombia Group has developed a framework of principles and methodologies to assess the relationship between risk and returns for decision-making purposes. The Value Added System (VAS) model was set up for assessing risk with regard to profitability in order to facilitate pricing and form a basis for the Bank's variable compensation plans.

The balanced capital allocation policy adopted by the Bancolombia Group for assessing the inherent risk, is mainly focused on covering unexpected losses that may be caused by the risks to which it is exposed.

We continue with our efforts to validate and fine-tune the methodologies used to calculate capital allocation percentages, these being key to measuring risk and being able to consolidate the Bancolombia Group's models.

The main aspects addressed here were:

- o Improvements in the capital allocation criteria for our payroll lending product.
- o Improving estimated capital allocations for private individuals using credit risk scores.
- o Developing the methodology for estimating economic capital per operating risk.

Also in 2014, we defined our Risk Appetite for the eight most relevant indicators for monitoring risk. We also constructed a consumed appetite indicator, which shows the relative measurement between the company's risk profile in a given month and the maximum appetite for all said indicators. Finally, progress was made with the initial determination to disaggregate Risk Appetite limits in the following manner: credit risk per bank and market, market and liquidity risk per company and operating risk per country.

## Money Desk Compliance

In 2014, we supervised and monitored orders and instructions received from clients, including an analysis of transactions that depart from the market average, placing a special emphasis on all those activities that allowed us to continue raising our operating standards by amply disseminating best practices and the corresponding lessons learned. Our Compliance Management function was extended to Banco Agrícola's Money Desks, and progress was made with its deployment in Panama, whereupon we shall have achieved full coverage throughout the Group.

In terms of innovation and efficiency, our Compliance staff took part in a research project in conjunction with our Internal Auditing Department and the Universidad EAFIT to develop a voice-mining and sentiment analysis system. Additionally, we developed and optimized our business analysis models that allowed us to advance with the strengthening of our risk-based supervision.

Finally, we held various informal talks with regard to creating added value for our clients offering important tips for conducting transactions so as to mitigate the risk of their succumbing to inadequate practices on the capital markets.

Also in 2014, we defined our Risk Appetite for the eight most relevant indicators for monitoring risk. We also constructed a consumed appetite indicator, which shows the relative measurement between the company's risk profile in a given month and the maximum appetite for all said indicators.

Finally, progress was made with the initial determination to disaggregate Risk Appetite limits in the following manner: credit risk per bank and market, market and liquidity risk per company and operating risk per country.







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Sustainability  
report GRI G4

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General reporting aspects	Page / Answer	Omitted	External assurance
<i>Strategy and Analysis</i>			
G4.1 Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization.	Letter to our Shareholders		X
G4.2 Description of key impacts, risks and opportunities.	Letter to our Shareholders		X
<i>Organizational Profile</i>			
G4.3 Name of the Organization.	Economic report		X
G4.4 Primary brands, products, and/or services	Bancolombia, a retail and commercial bank		
G4.5 Location of organization's headquarters	Avenida Los Industriales, Carrera 48 # 26-85, Medellin, Colombia		X
G4.6 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Bancolombia, a retail and commercial bank		X
G4.7 Nature of ownership and legal form.	Chapter X, Notes to Financial Statements, Note 1- Reporting Entity		x
G4.8 Markets served (including geographic breakdown, sectors served, and types of clients).	Bancolombia, a retail and commercial bank		x
G4.9 Scale of the reporting organization, including: - Number of employees - Total number of operations. - Net sales or revenues. - Quantity of products or services offered.	Economic report		x
G4.10 Report the following employment information: - Report the total number of employees by employment contract and gender. - Report the total workforce by region and gender	Consolidating Our Humanistic Banking Model		x
G4.11. Report the percentage of total employees covered by collective bargaining agreements	Consolidating Our Humanistic Banking Model		x
G4.12 Describe the organization's supply chain.	6 Hand-in-hand with our strategic partners and suppliers		x
G4.13 Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Not applicable.		x
G4.14 Report whether and how the precautionary approach or principle is addressed by the organization	Chapter IX Relations with Authorities, Strategic Risk Management		x
G4.15 Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Chapter Quality of Life and Environmental Management		x
G4.16 List memberships of associations (such as industry associations) and/or local or international advocacy entities which the organization supports	Chapter - Environmental Management		x
<i>Identified Material Aspects and Boundaries</i>			
G4.17. List all entities included in the organization's consolidated financial statements and report whether any of these entities are not covered by this report	Chapter X, Notes to the Financial Statements, Note 1- Reporting Entity		x
G4.18 Explain the process for defining the report content and the Aspect Boundaries.	Interacting with our stakeholders		x
G4.19. List all the material aspects identified in the process for defining report content.	Interacting with our stakeholders		x
G4.20. For each material aspect, report whether the Aspect Boundary covers the entire organization. If not, indicate which aspect is not material to any of the entities that form part of the organization.	All aspects contained in the matrix are material for the Bancolombia Group		x
G4.21 For each material aspect, report whether this is material outside of the organization.	Materiality Matrix Graph, Chapter I		x

General reporting aspects	Page / Answer	Omitted	External assurance
G4.22 Description of the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	About Our Report for 2014		x
G4.23 Significant changes from previous reporting periods in the Scope, Coverage and Valuation Methods applied in this report	About Our Report for 2014		x
<i>Stakeholder Engagement</i>			
G4.24 List the stakeholder groups engaged by the organization.	Interacting with our stakeholders		
G4.25 Report the basis for identification and selection of stakeholders with whom to engage	Interacting with our stakeholders		x
G4.26 The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	interacting with our stakeholders		x
G4.27 key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Interacting with our stakeholders		x
<i>Report Profile</i>			
G4.28 Reporting period for information provided	Interacting with our stakeholders From January 1, 2014 to December 31, 2014		x
G4.29 Date of most recent previous report	2013		x
G4.30 Reporting cycle (annual, biennial).	Annual		x
G4.31 Contact point for questions regarding the report or its contents	Please contact the following email address: <a href="mailto:comunica@bancolombia.com.co">comunica@bancolombia.com.co</a>		x
G4.32 Report the 'in accordance' option the organization has chosen (Core-Comprehensive). Report the GRI Content Index for the chosen option	This report was drawn up based on the GR1 4 "Core" option		x
G4.33 Report the organization's policy and current practice with regard to seeking external assurance for the report.	Chapter I, Subsequent To Issuing This Report for 2014.		x
<i>Governance</i>			
G4.34 The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Chapter c A Corporate Governance honing in on the essential		x
G4.35. Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	This authority is delegated to our Sustainability Department who reports directly to the Group's Chief Executive Officer		x
G4.36 . Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Chapter c. A Corporate Governance honing in on the essential /Global Compact		x
G4.37 Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	This authority is delegated to our Sustainability Department who reports directly to the Group's Chief Executive Officer		x
G4.38 Report the composition of the highest governance body and its committees by: - Executive or non-executive - Independence - Term of office. - Gender. - Y Membership of under-represented social groups - Y Competences relating to economic, environmental and social impacts.	Chapter c. A Corporate Governance honing in on the essential /Structure of Bancolombia's Board of Directors		x

General reporting aspects	Page / Answer	Omitted	External assurance
G4.39 Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	Chapter c. A Corporate Governance honing in on the essential /Structure of Bancolombia's Board of Directors		x
G4.40 Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for such, including: - Whether and how diversity is considered - Independence is considered. - Whether and how independence is considered - Whether and how shareholders are involved	Chapter c. A Corporate Governance honing in on the essential /Structure of Bancolombia's Board of Directors		x
G4.41 Report on procedures deployed to avoid conflicts of interest on the part of the highest governance body.	Chapter c. A Corporate Governance honing in on the essential /Structure of Bancolombia's Board of Directors		x
G4.42 Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Chapter c. A Corporate Governance honing in on the essential /Structure of Bancolombia's Board of Directors		x
G4.43 Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Chapter V, External advisory services received by the Board of Directors		x
G4.44 Procedures for evaluating the performance of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency.	Chapter V, Structure of the Board of Directors and meeting attendance / Board Meeting attendance / Board Committee meeting attendance		x
G4.45 Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	Chapter c. A Corporate Governance honing in on the essential /Structure of Bancolombia's Board of Directors/ Bank's Humanistic Banking model addressed at the first plenary meeting.		x
G4.46 a. Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Chapter c. A Corporate Governance honing in on the essential /Structure of Bancolombia's Board of Directors/ Bank's Humanistic Banking model addressed at the first plenary meeting.		x
G4.47 Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	This depend on the matters to be discussed, i.e.: monthly, bimonthly or quarterly		x
G4.48 Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered	The highest body in charge of reviewing this report is Organization's Corporate Identity Council, of which the Chief Executive Officer is a member. This report is reviewed by the Board of Directors before being published.		x
G4.49 Report the process for communicating critical concerns to the highest governance body.	Every month the Company Secretary compiles the strategic matters to be discussed by the Board of Directors at their monthly meetings. These are validated in advance by the Chief Executive Officer and his Basic Support Committee.		x
G4.50 Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	The Board is informed of the progress made with the Organization's strategy. In turn the Board has its own Committees that provide support in areas such as: Good Governance, Auditing, Appointments, Compensation and Development and Risk	The number of critical issues communicated to the Board is not reported	x
G4.51. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration - Performance-based fixed or variable pay. - Equity-based fixed or variable pay - Bond-based fixed or variable pay - Termination Pay. - Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	Chapter c. A Corporate Governance honing in on the essential /Structure of Bancolombia's Board of Directors		x

General reporting aspects	Page / Answer	Omitted	External assurance
G4.52 Report the process for determining compensation. Indicate whether there are consultants hired to determine such.	Chapter c. A Corporate Governance honing in on the essential /Structure of Bancolombia's Board of Directors		x
G4.53 Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	The only stakeholder group who defines the remuneration of the Board of Directors are the shareholders.		x
G4.54 Report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees.	Not reported	confidentiality reasons.	x
G4.55 Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees.	This came to 7% for all employees		x
<i>Ethics and integrity</i>			
G4.56 . Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Our Responsibility with Local Authorities/ Control Environment		x
G4.57 Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as help lines or advice lines,	Manuals have been made available through Bancolombia's intranet		x
G4.58 Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistle blowing mechanisms or hotlines	Our Responsibility with Local Authorities/ Control Environment		x

Aspect Material for Bancolombia	Related GRI Aspect	Indicator (GRI, Own)	Information for 2014	Omitted	External assurance	
Consolidating Our Humanistic Banking Model	Labor Practices	LA1. Total number and rates of new employee hires and employee turnover by age group, gender and region.	"Chapter 6: The best human Talent. Breakdown of jobs by company and countries (Page 125); a. Demographics (Page 126); b. New Employees (Page 126); and c. Exiting Employees (Page 127)."		x	
		LA2. Benefits provided to full-time employees that are not provided to temporary or part-time employees, broken down by main activity	Chapter 6 The best human talent Págs 124, 130 y 131 (Graphics: K. Employee Loans, i. employee insurance; m. Organizational savings programs.			
	Labor relations management	LA4. Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Chapter 6: The best human talent Página 124			
	Occupational health and safety	LA6. Absenteeism, occupational diseases lost days, and number of work-related fatalities work by region and gender.	Chapter 6: The best human Talent. Graphic j. Absenteeism (% of lost time) (page 130)	This indicator is not reported by gender	x	
	Training and education	LA9. Average hours of training per year per employee by gender and broken down by employee category.	Chapter 6: The best human Talent. Graphic f. Human Talent Training (Page 128)		x	
		LA10. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing the end of their careers.	Chapter 6: The best human Talent (Page 124)			
		LA11. Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Chapter 6: The best human Talent / Graphic g. Rating performance. The number of employees subject to performance evaluations came to 23,679 (Page 124)		x	
	Equal remuneration for men and women	LA13. Ratio of basic salary and remuneration of women to men by employee category	Chapter 6: The best human Talent / Graphic e. Salaries/ wages broken down by gender and age (Page 127)	Excluding senior management	x	
	Innovate talent management	Not a GRI Aspect	Own % implementation of the action plan based on the results of the Merco people survey	Chapter 6: The best human Talent / Innovative talent management (Page 123)		
		Not a GRI Aspect	Own Merco People Ranking	Chapter 6: The best human Talent / Innovative talent management (Page 123)		
Building more and better relations with clients	Product and service labeling	PR5. Results of surveys measuring client satisfaction.	Chapter 2: Our commitment to our investors / (Page 53 NPS for Personas and SMEs segment and page 57 NPS for our Corporate and Government Banking division)		x	

Aspect Material for Bancolombia	Related GRI Aspect	Indicator (GRI, Own)	Information for 2014	Omitted	External assurance
Wherever, whenever and however our clients need us	Not a GRI Aspect	Own ATM Availability	Chapter 3: Commitment to our clients / Wherever, whenever and however our clients need us (Page 88)		x
	Not a GRI Aspect	Own Telephone Banking Channel Availability	Chapter 3: Commitment to our clients / From cell (Page 92)		x
	Not a GRI Aspect	Own APP Availability	Chapter 3: Commitment to our clients / From cell (Page 92)		x
		Own Corporate On-Line Banking Channel Availability	Chapter 3: Commitment to our clients / Digital banking channels (Page 91)		x
	Local Communities	Own Consumer On-Line Banking Channel Availability FS13. Access points in areas of low population density or economically disadvantaged by type.	Chapter 3: Commitment to our clients / Wherever, whenever and however our clients need us (Page 88)		x
		FS14. Initiatives to improve access to financial services for disadvantaged people.	Chapter 3: Commitment to our clients / Consumer Banking (Pages 94 and 95)		x
Strengthening key lines of business in terms of creating added value	Product Portfolio	FS1. policies with specific environmental and social components applied to business lines	Chapter 3: Commitment to our clients / Consumer Banking (Pages 94 and 95) These are our policies: Sustainable Purchasing, Human Rights, Climate Chapter		x
		FS2. Procedures for assessing and screening environmental and social risks in business lines	8: Transforming communities / Graphic: Environmental and Social Risk Analysis (162)		x
		FS3. Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Chapter 8: Transforming communities / Graphic: Environmental and Social Risk Analysis (162) Although commitments have been generated through the environmental risk analysis in Project finance contracts regarding environmental requirement compliance, review on the compliance of said commitments has not been carried out by 100% due to current capacities in the team for effective review. Strategies have been generated to close this gap, we expect to report on this advance in 2015, emphasizing on projects with higher environmental risk and specific conditions during risk analysis.		x
Strategic risk management	Not a GRI aspect	Own Structuring our reputation indicator	Chapter 5: Commitment to our investors / Proactive Reputation Management (Page 118)		x



Aspect Material for Bancolombia	Related GRI Aspect	Indicator (GRI, Own)	Information for 2014	Omitted	External assurance
Operating simplicity and impeccability	Not a GRI Aspect	Own % increase in complaints and claims	Chapter 3: Commitment to our clients / Operating simplicity and impeccability (Page 84)		x
Strengthening key lines of business in terms of creating added value	Product Portfolio	FS6. Percentage of the portfolio for business lines by specific region, size and sector (i.e. micro, medium and large-sized SMEs and their corresponding sector)	Chapter 2: Our commitment to our investors / Making dreams come true throughout the region (Page 77)		x
Proactive Reputation Management	Product Portfolio	FS7. 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 / Consumer Banking (Pages 94 and 95)		x
		FS8. Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose	Chapter 8: Transforming communities / (Page 166)	This indicator is omitted since the following is no longer reported: 2. The percentage of this value in relation to the total value of goods and services corresponding to each line of business.	x
Strategic risk management	Not a GRI Aspect	Own Size of risk/ Consumed appetite	Chapter 9: Our Responsibility with Local Authorities (Page 192)		x
	Not a GRI Aspect	Own Number of environmental and social risk assessments performed on suppliers and strategic partners	Chapter 7: Hand-in-hand with our strategic partners and suppliers (Page 136)		x
	Not a GRI Aspect	Own Number of action and improvement plans for strategic partners and suppliers	Chapter 7: Hand-in-hand with our strategic partners and suppliers (Page 139)		x
	Not a GRI Aspect	Own Segmentation, identification, measurement and control of the risk of asset laundering and the financing of terrorism.	Chapter 9: Our Responsibility with Local Authorities / Managing the Risk of Asset Laundering and the Financing of Terrorism (Page 192)		x
Consolidating our international presence	Not a GRI Aspect	Own Financial information for each foreign-based subsidiary	Chapter 2: Our commitment to our investors / International consolidation (Page 69)		x
	Not a GRI Aspect	Own Growth rate	Chapter 2: Our commitment to our investors / International consolidation (Page 69)		x
Improving Efficiency and Profitability	Not a GRI Aspect	Own Energy, water, paper and travel savings	Chapter 8: Transforming communities / Graphic: Performance Goals for 2010-2020 and the targets set for 2014 (Page 154)		x
	Not a GRI Aspect	Own Group-wide efficiency indicator	Chapter 5: Commitment to our investors / Efficiency and Profitability (Page 109)		x
	Not a GRI Aspect	Own % Commissions vs. total expenditures	Chapter 5: Commitment to our investors / Efficiency and Profitability (Page 109)		x

Aspect Material for Bancolombia	Related GRI Aspect	Indicator (GRI, Own)	Information for 2014	Omitted	External assurance
Consolidating our environmental and social model	General	EN31. Breakdown by type of total environmental expense and investments	Chapter 8: Transforming communities / Graphic: Breakdown of total environmental expense and investment (166)		x
	Materials	EN1. Materials used by weight or volume	Chapter 8: Transforming communities / Graphic: Materials used by weight and volume. EN1 (Page 155)		x
	Water	EN8. Total water withdrawal by source	Chapter 8: Transforming communities / Graphic: Total water consumption by source. EN8 (Page 156)		x
		EN10. Percentage and total volume of water recycled and reused.	Chapter 8: Transforming communities / Graphic: Percentage and total volume of water recycled and reused. EN10 (Page 156)		
	Energy	EN3. Energy consumption within the Organization.	Chapter 8: Transforming communities / Graphic: Energy consumption within the Organization. EN3 (Page 155)		x
		EN5. Energy intensity.	Chapter 8: Transforming communities / Graphic: Energy Intensity per Full Time Employee EN5 (Page 155)		
		EN6. Reductions in energy consumption.	Chapter 8: Transforming communities / Graphic: Reductions in energy consumption. EN6 (Page 156)		x
	Emissions	EN15. Greenhouse Gases (Scope 1)	Chapter 8: Transforming communities / Graphic: Greenhouse Gases (Scope 1). EN15 (Page 160)		x
		EN16. Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Chapter 8: Transforming communities / Graphic: Energy indirect greenhouse gas (GHG) emissions (Scope 2). EN 16 (Page 160)		x
		EN17. Other indirect greenhouse gas (GHG) emissions (Scope 3).	Chapter 8: Transforming communities / Graphic: Other indirect greenhouse gas emissions (Scope 3) EN 17 (Page 160)		
		EN18. Greenhouse gas (GHG) emissions intensity	Chapter 8: Transforming communities (Page 160)		
		EN19. Greenhouse gas reductions.	Chapter 8: Transforming communities (Page 160)		x
	Effluents and waste	EN23. Total weight of waste by type and disposal method	Chapter 8: Transforming communities / Graphic: Total weight of waste by type and disposal method EN23. (Page 157)		x
	Economic Performance	EC2. Financial implications and other risks and opportunities for the organization's activities due to climate change	"Chapter 8: Transforming communities / Graphic: Managing risks and opportunities with regard to climate change GRI4 EC2 (Page 158)"		x
	Economic Performance	EC1. Value distributed - Social Investment	Chapter 4: Contributing to overall economic growth / Contributing to overall economic growth (Page 104)		
Local Communities	SO1. Percentage of operations with implemented local community engagement, impact assessments, and development programs	Chapter 8: Transforming communities / Contributing to a Better Quality of Life (Pages 149 to 153)		x	

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/sostenibilidad/>  
<http://www.grupobancolombia.com/webcorporativa>  
<http://www.grupobancolombia.com/webcorporativa/gobierno>  
<http://www.grupobancolombia.com/webcorporativa/provedores>



Deloitte & Touche Ltda.  
Ed. Corficolombiana  
Calle 16 Sur No. 43A - 49 P. 9 y 10  
A.A. 404  
Nit. 860.005.813-4  
Medellin  
Colombia

Tel: +57(4) 313 88 99  
Fax: +57(4) 313 93 43  
www.deloitte.com/co

## INDEPENDENT ASSURANCE STATEMENT

Independent assurance statement of Bancolombia's 2014 Sustainability Report.

### Scope of Our Work

We performed a review of the adaptation of the contents of the 2014 Sustainability Report to the G4 Global Reporting Initiative Sustainability Reporting Guidelines ("the GRI guidelines").

We also performed some verification procedures on some indicators used by Bancolombia to answer the Dow Jones Sustainability Index Corporate Sustainability Assessment (See Appendix 1)

### Independence statement

Deloitte is one of the most important firms providing professional services such as audit, taxes, consulting, financial advisory and sustainability services to public and private organizations in a wide range of industries. With a global network of member firms in more than 185 Deloitte offers its world class capabilities and high standard services to its clients. Around 210.000 employees are committed with Deloitte's standards of excellence.

We confirm our independence regarding Bancolombia. All of our employees perform annual updates of our Ethical Policy where it is asked to specifically state the absence of conflicts of interests with our clients. We can therefore confirm that we don't have any conflict of interest with Bancolombia, its subsidiaries or stakeholders.

### Standards and Verification Processes

We carried out our work in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accounts (IFAC).

Our verification work consisted in interviewing Bancolombia's Management, as well as various Bancolombia's areas that participated in the elaboration of the Sustainability Report and in the application of certain verification procedures and testing described below:

- Interviews with personnel from different areas of Bancolombia for the principles, systems and management approaches used for the report.
- Analysis of how, based on the materiality process, contents, structure and report indicators have been defined, according to GRI G4 methodology's guidelines.
- Analysis of the processes put in place by the areas in order to collect, analyze and validate the data presented in the report.

- Substantive testing of quantitative and qualitative information correspondent to Corporate and GRI indicators included in the sustainability report and its proper aggregation from the data provided by the Bancolombia.

### Confirmation that the Bancolombia Sustainability Report has been prepared "in accordance" with the GRI G4 methodology

#### General Standard Disclosures

It has been acknowledged that Bancolombia's 2014 Sustainability Report includes General Standard Disclosures related to the GRI G4 version. The following indicators were reported: G4-1 to G4-34 and G4-56.

#### General Specific Disclosures

We reviewed the disclosure management approach, GRI indicators and Bancolombia's own indicators of its material issues (Appendix 2).

### Conclusions

As a result of our review, nothing came to our attention to suggest that Bancolombia's 2014 Sustainability Report data is materially misstated. Bancolombia's Sustainability Report 2014 includes GRI G4 Guidelines Standard Disclosures - both General and Specific.

### Appendix 1

Material issues / Corporate Governance chapter	DJSI Indicators
Consolidation of the "a more human bank" model	*Measures to ensure effective management of health risks/issues *Total Absenteeism
Operative impecability and simplicity	*Percentage of customers actively using electronic banking/financial services
To be available everywhere, anywhere	*Use of KPIs to measure social and business impact of financial inclusion initiatives
Strategic Management of Risks	*Aspects covered by company's procedures in financing or providing services to large projects *Policy/procedures in place to ensure effective establishment and implementation of AML culture
Consolidation of the Environmental and social model	*GHG emissions (scope 1) *indirect GHG emissions (scope 2) *indirect GHG emissions (scope 3) *Energy consumption *Water consumption *Waste generation *Total of business trips
General section	*Attendance & mandates of the board of directors *Performance assessment of board of directors *Election of board members *Mechanisms adopted for effective implementation of codes of conduct

**Appendix 2**

Material Issues	GRI or Bancolombia Indicator
Consolidation of the "a more human bank" model	*G4-LA1; *G4-LA6; * G4-LA9; * G4-LA11; * G4-LA13
Innovative management of talent	*Bancolombia 1-Raking in the MERCO survey
Build more and better relationships with clients	*G4-PR5
To be available everywhere, anywhere	*Bancolombia 2-ATM availability; *Bancolombia 3-Telephone line availability; *Bancolombia 4- APP availability; *Bancolombia 5-EVB availability;; *Bancolombia 6-PVB availability; *G4-FS13
Support key business' in value generation	*G4-FS6; *G4-FS14
Proactive management of reputation	*G4-FS7; *G4-FS8 *Bancolombia 7-Structuring of a reputation indicator
Operative impeccability and simplicity	*Bancolombia 8-% of rise in complaints and claims
Strategic Management of Risks	*G4-FS2; *G4-FS3; *Bancolombia 9-Risk size; *Bancolombia 10-Number of social and environmental assessments to suppliers and strategic allies; *Bancolombia 11-Number of action plans for improvement in suppliers and strategic allies; *Bancolombia 12-Segmentation, identification, measurement and control of risk factors in money laundering and terrorism activities financing
International Consolidation	*Bancolombia 13-Financial statements of every international branch; *Bancolombia 14-Growth rate
Efficiency and profitability management	*Bancolombia 15-Energy, water, paper and trips savings; *Bancolombia 16-Group's efficiency indicator; *Bancolombia 17-% Commissions vs total expenses
Consolidation of the Environmental and social model	*G4-EN31; *G4-EN1; *G4-EN8; *G4-EN3; *G4-EN15; *G4-EN16; *G4-EN17; *G4-EN23; *G4-EC2; *G4-EC1; *G4-SO1

**Responsibilities of Bancolombia Management Board and independent assurance provider**

- Bancolombia is responsible for the preparation of its 2014 Sustainability Report and for the information and statements contained within it. They are responsible for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.
- Our responsibility is to release an independent statement based on procedures applied in our review.
- This report has been prepared solely in the interests of Bancolombia, according to the terms of our service proposal. We do not accept or assume responsibility to anyone other than Bancolombia for our work, for this report, or for the conclusions we have formed.
- We have conducted our work in accordance with the requirements of International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.
- The scope of a limited review is substantially less than an audit.

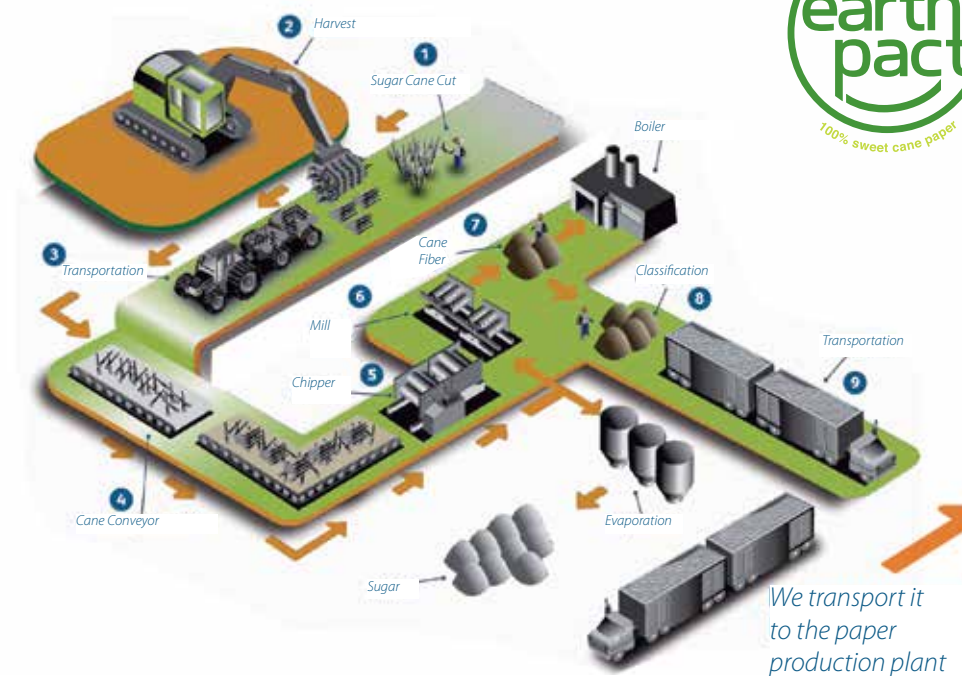




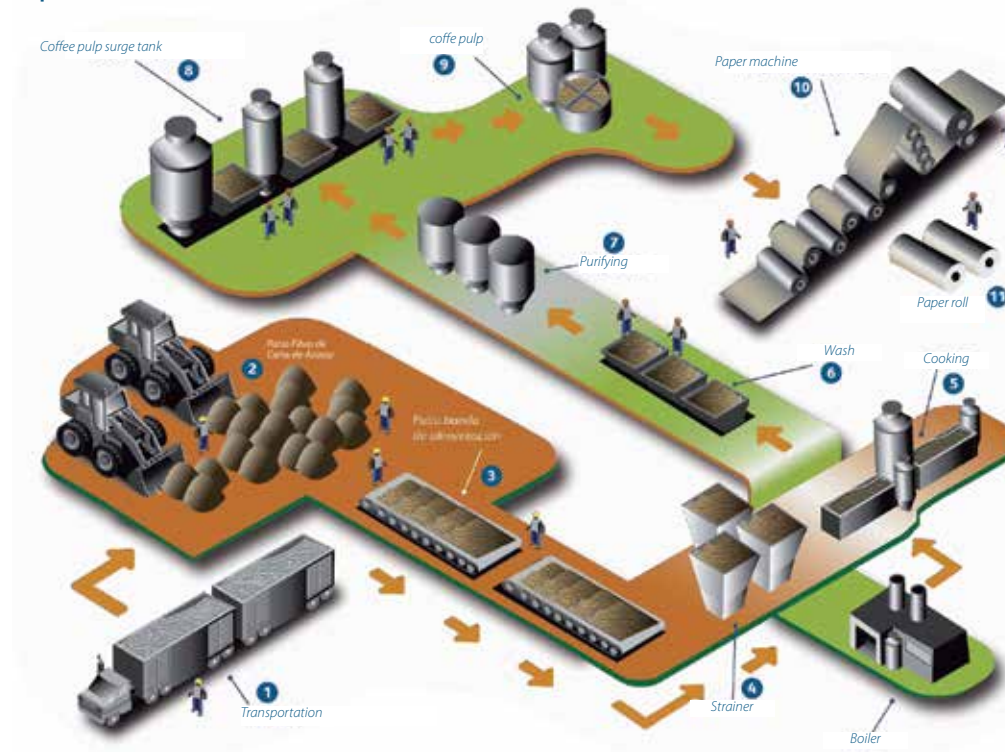
## Origin and process of paper made from sugar cane fibers

Evidence of the commitment of Carvajal Pulpa y Papel with the environment through a paper made 100% from sugar cane fibers, free of whitening chemicals, product of the innovation and research that the company has undertaken over more than 50 years. For the process of paper production, the company has two production plants, located in Yumbo, Valle de Cauca and in Caloto, Cauca where all the technology is available to comply with the highest standards of quality. Below you can find the origin and production process of the sustainable paper used for printing our Corporate Management and Responsibility report oriented by our sustainability strategy.

### Origin of sugar cane fiber



### Paper Production Process



#### Financial results

We have an integrated report available in Spanish which includes all financial information.

For financial information in English, please refer to our 20F form, and the following websites:  
Annual Integrated Report (Spanish) – Pag 220-385

[http://www.grupobancolombia.com/contenidoCentralizado/informacionEmpresarial/  
relacionInversionistas/gobiernoCorporativo/resultadosFinancieros/resultadosAnuales/anuales/2014/informe2014.pdf](http://www.grupobancolombia.com/contenidoCentralizado/informacionEmpresarial/relacionInversionistas/gobiernoCorporativo/resultadosFinancieros/resultadosAnuales/anuales/2014/informe2014.pdf)

#### 20F Form (English)

[http://www.grupobancolombia.com/investorRelations/informacionEmpresarial/  
investorRelations/20FForms/index.asp?opcion=op1](http://www.grupobancolombia.com/investorRelations/informacionEmpresarial/investorRelations/20FForms/index.asp?opcion=op1)



