

THE PATH TO A CONSCIOUS GENERATION

INTEGRATED ANNUAL REPORT 2020

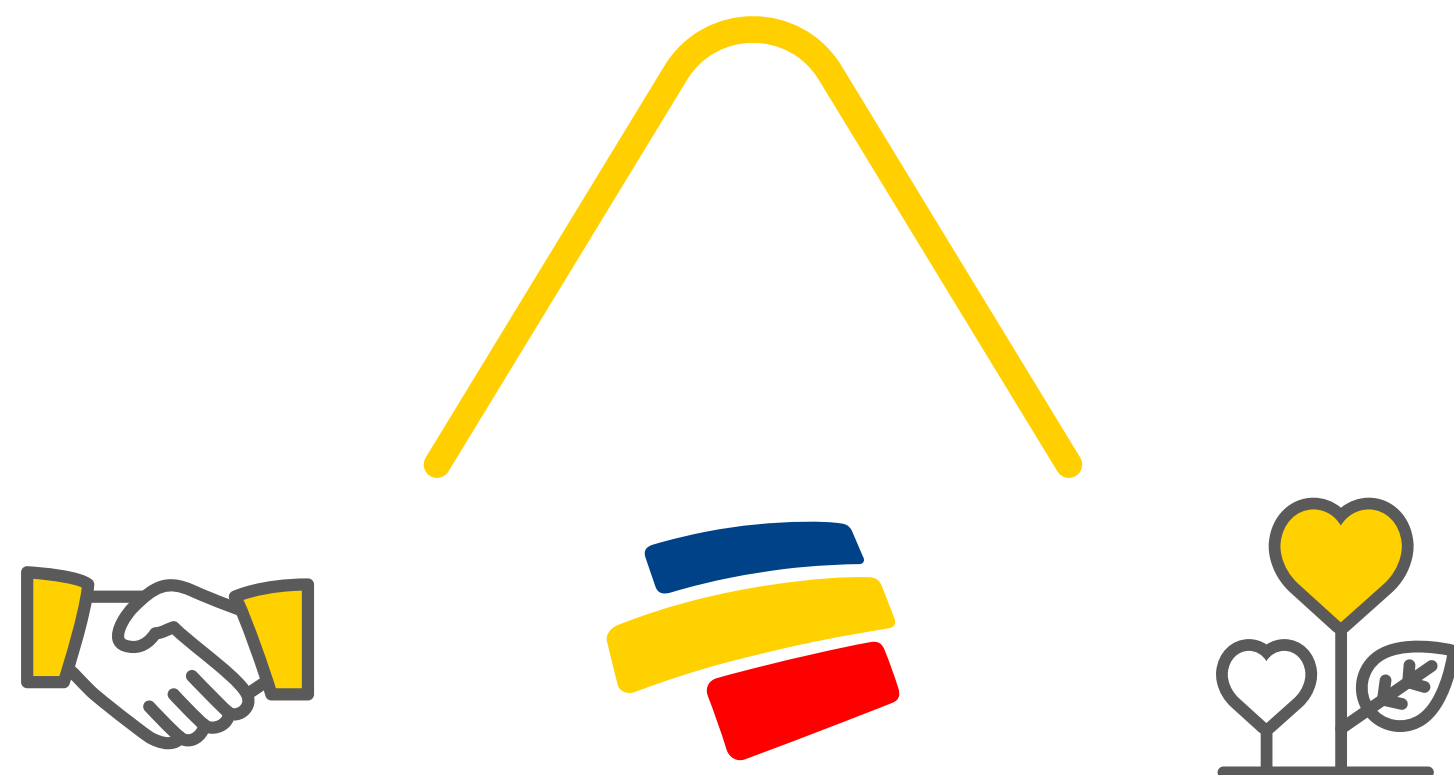




Development of the report 2020

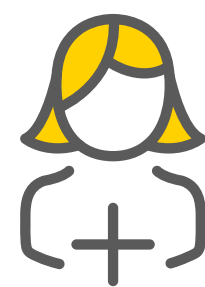
We identified the most relevant points of our activities in 2020 for our diverse stakeholders developing this report, accountable for the main achievements articulated to our strategy and goals yet to be fulfilled. In the final segment of our report, we present the Global Reporting Initiative -GRI-, as well as our economic, environmental and social indicators, which can be used to build a sustainability report. This Report has been prepared in accordance with the Core option of the GRI Standards. We are committed to continue working under this methodology to deliver a report on our management, more and more adjusted to the different relationship groups and to continue learning in the process. This report was verified by a third party that has reviewed the adaptation of its contents to the Standards to build Global Reporting Initiative -GRI Standard- Sustainability Reports. We also show our commitment to sustainability by evidencing the work done for the voluntary management of the 10 principles of the Global Agreement, the contribution to the fulfillment of the SDGs - Sustainable Development Goals - and the commitments of the Paris Agreement and the participation in reference frameworks such as the Equator Principles, Carbon Disclosure Project (CDP), Dow Jones Sustainability Index (DJSI), Principles for Responsible Investment (PRI), Principles for Responsible Banking, UN Women, TCFD and the Alliance of Global Investors for Sustainable Development (GISD), among others.

Purpose

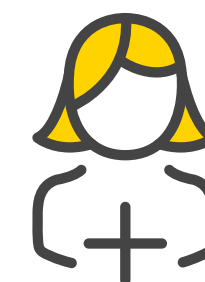


We promote sustainable economic development to achieve WELL-BEING FOR

EVERYONE



Thus, we choose three fronts of action in which we believe that we can promote that purpose and measure our results, aligned with the UN Sustainable Development Goals:



We promote
financial inclusión



No poverty



Quality education



Gender equality



We strengthen the
competitiveness of the
productive framework



Decent work and
economic growth



Industry, innovation
and infrastructure



We build more
sustainable
cities and communities



Sustainable Cities
and Communities



Climate action

Grupo Bancolombia

KEY FIGURES GRUPO BANCOLOMBIA

17.8 million customers

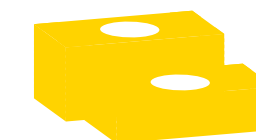
Bancolombia, Banistmo, Banco Agrícola and BAM.



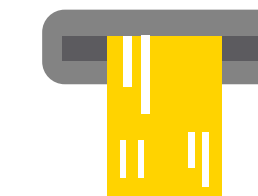
Assets
COP 255.6 trillion



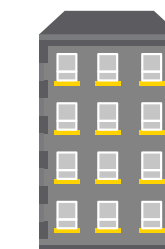
Subsidiaries and agencies and offices
951



Gross Portfolio
COP 191.4 billones



ATMs
6,124



Liabilities
COP 227.5 billones



Banking correspondents
18,583



Net Profit
(Liable to shareholders)
COP 275,994 million



Digital Users
9 million



Equity
COP 28.1 trillion



Digital Transactions
6,272 million



Direct employees
29,541



Customers
17.8 million

*The figures presented here are as of December 31, 2020 and include the consolidated of Bancolombia, Banco Agrícola, Banistmo and BAM.



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01.

About us

We are a financial entity with 145 years of experience that allows us to be the allied of more than 16 million customers in Colombia, Panama, El Salvador and Guatemala.

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Our strategy

We adapt to the new realities of the environment, understanding the needs of our relationship groups and working to achieve their economic development and well-being.

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03.

Bancolombia's support in the economic trend

Our priorities: protect people's health, guarantee our operations, support our customers and be the Government's allies in care strategies.

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04.

Maintain our financial strength

We accompany initiatives that generated growth and development for society, we maintained the necessary liquidity levels and we managed risks efficiently and responsibly, for the benefit of all our relationship groups.

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05.

Well-being for everyone

We have placed our experience and capabilities at the service of society, with the purpose of promoting sustainable economic development to achieve the well-being of ALL, through positive transformations in society and the environment.

06.

Customer loyalty

We accompany our customers with a wide range of financial and non-financial channels and services, so that in their interactions with the bank they have a superior experience, in which they perceive us as easy, timely, reliable and close to them.

07.

Culture

The evolution of our culture, the well-being of our employees as a priority and the speed to implement and adapt new ways of working, allowed us to respond with agility to the challenges posed by our environment and strategy

08.

GRI standard 2018 and alignment with the SDGS

This Report has been prepared in accordance with the Core option of the GRI Standards.

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To our shareholders

Dear shareholders:

2020 will be remembered because it was the year in which, as rarely in history, the world shared the same priority: fighting a pandemic that brought the greatest challenges humanity has faced in the last 100 years. An unprecedented health crisis, with marked economic and social effects. Global in scope, but with local attention.

That was how, in a very short time, everything that we knew until now changed: the way of living, working, studying, consuming and relating. In much of the world, economic activity slowed or even stopped, leaving behind significant impacts, the loss of workstations and a weakened productive network.

For Colombia, this meant a 6.8% contraction in the economy, according to DANE, and unemployment of 15.9%. On the part of Central America, the drop in GDP was around 6.2%, according to ECLAC calculations. Behind these numbers there are so many stories as enterprises and human beings, who in the midst of fear and uncertainty raised their expectations about the support of the financial sector and in many cases questioned our actions.



While governments announced the start of confinement and the number of infections increased, at Bancolombia we concentrated on taking care of people and ensuring the operation. To do this, in less than two weeks we took more than 19,500 employees to work from home.

This effort was accompanied by the design and implementation of all the necessary biosecurity measures so that customers and employees who had to go to our subsidiaries were safe in their bank. A few days passed and the lockouts began to show a latent economic crisis, a decline in employment and an unstable business climate. Many enterprises began to close, poverty indicators and informality increased rapidly and the quality of life of households deteriorated.

Our clients' expectations continued to grow, along with concerns about the relief we should give, about interest rates, and about the need to irrigate credit to the economy under special conditions.

From the first moment we decided to be part of the solution and put all our capabilities at the service of the countries in which we operate, as well as the companies and people we serve.

Every day of the year, Colombia, Panama, Guatemala and El Salvador were able to count on a human team focused on managing relief, granting credit and ensuring the availability of the services we offer, finding in our digital channels and in our wide coverage and infrastructure a allied, a solution.

950,000

households in all corners of Colombia were able to receive subsidies from the National Government

An effort that transcended our business. Our team and channels were dedicated to the service of governments for the fast and secure distribution of subsidies. As part of this, more than 950,000 households in all corners of Colombia were able to receive subsidies from the National Government and local administrations to support them in difficult times. This was possible because of products such as Bancolombia A la Mano and Nequi, which made it possible to have savings accounts at zero cost and manage them from the cell phone, with no hassles or paperwork.

And so, while we irrigated resources, we strengthened our digital channels with real-time solutions so that our customers and users could stay at home safely. Today, more than 85% of the transactions made by Bancolombia are by digital means.

In parallel, we look for options to support individuals and enterprises in the face of the financial challenges that confinement brought. As a result, we refinanced 2 million customers with credits for COP 70 trillion, so that they could meet their needs in the most difficult moment of isolation. To give you an idea, this figure is almost 22% of the nation's annual budget.

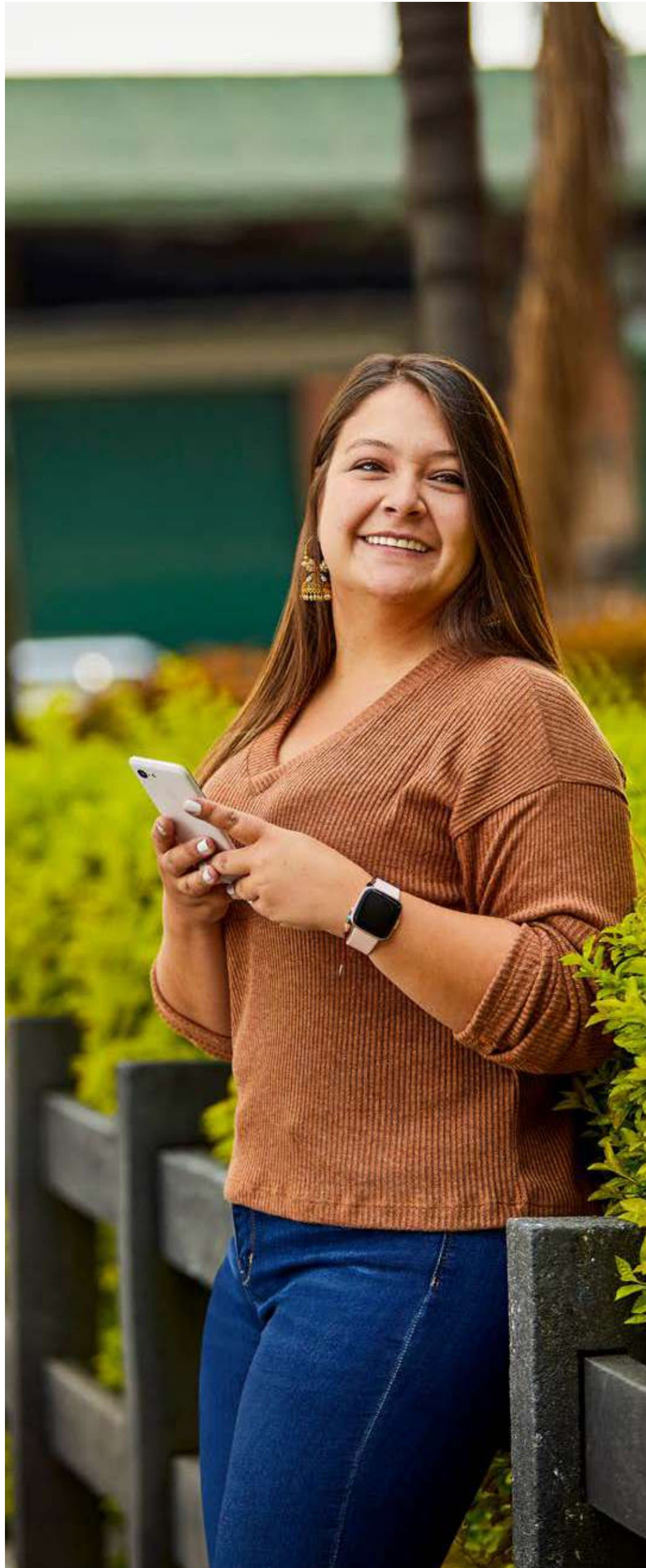
“ We strengthened our digital channels with real-time solutions so that our customers and users could stay at home safely. ”

And as the economy began to recover, we continued to assist them, understanding their particular characteristics and the condition of their economic activity, so that together we could find a way for them to continue accessing the services they need to recover, meeting their obligations and taking care of their financial health and our stability.

In a few weeks, despite the slowdown in the economy, thousands of companies of all sizes were able to count not only on relief, but also with the resources they needed to maintain their activity and take care of jobs. Last year we disbursed loans to companies for COP 72.9 trillion, and we supported the development of public and private sector initiatives that are necessary for the economic activity and competitiveness of the country.

- We disbursed more than COP 285,000 million to public transportation companies.
- More than \$ 527,000 million allocated to health infrastructure.
- We financed more than 29,000 homes with credit or residential leasing.
- We invested more than COP 31,000 million in aqueduct and basic sanitation.





We know that it was not enough, that the process has not been easy and that surely some people had higher expectations. But rest assured that, given the circumstances and with the information we had at the time, all the decisions were aimed at materializing our purpose of generating sustainable economic development to achieve the well-being of all. Our capabilities and the talent of our 30,000 employees were always focused on finding solutions, putting service and support to countries above any self-interest when they needed it most.

It is time to look to 2021 with optimism, but without lowering our guard. The health situation will continue to set the standard in the coming months and, in the meantime, we must find more ways for the financial sector to accompany and promote the economic recovery.

We will continue working to be the financial allied of more than 17.8 million customers, including individuals, SMEs, companies and large corporations, with whom we will work to strengthen the productive network of the countries, build sustainable cities and communities, and promote financial inclusion.

Access to financial services for individuals and companies should be a tool to reduce socioeconomic gaps and create opportunities not only for economic growth, but also to generate a positive impact on the environment and society. For this reason, in 2021 we are going to place special emphasis on the agricultural sector, SMEs, initiatives in favor of gender equality, and projects that contribute to the decarbonization of the economy and to diversify the productive structure.

As part of this, we will continue to advance digitization to give our customers more options. 2020 gave us a great boost in this task, but the work is not over: we must win the trust of more users who have not yet made the leap towards digital channels and their benefits, and continue to create the conditions for a complete ecosystem of payments with high security standards.

We want to go beyond transactionality and the alternatives that we offer today as a universal bank. Our goal is to accompany customers in their everyday life and provide them not only financial services, but complete solutions to their needs.

To do this, we will continue the development of everyday life, habitat, mobility and business ecosystems so that, based on our experience, customer knowledge, capillarity and analytical capacity, we partner with third parties and build platforms that offer comprehensive solutions to customers.

Competition is strong, there are more participants in the market and that drives us every day to consolidate that solid presence and trust that we have developed in more than 145 years of operation. Our commitment is with the countries, with society,

with the people. That is why we are committed to always evolve to be more inclusive and equitable, simpler and closer, more empathetic with the reality and expectations of each of our customers.

Shareholders:

I want you to take home the message that we not only responded at a difficult time, but that we are ready for the future. We, the 30,000 workers of Grupo Bancolombia in the four countries, are a self-aware generation that will not stop joining efforts to promote sustainable economic development and achieve the well-being of all, respecting the planet and creating a better society.

2021 will be a transition year, in which the countries in which we operate can have confidence in our stability and in the support, we will provide for reactivation.

Our commitment is that your investment translates into value for people and boost for the economy.

Thank you very much,

Juan Carlos Mora Uribe.
President of Grupo Bancolombia





C h a p t e r

01

ABOUT US

In order to achieve the well-being of all, maintain our financial strength, maintain the loyalty and preference of our customers, and evolve our culture and talent, we are evolving to meet the challenges of a constantly changing environment.





About Grupo Bancolombia

At Grupo Bancolombia we promote sustainable economic development to achieve the well-being of EVERYONE, from the strengthening of the productive network, the construction of sustainable cities and communities and financial inclusion in the 4 countries in which we operate.

Our strength and experience of 145 years allows us to be the financial allied of more than 16 million customers, including individuals, SMEs, companies and corporations, whom we accompany from the opening of their first savings account to offering them all the products and services that requires banking, leasing, renting, stock brokerage, trust and investment banking. But our commitment does not end there. We continuously evolve in the creation of ecosystems to be present in the daily lives of our customers and non-customers, through new solutions and non-financial capabilities.

We operate in Colombia, Panama, Guatemala and El Salvador, with the largest network of virtual and physical solutions that allow us to offer availability and coverage to be available where users need us in an easy, timely, reliable and close way.

With a team of more than 30,000 employees in four countries who get up every day to work under a solid culture and values, mobilized with dynamism on the basis of ethics and integrity, a focus on customer loyalty and preference, and sustainable growth, we always seek to achieve extraordinary performance.

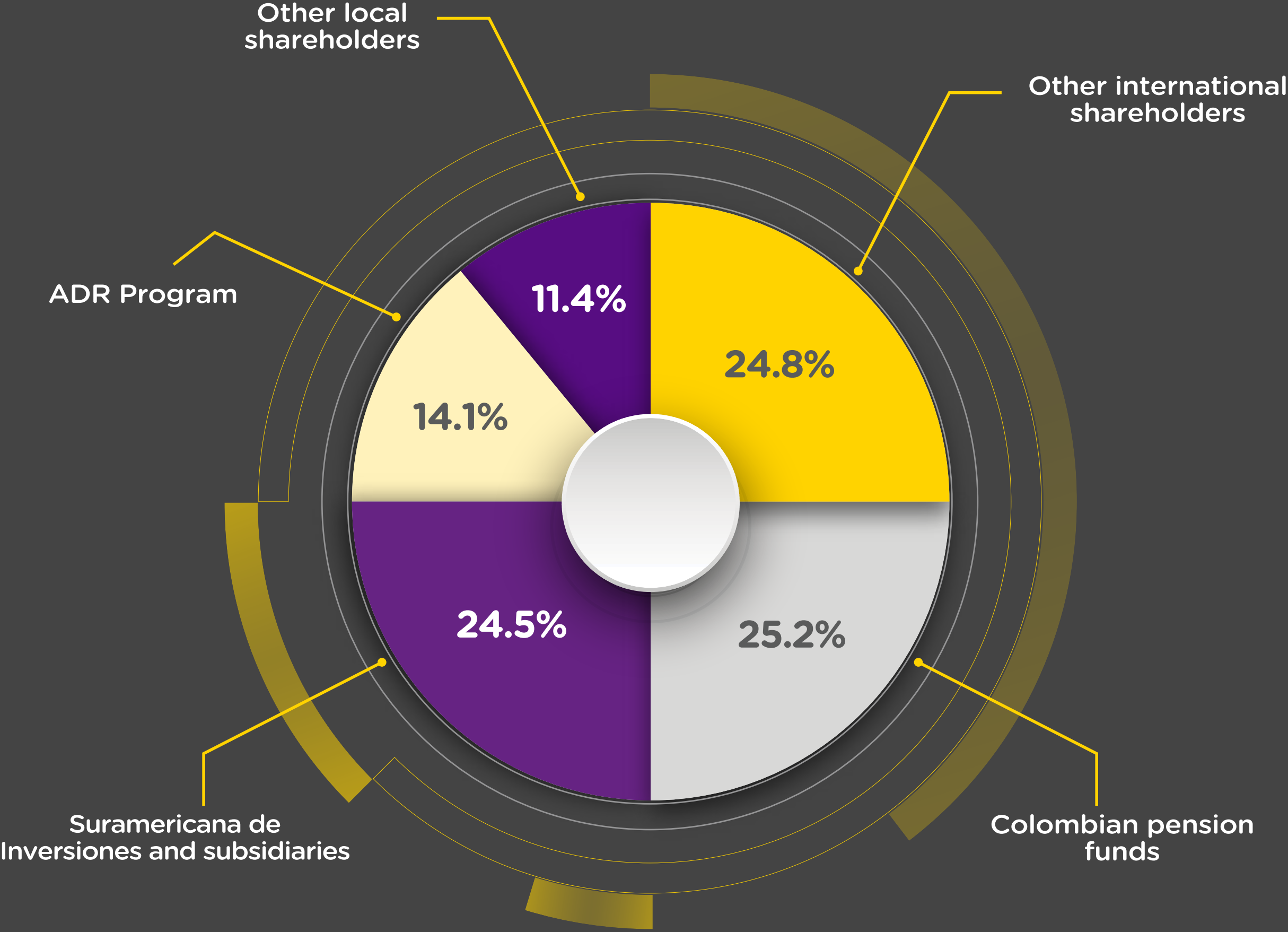
Under this vision, we are listed on the Colombian Stock Exchange (BVC) and the New York Stock Exchange (NYSE), which facilitates us access to funding in the capital market and we maintain the highest standards in corporate government.

We place our capabilities as a top financial player at the service of society, operating in an environment that is constantly changing. For this reason, we transform ourselves every day in order to respond to the great economic, environmental and social challenges that we face. Our actions are aligned with a global agenda that is framed in the 17 Sustainable Development Goals of the UN, so that we can generate a positive impact on economies, society and the environment.

We are the most sustainable bank in the world, according to the Dow Jones Sustainability Index, and Merco recognized us once again as the best place to work and the company with the best reputation.

Our shareholders

A diciembre de 2020	Ordinary	Preferential	Total
Suramericana de Inversiones and subsidiaries	46.2%	0.0%	24.5%
ADR Program	0.0%	29.9%	14.1%
Colombian pension funds	19.9%	31.1%	25.2%
Other international shareholders	25.4%	24.1%	24.8%
Other local shareholders	8.5%	14.8%	11.4%



Board of Directors

Grupo Bancolombia's Board of Directors seeks to guide the organization towards the achievement of its present and future objectives. Provides management direction by establishing strategy and overseeing its implementation.



**Gonzalo Alberto
Pérez Rojas**



**Sylvia
Escovar Cardona**



**Luis Fernando
Restrepo Echavarría**



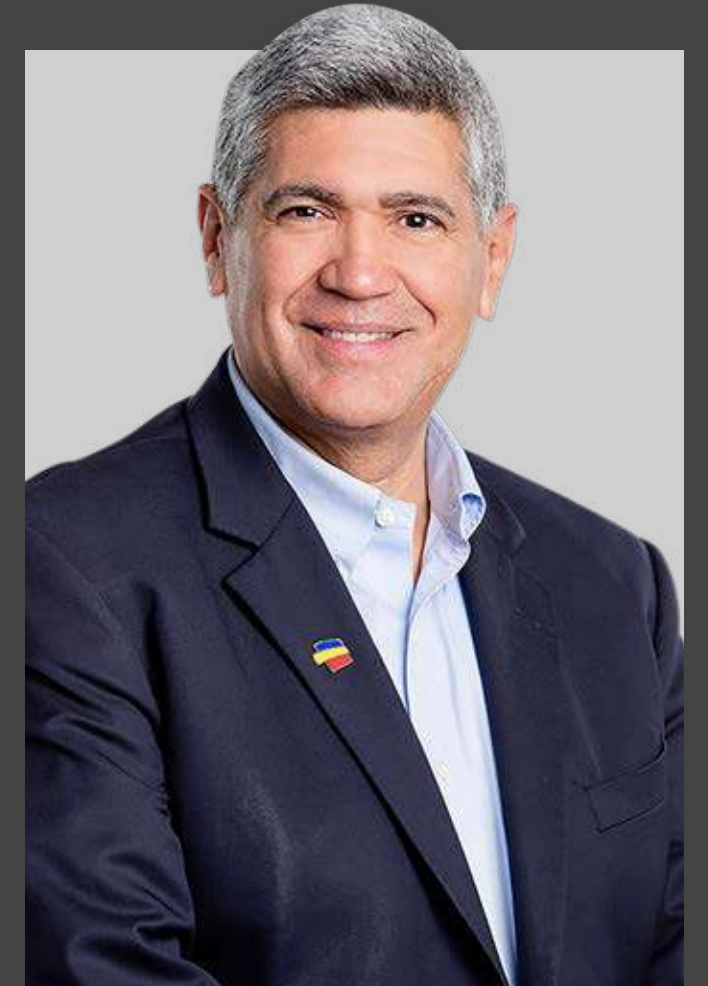
**Andrés Felipe
Mejía Cardona**



**Hernando José
Gómez Restrepo**



**Juan David
Escobar Franco**



**Arturo
Condo Tamayo**

*Until December 2020, Dr. Hernando José Gómez Restrepo was part of the Board of Directors of Bancolombia.

Steering Committee

Grupo Bancolombia's Steering Committee is in charge of executing and developing actions to implement the strategy and achieve the long-term objectives of the organization. It promotes high business performance and organizational synergies. It is also in charge of promoting and protecting our brand and reputation.



Juan Carlos Mora Uribe
President



Aimeé Sentmat de Grimaldo
President Banistmo



Rafael Barraza Domínguez
President Banco Agrícola



Federico Bolaños Coloma
President Banco Agromercantil (BAM)



José Humberto Acosta Martín
Vicepresidente Financiero



María Cristina Arrastía Uribe
Vicepresidente Corporativa de Negocios



Claudia Echavarría Uribe
Vicepresidente Corporativa Jurídica y Secretaria General



Cipriano López González
Vicepresidente de Innovación y Sostenibilidad



Rodrigo Prieto Uribe
Vicepresidente Corporativo de Riesgos



José Mauricio Rodríguez Ríos
Vicepresidente Corporativo de Auditoria Interna



Mauricio Rosillo Rojas
Vicepresidente Corporativo Grupo Bancolombia



Liliana Vásquez Uribe
Desarrollo de Productos y Canales



Jaime Alberto Villegas Gutiérrez
Vicepresidente Corporativo de Servicios Corporativos

Dialogue with our **relationship groups**

We implement communication and engagement strategies with our different relationship groups, in order to identify how we are generating shared value, through the most relevant actions that we carry out in economic, social and environmental matters.

To learn more,

click here

and go to the Dialogue section with our relationship groups.



Acknowledgements

to Grupo Bancolombia 2020



- Bancolombia was acknowledged, for the second time, as the most sustainable bank in the world, according to the Dow Jones Sustainability Index.
- Merco acknowledged Bancolombia as the company with the best reputation in Colombia, as well as the leading company in attracting and retaining talent.
- Juan Carlos Mora was chosen the Best Business Leader in the 2020 Portafolio Awards.
- Aimeé Sentmat de Grimaldo, president of Banistmo, was recognized by Merco Líderes as the businesswoman with the best reputation in Panama.
- Bancolombia is the leading brand in the Top Of Mind of banks, according to Invamer and Dinero Magazine.
- Nequi was recognized as the best digital bank of the year by LatinFinance.
- Bancolombia, the best financial entity in the Index of Private Social Investment of Colombia of USAID, Sustainable Week and Jaime Arteaga & Asociados.
- Bancolombia received four regional and two national acknowledgements in the first round of the World's Best Digital Bank Awards 2020, awards granted by Global Finance.
 - Best integrated consumer banking website in Latin America.
 - Best mobile application for people in Latin America.
 - Best digital banking in Colombia for individuals.
 - Best digital bank in Colombia for the corporate / institutional segment
- Best integrated corporate banking website in Latin America.
- Better management of security and fraud information in corporate digital channels in Latin America.
- Banco Agrícola best bank in El Salvador in the Euromoney Awards for Excellence Country 2020.
- Banco Agrícola is the bank of the year in El Salvador, according to The Banker.
- Bancolombia, best Economic Research area in macroeconomic aggregate, variable income and fixed income categories of the AIE awards of the Colombian Stock Exchange.
- Bancolombia, best Investment Bank in the country according to Euromoney.
- Nequi received the Infosys Client Innovation Award 2020, for his 'life saving loan'.
- Banistmo received the Gender Equality Seal at the Gold level, as part of the SiGenero Program, a public-private initiative carried out by the United Nations Development Program (UNDP) that seeks to increase competitiveness, eliminate gender gaps, and increase participation and equal employment opportunities between women and men.
- Bancolombia Innovation Lab, one of the best in the world in The Innovators 2020 of Global Finance.
- E-commerce Excellen Excellence recognition from Mastercard Excellence Program 2020.

C h a p t e r

02

OUR STRATEGY

Evolucionamos para responder a los desafíos de un entorno en constante transformación, con el objetivo de lograr el bienestar de todos, mantener nuestra solidez financiera, mantener la lealtad y preferencia de nuestros clientes y evolucionar la cultura y el talento.



Our strategy

At Grupo Bancolombia, our purpose has been the guide that has marked the approach to our vision of success and strategic priorities, seeking to ensure our sustainability as an organization, as well as our intention to positively impact the well-being of society.

In 2020, in the context of the crisis situation generated by the pandemic and a changing competitive environment, our first responsibility to generate well-being was to remain a financially sound bank, capable of supporting as many customers as possible, strengthening our wishes to maintain the loyalty and preference of our customers, with the commitment to deliver products and services tailored to them, and with a talent and an exemplary culture that will lead us to get out well of the economic trend and strengthen our way of doing things.

Our strategic objectives were based on this vision of success, as follows:

★ **Achieve the well-being of all**

We offer services that facilitate the development of the communities where we operate, we want to be the allied that allows them to take advantage of opportunities and better manage their resources in their day-to-day activities. For this, we generate well-being by strengthening the competitiveness of companies, the country's productive network, we promote financial inclusion so that more people and companies are integrated and seeking to contribute to the economic development of the countries where we operate; and we offer solutions that contribute to the construction of more sustainable cities and communities, providing to make our planet increasingly clean.

★ **Maintain our financial strength**

We must remain financially healthy to honor our commitments to our savers and shareholders, to leverage initiatives that allow us to ensure the long-term sustainability of the banking business, and to generate well-being for society. We have focused on taking care of our unpaid portfolio, on maintaining adequate liquidity levels that allow us to meet our obligations, on maintaining income in line with the economic cycle we are experiencing, and on proactively managing our expenses to respond to efficiency challenges that these uncertain times bring us.

★ **Maintaining the loyalty and preference of our customers**

We are a customer-centric organization. We seek to comprehensively satisfy their needs, ensuring that in each interaction the client perceives us as close, reliable, timely and easy. The measure of success of our customers' experience is given by their loyalty, which we are encouraging through the expansion of our portfolio of digital, financial and non-financial solutions, which are adapted to their needs and which seek to facilitate their interactions with the bank.

★ **Evolving culture and talent for the new normal**

We have an upright and competent team, which is committed to materializing and making our purpose a reality, and which adopts new behaviors and tools to do its work safely and to optimize their management in view of the new conditions facing us in an increasingly digital environment.

To achieve these objectives, we compete with a universal banking business model that offers comprehensive financial and non-financial solutions to four large groups of customers: People, SMEs, Business and Corporate. For each one we offer a Value Proposition in which we promise that in all their interactions with the bank they must perceive the attributes with which we want to differentiate ourselves: Close, Reliable, Timely, Easy. This is complemented by the capabilities that we must develop in order to enable the value proposition and achieve differentiation in the market.

Our strategy is the route and the Grupo Bancolombia want to resume the growth path, capturing the market and developing capacities to compete, both with traditional and non-traditional players.

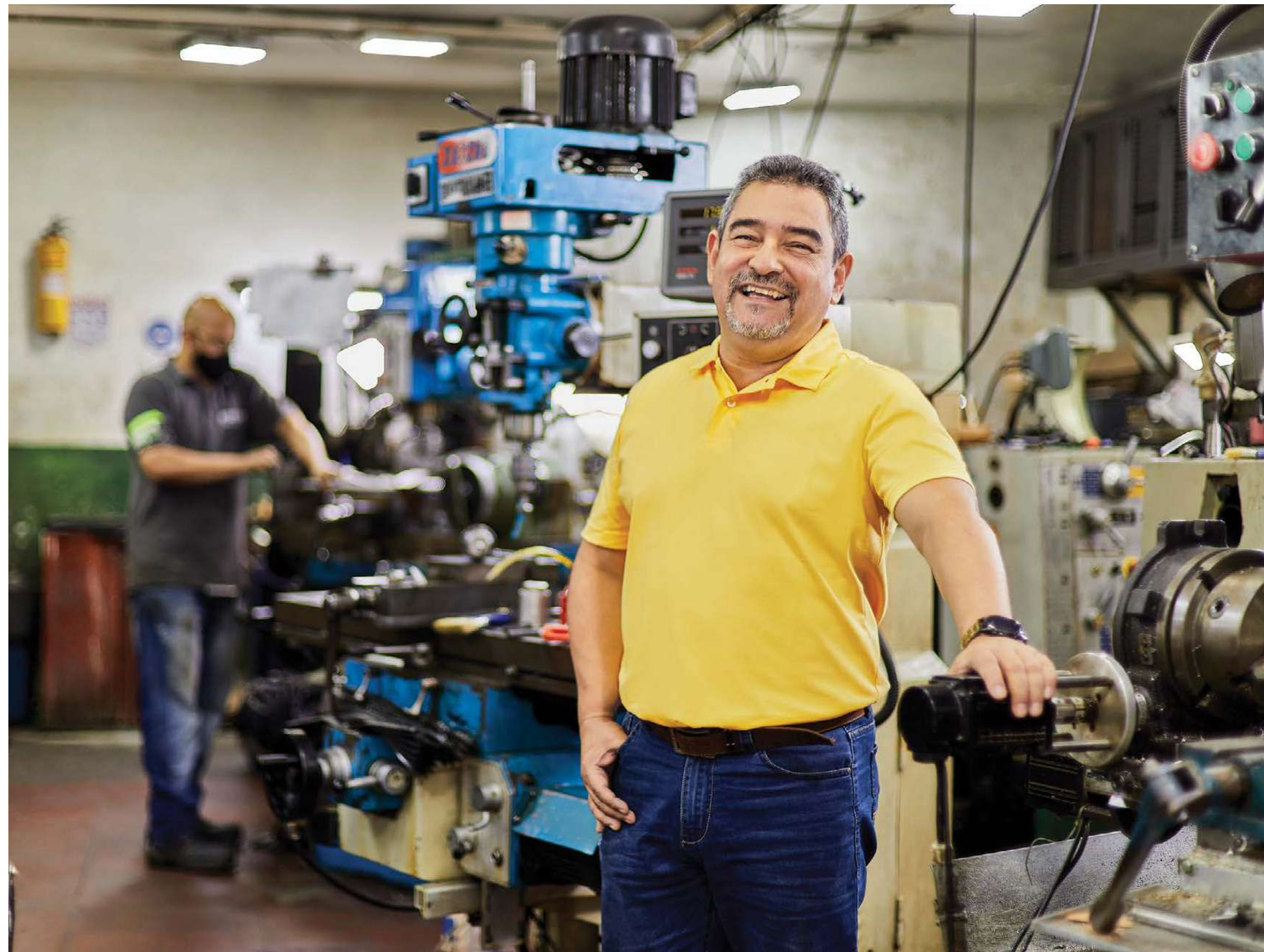


C h a p t e r

03

BANCOLOMBIA'S SUPPORT IN THE ECONOMIC TREND

We supported people, SMEs, companies and corporations with different alternatives that allow them to alleviate their financial situation and thus face one of the most challenging moments in history.



Bancolombia's support in the economic trend

2020 brought with it one of the most challenging moments in recent history. The spread of COVID-19 around the world and the need to adopt isolation measures to contain the contagions generated great changes in the way we live, work and interact.

This situation impacted economic activity and social conditions. Businesses had to suspend or reduce operations and millions of people had their ability to generate income affected.

Since March, when the first cases of COVID-19 appeared and the lockouts began, we understood that **Colombia, Panama, Guatemala and El Salvador needed us all**. For this reason, we reacted very quickly to protect people's health, guarantee our operation, support our customers at a time of high complexity and be the Government's allies in care strategies. With Bancolombia, Banistmo in Panama, Banco Agrícola in El Salvador and BAM in Guatemala, we adopted different measures according to the conditions and needs of each territory.

First phase: dealing with the emergency

To accompany our customers in a situation of economic difficulties, we granted **automatic reliefs**, mainly grace periods for three months (some up to six months), which benefited 1.7 million customers who had loans for COP 53.2 trillion pesos, that is, 40% of the portfolio in Colombia. Of the total loans relieved, 54.5% belonged to individuals, 11.8% to SMEs, 5.6% to businesses and independents, and the remaining 28.1% to companies and corporations.

Meanwhile, Banistmo extended financial relief to loans for 70,801 people in Panama; in BAM, the aids covered more than 64,000 customers; and in Banco Agrícola, the beneficiaries were more than 188,000, between individuals and companies.

The goal was for customers to be able to access these benefits as easily as possible. For example, in the case of mortgage loans, people could accept or reject relief on the website through a very simple process. Those who requested an extension of the term were able to simulate the new installment, request the change digitally and then received the confirmation. In fact, by digital means it was possible to manage the extension of the term of 56% of the customers of real estate products who made that request.

In credit cards we generated different alternatives, such as extending the term to 60 months with a 3-month grace period,

consolidating liabilities and extending terms to reduce the value of the installment, as well as an alternative minimum payment option in the Sucursal Virtual Personas. These alternatives benefited 1.3 million customers.

Once the first phase of the reliefs ended, in which loans were frozen, many customers faced full payment of the extended interest. To prevent their cash flow from being affected or from falling into arrears and affecting their rating, we gave 4,534 customers in all segments the possibility to pay accrued interest in future installments, without complex procedures or additional costs.

We supported the dispersion of payroll subsidies for companies and employers in order to protect the jobs of millions of people and, thus, the family income. Through Bancolombia, 69,423 employers accessed the resources of the **Formal Employment Support Program (PAEF)**, from which we channeled payments for COP 1.97 trillion that benefited more than 5 million workers in Colombia. Likewise, 42,316 companies received COP 75,820 million through our channels as **support for the payment of premiums**, and we assigned 22,208 million from a subsidy from the Ministry of Labor to employees who had their contract suspended or were on unpaid leave between April and June.



On the other hand, we were allies of the National Government and local administrations in the application of different measures to support companies and citizens:

- We disbursed loans from Bancóldex and Finagro to support people and companies in key sectors for the Colombian economy throughout the country. Given the increased demand for these loans, we strengthened our operating capacity, partnering with Teleperformance to attend to more requests and redesigned Bancóldex's disbursement process, generating a decentralized operating model that allows us to reserve resources before the entity and attend the requests in a timely manner.
- With the National Guarantee Fund, we created new free investment and microcredit products to satisfy the financing needs (working capital or payroll payments) of businesses, as well as household requirements for individuals.
- For those loans that could not pay the total balance at the end of the agreed term, in which the last installment is increased precisely due to the reliefs used in the crisis, we enabled a functionality that automatically allowed them to extend the term of the loan, and thus maintain the regular value of the installments until the last one. This benefit has been applied to more than 16,000 obligations.
- We channel the resources of the different government programs to support the most affected population. Under 'Ingreso Solidario', of the National Government, we delivered COP 1.35 trillion through a monthly benefit of COP 160,000 for around 850,000 families in vulnerable situations

and who are not beneficiaries of other social programs of the State. Meanwhile, with **Bogotá Solidaria en Casa** we distributed COP 24,409 million in more than 149,300 transfers for 21,057 beneficiaries. On the other hand, we distributed COP 859.8 million in a subsidy to 4,198 people **infected with COVID-19 from the subsidized health regime** to facilitate their isolation, and we delivered COP 3,599 million from the Institute of Culture and Heritage of Antioquia for 7,900 **self-employed artists and artisans** in a vulnerable condition.

Another key point in the strategy was to bring the convenience and digital culture of financial services to more people. That is how we banked more than 19,000 pensioners from Colpensiones in a simple process so that they could receive their allowance without having to travel and stand in line at the subsidiaries. As a result of this effort, the indicator of crediting into accounts for the payment of pensions went from 93% in December 2019 to 99% in May 2020. In addition, pensioners who did not receive their resources through Bancolombia were able to open a Pension Account in less than 10 minutes and request a debit card to be sent to their homes.



Similarly, faced with the urgency of social isolation due to the pandemic and in the midst of market turbulence, we were able to enable 100% of the **money market** teams nationwide (some 496 people) to perform their duties from home, with the least possible impact on the customer experience, at a time when volatility generated an increase in transactions and interactions with customers. This even allowed us to achieve competitive advantages, as we were one of the first entities whose money markets were able to operate continuously and thus attend to customer requests.

Since April, we have also supported more than **10,800 contractors** (among individuals, SMEs and companies) to pay their bills in cash, in order to preserve their economic activity, maintain employability, leverage their cash flow and mitigate the impact product of the economic situation associated with COVID-19. This, without jeopardizing the operation and cash flow of our organization.



Ready to respond

In a complex economic moment marked by uncertainty, the doubts and concerns of financial consumers regarding their products and services grew exponentially. In fact, prior to the pandemic, the average daily traffic through the Bancolombia telephone channel was 180,000 interactions and, during the economic trend, the figure increased to 375,000 interactions, with peaks even exceeding 530,000 contacts. In order to meet this demand, we increased the service capacity, connecting an additional plant of agents of about 3,439 people, strengthening the team of advisers to attend the income services and the different social media. In addition, we strengthened the options of the website so that more people could self-manage.

We also implement specialized lines. One of them is "Relief Line", focused on meeting the needs associated with the financial obligations of customers given the contingency (extension of term, grace period, benefits of credit card products and financing for the economic trend). Another, "Line of Subsidies", focused at providing general advice to customers on government subsidies and the Bancolombia a la Mano product.

In addition, we activated in the telephone channel services that were previously directed to the

network of branches or ATMs, such as the activation of the main key, the unlocking of the Dynamic Key and the notifications from customers in the Sucursal Virtual Empresas, among others.

Thus, we were able to sustain a satisfaction higher than 85% from May 2020 onwards, and dissatisfaction levels below 10%, even in the most critical months (April and May).

Bearing in mind that there are situations that need comprehensive support due to being atypical or of particular urgency, and that deserve attention beyond the phone call, we created 'Intensive Care Unit'. There, we attend to the urgent and priority situations of customers of the Bancolombia telephone channel, through a model of personalized support and comprehensive management, with which we seek to transform the customer's experience and guarantee the solution of their requirement.

Since the service was created we have solved more than

16,000 cases.

It is a service highly valued by customers, with a measured satisfaction of

100%

Second phase of debtor assistance: understanding the new reality

In the second semester, the productive activity began to restart operations. However, the emergency did not end, as each person and each business told a different story: some were able to resume what they had left, others restarted at a slower pace and there were those who continued to be affected.

Recognizing these different situations, we offered a much more personalized support, according to the recovery expectations of each customer and remaining as their strategic allied to ensure the sustainability of them, their companies and the bank.

In the second phase of relief, which began on August 1, 2020, customers (individuals, companies, businesses, self-employed, SMEs, corporations) were able to access different alternatives, such as term extensions, deferrals, consolidation of liabilities, among others, within the framework of the **Debtor Assistance Program (Programa de Acompañamiento al Deudor, PAD)**. This helped them to redefine their obligations and facilitate their management, adjust their cash flow (paying a lower Installment) and continue to meet their obligations according to their productive activity.

Since the Program was implemented and until December 31, 2020, in Bancolombia more than 1.1 million loans were refinanced, for a balance of more than COP 16 trillion. Of this general figure, almost 1 million loans ended the year with current reliefs, for an amount close to COP 14.7 trillion.

Cifras totales de apoyo
en la pandemia

2

millones de clientes

COP 70
billones

We also help our customers to access the subsidies for the purchase of non-VIS housing launched by the Government to promote economic reactivation. As of December 30, 1,476 disbursements for COP 225,000 million were made in leasing and mortgage loans.

At BAM, in October we achieved the disbursement of the AB Loan with IFC and Finance Inmotion for USD40 million, to finance SMEs affected by the pandemic with working capital. It was the first operation in Guatemala disbursed by an international organization for this purpose, which allowed us to support 16,920 SMEs.

As an additional proactive effort, to support companies, we launched **Reinventistas** in Colombia, Panama, El Salvador and Guatemala. The strategy included to assign Bancolombia's radio, national television, cable television and digital media spaces to about 250 businesses, Self-employed, SMEs and companies to make their evolution visible and increase their sales, resulting in an increase of COP4,134 million in its sales, equivalent to 12.4% VS. 9% average in the productive sector of the country. Additionally, more than 44,000 customers were impacted with content on three thematic axes: Business and Professional Development, Self Development and Entertainment. In addition, training and mentoring from partners such as Exma, WOBI and Instituto de Empresa.

The support of the Fundación Bancolombia

Seeking to contribute to our purpose of promoting sustainable economic development to achieve the well-being of EVERYONE, from the Fundación Bancolombia we work for a prosperous and innovative Colombian countryside, a development engine for our country. This approach has not changed.

However, during 2020 we expanded our scope to new areas to respond to the crisis, such as health and food, where we do not usually work, but which we decided to support due to the situation and the needs of the country.

Likewise, we are making progress in our support for economic reactivation by ensuring the continuity of our programs and by launching new initiatives that seek the common well-being.



These are the actions that we carry out on each of the areas together with Grupo Bancolombia:

Health

- We allocated COP 205 million to promote Inspiramed, a project developed by Ruta N in Medellín to address the respiratory difficulties of those who develop the virus.
- We contributed COP 1 billion so that through ProBogotá, ProBarranquilla, ProPacífico, ProSantander and the Chamber of Commerce of Manizales we could ensure the provision of protective equipment and medical supplies in the most disadvantaged clinics in the country.
- Bancolombia made 2,000 Renting vehicles available nationwide for the mobilization of health personnel and the supply chain, a contribution valued at COP 4 billion.
- We joined the Caravana de Antioquia Presente al Amazonas, an initiative that brought medical aid, food and training to health personnel in Leticia and Puerto Nariño.
- We made a specialized technical team available to create the page www.innovaporlavida.org, through which resources are being raised to finance solutions that contribute to the prevention, care and control of COVID-19, a project articulated by Ruta N and the Mayor's Office of Medellín.
- We also contributed COP 1 Billion to the public-private alliance led by Proantioquia and the Government of Antioquia for the construction of 25 ICU beds in the Pan-American clinic in Urabá, allowing it to have 35 intensive care units in total.
- We contribute COP 200,000 to the Donatón in Medellín to help with health issues.
- We allocated COP 50,000,000 to the Santodomingo Foundation for the vaccine coalition.
- We contributed COP 20,000,000 to the Vaupés mission for the procurement of supplies for the San Antonio de Mitú hospital.
- We contribute COP 40,000,000 to the CES University to support communities at social risk to prevent Covid 19.



Food

- We joined the Argos, Nutresa and Sura foundations to benefit 100,000 families nationwide with food aid through the Association of Food Banks, Ábaco. Bancolombia's contribution was COP 1 Billion.
- We allocated COP 1.9 billion to support 23,000 families with food that we identified through analytics that their income decreased in the Economic trend. Of these, 11,700 markets were used to help 34 allied social organizations and 152 scholarship holders.
- We allocated COP 1.6 billion to deliver 26,840 grocery kits in 257 small municipalities in alliance with the Government Banking.
- We created the Trust Transfers, with which we were able to deliver a monetary contribution of COP 65,000 to 6,153 Bancolombia families. This COP 400 million was used to enable our customers to purchase food, toiletries and basic necessities.
- We contribute COP 600 million pesos such as donations in Bogotá (for food) and Medellín (for food and health).
- We contributed COP 32,000,000 to the Fundación Fraternidad Medellín to contribute with grocery kits for families in the city of Medellín.

Economic reactivation

- We supported the creation of the Colombia Needs Us (Colombia Nos Necesita) marketplace, which seeks to make visible food, health and economic reactivation initiatives that are providing solutions to the crisis, connecting the organizations and foundations that promote them with potential donors, as well as entrepreneurs with potential clients.
- Jointly with the Innovation Laboratory, we developed the Innovation Capsules to support the reinvention of the businesses of our entrepreneurial, SME and self-employed customers in the Tourism, Textile, Commerce - Restaurants and Agricultural sectors, who need to seek new ways of generating income or new business models that make their companies feasible during the contingency.

Additionally, within the organization, the collaborators led a donation campaign in which more than COP 946 million were raised. The commitment made by Bancolombia was to match the amount collected, doubling the total contribution. In this way, it was possible to allocate almost **COP 1.893 billion to these efforts.**



C h a p t e r

04

MAINTAINING OUR FINANCIAL STRENGTH

For the benefit of all our stakeholders, we supported initiatives that generated growth and development for society, maintained the necessary liquidity levels and managed risks efficiently and responsibly.



Financial strength

When the COVID-19 emergency began, the vast majority of companies had to close their doors to mitigate the spread of the virus. Faced with this scenario, each sector had to adapt differently to operate - even in mid-gear - and be able to generate some income that would allow them to stay afloat. However, not everyone had that possibility: companies related to tourism and travel had to stop completely.

In the midst of this situation, MOVICH Hotels organized itself as best it could, with the expectation that the lockout would be temporary and that sooner rather than later they would reopen and thus make up for lost time. However, weeks passed and the outlook did not show major changes, so they had to start turning to the financial sector to face this new reality while the recovery took hold.



They knew that the task was not going to be easy, as MOVICH, with 8 hotels generating 810 direct jobs and some 4,000 indirect jobs, was in a situation of high fixed costs and zero income. They knocked on several bank doors without receiving a favorable response, until they reached Bancolombia and found a solution. "You not only opened the doors for us, but you also listened to us, understood our situation and the importance of overcoming this momentary setback," says Álvaro Nieto Aragón, CEO of MOVICH Hotels.

And there began a work between the bank and the hotel chain, based on transparency, trust and mutual care. For the CEO of MOVICH, "Bancolombia made us feel that it was not a lender, but an Allied of ours to get out of this situation. From the beginning they were very clear, concrete and direct with us, they did all their feasibility, risk and other analyzes to offer us a specific solution to our case. The bank took care of itself and took care of us," he says.

With this, the director points out, "they allow us to write the second chapter of our history, the opportunity to continue serving our customers and the possibility of offering employment and development to the country. Bancolombia should be very proud of its philosophy and of its collaborators".

Maintaining our financial strength

Bancolombia, commercial bank

In the middle of a year framed by a global health and economic trend, Bancolombia closed 2020, in Colombia, with a growth of 8.41% in its total assets, which represents COP 14.29 trillion more compared to the end of 2019. This variation was mainly leveraged by the behavior of net investments, whose growth of 39.58% contributed 75.76% of the total increase in assets, as a result of a positive variation of 112.41% in financial instruments of investment and the recognition of the equity participation method on investments in subsidiaries, which grew by 5.33%. It should be noted that, as of May 2020, investments were made in Solidarity Securities (TDS) for COP 2.49 trillion, in compliance with the decree issued by the national government as a measure to alleviate the economic and social consequences caused by the declaration of a State of emergency.

The gross portfolio presented an increase of 4.56% (COP 5.89 trillion), largely driven by the commercial modality, which grew 6.49% (COP 4.10 trillion), contributing 69.61% of the increase, and thus achieving a market share of 33.12%, 63 basis points (bp or bps in plural) more than the share reached in 2019. On the part of the housing portfolio, it grew by 8.72%

(COP 1.16 trillion), reaching a 19.54% market share. Additionally, the consumer portfolio grew by 2.01%, but lost 39 bps of market share, reaching 19.13%. All of the above made it possible to maintain leadership in the market both in the level of total assets (25.40%), and portfolio (26.2% *).

Portfolio provisions showed an increase of 37.26%, equivalent to COP 3.45 trillion, evidencing an increase in credit risk derived from the economic impacts of the pandemic, which has deteriorated the non-performing loans indicator, which registered an increase of 115 bps, reaching 5.44%.

The company closed 2020 with a total balance of liabilities of COP 158.44 trillion, which represents COP 14.49 trillion more than the end of 2019. This is mainly explained by the behavior of customer deposits, in which there is a growth in savings and current accounts of COP 15.59 trillion and COP 4.34 trillion respectively and a decrease in CDT's of COP 3.42 trillion, thus presenting a change in the funding structure, in which CDTs lose 745 bps of participation within total deposits, and

savings and checking accounts gain greater participation, being able to optimize the funding cost.

In January 2020, an ordinary bond issuance was made for USD 950 million at a fixed rate of 3%, the resources of which were used to buy back bonds maturing in 2021. This transaction was the culmination of a capital rebuilding and debt management strategy that began in December 2019 with the buy back of subordinated bonds and issuance of a new hybrid subordinated bond for USD 550 million.

Bancolombia's equity decreased by COP 207,916, mainly due to the lower profit recorded in the period. The reserves made for COP 1.82 trillion, positively impact the technical equity, in order to have a solid equity that allows to maintain the solvency indicators above the limits required by the regulator.

Portfolio provisions showed an increase of 37.26%, equivalent to COP 3.45 trillion, evidencing an increase in credit risk derived from the economic impacts of the pandemic.

In a growth of
its total assets

8.41%



Despite the growing behavior of Bancolombia's assets, the generation of interest income and valuation of financial instruments after provisions, presented an annual decrease of COP 2.35 trillion trillion, largely affected by a higher provision expense associated with the increased credit risk and lower generation of interest income due to the downward behavior of interest rates, both derived from the impact that the pandemic has had on the country's economic performance.

With an impairment in the assets' yield of 139 bps, as a result of the constant decrease in reference rates during 2020, and a cost of loanable funds falling 63 bps, Bancolombia's net interest margin presented a drop of 76 bps in 2020 compared to the previous year. It should be noted that during the year strategies were carried out in the management of the funding structure that allowed to improve the cost of liabilities. As a consequence, the company's net interest income showed a decrease of 4.37%, equivalent to COP 366,724 billion.

In the expense for net provisions, there was an increase of 64.73% as a result of the impairment of customers and higher provisioning, thus generating an increase of 134 bps in the cost of credit, reaching 3.82%.

Income from the equity method was COP 1.16 trillion lower than that registered in 2019, as a result of the lower dynamism in the financial results of the subsidiaries due to the crisis generated by the pandemic.

Although operating expenses decreased 3.3%, this decrease was lower than the variation in net income before provision, which fell 8.94%, and led to an increase of 281 bps in the efficiency indicator, which was located at 48.09%. In this way, the profit before taxes was COP 1.03 trillion, COP 2.95 trillion less than in 2019.

Finally, Bancolombia closed the year 2020 with a decrease in its net profit of 73.07%, (equivalent to COP 2.45 trillion), reaching COP 903,959 billion at the end of the period; and causing a deterioration of 1,006 bps in equity profitability, which was 3.51%.





Regional economic context

Latin America and the Caribbean has been significantly affected by the shock generated by the covid-19 pandemic. Despite the fact that the subcontinent has less than 10% of the world's population, last year it registered almost 20% of cases of the disease.

In this context, the sanitary containment and quarantine measures, the drop-in income, the uncertainty between households and companies, and the unfavorable impacts on the labor market and the productive structure that took place in 2020 led to the region having presented that year an economic contraction estimated by the World Bank at 6.9%, the most pronounced in the emerging world and the largest recorded in recent decades. In almost a third of Latin American economies, the fall in productive activity the previous year, exceeded 10%.

In addition to the direct repercussions of the pandemic, the economic performance of Latin America has also been conditioned by other collateral phenomena to that environment. In particular, the volume of exports fell by approximately 10% as a result of the global recession. On the part of the prices of raw materials, particularly energy products, showed significant falls due to the fact that the demand for fuels fell as a result of the confinements. Likewise, the decrease in the number of travelers implied a decrease in the income of the tourism sector.

Finally, it is worth mentioning that the pandemic has implied a significant increase in poverty and social inequity, since it has hit the most vulnerable segments of the population with greater intensity, such as informal workers, women, young people and those with limited access to health services and social security.

Colombia

At the level of economic activity, during 2020 in Colombia there were unprecedented contraction figures. The main factor behind this performance was the health shock generated by the pandemic, which was initially counteracted with a high degree of restriction on household mobility and the functioning of many productive sectors. Consequently, the GDP for the full year contracted 6.8% compared to 2019, the largest drop since official statistical records are available.

Colombia was one of the countries in the world where the restriction on mobility lasted the longest, reaching almost 6 months. In the most adverse phase, which took place at the end of March and April, we estimate that the functioning of productive sectors equivalent to 35% of GDP was limited. This supply shock also translated into a demand shock, given the rapid increase in unemployment, which ended up substantially moderating household labor income. Furthermore, the weakness of aggregate demand and the inability to operate implied the beginning of a period of economic stress for companies, which particularly affected investment plans.

The rebound in activity thanks to the gradual reopening of sectors began in May and reached its maximum as of September, when our calculations indicate that the restriction on the operation of productive sectors had fallen to less than 5%. In this process, the pace of economic contraction moderated and the labor market began to respond favorably. After the 15.7% drop in GDP in the second quarter, our NowCast Bancolombia estimated a -4.3% annual variation in the last quarter of the year. The recovery of the industry and the retail trade has been the key behind the economic reactivation dynamics.

In relation to consumer inflation it closed 2020 at an all-time low for the end of a calendar year (1.6%), after the measures to help



the most vulnerable households and their reversal, the days without VAT and the fall in the aggregate demand will determine the behavior of prices throughout the year.

The generalized macroeconomic weakness, together with the space that the price dynamics facilitated, led the monetary authority to embark on a phase of consistent monetary expansion. The entity's intervention rate fell from 4.25% at the beginning of the year to 1.75%, also a record low. Furthermore, unprecedented local initiatives were carried out to provide liquidity to the financial market through the acquisition of public and private debt securities, in addition to exchange rate stabilization measures.

On the fiscal policy side, the magnitude and nature of the economic crisis implied a need for a marked expansion of the fiscal deficit. The fall in productive activity quickly affected tax collection, while the strengthening of the health system and support programs for households and companies pushed up the need for fiscal spending. In sum, this implied a deficit that the government itself estimated would reach 8.9% of GDP, after the suspension of the fiscal rule. However, economic policy milestones were achieved, such as the implementation of the VAT refund to vulnerable households and solidarity income, as key fiscal measures to partially mitigate the social impact of the crisis.

Finally, the external sector, on which a shock of falling exports fell, but also imports, saw a net result of correction in the trade and current account deficit, which for the full year we estimate close to 3.4% of the GDP. The lower output of compensation for direct investment was the key, while the inflow of workers' remittances remained at historical highs, as an item apparently immune to the pandemic.

Colombia was one of the countries in the world where the restriction on mobility lasted the longest, reaching almost 6 months.

Panamá

Panama would have suffered the greatest contraction in its economic activity during 2020 due to the shock generated by the pandemic. The rapid expansion in the number of cases throughout the country led the authorities to restrict mobility and limit economic activity in key sectors for the economy such as commerce, construction and transportation, which generated an unprecedented contraction in the aggregate productive activity.

The shock has been particularly strong given the state of vulnerability in which the economy was, since since 2017 it had been going through a process of deceleration that had reached its minimum in 2019.

The sharp contraction in growth has had a significant impact on the performance of the labor market. In fact, the growing trend of unemployment that has been observed since 2017 reached its maximum last year by almost tripling the unemployment rate of 2019 (7.1%) to stand at 18.5%. This shock has generated a drop-in household income that translates into a weakness in aggregate demand, making it much more difficult for the most affected productive sectors to recover rapidly.

On the other hand, the public spending needs to address the health emergency and the fall in tax revenues would have substantially widened the fiscal deficit, taking it from 3.1% in 2019 to 10.5% of GDP in 2020. The difficult fiscal situation is also reflected in the debt-to-GDP ratio, which, according to the consensus of analysts, would be around 64.6% at the end of 2020, which would represent a considerable leap from the 46.4% with which this indicator closed in 2019.

This challenging environment has already been incorporated by some risk rating agencies as we remember that S&P lowered the country's rating last November. The other two large agencies (Moody's and Fitch) have a negative rating outlook for Panama.



Guatemala

Despite the strong economic shock caused by the covid-19 pandemic that occurred in 2Q20, a clear trend of recovery in economic activity has been observed, which has been reflected in the Monthly Index of Economic Activity, such indicator closed in November in positive territory growing at 2%.

The good dynamics of recovery in economic activity in the second half of last year was driven by growth in education, manufacturing, commerce and real estate activities. The recovery has also been driven by the solid flow of remittances that continued to enter the country and because the number of people infected by COVID-19 has remained at moderate levels, allowing greater mobility and fewer restrictions on business operations.

This has led to the risk rating agencies not yet downgrading the country's credit rating. In fact, the rating agency Moody's maintained the rating at Ba1 although it did reduce the outlook from stable to negative last November. This revision in perspective was explained by the increase in public debt, as a result of higher government spending to address the health shock. On their side, the rating agency Fitch Ratings maintained its rating at BB- with a stable outlook and finally S&P has not modified its rating on the country either.

El Salvador

The arrival of the pandemic in the country would have generated the largest contraction in productive activity in the last 25 years. The sharp deterioration in the dynamics of key sectors such as manufacturing, construction, commerce, transportation and tourism explained the unprecedented drop in GDP during 2Q20. However, thanks to a solid flow of remittances and the release of some restrictions on production, a recovery trend has begun since the middle of last year, which led 3Q20 GDP to increase 12% compared to the immediately previous quarter. The recovery has been observed in most sectors of the economy.

However, the biggest challenges facing the country are in fiscal matters, since spending pressures to address the health emergency, together with the fall in tax collection have led to an expansion of the fiscal deficit that we expect to close in 2020 between 9% and 10% as a percentage of GDP, which implies a deficit three times higher than that registered in 2019 (3.1%). These fiscal pressures have also led to a significant increase in public debt, which according to the consensus of analysts would close 2020 around 90% as a percentage of GDP, reflecting the complex fiscal situation.



Panamá



Guatemala



El Salvador

Consolidated results Grupo Bancolombia

In Grupo Bancolombia we registered a growth in total assets for the year 2020 of COP19.5 trillion (8.3%), compared to the previous year, thus amounting to COP 255.6 trillion. This is the result of various factors: the dynamism of investments, with a growth of COP 12.9 trillion, the gross portfolio, with a growth of COP 9.1 trillion and the increase of COP 1.2 trillion in other assets. However, the increase in portfolio provisions of COP 5.7 trillion ended up affecting the growth of total assets. This growth was also impacted by the annual devaluation of 4.74% of the peso against the dollar, largely explaining the nominal increase in assets in foreign currency (USD) for COP 4.3 trillion.

Our total gross portfolio amounted to COP 191.4 trillion at the end of the year, presenting an increase of 5.0% due to the growth of the commercial, housing and consumer portfolio modalities. The consumer portfolio presented lower growth than those mentioned above (3.4%), as a result of the low appetite in view of the closures in the economies in which Bancolombia operates. On the other hand, the type of housing portfolio grew COP 2 trillion (8.2%), where 77.9% corresponded to organic growth and 22.1% was supported by the accumulation of accounts receivable, this due to the support granted to our customers during confinement and the obvious cessation of productive activity. Additionally, the effect of the currency devaluation had an influence on the dollar-denominated balances of the local banking book and of offshore subsidiaries, with an involvement of 30.7% (COP 2.8 trillion) in the

annual variation of the gross portfolio. Portfolio and financial leasing provisions closed the year at COP 16.6 trillion, with a growth of COP 5.7 trillion (52.%), being one of the asset items that presented the highest growth. The 90-day non-performing loans was 3.81%, 87 bps higher than that registered at the end of the previous year, given the deterioration of customers in the different segments. On the other hand, the 90-day portfolio coverage closed at 210.5%, improving the indicator by 16 percentage points compared to the previous year, as a result of the significant growth in the balance of provisions.



Net investments closed the year at COP 32.1 trillion with a growth of 67.1%, as a consequence of the increase in the investment portfolio in debt securities.

This is due to the liquidity that we had throughout the year and the reduction in bank reserve requirements by some of the central banks in the countries where we operate. We participated in the purchase of solidarity securities issued by the Colombian government and treasury bills (LETES) in El Salvador, which allowed us to diversify our portfolio in sovereign securities from other countries and help to solve the state needs to attend to the contingency for COVID-19. Likewise, the increase in our customers' portfolio in derivatives implied a greater position in debt securities.



Grupo Bancolombia's liabilities closed at COP 227.5 trillion, registering an increase of COP 20.2 trillion (9.7%), leveraged by customer deposits (mainly at sight), which grew by COP 23.6 trillion.

The balance of CDTs decreased in general, reaching a total balance of COP 61.1 trillion, for the decrease in the year of COP 2.6 trillion. Likewise, loans with financial entities decreased by COP 2.8 trillion (19.8%). The liquidity presented throughout the year by attracting funds at sight allowed the execution of funding strategies, managing to reduce high-cost lines, such as CDTs and financial obligations. As a result of these strategies, at year-end demand deposits represented 51.9% of the group's total liabilities, standing 748 bps above the share at the end of the previous period. On the part of the bonds, they closed the year at COP 19.1 trillion, with a decrease of COP 0.8 trillion (4.%). The behavior of customer deposits in the year contributed to the management of the cost of funds, which translated into lower financial expenses, managing to offset the decrease in the portfolio's performance.

Our equity (not including minority interest) was COP 26.5 trillion, registering an annual decrease of COP 0.3 trillion (1.3%).

This contraction was basically caused by the distribution of profits for the year 2019 through dividends and by the lower generation of profits in the period, being offset by the increase of COP 1.0 trillion due to the legalization of the procurement of 40% of the Grupo Agromercantil in Guatemala. In December 2020, the Bancolombia Group adopted the new methodology for calculating solvency, described in Decree 1477 of 2018, which incorporates international capital standards from Basel 3. Given this new methodology, we continue to maintain solvency levels above the limits required by the regulator, closing the year with a basic solvency ratio of 11.24% and a total solvency of 14.74%.

The accumulated net profit (liable to shareholders) ended at COP 276 billion, registering a decrease compared to the previous year in COP 2.8 trillion (91.1%), mainly due to the increase in credit risk and the impacts of expansionary monetary policy.

Portfolio provision and net impairment expense grew by COP 4.1 trillion, an increase supported in all our banking books, as a consequence of the balance sheet underwriting due to the impact of the COVID-19 contingency and the impairment in the risk profile of our customers.

Net interest income decreased in the year COP 375 billion (3.4%), impacted by: reduction in interest rates, particularly in Colombia, where the intervention rate of Banco de la República decreased 250 bps, due to higher provisions in interest income from customers that lowered their credit rating and due to the lower present value of the portfolio as a consequence of the relief granted to our customers. The foregoing was offset by the management of financing sources, which allowed to record a decrease of COP 317 billion (5.1%) in financial expenses.

Net commissions grew by COP 11 billion (0.4%) mainly due to an improvement in commission income of COP 19 billion, higher than the increase in commission expenses of COP 8 billion. Insurance Banking was one of the determining factors in the increase in income, making it possible to counteract the lower transactionality of the other banking services during the confinement.

Income tax for 2020 presented a cumulative recovery of COP 6.6 billion, decreasing by COP 1.3 trillion (100.5%) compared to the end of the previous year. For Colombia and Panama, the impacts were presented for tax concepts that do not depend on accounting profit, such as untaxed dividends, the deduction of the exchange difference made in the administration of liabilities for bond issues and settlements, income exempt (VIS portfolio and foreign income) and the 40% tax reduction for the purchase of fixed assets. For El Salvador and Guatemala, the tax was impacted by income from non-taxed securities and non-deductible expenses.

As a result of the economic cycle that the operation went through in Colombia and the countries where we operate, Grupo Bancolombia's net interest margin decreased 76 bps, closing at 4.91%, mainly due to the impact of credit and market risk.

Financial efficiency ended the year at 50.51%, presenting an improvement of 62 bps compared to that registered at the end of the previous year, due to a greater decrease of 3.1% (COP 259 billion) in operating expenses compared to the reduction of 1.9% (COP 312 billion) in operating income before provisions.

Finally, the return on equity indicator closed at 1.02%, 11 percentage points below that registered in 2019, due to the events triggered by the crisis caused by the pandemic.



Tax policy

The Grupo Bancolombia, as a regional actor present in 9 countries, attends in a responsible and timely manner its duties as a taxpayer, understanding that the payment of taxes corresponding to the management it performs must be made in the place where it is operating.

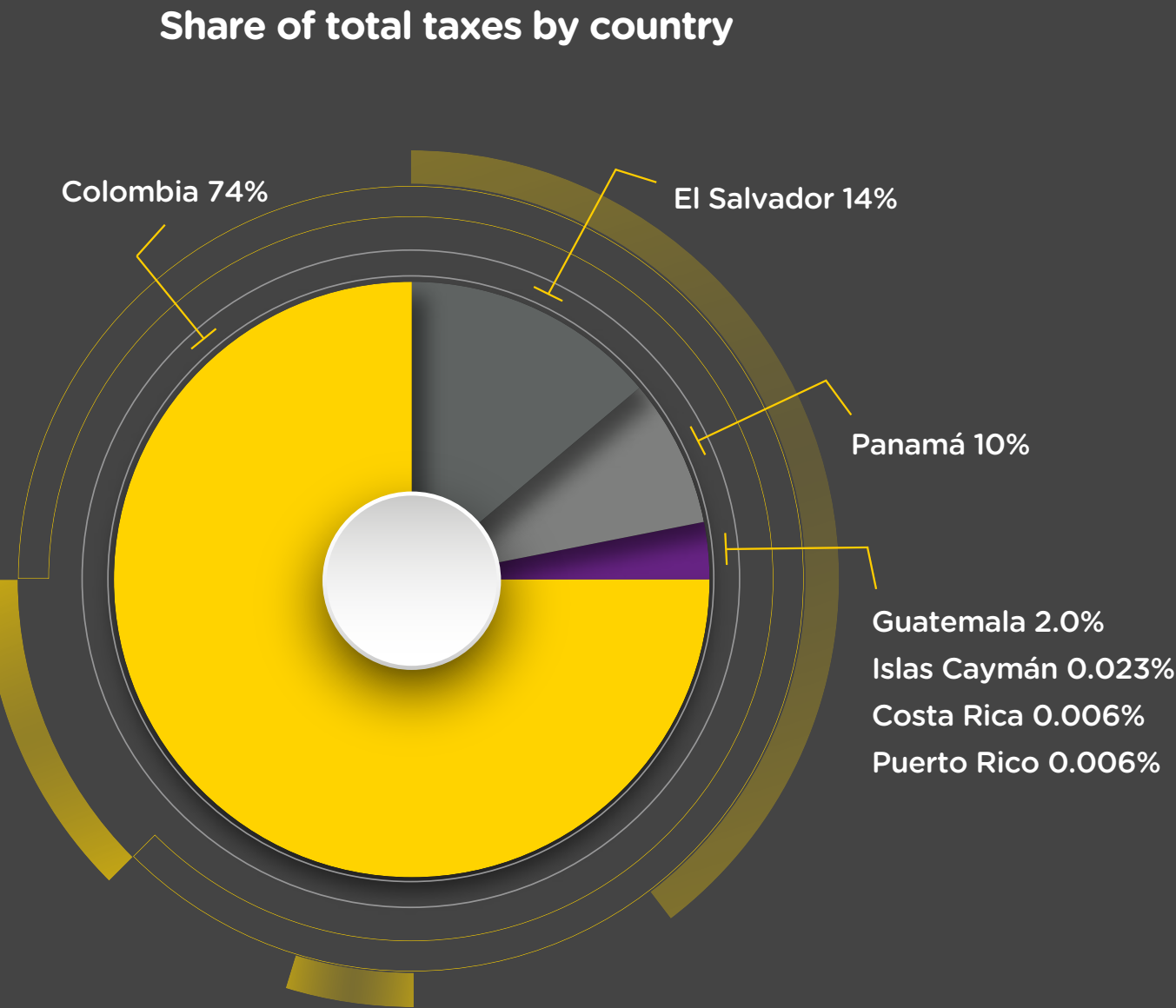
These resources leverage the development of the communities where we are present, support governments in matters of fiscal sustainability and the implementation of economic and social projects in the countries.

Being in a highly regulated sector serves the Group's strategy, because it invites us permanently

to carry out this function in an ethical framework and focused on the durability of the business, understanding that we will only be able to develop in societies that grow in a sustainable manner.

In order to provide timely compliance with tax obligations, in accordance with current regulations, the laws, decrees, doctrines and precedents that are issued in each of the territories where the Group operates are constantly being reviewed and analyzed.

The following graph details the Group's participation in the public finances of each country for the 2020 fiscal period:



Registered Taxes by Region	
Region	Registered Taxes*
Colombia	1,057,617
El Salvador	202,733
Panamá	144,661
Guatemala Barbados Bahamas	29,128
Islas Caymán	336
Puerto Rico	89
Costa Rica	82
Total	1,434,646
*Numbers in Million Pesos - COP	



Profit distribution project

The Board of Directors submits for consideration by the General Ordinary Shareholders’ Meeting of Bancolombia a profit distribution project that considers:

- (i) The payment of an ordinary dividend at the rate of COP 260 per outstanding share, payable as follows: COP 65 for each share and quarter, on the following dates: April 5, July 1, October 1, 2021 and January 3, 2022. Dividends for consideration by the stockholder’s meeting will be recognized for both ordinary shares and preference shares outstanding.
- (ii) The incorporation of an occasional reserve for the strengthening of equity and future growth of the entity for COP 810,559 million.
- (iii) An occasional reserve destined for social benefit projects COP 10,000 million.

The following is the detail of the profit distribution project (figures expressed in Colombian pesos):

Profit distribution proposal		
2020 Gross Profit	1,033,036,556,717.09	
Appropriations for income and deferred tax	(129,077,316,981.33)	
2020 Liquid Profit		903,959,239,735.76
Plus retained earnings recognized in the opening balance and that were actually made during 2020		108,973,102,791.42
Plus release of provisioned resources to pay preferential shares dividends		57,701,443,512.78
Total to be distributed		1,070,633,786,039.96
Provisions for equity strengthening and future growth	810,558,766,039.96	
In order to pay a dividend corresponding to 509,704,584 shares of common stock and 452,122,416 shares with preferred dividend and non-voting rights, subscribed and paid as of December 31, 2020, at the rate of \$260 per share, payable as follows: \$65 per share per quarter, on the following dates: April 5, July 1, July 1, October 1, 2021 and January 3, 2022	250,075,020,000.00	
Provisions for social benefit projects	10,000,000,000.00	
EQUAL AMOUNTS	1,070,633,786,039.96	1,070,633,786,039.96

The ex-dividend period will be comprised between the first business day of dividends payment of the corresponding shares and the 4 stock market business days immediately prior to that date, as follows:

Ex-dividend period start ^(*)	Ex-dividend period end ^(*)
March 26, 2021	April 5, 2021
June 25, 2021	July 1, 2021
September 27, 2021	October 1, 2021
December 28, 2021	January 3, 2022

^(*)The dates of the ex-dividend period will be subject to adjustments in accordance with the provisions of the Colombian Stock Exchange for this purpose. In the event that December 31, 2021 is declared a non-trading day, the ex-dividend period will begin on December 27.

2020:
a reputational journey
influenced by new
expectations and
consistent performance

In a year as hectic as 2020 we reinvented ourselves and assumed the situation knowing that the step we took at that time would shape the future perception of our customers; That is why we guide our decisions to be closer to our relationship groups, listening to them, getting to know them better and deepening their new expectations as one of the priorities within reputation management.

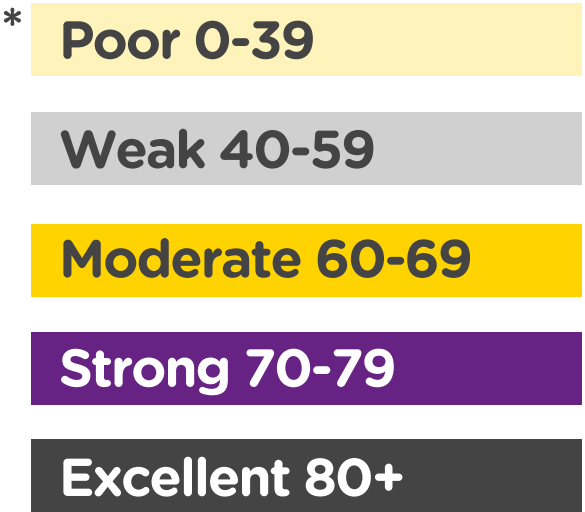
Today we are more aware that these expectations change and are transformed with a short-term vision according to each reality. This is how we seek to learn more about the needs of our customers and support them in making decisions through personalized experiences to keep their obligations up to date in a particularly difficult year for everyone.

Winning people’s hearts is an emotional defiance that implies a greater challenge, a challenge that leads us to become more obsessed with experience, to continue innovating to improve each process, to continue valuing the support of our investors while maintaining high standards of solidity. Financial, and continue to recognize that it is transparent practices based on ethics and integrity that help us to consolidate the bonds of trust to ensure sustainable economic growth and well-being for all.

Faced with the new expectations of the groups and the new dynamics that we face in the countries in which we operate, today we play a double role that challenges us more and more: to be driving forces of the economy in a challenging business context and to maintain financial profitability as an organization in a changing and dynamic future.

Since 2015, at Bancolombia we have measured the perception of stakeholders through the RepTrak® methodology and since then we have maintained a reputational assessment at strong levels *. In 2020 we maintained the same scale with a final result of 75.4 according to the responses from customers People, SMEs, Companies, Corporate and employees, understanding that it is Sustainability, Supply and Integrity where the highest expectations of these groups are concentrated.

In 2021 we will continue working to bring knowledge to our customers, making financial education as a basic pillar to accompany responsible decision-making, deepen expectations to offer consistent experiences and thus guarantee that we can face a moment marked by opportunities and learning, where the generation of trust, not only towards Bancolombia but towards the sector, will be key to continue being one of the engines for social and economic development in the region.



Milestones, initiatives and achievements

In order to generate significant benefits for ALL we are committed to promote sustainable economic development in the territories in which we operate.

We have the great responsibility to ensure the sustainability of our operation, based on maintaining our financial health to honor the long-term initiatives to create growth and development opportunities for society, as well as to honor our commitments to our savers, shareholders and, in general, all our stakeholders.

We focused on keeping the necessary liquidity levels, adequately managing economic, social and environmental risks and, of course, **reducing our expenses to meet the efficiency challenges that these times of uncertainty and volatility in 2020 brought us.**



High priority, efficiency

It is very important to redefine who we are and align ourselves to make responsible decisions that will make us more efficient, for the benefit of each one of us and for the benefit of all, as we adapt to a new reality. This implies being more careful with expenses, being more productive in the sense of prioritizing the strategic and leaving aside what is not necessary. This allows us to take care of the sustainability of the organization and make it last over time so that it continues to accompany economic development and generate well-being in society.

We launched the + Efficient (+Eficiente) for me and for everyone strategy as efficiency is a task to which all Bancolombia employees can contribute and a habit that we must develop. Considering the financial sustainability of the bank this initiative strives to recognize what we have done well in terms of efficiency within our culture and what we need to improve in order to continue strengthening it through concrete actions and habits. This is articulated with a corporate communications strategy that provides information and tools that permeate all the people in the organization (leaders and employees of all Territories), enabling them to find each person's contribution from his or her role and generating changes in routines that strengthen a new culture.

This is how we have taken actions in favor of efficiency, adopting procedures, behaviors and habits that have strengthened the culture of austerity, through detailed reviews of supplier contracts and services, identifying services that were not necessary, defining strategies to take advantage of resources, identifying expenses that are not necessary and avoiding others in the future.

Other initiatives

We were able to estimate the income of more than 7 million customers from a model with an approach based on fixed and variable income, which allows us to better understand the economic conditions of self-employed and provide them with solutions that are adapted to their particular situation.

Amid the challenging conditions of the capital market and the Panamanian economy as a result of the crisis caused by COVID 19, on July 28 Banistmo placed its second international bond Issuance for USD 400 million with a term of 7 years and a coupon of 4.25%. This transaction expands and strengthens Banistmo's capabilities in terms of liquidity and debt profile, and diversifies and improves the organization's sources of funding.

With the strategy **G-Shock of BAM**, we attracted new customers in the consumer, card and housing segments through portfolio purchases with lower risk, which allows us to offer favorable conditions to customers, without friction in the transfer and grow our business size.

Another major project was the **digital transformation in Treasury**, particularly with the intervention of the management process of its own position in foreign currency, in order to reduce the operational risk that was generated by the manual and repetitive activities that were executed to be able to cover the purchase and sale of foreign exchange in the organization and other operating processes of the Treasury.

We launched Rentbot, a tool available at any time and place, with which it is intended that commercial teams can self-manage their information by customer (balance sheet and P&L), and also allows the business to monitor its results for the decision making.

This development seeks to create efficiencies in the Financial Information Systems team, freeing up operational process capacity that will be used in the generation of information that adds greater value to the organization.

Through Sofit, the Financial Vice Presidency supports the expansion of the business by facilitating the flow of information, processes and procedures for accounting and financial advice. Thus, it contributes to the development of new initiatives in ecosystems, products and investment projects, considering the guidelines and best financial, tax and accounting practices. In general, any user of Grupo Bancolombia can access this platform and its contents, which are permanently updated with corporate-level guidelines. In addition, the use of the tool generates efficiencies in the expenditure of consulting fees.



Sustainable funding

Since 2016 we have been consolidating our sustainable funding strategy. To date, we have three green and sustainable bond issuances for a total amount of COP 1.3 trillion, with which we have financed initiatives on issues such as clean energy, sustainable construction and cleaner production.

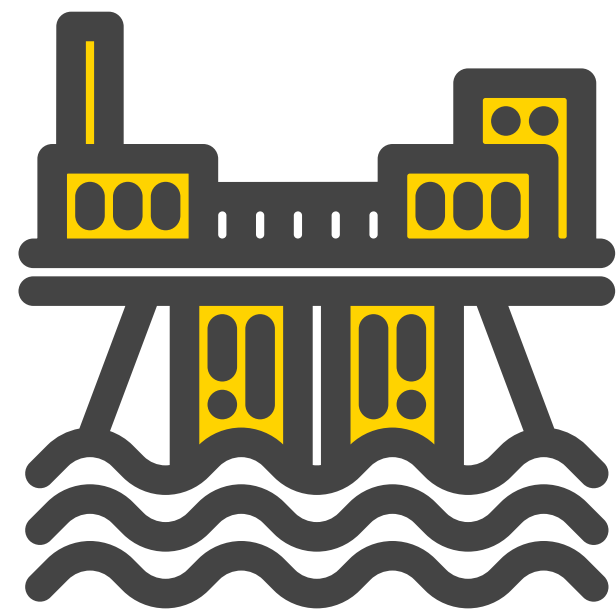
These issues were made in both the secondary and primary markets, with international buyers such as IFC and the Inter-American Development Bank - IDB. In accordance with the provisions of the Green Bond Principles standard, the status of the three issuances as of December 31, 2020, is presented below.

First issuance: Green Bond

Of the first emission in 2016, 60% of the projects are small hydroelectric plants that run on the water without a dam, with a capacity of less than 20MW. The remaining 40% are sustainable construction projects with LEED certification.

Issuance data:

- Disbursements for COP 350,000 billion.
- 9 projects in 3 departments and 7 municipalities of Colombia.
- Average disbursement per operation COP 44,800 million.
- Average term per operation: 9 years.
- Impact of the projects funded through Green Bonds:
 - 265 GWh electric power per year generated through renewable sources.
 - 40.9 MW of installed power from renewable energies.
 - 76,000 tons of CO2 prevented per year.
 - 385,000 M2 of sustainable construction.



Second Issuance: Green Bond

On July 18, 2018, Bancolombia issued, for the second time, green bonds for \$300,000 billion COP. 90% of the projects financed with this issuance correspond to sustainable construction projects and the remaining 10% to renewable power projects. 100% of the resources have been assigned and disbursed.

Data of the second issuance:

- Disbursements for COP 300,000 billion.
- 8 projects in 6 departments and 8 municipalities of Colombia.
- Average disbursement per operation COP 37,500 million.
- Average term per operation: 6.5 years.
- Impact of the projects funded through Green Bonds:
 - 230 GWh electric power per year generated through renewable sources.
 - 34.7 MW of installed power from renewable energies.
 - 65,600 tons of CO2 avoided per year.
 - 69,000 M2 of sustainable construction.

Third issuance: Sustainable bond

On July 19, 2019, Bancolombia made its first issuance of a sustainable bond worth COP 657,000 million, acquired in its entirety by the IDB, becoming the third issuance with sustainable Features. 63% of the resources correspond to green projects focused on renewable energy, sustainable construction and cleaner production issues. The remaining 37% corresponds to social projects focused on low-income housing and basic sanitation. 100% of the resources have been allocated and disbursed.

Data of the third issuance:

- Disbursements for COP 657,000 billion.
- 26 projects in 8 Departments.
- 18 projects with green features and 8 social projects.
- Average disbursement per operation COP 25,000 million.
- Average term per operation: 7 years.

Sustainable Development Goals to which we contribute with this issuance: SDG 11: Sustainable cities and communities, SDG 9: Industry Innovation and infrastructure, SDG 7: Affordable and clean energy, SDG 6: Clean Water and Sanitation, SDG 4: Quality education and SDG 3: Health & Well-being.



Gender bonus for women

(Banitsmo Panama):

Banitsmo is part of the Gender Parity Initiative, the Seal of Equality and the UN Women Principles for the Empowerment of Women. Since 2016 we have defined a strategy to support the economic empowerment of women in Panama and in 2019 we consolidated it with the launch of the first Social Gender Bonus in Latin America, whose issuance was USD 50 million and was structured and subscribed by the IDB Invest, being used to support SMEs led by women. At the end of December, over USD30.8 million had already been placed, most of which have been commercial loans to small businesses owned by women, focused on the commerce, services and agribusiness sectors. In addition, during 2020, more than 2,000 women leaders of SMEs were trained in topics such as financial planning, negotiation, productivity, stress management, assertive communication, energy efficiency, among others.

Responsible investment

At Grupo Bancolombia we believe in responsible and sustainable investment, and we are aware that Environmental, Social and Corporate Governance (ESG) criteria are essential to fulfill our fiduciary duty.

We are committed to incorporating these criteria as a fundamental and integral element in all our investment processes. Since this journey began in 2014, and with the experience and knowledge acquired, we have deepened the integration of sustainability in our product offering, our recommendations to the market and our own position, and especially in 2020 we materialized the following milestones:

- As part of our ambition to mobilize at least COP 500 trillion in the next decade through financial services in activities associated with our purpose, we have proposed by 2022 that all the assets managed by Asset Management Bancolombia be invested under strategies with ESG criteria.
- We launched the Global Sustainable Income Fund (formerly Global Balanced Income Fund) on the market, this being the first collective investment fund opened in the Colombian market that integrates ESG criteria in its investment process with a specific ESG rating objective. With this launch, we were able to increase the amount of assets under management of the fund from COP 123,941 million in 2019 to COP 287,127 in 2020, as well as the number of linked clients from 2,799 to 5,642 in the same period.
- We improved the average ESG rating of the ESG Delegated Portfolios from 6.18 in 2019 to 7.01 in 2020, strengthening the incorporation of ESG criteria in the investment process.
- We improved our rating in the annual evaluation of the principles of responsible investment (PRI) in the module of Incorporation of ASG in Equities, reaching the rating B. Likewise, we retain the rating A in the module of Strategy and Governance.
- We develop our own ESG evaluation models under international standards to qualify the management of issuers in the Colombian market.
- Aligned with Climate Action 100+, we undertook two processes of engagement and dialogue with Colombian companies on climate change issues. Similarly, we developed virtual events for issuers of securities in the Colombian market to emphasize the importance of considering ESG criteria in the business.
- At Valores Bancolombia, we include ESG criteria in recommending investment portfolios in dollars for our customers.

We continue to strengthen our Delegated Portfolio strategy with ESG features, which seeks to generate competitive long-term returns for our customers by incorporating sustainability factors and the selection of assets with the best ESG ratings relative to their industries. Thus, we were able to increase the amount of assets under management from COP 260,887 million in 2019 to COP 360,630 in 2020, and we increased the number of associated customers from 17 to 25 in the same period.



Environmental and social risk in financing analysis

Committed to responsible and sustainable financing, at Bancolombia we have adopted the Equator Principles of the World Bank and the Performance Standards of the International Finance Corporation - IFC, as applied standards for the identification, evaluation and management of environmental and social risks and impacts implicit in the operations and projects we finance. Their scope of application is the evaluation concerning the environment and natural resources, climate change, biodiversity, community health and safety, ethnic minorities, human rights and job security.

We update the internal processes and policies on Environmental and Social Risk Analysis to align with the fourth version of the Equator Principles and its entire application framework. The update is based on the evaluation of Climate Change, Biodiversity, Human Rights, Transparency, Corporate and Government Ethics, both in the financing of projects and in ordinary operations, corporate loans, bridging credit and financial advice, in the business units of corporate banking, business banking, SME banking, investment banking, Leasing operations and receipt of guarantees and datations in payment, at the corporate level and in all the countries where we operate, preventing the risks associated with environmental liabilities in real estate where activities sensitive to environmental impacts are carried out.

The criteria, standards, parameters for risk categorization and structuring of environmental and social covenants are defined in each analysis using the tools generated by the Equator Principles and the Performance Standards, adjusted to the needs of Bancolombia, local regulations, the country and the region.

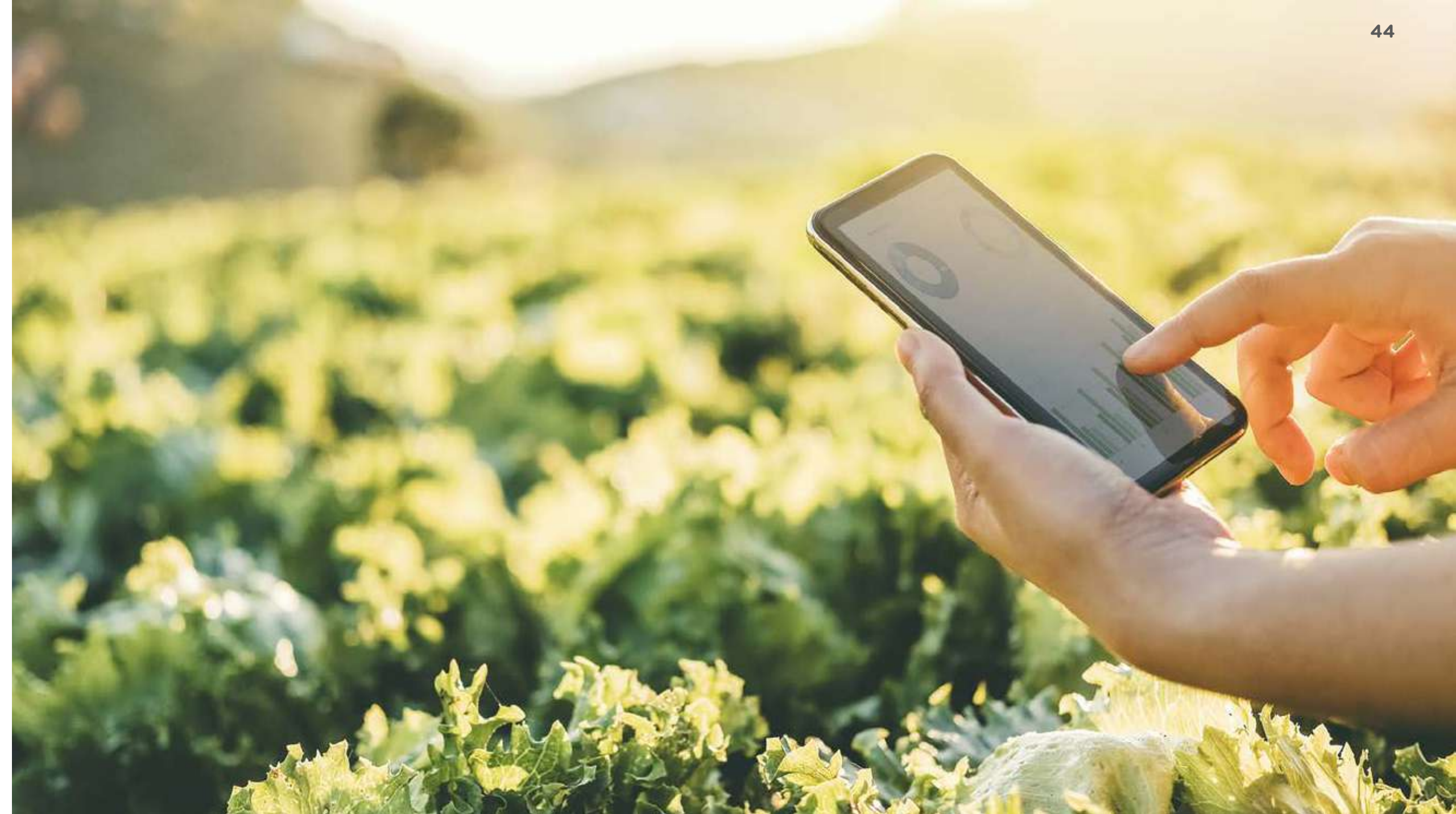
For those options that require it, we implement attribution and decision models to ensure decision-making based on their viability and qualification.

Regarding the analysis of socio-environmental risks and in accordance with the update of the Policy, the amount required to carry out the evaluation of environmental and social risk was reduced, for operations exceeding USD 1,200,000 in the sectors: (i) Tanneries; (ii) Miner;

(iii) Slaughterhouses and meat processing plants; (iv) Chemicals and agrochemicals; and (v) Iron and steel. Likewise, the amount was adjusted to USD 4,200,000 in the sectors: (i) Energy; (ii) Sugar mills; (iii) Oil palm; and (iv) Paper and cardboard. These conditions apply to the operations of Corporate, Business, SME and Investment Banking as well as to Leasing products.

Productive sectors other than those mentioned and which also have the potential to present socio-environmental risks and which may affect the payment of credit are also considered. These sectors are also subject to authorizations, approvals, licenses and environmental permits from local and national authorities. Some of these sectors are: (i) Brick sector; (ii) Transportation and storage of hazardous substances; (iii) Food sector; (iv) Animal feed

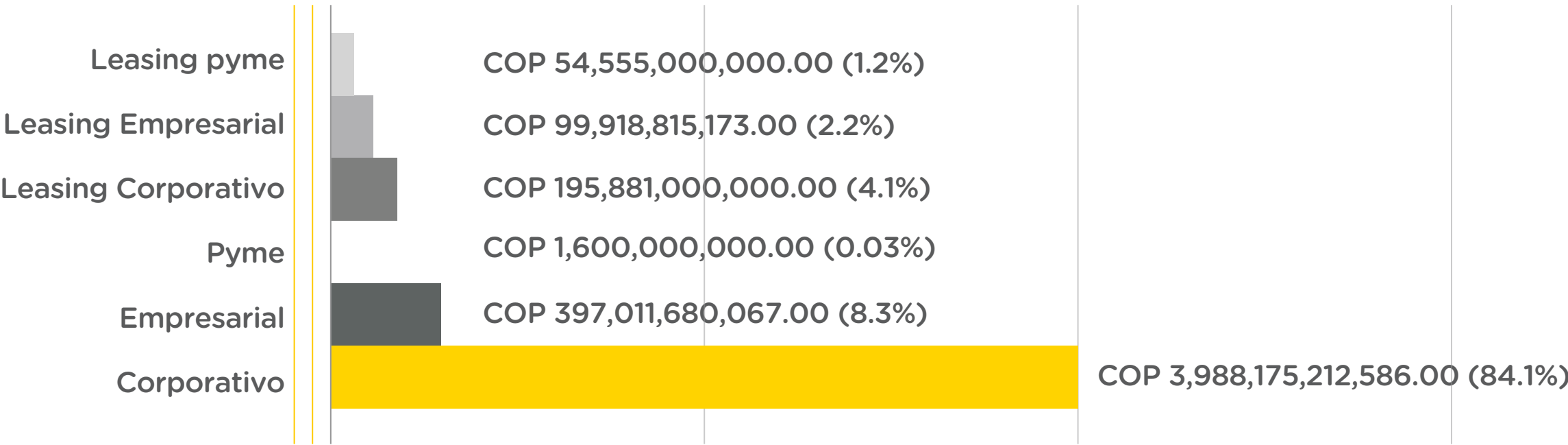
production plants; (v) Zoo/Breeding farms for commercial purposes; (vi) Poultry and swine farming; (vii) Textile plants; (viii) Forestry activities; (ix) Fishing and tuna; and (x) Health sector. For the above sectors, environmental and social risk assessments are carried out at the request of commercial managements, attribution entities, credit risk managers, origination managers, legal areas, assets, sustainability, compliance, and customer engagement, as long as the request is reasonably supported.



During 2020, 90 operations were evaluated through the Socio-Environmental Risk Analysis process, decreasing by 39% the total operations evaluated compared to the previous period (147 operations), covering a total portfolio of COP 4,737,141,707,826.00 (COP4,7 trillion), decreasing close to 65% of the portfolio covered compared to the previous period (COP13.4 trillion), distributed among the business units of Bancolombia. The following is the general balance sheet of the ARAS activities, followed by a balance per business unit:

1. Hedged portfolio by Segment

Cartera evaluada según segmento



Considering the decrease in the number of operations evaluated compared to the previous year, (147 evaluations in 2019 and 90 in 2020), the amount of approval requests was covered, for COP 4,737,141,707,826.00 (COP 4,7 trillion), decreasing close to 65% of the portfolio covered compared to the previous period (COP13.4 trillion). Of this amount, COP 184,995,011,066.00 correspond to Non-Favorable Concepts, equivalent to 4% of the portfolio evaluated.

Of the total amount covered, 84.1% correspond to Corporate Banking operations, 8.3% to Business Banking operations, 4.1% to Corporate Leasing, 2.2% to Business Leasing, 1.2% from SME Leasing and 0.03% to SME Segment operations.



Statistics on Project Finance

Among the 90 operations evaluated during 2020, 5 correspond to Project Finance developed in Colombia (Latin America), Costa Rica and Guatemala (Central America) and of which the following report is made:

Sector and project	Category	Date of analysis	Country	Revision	
				Self-employed	Internal
Energy					
Generadora Alejandría S.A.S. E.S.P.*	B	11/08/2020	Colombia		X
RENACE IV**	A	11/12/2020	Guatemala	Sustainable Strategies	
Infrastructure					
PA Concesión Vías del Nús - VINUS	B	11/03/2020	Colombia	Louis Berger Temporary Union - IPC Consulting	
Agroindustry					
Jericho Hass Company SAS	B	01/10/2020	Colombia		X
Chemical					
Proquinal Costa Rica S.A.	B	11/11/2020	Costa Rica		X

*The generation project was evaluated in 2016 and resumed in 2020
**The generation project was evaluated in 2017 and resumed in 2020

Eco-efficiency

The eco-efficient management of our operation includes information from January 1 to December 31, 2020 and describes the results obtained in the operations of the Grupo Bancolombia in Colombia, Panama, El Salvador and Guatemala. The direct impact we generate is associated with the consumption of natural resources in the development of our operation and we are firmly committed to their protection and conservation.

We update the electricity and water measurement methodology considering the total consumption of the Bancolombia Group, therefore, a re-expression of the data is made, which ensures greater consistency and precision of the information. The goals set for 2021 are established considering the consumption of the year 2019, given the atypical consumption conditions caused by the pandemic.

	Electric Power (Mwh)				
	2019	2020	2020 Goal	2021 Goal	Base Year
Bancolombia	77,913	64,932	-2%	-2%	2019
	-16,7%				
Banistmo	10,913	9,794	-3%	-2%	2019
	-10,3%				
Banco Agrícola	13,753	11,259	-2%	-2%	2019
	-18,1%				
BAM	6,282	5,295	-11%	-2%	2019
	-16,4%				

	Water (m3)				
	2019	2020	2020 Goal	2021 Goal	Base Year
Bancolombia	226,650	165,798	-1%	-1%	2019
	-26,8%				
Banistmo	13,834	9,682	-2%	-1%	2019
	-30,0%				
Banco Agrícola	49,562	42,801	-2%	-1%	2019
	-13,6%				
BAM	69,917	62,963	-2%	-1%	2019
	-9,9%				

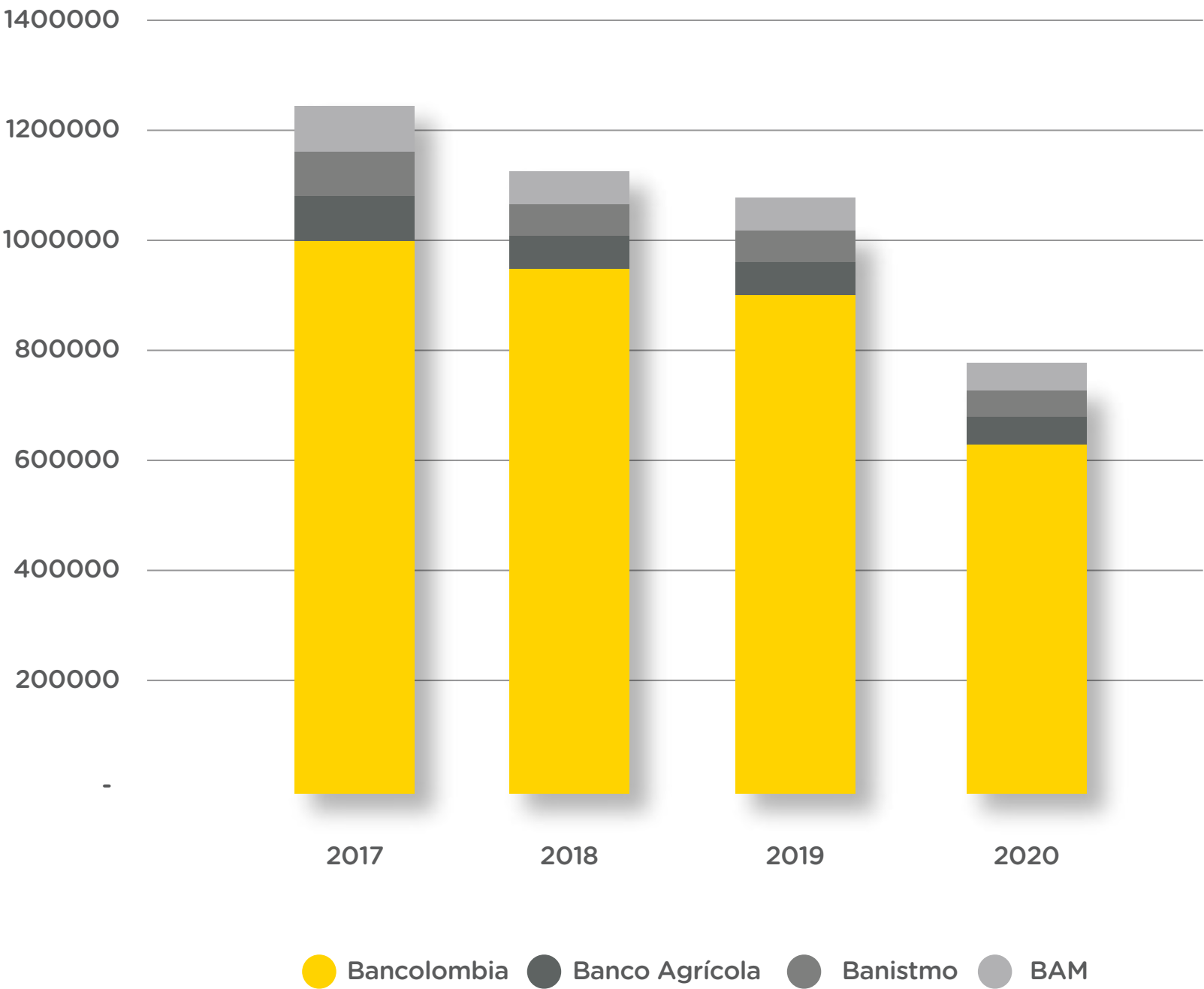
	Paper (Kg)				
	2019	2020	2020 Goal	2021 Goal	Base Year
Bancolombia	937,874	650,062	-7%	-2,5%	2019
	-30,7%				
Banistmo	38,558	22,011	-3%	-2,5%	2019
	-42,9%				
Banco Agrícola	72,255	53,525	-8%	-2,5%	2019
	-25,9%				
BAM	56,365	48,157	-2%	-2,5%	2019
	-14,6%				

		Travel (Ton)				
		2019	2020	2020 Goal	2021 Goal	Base Year
Bancolombia	1,715	292	-8%	-2%	2019	
	-83,0%					
Banistmo	102	18	-18%	-2%	2019	
	-82,0%					
Banco Agrícola	218	43	-13%	-2%	2019	
	-86,5%					
BAM	141	16	-18%	-2%	2019	
	-88,7%					



Materials by weight and volume

- paper (Kg) GRI 301.1



The self-aware and efficient use of paper, reducing its consumption, increasing the virtuality in our documentation processes and making our relationship groups aware of the impact of its use, is the basis of the management we carry out.

Key initiatives implemented:

- Duplex printing.
- Printing portal, which allows you to manage, monitor and control the number of prints, promoting good practices and timely tracking of paper consumption and expenses associated with the printing service.
- Additional measurement of print reduction of physical statements that are delivered to customers. The decrease compared to the previous year was 28% and, compared to 2010 the reduction is 80%. This represents 29 million fewer printed sheets.
- The work of digital transformation of corporate formats continues. This management resulted in a 45% reduction compared to 2010, a total of 92 million sheets have stopped being produced.

2017	2018	2019	2020
990,054	965,290	937,874	650,062
116,893	74,768	72,255	53,525
41,805	44,531	38,558	22,011
79,230	78,915	56,365	48,157



Water consumption in the organization

GRI 303.1 - 303.3 - 303.4 - 303.5

We have a documented management in the Water Management Model, with the purpose of efficiently using the water resource, through which mechanisms are defined that favor the control of consumption measurements, installation of more efficient devices, adjustment of flows , among other initiatives.



	2017	2018	2019	2020
Water (m3) Aqueduct	312,908	347,639	332,060	267,435
	-	11.1%	-4.5%	-19.5%
Rainwater (m3)	8,519	19,520	13,182	12,359
		129.1%	-32.5%	-6.2%
Groundwater and Underground (m3)	20,628	29,699	27,894	13,809
		44.0%	-6.1%	-50.5%
Total	342,055	396,858	373,136	293,603
	0.342	0.397	0.373	0.294
		16.0%	-6.0%	-21.3%
Total / Employee	7.0	7.7	7.0	5.3
		11.2%	-9.4%	-24.3%
Reused Volume	8,519	19,520	13,182	12,359
% Reused	2.5%	4.9%	3.5%	4.2%

The systems and connections for the supply of drinking water and cooling are periodically monitored to detect leaks, implementing corrective actions to prevent and reduce losses. Additionally, the flow calibration is carried out in taps to guarantee lower consumption.

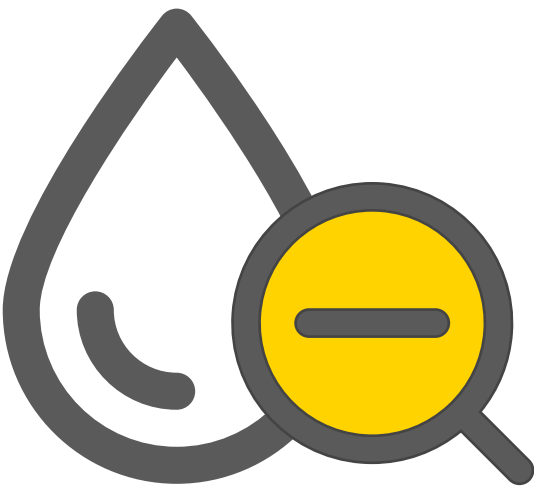
Additionally, our Operations Center building where the data center is located in Colombia has a rainwater harvesting system, which allowed the recycling of 12,359m3 of water, used for the supply of air conditioning, reducing demand in the water consumption from the aqueduct network.

In relation to the dumping of the Grupo Bancolombia generated at its venues, they correspond to Domestic Wastewater (ARD) which, based on the country's normative classification, is discharged into the sewerage systems in compliance with current regulations for the resource.

Key initiatives implemented in the countries where we operate:

- Flow monitoring and calibration at the taps of our headquarters. With this, the amount of water demanded at points of consumption was regulated.
- Migration to the latest technology in saving hydro sanitary equipment.
- Automatic Control of Drinking Water Storage Tank Filling.
- Hydraulic inspection and leak correction, for the implementation of corrective actions by the operating team.

During 2020, due to the conditions of the pandemic, there were significant reductions in water consumption.



Energy consumption in the organization

GRI 302.1 - 302.3 - 302.4

Efficient energy management is a growing commitment for Grupo Bancolombia, which is why we continue to make progress in efficiently managing energy. A challenge that led us in 2014 to define our Energy Model, to forcefully and cohesively impact its more efficient and cleaner consumption in our organization.

	Energy (MWh)	Variation %	Energy / Employee	Variation %
2017	115,352	-	2.35	-
2018	115,460	0.1%	2.25	-4.1%
2019	110,887	-4.0%	2.08	-7.5%
2020	93,728	-15.5%	1.69	-18.7%



Energy efficiency

We carry out investigations and implementations of new technologies focused on energy efficiency and we carry out permanent monitoring of our consumption, detecting and intervening deviations that could derive from the operation to reduce consumption and comply with the goals set. In this sense, we have strengthened our strategies at the corporate level, integrating the actions that we implement in each of the countries where we operate.

Key initiatives implemented:

- Change from Fluorescent Lighting to LED Lighting.
- Updating of air conditioning and lighting automation systems.
- Installation of a new telemetry system.
- Installation of solar films to reduce the thermal load of the sites.
- Substitution of high consumption equipment for more efficient equipment.
- Rental repairs under sustainable construction criteria, integrating the management that we carry out in the asset's life cycle.

During 2020, due to the conditions of the pandemic, there were significant reductions in energy consumption.



Renewable energy

100% of the energy consumed for Colombia in our facilities is renewable, for this we have developed actions in two lines: purchase of certified renewable energy (iRECs) for a estimated total of 65,000 MWh of our consumption and self-generation of photovoltaic solar energy, with an installed capacity of 850 KWp, corresponding to 527 MWh generated.

We have also explored and inspected potential sites to continue advancing in the generation of clean energy and in establishing the feasibility of installing new systems.

In 2020, the photovoltaic solar system of our General Management building in Colombia entered into full operation, which has a total of 1,960 panels, an installed power of 700 KWp and a generation from August 2020 to December of 461.8 MWh, which corresponds to 7.3% of the energy consumption of our operation in the building. In addition to other systems installed in El Salvador, with an annual generation of 133 MWh.

Grupo Bancolombia Emissions

GRI 305.1 - 305.2 – 305.3 - 305.4 - 305.5

Managing greenhouse gases is a growing challenge, which requires our commitment and concrete actions to actively contribute to the adaptation, mitigation and offsetting of climate change and move towards a low-carbon economy.

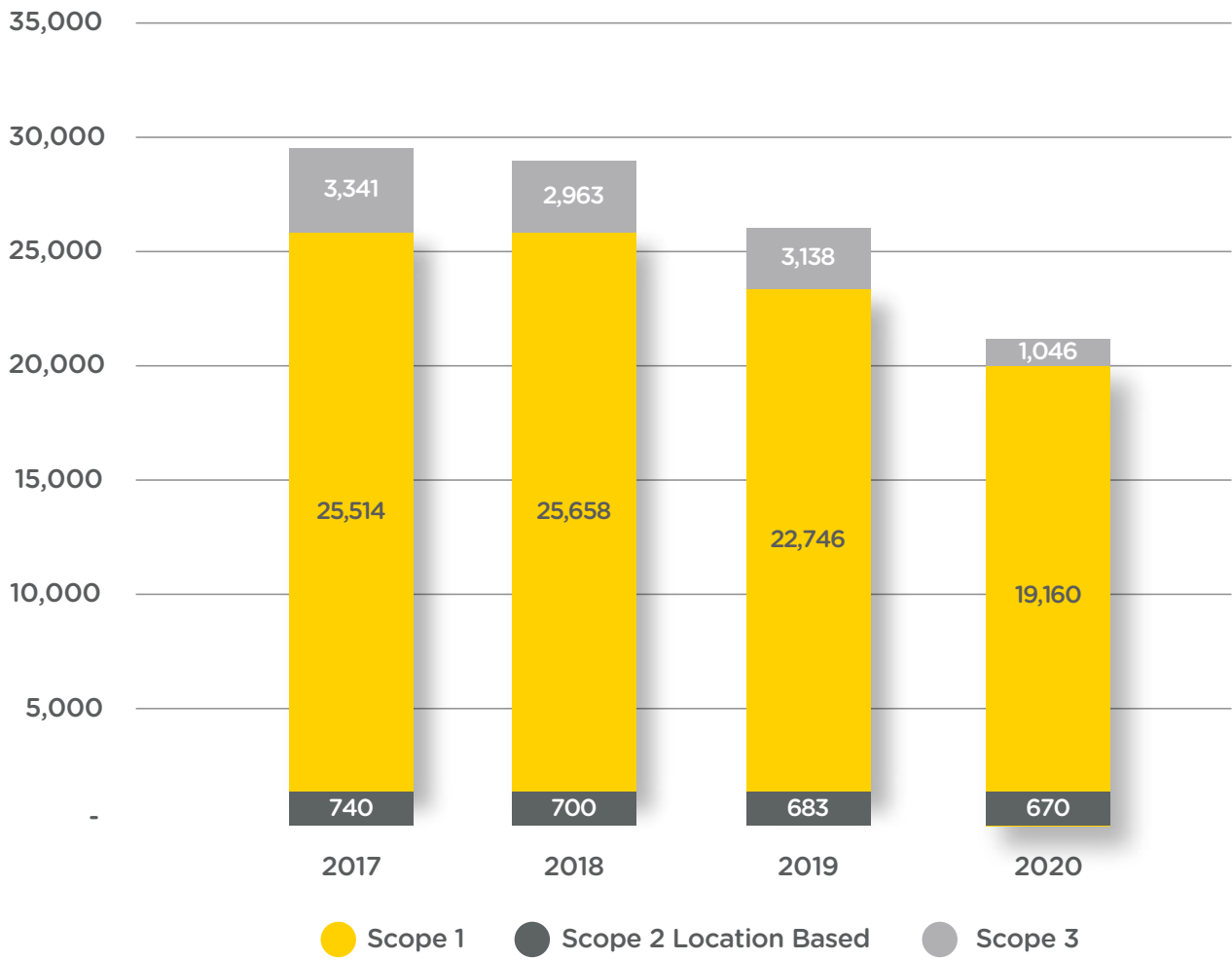
Thus, as from our actions and under the framework of action ratified in our Climate Change Policy, the Grupo Bancolombia has been developing different actions that we describe in this report, of which we highlight our actions in energy efficiency, the purchase of certified energy iRECs, the self-generation of photovoltaic solar energy, the implementation of the internal carbon tax for travel, among others that allow us to reduce our emissions.

On the other hand, our compensation management, in an agreement made with the Fundación Natura, we planted 172,000 trees between 2009 and 2014, which annually capture CO2 to offset all of our scope 1 emissions and part of our scope emissions two. By 2020, the approximate total accumulated captures is 23,170 tons of CO2e, with a capture during the year of 2,717 tons of CO2e.

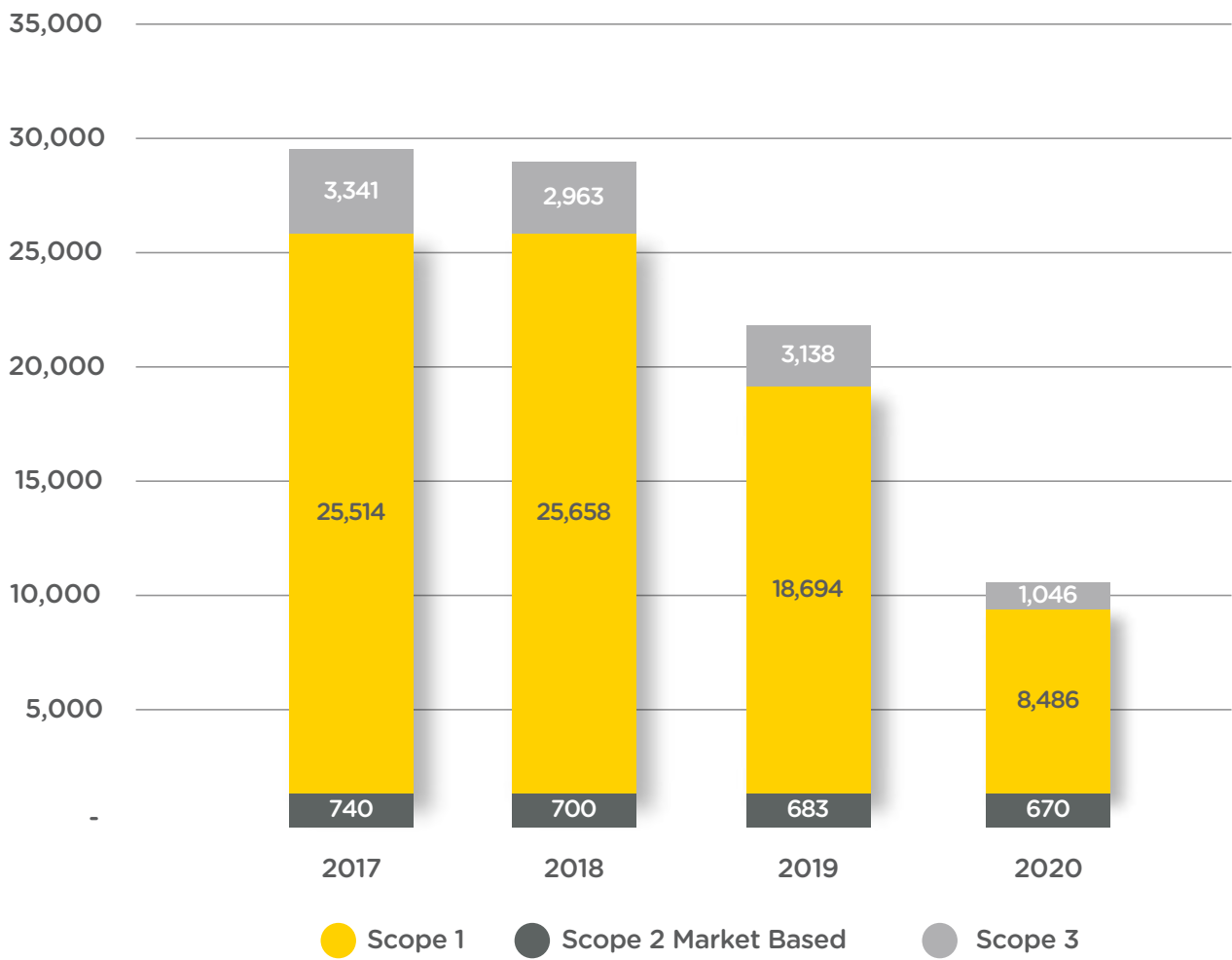
Since 2019 we have signed the Business Ambition for 1.5 ° C Pledge, through which we ratify our commitment to align our decarbonization plans with a 1.5 ° C scenario, incorporating the relevant scopes into our strategy, that is, both direct emissions and the financed issues. For this we have defined a goal of reducing our CO2 emissions Scope 1 + 2 at the corporate level, where we commit to reduce our emissions by 72.8% in 2024 compared to our emissions in 2019. This goal was designed according to current science to respond to this 1.5°C scenario (SBTi - Science Base Target Initiative).

Due to the purchase of certified renewable energy, we calculate our location-based and market-based footprint:

Emisiones Scope 1+2+3 Grupo Bancolombia
Location-Based (TonCo2eq)



Emisiones Scope 1+2+3 Grupo Bancolombia
Market-Based (TonCo2eq)



Year	Scope 1	Scope 2		Scope 1+2		Scope 3	Total		Variation		Total / Employee		Variation	
		Location Based	Market Based	Location Based	Market Based		Location Based	Market Based	Location Based	Market Based	Location Based	Market Based	Location Based	Market Based
2017	740	25,514		26,254		3,341	29,595	29,595	0%	0%	0.60	0.60	1%	1%
2018	700	25,658		26,358		2,963	29,320	29,320	-1%	-1%	0.57	0.57	-5%	-5%
2019	683	22,746	18,694	23,429	19,377	3,138	26,567	22,514	-9%	-23%	0.50	0.42	-13%	-26%
2020	670	19,160	8,486	19,830	9,157	1,046	20,876	10,203	-21%	-55%	0.38	0.18	-24%	-56%

Scope 1

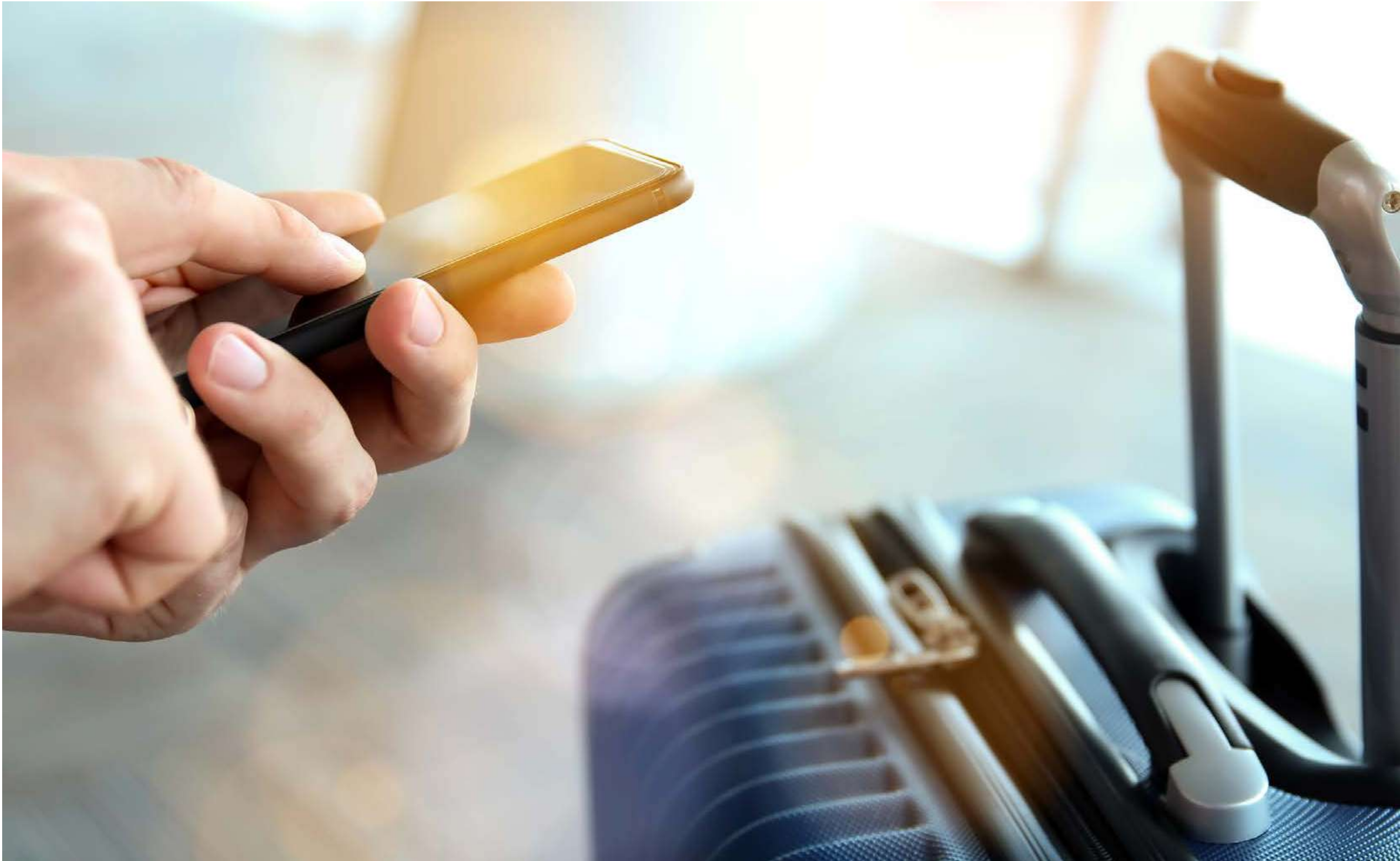
Correspond to direct emissions, associated with the consumption of fossil fuels in emergency power generation plants present at our headquarters.

Scope 2

These indirect emissions are our most significant emissions since they are the CO2 emissions associated with the electrical energy that we purchase for our operation.

Scope 3

Correspond to the emissions associated with our paper consumption, business air travel and the logistics processes of our subsidiaries and buildings. Additionally, we are measuring and defining our goals for CO2 emissions financed by our financial operation.



Culture and talent for the new normal

Economic activity and people's routine have changed completely in the last year. We as an organization promptly pledged to evolve in accordance with the needs of all our stakeholders, based on our human talent's capacity to adapt and transform as one of our priority fronts.

During the first phase, this implied the healthcare of more than 30,000 employees in on-site or virtual work models, the changes necessary to provide all the tools they needed to adequately fulfill their duties, developing flexible work schedules that would help us achieve superior results, while maintaining our operation always available to serve people, SMEs and companies in the countries in which we operate.

Simultaneously we are training employees in the skills and capabilities needed to meet the new normal, and to personally and professionally develop themselves.

For decades, Grupo Bancolombia's organizational culture has identified talent as a competitive advantage, and has evolved to articulate corporate strategy, purpose and culture by declaring Movimiento B.



Sustainable supply chain

Linking our supply chain is key to achieving consistency and integration with our strategy. Since 2009, we have been working with our vendors and partners to learn about their impacts on environmental issues (water management, emissions, biodiversity, waste management, among others), governance, the actions they take with their employees and the contribution they make as organizations to society.

During the last five years, 326 of our vendors and allies have been evaluated through the Measure what's important (Mide Lo Importante) tool, a measurement platform in partnership with B Lab. This includes companies that have participated in our Request For Proposal (RFP) processes.

In 2020, 123 vendors and allies successfully completed their measurement, companies that manage 70% of total billing spending from our supply chain, of which 32% obtained a score higher than 80 points, a value defined by B Lab as certified to become a B company, which, although the Bank is not a requirement for the certification process, shows the level of progress in incorporating sustainability into the management carried out by companies. Of our vendors, three are certified as company B.

This tool allows our vendors and allies not only to know their results in terms of sustainability, but also to identify opportunities for improvement based on the information reference that the tool makes available to them. Additionally, it provides us with information to connect them with our Vendor Development Model. In 2021 we will implement actions to strengthen gender equality with this relationship group.

Some of the data obtained from the program in 2020:

- **The evaluated companies generate about 131,000 jobs, of which about 35% (45,850) are women.**
- **61% of women employed by our vendors (about 28,000) hold leadership positions in their organizations.**
- **25% address stakeholder and human rights claims.**
- **50% keep track of their energy consumption and 31%% monitor their greenhouse gas emissions.**
- **55% keep record of their water consumption.**
- **68% have an ethics code and 62% monitor and report on their anti-corruption program.**
- **During 2020 we carried out together with COMFAMA an exercise that allowed us to compare the principles of self-aware capitalism and B companies, to articulate it with our supply chain.**





Corporate governance

Asamblea de Accionistas 2021

I would like to thank everyone, especially our shareholders and employees, for their trust during one of the most challenging years we have experienced, which put us to the test in four main areas: talent and culture, solid corporate governance, liquidity and solvency, and the operation and availability of virtual channels.

On March 13, the same day as our previous Stockholder's meeting, we began to navigate in the midst of a fragile economic and public health context. We must recognize that it has been a very challenging process, sometimes in an incomprehensible environment in which it has been difficult to project the long term.

Under these conditions, we quickly decided to protect the health of our employees, moved 19,500 people to remote work from home in less than 2 weeks, and made all the biosecurity adjustments to ensure that those working in the branches were safe. The human being was always at the center, mobilized by a solid corporate culture that evolved hand in hand with the needs of this new reality, on the basis of ethics and integrity that has made us for more than 145 years worthy of the greatest trust of our relationship groups.

And as the weeks passed the challenge continued to grow. Our ability to make agile and flexible decisions was tested. Not only do we challenge our technical and strategic capacity, but we also demonstrate why our corporate governance is an example for the industry, positioning ourselves as the company with the best corporate governance according to Merco in 2020.



As managers, we redoubled our efforts to ensure that the business continuity plan went ahead, hand in hand with our board of directors, who were vigilant and accompanied the most complex decisions of recent history with their strategic direction.

At the same time that we attended the emergency, we adjusted the code of good corporate governance and our integrity manuals, to ensure that we constantly update ourselves under the highest standards and that we incorporate new rules of action and disclosure when carrying out operations with related parties, complying with the legal provisions on Financial Clusters in Colombia.

It was a year of dedication and commitment. Our directors participated in 99% of the boards and support committees, which added to the efforts of each and every one of the people who are part of this organization, allowed us to ensure the continuity of our operation.

In its most recent evaluation, Bancolombia's board obtained an excellent rating for its performance standards, highlighting the track record, knowledge and complementarity among the directors, which, together with the dynamics of the meetings, the openness to debate, the clarity of the purpose and the articulated work with its committees, make it a highly effective body.

We continue to advance in our commitment to gender equality. In this stockholder's meeting, a woman will be presented for election to the Board of Directors to fill the vacancy left by the resignation of Hernando José Gómez, who accompanied us until December. Under the leadership of the Good Governance Committee and with the participation of front-line head hunters such as Spencer Stuart and Korn Ferry, we undertook the task of looking for a female candidate, with an outstanding profile in the economic and financial field and with a global and regional vision. As a result of this rigorous process, we presented the shareholders with a candidate of the qualities of Dr. Silvina Vatrnick to complete the board of directors.

“Not only do we challenge our technical and strategic capacity, but we also demonstrate why our corporate governance is an example for the industry.”

We also maintained active contact with the markets and attended to the needs of our shareholders and investors. We had 17 events where we interacted with more than 360 institutional funds that invest in Bancolombia and we served more than 2,500 shareholder requirements.

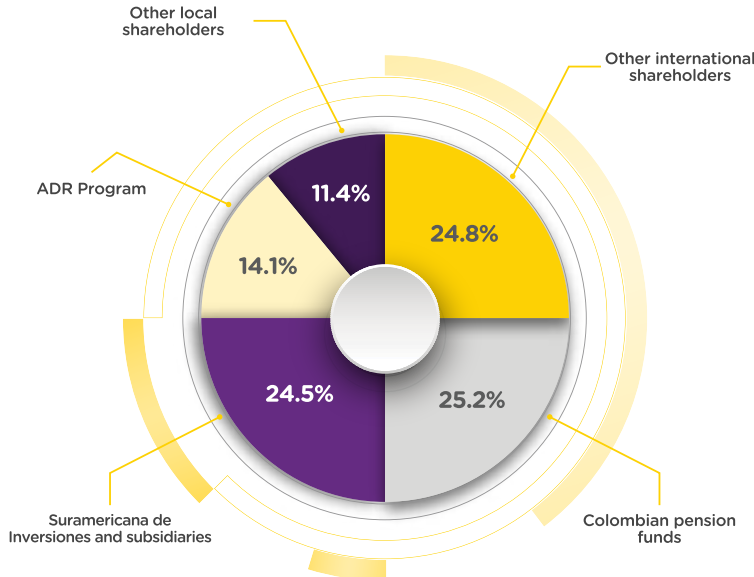
The tireless work of the previous year was always guided by our purpose. In some occasions we make mistakes but every day we got up to tune our listening and recalculate what is necessary to honor our stakeholders.

And while we made the necessary adjustments to fulfill the promise, we received several acknowledgements that fill us with pride and commit us to continue looking for the best version of ourselves.

We closed the year 2020 being for the second time the most sustainable bank in the world in the Dow Jones Sustainability Index, we are the best company to work for in Colombia according to Merco Empresas, we reached first place in the Merco Responsibility and Corporate Governance study and were recognized by the alliance of the Colombian Stock Exchange and CESA as one of the two issuers in Colombia that, throughout the history of the IR recognition, has achieved the highest rating in its disclosure practices and transparency in corporate governance. Added to all this is being the company with the best reputation in Colombia.

At a time when society needs the efforts of all agents to promote a sustainable improvement in the economic and social conditions of our countries, the responsibility that we have as an organization and as a financial entity takes on special relevance.

In this document you will find the details of our corporate governance practices in accordance with the Country Code standards.

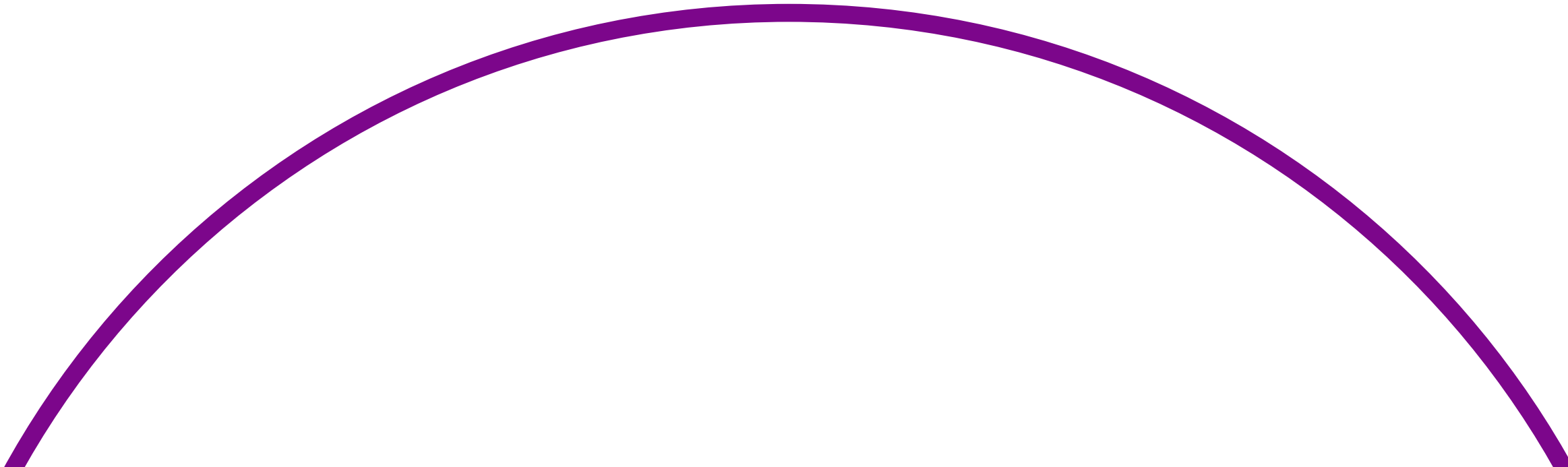
Share Ownership	
Capital and ownership structure	<p>Bancolombia has a stock structure comprised of ordinary shares and preferred shares. At December 31, 2020, 52.99% corresponded to ordinary shares and 47.01% to preferential shares.</p> <p>Shareholding composition as of December 31, 2020:</p>  <p>The shareholder structure of Bancolombia is reported through the SIMEV - Integral Information System of the Stock Market (Sistema Integral de Información del Mercado de Valores) and it can be publicly accessed through the Financial Superintendence of Colombia</p> <p>In note 23: Social Capital of the financial statements, a detailed description is made of the privileges and restrictions that are derived from each of the types of shares issued by the company.</p>
Identity of the shareholders with significant participations	<ul style="list-style-type: none">• Grupo de Inversiones Suramericana S.A. 24.43%• Fondo de Inversiones ADR Program 14.07%• Moderate Mandatory Pension Fund Proteccion 7.59%• Moderate Mandatory Pension Fund Porvenir 7.48%
Stock owned by the members of the Board 12/31/20	<ul style="list-style-type: none">• Gonzalo Pérez: 10 ordinary shares• Juan David Escobar: 88 ordinary shares• Hernando Gómez, Arturo Condo, Luis Fernando Restrepo, Andres Mejía and Sylvia Escovar: 0 shares <p>The voting rights held by the members of the Board correspond to 0.00% of the voting rights of Bancolombia.</p>
Relations between shareholders and/or with society	<ul style="list-style-type: none">• Bancolombia maintains commercial and business relationships with the main shareholders of the Bank who are also its customers or allies. They are made at market prices and are framed in the principles and guidelines established in the Good Governance Code and in the applicable regulations.• Other information about the commercial or family relations of shareholders among themselves, are not known to Bancolombia.

Stock Negotiation of the administrators	<ul style="list-style-type: none">• Bancolombia has regulations for the trading of its shares by administrators, available on the website, which includes the prohibition of carrying out operations for speculation reasons. The trading requires prior authorization by the Board of Directors. https://www.grupobancolombia.com/wps/wcm/connect/098f79ea-5f16-4d23-b1ac-73578a245731/control-de-enajenacion-de-acciones-del-banco-por-administradores.pdf.pdf?MOD=AJPERES&CVID=lyconSN• In 2020, the Board of Directors authorized withdrawals of resources from the SVA Fund and trading of shares for an estimated amount of COP 1.320 billion. Through the SVA Fund, represented in Bancolombia stock, the variable compensation model is administered for all of the Grupo Bancolombia employees.
Shareholders Agreements	Bancolombia is not aware of any agreement between its shareholders that has as its object the stock, rights, business management or similar matters.
Own shares of BC	By legal provision, it is prohibited to Bancolombia to repurchase shares.



Board of directors and Excecutive directors	
Board of Directors Structure	<p>The Bancolombia Board of Directors is integrated by 7 members and has 4 support committees, made up entirely of members of the Board of Directors.</p> <ul style="list-style-type: none">•Gonzalo Pérez Rojas - Proprietary - Since 2004. Appointment, Compensation and Development and Good Governance Committee•Juan David Escobar Franco - Patrimonial - Since 2020. Risk Committee.•Luis Fernando Restrepo - Self-employed - Since 2016. Good Governance, Appointment and Compensation and Risks Committees *•Andrés F Mejía - Independent - Since 2016. Risk and Audit Committees•Sylvia Escovar Gómez - Self-employed - Since 2020. Good Governance, Appointment and Compensation and Audit Committees *•Arturo Condo - Self-employed - Since 2016. Audit Committee. <p>Dr. David Bojanini submitted his resignation in March 2020. His position was replaced in the Stockholder’s meeting held that same month.</p> <p>Dr. Hernando José Gómez, who was also part of the Audit and Risk Committees, submitted his resignation as of December 31, 2020. His position is vacant until the Stockholder’s meeting held in March 2021.</p> <p>*As of January 2021 due to the resignation of Dr. Hernando José Gómez.</p>
Professional review of the members of the Board of Directors	<p>The professional review of the members of the Board of Directors can be found on the corporate website of Bancolombia in the corporate governance space.</p> <p>https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/gobierno-corporativo</p>
Changes in the Board during the year	<p>In 2020 the Board of Directors was elected for a statutory period of 2 years, that is, until March 2022. In this meeting the entire Board of Directors was re-elected.</p> <p>In December 2020, Doctor Hernando José Gómez submitted his resignation, for this reason his position is vacant until the March 2021 Stockholder’s meeting, in which a new board will be elected.</p>
Members of the Board of Directors of the parent company that participate in the meetings or executive positions of the subordinates	<p>No member of the Board of Directors of Bancolombia participates in the meeting or holds executive positions in the subordinated companies of the Bank.</p> <p>No member of the Board of Directors is employed by Bancolombia or its subordinates.</p>
Approved policies by the Board of Directors	<p>The Board of Directors in fiscal year 2020 approved policies and manuals, issued strategic and financial guidelines, and approved the company’s relevant ethics and integrity, credit, market, liquidity, operational and Sarlaft risks policies, as well as other regulatory matters within its competence.</p>

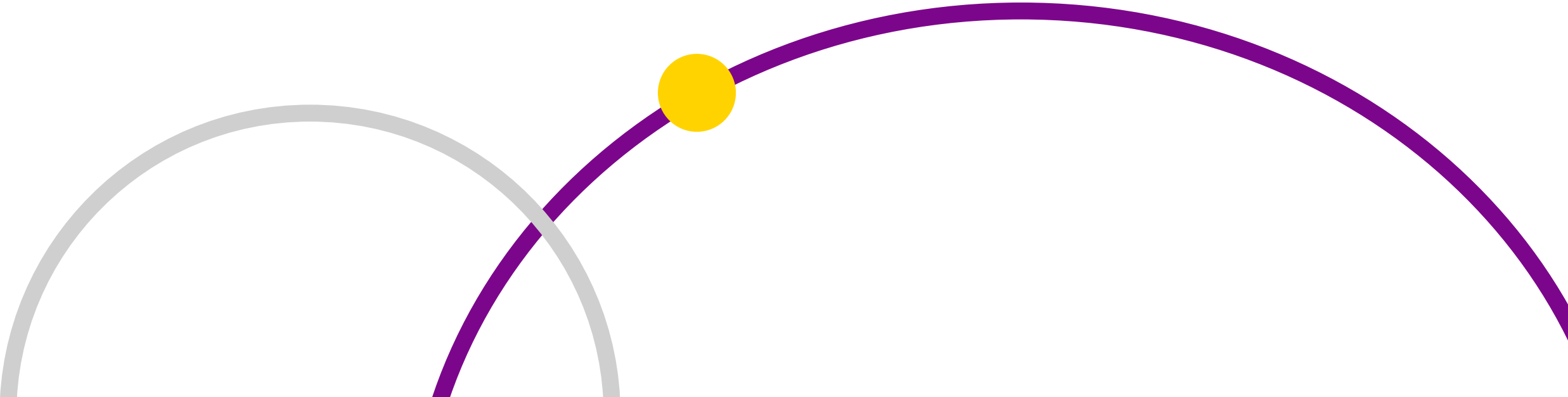
Appointment process of the Board of Directors	<p>In the election process for the Board of Directors that took place in 2020 (the year in which the last election was held), the procedures defined in the Good Governance Code were complied with, in terms of publication of profiles, presentation and publication of candidates, analysis of competencies and evaluation of suitability by the Good Governance Committee, as well as validation of incompatibilities, inabilities and suitability to be appointed by the Superintendence of Finance of Colombia as administrator of a financial institution.</p>
Board of Directors Compensation	<p>The 2020 Shareholders’ Meeting approved a new compensation policy for the Board of Directors, which includes a fixed component and a variable component through payment in a stock fund that is invested in Bancolombia shares. In this way, a component of alignment with the strategic objectives of Grupo Bancolombia and its shareholders is incorporated into the directors’ compensation policy, adopting better corporate governance standards proposed by OECD, Dow Jones and the Financial Superintendence of Colombia in Country Code, among others.</p> <p>The amount defined for 2020 for monthly Board fees and for participation in the Committees of the Board of Directors was ten million pesos (COP10’000,000). The amount of these fees is paid, 70% in cash and the remaining 30% is paid at the end of each year, through a contribution in the Institutional Voluntary Pension Fund whose only investment will be shares of the Bank, pending on a term of permanence of contribution of two (2) years, counted from the corresponding contribution.</p> <p>In 2020, the total amount paid to members for their involvement in the Board and the different support committees amounted to COP 1.581 billion.</p> <p>For the purposes of fees for the Board of Directors and Support Committees of the Board in the year 2021, COP 2,332,000 billion are estimated for appropriations.</p>
Senior Management Compensation	<p>In the Grupo Bancolombia we have a variable compensation model that rewards the integral vision of the business, teamwork and the search for profitable, efficient and sustainable growth, based on people. Our model, called VAS - Value Added System, compensates the creation of added value, according to results at the Group level and compliance with strategic goals, and has the attributes and policies that were approved by the shareholders’ meeting. This policy remains in force and is ratified without amendment for 2020¹.</p> <p>Note 28 of the financial statements contains the detail of labor payments to senior management.</p>



Agenda of the Board and meetings of the Board	<p>The Board of Directors has an annual action plan comprising the strategic pillars, which guides its work, serves as a tool for planning and monitoring its management and facilitates full compliance with the addressability and supervision duties of the financial group. The recurring agendas of the Board of Directors shall be prepared by the Bank's General Secretary, taking as a point of reference an annual thematic agenda led by the Chairman of the Board, which includes the recommendations of the Directors and the Corporate Governance Committee, as well as the recommendations of the President and Management. The agenda responds to the duties and responsibilities of the Board of Directors with a strategic, business and risk approach and will respond flexibly to the dynamics of the environment, the evolution of business and the needs of Grupo Bancolombia.</p> <p>In developing its methodological plan and its approach at the group level, the Board of Directors meets in person in the different territories in which the Group operates. In 2020, due to the pandemic, it was not possible to carry out these sessions in person, however, different spaces were allocated in the agenda to follow up on the businesses of the different territories, Guatemala, Panama and El Salvador.</p>
Quorum and attendance to the Board of Directors and the Committees	<p>In 2020 the Board of Directors had 12 ordinary meetings and 5 extraordinary meetings. The Board of Directors had an average attendance of 98%</p> <p>The Risk Committee met 12 times</p> <p>The Audit Committee met 13 times</p> <p>The Good Governance Committee met 5 times</p> <p>The Appointment and Compensation Committee met 4 times</p> <p>Average attendance to Boards and Committees:</p> <p>Gonzalo Pérez 100%</p> <p>Juan David Escobar Franco 96%</p> <p>Hernando Gómez 100% *</p> <p>Luis Fernando Restrepo 100%</p> <p>Andrés Felipe Mejía 100%</p> <p>Sylvia Escovar Gómez 100%</p> <p>Arturo Condo 97%</p> <p>*Member of the Board of Directors and Committees until December 31, 2020.</p> <p>As a result of the election of the Board of Directors in March 2020, a new composition was chosen for all the Board Committees. The average attendance is calculated from their appointment and on the total number of Committees held.</p>
Chairman of the Board - Duties	<p>In April 2020, Gonzalo Pérez was appointed as Chairman of the Board of Directors. The Chairman of the Board is in charge, in coordination with the General Secretary, of participating in the development of the annual meeting agenda and providing the necessary guidelines for its execution, ensuring the sufficiency and timeliness of the information delivery to the Board of Directors, guiding the conversations with the purpose of ensuring the active participation of the directors and the relevance and conduct of the debates, ensuring that the Board of Directors efficiently implements the strategic direction of the corporation and leading the annual evaluation process of the Board, all of the above, under the supervision and reporting to the Corporate Governance Committee, of which he is the Chairman. It is also the responsibility of the Chairman of the Board to lead the interaction of the directors among themselves and between the Board and the shareholders.</p>

Secretary of the Board - Duties	<p>The Secretary of the Board is Claudia Echavarría Uribe, Legal Vice President and General Secretary of Bancolombia. The Secretary's duties include, among others, supporting the Chairman of the Board in summoning the meetings, ensuring the delivery of the information required in advance for each Board meeting, and in general, the information that is necessary and pertinent to keep the members of the Board of Directors duly informed or to make the required decisions. He is also in charge of carrying out, according to the Law, the minute books of the Board of Directors and ensuring that the policies and guidelines established in the Social statutes and in the Good Governance Code related to the functioning of the Board of Directors are complied with.</p>
Relations of the Board with the statutory auditor and others	<p>The Board of Directors watches over the due attention of the stakeholders, the attention of investors, qualifiers, supervisors, audit institutions and other audiences. Relationships are handled with professionalism, transparency and within the framework defined in the Codes of Good Governance and Ethics.</p>
External advice received by the Board	<p>For the year 2020, the Board of Directors had training sessions by external advisors on the following topics (i) provisions, (ii) role of the boards in the economic trend in the pandemic, (iii) development of entrepreneurial leaders for a uncertain future. The new Board members, who joined in April 2020, received an induction program that included various topics such as strategy, purpose, corporate governance, ethics, management responsibility, sustainability, talent, human resources and technology.</p> <p>The Board of Directors received the support of external advisors in the development of the succession plan for the Board, which materialized in (i) updating the profile and attributes expected for a Board member (ii) search for candidates for the Board (iii) revision of the compensation model for the Board of Directors (iv) assistance in the selection process for the Corporate Audit Vice President. Translated with www.DeepL.com/Translator (free version).</p> <p>The Audit Committee, attending to greater demands for issuers that negotiate their securities in the United States, had the accompaniment of an independent accountant adviser with extensive international experience.</p> <p>The Audit Committee received training on impairment issues under IFRS 9, challenges in provisions as as a result of Covid-19 and other points of interest of the Committee.</p>

¹Variable Compensation Policy: It is based on the generation of added value, therefore there is room to pay bonuses when the organizational results in terms of profits exceed the value of the cost of capital. The model measures compliance with strategic planning goals, which must be aligned with the strategic orientation defined by the Board of Directors. Long-term results are promoted. For this purpose, short-term and long-term management measurement indicators (three-year -3 years) are considered. A compensation cap has been established. Maximum seven salaries per year per bonus. A percentage of the compensation is translated into participation in the Institutional Fund of Voluntary Pension SVA, which is represented in Bancolombia stock. According to the regulations of the fund, the employee can only withdraw his expired contributions after a term of at least three years. The philosophy of this mechanism is that employees feel ownership of the organization and are committed to sustainable results.



Board Information Management	<p>Bancolombia ensures the delivery of relevant and quality information for the Board of Directors. In 2020, the use of the web tool for the exclusive use of the members of the Board and the highest security standards continued, through which the directors received the information prior to the sessions, with the opportunity established in the Code of Good government.</p>																					
Board Committees Activities	<p>Audit Committee</p> <ul style="list-style-type: none">• In 2020 it met 13 times.• The SCI report that is an integral part of the management report includes the activities carried out by the Committee.• The Committee led the process of electing the Corporate Audit Vice President.																					
	<p>Risk Committee</p> <ul style="list-style-type: none">• In 2020 it met 12 times.• Within its activities, the Committee permanently evaluated the evolution and status of risks, approved the risk map, permanently monitored the application of relief and provisions following the Covid-19 pandemic, evaluated the risk management and continuity plan during the pandemic contingency, evaluated and recommended to the Board the modifications to the risk manuals and policies that required updating.																					
	<p>Good Government Committee</p> <ul style="list-style-type: none">• In 2020 it met 5 times.• Among its activities, the Committee addressed issues such as the review of the Board's thematic agenda, modifications to the Code of Good Governance, analysis of candidates to join the Board of Directors, the update of the profile of Board members and the new compensation model for directors.																					
	<p>Appointment and Compensation Committee</p> <ul style="list-style-type: none">• In 2020 it met 4 times.• Among its activities, the Committee considered the proposal to adjust the variable compensation scheme for commercial teams, the proposal for an annual increase for 2021, the proposal to create a special credit line for employees due to calamity, changes and proposal to the variable compensation model for 2020, the proposal for the NPS goal - long term model for the management team, among other activities.																					
Percentage of self-employed members on the Board of Directors and on the Committees	<div><div><p>Board of Directors</p><table><tr><th>Category</th><th>Percentage</th></tr><tr><td>Members independent</td><td>66%</td></tr><tr><td>Members patrimonial</td><td>33%</td></tr></table></div><div><p>Committees</p><table><tr><th>Committee</th><th>Independent (%)</th><th>Patrimonial (%)</th></tr><tr><td>Board of Directors</td><td>66%</td><td>33%</td></tr><tr><td>Risk Committee</td><td>66%</td><td>33%</td></tr><tr><td>Audit Committee</td><td>100%</td><td>0%</td></tr><tr><td>Appointment Committee</td><td>66%</td><td>33%</td></tr></table></div></div>	Category	Percentage	Members independent	66%	Members patrimonial	33%	Committee	Independent (%)	Patrimonial (%)	Board of Directors	66%	33%	Risk Committee	66%	33%	Audit Committee	100%	0%	Appointment Committee	66%	33%
Category	Percentage																					
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Board of Directors Assessment	<p>Under the leadership of the Good Governance Committee, and for fiscal year 2019, an external evaluation was carried out by AT Kearney. For fiscal year 2020, a self-evaluation process was carried out and its results were known by the Good Governance Committee.</p>
Senior Management Assessment	<p>In 2020, Bancolombia gave full application to the evaluation processes of the Senior Management. The President of the Board of Directors was in charge of the assessment of the President of the Bank and that of the Corporate Vice Presidents was in charge of the President of the Bank, with satisfactory results.</p>



Affiliated	
Operations with related parties - Board of Directors Attributions	<ul style="list-style-type: none">• As Bancolombia is an entity providing financial services, our products and services, under transactional conditions and standard prices, are available to our related parties. Hence, it is usual for our directors, members of Senior Management, and related companies to have their financial products (deposit accounts, credit cards and loans, among others) through Bancolombia.• Seeking to guarantee that said operations have mechanisms that allow their identification, control and disclosure and that they are carried out under market conditions, we have established policies, guidelines, processes and controls applicable to credit and treasury operations, liquidity and accounting management based on compliance with IFRS standards.• The Good Governance Code contains policies by which operations with related parties are classified according to their purpose and materiality, so that appropriate standards of identification, evaluation and disclosure are applied to those operations that require greater attention from the perspective of corporate governance. The detail of the policy can be inquired in the Good Governance Code.• In accordance with the policy, recurring operations will not require prior approval by the Board of Directors of Bancolombia, regardless of their amount, unless such approval is required by legal provision. Non-recurring operations in accordance with materiality criteria must undergo an approval process in the Audit Committee and subsequent ratification by the Board of Directors.• The Board of Directors monthly tracked the treasury operations carried out with economic related parties of the Group, in accordance with the classification that exists for this purpose in terms of market risk.• Likewise, Bancolombia, under the regulatory framework established for financial clusters in Colombia and for the specific purposes of comprehensive and consolidated supervision by the Financial Superintendency of Colombia, has an additional map of economic related parties. The transactions entered into by Bancolombia with entities of the cluster or its related parties were carried out in the best interest of the Grupo Bancolombia and the decisions on such transactions were exempt from conflicts of interest. The Good Governance Code contains the policies applicable to operations with the Sura Bancolombia cluster.
Conflict of Interest Situations	<ul style="list-style-type: none">• The members of the Board of Directors refrain from participating in the discussion and decision of credit operations for themselves, or their related parties, whose approval, by legal provision, corresponds to the Board of Directors. In each case, the approvals are made after verification of compliance with the policies and limits of indebtedness and risk concentration and are given with the unanimous vote of the other members of the Board of Directors who participated in the decision.• For the year 2020, there were no abstentions or operations that gave rise to the application of the procedure established in section 8.3 of the Code of Good Governance, nor were there any situations of permanent conflict of interest that gave rise to the removal of directors from office.
Detail of operations with the most relevant related parties and operations between Group entities	<p>For 2020, non-recurring and material operations that should comply with the established processes in the Good Governance Code did not show up with related parties.</p> <p>Note 28 of the Financial Statements reveals the total amount of its operations with related parties.</p>

Mechanisms to resolve interest conflicts between companies of the fiscal year and their allocation during the fiscal year	Bancolombia considers in its Bylaws, Good Governance Code and the Ethics Code provisions to manage potential conflicts of interest.
Risk management report	The risk management report available to the Stockholder's meeting is included in Bancolombia's management report.
Internal Control System Report	The SCI report available to the Stockholder's meeting is included in Bancolombia's management report.



Shareholders meeting and attention	
Attendance	At the ordinary stockholder’s meeting held in March 2020, 89.33% of the ordinary shares were represented. At the extraordinary stockholder’s meeting held in July, 87.27% of the ordinary shares were represented.
Operation differences with what is established by law	For the Ordinary Stockholder’s meeting held in March 2020 and considering the capacity restrictions and massive attendance at events due to the Covid-19 pandemic, Bancolombia adopted, with the personal guarantee of the Financial Superintendency, alternative procedures so that the shareholders could be represented at the stockholder’s meeting and exercise the right to vote indicating its meaning in writing.
Main agreements considered	<p>The following documents and proposals were presented and approved at the meeting: consideration and approval of the audited Financial Statements and the Directors’ Management Report and other legal reports that included the corporate governance reports, internal control reports and the audit committee, distribution of profits and provisioning, election of the Board of Directors and compensation for the Board of Directors. In this Stockholder’s meeting, no other proposals or other matters were considered.</p> <p>In an extraordinary stockholder’s meeting held on July 31, the shareholders approved to put the resources in the occasional reserve to the legal reserve.</p>
Measures taken to encourage the involvement of shareholders	The ordinary stockholder’s notice of meeting was called 30 days prior to the ordinary meeting in accordance with the recommendations of the Country Code and current regulations. The notice of meeting was published in two widely circulated newspapers, was published with relevant information in both Colombia and the United States and was made available on the corporate website. The Notice of meeting to the extraordinary stockholder’s meeting was made with 15 standard days and for it, the provisions of the statutes and the Code of Good Governance were also complied with.
Information to shareholders about the Stockholder’s meeting	The shareholders had at their disposal the detail of the agenda to be developed in the Stockholder’s meeting. Likewise, the proposals of the Board of Directors, presented at the Stockholder’s meeting, were made available to the shareholders through the website, in advance not less than 15 calendar days.
Investors attention	<ul style="list-style-type: none">•In the normal course of the investor attention, through the Investor Relations Office, permanent and direct attention is provided to shareholders and investors (in person, by telephone or via email). This is in addition to the international meetings that the management team periodically conducts with investors and rating agencies.•We have a Shareholder Service Center staffed by Fiduciaria Bancolombia, through which the shareholders of the Bank are given the opportunity to inquire and resolve various concerns.•During 2020, 1,328 requirements regarding shareholder quality, certificates, news, transfers and payment of dividends were attended and a total of 1507 calls and visits were attended.•Bancolombia keeps its corporate website available to its shareholders in Spanish and English updated and with information for the different Stakeholders. This channel through which the Group’s information is disclosed, has a broad section of corporate governance and relationship with the investor, which contain the most relevant information and documents for inquiries with the general public.

Legal situation of the company

Bancolombia, as of December 31, 2020, complied with the suitable regulations as an entity supervised by the Financial Superintendency. Our activities, business and operations were carried out under the enforceable legal framework.

The results of our businesses are reflected in the financial statements and the relevant matters that occurred during the year were duly informed to the market through the information mechanisms enabled by the Financial Superintendence of Colombia and the Securities and Exchange Commission of the United States (SEC). The main contingencies arising from ongoing legal proceedings as well as events subsequent to the closure, are disclosed in the notes of the financial statements.

Intellectual property and copyright

Bancolombia complies with the rules on intellectual property and copyrights in the development of its corporate purpose, having the ownership of the aforementioned rights or with the proper authorizations to operate them. The foregoing, by virtue of the contracts signed with the holders or their authorized distributors of the intellectual property and/or author rights.

Our Bancolombia brand and other relevant brands are duly registered, and in total the bank has in Colombia 179 registered trademarks, 20 commercial slogans granted, 10 trade ensigns on deposit and 13 commercial names granted; abroad it has 236 brands, 8 commercial slogans and 6 commercial names.

Free Bills Circulation

Bancolombia has complied with its duties for the receipt and payment of invoices issued at its expense. In order to facilitate their free circulation and payment, measures have been adopted, among others, to ensure that the invoices are duly processed for timely payment and to attend with due diligence the requests for their discounts.





Our financial customer service

The Bancolombia Financial Consumer Ombudsman has presented, for the shareholders' meeting, the report that contains the details of the transaction carried out in 2020 with the details of the claims and assistance to the complaints of our customers and that is available at

<https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/relacion-inversionistas>
- Shareholders and Stockholder's meeting.

Also, the sanctions received by Bancolombia, including a sanction that originated from affecting our customers, were duly published to the market, and can be inquired on the site

<https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/relacion-inversionistas>
- Relevant Information.



Quality and safety of the operations

Bancolombia complied with the provisions established by the Superintendency of Finance regarding security and the quality of transaction information. The policies and procedures related to information management were complied with to guarantee consumers the protection of their information, its integrity and availability in the different channels.

Risk management

This management report includes the management report of the different risks to which Bancolombia is exposed under the terms established by the Financial Superintendency of Colombia.



Internal Control System Report

I. Management Report - Certification

Based on the activities and evaluations performed by management, in its first, second and third lines, it can be concluded that the ICS of the Bancolombia Group as of December 31, 2020 operated successfully.

In tune with the evolution process and dynamics of the business units, the ICS is constantly being adjusted, improving controls and their execution, seeking to provide and maintain the highest possible security and quality in our transactions and information, as well as in their disclosure.

The ICS is known by employees at different levels and units of the entity, is immersed in the operation and is periodically reviewed to ensure its continuous improvement. From the above, we have the respective evidences.

For purposes of the ICS opinion on SOX compliance, management evaluates and assesses those control issues that become evident, in order to determine their materiality and define possible action plans in the event that these issues are relevant to internal control. Regarding the observations, weaknesses and deficiencies observed, remediation plans are undertaken and monitored and supervised.

Our ICS has policies and procedures consistent with the size and complexity of the business and has been structured in accordance with the standards and best practices of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its 2013 version.

Below we present the general status and main actions carried out during the period under evaluation for each of the ICS elements.

a. Control Environment

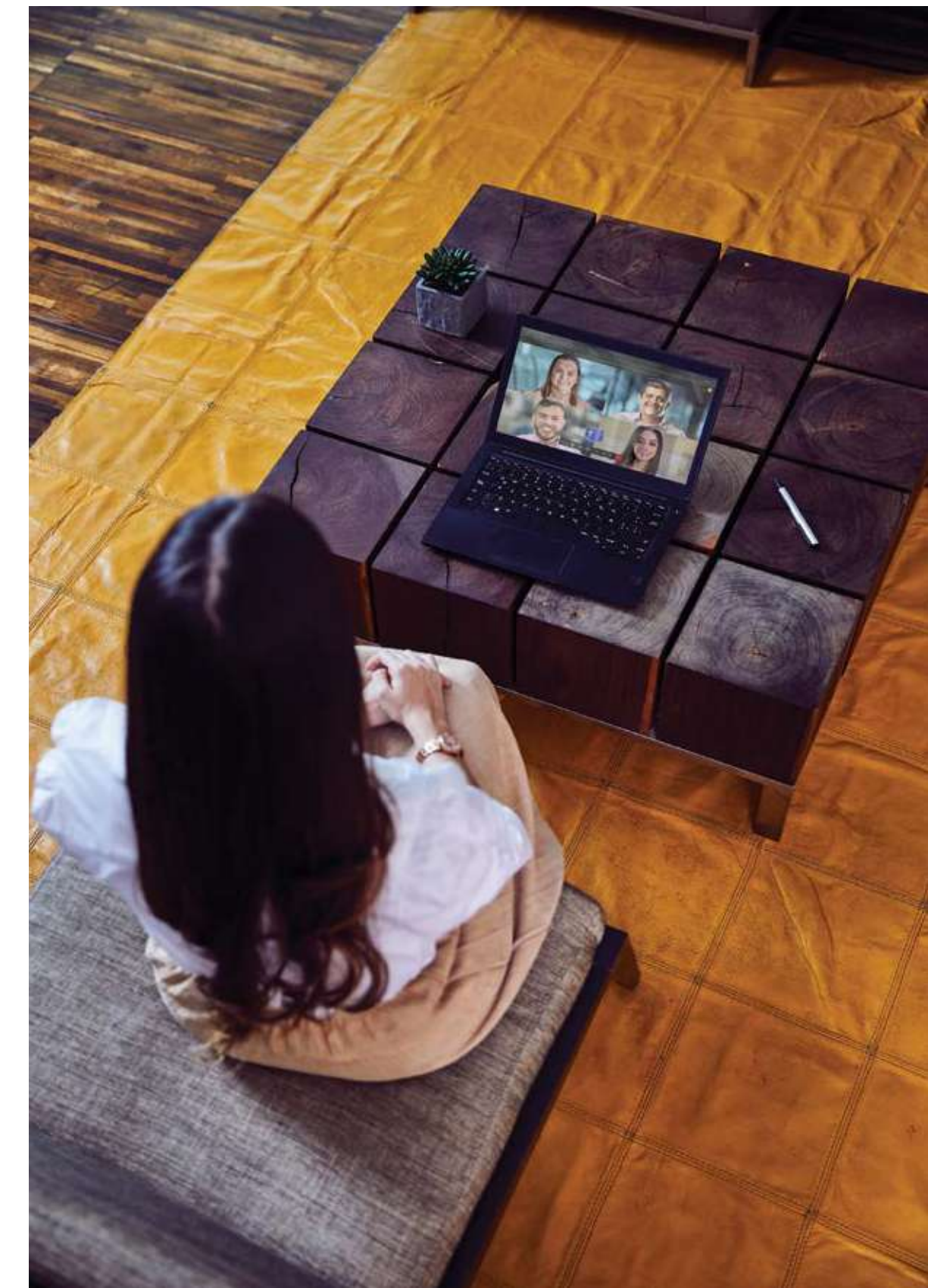
The Bancolombia Board of Directors leads a strategic planning process that starts with a diagnosis of the competitive environment, trends and capabilities that the Group has to achieve its objectives. The incentives alignment with the strategy is materialized through the construction of dashboards with indicators that are defined according to the pillars defined by the Board of Directors.

We are committed to responsible business and sustainability. That is why we always work in accordance with the law and the highest standards of ethics, integrity and transparency. We know that the existence of an adequate control environment derives not only from the application of the applicable regulations but also from the culture of the organization, therefore, we focus on promoting and strengthening ethics and integrity as the predominant trait that identifies our actions with the different stakeholders, as evidenced in the collective construction of Movimiento B, which is how the evolution of the organization's culture has been called. During 2020, within the framework of the ICS, the organization worked on strengthening the Control Environment as follows:

- The Compliance Vice-Presidency, considering the environment and the compliance risks that may affect the Group, submitted for the consideration of the Board of Directors the update of the Integrity and Compliance Manual, which establishes, among others, the compliance programs managed centrally by the Compliance Vice-Presidency that are directed to the supervision and control of the following risks: Ethical standards defined by the Organization in its Code of Ethics and Conduct, SARLAFT, Anti-Corruption, Personal Data Protection, Consumer Protection, FATCA/ CRS, and Behavioral Risk, as well as the Anti-Fraud Program Framework for which Compliance plays an articulating role. On the other hand, it worked

on the design of a combined regulatory compliance assurance model, under which it will also assume the role of articulator, ensuring that there is an adequate governance model for the decentralized management of regulatory, legal and reporting risks.

- Design and implementation of a Work Shop on ethics, integrity and cybersecurity in order to promote and strengthen these issues through interventions in the culture, seeking to promote the desired behaviors and provide clarity on behaviors that are not tolerated, at times of economic trend, stabilization and new normal, which were the biggest challenges of the year, and therefore to be present in the daily lives of employees.



- The Ethics Committees supported the management of ethics-related matters, defining standards, guiding and following up on the training plan, monitoring the indicators of the complaints received, their treatment, and administrative decisions in compliance with the policy of zero tolerance to fraud, among other activities in compliance with their regulations.
- Development of the "Activate your inner voice" strategy as an evolution of the "Listen to your inner voice" campaign, to raise employee awareness of the importance of acting ethically at all times. This strategy included communications and interactions such as:
 - Launch of the "Activoz" game made up of 4 worlds: i) Customer and employee knowledge, ii) Cybersecurity, iii) Fraud and bad practices and iv) Regulations. This game was designed for all employees to reinforce their knowledge in a different and fun way.
 - Videos and communications indicating the consequences of wrongdoing, framed in the "zero tolerance for fraud" policy.
 - Recognition of the contribution of those who use the ethical line to report improper behavior.
- We conducted training on the Code of Ethics and Conduct, providing opportunities for employees to reflect on the integrity of our actions and ethics as our trademark; as part of the prevention strategy, we raised awareness so that in the new context and in the face of the dilemmas that could be exacerbated by the declared pandemic situation, we maintain ethics in our actions, we are alert to the identification, management and disclosure of potential conflicts of interest, the handling of gifts and invitations, the care we must take with information, the importance of acting well in social networks, as well as the promotion of the Ethics Hotline as a mechanism for reporting and its contribution to continue building trust and reputation, among other issues. In addition, our suppliers were invited to make a difference through sustainability and corporate ethics.
- We provided advice and support to employees on ethical issues, such as doubts about the guidelines of the Code of Ethics and Conduct, support for ethical dilemmas, management of conflicts of interest, personal investment rules, among others, thus fostering a culture of consultation, disclosure and support for employees.
- The mandatory training plan for employees is updated annually on internal control and compliance issues, including topics related to Ethics, Anti-Fraud, Anti-Corruption, SOX, Anti-Money Laundering and Data Protection. In 2020, the results achieved were highly satisfactory, achieving 99%

compliance. In addition, other training activities were carried out for specific audiences, considering the risks they face.

- Some of our collaborators, including vendors and customers, when they had a suspicion or knowledge of violations to the provisions of the Code of Ethics and Conduct or the policies that complement it, reported the facts through the Ethics Line, a channel of complaints that the Grupo Bancolombia has established for this matter.
- All claims and complaints received were investigated. Additionally, investigations were carried out as a result of alerts detected by the areas responsible for ensuring compliance with the Code of Ethics and Conduct, the Anti-Fraud Program Policies and the zero-tolerance standard for fraud. When as a result of the investigations it was determined that any of our Collaborators failed to comply with the provisions, policies or ethical standards required by the Bancolombia Group, either actively or by omission, the corresponding sanctions or disciplinary measures were imposed, in accordance with the provisions of the Internal Work Regulations and the applicable regulations. For purposes of adjusting the penalty, factors such as the seriousness of the event, recurrence, economic losses or reputational effects were considered for the Grupo Bancolombia or the companies that comprise it or for our customers, among others.

- In addition to internal penalties, the Group initiated the corresponding civil or criminal actions that it considered feasible and timely.
- Maintained the highest score in the codes of conduct category in the Dow Jones Sustainability Indicator assessment.

We are committed to responsible business and sustainability. That is why we always work in accordance with the law and the highest standards of ethics, integrity and transparency.





In 2020, the Self-control and Certification Actions Coordination Model (AYC) was consolidated, its Governance and Operation Model was defined, and the Strategic Table for Self-control was created. The Business Continuity chapter is also included in the Model. All these actions are in favor of strengthening the Organization's self-control culture and mobilizing the flawlessness of the Certification of Processes, Risks and Controls, contributing to the generation of trust, sustainability and compliance with the 20F.

Business users certified 772 processes with their associated risks and controls, generating commitments to continuous improvement. Furthermore, the Organization has two cycles per year that certify that the rules of segregation of duties and access permissions to SOX platforms and applications are assigned in accordance with the functions performed in the position.

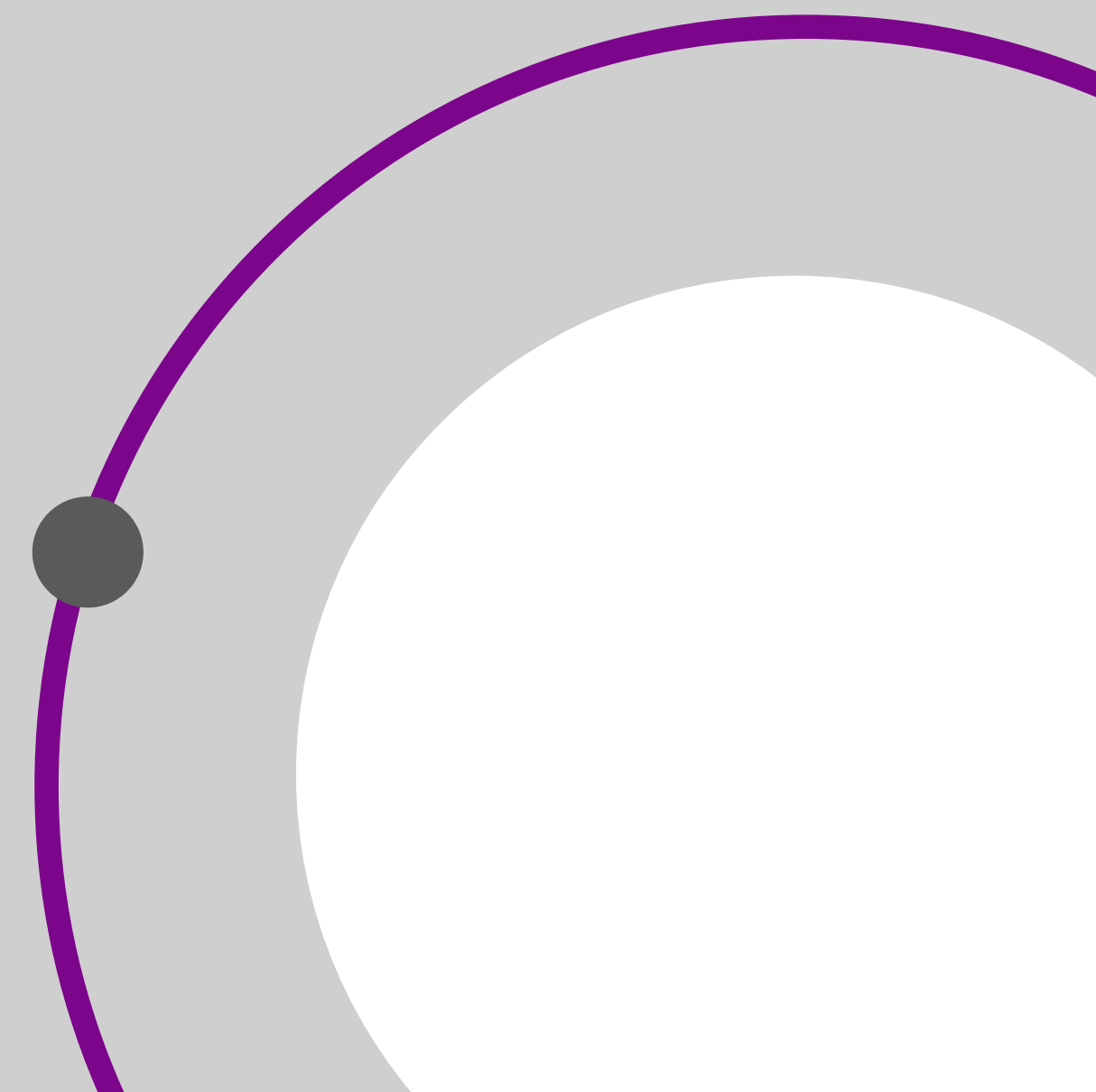
- Seeking excellence in talent management in the organization in connection with the Internal Control System, the Vice-Presidency of Human Resources implemented these strategies:

- The organizational structure was reviewed to ensure that it responds to the challenges and strategic objectives of the business. During 2020, due to the circumstances of the COVID-19 pandemic, actions were taken such as the delivery of vacancies, review of control sections with the appropriate optimization, seeking austerity, as well as the creation of the new Financial Control Vice-Presidency, which includes the Accounting Department and the Tax Department.
- Attraction, retention and development of strategic knowledge that guarantees the right talent with the expertise and competencies needed to develop the challenges in analytics and data science, artificial intelligence, cybersecurity, software architecture, among others. This strategy seeks to project talent

needs over the long term, in light of potential future risks and the organization's strategic priorities.

- We evolve our culture to achieve our strategy and purpose of transcending in society, generating well-being and adapting to the challenges of the new normal. In this evolution, MovimientoB and LíderB were born, establishing new cultural and leadership traits that establish our way of acting and thinking, with behaviors that make it possible and behaviors that we do not tolerate.
- We developed a talent analytics strategy that allows us to deeply understand employees and manage their information for decision making on people-related issues.
- We managed employee well-being to proactively and comprehensively support employees and their families during the COVID19 pandemic. This initiative includes strategies for physical and spaces care (biosafety), support

- As usual, during 2020 all the managers conducted the performance evaluation of the Collaborators, through a series of questions, looking to evaluate the skills and abilities that guarantee the suitability of the collaborators to perform their duties.
- Training programs were carried out on different topics in order to maximize the potential of our collaborators and provide new tools based on technical, human and leadership abilities.





b. Risk Assessment and Control Activities

The Grupo Bancolombia has a risk and control management framework that allow it to preserve the efficacy, efficiency and effectiveness of its management and operational capacity, prevent, avoid or minimize the probability of events that may affect the operation or compliance with the objectives and/or the costs or damages caused associated with the materialization of these events.

This framework is articulated in such a way that the entire organization participates incorporating the principles of self-control, self-management and self-regulation and articulating the actions of the 3 lines and of all the control areas that interact within the second line in particular; in such a way that the roles and responsibilities defined for the different risk areas and the other lines are aligned with the provisions of the SOX Law and the Chapter of the Basic Legal Circular - C.E 029 referring to the Internal Control System, guaranteeing compliance with them.

During 2020 Bancolombia continued to strengthen its Risk Governance model as a key element in their comprehensive management. This framework includes the identification of the different risks to which the Organization is exposed, the definition of roles and responsibilities of each of the lines in relation to these risks and the association of the areas that perform each of the roles. The framework promotes the risk management culture through self-control, self-management and self-regulation.

Adequate structuring in the three lines and their proper functioning avoids the existence of gaps, unnecessary duplication of efforts and provides greater possibilities to achieve adequate management through the interaction between the business and support units and the control and prevention units, facilitating the achievement of organizational objectives and providing reasonable assurance to the different stakeholders on the control of risks and the sustainability of the Entity.

In a joint effort across all lines, risks and control adaptations were analyzed to enable the Group to respond, recover and adapt to the changes imposed by the COVID19 pandemic, keeping processes and services operational while ensuring efficiency and effectiveness in risk and control management.

At the end of 2020, the entity has identified through its different risk management systems and compliance programs the following associated controls by type of risk, which contribute to minimizing or preventing the occurrence of the risks to which it is exposed from its processes, channels, products and services.

Bancolombia carries out adequate management of the identified risks, implementing the necessary controls for their mitigation or undertaking processing and mitigation measures in cases where it is necessary to develop new controls, close gaps or eliminate causes to bring the risks to reasonable levels.

During 2020, Bancolombia established 170 action plans to improve the effectiveness of controls and bring risks to acceptable levels for the organization. Some of these action plans have been completed and others are being carried out as planned.

The following actions regarding risk management and controls stand out:

- The controls policy was updated to incorporate evidence guidelines and recommendations, seeking a balance between operational efficiency and adequate control.
- The identification and assessment of model risks to which the entity is exposed was included within the scope of the risk assessments, understanding the dynamics of the entity's evolution and the increased use of analytics and artificial intelligence.
- An action framework was established to govern decision-making in relation to risks involving exposure for several companies of the Grupo Bancolombia.
- Risk assessments and controls were updated for all processes, products, channels and services that had to respond and adapt to the contingencies imposed by the COVID19 pandemic.
- The risk management framework with reputational impact continued to be strengthened, establishing greater synergies with the different types of risks that may trigger a reputational impact for the entity.
- The identification, measurement and control of risks related to the protection of personal data was extended, which is reflected in the greater number of controls that provide greater assurance over these risks.

- The methodology for identifying and classifying information assets was redesigned to focus management on those processes that use critical information.
- The implementation of action plans and controls that reduced the exposure and/or materiality of the risks to which the Group is exposed.
- A more in-depth risk analysis was carried out on the risks of misappropriation and internal fraud, which made it possible to strengthen the control environment for these risks in terms of controls, applications, segregation rules and information used.
- Corruption risks, their causes and consequences were reviewed, a prioritization was made in those processes identified as most vulnerable and progress was made with the process owners to identify the risks and validate the prioritization.
- The definition of an action framework was initiated to generate greater synergy in the constitution of the entity's consolidated risk matrix, considering the particularities in terms of criticality and compliance aspects required by the different aspects of risk (operational, financial reporting and compliance).
- A solution was implemented to assess and measure the entity's operational risks, centralizing different assessment scenarios, reducing versioning errors and providing efficiency to this stage of the management cycle.
- A new method for measuring the effectiveness of controls was tested to strengthen the qualification of the entity's existing controls.
- Progress was made in the implementation of an integrated GRC, where the efforts and information of Operational Risk, SOX, Compliance, Supply and Cybersecurity converge.
- New controls associated with the Bank's digital transformation processes were implemented.

- The methodology for participation in projects from SOX was reinforced and improved.
- The duties breakdown process of the Bank was strengthened.
- Evolution of the Bank's self-control and certification model (AYC), incorporating the certification of existing risks, information assets, business continuity, end-user tool, and identification of new risks and information assets.
- Design and implementation of the policy for the administration of End User Computing Tools - EUC, to leverage the strategy and adequate risk management and internal control in this type of tools of the Grupo Bancolombia.
- The risks associated with the financial reporting derived from the COVID-19 contingency were identified and analyzed, and controls were implemented to mitigate them.
- Design and implementation of the methodology to identify, classify and secure the information produced by the entity (IPE) used for the execution of SOX controls.
- Design and implementation of a process for the identification and management of gaps related to compliance programs.
- The circular of estimates and specialists was created in compliance with the Standard of Accounting Estimates 2501 and Standard of Specialists 1210 of the PCAOB.
- Access controls were strengthened to guarantee the proper assignment of privileges to the different applications.
- We continued to strengthen the CRM controls in order to increase the effectiveness of control activities in higher risk processes that require a high degree of professional judgment.



In addition, the Grupo Bancolombia, aware of the importance of the role of collaborators in the adequate management of risk, implemented permanent training and motivation strategies that ensured that the Organization had people trained and qualified on the subject.

It is important to highlight the senior management and the Board of Directors' role, who throughout the year participated actively in the approval, tracking and policy control, methodologies, tools, guidelines and strategies established by the Organization for the risk management.



c. Information and Communication

The Grupo Bancolombia ensures that both its collaborators and other stakeholders have clear and timely information. To this end, it has policies for handling and managing information, which are part of training programs that must be incurred by all employees. These policies are aligned with the ICS and are evaluated and monitored.

The Group also has an information security management system (ISMS) based on international reference frameworks, which contains cybersecurity and information security policies. In turn, a cybersecurity strategy is defined, which is materialized through programs that include, among others, the design, implementation, dissemination, education, awareness and maintenance of controls and mechanisms to manage cyber risk.

The strategy, as well as the ISMS, has as its main objective to safeguard the confidentiality, integrity and availability of information, customers, employees and shareholders, as well as to have a controlled environment in the interactions with allies and related third parties.

We leveraged the deployment and strengthening of the culture of compliance against the different elements of the ICS through internal means of communication, in which we have provided information related to the Code of Ethics and Conduct, the anti-fraud program and internal communication campaigns to dissuade

employees from these practices and invite them to seek help if they are in situations of increased risk of fraud, strengthening the analysis of duties breakdown; EUC - End User Computing, risk self-management, cybersecurity risk management and, in general, all information that is of general interest to the organization and/or necessary for the performance of our employees' ICS duties.

We also have an appropriate control environment for our processes and applications, which seeks to ensure that the information managed, stored or processed in them complies with security, integrity, confidentiality, availability, quality and backup criteria. The Grupo Bancolombia manages its platforms, applications and the information that is handled there, in accordance with COBIT standards.

During 2020 and in order to achieve a transversal governance of information assets that allows the management of cyber risk and information security, as well as the definition of protection strategies focused on assets and critical uses of information, the methodology for identification, classification and governance framework for the inventory of assets was redesigned, thus identifying 100% of the uses of information of the prioritized processes with critical information.

Similarly, in 2020 the development and implementation of the Group's Integrated Personal Data Protection Management System (SIGPDP) presented the following results:

Updating of general policies for information processing and information security and the issuance of internal guidelines and procedures for the processing of personal data.

Updating of clauses in contracts and formats with authorization of data processing for customers, employees, vendors and third parties.

Development of the tool to properly manage the inventory, registration and periodic updating of customer databases in the National Database Registry (RNBD) administered by the Superintendence of Industry and Commerce (SIC).

Evolution of the data protection risk management methodology and the establishment of a personal data protection risk identification process.

Strengthening and promotion of the channels for answering queries, claims, authorizations and reversals regarding the protection of personal data, as well as the procedures for answering them.

Regarding the disclosure of information to the market, there is a Disclosure Committee in charge of supervising the timeliness, sufficiency and clearness of the disclosures of the information that Bancolombia delivers to its investors.

The Group also has an information security management system (ISMS) based on international reference frameworks.



Monitoring

Internal Audit, as a third line, provides objective and independent assurance and advice on the adequacy and effectiveness of governance and risk management; it is responsible for evaluating the entity's ICS, and allows senior management to validate its proper functionality in the organization.

During 2020, Internal Audit carried out control tests in the different reviews, designed a specific work plan due to the Covid-19 contingency and was aware of the decisions and progress made by the different committees formed by the continuity plan; it also participated in supporting the business by reviewing the application of the requirements of external entities that occurred throughout the year and implemented massive tests on processes implemented at the economic trend. This made it possible to identify control gaps in a timelier manner, adopt action plans and close the gaps adequately, with the objective of achieving an effective ICS.

Both the Internal Audit and the Statutory Auditor submitted their work plan to the Audit Committee. This Committee supervised the relevance of the work plan, its effective compliance, the results and the changes caused by the COVID 19 pandemic. It also ensured that the findings and observations had action plans. At least once a year, the Committee meets privately with the Internal Auditor and the Statutory Auditor, without the presence of the administration.

The Audit Committee kept the Board of Directors permanently informed of the development of its activities and of the main aspects known by this entity.

Internal audit report

The following is the conclusion of the report prepared by the Internal Audit of Grupo Bancolombia:

"The results of the evaluation of the ICS and of the risks related to the functioning, existence, effectiveness, efficiency, reliability and reasonableness of the controls, allow concluding that the internal control system is adequate and that the components and its principles are present and operate reasonably in the Organization. The results of the evaluations were delivered to the responsible staff members for the processes and the administration accepted the recommendations made by the Audit and formulated and implemented, or is in the process of implementing, the required action plans.

The requirements of the different external control bodies regarding compliance with new regulations generated to address the issues originated by the pandemic and the business normals were timely and successfully met".

Statutory Auditor’s Report

The following is the conclusion of PWC, Statutory Auditor, on the compliance by the administrators and on the existence of adequate internal control measures, conservation and safekeeping of the Bank’s assets or those of third parties in the Bank’s possession:

”Based on the evidence obtained from the work performed and described above, and subject to the existing limitations posed, in my concept, during 2020:

The Bank had, and were very appropriate the internal control, conservation and custody measures for the Bank’s assets or those of third parties that were in its possession. Also, I have followed up on my internal control recommendations made during the year, 80% of which have been implemented and 20% are in the process of being implemented by the Bank.

The actions of the Bank’s directors were in accordance with the bylaws and the orders or instructions of the stockholders’ meeting.

The Bank complied with the standards established in the Basic Accounting and Financial Circular and the Basic Legal Circular, through which the Financial Superintendency establishes criteria and procedures related to the evaluation, classification and disclosure of the credit portfolio - SARC, with the risk assessment Market - SARM, management of operational risks - SARO, liquidity risk - SARL and with the prevention of the money laundering risk and terrorist financing - SARLAFT.

This report is issued to the Shareholders of Bancolombia S. A., in order to comply with the requirements established in paragraphs 1 and 3 of Section 209 of the Code of Commerce, and must not be used for any other purpose or distributed to other third parties”.

Report of the Audit Committee

In the midst of the challenges of the pandemic caused by Covid 19, Grupo Bancolombia deployed its continuity plan and adjusted business processes, prioritizing the service rendering to its customers.

The Audit Committee, with the decisive engagement of the audit institutions, which acted with full autonomy, supervised that the Group’s actions and the exceptional measures adopted to attend to the operation of the business were carried out within the framework of a solid internal control environment and risk mitigation.

The year 2020 was marked by portfolio relief and credit impairments. The Audit Committee ensures the integrity of the disclosures presented to the market and supervises the financial and risk decisions in order to ensure that the accounting estimates are reasonable, and that, as a whole, Bancolombia’s financial statements are prepared under technical criteria and clearly reflect the evolution of the business.

Regarding portfolio provisions, the Committee followed up on the models and methodologies used to ensure their adequate predictive capacity and reliability in a changing economic environment.

On the other hand, we determinedly continue to strengthen our culture, integrity and transparency. The internal fraud prevention program and, in general, the compliance programs for the prevention of money laundering and corruption, operated properly and evolved supported by technology and risk-based methodologies.

The Committee also evaluated the proper operation of the control systems of the Central American banks and other business lines, the closing of the gaps and weaknesses detected and, in particular, the activities to strengthen the protection and response capabilities against the cybercrime risk.

It was found that the internal audit and the statutory auditors have executed their work plans with autonomy and resources.

Based on its activities, the Committee has concluded that the internal control system is effective and recommends approval of the separate and consolidated financial statements as of December 31, 2020 and their notes, which have been duly audited.

Money laundering and Terrorism Funding

Bancolombia gave priority to the definition of corporate standards, the risk-based approach and the specialization of preventive control functions and detection and response activities for the compliance programs it manages, including the prevention of money laundering and terrorism funding risk.

A maturity model was defined to measure and guide the evolution of the program and a process of evolution of the LAFT risk measurement methodology was initiated, which will continue during 2021, including the adjustment of the model that assigns the consolidated risk level to customers (RIC) in search of consistency with international standards, the external context and the results of the alert analysis. Impact and risk matrices were also defined to be used by the first line of defense to identify the LAFT risks associated with the channels and products to be introduced or modified.

On the preventive activities front, the bank made progress in identifying and taking advantage of synergies with the first line of defense to strengthen risk management from the owners of the process and before the materialization of these risks. As a result, we include information on customers with LAFT risk in the 360 Viewer, which is our commercial tool.

In regards to detection controls, new monitoring was introduced for issues such as remittance structuring, international wire transfers and check cashing, and work was performed associated with pandemic-related typologies. This monitoring included rules that allowed greater agility in reporting to authorities, in addition to initiatives directed at redesigning the process of evaluating alerts based on analytics.





Related Parties Operations

Notes 28 to the separate and consolidated financial statements, correspondingly, describe the transactions carried out in 2020 with economic related parties and for which the Company complied with the provisions of the legal regulations and established policies.

Bancolombia's Code of Good Governance includes the policies for transactions between related parties, as well as for the identification, management and disclosure of conflicts of interest, including specific procedures applicable to transactions with companies of the Sura Bancolombia Cluster. For the year 2020, there were no operations that would give rise to the application of the procedures established in sections 8 and 9 of the Code.

On the other hand, treasury transactions carried out by Bancolombia between its own position and its related parties were made through channels, systems and mechanisms established for such purpose, at market prices and under the conditions established by current regulations.

Economic Group Special Report

Bancolombia, as the parent company of the business group, directs a corporate strategy that guides the actions of the different companies to achieve unity of purpose and take advantage of synergies. Section 7 of the Code of Good Governance establishes the principles and policies related to the organizational structure of the Grupo Bancolombia, in which the companies, according to their size, business and complexity, have their separate management and decision-making bodies, ensuring the integrated and coordinated implementation of the corporate strategy.

In the ordinary course of business, Bancolombia carries out with its affiliates and subsidiaries asset and liability transactions, leasing contracts, correspondent banking, use of the network and, in general, provision of financial services, which are agreed in accordance with the legal provisions in force and in compliance with the principles contained in the Code of Good Governance.

In compliance with the provisions of Section 29 of Law 222 of 1995, the most important transactions carried out during fiscal year 2020 are listed below, detailing for each one, type of transaction, conditions, and effects on the company.

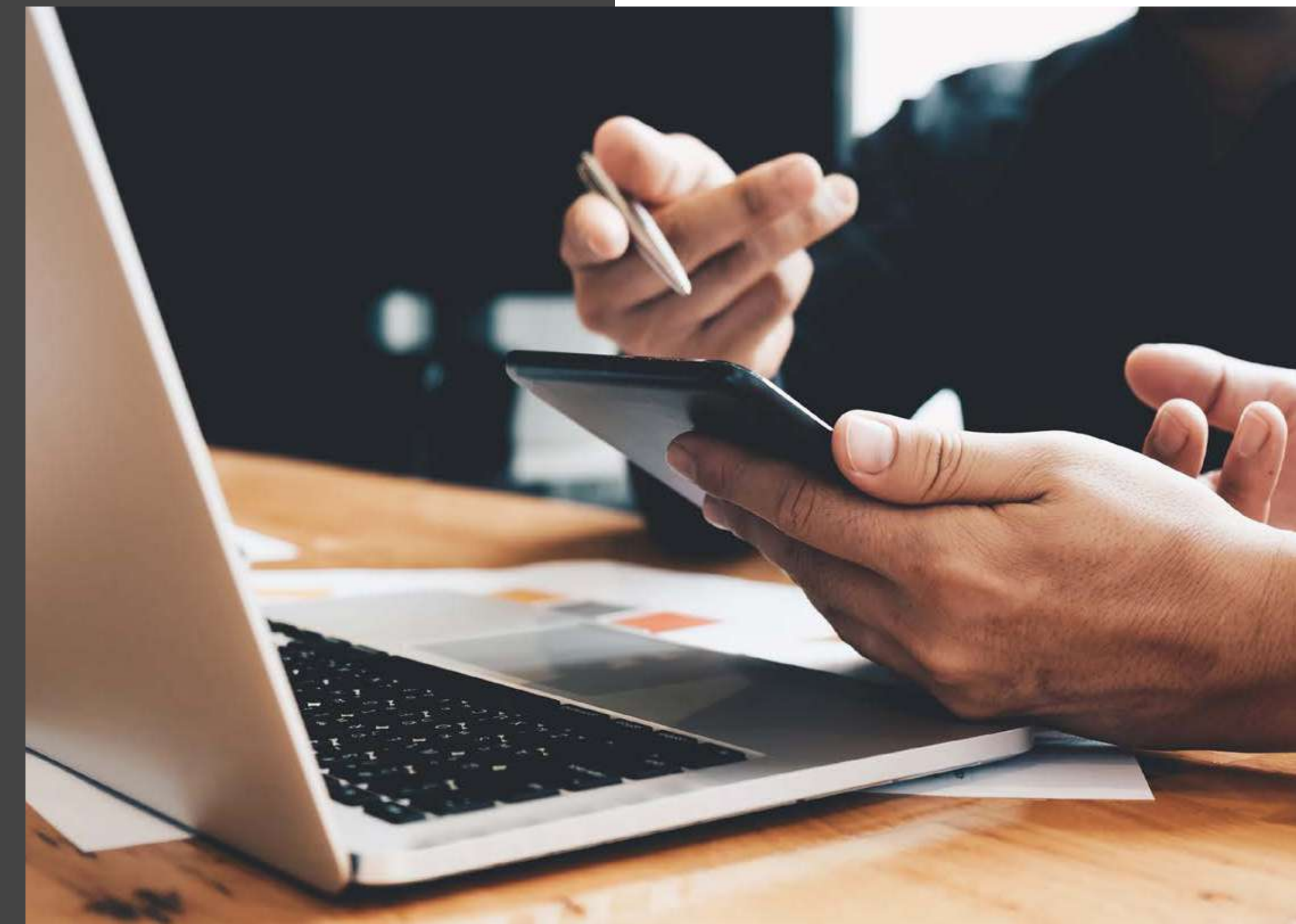
Renting Colombia S.A.

At year-end, the main active operations with this company included a loan portfolio of COP 539,541 billion and deposits of funds through savings accounts of COP 31,755 billion.

The aforementioned operations generated expense interests of COP\$ 615 million for Bancolombia S.A.; portfolio operations implied interest income of COP 31,922 billion, and other Operational income for COP 123,095 billion.

Investment Banking

Bancolombia S.A. made resource fund raising through current and savings accounts with Investment Banking for COP 796,468 billion. These deposit operations implied interest expenses for COP 20,664 billion.



Bancolombia Panamá S.A

At the end of the year, Bancolombia recorded active operations of deposits in correspondent banks for COP 225,112 billion, interbank funds sold for COP 102,977 billion and deposit operations that correspond to deposits for COP 36,711 billion. During 2020, Bancolombia S.A. issued credits with its subordinate Bancolombia Panama, which as of December 31 amounted to COP 3,186,770 billion.

The above operations generated interest expenses for Bancolombia of COP 86,746 billion.

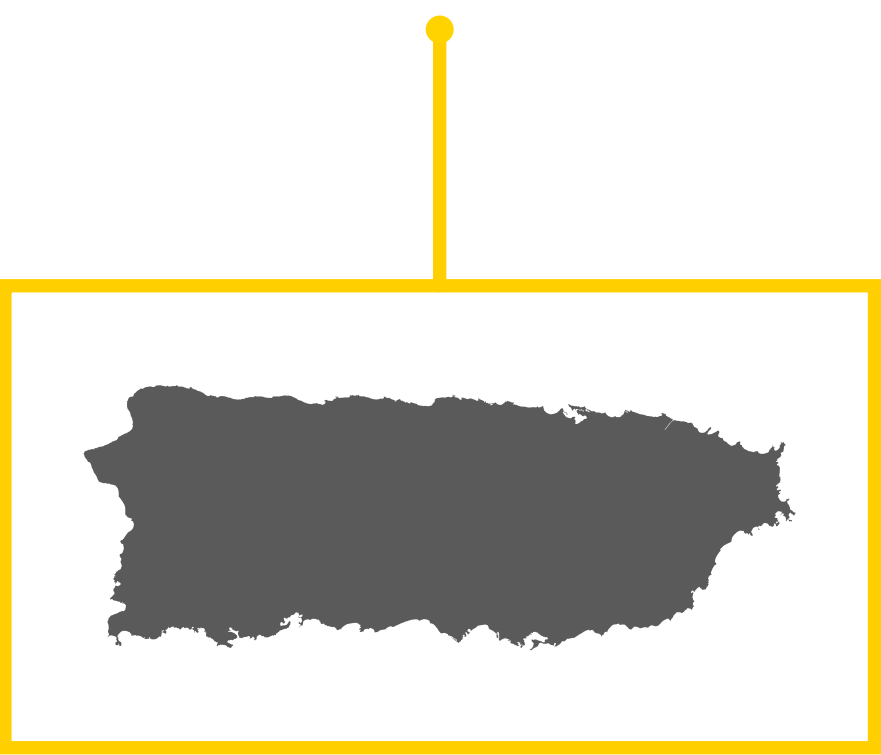
At the end of December 2020, Bancolombia recorded profits in interbank operations with Bancolombia Panama for COP 107 million and a profit of COP 14,204 billion in cash and derivative operations.



Bancolombia Puerto Rico International Inc.

At year-end, the main active operations with this company corresponded to deposits in correspondent banks for COP 36,661 billion and the main liability operations were due to financial obligations for COP 619,339 billion and deposits for COP 35,147 billion.

The aforementioned asset operations generated interest income of COP 180 million for Bancolombia and the liability operations implied interest expenses of COP 9,565 billion.



Inversiones CFNS S.A.S.

At the end of the year, Bancolombia SA presented operations with Inversiones CFNS of resource fund raising through current and savings accounts for COP 77.885 billion. These operations implied interest expenses of COP 1.856 billion.

Banistmo S.A

At the end of December 2020, Bancolombia recorded with this subsidiary, active operation in banks for **COP 478 million** and loan portfolio for **COP 585,999 billion**. It also recorded deposit operations for **COP 343,408 billion**.

At year-end, Bancolombia reported interest income of **COP 18,860 billion**.

Private Equity Fund Fondo Inmobiliario Colombia

As of December 2019, Bancolombia registered a loan portfolio for COP 394.236 billion, other accounts receivable for COP 35.096 billion and financial obligations for COP 368.490 billion with the Private Capital Fund Fondo Inmobiliario Colombia. Bancolombia presented fund-raising operations through checking and savings accounts for COP 21,631 billion.

At year-end, Bancolombia had portfolio interest income of COP 21,103 billion and lease income of COP 32,627 billion.

Grupo Agromercantil Holding

As of December 31, 2020, Bancolombia SA had interbank assets of COP 34.326 billion with the Cluster Grupo Agromercantil Holding.

Other Operations

Bancolombia S.A. raised funds through checking and savings accounts with Fiduciaria Bancolombia and Valores Bancolombia, which at year-end 2020 amounted to COP 285,012 billion and COP 96,125 billion, correspondingly. These deposit operations with Fiduciaria and Valores implied interest and other expenses for Bancolombia, which amounted to COP 7,618 billion and COP 2,367 billion, respectively.

On the other hand, Bancolombia S.A. recorded with Bancolombia Cayman, active operations in banks for COP 20,261 billion and deposit operations corresponding to deposits for COP 37,389 billion.





Risks' management report

A year marked by the COVID-19 contingency, which led us to adapt quickly and reinvent ourselves to support our customers in this situation and ensure the sustainability of the entities that are part of the Grupo Bancolombia.

In a context where the COVID-19 contingency began and continued, the National Government and the regulatory entities adopted temporary measures and made regulatory adjustments for prevention, maintenance, control and mitigation, such as policy flexibility, tools for the amendment or restructuring of credits, follow-up with information, incentives, PAD, among others, to address the particular situation of debtors (natural person and legal entities) impacted by the economic crisis, in different commercial activities and in general for all economic sectors.

In addition to the high demand for attention to the economic downturn, risk management continued to advance in its maturity, adopting international best practices and implementing recent regulations adjusted to the contingency.

In the case of credit risk, progress was made in developing capacities to serve the different customer segments. In the individual segment,

the development of analytical capabilities focused on the valuation of customers' income stands out. In the legal entity segments, the design and implementation of a new credit flow to improve the timeliness and speed with which applications are processed, stands out in the case of Colombia.

In addition, the Corporate Risk Vice-Presidency developed initiatives and/or projects aligned with the Organization's strategy, among which the following stand out:

- Strengthening corporate resilience, in order to guarantee the continuity of Grupo Bancolombia's business through strategy implementation in accordance with the business reality.
- In order to face the COVID-19 situation, a characterization of the customers at credit risk was developed, classifying them to determine the affectation degree through transactional and sectorial behavior variables, among others, in order to provide tailor-made solutions that could alleviate their cash flow. This classification enabled both risk management from origination to collection and the definition of strategies for the commercial follow-up of our customers.
- The risk map in connection with the strategy: as a result of the environmental outlook changes generated by COVID-19, the Corporate Risk Vice-Presidency and the Strategy Department reviewed and analyzed the external context and the most relevant internal issues in order to update the Grupo Bancolombia's Risk Map and establish the possible implications of the changes in the objectives development trends, as well as the identification of the actions prioritized in the Strategy and that promote the impact mitigation.
- Basel III: this initiative seeks to adapt the current solvency report to the Basel III standard under the

parameters defined by the Superintendencia Financiera de Colombia (SFC), taking full advantage of the opportunities identified in the standard and adapting the entity's capital management.

Reasonable provisions in times of economic downturn COVID-19: high volatility was identified in the provisions under international IFRS9 standards due to changes in macroeconomic projections due to the economic downturn as a result of COVID-19. For this reason, a sensitivity analysis of the provisions to changes in macroeconomic projections was carried out to support these macroeconomic changes. Based on this, the Provision Models team developed a provision simulation tool that made it possible to simulate provision expense in record time with different volatility mitigation strategies.

- Advances in the definition of risk appetite: embracing trends in risk management and the risk appetite framework, during 2020 the granular risk appetite tool was developed, allowing to define, based on the strategy, the risk appetite and the behavior of the portfolio, appetite limits by bank, segment or product, becoming another tool for risk management and support in decision-making by Senior Management.

In the case of credit risk, progress was made in developing capacities to serve the different customer segments.

During 2020, the Corporate Risk Vice Presidency remained committed to the development of human talent and the importance of promoting a risk culture. Aligned with the fundamental pillars of the strategy, and leveraging the objective of developing human talent in skills for today and the future, it implemented an intervention strategy based on collaborators projection, definition of an aspirational profile, succession of critical positions and the loyalty of key collaborators.

Additionally, in order to promote a risk culture, during 2020 communication campaigns were developed with a corporate scope, with the purpose of explaining in a simple way how the main risks of the organization are managed, in addition to generating awareness of the importance of identifying, measuring and analyzing the risks to which the organization is exposed.

Another way to promote the risk culture in the organization is through the mandatory virtual training plan, where there are training programs such as: SOX Law, SARO (Operational Risk Management System), SARLAFT, among others.

The Corporate Risk Vice-Presidency has highly qualified human talent to comprehensively and suitably manage the different risks to which the organization is exposed. To achieve this, we have complied with the training plan and the defined knowledge maps, which focus on the development of the competencies required for the fulfillment of their responsibilities. By 2020, the percentage of compliance with the Vice-Presidency’s mandatory plan was 99%.

The Board of Directors knows and approves the Organization’s resources, structure and processes associated with risk management, and for the development of its supervisory functions, it has the support of the Risk Committee, as the body in

charge of accompanying the Board in the approval, follow-up and control of policies, methodologies, tools, guidelines and strategies for the identification, measurement, control and risk mitigation.

Credit Risk

Credit risk management during 2020 was mainly focused on addressing the situation generated by COVID-19 and its impact on all markets where Grupo Bancolombia operates. The effects of the pandemic required the dedication of significant efforts to contain credit impairment in all customer segments with the need to ensure continuity in the granting of credit in order to preserve the financial sustainability of all the economies where the Group operates.

In order to address the economic downturn and given the need to adapt credit risk management to a new scenario that poses important economic and social challenges in all markets, a corporate program was designed and implemented in all the Group’s banks to intervene in the most critical processes of the origination, follow-up and collection cycles that had to be transformed based on the new realities generated by the economic downturn. Among the processes involved we can highlight:

- Review and modification of the credit origination methodologies to guarantee their reliability standards based on the information restrictions generated by the economic downturn.
- Definition of risk appetite and in-depth sectoral analysis in sectors or industries affected by the contingency.

- Characterization of the loan portfolios of all customer segments, improving their discrimination by risk level using new updated information that would allow improving the follow-up strategy based on the impact generated by the crisis. Also, continuous monitoring of customers’ credit behavior allowed us to generate relief solutions tailored to their financial behavior.

- Adapting the special customer management methodology to strengthen its capacity to attend and follow up on an increase in the number of customers impacted by the economic downturn.

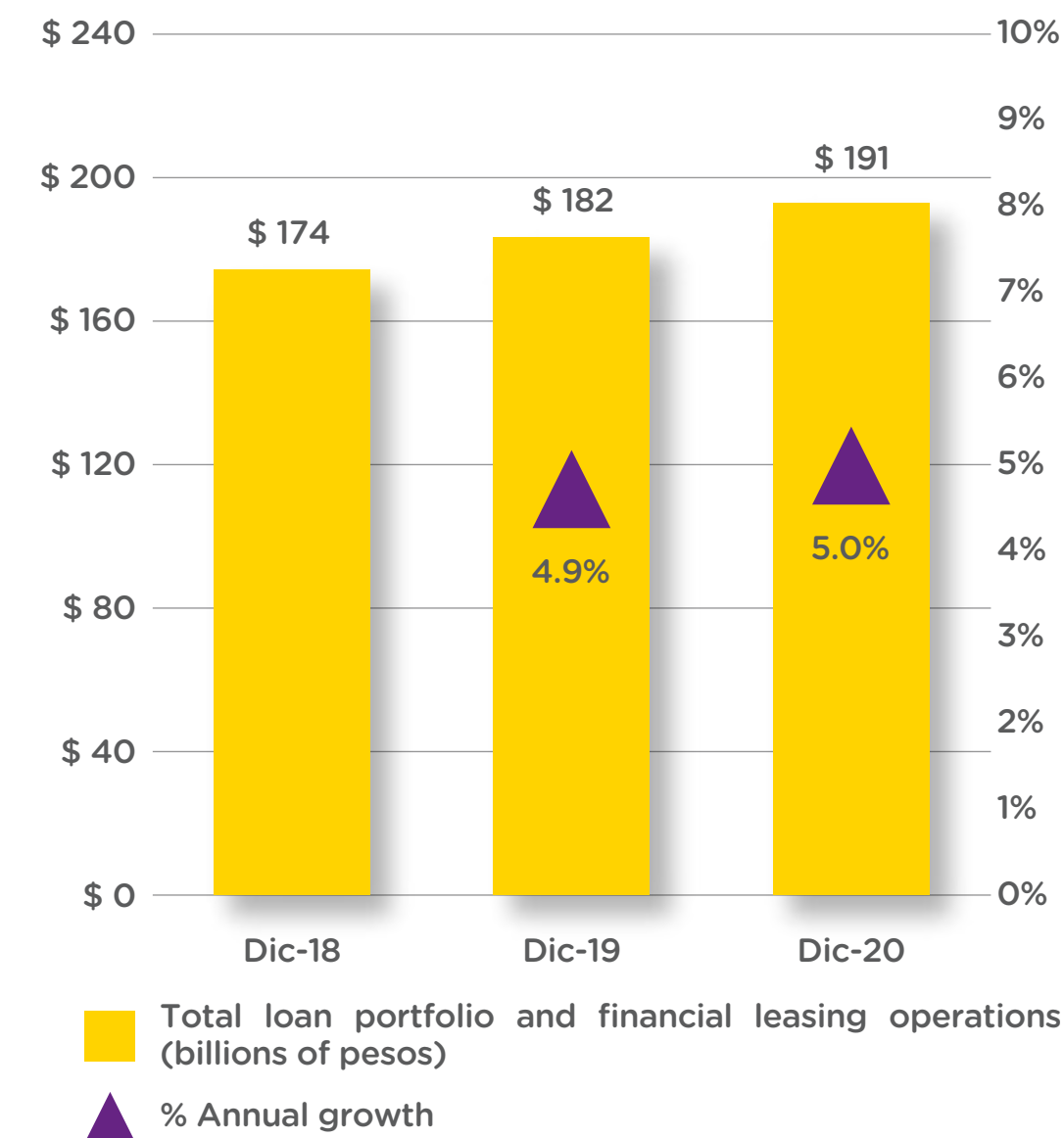
- Creation of specialized teams to formulate solutions for customers affected by the crisis.

- Development of new collection strategies and increase of the collection areas capacity to attend affected customers.

Credit risk management in Grupo Bancolombia to deal with the situation generated by COVID-19 was adapted to the extraordinary regulation established by the governments of all countries to deal with the contingency, which required the dedication of the capacities of all credit risk areas for the implementation of the regulations. In general terms, the programs developed by the different regulations established a framework for granting relief to debtors and in some cases, processing was established in terms of risk rating under local standards to be applied to debtors eligible for relief.

In order to ensure adequate hedging of the overdue portfolio, the methodologies used for the provision’s calculation were adjusted to recognize the impact of changes in the macroeconomic environment in all markets on the expected losses assessment. Similarly, the processes for estimating individual provisions recognized the impact generated by the economic situation on the financial and risk profile of each debtor, adapting the best practices available in the industry.

Bancolombia Portfolio Balance
Figures in trillion Colombian pesos





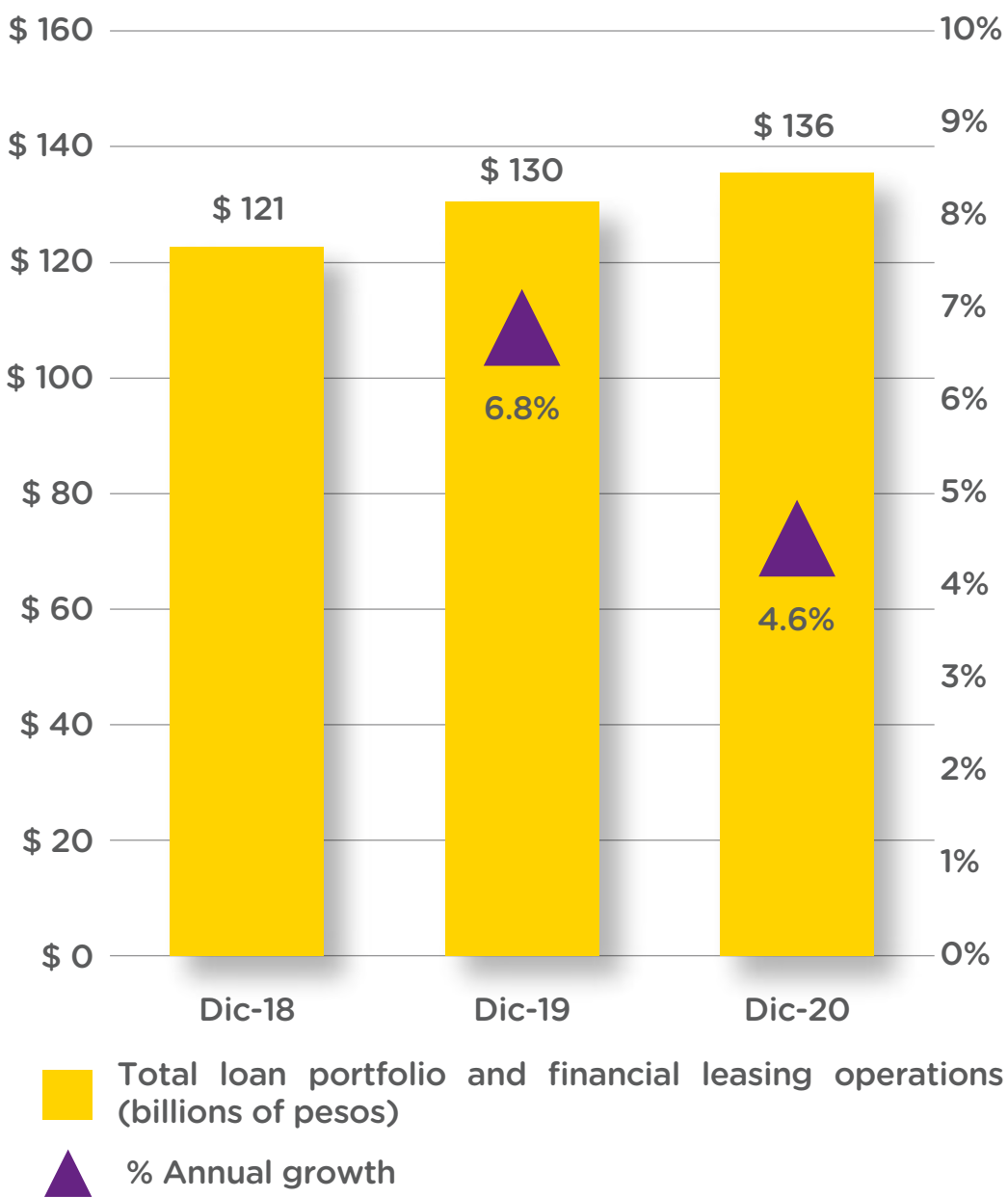
Grupo Bancolombia Profit and Loss

The gross portfolio balance of Grupo Bancolombia recorded an increase of 5.0% for the year-end December 2020 versus the comparable period 2019, mainly supported by the dynamics of Bancolombia in its commercial mode during the first and fourth quarters of the year, and to a lesser extent, by the growth of the peso portfolio of BAM and Banistmo. In addition, the growth of the portfolio valued in pesos of the other banks of the Group is also noteworthy, except in the case of Bancolombia Cayman, which continued with a decrease as a result of its strategy.

The 30-day past-due portfolio balance presented an increase of 24.0% compared to the results obtained in 2019 as a result of the generalized impairment due to the effects of the pandemic on the financial situation of customers, which, together with a lower growth in portfolio balances for the period analyzed, implied that the 30-day past-due portfolio indicator increased from 4.6% to 5.5% at the end of 2020. On the other hand, the 90-day past-due portfolio balance grew 36.2%, explained by the results in Bancolombia of the commercial segment due to the expiration of financial relief granted to customers because of the pandemic, thus generating a gradual impairment in the past-due ranges and raising the indicator from 3.3% to 4.3% in the comparable periods.

The accumulated provisioning expense for 2020 amounted to COP 7.5 trillion, registering a 124% growth compared to the previous year, generally driven by the update of macroeconomic scenarios within the provisioning models of all banks and the impairment in customers resulting from the effects of COVID 19. Given the above, non-performing loans hedge ended at 158.7% compared to 129.5% registered in 2019.

Gross Balance of Bancolombia Portfolio
Figures in billions of Colombian pesos





Bancolombia

At the end of 2020, Bancolombia ended with a portfolio growth of 4.6% compared to the previous year. Portfolio dynamics were driven by favorable growth in all categories during the first quarter and a slowdown in subsequent quarters as a result of the effects of the pandemic. At the end of the year, the growth of the commercial and mortgage portfolio, the marginal growth of the consumer portfolio and the decrease in the microcredit segment compared to the comparable figures for the end of 2019 stand out.

The 30-day past-due portfolio indicator increased from 4.9% at the end of 2019 to 6.2% at the end of 2020; this result is influenced by the increase in the past-due portfolio in the commercial, consumer and microcredit modalities, which went from 4.3% to 5.4%, 5.2% to 8.1% and 11.8% to 17.1%, respectively. In general, the impairment is evident as of the third quarter of the year as a consequence of the economic effects of the pandemic, and the non-application of some relief offered during the course of the year to support credit solutions.

The total non-performing loans hedge increased from 136.0% to 154.3% as a result of a higher provisions level in the period. For the year to date, the provisions accumulated expense amounted to COP 5.8 billion, which stands out compared to previous periods given the effects of the pandemic in the model variable update and customer impairment.

Other companies⁽¹⁾



Banistmo reported portfolio balance growth of 5.5% at the end of 2020 compared to the previous year, supported by housing and consumer loans, which in the last quarter of the year showed better dynamics due to the reactivation of retail trade and a lower credit restriction compared to what occurred during the second and third quarters of the year, periods widely impacted by the effects of the pandemic in the Panamanian economy. The 30-day past-due portfolio indicator decreased at year-end to 3.7% compared to 5.0% in 2019, while total past-due portfolio coverage ended at 176.6% compared to 80.1% in the comparable period; the higher hedging level is understood by the increase in the levels of provisions and the lower level of 30-day past-due portfolio, highlighting for the latter that in Panama financial relief granted by the government continues to be in force.



At Banco Agrícola the portfolio balance in 2020 closed with a 1.9% growth, supported by a growth rebound in the consumption modality for the last quarter of the year, which reactivated along with the economic conditions in El Salvador, since the effects of the pandemic affected the portfolio dynamics for the second and third quarters of the year. By the end of 2020, the 30-day unpaid portfolio indicator stood at 3.0% compared to 2.4% in 2019, considering the natural impairment due to the effects of COVID-19 on loan portfolios that affected not only individuals, but also corporate customers in high-risk sectors. Hedging ended the year at 210.4%, compared to 159.3% in the same period of the previous year.



BAM ended with a portfolio increase of 8.2% at the end of 2020 compared to 2019, mainly due to the growth of the commercial mode with a focus on the real estate and corporate segment, where some deals with new customers were closed in the last quarter of the year. The 30-day past-due loan portfolio indicator stood at 4.9% compared to 4.3% at the end of the previous year, where its impairment was the result of the growth of the consumer portfolio, consistent with the economic effects of the pandemic and the expiration of massive relief granted during the first half of the year. The 30-day past-due portfolio hedge increased from 139.7% to 150.3% between 2019 and 2020.



At Bancolombia Panamá the portfolio balance showed a growth of 0.2% compared to the previous year and a fluctuation of the 30-day past-due portfolio indicator from 0.4% to 0.3% between the periods under analysis. For the Bancolombia Puerto Rico situation, non-performing loans increased 13.1% as of December 2020, driven by timely disbursements to customers in the corporate segment in the fourth quarter of the year. The unpaid portfolio indicator increased from 1.7% to 3.3%, with the impairment of one customer in particular standing out as of the third quarter of the year.



Finally, Bancolombia Cayman Bancolombia Cayman decreased its portfolio balance in 2020 by 35.6% compared to 2019, while its 30-day unpaid portfolio indicator increased from 4.5% to 5.2%. This bank's dynamics is understood due to a lower appetite for dollar indebtedness by Colombian customers in view of the growth of the TRM so far this year, as well as the strategy adopted by this bank to purge non-targeted customers.

⁽¹⁾The information presented for the Group's companies other than Bancolombia S.A. considers the figures restatement in dollars to pesos under the IFRS standard.

Market Risk

In 2020, a year shaped by the COVID-19 pandemic, the markets experienced very strong volatility, with an accelerated fall in the stock and fixed income markets, even with much more accelerated movements than those presented in other crises such as 2008 or the Great Depression. These movements resulted in loss alerts being activated in all of Grupo Bancolombia's books, exceeding stop loss levels in Bancolombia, Banistmo, Banco Agrícola and Valores Banistmo.

The accelerated fall in the markets caused the Group's VaR tolerance limits to be exceeded, mainly due to the aforementioned movements, as well as the increase in risk exposure in Colombia, Panama and El Salvador. As a consequence of the above, and considering the expectations of a slowdown in the growth of the loan portfolio, the VaR tolerance limits of the Group and of the territories in which Grupo Bancolombia operates -except for Guatemala- were reviewed and adjusted in order to give the Treasury business more room to serve customers.

In view of the increased volatility of the market and following the failures of the backtesting analysis of the internal VaR model, we approved and implemented a change in the VaR methodology to one based on Historical Weighted Simulation, by means of which we assign relatively more weight to the most recent observations and less weight to past performance. The above, in order to incorporate faster the variations observed in the market. Efforts were also focused on the Expected Shortfall implementation under Basel III guidelines, as a complementary measure to analyze the proprietary portfolios exposure under particular conditions of financial stress. The Expected Shortfall is defined as the average of the loss scenarios that are greater than the VaR, and in the case of Grupo Bancolombia its measurement is done taking the longest stress period, with a confidence level of 99% and the liquidity horizons stipulated in the Basel III standards (MAR33- calculations of capital requirements under internal methodologies).

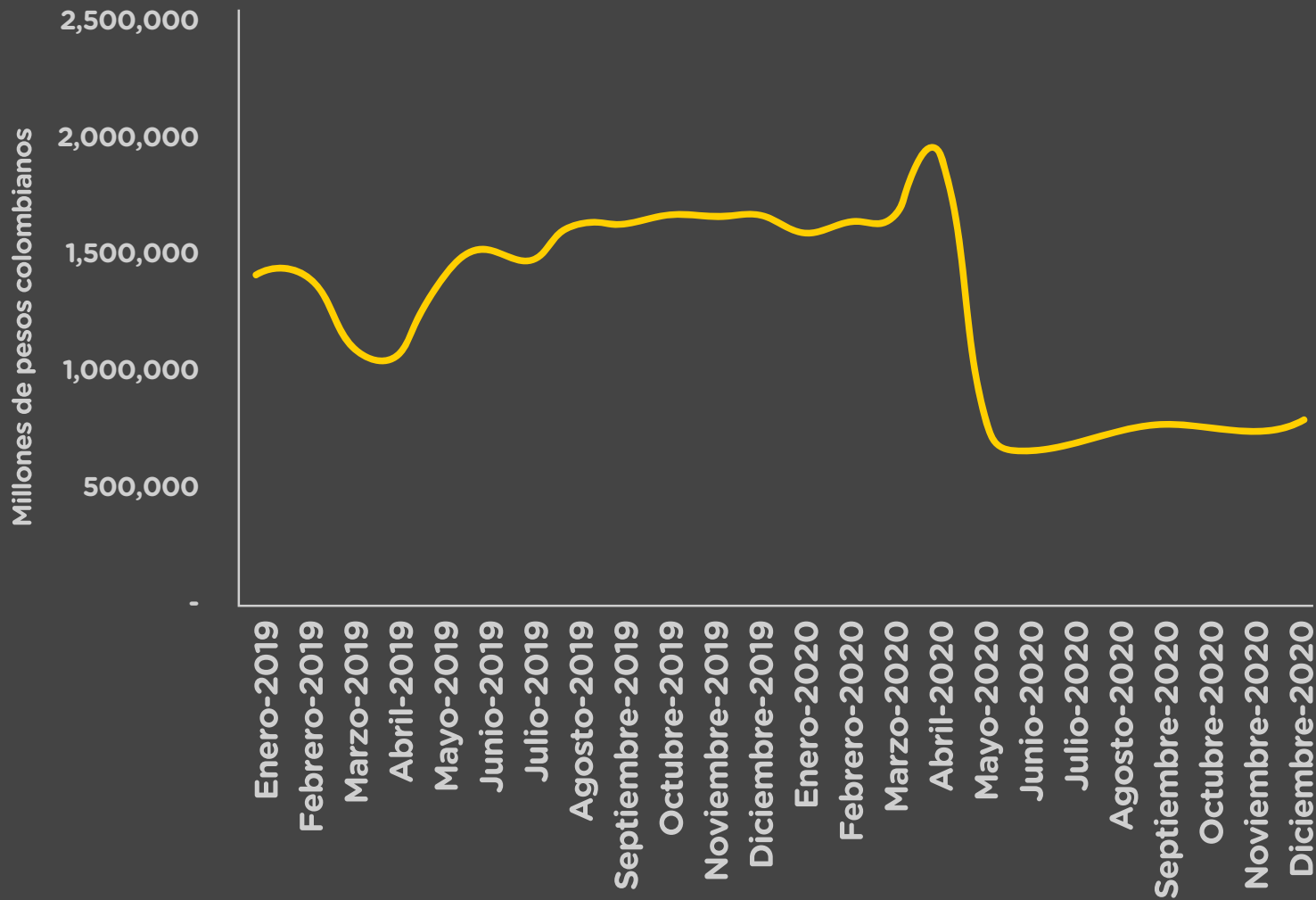
On the other hand, for the third-party resources' management in both Colombia and Panama, transitory limits of exposure to market risk of the portfolios and managed funds were implemented, as well as Active VaR measurements, which allow monitoring the risk exposure of the portfolios

related to their benchmark. The aforementioned, in order to maintain exposure levels within customer risk profile parameters, and to provide the Portfolio Administrators with an action margin in the context of the strong market volatility.

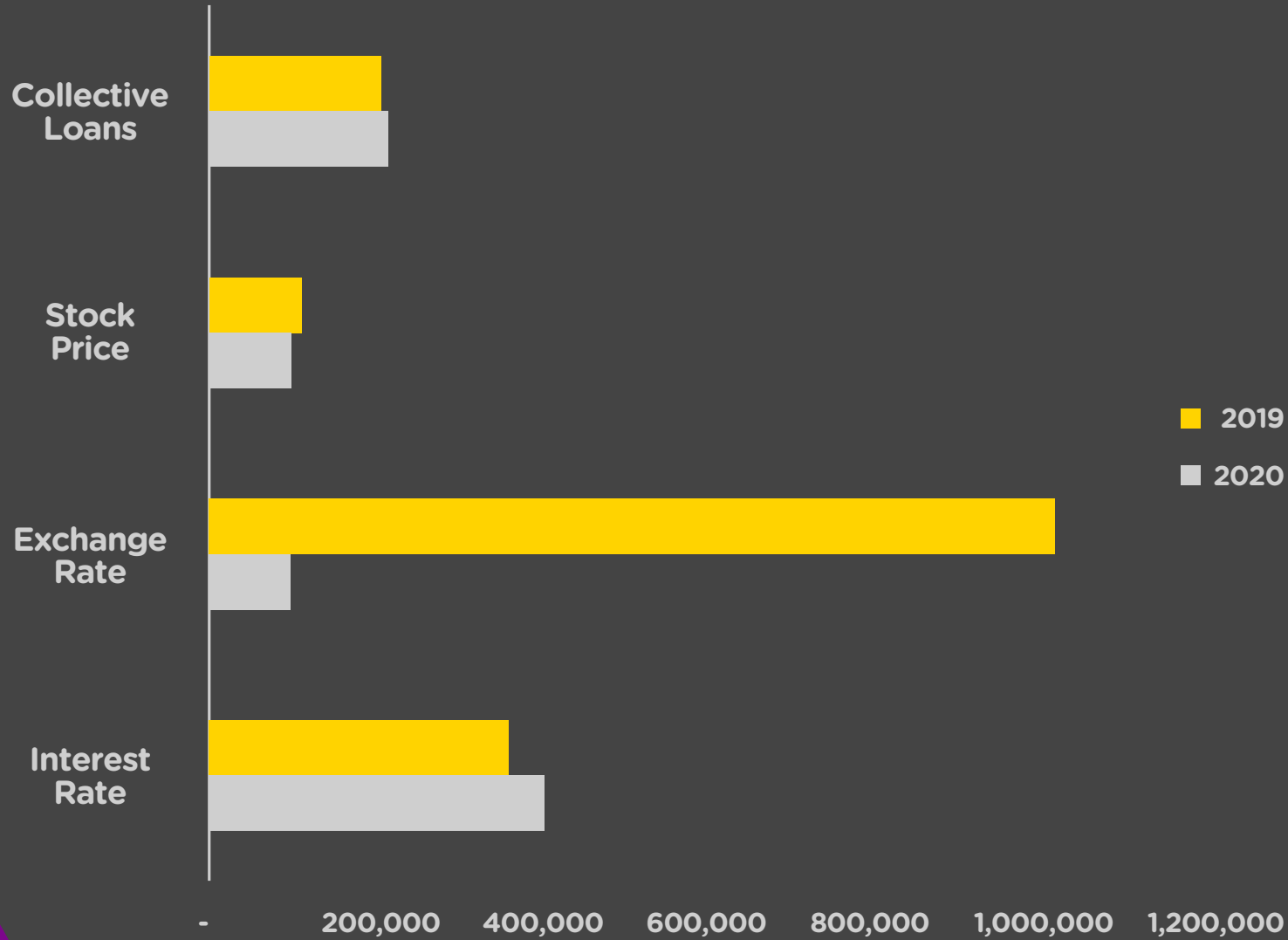
During 2020, the methodology used by the Group to monitor the exposure to market risk of trading activity continued to be the value at risk (VaR), which measures the maximum loss with a certain level of confidence and a certain time horizon. For that monitoring, both the internal weighted historical simulation model, indicated above, and the standard methodology regulated by the Financial Superintendency of Colombia (SFC) in Chapter XXI of the Basic Accounting and Financial Circular are used, of which the result is incorporated in the solvency ratio. In May, Grupo Bancolombia adopted and implemented the External Circular 016 of March 2020 issued by the SFC, regarding the processing of structural investments in the exchange rate module of the standard methodology, excluding from the measurement the value of the uncovered portion of its controlled investments abroad.

In 2020, given the strong volatility, the Group's exposure to market risk remained high compared to the tolerance levels approved by the Board of Directors, with an average occupancy above 90% of its internal VaR limits. Market risk exposure measured by the SFC's standard methodology ranged from COP 673,680 billion to COP 1,974,758 billion, with an average exposure of COP 1,076,050 billion. The total exposure recorded a decrease due to the adoption of External Circular 016 of 2020 issued by the SFC, which included in the calculation of the Regulatory VaR the exception allowed to exclude the value of the uncovered portion of its foreign controlled investments from the positions of the banking book. The above was approved by the Board of Directors on May 19, 2020 and became effective as of May 31, 2020. The interest rate risk factor was the largest contributor to total market risk exposure during the year.

Evolution of Total VaR Treasury Market Risk Grupo Bancolombia
Standard Methodology Appendix 1 Chapter XXI CBF



Composition by Risk Factors
Standard Methodology Appendix 1 Chapter XXI

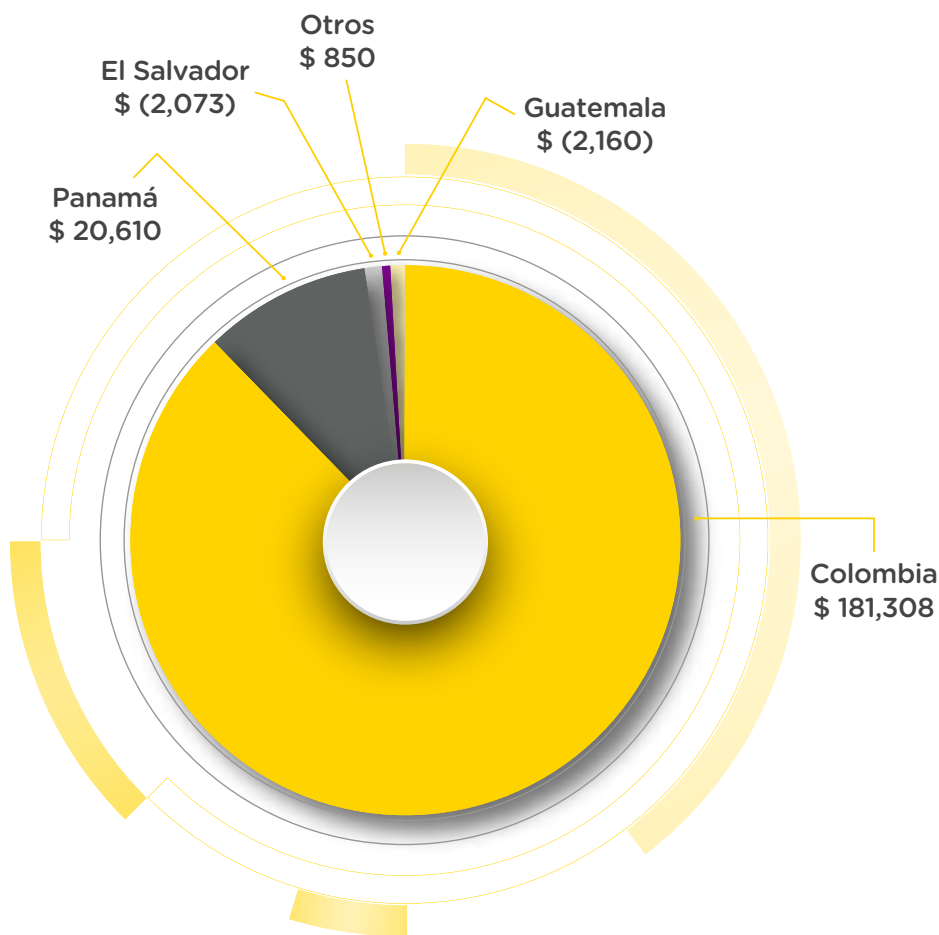


In relation to the interest rate risk of the banking book, the measurement continued under the corporate value at risk methodology with a historical simulation model, with a confidence level of 99% and a 1-year time horizon, for the banking book positions of Grupo Bancolombia, excluding BAM; as well as with the measurement of the EVE (Economic Value of Equity), under the Basel standard framework. These measurements were adjusted in 2020 to incorporate the prepayment effect of the mortgage portfolio of both Bancolombia and Banistmo, in order to incorporate behavioral factors. The preparation for the Libor transition also continued, approving the SOFR rate as the replacement rate for operations in dollars.

Given the customers' preference for liquidity in light of the uncertainty generated by the pandemic, an increase in the more stable liability positions was observed, which together with the increase in the average term of the portfolio allowed the duration mismatch in Grupo Bancolombia's balance sheet to show no significant changes.

In general, the sensitivity to increases in interest rates for the group's total financial margin is positive. In relation to Market Value of Equity, (MVE) sensitivity, the overall balance sheet positioning was such that the average term of assets is slightly longer than that of liabilities.

Sensitivity of the financial margin December 31, 2020
+/- 50 p.b.



Others: Cayman and Puerto Rico
Amounts in millions of pesos

Liquidity Risk

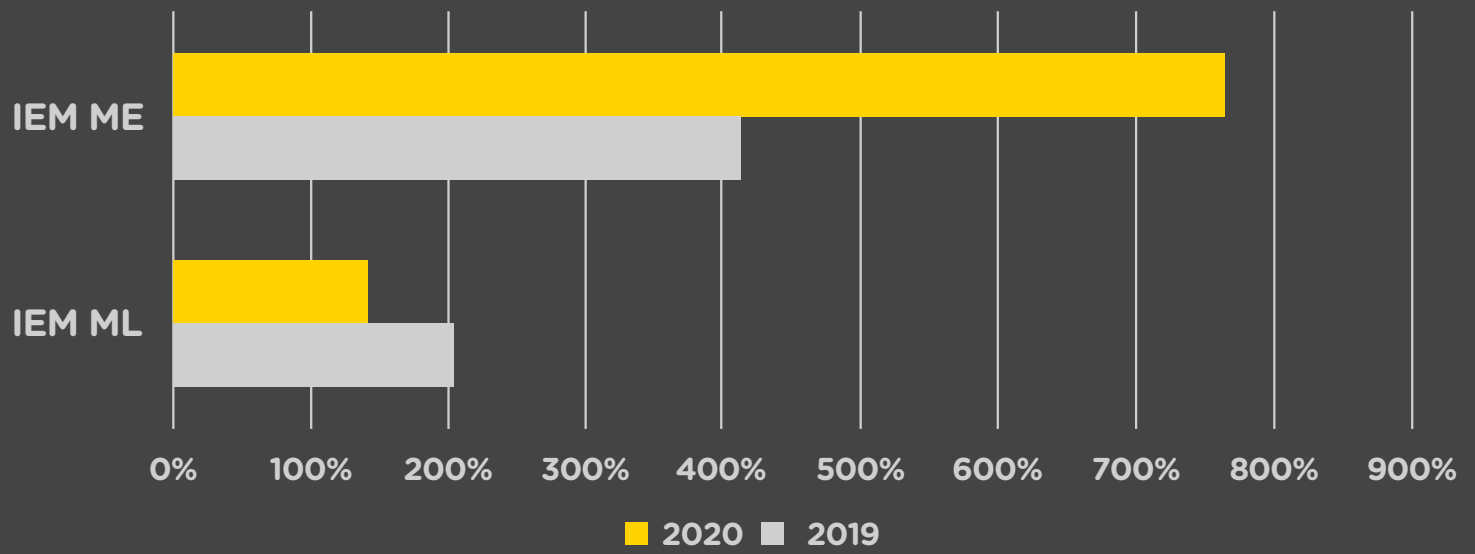
During 2020, the project to address regulatory issues in Bancolombia S.A., associated with the Net Stable Funding Ratio measurement, was completed, and the implementation of a new application for liquidity and interest rate risk management was approved and implemented in all territories where Grupo Bancolombia operates. We also monitored the portfolio collection and disbursement ratio, implementing weekly reports in each of the banks, as well as constant liquidity simulations under different scenarios, in order to guarantee comfortable liquidity levels in the midst of the uncertainty generated by the pandemic.

Given the unprecedented disruption in the markets generated by the COVID-19 pandemic, efforts were directed towards the tuning of the forecasting models used to affect liquidity gaps such as maximum probable withdrawal, Term Deposits (TDs) renewal, portfolio growth, among others, both for Grupo Bancolombia's banking institutions and for the Investment Funds that are under management.

Liquidity risk management continued to be carried out with an internal liquidity gap projection model for both real and stressed situations; as well as with the IRL (Liquidity Risk Indicator) defined by the SFC, and the Consolidated Short-Term Exposure Indicator regulated by Banco de la República in External Regulatory Circular DODM - 361 of 2016.

In 2020, comfortable liquidity positions were maintained in the Group, with a 30-day liquidity hedge of 140.19% in ML and 763% in EM at the end of December. Liquid assets were kept in legal currency (LC) of COP 18.1 billion, and in foreign currency (FC) an average of USD 5,617 billion.

Short-Term Exposure Indicator by Currency
Total liquid assets / net liquidity requirement at 30 days



Operational Risk

Grupo Bancolombia has an operational risk management system, designed to adequately manage risks in order to avoid or reduce the occurrence of adverse events and/or reduce their consequences.

This process is part of a continuous cycle that includes the stages of risk identification, measurement, control, monitoring and management; in this way, the risks to which the Group is exposed in its operations are constantly being evaluated.

On operational risk management system (SARO) standards were issued during 2020 in Colombia and other countries where the Group operates that directly or indirectly modify operational risk management, technological risk management or business continuity management. The main regulatory changes include the incorporation of regulatory capital requirements for operational risk in Colombia and Panama, a greater management inclusion of third-party risks (Colombia), changes in the management of technological or information security risk in Guatemala and El Salvador, and changes in the business continuity management (El Salvador).

During 2020, internal metrics for advanced operational risk measurement (VaR, Value at Risk) were implemented for the Banistmo (Panama) and Banco Agrícola (El Salvador) entities; therefore, we have 3 territories where we use this advanced metric, which allows us to calculate the expected

and unexpected exposure levels to operational risk considering both loss information and scenarios obtained through risk assessments, which in turn allows us to incorporate operational risk management more directly into the sensitivity analysis of the group's products and channels.

The criticality levels of the operational risks individually considered and on which the governance framework and attributions for the decision and information of risks in the Group are established, were updated in all companies to allow greater flexibility and speed in decision making and evolution of new business models, as well as to reflect the growth in the business since the last update.

Bancolombia

With reference to the operational risk events occurred, there was an increase of 83.8% of the accumulated net economic losses in 2020 compared to the previous year, such losses are due to some adjustments made to processes and controls as a result of the pandemic, events associated with technological incidents and mainly because of an increase in different types of fraud, which may be due to the social and economic problems that the country had in 2020 due to the COVID-19

The increase in fraud losses corresponds mainly to digital channels as a result of the security rules being more flexible in order to avoid blocking during confinement, the increase in attacks on customers by enumeration and fraudulent dynamic key registrations. As a containment measure, we increased the number of dynamic key blocks and accelerated the migration of customers to the Softoken dynamic key service (dynamic key of the Bancolombia APP), which is the most secure method for performing digital transactions.

In other fraud categories, the increase is explained by the withdrawal of money from customers with no available balance; this was generated due to the strategy activation for the service provision in the technological incidents' assistance, synchronization errors with the ATMs during the activation of those strategies and other technological failures whose root cause has already been solved.

At year-end 2020, it has not been necessary to take any further action in response to the pandemic that would change the entity's risk profile. It should be noted that the exposure to cybersecurity risk has remained at adequate levels, as a result of the actions that have been taken in terms of controls, monitoring and mitigation efforts to adjust to this change in the operation. We constantly monitor the health and well-being of our employees, which has allowed all our processes and products to operate normally.



Consolidated Operational Risk Status

The total operational risk profile of Grupo Bancolombia at the end of 2020 shows a composition by risk criticality levels, concentrated in acceptable rating (low risks) in 88.1%, 8.2% in moderate rating (medium risks) and 3.7% in critical rating (high risks), the latter group being the one that recognizes the risks in higher thresholds in terms of the individual appetite defined for each of the Group's companies; and that in relation to the composition of the operational risk portfolio at the end of 2019, there were variations in the composition due to the migration of acceptable and moderate risks to higher criticality levels, which led to critical risks going from representing 3.3% to 3.7% (growth of 3.7%). 3% to 3.7% (12.1% growth).

The residual exposure (after considering the mitigating effect of the controls) presented an increase of 27.9% compared to the year-end 2019.

The operational risk profile of the Grupo Bancolombia is composed of 41% by risks classified as failures in the processes, 52% by internal and external fraud (26% each).

Losses due to operational risk (materiality) showed an 87.5% growth compared to those registered in 2019; This increase is mainly due to the previous explanation in Bancolombia.

61% of losses are due to external fraud events, 21% to process failures, 11% to technological failures and the remaining 7% is made up of the remaining operational risk categories. In contrast, the greatest growth in losses observed in 2020 is explained in 53.2% by external fraud, 22.1% by technological failures, and 16.4% by higher losses due to process failures.



Achievements in Operational Risk Management

- Although in 2020 the focus was on the processes, channels and products that could have been impacted by the pandemic, the coverage level in the company's operational risk profile assessment and monitoring remained within high levels, which allowed to leverage the achievement of the organization's strategic objectives.
- To deal with the health crisis generated by COVID-19, the organization took measures based on the exposure level to operational risk that guaranteed its operation in a timely manner, generating new service channels and digitalization of its processes, without affecting the provision of service to its customers.
- We assessed and managed the risks associated with the remote work model of internal processes and strategic allies, this enabled us to have around 12,000 administrative employees and 4,700 call center employees operating from their residences, including sensitive processes such as Money Market.
- An 89% progress was achieved in the coverage of the organization's technological and cybernetic risk profile; more than 600 action plans were generated and 289 were closed. The technological and cybernetic risk management methodology was strengthened, focusing on critical information assets, incorporating information on threats and vulnerabilities, and allowing the quantification of systemic risk.
- The fraud stabilization in digital channels was achieved by the end of 2020, leveraged on the migration strategy from ODA to Softtoken, the implementation of a differentiated cap for transfers to Bancolombia a la Mano accounts and the monitoring optimization of the fraud management area.

Cyber Risk Management

In 2020, progress continued to be made in the assessment and monitoring of technological and cyber risks of critical information assets and the infrastructure on which they are supported. A comprehensive review of the technological and cybernetic risk management methodology was carried out, with special emphasis on the latter risks, allowing variables such as threats, vulnerabilities, systemic risk, among others, to strengthen cybernetic risk management and its mitigation.

More than 200 technological and cyber risk assessments were conducted on transformation and innovation issues related to the implementation of cloud services, API schemes, digitalization of processes, among others.

On the other hand, during 2020 there were no losses due to cyber risk events affecting the security of the organization. An 89% progress was made in the profile of technological and cybernetic risks and 289 action plans were closed, resulting in critical risks becoming moderate, acceptable or even completely mitigated.

Business Continuity Management

In 2020, the main focus was to continue strengthening the operational resilience of Grupo Bancolombia, highlighting the following achievements:

• COVID-19 Health Emergency Care

- Centralized leadership from the Crisis Management Team, with permanent availability and recurring sessions for decision-making.
- Articulation of all the vice-presidencies for the strategies implementation that allows the continuity of the service, highlighting: prevention measures for the collaborators care, remote work, travel policy, employee monitoring and critical vendors, strengthening of the second trained role for the execution of critical processes, continuity plans review of more than 100 critical vendors, among others.
- 10 protocols have been developed to guarantee the care of the collaborators and the service to our customers.
- Due to the pandemic, there was no interruption of the Grupo Bancolombia's service.

• Business Continuity Plan Management

- Implementation of 6 mock exercises of existing protocols, to validate their functionality and train crisis management teams, highlighting scenarios of interruption of the main data center and denial of services due to cyber-attack.
- 5 new protocols were developed to improve the response capacity to scenarios that could threaten Grupo Bancolombia's continuity, including public risk and disaster.
- Updating of the organization's critical channels and transactions, to ensure its continuity strategies and recovery times.
- Definition of a new continuity strategy in the event of work site interruption.
- 11% reduction in service interruption events compared to 2019, presenting greater stability and generating a better experience for our customers.

Insurance Management

Due to the economic downturn in 2020, and the general contraction of the insurance market in general, efforts were focused on maintaining coverage in all lines of the Group’s policies.

In relation to risk transfers, different risk coverage and retention options were analyzed together with the insurance company to allow the Group to obtain efficiencies in the insurance and risk transfer program considering the materialization projection of these risks and thereby seeking to obtain better coverage for all the companies compared to their insured risk profile. This initiative will be extended during the year 2021 in order to pursue risk transfer schemes that will enable further progress to be made in risk management.



Emerging Risks

During 2020, the world witnessed the unfolding of a global threat that highlighted the uncertainty, disruptive potential and the ability of emerging risks to connect with other types of risks, impacting the results obtained, the implementation of operations and the strategy outlined by organizations.

In order to establish the impact on the development of Grupo Bancolombia’s objectives due to the appearance of the virus and the trend change derived from the global contingency, the Corporate Risk Vice-Presidency and the Strategy Department jointly reviewed and analyzed external sources and internal aspects to identify the emerging risks that could imply economic or reputational impacts for the Organization and be able to establish mitigating actions for their follow-up and control.

Cyber Risk and Information Security

The technologies' accelerated use as a result of the confinement and social distancing measures for transactions by our customers, the development of remote work schemes with the functionality and use of online collaborative tools and the growing demand for digital information have brought with them an accelerated increase in malicious cyber activity and the evolution of attack patterns by cyber criminals who are looking to take advantage of the crisis and uncertainty to scam the Bank.

The Grupo Bancolombia has as a fundamental premise the integrity, availability and confidentiality of information, as well as the ability to ensure secure operations and continuity of service to our customers. To achieve this, the following actions were taken to mitigate this risk during 2020:

- **Implementation of transactional monitoring tools to mitigate external fraud.**
- **Access controls were strengthened and the necessary measures were defined to guarantee remote work.**
- **Risk culture strengthening through cybersecurity campaigns to promote the importance of this risk management by all employees.**

Economic and Industry Environment

The interruption of productive activities worldwide as a result of the virus spread had a considerable impact on certain sectors or industries and, in general, on the family's economy, who have faced salary cuts, unemployment and livelihood losses.

The economy fragility and the uncertainty surrounding its future performance are more evident in low- and middle-income countries such as those in our region, which, added to the public debt accumulation as a result from the efforts made by the government with stimulus measures to tackle the downturn, highlight the possibility of a future crisis and therefore represent a threat to the Grupo Bancolombia's commercial and financial performance.

In order to simplify the risk management and establish the possible economic impacts for the Bank as a result of the effect on customers' income levels, legal alternatives were developed to adapt the operations conditions to their effective payment capacity. These options were complemented with the customer characterization development, enabling risk management in the different credit cycles and their commercial follow-up.



Political Instability and Regulatory Uncertainty

At the end of 2019, in many countries around the world including those in Latin America, the division and the accentuated drop in public institutions trust level became evident through violent demonstrations by the citizens as a result of the perception that political systems are unrepresentative, are corrupt or manipulated, for unemployment, informality in the labor market, poverty and insecurity.

The economic and social instability generated by the spread of the virus has reinforced polarization and distrust of governments, leading to increased violence in protests and greater support for authoritarian and populist leaders who focus their political initiatives on rules that further regulate financial institutions and their business models.

The Grupo Bancolombia closely monitors regulatory initiatives as mitigation efforts and continuously follows up on regulatory projects that have a significant impact on the activities of the financial sector. It also coordinates and leads the relationship with authorities, unions and other stakeholders to serve as allies in setting new regulatory agendas.

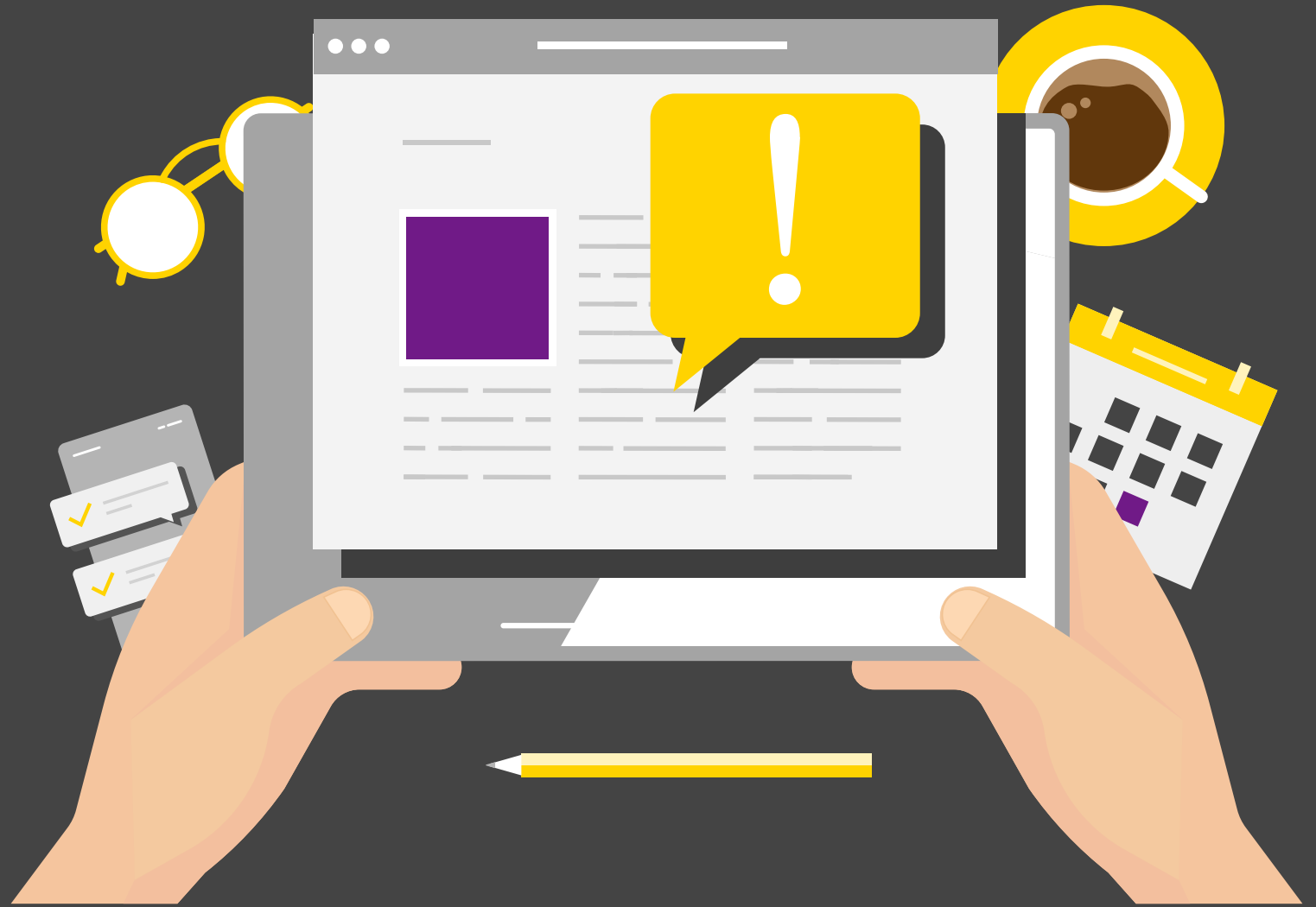


Digital Disinformation

This risk relates to the threat posed by the new growth of digital technologies and capabilities to create fake content with text, audio and video production that can be very convincing and whose distriution speed and ease is on the rise. This fake news can be used to commit fraud, harass people and undermine civic debate and consensus on political, public health and environmental issues.

Digital disinformation can also extend its impacts to organizations such as Grupo Bancolombia, when it is used to blackmail or defame the good name of the company in order to affect the customers and different stakeholders trust in the financial sector, destabilize the business objectives normal development and therefore the operational, economic and reputational performance of the Bank.

The Grupo Bancolombia has made efforts to strengthen the risk management by providing timely and transparent information on the provision of services, rates and the general performance of the organization to all stakeholders. It has also worked on the segments profiling and analysis that could be affected by the false information in order to determine the economic and reputational implications for the Bank.



Climate Change

The public health crisis that the world is undergoing has had impacts on the growth and economic performance of countries, generating warnings about possible reductions in the resources allocated by the State to advance sustainable development, this includes the reduction in protection mechanisms for the indiscriminate use of natural resources, which are being intensified as a subsistence measure by families whose incomes have been reduced due to the pandemic.

Divergent trends around sustainable development are present worldwide, considering, on the one hand, the call of leaders for economic recovery, stimulus packages from large economies focused on sustainability and the change possibility in production models and consumer behavior to support the sustainability agenda; on the other hand, cuts in investment in sustainability are perceived as alerts because of weakened fiscal positions, the reduction of corporate profits and therefore, the prioritization of objectives other than those related to climate action.

Aware of the social and economic situation in the different countries in which the Grupo Bancolombia operates, the possibility that governments may not be able to give continuity to the sustainable development goals is a threat to the efforts we have made in this area, because the possibility of supporting brown stimulus measures for industries, as a way of promoting economic growth, makes it difficult to achieve the Bank's strategy of promoting businesses that are aligned with the reduction of environmental impacts and the financing of sustainable projects.

The Bank maintains its commitment to the Sustainable Development Goals, strengthening the risk management related to climate change through the initiative implementation such as the definition of credit policies for industries considered critical because of their environmental impact.



Capital Management

Aware of the importance of optimizing capital, creating shareholder value and maintaining an adequate level of solvency, the Grupo Bancolombia has developed a framework of principles and methodologies for assessing the risk-return ratio to facilitate decision making. The VAS (Value Added System) model constitutes the adopted system that involves risk assessment, its relation with profitability, facilitates the definition of prices and constitutes the basis of variable compensation.

The capital allocation policy adopted by Grupo Bancolombia to assess risk is mainly oriented to cover unexpected losses that may arise from the risks to which it is exposed.

In 2020, we continued to work on the methodologies used to calculate capital allocation percentages and expected losses, key elements for risk measurement and the consolidation of Grupo Bancolombia's models, while also directing our efforts to the adoption of international standards in terms of regulatory capital, by implementing Decrees 1477 of 2018 and 1421 of 2019 that modify solvency calculations for financial institutions, in line with Basel III requirements.



C h a p t e r

05

WELL-BEING FOR EVERYONE

In order to promote sustainable economic development to achieve the well-being of ALL, through positive transformations in society and the environment we have placed our experience and capabilities at the service of society.



Well-Being for everyone

For Jorge Mario Reyes, Bancolombia's support has been decisive in helping him reinvent himself and build a new life project that will help him to provide for his family.

After having to leave Urabá with his wife and three young children because his life was in danger, in 2017 he arrived to La Ceja, with no other resources than his determination to start a new life with his family. While living there, he got involved in a project to grow organic vegetables and that is how he met the Fundación Bancolombia.

After a while, he decided to start his own production project: an organic tomato crop. And although he had good determination and a desire to work, an important part was still missing, the construction of the greenhouse so that the plants could grow. It was there that the 'Agrosocio' program, run by Fundación Bancolombia and Agricapital, appeared, which offers comprehensive rural support and impact financing with special conditions for small producers.



With the support and funding of this initiative, Jorge Mario was able to start producing. And everything was going well until, just a few days before harvest, two hailstorms wiped out the production. Like other times in his life, and despite adversity, Jorge Mario did not give up. Very soon he got up, dust himself off, faced his financial obligations to renegotiate his credit and was able to get back on his farm, where he soon expects to have 90,000 plants to produce organic tomatoes that he will sell in restaurants.

“Bancolombia and Agricapital opened their doors to me, they have taught me, advised me and supported me to get the credit. Because of the help given to me, today I have my business and I can support farmers who are growers as well, but don't know much about business,” says Jorge Mario.

Well-being

for everyone

At Bancolombia, we have placed our experience and capabilities at the service of the countries in which we operate, in order to promote sustainable economic development and ensure the well-being of everyone.

We are aware that, with our activity, we can generate a significant economic effect, but also positive transformations in society and the environment. This is why we provide financial and non-financial solutions to strengthen the productive network of our countries, create sustainable cities and communities, and promote financial inclusion. This commitment is aligned with a global agenda, which is the compliance with the UN Sustainable Development Goals (SDGs), designed to achieve more prosperous societies and protect the planet.

As part of this, we announced that by 2030 we will mobilize at least COP 500 trillion through financial services. This amount representing twice the organization's total assets will be allocated to different areas, mainly the strengthening of agriculture, SMEs, the technological reconversion of companies, low-carbon mobility, housing access, decarbonization of the economy, financial inclusion and women's entrepreneurship. This was an exercise done until 2030 in Colombia and we are working on the 2030 ambition of Banistmo, Banco Agrícola and BAM, on which we will report in a timely manner.

We understand that the SDGs are interconnected and that the impact on one of them also has implications for the others, so we have identified seven in which we can have a greater influence from our strategy:

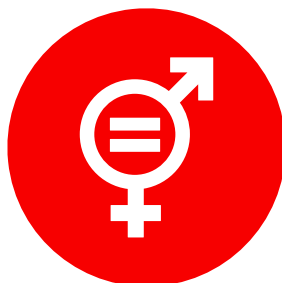
Promote financial inclusion



- Through our financial inclusion initiatives, we provide free financial services for people to access savings and credit in order to become financially empowered and improve their quality of life.



- We create knowledge and support strategies so that our customers, employees and the community in general make better financial decisions.
- We provide educational credit so that more people can access higher education.
- Through the Fundación Bancolombia, we provide scholarships to help people with limited resources.



- We work for gender equality, empowering women with financial and non-financial products that will support them in the different moments of their lives.
- We issued the first gender bond in Latin America.
- We have diversity and inclusion policies, including a Strategic Equity Committee.
- We developed the “Me la Creo” (I believe it) strategy, in which we work for gender equality reaching female employees, suppliers, investors, customers and the community in general.

Strengthen the country's productive network competitiveness



- We finance SMEs and entrepreneurs, and support them in their growth so that their productivity and employment opportunities increase and have a positive impact on the country's economy.
- We are committed to agriculture and rural areas with a value proposition that drives the growth of this economic sector.
- We offer direct and indirect quality employment through our value chain.



- We support the technological reconversion of our industries, helping them to be more productive and efficient.
- We promote sustainable production through our sustainable credit line, which, with a differential rate, give support to companies that are committed on increasing their positive impact on the environment and society.
- We finance the major infrastructure projects that are helping to build a better country.
- We have an expert team to bring innovative financial solutions to our customers.

Build more sustainable cities and communities



- We support access to housing through construction financing and mortgage loans.
- We promote sustainable mobility from different financing and use solutions aligned with market trends.



- Climate change is in the core of our strategy, and so we manage our impacts and help our customers reduce theirs through a comprehensive offering of financial and non-financial products.

Details of our business aspirations aligned with the Sustainable Development Goals can be found

at



Productive Network Strengthening

One of the key areas for immediate action after the pandemic is the reconstruction of the productive network of our countries, ensuring that there are more companies that drive development, innovation, create more opportunities for people, and create a more diverse and competitive economy.

At Bancolombia we are ready to assist companies of all sizes, businesses, entrepreneurs and self-employed individuals with different alternatives to support their growth, and during 2020 we strengthened our actions in this regard.

- In Latin America, SMEs represent 90% of all companies and account for more than half of formal work. Aware of what they represent for the productive fabric in the countries where we operate, at Grupo Bancolombia we work to be the allied of SMEs in their development and growth. This involves accompanying them not only with a financial and non-financial offer of products and services that understands their particularities and adapts to their needs, but also with more comprehensive solutions that go beyond savings, payments and financing: education and training programs, networking, among many others.
- To help our business customers increase their sales, we offer them Plink, a tool that allows them to know the behavior of the business, the detailed profile of customers and that of their competition and category. It interprets the transactional data of the business, delivering information in an organized and anonymous way, through graphics that help to better understand the sales and buyer's information, so that you can make decisions that positively impact sales. We already have 8,981 NITs associated, exceeding our 8,600 goal, and the tool is already enabled in Panama and El Salvador.
- We surpassed the COP 270,000 billion disbursed to customers of the High, Impact Entrepreneurship program (support to startups), promoting the inclusion and strengthening of early-stage companies with an innovative component.
- With bank guarantees for COP 3 billion (43% of the amount required by the MinTIC), we have supported the obligations of the companies that won the auction for the use of the electromagnetic spectrum bands to deploy connectivity in more parts of the country. This will give the green light to the project execution, with an expected investment of more than COP 2.2 trillion over the next five years, so that 3,658 localities in rural areas of the country can have 4G mobile internet in the mid term, translating into development, wellbeing and access to more opportunities for an estimated population of 20 million people.
- We continue to deploy the Urabá+B region strategy, framed within the objectives of the B Corporations business approach, in which public and private sectors join forces to achieve the 2030 SDGs Agenda. In 2020 we began the articulation with CONFAMA (Family Compensation Fund of Antioquia), to expand the competencies of our customers in the entrepreneurial approach of conscious capitalism. We also provided our customers certified as B Corporations with a new value proposition through the Sustainable Line, in which we expanded the scope for free destination with the preferential rate it offers.

Sustainable Finances

GRI FS8

We encourage our customers to make new sustainable investments such as: technological reconversion, projects that generate environmental benefits and resource optimization (less water, energy and fuel consumption, or that generate less waste). In fact, sustainable financing has been one of our major efforts to ratify our commitment to the inclusion of Environmental, Social and Corporate Governance (ESG) variables in the value propositions targeted at our customers, which we implement in all segments and business units of the organization.

Total sustainable financing to date since 2014 amounts to COP 5.7 trillion approved and COP 2.8 trillion disbursed.

To learn more about our sustainable financing model, visit the Sustainable Finance [tab here](#)

Bancolombia Sustainability Line

This is a special financing line designed to support our customers in the development of projects that promote the use of clean technologies, renewable energies, efficient use of energy, clean fuels, and reduction of waste, emissions and discharges, among others.

In 2020 we made disbursements for COP 988,035,990,037 to 1.322 clientes.



This is how we contribute to the country's environmental goal through financing by Sustainability Line

Savings	Quantity	Unit
Electric power saved	4,455,889	MWh/year
Renewable Power Production (PCH photo)	463,886	MWh/year
Saved Water	180,820	m3/year
Treated water	517,584	m3/year
CO2 emissions prevented	168,275	Ton CO2 / year
Recycled Residue	18,100	Ton/year
Sustainable built area	49,386	M²

In addition to the Sustainable Line, there are other special credit lines of its own and rediscunts - valid for special periods and subject to availability of resources - and which also reflect investments in issues of environmental efficiencies and benefits:

		2019	2020
Own Resources	Sustainability Línea (Leasing-Bank and sustainable housing)	COP 865,469,117,731	COP 988,035,990,037
	Leasing	COP 60,136,047,529	COP 58,550,125,154
	Sufi Third-Party Channels (Electric Mobility)	COP 4,931,490,053	COP3,798,441,532
Local Development Banks	Rediscount (Bancóldex, Findeter, Finagro) Banco and Leasing	COP 205,890,150,033	COP 1,897,257,605,330
	Rediscount (Bancóldex, Findeter, Finagro) Leasing	COP 130,942,413,622	
Total		COP 1,267,369,218,968	COP 2,947,642,162,053

The CAF line is available for financing in dollars for customers who implement sustainable assets. From 2016 to date, USD 10.8 billion has been placed, distributed in 6 cleaner production projects, 5 energy efficiency and cleaner production projects and 2 renewable energy projects. With these energy efficiency and renewable energy projects, 1,956 TonCO2 was avoided. During 2020, no placement was carried out through this line.



The Agro bank



Bancolombia supports the economic growth and social strengthening of the territories, where support for initiatives related to the agricultural sector and the development of the countryside is a high priority.

From our role in the financial sector and from our Foundation, we participate in investments and initiatives that generate positive impacts on agriculture and rural Colombian families. With our activity, we can contribute to gap reduction, making the countryside prosperous, profitable and ambitious for our young people and ensuring a sustainable future.

Bancolombia currently has a significant involvement in this segment, with a portfolio balance of COP 5.5 trillion, and it is a sector that we will continue to support, given its importance for food security, economic diversification, job creation and the gap reduction between regions.

- As each subsector in the agricultural sector has different characteristics, it is very important for us as a financial institution to understand how each business works and adapt to its particularities. We also have a tool that allows us to have more traceability on approved projects information and disbursement programming.
- More than 300 companies from all regions of the country applied to **EnCampo**, an initiative coordinated by the Fundación Bancolombia and Portafolio Verde to support projects focused on agriculture and nature tourism, with a direct and measurable impact on the countryside. Participants in this initiative receive training to strengthen their business models and, in a second stage, obtain financial structuring, financing, networking, technical assistance and financial education.
- We have launched the Directory of Agricultural Entrepreneurs and Producers, which includes more than 380 producers from different regions of the country, to help agricultural entrepreneurs who have products ready to be marketed connect with potential buyers, especially at a difficult time for sales, such as the COVID-19 emergency.

- **We make impact investments in several projects:**
 - We invested in **Agrosocio**, an impact financing model for small producers, especially young people and women, with better terms in rates, amounts and grace periods, and comprehensive rural support.
 - We invested in **Awake Travel**, a nature tourism marketplace to positively impact more than 300 hosts, implement conservation programs and generate financial market returns. We also supported the structuring and closing of the Awake Travel alliance with Puntos Colombia.
- We actively participate in the creation of the impact investment ecosystem in the country: NAB Colombia, Latimpacto and Payment Fund by results with Comfama.



Sustainable Business Management **GRI FS8**

Sustainable agriculture

Financing of productive assets of customers who access Finagro financing because their economic activity is directly related to the agricultural and agroindustrial sector, and in turn the projects generate a positive environmental impact; in 2020 we approved 64 operations for COP 140,930 billion and disbursed COP 115,448 billion.

- 5. Pasture renovation (only in combination with activities 1, 2 or 4).
- 6. Inputs required for the implementation of the system (only in combination with activities 1, 2 or 4).

Sustainable livestock

We defined and included sustainable livestock projects as applicable projects under Agro Sostenible in 2020. The following applicable activities are included:

- 1. Tree planting (Scattered trees in pastures, living fences, intensive forest grazing systems).
- 2. Forage banks and silage inputs implemented from trees with high protein content - The planting of grass monocultures is not applicable.
- 3. Fences associated with paddock rotation modification for increased stocking rates (conventional or electric with renewable energy or grid-connected).
- 4. Livestock aqueducts (Pumps, pipes, tanks and reservoirs, watering trough and other elements of the system).

The first sustainable livestock credit worth **COP 100** million was approved and disbursed.



Sustainable Cities and Communities

At Bancolombia we support the construction of sustainable cities and communities on different fronts. As an organization, we seek to operate efficiently in environmental terms. As a financial entity, we support the financing of sustainable initiatives, and we partner with other actors to deliver complete solutions to customers.

Our goal is to contribute to the economy's decarbonization, encourage sustainable mobility and promote access to decent housing, areas on which we are actively working in 2020 and that will continue to be an important part of our work.

Renewable energy and energy-giving efficiency (Sustainable Business Management)

This information includes financing under a sustainable and rediscount lines in Colombia:

Technologies	Financing amount	Power (kWp)	Annual output kWh	KgCO2 avoided emissions
FV	COP 64,395,372,051	6	9,647	1,372



Energy Achievements

We financed a 60 MWp solar farm, which will support the energy transition of a company currently engaged in oil exploitation.

In Panama, we financed more than USD 262,000 through Leasing in a 161.28KW photovoltaic system in the country interior. During 2020 we developed a training for customers called "Energy-giving efficiency, renewable energies and electric mobility: a bet towards the new reality."

We also have more than 3,300 Visa Banistmo-Natura co-branded credit cards, which contribute to the nature conservation. In 2020, together with Fundación Natura, we promoted the "Nature takes care of you" campaign, allocating a fund of USD 50,000.00 to cover the basic needs of more than 135 people from non-governmental and community-based organizations dedicated to environmental entrepreneurship, conservation and sustainable development. In alliance with Fundación Natura, we continued implementing environmental sanitation actions, more than 10.5 hectares of reforestation and environmental education in the seven communities of the Panama Canal watershed, benefiting more than 2,000 people in these communities.

We continued our cooperation agreement with IDB INVEST in El Salvador, designed to strengthen the capacities of collaborators and SME/Enterprise customers to identify business opportunities and increase competitiveness by financing investments in clean energy. Three areas of action were developed under the agreement: training for more than 100 employees in the areas involved in the supply and analysis of energy efficiency and generation projects, training for 120 SME customers and free energy diagnostics for 20 customers in the SME and Business segments.

The sustainable portfolio adds up to USD 44.8 billion in balances as of December 31, 2020, of which USD 31.3 billion belong to "Cupo Verde", a special financing line with a limit of USD 40 million for renewable energy and sustainable construction projects.



IFC credit to support women-led businesses, MSMEs, sustainable housing and investments focused on climate action: In the interest of having a productive El Salvador, where sustainable economic development is promoted, Banco Agrícola has sought a loan from the International Finance Corporation (IFC), a member of the World Bank Group, for up to US\$330 million to contribute to the recovery of the Salvadoran economy. This financing package will support sectors affected by the economic downturn, especially those that have had difficulty accessing banking services, such as MiPymes and entrepreneur women. It will also help the sustainable housing segment and climate-smart investments, including green buildings.

Sustainable Construction

(Sustainable business management)

Our support on this area includes both sustainable home buyers and project builders.

When a customer purchases a home through a mortgage loan or housing leasing in a sustainable project financed by Bancolombia, they have a benefit in the loan rate for the first 7 years of 65 basis points below the rate granted. In 2020, 421 customers were benefited from this (158% more than in 2019), for a total of COP 66,610 billion disbursed (equivalent to an 89% increase compared to the previous year).

We finance projects built under sustainable construction parameters and guidelines that have a certification scheme that can be accredited, or are in the process of being accredited, and are being developed by customers in our construction segment. From the moment the line began operating at the end of 2017, 85 projects have been approved for about COP 1.6 trillion, of which 22 were approved in 2020 for about COP 527.4 billion, and in the same year about COP 430 billion were disbursed.

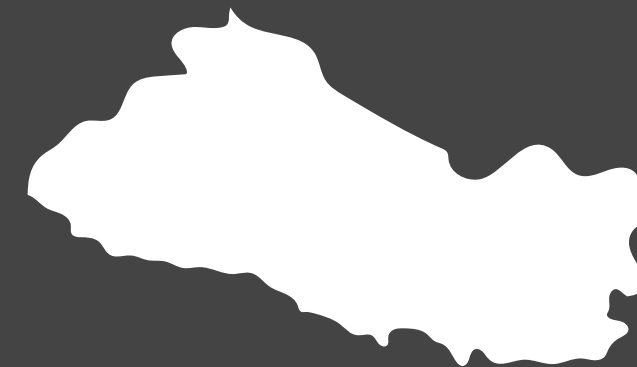
We have financed and supported projects with EDGE certification that represent 25,000 certified square meters, 6,865 new housing units, 5,411 tons of CO2 saved from being released into the atmosphere and an average savings of 30% in energy, 34% in water and 51% in energy embedded in materials.

Sotavento Residencial Torre 3, located in Pasto, Nariño, was one of the projects that we financed and obtained EDGE certification during 2020. It is a low-income housing project comprised of five towers. Designed to reduce the use of water and energy through various devices, the third tower of the project will have 16 floors and 192 housing units, with estimated savings of 21%, 39% and 52% in energy, water and materials, respectively.

Banca de Inversión Bancolombia and Grupo Amarilo signed a co-investment agreement to develop large-scale sustainable housing projects in Bogota and its surroundings, in collaboration with Yellowstone. These projects should focus on solutions that bring the highest environmental, social and community development standards to these communities.



We launched a Sustainable Construction strategy in Panama under an alliance with the International Finance Corporation (IFC), which included training for our construction sales team, as well as a special event for our customers in the construction segment, where we provided advice to customers' projects to determine opportunities for including sustainability in their construction projects.



We work with Banco Agrícola's customers in El Salvador in the execution of a sustainable construction project, following national and international standards and guidelines, and we develop strategic alliances with key players in the sustainable construction ecosystem: Planning Office of the Metropolitan Area of San Salvador (OPAMSS), Salvadoran Chamber of Construction (CASALCO), and El Salvador Green Building Council (ESGBC).



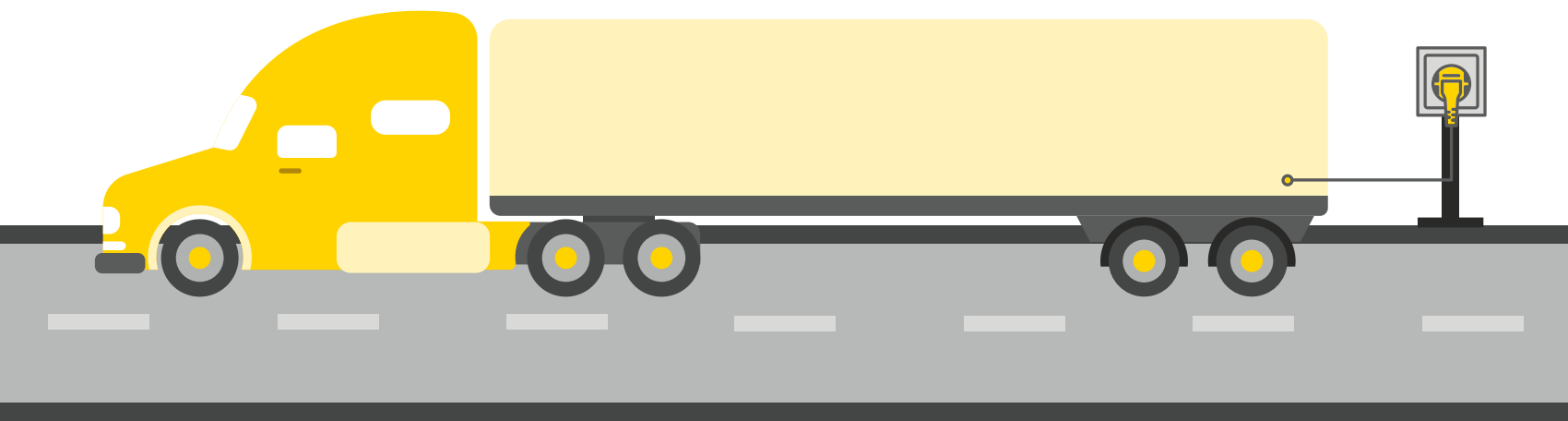
At the same time two real estate projects in the process of sustainable construction certification were authorized in Guatemala, with IFC support, for a total of US\$13.4 million.

Sustainable mobility

In an effort to continue building electric mobility ecosystems, we launched the first fast electric charging station for trucks on the continent, located in Sabaneta (Antioquia), through Renting Colombia. It delivers up to 120 kilowatts of charge per hour, allowing 4-ton trucks to recharge in just 30 minutes the equivalent power for a 73-kilometer journey.

Renting Colombia has been positioning itself as a leading company in sustainable mobility.

- We continue to use the methodology developed for monitoring the environmental compliance of our allies in 2020. 27 allies classified as critical to potential and five as exemplary potential were evaluated.
- **My planet:** Under this program, the sustainable fleet of Renting Colombia continues to grow, reaching 943 vehicles: 290 electric, 54 hybrids, 113 dedicated to Natural Gas Vehicles (NGV) and 486 converted to NGV.
- The development of alternative electric cargo vehicles with a capacity of more than 10 tons will continue. The first 10 trucks of this type in Latin America arrived in the country in 2020. At the moment we are in the testing process to ensure the performance expectations of the operations in the national territory.
- At the moment, we have 126 100% electric trucks with a capacity of 3.1 useful tons on the road with different customers.



- During this year we had the opportunity to reach a very important milestone in the fleet of environmentally friendly vehicles by placing a fleet of 39 6X4 compactor trucks 100% dedicated to NGV. As a result, we now have a total of 112 vehicles with this technology (including light trucks, 6X4 double-trailers and tractor-trailers).
- A theoretical baseline of the organization's solid residues generation was established in 2020, and an integrated solid residue management plan was created for the organization's administrative offices as well as for the drivers.

We promote self-aware leadership

In our organization we are committed to improving people's lives through the construction of a thriving economy, a healthy environment and providing social well-being. We propose to contribute to the development of the territories where we operate, articulating actors and sectors with a range of products and services so that our customers and partners are increasingly sustainable and have a positive impact on their communities.

Once again, we were invited to participate in the evaluation of the Dow Jones Sustainability Index, that has been in the market for more than 20 years, which we entered since 2012. For the second time in 2020, we scored 89 points out of 100, ranking first globally, both in emerging markets and MILA, consolidating our position as the most sustainable bank in the world and ratifying our commitment to working for sustainability. Our sustainability strategy is based on the best national and international standards. Therefore, we have voluntary protocols and accessions allowing us to have access to the best practices that we incorporate to our value offer in order to achieve our commitments, along with the disclosure of the results to our stakeholders and the international community.

GRI 102-12

- Business Ambition for 1.5
- Carbon Disclosure Project (CDP)
- Climate Action 100+
- Global Investors for Sustainable Development (GISD)
- Global Reporting Initiative (GRI)
- Dow Jones Sustainability Index
- UN Women
- Partnership for Carbon Accounting Financials (PCAF)
- Principles for Responsible Banking
- Principles for Responsible Investment
- Equator Principles
- United Nations Environmental Program - Financial Initiative (UNEPFI)
- Protocolo Verde
- Science Based Targets Initiative (SBTi)
- Task Force on Climate-Related Financial Disclosure (TCFD)
- Net Zero Banking Alliance (NZBA)

Details of our involvement in these initiatives
can be found

here

We adopted the Responsible Banking Principles in
September 2019. As part of our commitment to report
18 months after joining, you can find more details of
our first report at

this link

Sustainability Ratings

Leading indexes around the world constantly monitor the performance of companies in environmental, social, economic and corporate governance terms. Grupo Bancolombia is included in many of these indexes, motivating us to improve our sustainability practices:

Sustainability Index	2020	2019
Dow Jones Sustainability Index	1st Place /89 points	4th Place/85 points
CDP	A-	B+
MSCI ESG Research	A	A
PRI (investments)	Strategy and Governance: A Listed Equity Incorporation: B Listed Equity Active Ownership: C. Fixed Income: B	Strategy and Governance: A Listed Equity Incorporation: C Listed Equity Active Ownership: C. Fixed Income: B
IR Recognition	100%	83.30%
ISS ESG Corporate Rating	C-	C-
Refinitiv	B+	B+

In our role as a bank, we are committed to our environmental impact by developing different strategies, including the following:

Environmental Management System

This document describes the framework, structures, principles and guidelines for planning, organizing, executing, monitoring, controlling and ensuring the continuous improvement of our environmental performance through the prevention, control and mitigation of the environmental impacts of our operations in all the territories where we operate, in addition to complying with the current environmental regulations applicable to our organization.

The company focuses its efforts on identifying improvement opportunities and strengths in its actions, resulting in continuous improvement in the indicators of our mission areas of eco-efficiency, Environmental and Social Risk Analysis (ESRA), sustainable business and climate change strategy.

Breakdown by the total environmental expenditures and investments type

Environmental Investments	Costs	Costs of prevention and residue treatment, emissions, and repairs	Costs
Investments in the energy and water management system, equipment replacement and rental repairs	COP 5,280,995,705	Legal procedures and environmental licenses payment for plazas and agencies	COP 59,583,816
Internal initiatives and sustainable business investments	COP 584,899,492	Certifications / Adhesions to international protocols / Consulting	COP 820,906,261
		Residue management	COP 938,364,808
		Residue, emissions and restoration prevention and processing costs	COP 2,436,779,415
Total investments / Environmental expenses		COP 10,121,529,496	

Respect for the laws and other current environmental regulations as a framework for action for Bancolombia

As a fundamental axis, we continue complying with current mandatory regulations and with the commitments we have voluntarily acquired in protocols and voluntary accessions from the sustainability focus.

Some of the most relevant ones that were managed in 2020 include:

- Resolution 768 of 2020: We adjusted to new standards for the reporting of this record for RAAES.
- We submit annual reports to the IDEAM (Hydrology, Meteorology and Environmental Studies Institute) environmental platforms for Hazardous Residue and PCB's (Polychlorinated Biphenyls).
- We kept our environmental legal and social matrix regularly updated.

As a result of the COVID-19 pandemic, in 2020 a large number of regulations and measures were issued by Colombian governmental and state entities, to be applied in the environmental and social management of organizations, including the most important ones that we implemented: Resolution No. 666 of 2020 and Resolution No. 1343 of 2020.

Santa Elena

Case

In 1987 the Banco de Colombia received from the National Federation of Cotton Farmers as a Lieu of payment a plot of land on the road to Mamonal in Cartagena. This plot showed contamination vestiges with herbicides and pesticides that had been deposited in the ground prior to the reception of the plot as payment, and has since then required multiple interventions on the part of the Bank.

Once the process carried out for remediation in 2015 ended, and after having evaluated the results obtained in 2016, it could be determined that a high point of improvement in the soil conditions was reached, but the final remediation goal required in the court order issued by ANLA (National Environmental Licensing Authority) was not met.

Some of the tasks carried out in 2019 included the consolidation of outstanding commitments with ANLA, the reforestation of the perimeter in the confinement area with the planting of 92 trees, repairs and construction of the perimeter mesh, adapting and improvement of the guard posts for surveillance, and a space for restrooms and dressing rooms for the personnel in charge of surveillance on the property

Over the course of 2020, with the help of a multinational company specialized in the management and processing of this type of contaminating elements, we executed the first phase of the consultancy in three stages: Environmental Geophysics survey, exploratory drilling for soil and exploratory drilling for Groundwater.

By the first quarter of 2021 we will have the final report to proceed with the development of the remediation to be submitted to ANLA.

BancO2

We continue to be the key financial ally for the **Banco2**, program, an environmental services payment scheme, now protecting 205,000 hectares of strategic ecosystems in Colombia and considering that 20,000 thousand rural families benefit from receiving payment through our Ahorro a la Mano platform, free of management fees for beneficiaries and allowing up to 2 free withdrawals per month. Close to COP32,000 billion have been paid through the Banco2 program from the beginning. A total of 24 of the 33 environmental authorities were engaged in 2020, and 59 indigenous communities and 4 Afro-descendant communities are associated.



Climate Change

GRI 201-2

Bancolombia understands that climate change poses new risks and opportunities, including strategic and financial implications for our businesses and for those of our customers and other stakeholders. Therefore, the company reaffirms its commitment to implement actions to mitigate and adapt to the climate change adverse effects through actions that are articulated in its Climate Change Management Strategy.

We are reporting our climate change management and performance for the first time this year in accordance with the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosure). Disclosure is based on four fundamental pillars: Governance, Strategy, Risk Management and Metrics and Objectives.



TCFD Recommendations on Climate Change

We adopted the TCFD commitments in 2019 in order to meet the call for financial institutions to build a more resilient financial system through the implementation and dissemination of climate change management issues.

We have reported climate performance through the CDP (Carbon Disclosure Project) since 2014, as of 2018 the CDP started the process of aligning the standard to the TCFD recommendations and today it is fully aligned. We ratified our commitment to disclosure, transparency and management of risks and opportunities related to climate change in 2020. We were rated in the A- leadership band, an above-average rating for financial institutions.

To learn more,

click here

and go to the climate change strategy section

Implementation status

Pillar	Implementation Status
Governance	<p>TCFD recommendations have been defined as a key strategic initiative overseen by Bancolombia’s Presidential Steering Committee.</p> <p>The Presidential Steering Committee, acting as the Sustainability Committee, is responsible for the governance of all ESG issues of Grupo Bancolombia, including climate change, and has its highest advisory body in the Board of Directors of Grupo Bancolombia through the Corporate Governance and Corporate Risk Committees.</p>
Strategy	<p>For Bancolombia, climate change is analyzed and developed from the risks and opportunities point of view. Related to opportunities, the transformation required for our customers to a low-carbon economy, is included in our corporate purpose in the strategic pillar of Sustainable Cities and Communities, in the specific decarbonization indicator. For this indicator, we have established a 2030 financing target of \$40bn, including the reduction of climate impacts through the financing of renewable energy, sustainable mobility, sustainable construction and technological reconversion.</p> <p>Risk analysis is being implemented for both our loan portfolio and investments. To assess these risks, we are conducting the required emissions analysis. In 2020 we made progress on the following areas:</p> <ul style="list-style-type: none">• Membership to PCAF (The Partnership for Carbon Accounting Financials). This initiative provides us with the methodology and the required calculation tools for the assessment of our financed emissions.• We started the implementation of the new methodology published by the SBTi (Science Based Target Initiative) for financial institutions, that provides guidelines for the establishment of science-based targets related to financing for a 1.5°C scenario. We expect to have our targets validated by 2021.
Risk management	<p>Climate risk is considered a material risk for Bancolombia and is therefore included in the company’s corporate risk dashboard. Two types of risks are included and analyzed within this risk: Physical risks and transition risks. We performed the valuation of climate risks during 2020 using an internal methodology developed by the risk methodology team, and were able to make the valuation in terms of credit risk, market risk and operational risk.</p> <p>We have also implemented a risk policy for industries sensitive to climate change, whereby we identify the sectors with the greatest impact in terms of greenhouse gas emissions and the exposure risk of these sectors. Actions to assist customers in the transition to a low-carbon economy are also identified.</p>
Metrics and Objectives	<p>We have defined targets related to climate change for scope 1 and 2, i.e. for our direct operation here at Bancolombia. We are committed to reducing our emissions by 57% by 2050 compared to our 2010 emissions. This target was established in 2015 in accordance with science-based methodologies (SBTi - Science Base Target Initiative). We began the process of redefining the science-based target for the aforementioned scopes in 2020, so we can be aligned with a 1.5°C scenario. For scope 3 emissions, financial institutions are committed to defining targets for category 15 “financed emissions”. To this end, we have started to use the new methodology available for financial institutions. As a result of our membership in PCAF and the work initially undertaken with PACTA for scenario analysis, we have the first approximations for analysis and goal setting, both of which we expect to be validated by SBTi in 2021.</p>



Brand and Marketing, hand in hand with Sustainability:

Through a series of initiatives, we want to continue contributing to a prosperous society and a better world, assuring the well-being of present and future generations while being an engine of change and opportunity that has a collective effect on individuals, companies, societies and countries:

The Power of Centennials

Documentary series created for the sustainability school, where six young UN leaders in the Sustainable Development Goals sit down with six of the most powerful businessmen in the country to discuss challenges and commitments in favor of sustainability. The Power of the Centennials was awarded in different advertising festivals in 2020 and became the first Branded Content to be available on Amazon Prime Video, the second largest video streaming platform.

Enturados

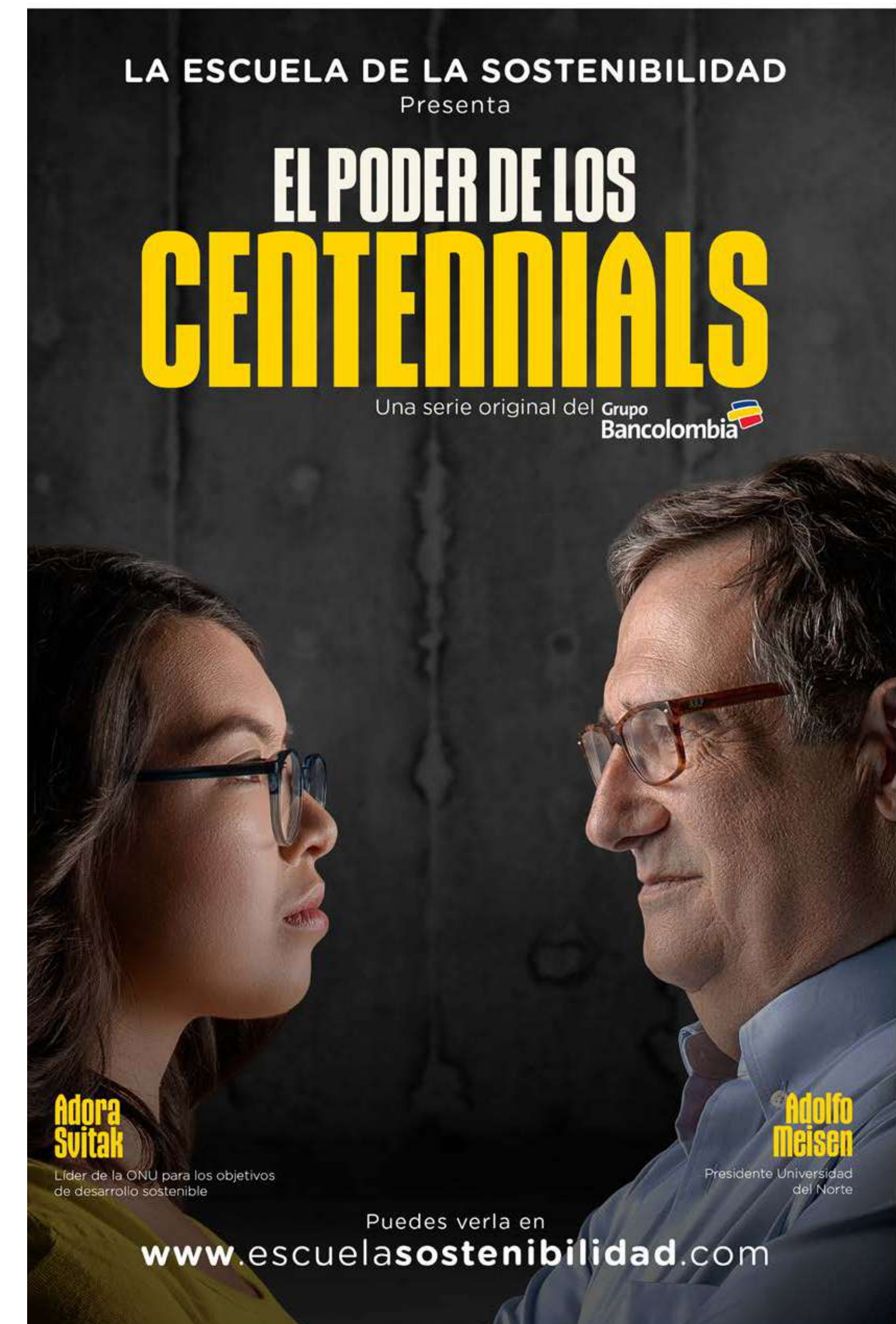
Enturados is a project created in 2019 looking to align the needs of young people in Buenaventura, in terms of skills and competencies knowledge in Industry 4.0, combining innovative methodologies and experiences. Buenaventura is nowadays a reference in digital content for industries, by creating the first digital content HUB in the Colombian Pacific. It worked with Bancolombia in 2020 in the production of more than 850 of its own contents, post-production services, original music for national and international campaigns and the creation of Anonymous, a team that constantly strives to impact social networks with new proposals and is currently part of the post-production companies pull working with the Bank.

Merchandising

We have redefined the Bank's promotional material strategy to ensure that merchandising purchases promote the growth of local businesses, contracting suppliers that work under sustainable, environmentally friendly and inclusive practices, and ensuring that they receive fair and timely payment.

Business

The sustainable product portfolio helps our SME and corporate customers to implement and improve their production processes, promoting the reduction of negative impacts on the environment and the communities where they operate, while obtaining better economic benefits through operational efficiencies.



Financial inclusion

Under the social isolation conditions brought about by the COVID-19 emergency, digital financial services were consolidated as the ideal instrument to comfortably and securely manage money. This was the scenario that opened the doors for millions of people to gain access to the banking benefits.

Bancolombia a la Mano, our inclusion platform, has brought the financial sector closer to people of different ages, socioeconomic levels and geographic regions, as deposits are managed at no cost, 100% digitally (from the cell phone), without the need for paperwork or paperwork. Customers have access to a wide variety of services, such as payments, recharges, money orders, transfers and credits, among many others, through the application offered by this platform.

4.7 million people used Bancolombia a la Mano at the end of the year, making more than 90 million

4.7 million people used Bancolombia a la Mano at the end of the year, making more than 90 million transactions, 150% more than in 2019.

transactions, 150% more than in 2019. Much of the growth is attributed to millions of vulnerable families being able to receive subsidies from the National Government and local administrations through our platforms, including Ingreso Solidario and Bogotá Solidaria en Casa, among others, channeling more than COP 1.38 trillion, benefiting more than 1 million Colombian families.

But our job did not end there. Using Nequi, a 100% digital bank created in 2016 as a Bancolombia Intrapreneurship, we were able to share with consumers a new banking model that supports users on a daily basis, bringing them closer to the financial system in order for them to understand and use it to improve their quality of life. Because it is user-friendly, has a simple and easy to use language, and offers the possibility of using services with no strings attached and managing them entirely from a cell phone, Nequi had more than 4 million users at

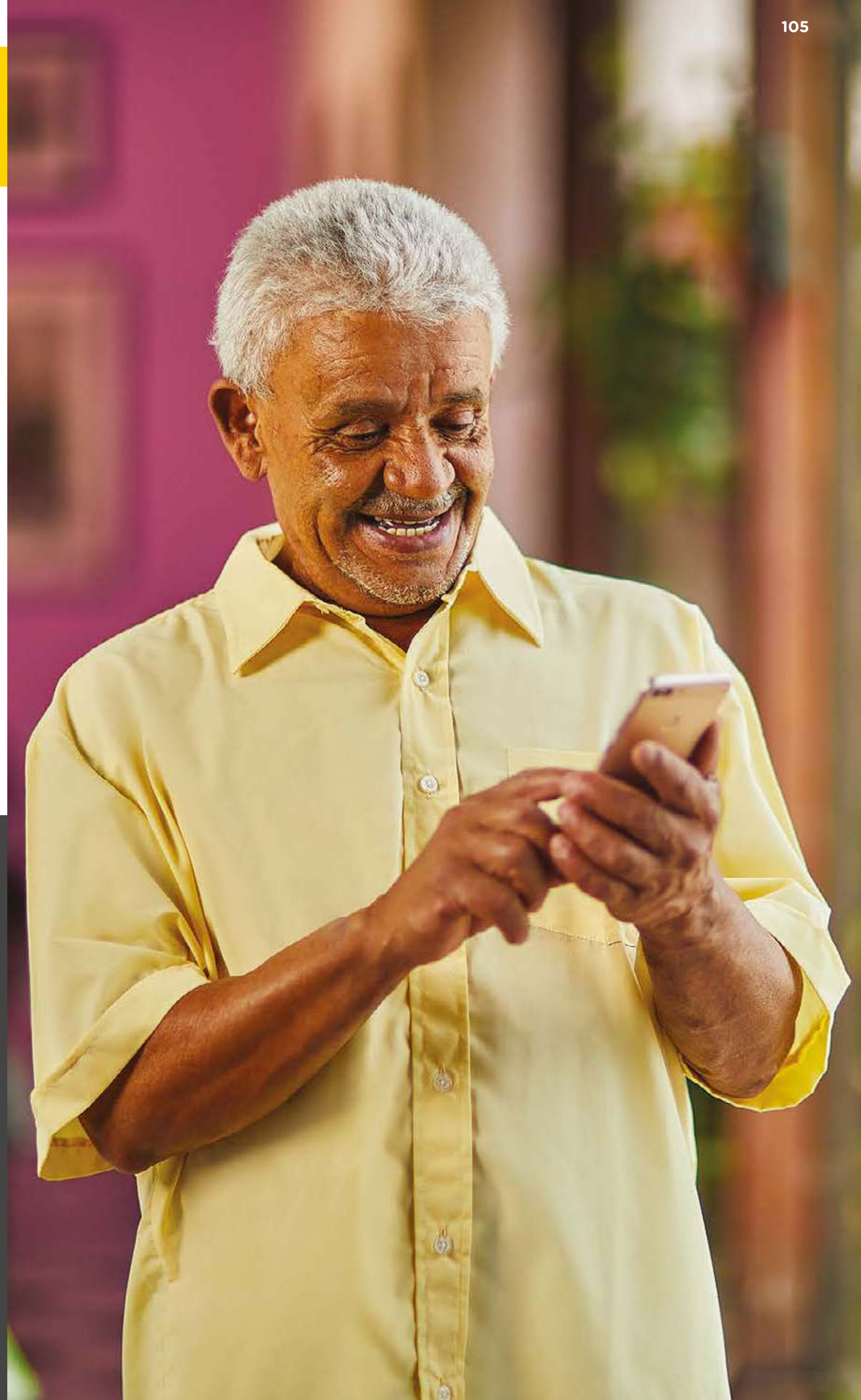
the end of 2020, 82% of whom are between 18 and 35 years of age.

These applications are constantly evolving to offer customers more and better possibilities, regardless of the economic situation. For instance, Bancolombia a la Mano and Nequi users can now query and recharge the Civica card of the integrated transportation system of Valle de Aburrá, as well as visualize the balance of their A la Mano credit.

We launched the Nequi plastic card, an extension of the digital card, that can be recharged with the money available in the account, and, in partnership with the National Guarantee Fund and Innpulsa, we offer the Parachute Loan for self-employed workers, with amounts from COP 500,000 to COP 4,500,000 and a term of up to 24 months, with a 3-month grace period.

More credit for women

- We launched the Sustainable Gender Line, a loan designed to finance sustainable projects led by companies that are majority-owned by women or have a female legal representative, in order to continue promoting financial inclusion so that more people have access to credit, with a special emphasis on gender equity. Investment initiatives in projects related to energy efficiency, renewable energies, cleaner production, mobility and sustainable agriculture can be financed under this modality at a special rate lower than commercial financing.
- Bancolombia has a new financing line for the country's micro-entrepreneurs in order to promote the financial inclusion of women with small and growing businesses. It is called **Microcrédito para Todas**, (Microcredit for All (women), and its resources can be used for working capital (including payroll, payment of suppliers, purchase of inputs, inventories renewal and purchase of raw materials) or for the acquisition of fixed assets.
- We launched the **Agro para Todas**, (Agro for All [women) credit line, offering its beneficiaries a special rate below the conventional commercial rate and access to a non-financial support component, represented in virtual courses sponsored by Bancolombia on topics such as marketing, digital transformation, innovation, entrepreneurship, distance selling, English and rural financial education.



Financial Education

Via WhatsApp, we implemented the program Cuentas sin Cuento (Bills with no excuse, designed to provide tools for rural communities to better manage their money, make better decisions and make progress. This program has a much lower drop-out rate than other similar programs and it has proven to improve participants' behaviors and attitudes towards their finances.

Also, and in order to give additional focus to the initiatives, we built the first analytical model that determines how much our customers know about personal finance, not from their relationship with the bank, but from the use they give to their money, the knowledge they have of the products and how they protect and take care of their money. More than 10.6 million people customers have been analyzed and, based on this information, we have identified the issues to work on.

At Banikids in Panama, there are more than 9,800 savings accounts with a platform that provides parents with tools to encourage the savings habit in their children and guide them in the proper administration of their money. We also participated in awareness and education activities about the importance of sea turtles and conservation work.



Ecosystems

At Bancolombia, understanding our customers' needs in a comprehensive manner, is the way to interact with them, not only from the financial component. People need housing, mobility and, in general, to solve everyday issues, where banking products and services are only a part of the equation.

That's why we chose **ecosystems** as the path for evolving our value proposition. This is how we put our analytical and customer insight capabilities to work, and we team up with partners from other industries to orchestrate integrated solutions that meet the needs of our customers according to their context and time of life.



In that sense, we decided to prioritize four ecosystems:

- **Everyday life ecosystem:** this is where we want to have solutions that enable us to be relevant in the day-to-day lives of our customers, concentrating solutions so that they can join the financial system, as well as make better savings, investment and consumption decisions through our different channels, services and products.

For example, **Dia a Dia** (Day by Day) is a feature of the Personas App that helps customers visualize how they manage their money (including cash), allowing them to categorize income and expenses, control finances and manage their goals. Or the Bancolombia QR code, reaching more than 1,000 municipalities in the country and more than one million unique customers using the solution.

An alliance with Sura called **Mis Aliados** (My Allied), was launched in 2020, a services ecosystem that promotes and cultivates well-done freelance work. It is a platform that enables self-employed workers to connect with people who need their services. 2,013 allies have registered since its launch.

And **Tributi**, the platform where customers can file their income tax returns online, 100% legal, with their personal and financial information secure, and guaranteed. There were 67,276 registrations last year alone, and 28,120 tax returns were filed through the platform during the tax season.

- **Habitat ecosystem:** we are in the before, during and after of the decisions associated with housing access in this ecosystem. We connect housing supply and demand, leveraging a digitally enabled platform for customers and non-customers.

During the fourth quarter of 2020, we created **TU360Inmobiliario**, the platform designed to bring the developers of real estate projects throughout the country closer to the nearly 16 million customers that

the company has at the moment, as well as the Colombians who still do not have a relationship with the company. It is intended to enable customers to find the offer, benchmark, simulate financing, apply digitally, and even identify sustainable projects in which they can invest.

- **Mobility Ecosystem:** Similar to Habitat, this ecosystem intends to bring car, motorcycle, bicycle and scooter dealers closer to the bank's customers and non-customers through Tu360 Movilidad, by providing an end-to-end experience of the decisions associated with mobility. This connects access to mobility supply and demand; it also connects smart and sustainable mobility supply and demand, through a comprehensive value proposition for customers and non-customers.

We have also made Muverang available to major cities in partnership with Sura and Celsia, a shared electric mobility system designed to create communities of companies and individuals committed to the environment and the country in order to help them solve their personal and work-related commutes in a sustainable, safe and efficient manner.

- **Business Ecosystem:** the concept is to provide a social network for companies to connect with each other and develop a collaborative environment based on trust, looking to support them in their growth and evolution. We have expanded our capabilities through third parties to get to know our customers better, meet their needs and be present in their daily lives

Fundación Bancolombia

We at Bancolombia are aware that through our actions we can generate positive transformations in the economy, the environment and society, resulting in well-being for all people. 4 years ago, the Fundación Bancolombia made a commitment to make the Colombian countryside a prosperous, innovative and sustainable development engine for our country.

We made that possible by investing in innovative businesses that contribute to improving the rural areas competitiveness, developing exceptional talent to access and generate opportunities, mobilizing the talent and resources of Grupo Bancolombia to enhance the impact of our programs and projects, adapting them to the virtual world in order to reach new territories.

Our achievements in 2020

- We invested COP14,866 billion in rural development in Colombia.
- We benefit more than 26,000 people directly.
- We were present in 32 departments.
- We provide scholarships for the dreams of 109 new rural youth from different areas of the country.
- We adapted our programs to the virtual world in order to continue assisting rural families during the situation generated by Covid-19, an example of this are Cuentas sin Cuento, Cátedras Bancolombia, Mesas de Innovación and In-pactamos.
- We were recognized in Panama by the American Chamber of Commerce and Industries of Panama (Amcham) with the 2020 Sustainable Leadership Award for our In-pactamos program.
- We held 1,089 mentoring sessions for young students and entrepreneurs.

How do we invest our resources?

	2019	2020
Total social investment (in billions of pesos)	COP 14.1	COP 14.9
Impact investment (asset)**	COP 1.1	COP 1.3
Impact Investment Ecosystem	-	COP 0.3
Operation	COP 1.2	COP 1.0
Social Development	COP 2.2	COP 4.4
Volunteer Work	COP 2.9	COP 1.4
Education and Entrepreneurship	COP 6.7	COP 6.4

**Portfolio investments in companies, funds and loans aligned with the impact studies of the Fundación Bancolombia.

We strengthen the rural productive network for competitiveness

We want to contribute to the strengthening of the productive network’s competitiveness in the countryside through business development and value chains, promoting financial access and market connections to generate better formalization conditions, decent employment and a dignified income for rural families.

Beneficiaries, investment and initiatives

• 1,426 direct rural producers and enterprises and 5,513 indirect***

• We invested COP 2,811,790,287

***Indirect beneficiaries refer to the families of rural producers who are impacted by the implementation of the programs.

- Business model strengthening for entrepreneurs in Panama, El Salvador and Colombia. 25% implemented transformation strategies as a result of our assistance with the In-pactamos program.

Benefited Startups	
Colombia	56. 16 led by women
Panama	20 startups led by women
El Salvador	23. 13 led by women
Total	99

- **Innovation Workgroups:** 138 volunteers accepted the challenge of assisting 120 organizations in the process of virtual training in innovation and sustainability, achieving that 58% of them accelerated their business during the program, rapidly adapted to the current economic situation and achieved a better market positioning.

We develop exceptional talent for rural areas

We are working so that our young people can find more education, employment and income opportunities in the countryside that will enable them to be the managers of their own future and of their communities.

Beneficiaries, investment and initiatives

• More than 24,600 people directly and 78,246 indirectly*

• We invested \$ 4,760,801,318 in our programs and projects

*Most indirect beneficiaries represent teachers, community, students, parents and managers who benefit from the programs, although they are not directly linked to them, as they are identified prior to the beginning of the operation of each program or project.

- **Fundación Bancolombia Scholarships:** 109 scholarships granted to rural youth in 2020. So far, 1,716 adolescents with granted scholarships in the program: 538 in the study stage and 1,178 alumni nationwide. We are committed to providing scholarships and connecting 500 rural youth with more opportunities over the next five years to bring development to their communities.



We mobilize the talent and resources of Grupo Bancolombia and Allied

At Grupo Bancolombia, we mobilize the talent, knowledge and experience of our employees and allies to support initiatives and projects that generate positive impacts aligned with the Sustainable Development Goals, reducing gaps and contributing to the social, environmental and economic development of the territories in which we operate. Therefore, our volunteers connect with the social reality while being part of a higher purpose and receive training and mentoring to broaden and strengthen their knowledge.

Beneficiaries, investment and initiatives

- Investment of COP 1,215,586,607 in the programs that leverage the productive network and the talent training in rural areas through corporate volunteer work
- 4,955 volunteer work hours represented in COP210 million
- 519 volunteers nationwide, 456 are Grupo Bancolombia’s collaborators

We invited new allies to leverage our initiatives

- **Blackrock:** USD 265,000 to support our scholarship recipients affected by the pandemic and strengthen 50 Awake Travel hosts
- **Fundación Rabobank:** COP 500 million for the rural financial innovation project to reach more than 100 small farmers with impact financing for their projects
- **Other donations:** COP 247,626,243 million pesos that leverage our initiatives development

Impact Investment

- We are allied in the impact investing ecosystem: Latimpacto, National Advisory Board (Colombia), Alianza para el progreso 2030
- Founders of the Latimpacto network
- Allocated Amount for impact: COP 9,470 million

Social investment

The total investment that we made to the community during the year 2020 in Colombia was COP 21,893,158,687 distributed as follows:

Category	Percentage of total contributed
Donations	26%
Community Investments	60%
Trade Initiatives	14%
Total	100%

Contribution	Total amount
Social Initiatives	COP 11,847,873,638
Sponsorships	COP 2,990,782,179
Donations in money	COP 5,705,924,685
Estimated amount for Volunteer work hours	COP 155,599,773
General management costs	COP 1,192,978,412



Our responsibility goes beyond borders

Transcending people's lives and working for the transformation of the communities in which we are present were pillars on which we worked from Banco Agrícola in El Salvador, Banistmo in Panamá and the BAM in Guatemala.

El Salvador

Line	Program	Remarks	Beneficiaries	Total invesment
Quality of life	FESA "Lo lindo del fútbol" ("The beauty of football")	Disbursement includes awards' donation and sponsorship in accordance with the 2020 agreement.	3,980	USD 192,667.00
	Your Financial Wellbeing	2020 expenditures include: Financial education campaign guideline, Webinar and Geniuses. Not Donations	3,326,687	USD 80,851.06
	TELETÓN Bank supports the Teleton Pro-Rehabilitation Association - FUNTER	Only includes disbursement by 2020 agreement	288	USD 80,000.00
	Puntos con Propósito (Points with Purpose) Program	It is a credit card point donation program from the Bank customers.	1242	N/A

Guatemala

Line	Program	Beneficiaries	Total invesment 2020
Health	FUNDAQUEM - Small jackets that say a lot	3,000 cases of burned children per year	USD 37,500
Education	FINANCIAL EDUCATION	3,138,261 people outreach	USD 12,000
Education	BAMOSAREUNIRNOS	1,075,538 platform sessions	USD 35,000

Panamá USD

Line	Program	Beneficiaries	Total invesment 2020
Quality of life	Nacer Aprendiendo United Way Program (Early Childhood)	2,000	20,000.00
	Banking Association of Panama (Financial Education)	300	10,000.00
	Mi Comunidad y su Banco Program - Junior Achievement (Financial Education)	2,316	20,000.00
	Mercedarios Religious Association Fatima Human Support Center - Chorrillo	300	2,000.00
	Mi Escuela Primero - Glasswing Foundation (Integral Attention, Educational Quality and Infrastructure)	1,380	43,690.00
	Totals	6,296	95,690.00
Environment	Tortuguias Foundation Sea Turtle Conservation Program	400	25,000.00
	Totals	400	25,000.00
Culture	Citizen and Educational Awareness around the value of the Old Panama Monumental Complex	60,000	40,000.00
	Totals	60,000	40,000.00
Alliances	Home Care Program Fundación Unidos por Panamá	10,000	100,000.00
	Face Screens for Health personnel in Panama Lozury Tech	4,800	7,000.00
	Face Screens for Health personnel in Panama Active Club 20-30 Chitré	6,400	8,000.00
	Totals	21,200	115,000.00
	Total consolidated	87,896	275,690.00

For more information about the initiatives of Fundación Bancolombia

link



C h a p t e r

06

KEEPING THE LOYALTY AND PREFERENCE OF OUR CUSTOMERS

For their interactions with the bank to have a better experience, in which they perceive us as easy, timely, reliable and trustworthy, we accompany our customers with a wide range of financial and non-financial channels and services.



Beyond a solution

Jazmín Dávila Garzón found support in Bancolombia during a complex situation. Her husband, José Ricardo Cruz, was infected with COVID-19 and was admitted under intensive care. In addition to the uncertainty about her partner's health condition, there was concern over the financial obligations, considering that he is a self-employed physician and the family's provider.

In response to this situation, Jazmín contacted the banks where her husband had some obligation to explain the situation they were facing, confident that an impeccable track record of more than 30 years was going to help them receive some support.



But they would not give him payment alternatives, instead, he arrived at Bancolombia and received a very different answer: José Ricardo's loans were not going to be a problem while the family sorted out their personal situation, as the bank granted them a grace period, an extension of the loan term and credit card re-financing. "Bancolombia's work was very effective. Other than the solution they offered me, I appreciate the humane treatment and the fact that they understood the situation. They were a great help and we will be forever grateful," Jazmín states.

For them, the picture is much clearer today. "My husband is focused on finishing his rehabilitation process in order to return to work and be able to honor the Bank with the support we received. Without Bancolombia I don't know what we would have done, thank you very much!"



Keeping the loyalty and preference of our customers

Our more than 16 million customers are at the core of what we do. We are ready to be your partner in every moment of your life with our financial and non-financial solutions portfolio tailored to your needs. We want them to have a superior experience, where they perceive us as easy, timely, reliable and close to them.

2020 gave us the opportunity to assist individuals, freelancers, businesses, SMEs, companies and corporations so that together we could face the most challenging moment for the economy of our countries, and we will continue promoting economic development and wellbeing that will last over time.



We evolved the experience

At Grupo Bancolombia we have established the Superior Experience of our customers as the key to maintaining their loyalty and preference. Our commitment is to deliver end-to-end experiences focused on people, offering them comprehensive solutions that meet their context and needs according to their moment in life.

In order to achieve this, we have to start with our daily activities, the decisions we make on a permanent basis, the way we relate to them, the way we listen to them, but above all, by developing a deep empathy for our customers and ensuring that they have positive memories that lead them to choose us again and again.

2020 was the year of capacity building for proper experience management. Based on our understanding of the needs and context of our customers, we have evolved our experience strategy, defining the attributes we want our customers to experience and perceive in all their interactions with the bank: close, reliable, timely and easy.

We also strengthened and evolved our ability to understand, be close to and listen to our customers. We developed the Voice of the Customer and Employee -VoCE- program as part of this. Based on programmed surveys and the use of analytics, we are able to capture the customer's perception within

24 hours of their experience and know their feedback in real time. We received close to 300,000 responses in three months from customers who shared with us their perception of their experience, helping us to identify what they value most and their difficulties, and thus define the required action plans.

We also develop design and experience management capabilities. We establish different models and protocols in order to establish service parameters for the teams that materialize the experience delivery, in order for us to respond in an agile and timely manner to the customers' needs.

Whenever a customer is in a difficult moment and needs our support, as in fraud cases, it is very important to provide timely attention. We improved the **time experience for fraud attention and reporting in 2020**, ensuring that 89% of the calls for this purpose are answered in less than 20 seconds.

We have also set up a service to send notifications via SMS or e-mail so that customers do not need to contact us by telephone or visit a branch office to receive information on the progress of the Petitions, Complaints and Claims -PQRs- process and the status of their credit card and mortgage loan applications in a timely and simple manner.

For most people, the legal world often represents ignorance, dissatisfaction and a natural distrust. The reason for this is that in many cases the language, anatomy and ecosystem in dealing with legal services are complex, diverse and made up of multiple actors. Because of this, at Bancolombia we took on the task of training our team of lawyers to act and think from an understanding of our customers' experience. We adopted the innovation methodology known as "legal design", so, since 2020, we launched an academy program for employees, mainly lawyers (Colombia, El Salvador and Panama), to develop innovation, empathy, creativity, observation, experimentation and project management skills. We have trained 101 collaborators, developing 47 legal innovation challenges, in order to design solution prototypes to improve the experience, and co-create solutions and strategies that respond to the needs of the bank and its customers.

We have implemented a series of proactive and systematic actions to prevent and eliminate situations that affect the customer's experience with Bancolombia, in order to reduce friction in the services provided to customers and users. We found that more than 40% of mutual fund openings, for example, were inconveniently timed, as they were done outside the established range between 8:00 a.m. and 5:30 p.m., and therefore, we were able to improve the experience by extending the opening hours.



Table 1 - Focus segment results

Note: All values shown in table 1 represent the results of the experience monitoring of the focus segments. The results of the overall macro-segments are shown below:

People	
Relational NPS acum: Preferential and Plus	62.86%
Relational NPS acum: Preference	66.30%
Relational NPS acum: Plus	55.06%
Realtionship CSAT Acum: People	4.72%
SMEs	
Relational NPS acum: SME Plus, Large and Medium	64.94%
Relational NPS acum: SME Plus	66.17%
Relational NPS acum: Large SME	66.67%
Relational NPS acum: Medium SME	60.67%
Realtionship CSAT Acum: SME	4.75
Companies	
Transactional NPS acum: Companies	79.83%
Transactional CSAT acum: Companies	4.63
Corporate	
Transactional NPS acum: Corporate	86.23%
Transactional CSAT acum: Corporate	4.70
VP. business	
VP. NPS Acum Business	74.68%
VP. CSAT Acum Business	4.71



NPS Grupo Bancolombia 2020

NPS

T.C.

Bancolombia

Pers 52.72	31%
Pyme 57.52	19%
Emp 79.74	6%
Corp 86.23	44%

BancoAgrícola

64%	VPP 60.38
36%	VEG 79.37

Grupo Bancolombia

Banistmo

VPP 64.06	63%
VEG 72.38	37%

BAM

49%	VPP 67.62
51%	VEG 77.12

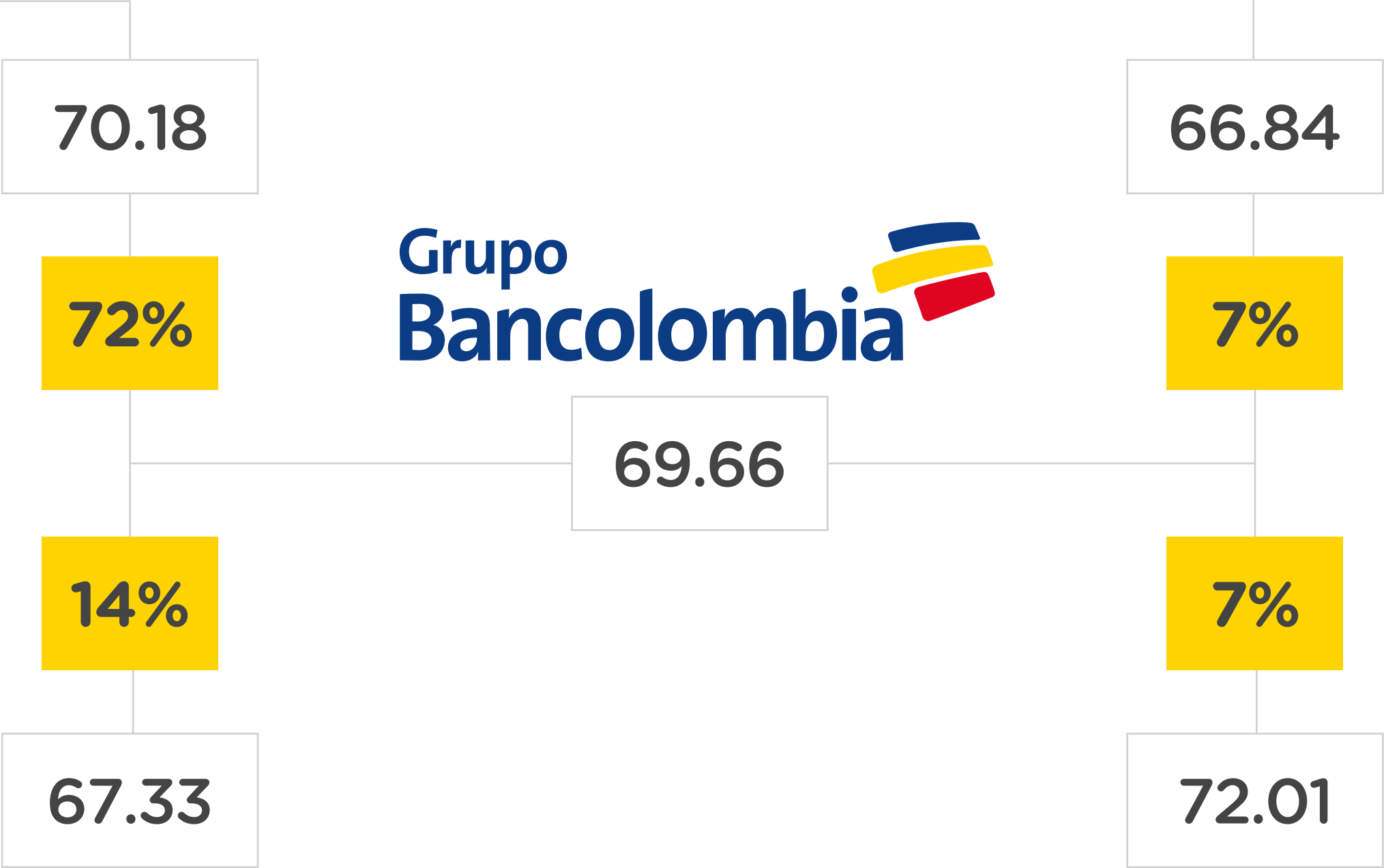


Table 2 - General segment results

Money management made easier by Bancolombia

Providing financial services generates wellbeing for people, as it represents transparency, ease and flexibility when using money, and opportunities for growth and economic development.

Por más de 140 años, desde Bancolombia hemos puesto al servicio de los países nuestra infraestructura, representada en variadas alternativas de canales y presencia en los territorios, de manera que podamos ser una parte esencial en el movimiento del dinero en las economías. Solo en el 2020, el crecimiento fue de 35.4%, con un aumento de 46% solo en los canales digitales, impulsados por las medidas establecidas durante de la pandemia.

Additional alternatives to make it easier for individuals and companies to interact with their banks

We have worked tirelessly over the past few years to develop more convenient solutions for users. With a historic increase in digital transactions considering confinement in 2020, we strengthened contactless payment alternatives.

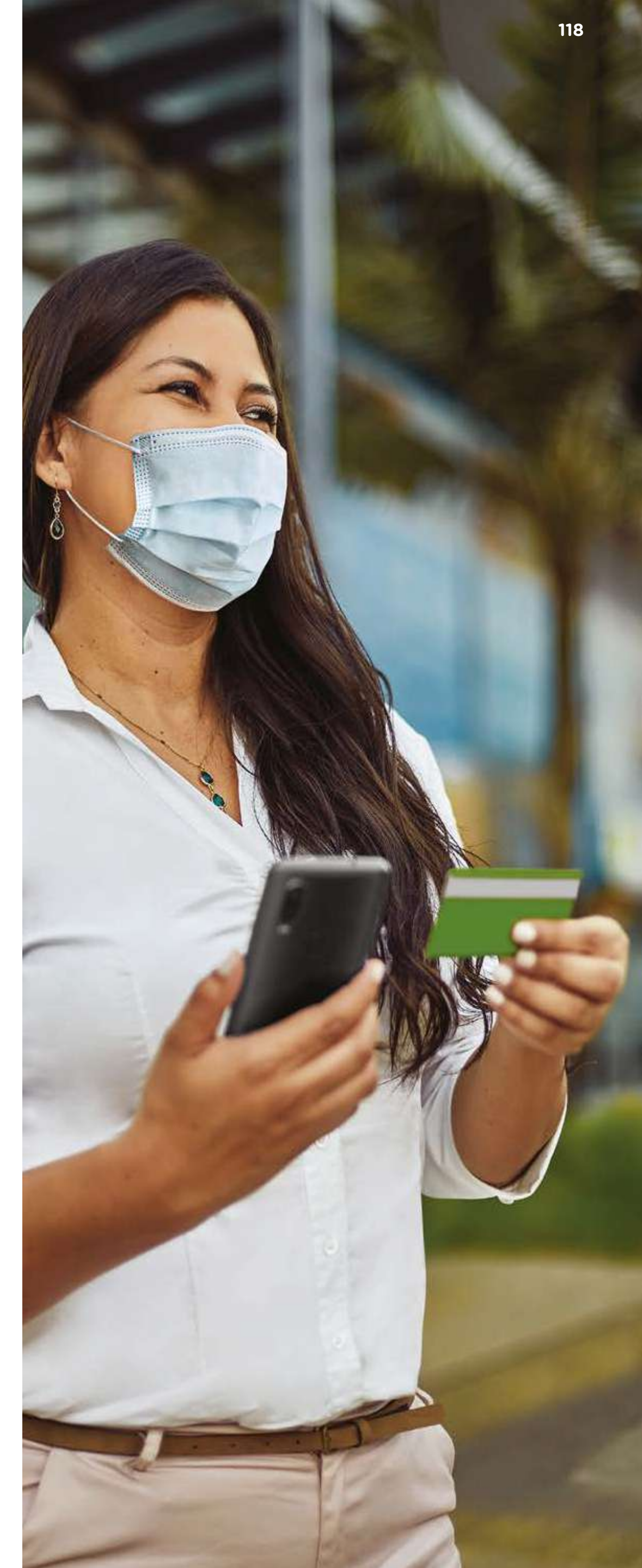
To be able to receive the value of purchases registered in their stores through transfers, more than **500,000** points of sale in **1,100** municipalities in the country's **32** departments use Bancolombia's **Código QR**. This functionality has become an ally for small businesses that were traditionally used to relying on cash, and it is free of charge for retailers as well as for individuals.

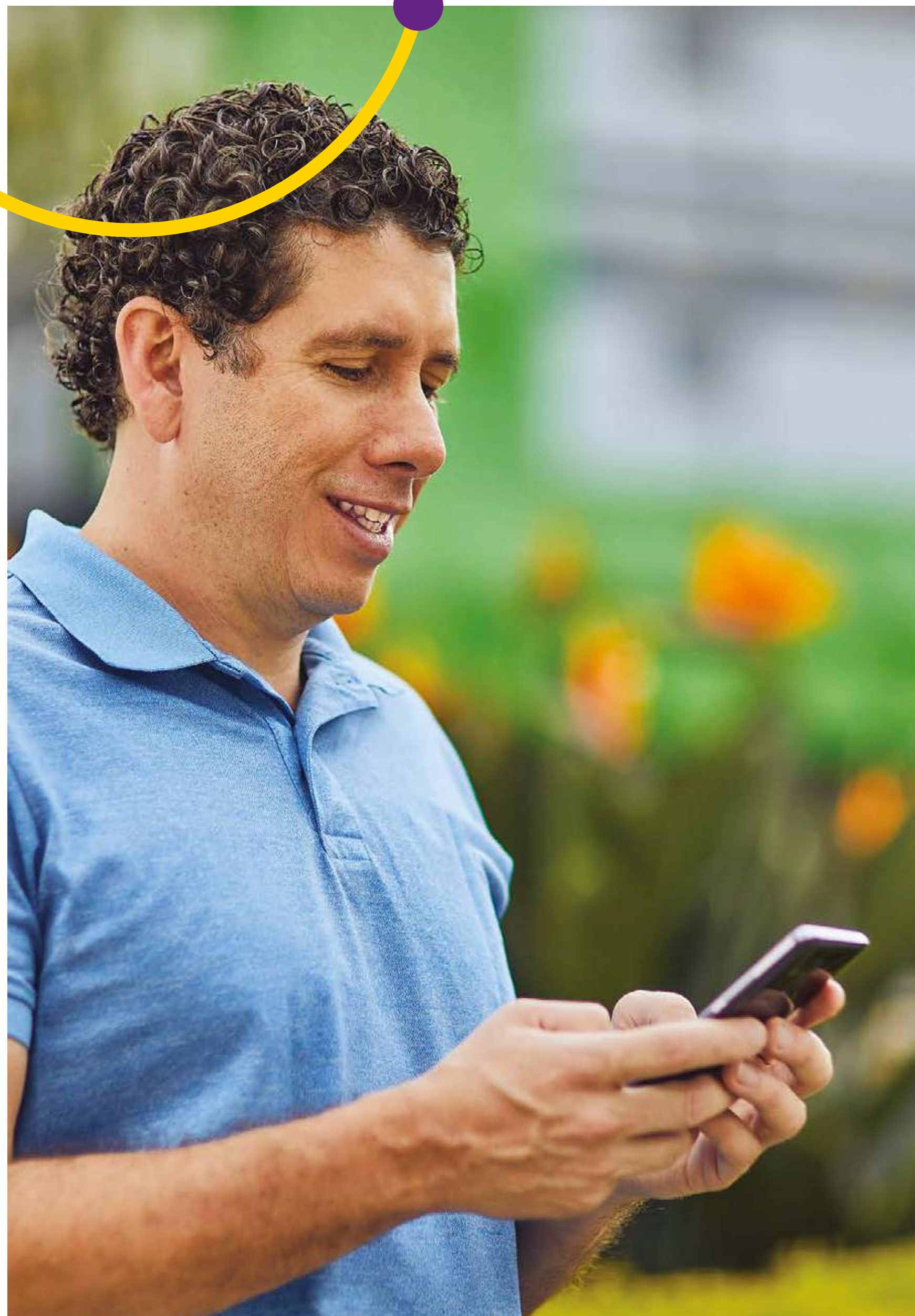
The QR is now available to be used in Billetera Bancolombia along with the QR available in the Personas App, Bancolombia a la Mano and Nequi, so that not only the account can be debited, but also payments can be made with QR by paying with the Mastercard and Amex Bancolombia credit card.

We also made payments with Garmin smartwatches with NFC technology available for our customers. Users decide whether they want to pay with Mastercard debit or credit cards from their watch,

without the need for a physical card. More than 3,600 transactions were made through this payment channel during 2020.

Customers in Guatemala can easily receive their remittances through different channels and access additional services through BAM. This was possible through the Chapinex platform, with more than 260,000 transactions with an average amount of USD 316.32. Remittance income is key to the livelihoods of millions of families in Guatemala and is an important part of the economy. We also launched the payment sticker and Garmin Pay in this country.





New business options

As important as it is for businesses to have different alternatives to receive payments for their sales, it is equally important for financial consumers to have different options for making payments.

Stores are also
part of Wompi

4,127

Bancolombia offers an innovative portfolio of e-commerce solutions for our commercial customers to control their payments, increase their sales and keep their business up to date. There are now 1,692 free web pages hosted by BlueCaribu and 554 online stores created. With Boton Bancolombia, more than 1.9 million transactions have been made using bank products, enabling users to pay through virtual payment gateways without having to go through networks and other types of services. More than 4,127 stores are also part of Wompi, our payment gateway.

The solution is now available in El Salvador for individuals and companies that wish to implement the online payment option from their social networks and/or configure it with their websites and shopping carts, enabling their customers to pay for their products and services with any credit or debit card, BA Points and Installment Payments. We have more than 5,300 registered customers.

We have also partnered with La Constancia (AB InBev) to join efforts with Banco Agrícola to massify QR payments and promote the financial inclusion of neighborhood stores. Out of 15,000 potential storeowners, some 1,937 have signed up for a QR Savings Account to accept contactless payments.

We continue with our digital evolution at Banistmo, so our customers can make financial transactions at any time and from any place. We have improved the processes for uploading files and using digital documents, for example, and reduced the response time for personal loans and credit cards from 30 to 15 minutes.

With our coverage in Colombia, we also assist individuals and governments in different corners of the country so that they can easily carry out their online procedures. Digital collections grew 15% with our non-financial products strategy for government, reaching COP 1.5 trillion accumulated and increasing monetary transactions by 15%. We have signed close to 60 agreements in 2020 for the development of collection platforms and digital government portals, 50 of which are in the country's smallest and most remote municipalities.

We strengthened our channels with digital solutions

2020 was a key year for more consumers to rely on using digital channels for their financial transactions. As a result, 85% of the bank's total operations during the year were carried out through this channel. At year end, we closed with more than 8.4 million digital customers, performing more than 6.1 billion transactions, accounting for a 46.04% increase. This brought our customers' digital adoption to 70.7%. In fact, digital sales accounted for 42% overall, compared to 19% in 2019.

This year we evolved our sales and after-sales tools and processes to make life easier for our customers, creating new 100% remote models and hybrid solutions to provide timely and relational service to our customers.

In 2020 we redesigned our most used channel: **Personas App**, which considers more than 5.5 million users every month. Incorporating new functionalities that go beyond transaction processing to provide the customer with other possibilities, with ecosystem solutions and non-financial services, represented the new objective. These included the opening of virtual investments, credit card advances, easier transfers to other banks through Transfiya, pocket creation and recharging of the Cívica card.

We also enhanced the **Sucursal Virtual Personas** - Sucursal Virtual Personas, with over 3.3 million users, by adding new functionalities, including the possibility of making an alternate minimum payment in credit cards. In addition, we redesigned Bancolombia's public content site to improve the customers and non-customers experience when applying for products, credit cards and loans, offering simulation and comparison tools. They become a useful and effective entry point for the sale and use of the bank's products and services portfolio.

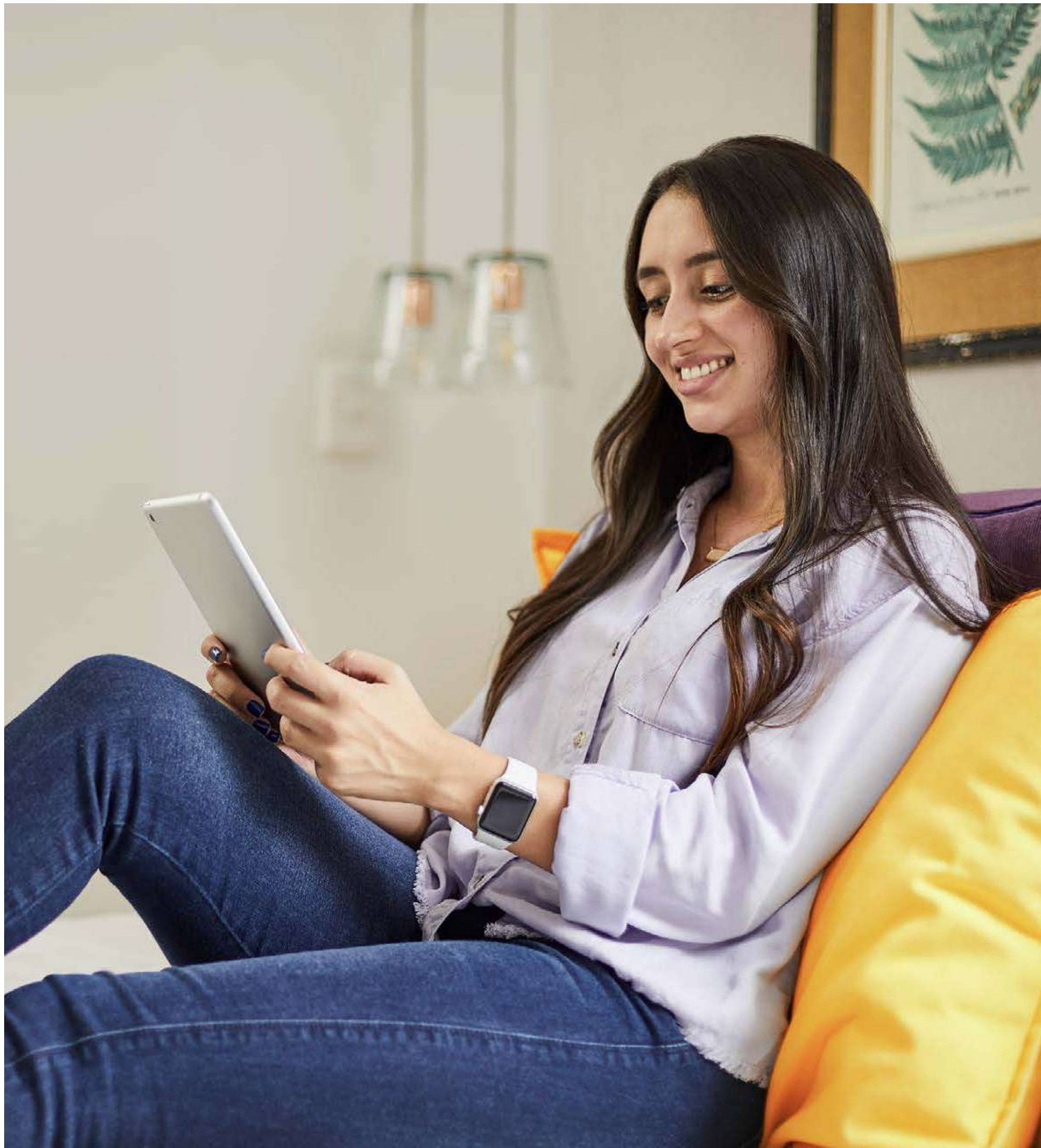
Customers can also adjust the features of their savings account as their financial needs change to the plan they need, whenever they need it, in a 100% digital process.

Offering products and services (financial and non-financial) that are already available in Nequi in any Bancolombia channel was a key step forward in 2020. That is how we achieve great efficiencies in development times, and in the definition and implementation of operational processes. From Bancolombia a la Mano we offered the first integration under this modality to offer the Cívica recharge to its users.

Customers can also self-manage their credit card applications in just a few minutes through the Personas App and the Sucursal Virtual Personas.

With this system, people access pre-approvals and get the answer online, eliminating the need to make or receive calls, go to branch offices and without physical documents.





Developing self-management solutions was a priority

People have access to more digital investment solutions, enabling them to allocate their surplus funds in a 100% digital process, thereby being able to increase our funding, guaranteeing financial soundness and encouraging digital adoption. We have reached 55,000 customers with this investment alternative, generating 469% growth.

Customers now have access to enhanced digital tools that help them resolve their concerns and resolve some of their paperwork.

Tabot already has more than 342,440 users on WhatsApp, the most widely used messaging service in Colombia, querying about accounts, credit cards, security, cash registration, reliefs, subsidies, digital channels, geolocation of physical channels, among others.

At the same time, the Glia assistance chat provides support and addresses the customers' needs during the enrollment and savings account opening processes. From production start-up on September 26 through December 31, 2020, some 26,756 interactions took place.

Increasingly digital SMEs

At the end of 2020, the digital adoption of our customers in App Pymes and Sucursal Virtual Pymes was 27,120 and 6,398 respectively, where we enabled new functionalities that allow them to continue managing their business, such as: ACH transfers, payroll settlement through Nominapp, pre-approved limits display, working capital disbursement, and changes in the legal entities registration and authentication.

We were able to ensure that more than 32,000 SMEs and companies in the retail sector had at least one digital solution (QR, Adquirencia, Wompi, Bancolombia Button, Portal Comercio, Plink, BlueCaribu, Sucursal Virtual Empresas and Sucursal Virtual Pymes).



Self-management, key for companies

Improvements were also made to the Sucursal Virtual Empresas (SVE) to promote self-management, so that procedures are simpler and faster. Using the Sucursal Virtual Empresas, customers can now find new options facilitating procedures when teleworking, such as downloading payment vouchers from Swift, H2H and SAT, including a new type of payment for the subsidy dispersion.

Our more than 9,000 corporate customers with active payment order agreements can access real-time information on the loans granted to their employees, simplifying the administration of the payroll deductions that companies apply to make the credit payment orders for their employees.

The portal also enables customers to buy and sell foreign exchange in the SVE, allowing them to display the associated NITs to carry out the operation, without the need to call a trader or carry out additional procedures. As customers become more self-sufficient, we free up time for treasury sales teams to focus on more value-added work. We have 2,136 potential corporate customers and 5,235 business customers that can use this functionality.

We enabled a tool for linking and opening savings accounts for commercial managers and mobile advisors who visit companies and towns

throughout the country, as part of our end-to-end digital experiences offering. In approximately 10 minutes, they can link customers and open pension or payroll plans without the need for physical documents. The digital sales experience is available for company and town visits nationwide. 3,678 affiliations and account openings were made during the year, including pension and payroll plans.

More than 20 processes have been digitized at BAM, including the affiliation and disbursement of Crédito Fácil, insurance purchases and claims, payment of family remittances, BAMnet affiliations and procedures, and ACH transfer affiliations, among others. This eliminates the need to go to physical points, as the process and the response is 100% digital.

Banco Agrícola wants to be the first digital banking option for Salvadorians. The number of active customers grew significantly during 2020 (we have more than 315,000 people and 1,400 companies), a 30.6% increase in transactions and procedures processed from the comfort of the home, as well as 87% increase in the digital product placement and the digital payment ecosystem consolidation.

We partnered with Páguelo Fácil in Panama to offer our customers an e-commerce service enabling them to digitally offer their services and products in times of pandemic emergency and to credit transactions to their Banistmo accounts.

We made improvements to our branch Virtual Companies (SVE) and Branch Virtual SMEs (SVP), so that the procedures are more simple and fast.



Other products and services

We have strengthened our product and service offering to make it more personalized and to assist our customers in their economic activity.

Management of financial risks (exchange rate, interest rate, among others) is one of the keys to business success, and our customers have various hedging instruments at their disposal. Our treasury department supports customers on several areas by transferring knowledge and raising awareness about risk management, how to mitigate risks and the alternatives that exist according to their needs, based on the knowledge we have of them, the activity they carry out and the industry they belong to. In the exchange rate hedging instruments negotiation with real sector entities, our participation is 30% of the traded volume.

We are working to bring these hedging instruments closer to more companies. With the 'Fixed' project, we intend to massify hedging in SME customers of the IBR-indexed portfolio, so that they can have a fixed rate.

We joined the Colombian Government in September 2020 in a distinctive operation in the local market: **the first 30-year local public debt issuance**, raising COP 4.8 trillion for the Nation. Not only did this become a milestone for the development of the country's capital market, it is also a significant factor in the credit product offering with up to 30-year terms. We were able to be part of this placement through our strength, being the number one bank in the Ministry of Finance's Market Creators program and having a broad base of institutional customers, in which we acted as structurer, payer and receiver.

Valores Banistmo was also involved in the second bond issue of the Republic of Panama, completed in record time and with high investor demand.



Among our corporate solutions we offer a tool called, Deuda Eficiente, allowing customers to determine the appropriate debt profile in relation to indexation according to their characteristics. All of this based on three factors: forecasted cost of debt (to minimize it or bring it to an acceptable level for the company), income correlation (that is, in times of low income, less interest is paid and vice versa), and a diversification factor (indexation that allows the company to receive economic impacts). This is how we support companies with customized solutions that help them make more efficient and timely decisions for their businesses.

We launched a new non-financial product, Sostenibilidad Como Servicio, where we offer our work methodologies and the experience of Bancolombia's team to our customers to help them solve their sustainability challenges. We were able to guide 11 corporate segment customers through a variety of exercises to build sustainability strategies, business models with impact, innovation sprints focused on sustainability and strategies focused on their value chains.

Using Nequi's Trust Score we are able to mitigate reputational risk and manage the trust and credibility of the digital bank. This analytical model enables us to provide greater efficiency in the identity validation processes required to open Nequi and avoid security problems. Such savings translate into economic resources and time for both Nequi and its users.



Channel behavior

Colombia

Channel	# Channels/2019 year - end Downloads	# Channels/2020 year- end Downloads	Var	2019 year-end TRX in Millions	2020 year-end TRX in Millions	Var %	Avg Year Availability
Dispenser	4,518	4,499	-0.42%	392,450,130	322,006,439.00	4.41%	91.94%
Multifunctional	572	562	-1.17%	36,420,517.00	322,006,439.00	-18.96%	89.13%
Sucursal Virtual Personas (People E-banking)	Not aplicable	Not aplicable	Not aplicable	581,807,087	819,895,192.00	40.92%	98.99%
Personas App	16,110,545	23,685,785	7,575,240	2,931,453,785	4,022,766,026.00	37.23%	98.98%
Bancolombia a la Mano Sim	Not aplicable	Not aplicable	Not aplicable	23,009,396	47,186,634.00	105.08%	98.10%
Bancolombia a la Mano App	2,727,466	8,867,847	6,140,381	111,886,145	608,780,981.00	444.11%	98.17%
Branches	686	666	-2.92%	92,340,757	59,856,771	-35.18%	99.92%
Correspondent Banks	15,765	17,109	8.53%	276,110,997	337,375,670	22.19%	99.33%
Sucursal Virtual Empresas (Corporate E-banking)	Not aplicable	Not aplicable	Not aplicable	456,250,037	457,207,577	0.21%	98.88%
Kiosks	117	137	17.09%	365,740	810,000	121.47%	100%

Banco Agrícola (2020 vs 2019)

Channels	Hedging	Annual Variation	Txns in millions	Annual Variation	Availability
Personas Omnichannel (eBanca+BancaMóvil)	315,159 active users 591,443 BM app downloads (IOS and Android)	Users: 55.1% Downloads: 35.4%	55.7 million txns	55%	SVP (ebanca): 99.97% APP (BM): 99.89%
SVE (Corporate E-banking)	33,905 active users	9.02%	27.06 million txns	8.80%	99.99%
ATM	571	-2.39%	38.63	-4.40%	97.67%
KIOSK	215	-2.27%	10.7	-24.27%	99.30%
CF	269	22.8%	2.72	6.61%	99.81%

Guatemala

Channel	Total/Downloads	Trx in Millions	Availability Variation	Availability January 2021
Atm's	157	7,076,116.00	2%	97.92%
SVP / APP	85,000	1,666,766.00	0.01%	99.40%
Branches	154	14,586,697,164.72	0%	98.70%

Panamá

Channel	Total/Downloads	Trx in Millions	Variation	Availability Dec-19
ATMS	334	8,327,491	-35%	97%
APP	202,376**	5,477,273	77.4%	89.73%
BLP	202,376**	962,981	-29.41%	89.81%
Banistmo Subsidiaries	39	3,153,978	-46.80%	77%

**This refers to the bank’s active customers who are registered in the digital channels (APP and BLP).



C h a p t e r

07

CULTURE AND TALENT FOR THE NEW NORMAL

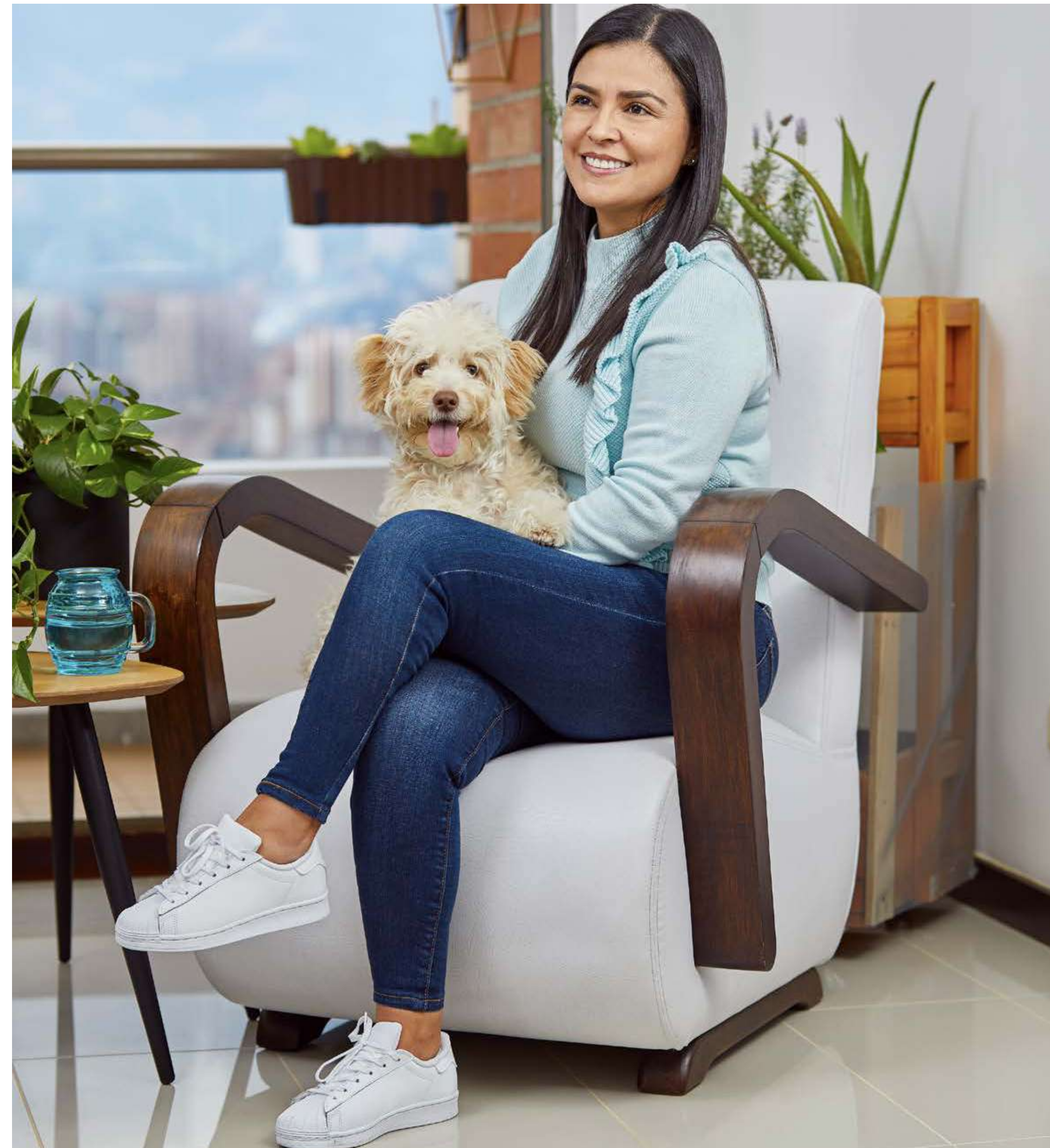
The evolution of our culture, the well-being of our employees as a priority, and the speed with which we implemented and adapted new ways of working, allowed us to quickly respond to the challenges posed by our environment and strategy.



Culture and talent

For many years, Bancolombia has been offering flexible work schedules as an alternative. The ability to work outside the office has become a vitally important tool for combining health care, quality of life and productivity as work environments have changed in the wake of the pandemic.

Nearly 6,000 employees have taken advantage of flexible work and teleworking options. Dora Catherine Taborda, from the Legal Department at Personal and SME Solutions, is one of them. Remote work has been part of her lifestyle for the past three years, helping her to efficiently fulfill her duties, dedicate more time to her family and contribute to the environmental protection.



She has been working at the bank for 13 years as a lawyer and saw remote work as a good alternative to comply with the daily tasks of her role at Bancolombia and assume a different reality in her family environment. By taking on the role of head of household, she was required to spend more time with her young children, and traffic jams in her city were taking away valuable time with the children before they went to bed. So flexible work schedules became the answer to their new needs.

Dora Catherine is grateful today, at a time when many more people are starting to work from home. "It is quite challenging to take on the duties of a housewife, as a teacher of my children and as a worker, yet I do it with joy and gratitude. I have always thought that we are very fortunate to work at Bancolombia who has supported those of us who, because of our role, can work from home, but especially in times of pandemic, I definitely feel very proud to work in this organization," she explains.

Culture and talent for the new normal

Economic activity and people's routine have changed completely in the last year. We as an organization promptly pledged to evolve in accordance with the needs of all our stakeholders, based on our human talent's capacity to adapt and transform as one of our priority fronts.

During the first phase, this implied the healthcare of more than 30,000 employees in on-site or virtual work models, the changes necessary to provide all the tools they needed to adequately fulfill their duties, developing flexible work schedules that would help us achieve superior results, while maintaining our operation always available to serve people, SMEs and companies in the countries in which we operate.

Simultaneously we are training employees in the skills and capabilities needed to meet the new normal, and to personally and professionally develop themselves.

For decades, Grupo Bancolombia's organizational culture has identified talent as a competitive advantage, and has evolved to articulate corporate strategy, purpose and culture by declaring Movimiento B.



Evolution in the working practices

The outbreak of the pandemic led us to react very quickly in our countries.

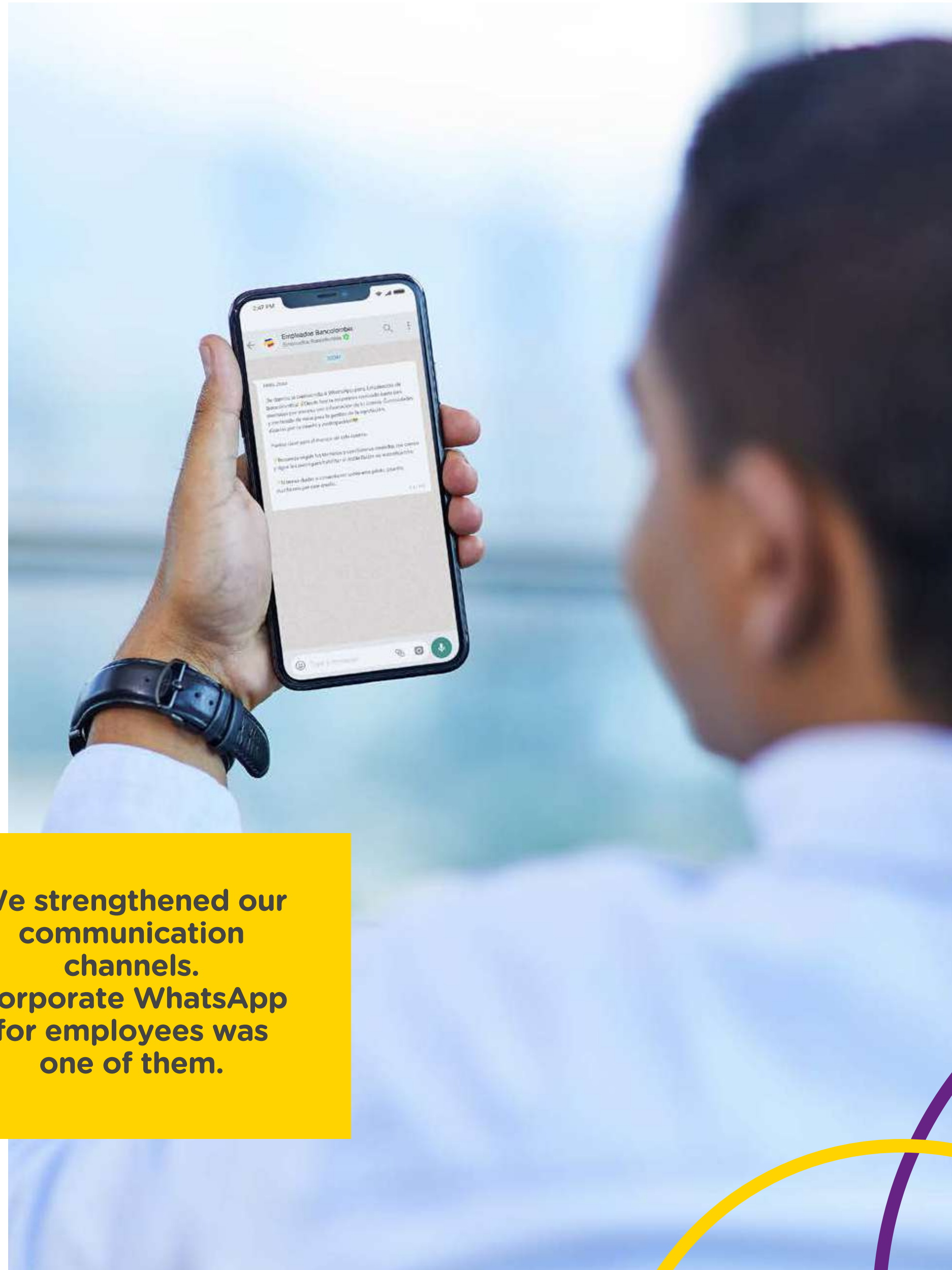
We are certainly facing challenges such as employee physical and mental health care awareness, personal and work life balance wellness, as well as an open and flexible cultural transformation to embrace different ways of working.

We were the first company in Colombia to enable the largest number of employees working from home:

- We were able to quickly enable 19,500 of our 22,000 employees in the country to work under a flexible schedule with all the necessary security tools and controls. We also provided the necessary access so that near 1,300 employees from areas that required working from the office because of their security and criticality (money markets, managers and executives of the branch network) could work remotely.
- We achieved greater use and adoption of **collaborative work tools**. In the first days of March, we went from 8,000 users to 33,000 at the end of the year, including employees and suppliers in the 4 countries. To this day, the tools help us to remain connected from any place and with maximum technological security.

- We kept the technology and related troubleshooting services available without the need for the teams to work on site. The company enabled remote work tools for employees and partners, including the delivery of some 4,000 pieces of equipment and 2,000 headsets. 100% of the agile teams used automation tools, maintaining their productivity and business continuity.
- We massively expanded teleworking and flexible work arrangements, in order to free up office space and offer work alternatives in line with the needs of employees and the organization's strategy, and by the year-end of 2020 we had 5,930 employees working under these models. These efforts reflect our understanding of employees' needs, labor market trends that demand greater flexibility, and our commitment to building sustainable cities and communities that contribute to reducing traffic and pollution in cities for a better quality of life.





We strengthened our communication channels. Corporate WhatsApp for employees was one of them.

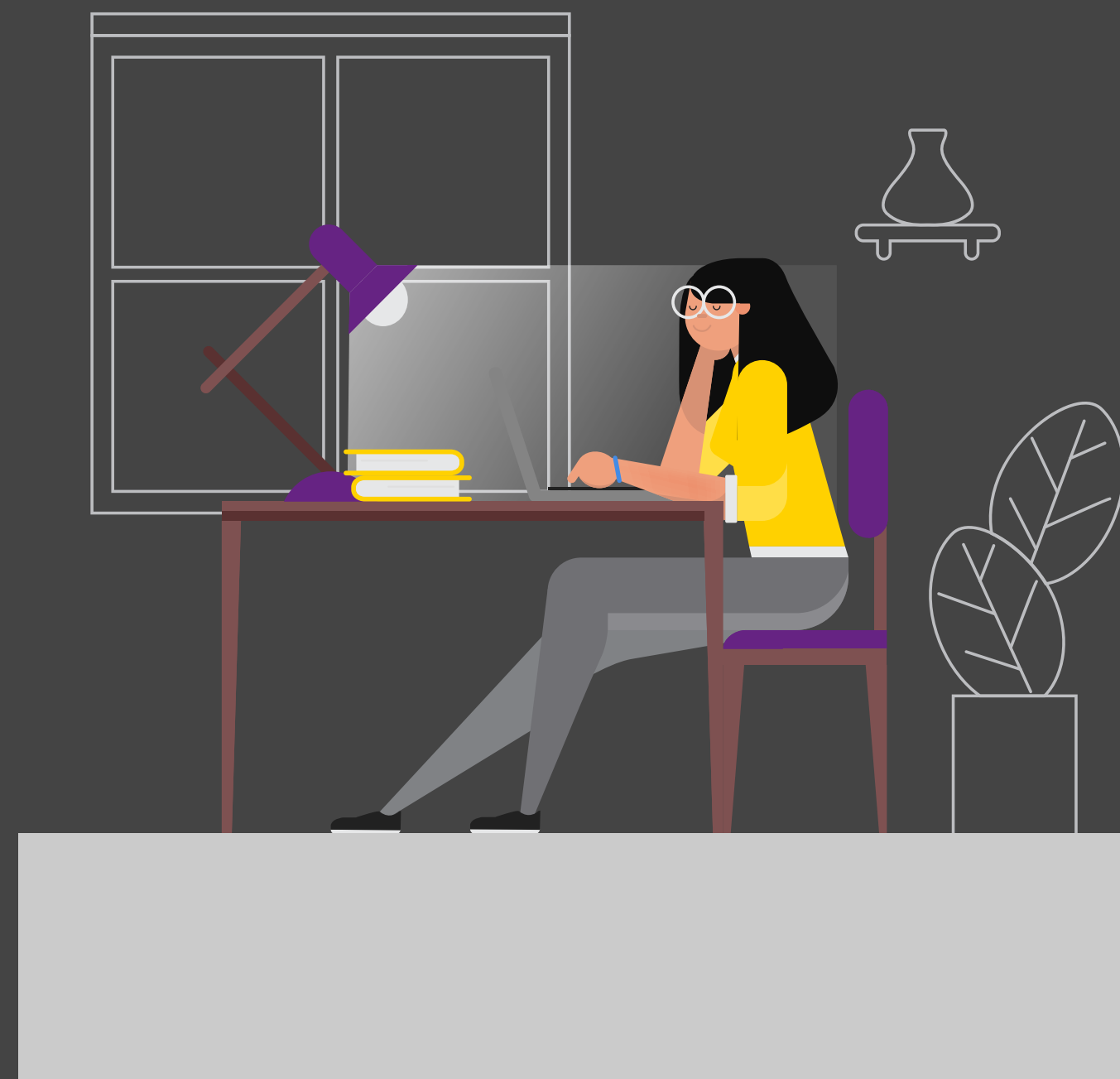
- We contributed to a decrease in carbon emissions of 1,992 tons of CO₂, as well as to the improvement of air quality, well-being and health of our employees by developing in-house work.
- Before the quarantine decreed by the Colombian Government, during the first three months of the year, we had another component of our Sustainable Mobility strategy underway with the Try My Ride application, that allowed our employees to share rides by bicycle, carpooling, walking or by corporate van.
- This has been possible by assisting leaders and teams to achieve results from virtuality, supporting them in short cycles of time for flexibility and adaptation, a leadership style based on trust and close communication for guidance and support of remote teams.

We strengthened our communication channels to provide our employees with accurate information in times of uncertainty, such as those experienced during the pandemic. Corporate WhatsApp for employees was one of them, intended to improve the communication flow between employees and the organization, giving leaders access to relevant and official information about the organization for immediate distribution to their teams.



- Amplificadores Bancolombia is a program that promotes positive, informative and educational content about Bancolombia, on social networks, helping to promote the organization's reputation, with more than 1,560 employees participating from different areas, levels and cities in Colombia.
- We kept the operation running in Central America, guaranteed the personnel's safety and adopted new work models by establishing interdisciplinary committees for the approval and implementation of biosafety protocols, such as the Health Committee, Biosafety Protocol, Remote Work, Safe-conduct Management and other labor issues.





We have learned several useful lessons that allow us to be better prepared for the new normal:

- **Organizational capacity and agility to adapt to change is key to making quick decisions and adjusting to more dynamic and flexible ways of working.** We have consolidated our leaders as the support and backbone to assist people, based on trust as the foundation of work teams and assertive communication as a way to achieve objectives.
- **Silo-free collaborative work:** several leaders report that they have learned to work on common challenges, sharing human resources and customer priorities.
- **We demystified work at home and were able to demonstrate that it is possible to generate outstanding results without being in the office, realizing that work is not the place where we go, but what we do no matter where we are.** Workspace optimization was crucial to leverage these ways of working, considering that the efficiencies generated contribute to the sustainability of the organization.



The culture that **we want**

We strengthened the organizational values at Bancolombia to be able to respond to the challenges posed by our strategy and the competitive environment in the countries where we operate, understanding the challenges brought by a scenario with so much uncertainty and change.

- **Movimiento B** is a cultural strategy launched in 2020 that mobilizes, connects and projects us into the future with optimism and enthusiasm. It embodies our essence, our organizational characteristics and what nurtures our culture. Movement B lists six traits (integrity, customers, sustainable growth, being human, agility and extraordinary performance), with expected behaviors from our leaders and employees, and explicitly points out the behaviors we do not tolerate. We have trained more than 300 culture ambassadors, leading workshops for more than 5,000 people from the day it was launched.
- We were also in charge of the **Collective Bargaining Agreement negotiations**. It was a permanent social dialogue process, based on trust and mutual respect, framed within an environment of information, assertive communication, listening, openness and transparency. We updated the benefits for our unionized employees, ensuring their wellbeing and the sustainability of the organization.
- We have implemented a **Talent Mapping** program at BAM to identify the leaders' current competencies and the gap with the future competencies, to support them in a development program. Over 30% of the leaders are already in a development plan and skills analysis, and 11% are committed to closing gaps. We are also preparing to attract and retain young talent in the specialized skills we need, including training talent for the new normal in areas such as digital transformation, analytics and Big Data, among many others.



- The equity, diversity and inclusion strategy were consolidated as part of this evolution. **Me la creo** wants to empower women so that they can identify and express what they want to be on a personal and professional level, and according to the stage of life in which they find themselves, take the steps required to achieve it. pasos que se requieren para lograrlo, según la etapa de la vida en la que se encuentren.

We made progress on different areas in 2020. We made gender equality a cross-cutting issue for all human resources processes and policies developing empowerment and mentoring programs for high-potential women, and as part of the training plan, we implemented the virtual course 'Together for equality' for all employees and organized webinars and workshops where more than 1,200 people were trained.

We also implemented the CONTIGO line channel for specialized psychological care where our employees who needed support in domestic violence, sexual abuse, depression and anxiety related issues, could rely on an expert assistance to provide them with solutions tailored to their reality.

- **"Mujeres que Transforman"** is a gender equality and inclusion program we started in Guatemala, working on four aspects: inclusion in attracting talent, benefits, mentoring and raising the inclusion awareness level and gender equality. The implementation of a time bank for pregnant women, inclusive flexible schedules with 60% impact to women, talent communities with strategic knowledge and a talent pool with specialized knowledge are some of the benefits.

- As part of a joint reinforcement to learn about our work practices, culture and equality, we have been educating people on cybersecurity risks, money laundering, integrity and corruption, among others, contributing to the reputation of Grupo Bancolombia. We developed the **Activoz** game, awarded first place by UN Colombia in the responsible and safe business contest in the category of financial institutions.





Talent Management

- We evolved our learning digital model in order to have the talent we need as an organization, to meet the present and future challenges, and to ensure that employees have the knowledge and skills they require for their role development and the business challenges. Different schools where we had more than 7,200 participants in 92 programs on topics such as leadership, business, risk, among others, were an excellent example of this. Our digital ecosystem supported employees in the learning process through virtual strategies. We currently have a community of more than 14,500 active users, and an average of 1,729 weekly visits to the site.
- We also updated the mandatory virtual courses in the annual training for all employees of the organization related to sustainability, consolidating several topics under a single course. A total of 21,282 people approved the course.
- Traders' mobility among the group's **different treasury** departments was another tangible example of how we managed talent, taking advantage of the existing skills within the organization to fill highly relevant vacancies in key areas for managing the bank's capital. In terms of knowledge and experience for the organization, efficiencies are achieved in order to generate confidence and stability in the income generation and professional development opportunities for the people.

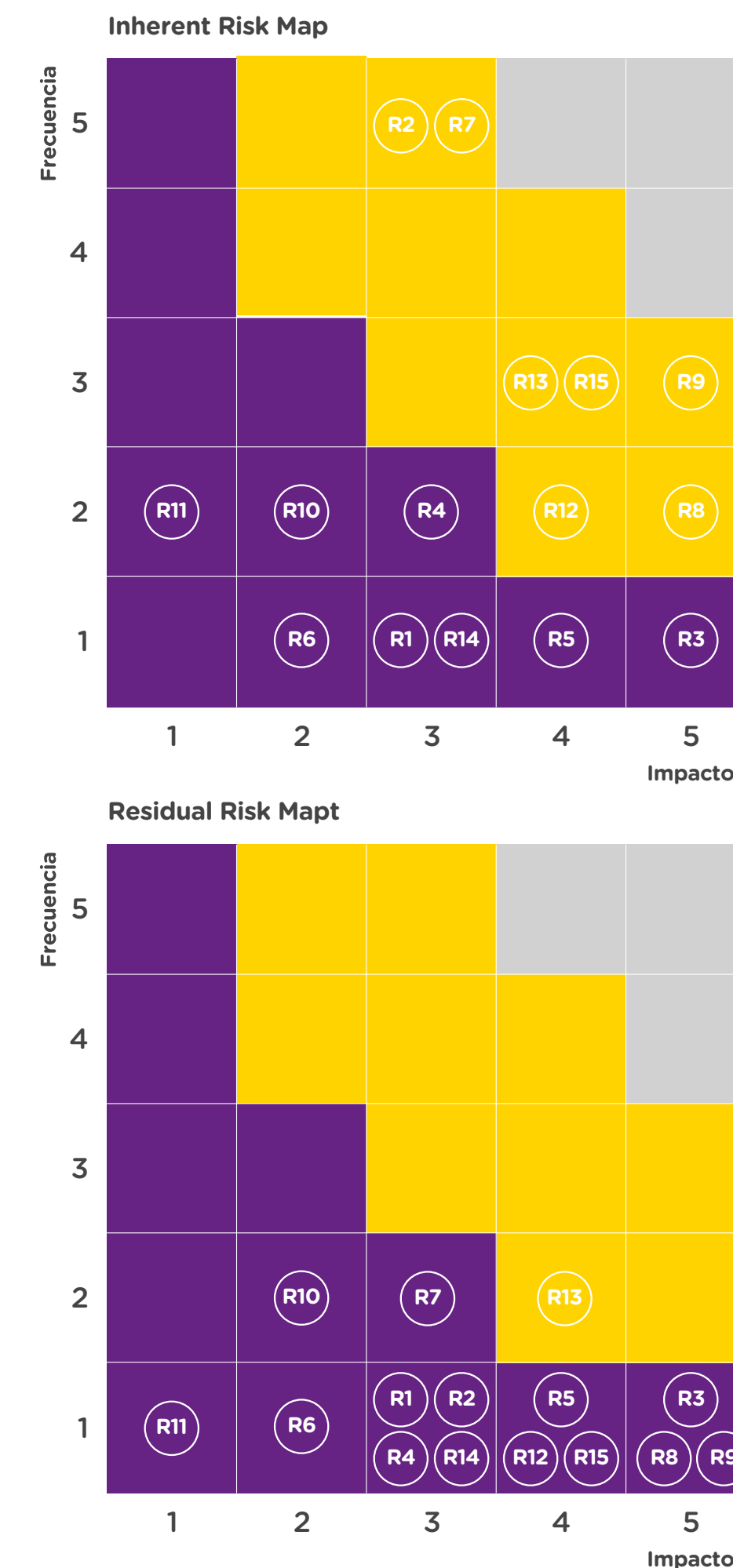


Human Rights "Promote, respect and repair" (GRI 412-1)

Our human rights management roadmap for the organization is based on the Human Rights Policy compliance, in which promoting, respecting and repairing are the main focuses of our actions. We implemented the methodology proposed in John Ruggie's Guiding Principles on Business and Human Rights of the United Nations, as well as the new guidelines of international protocols such as the Equator Principles and the Global Compact related to human rights.

Our methodology covers stakeholders such as: employees, customers, suppliers, vendors, contractors and Grupo Bancolombia's communities of influence.

We evaluated 100% of the operations in Colombia in 2020, obtaining the following results: in the inherent risk phase, we had 53% of the risks in low and 47% in acceptable risks.



The results of the residual risk phase in 2020 remained at 93% of the risks as low and only one, number 13, as moderate risk: financing projects or investing in companies that do not comply on social, environmental or human rights issues legal standards. An update process of the Social and Environmental Risk Policy was proposed to strengthen the mitigation of this risk to broaden the scope of operations coverage, currently in the approval and implementation phase. Therefore, the risk continues to be Moderate risk. This policy still defines the activities and projects that we do not finance, especially in Controversial Financing Issues if we identify socio environmental criteria violations, both in regulations and voluntary commitments terms, including human rights respect and protection criteria.

A sector with the highest exposure to human rights violations was identified in 2020; currently we determine the contractual conditions that are intended to safeguard and protect human rights in the operations that we finance within the environmental clauses that we incorporate. Some cases of Human Rights-based assessments carried out in 2020 are detailed in the Environmental and Social Risk Analysis item in the financing.

The results of the in-depth human rights assessment performed in 2019 were used in Panama, El Salvador and Guatemala as a roadmap to be implemented according to the priority obtained and the country's dynamics.

Non-financed projects having some human rights violation in different sectors of the economy

Due diligence is carried out to analyze the impact on Human Rights from the financing of projects with higher vulnerability risk through the Environmental and Social Risk assessment, which was applied to **90 projects for 2020**, of which **12 were conceptualized with Environmental and Social Unfavorability**; of these, we detail 3 of those that we found that may be vulnerable to human rights:

Number of Non-Financed projects Due to Human Rights Violations

Infringed Human Rights	Mining
Community rights	0
Rights of employees and contractors to work in a healthy and safe environment	3
Environmental and social license to operate	0
Total	3

Human Rights and our employees

We have implemented several mechanisms and contact channels for Grupo Bancolombia employees that intend to protect their human rights, fostering appropriate environments that guarantee due diligence in this area considering integrity is our main focus for decision making and ethical acting in the organization.

The implemented mechanisms:

- **The Ethics Committee:** comprised by the highest executives of the organization such as corporate vice-presidents, and Human Relations senior management; all of them permanently receive education in ethical issues to strengthen trust and credibility.

The committee is in charge of providing guidelines and programs on ethics, monitoring the performance of complaint mechanisms, receiving reports on the organization's evolution, and making recommendations to improve transparency and integrity performance.

- **Ethics Line:** Is the most recognized mechanism and channel for stakeholders, where centralizers and qualified investigators verify that the reported cases are investigated and solved under strict parameters of neutrality and confidentiality.
- **Labor Coexistence Committee:** This team must be composed of freely elected representatives of the employees, with a periodicity of 2 years, and 2 representatives of the companies, where its main purpose is to hear and resolve cases of workplace harassment of any kind, always within the framework of confidentiality and impartiality according to the current legislation and the Colombian National Constitution.

In the event of any findings, the organization has defined that, as a result of the mechanisms and channels of action regarding human rights for employees, action plans and follow-up plans must be implemented to address them.

The results of complaints received through these mechanisms were validated in 2020, as in previous years, proving that the channels are generating greater trust among our stakeholders as effective mechanisms. For the first time since their implementation, there were two (2) cases where related third parties violated two employees' human rights and immediately an action and a repair plan were implemented in accordance with internal Human Resources Management guidelines.



Discrimination incidents and corrective actions taken.
GRI 406-1

Complaints made about discriminatory conduct or conduct that could threaten/violate human rights	2018	2019	2020
Total number of cases presented through regular channels	199	291	411
Number of cases received for finding them supported	190	291	411
Cases in which a conduct that effectively could have threaten Human Rights was proven	14	37	74
Cases in which a conduct that effectively could have threaten Human Rights was not proven	40	96	166
Cases still under investigation	4	16	34
Cases that had an action plan	41	75	153
Cases in which conduct that directly violated human rights by Grupo Bancolombia was proven	0	0	0
Number of cases in which workplace harassment behaviors were verified	0	0	0
Cases of conduct violating human rights by a related third party for which compensation is available	0	0	2
Number of discrimination incidents	0	0	0
<p>Human rights and our employees:</p> <p>There are different mechanisms for our stakeholders to report any type of Human Rights violations, discriminatory behavior and other improper acts or conflicts of interest; in case of findings, the company implements action plans.</p> <p>The most popular mechanism used by our stakeholders is the ethical line. The coexistence committee comprised in accordance with Colombian and Panamanian standards is also used by employees to investigate complaints of workplace harassment.</p> <p>Two (2) cases were presented in 2020 where related third parties violated human rights and an action and compensation plan was immediately adopted.</p> <p>All cases are investigated under strict parameters of neutrality and confidentiality.</p>			

Human rights in
the supply chain

The Human Rights integration has always played a priority role in our comprehensive supplier and strategic partner development model and, therefore, since 2009 we have been working on the continuous improvement of their performance. We initially decided to include a sustainability clause in all contracts with contractors and vendors, which includes a commitment to respect human rights and comply with this objective.

We also have a Code of Ethics for vendors and strategic partners, the ethics hotline where they can report any Human Rights violations, unethical or illegal practices or other infractions that are not accepted by Grupo Bancolombia.

We have improved the model for measuring vendors and strategic partners against their sustainable performance since 2016, using Sistema B’s “Mide lo Importante” (Measure What Matters) tool. In 2020, 120 vendors were evaluated with this tool, allowing them to know their economic, social, environmental impact, including Human Rights criteria.



To learn more,
[click here](#)
and Go to the
Human Rights section

Relationship with employees

Talent management

A. Employee distribution by entity and countries

Bancolombia, national subsidiaries and offshore subsidiaries	
Country	N ° of Employeeest
Bancolombia (Colombia)	21,415
Bancolombia Panama	141
Banco Agrícola (El Salvador)	2,778
Banistmo (Panama)	2,149
Bancolombia Puerto Rico	14
BAM (Guatemala)	3,044
Other companies of the Group	
Other companies of the Group: *Includes data from Renting Colombia, Transportempo SAS and Valores Simesa	1,093
Other types of non-direct contracts	
Service Rendering - External *Includes data from all countries	26,262
Interns Includes all countries; in Bancolombia Puerto Rico the number is zero	730
Total Direct employees	29,541

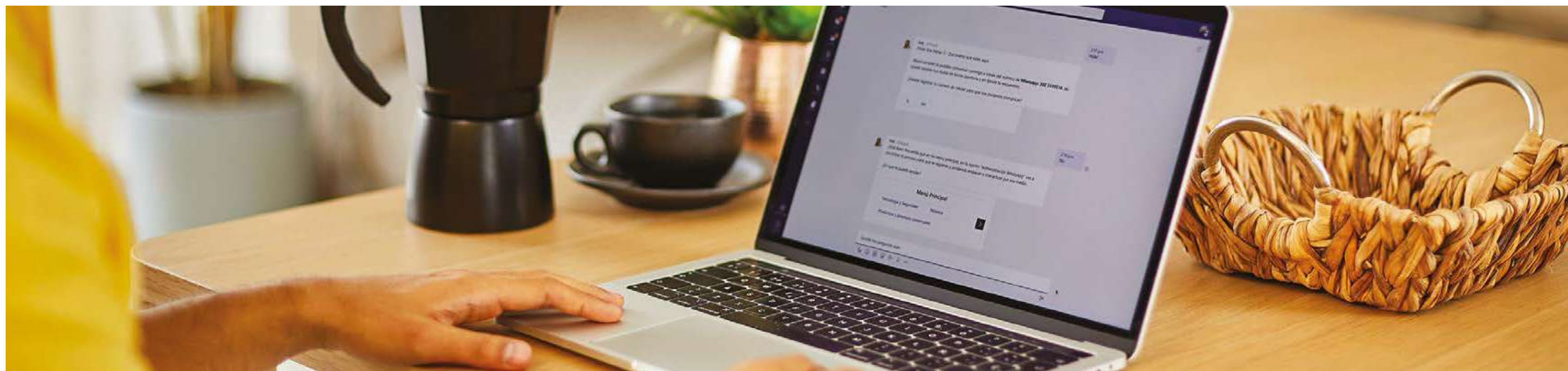
B. Demography GRI 401.1

Some measurement categories for diversity started on 2020.

We acknowledge the demographic diversity and the generational changes, seeking greater flexibility in all the development processes of the organization and the gender inclusion, knowledge and different capacities.

Indicator		2019		2020	
		Número	%	Número	%
Género	Women	18,503	62%	18,162	61%
	Men	11,485	38%	11,379	39%
Edad	Employees under 30 years	9,939	33%	8,820	30%
	Employees between 30 - 50 years	12,079	40%	18,309	62%
	Employees over 50 years	7,970	27%	2,412	8%
Antigüedad	Employees with less than 3 years seniority	7,220	24%	5,403	18%
	Employees with seniority 3-10 years	11,344	38%	12,549	42%
	Employees with more than 10 years seniority	11,424	38%	11,589	39%
Diversidad	Number and % of women with manager role (out of all managers)	2,531	57%	2,561	57%
	Number of women at junior level (manager, coordinator, leader, assistant manager, supervisor)	-	-	968	62%
	Number and % of women in senior management (directors and up)	98	35%	101	37%
	Number and% of business women (income generators)	-	-	1,400	62%
	Number and% of STEAM women (Employees with engineering, analytics, technology, developer, physicist and scientist knowledges)	-	-	1,694	45%
	Number of minority employees (disability, ethnic, Afro-descendant, etc.)	64	0.21%	257	0.87%

*The data includes national Bank and Subsidiaries, Peru, Banistmo, Bancolombia Panama, Bancolombia Puerto Rico, Banco Agrícola and BAM.



C. New employee rate GRI 401.1

Indicator	2019		2020	
	Events	% / rate	Events	% / rate
Total income	3,375	11%	1,679	6%
Women hired	1,888	56%	856	51%
Men hired	1,487	44%	823	49%
Employees hired under 30 years	2,598	77%	1,194	71%
Employees hired with 30 - 50 years	637	20%	471	28%
Employees hired over 50 years	104	3%	14	1%
Bancolombia Admissions	1,923	9%	810	4%
Banistmo Admissions	353	15%	181	8%
Bancolombia Panama Admissions	14	10%	9	6%
Bancolombia Puerto Rico Admissions	3	19%	1	7%
Banco Agrícola Admissions	443	15%	143	5%
BAM Admissions	639	21%	535	18%

*The data includes national Bank and Subsidiaries, Banistmo, Bancolombia Panama, Banco Agrícola, Bancolombia Puerto Rico and BAM.



D. Employee turnover by retirements GRI 401.1

Indicator	2019		2020	
	Events	% turnover	Events	% turnover
Total Retirements	3,426	11%	2,134	7%
Women Retirements	1,858	54%	1,187	56%
Men Retirements	1,568	46%	947	44%
Employees Retirements under 30 years	1,569	46%	888	42%
Employees Retirments with 30 - 50 years	993	29%	967	45%
Employees Retirements over 50 years	864	25%	279	13%
Voluntary Retirements	1,403	41%	823	39%
Wrongful termination (dismissals)	923	27%	368	17%
Mutual agreement Retirement	736	22%	538	25%
Bancolombia Retirements	1,512	7,0%	1,072	5%
Banistmo Retirements	317	14%	312	15%
Bancolombia Panama Retirements	14	10%	8	6%
Puerto Rico Retirements	2	13%	2	14%
Banco Agrícola Retirements	426	15%	225	8%
BAM Retirements	1,155	38%	515	17%

*The data includes national Bank and Subsidiaries, Banistmo, Bancolombia Panama, Bancolombia Puerto Rico, BAM and Banco Agrícola.



E. Grupo Bancolombia promotions GRI 401.1

Indicator	2019		2020	
	Events	Promotions Rate	Events	Promotions Rate
Total Promotions	3,509	12%	1,932	7%
Women’s promotions	2,010	57%	1,049	54%
Men’s promotions	1,499	43%	883	46%

*The data includes national Bank and Subsidiaries, Banistmo, Bancolombia Panama, Bancolombia Puerto Rico, BAM and Banco Agrícola.



F. Salary compensation by gender and age ranges GRI 405.2

*This information does not include senior management

Bancolombia - Colombia 2020 (Figures in pesos)				
Hierarchical Level	Gender	Population Percentage	Average monthly salary	% below men
Mid Strategic	Female	36%	18,972,635	0.6%
	Male	64%	19,091,758	
Tactics	Female	54%	9,154,712	1.9%
	Male	46%	9,332,353	
Professional Operator	Female	58%	4,307,711	1.6%
	Male	42%	4,377,128	
Operative	Female	68%	2,564,565	0.9%
	Male	32%	2,587,942	

Banistmo 2020 (Figures in dollars)				
Hierarchical Level	Gender	Population Percentage	Average monthly salary	% below men
Mid Strategic	Female	42%	10.785	25%
	Male	58%	14.398	
Tactics	Female	56%	4.764	10%
	Male	44%	5.265	
Professional Operator	Female	58%	1,949	8%
	Male	42%	2,121	
Operative	Female	73%	903	5%
	Male	27%	953	

Bancolombia Panama 2020 (Figures in dollars)				
Hierarchical Level	Gender	Population Percentage	Average monthly salary	% below men
Mid Strategic	Female	0%	0	100%
	Male	100%	20,400	
Tactics	Female	73%	5,825	35%
	Male	27%	9,029	
Professional Operator	Female	66%	2,217	-9%
	Male	34%	2,028	
Operative	Female	75%	1,146	-0.3%
	Male	25%	1,143	

Banco Agrícola 2020 (Figures in dollars)				
Hierarchical Level	Gender	Population Percentage	Salario promedio mensual	% below men
Mid Strategic	Female	33%	8,247	12%
	Male	67%	9,354	
Tactics	Female	54%	3,122	4%
	Male	46%	3,238	
Professional Operator	Female	53%	1,201	5%
	Male	47%	1,263	
Operative	Female	59%	521	-1%
	Male	41%	514	

Bancolombia Puerto Rico 2020 (Figures in dollars)				
Hierarchical Level	Gender	Population Percentage	Salario promedio mensual	% below men
Mid Strategic	Female	0%	0	0%
	Male	0%	0	
Tactics	Female	50%	4,859	40%
	Male	50%	8,047	
Professional Operator	Female	60%	3,423	-24%
	Male	40%	2,765	
Operative	Female	60%	2,606	-44%
	Male	40%	1,808	

BAM 2020 (figures in dollars)				
Hierarchical Level	Gender	Population Percentage	Salario promedio mensual	% below men
Mid Strategic	Female	46%	12,645	-11%
	Male	54%	11,343	
Tactics	Female	41%	4,881	-5%
	Male	59%	4,641	
Professional Operator	Female	46%	1,305	18%
	Male	54%	1,601	
Operative	Female	55%	526	6%
	Male	45%	557	

Gender pay gap

Salary

Median gender pay_women	Median gender pay_men	GAP
2,875,203	3,154,148	9.70%

Mean gender pay women	Mean gender pay_me	GAP
3,739,874	4,337,080	15.97%

Pay bonuses

Median gender pay_women	Median gender pay_men	GAP
3,732,775	3,917,795	4.96%

Mean gender pay women	Mean gender pay_me	GAP
10,696,849	14,309,989	33.78%

G. Talent education GRI 404.1

Indicator2020	
Leaders trained in the Leadership Institute program*	4,745 managers, 94% of the total managers
Newly trained managers*	376 managers, 71,4% of new managers
Total training hours	715,774
Average training hours per employee	24 hours / employee
Average virtual training hours per employee	21 hours / employee
Average on-site training hours per employee	3 hours / employee
Average training hours per employee Men	63 hours / employee
Average training hours per employee Women	39 hours / employee

Indicator2020	
Average training hours per employee Managers	160
Average training hours per employee Non managers	29
Investment in average training per person*	USD 153.5
Scholarship holders	49 Employees

*The data includes national Bank and Subsidiaries, Peru, Banistmo, Bancolombia Panama, Bancolombia Puerto Rico, Banco Agrícola and BAM.

Specific Position Training

Analysts school	
Active seats 2020	506
Itinerary	Personal leadership
	Agile learning
	Cultivate innovation
	Improvement culture
	Banking knowledge
Term	Communication skills
	96 hours

Auxiliary school	
Active seats 2020	447
Itinerary	Making your daily life easier
	Working Styles
	Communication skills
	Improvement culture
	Data science
	Statistics
Term	Knowing the financial business
	95 hours

Leadership institute	
Active seats 2020	3,000
Itinerary	I choose the change!
	Leadership action
	Agility
	Senior management and strategic leadership
	Storytelling
	Organizational courage and empowerment IL
	Workshop on the evolution of our organizational culture



Virtual course Manual SAC 2020

Our Objective is to provide knowledge on the SAC Manual implementation to all Grupo Bancolombia collaborators, in order to provide them with key elements that help them to adequately perform their duties and make informed decisions. The key topics are: what is the SAC Manual? what are the proposed areas? what types of requirements are there? requirements attention stages and requirements submitting channels.

Collaborators	Approved	Not completed	Not initiated	Grand Total	Compliance %
Investment Banking Bancolombia	41	0	0	41	100.0%
Bancolombia SA	16,093	11	95	16,199	99.3%
Fiduciaria Bancolombia	421	0	0	421	100.0%
Valores Bancolombia SA	279	0	2	281	99.3%
Grand Total	16,834	11	97	16,942	99.4%

Managers	Approved	Not completed	Not initiated	Grand Total	Compliance %
Investment Banking Bancolombia	35	0	0	35	100.0%
Bancolombia SA	3,126	3	25	3,154	99.1%
Fiduciaria Bancolombia	148	1	0	149	99.3%
Valores Bancolombia SA	172	0	0	172	100.0%
Grand Total	3,481	4	25	3,510	99.2%

Note: The 2020 virtual training plan began to be assigned in March and had a deadline for its completion on November 30, 2020.

Interns	Approved	Not completed	Grand Total	Compliance %
Bancolombia SA	432	20	452	95.6%
Fiduciaria Bancolombia	5	0	5	100.0%
Valores Bancolombia SA	1	0	1	100.0%
Grand Total	438	20	458	95.6%

Note: Income until November 30, 2020. Interns admitted in December have until January to complete their training plan.

New Collaborators	Approved	In progress	Grand Total	Compliance %
Investment Banking Bancolombia	4	0	4	100.0%
Bancolombia SA	730	0	732	99.7%
Fiduciaria Bancolombia	23	0	23	100.0%
Valores Bancolombia SA	20	0	20	100.0%
Grand Total	779	0	779	100%

Note: The Report includes income from January 1 to December 31, 2020.

Virtual Course Completion Handicapped Assistance 2020

Provides knowledge and recommendations to all Grupo Bancolombia collaborators on the proper care of people with disabilities. Addresses topics such as inclusive language, types of disabilities and disability recommendations for each type.

Collaborators	Approved	Not completed	Not initiated	Grand Total	Compliance %
Investment Banking Bancolombia	41	0	0	41	100.0%
Bancolombia SA	16,120	7	72	16,199	99.5%
Fiduciaria Bancolombia	420	0	1	421	99.8%
Valores Bancolombia SA	279	0	2	281	99.3%
Grand Total	16,860	7	75	16,942	99.5%

Managers	Approved	Not completed	Not initiated	Grand Total	Compliance %
Investment Banking Bancolombia	35	0	0	35	100.0%
Bancolombia SA	3,132	3	19	3,154	99.3%
Fiduciaria Bancolombia	148	1	0	149	99.3%
Valores Bancolombia SA	172	0	0	172	100.0%
Grand Total	3,487	4	19	3,510	99.3%

Note: The 2020 virtual training plan began to be assigned in March and had a deadline for its completion on November 30, 2020.

Interns	Approved	Not completed	Grand Total	Compliance %
Bancolombia SA	426	26	452	94.2%
Fiduciaria Bancolombia	5	0	5	100.0%
Valores Bancolombia SA	1	0	1	100.0%
Grand Total	432	26	458	94.3%

Note: Income until November 30, 2020. Interns admitted in December have until January to complete their training plan.

New Collaborators	Approved	In progress	Grand Total	Compliance %
Investment Banking Bancolombia	4	0	4	100.0%
Bancolombia SA	730	0	732	99.7%
Fiduciaria Bancolombia	23	0	23	100.0%
Valores Bancolombia SA	20	0	20	100.0%
Grand Total	779	0	779	100%

Note: The Report includes income from January 1 to December 31, 2020

Sustainability Compliance

The Sustainable Development Goals are explained through this course explaining how our Organization contributes to their compliance to generate wellbeing everyday for everyone.

Collaborators	Approved	Not completed	Not initiated	Grand Total	Compliance %
Investment Banking Bancolombia	41	0	0	41	100.0%
Bancolombia SA	16,103	9	87	16,199	99.4%
Fiduciaria Bancolombia	419	1	1	421	99.5%
Valores Bancolombia SA	281	0	0	281	100.0%
Grand Total	16,844	10	88	16,942	99.4%

Managers	Approved	Not completed	Not initiated	Grand Total	Compliance %
Investment Banking Bancolombia	35	0	0	35	100.0%
Bancolombia SA	3,131	2	21	3,154	99.3%
Fiduciaria Bancolombia	148	1	0	149	99.3%
Valores Bancolombia SA	172	0	0	172	100.0%
Grand Total	3,486	3	21	3,510	99.3%

Note: The 2020 virtual training plan began to be assigned in March and had a deadline for its completion on November 30, 2020.

New Collaborators	Approved	In progress	Grand Total	Compliance %
Investment Banking Bancolombia	4	0	4	100.0%
Bancolombia SA	730	0	732	99.7%
Fiduciaria Bancolombia	23	0	23	100.0%
Valores Bancolombia SA	20	0	20	100.0%
Grand Total	779	0	779	100%

Note: The Report includes income from January 1 to December 31, 2020.

Cybersecurity Virtual Course 2020

Program offers Cybersecurity knowledge to all Grupo Bancolombia collaborators enabling them with key elements to properly perform their duties and make informed decisions. The key topics are cybersecurity, cyber-attacks, secure user and password management and corporate security policies.

Collaborators	Approved	Not completed	Not initiated	Grand Total	Compliance %
Investment Banking Bancolombia	41	0	0	41	100.0%
Bancolombia SA	16,105	15	79	16,199	99.4%
Fiduciaria Bancolombia	421	0	0	421	100.0%
Valores Bancolombia SA	280	0	1	281	99.6%
Grand Total	16,847	15	80	16,942	99.4%

Managers	Approved	Not completed	Not initiated	Grand Total	Compliance %
Investment Banking Bancolombia	35	0	0	35	100.0%
Bancolombia SA	3,132	5	17	3,154	99.3%
Fiduciaria Bancolombia	148	1	0	149	99.3%
Valores Bancolombia SA	172	0	0	172	100.0%
Grand Total	3,487	6	17	3,510	99.3%

Note: The 2020 virtual training plan began to be assigned in March and had a deadline for its completion on November 30, 2020.

Interns	Approved	Not completed	Grand Total	Compliance %
Bancolombia SA	439	13	452	97.1%
Fiduciaria Bancolombia	5	0	5	100.0%
Valores Bancolombia SA	1	0	1	100.0%
Grand Total	445	13	458	97.2%

Note: Income until November 30, 2020. Interns admitted in December have until January to complete their training plan.

New Collaborators	Approved	In progress	Grand Total	Compliance %
Investment Banking Bancolombia	4	0	4	100.0%
Bancolombia SA	730	0	732	100.0%
Fiduciaria Bancolombia	23	0	23	100.0%
Valores Bancolombia SA	20	0	20	100.0%
Grand Total	779	0	779	100.00%

Note: Income until November 30, 2020. Interns admitted in December have until January to complete their training plan.

Undergraduate, certifications and post-graduate courses support for employees

Benefit type	Regime	N ° of Employees	Bank Contribution
Educational Assistance	Collective Convention	3,392	COP 6,920,654,432
Educational Benefit	Benefits By-law	60	COP 118,278,016
Graduate credit	Benefits By-law	77	COP 1,595,534,230



H. Performance evaluation GRI 404.3

The employee target group to be evaluated were 29,449.

Indicator	2019		2020	
	Number	%	Number	%
Employees with performance assessment*	27451	94%	27921	98%
Women with performance evaluation*	17056	94%	17198	97%
Men with performance evaluation*	10395	93%	10723	98%
Managers with performance assessment**	4062	92%	4330	98%

*The data includes national Bank and Subsidiaries, Peru, Banistmo, Bancolombia Panama, Bancolombia Puerto Rico, Banco Agrícola and BAM.
*Downward performance assessment.
**Upward performance assessment.



I. Quality of live GRI 401.2

Bancolombia and national subsidiaries	
Investment in Quality of Life programs	COP 9,459,919,657.00
Number of Quality of Life activities developed	18,999
N° of well-being activities developed	684
Number of activities developed for the employee's health	16,700
N° of activities developed in human security	1,615
Number of employee participation and their families in the Quality of Life programs	133,318

Banistmo	
Investment in Quality of Life programs	USD 334,672.00
Number of Quality of Life activities developed	440
N° of well-being activities developed	77
Number of activities developed for the employee's health	82
N° of activities developed in human security	281
Number of employee participation and their families in the Quality of Life programs	59,124

Bancolombia Panamá	
Investment in Quality of Life programs	USD 98,003
Number of Quality of Life activities developed	18
N° of well-being activities developed	14
Number of activities developed for the employee's health	3
N° of activities developed in human security	1
Number of employee participation and their families in the Quality of Life programs	1,118

Banco Agrícola (El Salvador)	
Investment in Quality of Life programs	USD 143,706
Number of Quality of Life activities developed	3,904
N° of well-being activities developed	4
Number of activities developed for the employee's health	3,826
N° of activities developed in human security	74
Number of employee participation and their families in the Quality of Life programs	18,755

Bancolombia Puerto Rico	
Investment in Quality of Life programs	USD 0
Number of Quality of Life activities developed	0
N° of well-being activities developed	0
Number of activities developed for the employee's health	0
N° of activities developed in human security	0
Number of employee participation and their families in the Quality of Life programs	0

BAM (Guatemala)	
Investment in Quality of Life programs	USD 116,594.34
Number of Quality of Life activities developed	1,249
N° of well-being activities developed	261
Number of activities developed for the employee's health	17
N° of activities developed in human security	971
Number of employee participation and their families in the Quality of Life programs	19,092



J. Absenteeism figures (% of lost time) GRI 403.2

General Disease	2017	2018	2019	2020
Bancolombia (Colombia)	1.96%	1.99%	1.74%	1.43%
Banistmo	0.12%	0.12%	1.08%	0.78%
Banco Agrícola	1.4%	1.3%	1.5%	1.21%
Bancolombia Panamá	1.29%	1.06%	1.42%	0.61%
Bancolombia Puerto Rico	0.86%	1.33%	0.58%	0.58%
BAM	0.9%	0.31%	0.63%	0.22%
Vendors				1.86%
Occupational disease and work accident				
Bancolombia (Colombia)	0.03%	0.03%	0.04%	0.01%
Banistmo	0.0015%	0.0%	0.1%	0.22%
Banco Agrícola	0.03%	0.04%	0.07%	0.05%
Bancolombia Panamá	0.00%	0.00%	0.62%	0.52%
Bancolombia Puerto Rico	0.00%	0.00%	0.00%	0%
BAM	0.49%	0.26%	0.29%	0.27%
Vendors				0.02%
Maternity/paternity leave				
Bancolombia (Colombia)	1.12%	1.02%	0.96%	0.80%
Banistmo	0.19%	0.19%	0.93%	2.41%
Banco Agrícola	0.11%	1.05%	0.90%	1.07%
Bancolombia Panamá	1.21%	0.83%	0.58%	1.33%
Bancolombia Puerto Rico	0.00%	0.00%	0.00%	0%
BAM	1.05%	0.86%	0.61%	0.76%
Vendors				0.24%
Other permissions				
Bancolombia (Colombia)	0.04%	0.81%	0.8%	0.6%
Banistmo	0.03%	0.03%	0.00%	0%
Banco Agrícola	0.0%	0.0%	0.00%	0.15%
Bancolombia Panamá	0.07%	0.08%	0.06%	0.11%
Bancolombia Puerto Rico	6.00%	0.0%	0.00%	0%
BAM	0.0%	0.0%	0.00%	0.02%
Vendors				N/A



K. Loans for employees GRI 401-2

Bancolombia and national subsidiaries (figures in pesos)				
	2019		2020	
Loans disbursed	Amounts	# Credits	Amounts	# Credits
Disbursed loans amounts	COP 320,883,744,427	7,386	COP 277,945,379,100	5,654
Education loans	COP 3,078,922,289	269	COP 1,634,179,679	150
Housing loans	COP 210,721,192,995	1,751	COP 198,483,442,517	1,532
Others	COP 107,083,629,143	5,366	COP 77,827,756,903	3,972

Banistmo (figures in dollars) 2020		
Loans disbursed	Amounts	# Credits
Disbursed loans amounts	USD 19,667,965.94	564
Education loans	USD 0	0
Housing loans	USD 11,202,278.27	108
Others	USD 8,465,687.67	456

Banco Agrícola (Figures in dollars) 2020		
Loans disbursed	Amounts	# Credits
Disbursed loans amounts	USD 11,494,365.14	1,444
Education loans	USD 33,143.76	5
Housing loans	USD 2,571,707.81	46
Others	USD 8,889,513.57	1393

BAM (cifras en dólares) 2020		
Loans disbursed	Amounts	# Credits
Disbursed loans amounts	USD 8,008,166.042	1,031
Education loans	USD 45,636.79	12
Housing loans	USD 2,219,976.85	278
Others	USD 5,742,552.39	741



L. Insurance for employees GRI 401-2

Bancolombia - Colombia 2020 (Figures in pesos)				
	Organizational Investment	Employee contributions	Benefited Employees	Benefited Family Members
Organizational Investment /contribution	COP 42,114,110,726,5	COP 47,663,841,810,7	18,954	13,545
Health	COP 33,750,472,975,5	COP 30,672,889,014,7	11,804	13,192
Vida grupo (management)	COP 3,849,557,220	COP -	22,085	0
Personal accidents (management)	COP 760,857,396	COP -	22,085	0
Others	COP 4,353,223,135	COP 16,990,952,796	7,676	0

Banistmo (Figures in dollars)				
	Organizational Investment	Employee contributions	Benefited Employees	Benefited Family Members
Organizational Investment /contribution	USD 2,481,377.40	USD 354,780.76	2,149	1,585
Health	USD 2,146,709.05	USD 354,780.76	2,149	1,585
Vida grupo (management)	USD 334,668.35	USD 0	2,246	0
Others	USD 0	USD 0	0	0

Banco Agrícola (Figures in dollars)				
	Organizational Investment	Employee contributions	Benefited Employees	Benefited Family Members
Organizational Investment /contribution	USD 2,699,941.31	USD 0	2,886	3,451
Health	USD 2,219,143.80	USD 0	2,886	3,451
Vida grupo (management)	USD 438,002.45	USD 0	2,915	0
Others	USD 42,795.56	USD 0	422	0





Bancolombia Panamá (Figures in dollars)				
	Organizational Investment	Employee contributions	Benefited Employees	Benefited Family Members
Organizational Investment /contribution	USD 295,013	USD 16,880	141	144
Health	USD 258,735	USD 15,461	141	144
Vida grupo (management)	USD 36,278	USD 0	141	0
Others	USD 0	USD 0	0	0

BAM (Figures in dollars)				
	Organizational Investment	Employee contributions	Benefited Employees	Benefited Family Members
Organizational Investment /contribution	USD 704,740.84	USD 672,280.95	3,341	864
Health	USD 640,393.84	USD 591,132.77	2,805	864
Vida grupo (management)	USD 64,347	USD 0	3,101	0
Others	USD 0	USD 81,148.18	240	0



M. Organizational savings programs GRI 401-2

Bancolombia - Colombia 2020 (Figures in million pesos)	
Organizational Investment /contribution	COP 17,823,630,041
Employee contribution	COP 12,241,824,412
Total savings	COP 30,065,454,453
Benefited Employees	11,107



Banistmo 2020 (cifras en dólares)	
Organizational Investment /contribution	USD 745,591.64
Employee contribution	USD 870,864.92
Total savings	USD 1,616,456.60
Benefited Employees	1,266



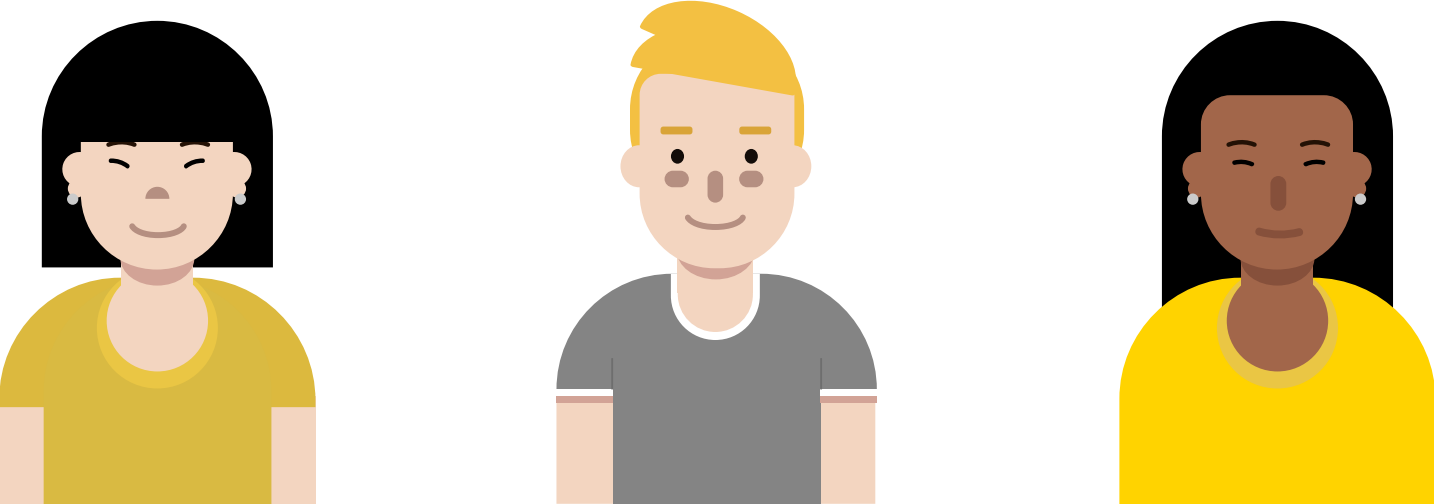
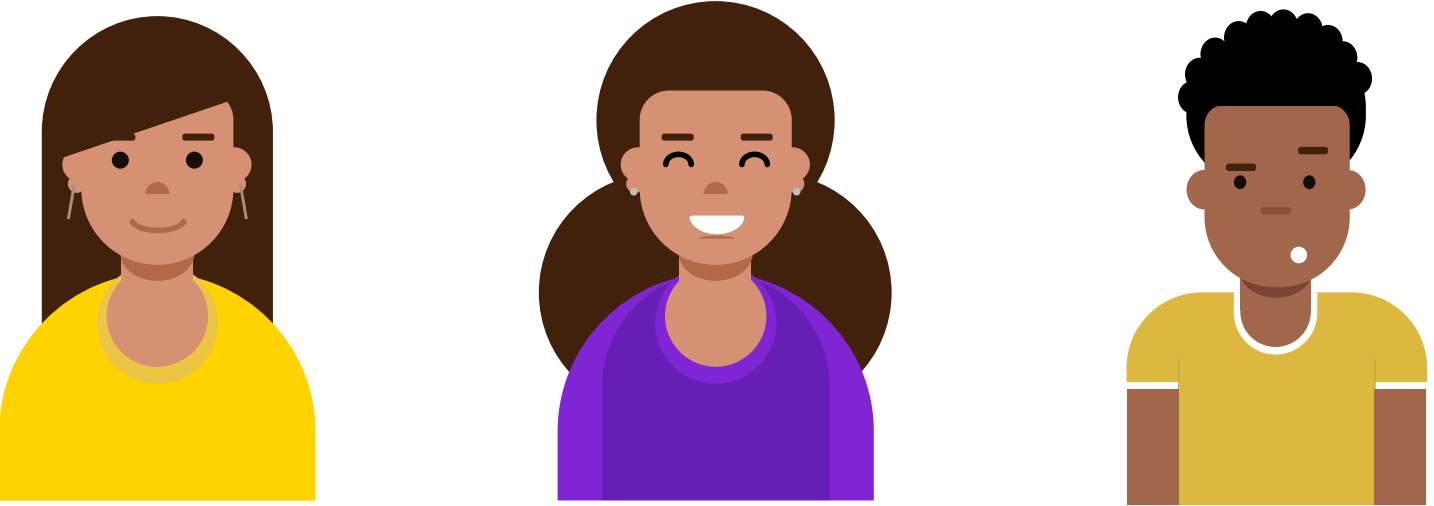


N. Work-related Injuries. GRI 403-9

Indicator	2020 Response
a. For all employees:	
i. Work-related casualties.	0
i. Work-related casualties.	0
ii. Number of work-related injuries with major consequences (casualties excluded).	1
ii. Rate of work-related injuries with major consequences (casualties excluded).	0.00394143
iii. Number of recordable work-related injuries.	229
iii. Rate of recordable work-related injuries.	0.902587549
iv. Main types of work-related injuries.	49% Bruise, contusion or crushing 19 % Intoxications 11 % Twists Sprains
v. The number of hours worked.	50,743,000
b. For all workers who are not employees, but their jobs or workplaces are controlled by the organization:	
i. Work-related casualties.	1
i. Work-related casualties.	0.004
ii. Number of work-related injuries with major consequences (casualties excluded).	4.000
ii. Rate of work-related injuries with major consequences (casualties excluded).	0.016
iii. Number of recordable work-related injuries.	84.000
iii. Rate of recordable work-related injuries.	0.345
iv. Most frequent types of work-related injuries.	43 % Bruise, contusion or crushing 23% Twists Sprains
v. The number of hours worked.	48,714,912

c. Occupational hazards that present an injury risk for occupational accidents with major consequences, indicating:	
i. How these hazards are determined.	Investigating each event with the COPASST in the Sigesa tool the actions and the matrix of risks and hazards are recorded.
ii. What hazards have caused or contributed to high consequence occupational injuries during the reporting period.	Behavior: no awareness of the proprioception level
iii. Actions taken or planned to eliminate such hazards and minimize risks through the control hierarchy.	Administrative controls: safety standards, in safe moving manners and awareness of the person's proprioception.
d. Actions taken or planned to eliminate other occupational hazards and minimize risks through the control hierarchy.	Administrative controls: Safety inspections, education and safety standards socialization
e. If the rates have been calculated per 200,000 or per 1,000,000 hours worked.	200,000
f. If any workers have been excluded from this Content, including the worker type and the reason for exclusion.	This is 100% of Colombia
g. Any contextual information necessary to understand how the data were collected, as well as any standards, methodologies or assumptions used.	Capturing the employees' report information to the bank and the Arl's queries report in the Sigesa application registers the information of the presumed occupational accidents and implements the following steps: ARL Report, Investigation, Evaluation and Follow-up of the event, with this information the different prevention and risk control actions are implemented, as well as follow-up of the health of the people involved. And vendors report through Sigesa, all occupational accident events.





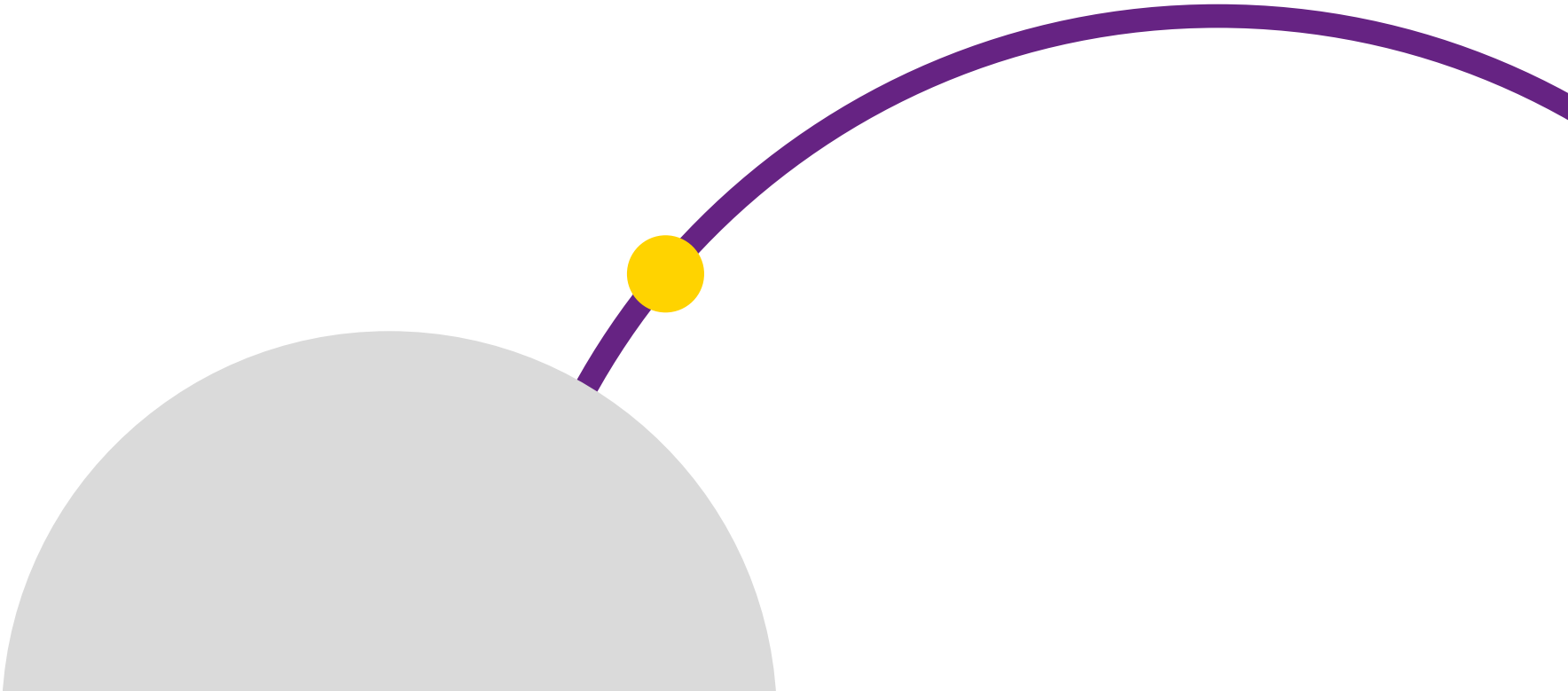
O. Occupational illnesses and diseases GRI 403-10

Indicator	Answer - 2020
a: For all employees:	
i. The number of casualties resulting from an occupational disease or illness.	0
ii. The number of recordable cases from occupational diseases and illnesses.	40
iii. The main types of occupational diseases and illnesses.	Osteomuscular and COVID
b: For all workers who are not employees, but their jobs or workplaces are controlled by the organization:	
i. The number of casualties resulting from an occupational disease or illness.	0
ii. The number of recordable cases from occupational diseases and illnesses.	0
iii. The main types of occupational diseases and illnesses.	NA
c: Occupational hazards that pose a risk of illness or disease, indicating:	NA
i. How these hazards are determined.	Workstation Assessment, Investigation and Risk and Hazard Matrix
ii. Which of these hazards have caused or contributed to occupational diseases and illnesses during the reporting period.	60% Biological. Viruses and Bacteria (Covid) 38 % Biomechanical, forced postures and repetitive motions
iii. Actions taken or planned to eliminate such hazards and minimize risks through the control hierarchy.	Engineering Controls: in Biomechanical Factor: Counting machines, workstations renovation, Workstation and project design involvement. In Biological Factor: Safety barriers to minimize contact with customers and exposure to viruses, cleaning and disinfection systems Administrative Controls: Biomechanical Factor: Active pauses, working hours reduction, return to work according to health condition, training, occupational medical evaluations with emphasis on ergonomics. In Biological Factor: Health monitoring, training and education.

d. If any workers have been excluded from this Content, including the worker type and the reason for exclusion.	Applicable to Colombia.
e. Any contextual information necessary to understand how the data were collected, as well as any standards, methodologies or assumptions used.	With work-related illnesses rated by the social security entities following requests made by employees or with their physicians definition, the insurance company analyzes and investigates them considering the risk factors and the workstations assessment.

For more details related to the information disclosed in the preceding report, please click on the following link where you will find policy guidelines, demographics, benefits, employee metrics, among other relevant topics:

here

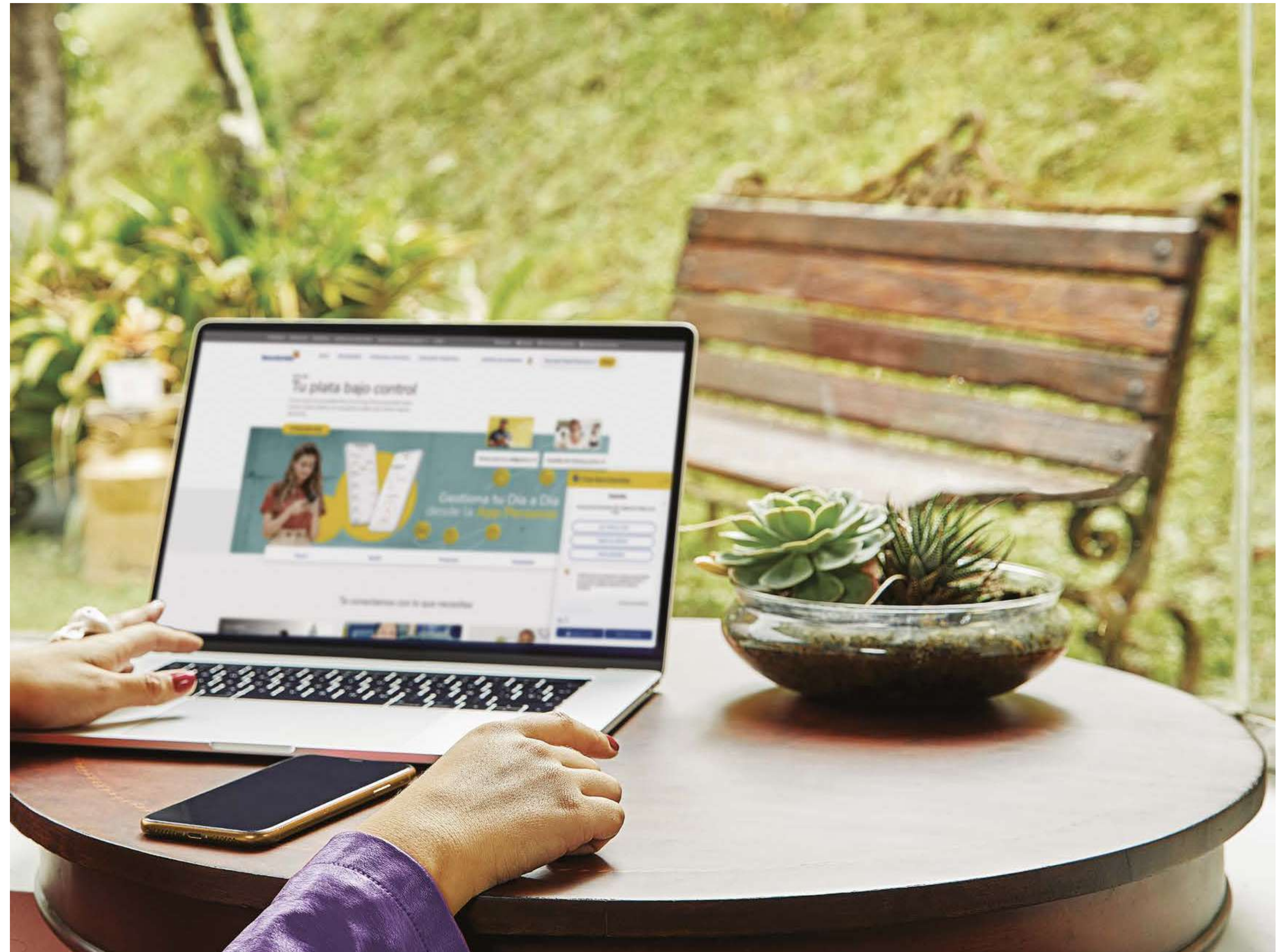


C h a p t e r

08

GRI STANDARD 2018 AND ALIGNMENT WITH THE SDGS

This Report has been prepared in accordance with the
Core option of the GRI Standards.



General Standard



GRI 2020

General Aspects of the Report	Page / Answer	Omissions and comments	Sustainable Development Goals (SDG)	External verification
Strategy				
102-14. Disclosure from the organization’s CEO of the organization’s sustainability relevance.	Letter from the CEO_ Purpose Bancolombia_Generate sustainable economic development to achieve the well-being of all - Pg, 7 - 9.		We have committed to SDG1, SDG4, SDG5, SDG8, SDG9, SDG11 and SDG13 as a result of our corporate purposes.	
102-15. Description of the main impacts, risks and opportunities.	Letter from the CEO Page 7 - 9.			
Profile of the organization				
102-1. Organization name’s.	Bancolombia Banco Comercial.			
102-2. Activities, brands, products and services.	Pages 4, 10 to 11 Report coverage.	Pension funds and other shareholders with a stock of more than 5% are private entities		
102-3. Headquarters location.	Avenida Los Industriales, Carrera 48 #26 - 85, Medellín-Colombia. Headquarters.			
102-4. Operations’ Location.	Pages 4, 10 to 11 Report coverage.			
102-5. Property and legal structure nature.	8. Separate and consolidated financial statements. P. 155 onward.			
102-6. Markets attended (Including the geographical breakdown, the sectors it supplies and the customer types).	Bancolombia Banco Comercial P. 4 and p. 28 - 34.			
102-7. Size of the organization.	Bancolombia Banco Comercial P. 4 and p. 28 - 34.			
102-8. Information about employees and other workers.	7. Culture and talent for the new normal Page 138 and following.			
102-41. Employee percentage report covered by a collective agreement.	By 2020, the collective labor agreement will benefit 12,182 employees, which corresponds to 57% of Bancolombia’s operational employees, regardless of whether or not they are union members.			

102-9. Supply Chain.	4. Maintain our financial strength. p. 53 and 7. Culture and talent for the new normal Page 137.			
102-10. Significant changes in the organization and its supply chain.	Page 3 we have defined a new purpose from 2020, we announced it in the 2019 report because it goes hand in hand with all our relationship groups. "We promote sustainable economic development to achieve the well-being of ALL The new identification of material issues, which were discussed in 2020, are guiding the development of this report.			
102-11. Description of how the organization has adopted a precautionary approach or principle.	4. Maintaining our financial strength Page 26			
102-12. External initiatives-Principles or social, environmental and economic programs developed externally, as well as any other initiative that the organization subscribes or supports.	Development of the 2020 report p. 2 - We promote self-aware leadership p. 99.		Objective #17	
102-13. Subscription to associations.	Development of the 2020 report p. 2 - We promote self-aware leadership p. 99.		Objective #17	
Reports and material topics practices				
102-45. Entities included in the consolidated financial statements.	8. Separate and consolidated financial statements. P. 155 onward.			
102-46. Report content and subject matter coverage defined.	1. About Us Dialogue with our relationship groups Page 15.			
102-47. List of material topics.	1. About Us Dialogue with our relationship groups Page 15.			
103-1. Explanation of the material topic and its coverage.	See Dialogue with our stakeholders on the following web link https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/sostenibilidad/reporte-de-sostenibilidad/modelo-de-sostenibilidad			
103-2. Management focus of each material topic.	2. Our strategy page 18 - 19 Report Development - Dialogue with our stakeholders Page 15.			
102-48. Restatement of information-Description of the effect that the restatement of information belonging to previous reports may have.	Development of the report 2020 The GRI 207 indicators _ Page 35. Tax strategy is named for the first time within the GRI table. Eco-efficiency_Page 46. We have updated the methodology for measuring electric power and water, and have restated the data to ensure greater consistency and accuracy of the information.			
102-49. Changes in the report development.	Development of the 2020 report Indicator 403-2 was complemented with indicators 403-1 to 403-10 to be reported on the web.			

Relationship groups				
102-40. List of relationship groups.	Management report Page 15 See Dialogue information with our relationship groups on the following web link https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/sostenibilidad			
102-42. Identification and selection of relationship groups.				
102-43. Approach for the relationship groups involvement.				
102-44. Report the stakeholders and the topics they identified as relevant.				
Report Profile				
102-50. Period covered by the information included in the report.	From January 1, 2020 to December 31, 2021.			
102-51. Date of the last report.	2020.			
102-52. Report drafting cycle (Annual-Biannual).	Annual.			
102-53. Contact information for questions about the report.	You can contact us at the email comunica@bancolombia.com.co			
102-54. Declaration of the report’s drafting in accordance with the GRI standards.	"This Report has been prepared in accordance with the GRI Standards: Essential".			
102-55. GRI Content Index.	It is created using the methodology under the GRI Standard version.			
102-56. External verification of the report.	See Deloitte certificate in the report.			
Government				
102-18. The governance structure of the organization, including the committees of the highest governance body.	4. Corporate Governance Report, page 54.			
102-19. Report the authority delegation process for economic, environmental and social issues of senior management to senior executives and other employees.	Sustainability issues are carried out by the Sustainability Department, which depends on the Corporate Vice Presidency for Innovation and Sustainability. Page 10 About Us Page 14 Steering Committee.			
102-20. Executive level responsibility for economic, environmental and social issues, and if this position reports directly to senior management.				
102-21. Inquiry of relationship groups on economic, environmental and social issues.				
102-22. Report the composition of the senior management and its committees: -Executives and non-executives. -Self-employed. -Term of office. -Gender. -Minority Members. -Competencies related to economic, social and environmental issues.	4. Corporate Governance Report, page 54 - 61.			






102-23. President of the highest governing body.	4. Corporate Governance Report, page 58.			
102-24. Report on the nomination and selection process of senior management members and its committees. In the selection consider how: -Diversity is considered. -Independence is considered. -Experience in economic, social and environmental issues is considered. -Shareholders are involved.	4. Corporate Governance Report, page 54 - 61.			
102-25. Procedures implemented to avoid conflicts of interest in the highest governing body.	3. Corporate Governance Report, page 54 - 61 and on the website https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/gobierno-corporativo			
102-26. Maximum control entity function in the selection of the purpose, values, mission, strategies, policies				
102-27. Report the measures taken to develop and strengthen the knowledge of the members of the highest governance body on economic, social and environmental issues.				
102-29. Report the role of the highest government body in the identification and management of economic, social and environmental impacts, risks and opportunities.				
102-30. Report the role of the highest government body in reviewing the effectiveness of the risk management system for economic, social and environmental issues.	The Board of Directors is the highest level instance of the report's review.			
102-32. Report the highest committee or position responsible for reviewing and approving the sustainability report and ensuring that all material issues are covered.				
102-33. Critical processes communication.	The General Secretariat of the Bank, on a monthly basis, consolidates the strategic issues to be presented to the Board of Directors, which are validated in advance by the President and his Basic Support Committee.			
102-34. Report the nature and total number of critical issues that were communicated to the highest governance body and the mechanisms used to analyze and resolve them.	The Board is informed of the progress in the strategy defined for the organization. At the same time, it has support committees in matters of: Risks, Good Governance, Audit, Appointment and Offsetting. P. 54 - 61 Critical issues reviewed in the committee Page 59.			
102-35. Report compensation policies for the highest governance body and senior executives:	4. Corporate Governance Report, page 54 - 61 and on the website https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/gobierno-corporativo			
102-36. Report the process to determine the compensation. Indicate if there are consultants responsible for determining it.				

102-37. Engagement of the relationship groups in the compensation.	The shareholder relationship group is considered in the assembly.			
102-38. Report the annual compensation rate of the highest position in the organization against the annual compensation average of all employees.		Confidential information.		
102-38. Report the growth percentage rate of the annual compensation rate of the highest position in the organization against the growth percentage average annual compensation of all employees.	For unionized employees 6.36%, employees in benefit status 4.80.			
Ethics and integrity				
102-16. Describe the values, principles, standards and behavior guidelines of the organization such as conduct codes and ethics codes.	CEO Letter - Page 7 - 9 a reputational journey, influenced by new expectations and consistent performance. 38.			
102-17. Ethics Advice and Concerns Mechanisms Report internal and external mechanisms to report concerns about unethical or non-upright behaviors, through reports to senior executives, complaints or ethics lines.	Manuals and information available on the external website and on the intranet or internal site. Internal control system report page 63 Web Site: https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/sostenibilidad/reporte-de-sostenibilidad/banco-etico 4. Corporate Governance Report, page 54 External website with instruction for the ethical line https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/gobierno-corporativo Tab 8 Ethics Manuals and information available on the external website and on the intranet or internal site. Internal control system report page 63 Web Site: https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/sostenibilidad/reporte-de-sostenibilidad/banco-etico			
103-3. Management approach assessment.	Development of the 2020 report, external audit certification Deloitte.			
Tax information				
207-1. Tax Approach.	Tax strategy. 4. Tax policy_ Page 35 Web https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/sostenibilidad/reporte-de-sostenibilidad/banco-etico Tax Strategy Tab.			
207-4. Country-by-country reporting.	Web Tab Strategy and taxes Subtitle Tax report by Segments and country by country.			

Particular section

GRI - STANDARD - 2020

Material Theme	Indicator	Page / Answer	Omissions and comments	Sustainable Development Goals (SDG)	External verification
Keep our financial strength	301-1. Materials used by weight or volume.	Materials by weight and volume - paper (Kg) page 47.			✓
	303-5. Water consumption.	Water consumption in the organization page 48 Indicators 303.1-303.3-303.4 and 303.5.		Goal #16	✓
	302-1. Energy consumption within the organization.	Energy consumption in the organization pages 48 and 49 Our consumption comes from renewable and non-renewable sources. In 2020, 100% of the electricity consumed by our facilities in Colombia was renewable. In order to do so, we purchased certified renewable energy (iREC) for approximately 65,000MWh and generated 527 MWh with our energy photovoltaic solar systems with an installed capacity of 850 KWp.		Goal #7	✓
	302-3. Enenergy-giving intensity.				✓
	302-4. Reduction of energy consumption.				✓
	305-1. Direct emissions (scope 1) of GHG.	Grupo Bancolombia Emissions page 50 - 51.		Goal #13	✓
	305-2. Indirect energy (Scope 2) GHG Emissions.				✓
	305-3. Other indirect emissions (Scope 3) of GHG.				✓
	305-4. Intensity of GHG emissions.				✓
	305-5. Reduction of GHG emissions.				✓
	306-2. Residue by type and disposal method.	Residue total weight by type and disposal method Page 52.		Goal #10	✓
Well-being for All	201-2. Financial implications and other risks and opportunities due to climate change.	Build Sustainable Cities and Communities. Climate change page 102.		Goal #10	✓
	413-1. Operations with local community involvement, impact evaluations and development programs.	Fundación Bancolombia Page 108 - 111 Support lines through the Fundación Bancolombia email address - fubancol@bancolombia.com.co			
	B1. Strengthen the country's productive network competitiveness: (Foundation) Línea En CAMPO.	TOTAL Investment for the line \$495,303,914_Current beneficiaries Naturleche, Páramo Snacks and Urbania Café Management report Fundación Bancolombia https://fundacionbancolombia.org/wp-content/uploads/2021/03/INFORME-DE-GESTION-2020-FINAL.pdf http://www.encampo.co/		Goal #8, #5, #1, #2	✓

Well-being for All	B2. Covid emergency _Employee donations _Foundation Supports and sponsorships.	Second phase of debtor assistance: understanding the new reality Page 24 and 25 We mobilize the talent and resources of Grupo Bancolombia and Allied Page 110.		Goal #8, #1, #2, #3	
	B3. Strengthen the country's productive network competitiveness: Adoption of the E-banking and App Pymes_Support SMEs with tailor-made solutions that strengthen their competitiveness.	At the end of 2020, the digital adoption of our customers in App Pymes and Sucursal Virtual Pymes was 27,120 and 6,398 respectively, where we enabled new functionalities that allow them to continue managing their business, such as: ACH transfers, payroll settlement through Nominapp, pre-approved limits display, working capital disbursement, and changes in the legal entities registration and authentication. Page 122 SMEs increasingly digital_Results for the last quarter of 2020 are reported.		Goal #8	
	B4. Strengthen the country's productive network competitiveness: Disbursements in the Agro segment.	The Banco del Agro (Agro Bank) page 94., Disbursements for 5.5 trillion COP.		Goal #9 and #11	
	B5. Build more sustainable cities and communities: # of customers using sustainable line financing, # of customers with sustainable portfolios investments, # of users of sustainable ecosystem solutions.	5. Sustainable Finance, page 93. 4. Responsible Investment, page 43. 5. Ecosystems, page 107.		Goal #13 and #11	
	B6. Promote financial inclusion: Strengthening relationships with BALM and Nequi banked customers.	Financial Inclusion Page 105. At the end of 2020, Nequi had more than 4 million users, of which 82% are between 18 and 35 years old. At the end of the year, 4.7 million people used Bancolombia a la Mano, and made more than 90 million transactions, 150% more than in 2019.		Goal #1	
	GRI FS7. Monetary value of products and services designed to provide a specific social benefit for each line of business broken down by purpose.	Productive Network Strengthening page 92 Monetary value of Bancolombia a la Mano at the end of 2020: \$ 389,030,607,850. Monetary value of Crédito a la Mano at the end of 2020: \$ 61,592,402,233.		Goal #9 and #11	
	FS8. Monetary value of the products and services designed to provide a specific environmental benefit for each line of business broken down according to its purpose.	Sustainable Finances, page 93.		Goal #12, #11, #9	
	GRI FS13. Access points in areas of low population density or economically disadvantaged according to the type.	Financial Inclusion Page 105 - 106 Channels, page 124 Correspondent Banks: Colombia we reached the goal of exceeding 15,000 bank correspondents, they are in all corners of the country. 17,109 Correspondent Banks.		Goal #1, #5	

Well-being for All	GRI FS14. Initiatives to improve access to financial services for disadvantaged people.	<p>Financial inclusion and financial education_ Page 105- 106 Some initiative examples: Values in Colombian Pesos COP</p> <p>Savings and housing credit for Colombians abroad:</p> <ul style="list-style-type: none"> •Number of savings accounts opened by Colombians abroad in 2020: 2.985 accounts. •Number of mortgage loan disbursements for Colombians abroad: 2,152 disbursements in 2020. •Throughout our history, we have disbursed 17,779 credits to residents abroad. •Amount of mortgage loans disbursed to Colombians abroad in 2020: \$276.403.255.757. •Average credit balance 2020: \$128.698.010. •Loans balance December 2020: \$984.871.700.459. •Average loans balance: \$957.215.186.643. <p>Bancolombia A la Mano:</p> <ul style="list-style-type: none"> •Number of Ahorro a la Mano accounts 4,652,730. •Number of Ahorro a la Mano active accounts is 3,025,663 approximately 65% of total accounts. •Average balance of Ahorro a la Mano accounts closed \$79,394. •Balance of Ahorro a la Mano accounts complete closure \$389,030,607,850. •Number of Ahorro a la mano APP Affiliations: 1.932.900. •Number of SIM affiliations: 1.074.941. 		Goal #10	✓
Keeping the loyalty and preference of our customers	B7. Promoter Score Variation (in competitive scenarios) 102 - 43 & 102 - 44.	NPS Grupo Bancolombia 69.66 page 116 Results by segments - 117 Consolidated Corporate.			✓
	B8. Digital sales.	We strengthened our channels with digital solutions Page 120.			✓
	B9. Digital currency transactions.	Money management made easier by Bancolombia Page 118.			✓
	418-1. Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data.	Ver la información pública en el siguiente sitio web https://www.grupobancolombia.com/wps/portal/about-us/corporate-information/sustainability/ethical-bank			✓
Culture and talent for the new normal	401-1. Recruitment of new employees and employees' turnover.	Employee Relations - Talent Management. Page 138 - 153.		Goal #5 and #8	✓
	401-2. Benefits provided to full-time employees that are not provided to temporary or part-time employees.	Employee Relations - Talent Management. Page 138 - 153.		Goal #3	✓

Culture and talent for the new normal	403-1. Occupational health and safety management system.	https://www.grupobancolombia.com/wps/wcm/connect/eaafc854-a9c4-4798-9f3e-4808ebd57fd0/GI_dow_jones_indicadores_GRI_sitio_web_externo+%281%29.pdf?MOD=AJPERES&CVID=nhfxCAq		Goal #3, #8	
	403-2. Hazard identification, risk assessment and incident investigation.				
	403-3. Occupational health services.				
	403-4. Worker participation, queries and communication on occupational health and safety.				
	403-5. Worker's training on occupational health and safety.				
	403-6. Workers' health promotion.				
	403-7. Prevention and mitigation of worker's health and safety impacts of workers directly associated to business relationships.				
	403-8. Occupational health and safety management system coverage.				
	403-9. Work-related Injuries.	Relationship with employees. Page 152 https://www.grupobancolombia.com/wps/wcm/connect/eaafc854-a9c4-4798-9f3e-4808ebd57fd0/GI_dow_jones_indicadores_GRI_sitio_web_externo+%281%29.pdf?MOD=AJPERES&CVID=nhfxCAq			
	403-10. Occupational illnesses and diseases.	Relationship with employees. Page 153 https://www.grupobancolombia.com/wps/wcm/connect/eaafc854-a9c4-4798-9f3e-4808ebd57fd0/GI_dow_jones_indicadores_GRI_sitio_web_externo+%281%29.pdf?MOD=AJPERES&CVID=nhfxCAq			
	404-1. Average hours of training per year per employee.	Relationship with employees. Page 142 - 144.		Goal #4	
	404-3. Percentage of employees who receive regular performance and professional development evaluations.	Relationship with employees. Page 145.			
	405-2. Relationship between the base salary and the compensation of women to men.	Relationship with employees. Page 140 - 141.	Senior management is excluded	Goal #10, #5	
	406-1. Incidents of discrimination and corrective measures taken.	Discrimination incidents and corrective measures taken page 137.		Goal #16, #8, #16	
	412-1. Operations subject to impact reviews or evaluations on human rights.	Human Rights "Promote, respect and remediate" Page 135.			

Culture and talent for the new normal	B10. Digital culture competence evolution.	https://www.grupobancolombia.com/wps/wcm/connect/dc2a4c7f-67bb-4d71-a5d3-9225cebee5fc/Digitalidad.png?MOD=AJPERES&CVID=nzHVQF			✓
	B11. Culture indicator.	https://www.grupobancolombia.com/wps/wcm/connect/80672125-4552-49db-9351-fd43bc803252/Variables+emocionales.png?MOD=AJPERES&CVID=nzIVCA- B12			✓
	Employee Well-being.	https://www.grupobancolombia.com/wps/wcm/connect/80672125-4552-49db-9351-fd43bc803252/Variables+emocionales.png?MOD=AJPERES&CVID=nzIVCA-			✓
Not associated	Business Risks: Policies -Aspects covered by the company's procedures to finance or offer services to large-scale projects.	Environmental and social risk analysis in financing (ARAS BANCOLOMBIA) Page 44 - 46.			✓
	Effectiveness of the Board of Directors -Attendance and mandates of the board of directors. -Board of Directors Performance Assessment. -Election of the board of directors members.	_Corporate governance chapter Page 56 to 61. _Committees attendance see on page 58 Quorum and attendance to the Board of Directors and Committee. _External evaluation carried out in 2019 by ATKearney and self-evaluation for 2020, both results presented before the Good Governance committee. -Election of the board of directors members The procedures defined in the Code of Good Governance were complied with, in terms of profile publication, candidate presentation and publication, competence analysis and suitability evaluation by the Good Governance Committee, as well as the incompatibilities, inabilities and aptitude validation to be registered by the Financial Superintendence of Colombia as administrator of a financial entity.			✓
	Codes of conduct: Systems / Procedures -Mechanisms adopted for the effective implementation of codes of conduct.	The associated mechanisms for compliance with the code of ethics were evaluated. Accompanying trainings for employees and vendors as well as the complaints' possibility through the ethics line.			✓

Memorandum of independent review

Independent Review of the Management Report 2020 – Grupo Bancolombia.

Responsibilities of the Management of Grupo Bancolombia and Deloitte.

The preparation of the 2020 Annual Management Report of Grupo Bancolombia, between January 1st and December 31, and its content are the responsibility of the organization which is also responsible for defining, adapting and maintaining management systems and internal control which information is obtained.

Our responsibility is to issue an independent report based on the procedures applied and previously agreed upon for our review.

This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the Management of the Bank.

We have performed our work in accordance with the Independence regulations required by the ethics code of the International Federation of Accountants (IFAC).

Scope of our work

The scope of a limited review is substantially less than an audit. Therefore, we do not provide an audit about the Management Report.

We have carried out the review of the content adaptation of Grupo Bancolombia Management Report 2020, to the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards).

Standards and review processes

We have carried out our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work consisted in the formulation of questions to the Administration, as well as to the different areas and operations of Grupo Bancolombia that have participated in the elaboration of the Management Report 2020, in the application of analytical procedures and tests of revision by sampling that is described below:

- Interviews with Grupo Bancolombia employees to know about the principles, management approaches and data consolidation systems applied to prepare the Report.
- Analysis of how the content, structure and indicators were defined, based on the materiality exercise according to the GRI Standards.
- Analysis of the processes to collect and validate the data presented in the report.
- Checking, by sample, testing and review of quantitative and qualitative evidence corresponding to the GRI contents and Grupo Bancolombia internal indicators included in the 2020 Management Report, and proper compilation from the data supplied by Grupo Bancolombia.

Confirmation that the 2020 Management Report of Grupo Bancolombia has been prepared in accordance with GRI Standards: Core option "in accordance"

General contents:

It was confirmed that the report conforms to the requirements of the core option "in accordance" with the GRI Standards regarding the general basic contents.

Specific contents:

We review the management approach, the GRI, DJSI and internal contents of its material issues:



ANNEX 1.

Material	GRI content and / or own indicator of Grupo Bancolombia
Maintain our financial strength	301-1. Materials used by weight or volume.
	303-5. Water consumption.
	302-1. Energy consumption within the organization.
	302-3. Energy intensity.
	302-4. Reduction of energy consumption.
	305-1. Direct (Scope 1) GHG emissions.
	305-2. Energy indirect (Scope 2) GHG emissions.
	305-3. Other indirect (Scope 3) GHG emissions.
	305-4. GHG emissions intensity.
	305-5. Reduction of GHG emissions.
	306-2. Waste by type and disposal method.
Well-being for all	B1. Strengthen the competitiveness of the country's productive fabric: (Foundation) “Línea En CAMPO”.
	B2. COVID Emergency (Employee Donations and Foundation Support and Sponsorship).
	B3. Strengthen the competitiveness of the country's productive fabric: Adoption of the Virtual Branch and App Pymes-Support SMEs with customized solutions that strengthen their competitiveness.
	B4. Strengthen the competitiveness of the country's productive fabric: Disbursements in the Agro segment.
	B5. Build more sustainable cities and communities: # of clients using sustainable line financing, # of clients with investments in sustainable portfolios, # of users of sustainable ecosystem solutions.
	B6. Promote financial inclusion: Deepening the relationship with BALM and Nequi banked clients.
	GRI FS7. Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.
	GRI FS14. Initiatives to improve access to financial services for disadvantaged people.
	GRI FS13. Access points in low-populated or economically disadvantaged areas by type.
	201-2. Financial implications and other risks and opportunities due to climate change.

Maintain the loyalty and preference of our customers	B7. Promoter Score variation (in competitive scenarios)102-43 & 102-44.
	B8. Digital Sales.
	B9. Digital monetary transactions.
	102-16. Values, principles, standards, and norms of behavior.
	102-17. Mechanisms for advice and concerns about ethics.
	418-1. Substantiated complaints concerning breaches of customer privacy and losses of customer data.
Culture and talent for the new normal	406-1. Incidents of discrimination and corrective actions taken.
	412-1. Operations that have been subject to human rights reviews or impact assessments.
	401-1. New employee hires and employee turnover.
	401-2. Benefits provided to full-time employees that are not provided to temporary or part-time employees.
	403-1. Occupational health and safety management system.
	403-2. Hazard identification, risk assessment, and incident investigation.
	403-3. Occupational health services.
	403-9. Work-related injuries.
	403-10. Work-related ill health.
	404-1. Average hours of training per year per employee.
	404-3. Percentage of employees receiving regular performance and career development reviews.
	405-2. Ratio of basic salary and remuneration of women to men.
Not associated	B10. Digital competition evolution.
	B11. Culture Indicator.
	B12. Employee wellness.
	Business risks: Policies (Aspects covered by the company's procedures for financing or servicing large- scale projects).
	Board Efficiency (Board attendance and mandates, Board performance evaluation, Election of Board Members).
	Codes of Conduct: Systems/Procedures (Mechanisms adopted for efficient implementation of codes of conduct).

ANNEX 2. DJSI Indicators

Aspects covered by the company's procedures to finance or offer services to large-scale projects.
Percentage of customers actively using electronic banking / financial services.
Using key performance indicators to measure the social and business impact of financial inclusion initiatives.
Existing policy / procedures ensuring efficient creation and implementation of a culture of fighting money laundering.
GRI 102-16. Values, principles, standards, and norms of behavior.
GRI 102-17. Mechanisms for advice and concerns about ethics.

ANNEX 3.

Green Bonds review

First emission

We have reviewed that: the resources of the first emission for COP \$350,000 million, have a term of 7 years and an IBR (Benchmark bank index) + 2.2% rate and were acquired in its entirety by the International Finance Corporation (IFC), complies with the described in the Green Bond Management Approach defined by Grupo Bancolombia in 2016.

Explanatory note: We confirm that the resources of the first bond are fully invested. At the end of December 31, 2020, the following are the projects where the resources are invested:

Category	Amount (COP)
Hydro-power projects.	COP 216.543.810.084
Sustainable construction projects.	COP 154.013.337.040

Second Emission

We have reviewed that: the resources of the emission for COP \$300,000 million, have a term between 3 and 5 years and an average rate of CPI (Consumer Price Index) +2.77 EA (effective annual rate) and were acquired by different buyers such as private investors, pension funds, credit establishments , among others; complies with the described in the Green Bond Management Approach defined by Grupo Bancolombia in 2019.

In this approach, it is stated that the resources of the Green Bond must be invested in renewable energy projects and sustainable construction. Grupo Bancolombia is responsible for the investment process. Our responsibility is to express an opinion on the use of resources based on our review.

The commitment to the buyers of the Bond is that the resources are fully invested at the end of each year until the final term of the Green Bond. At the end of December 31, 2020, the following are the projects where the resources are invested:

Category	Amount (COP)
Renewable Energy.	COP 211.856.537.364
Sustainable construction projects.	COP 92.469.000.000

ANNEX 4.

Sustainable Bond Review

We have reviewed that the resources of the issue for COP \$657,000 million that have a term between 3 and 5 years and an average rate of IBR + 1.6%% and that was acquired entirely by the International Investment Corporation (BID Invest) and by the Inter-American Development Bank (BDI), complies with what is described in the Sustainable Bond Management Approach defined by Grupo Bancolombia in 2019.

In this approach, it is proposed that the resources of the Sustainable Bond must be invested in environmental projects (renewable energy, energy efficiency, sustainable production, among others) and social projects (sustainable construction, transport, infrastructure, among others). Grupo Bancolombia is responsible for the investment process. Our responsibility is to express an opinion on the use of resources based on our review.

The commitment to the buyers of the Bond is that the resources are fully invested at the end of each year until the final term of the Sustainable Bond. At the end of December 31, 2020, the following are the projects where the resources are invested:

Category	Amount (COP)
Environmental Projects.	COP 483.904.000.000
Social Projects.	COP 241.624.505.200

Conclusions

Based on the work carried out described in this report, the procedures carried out and the evidence obtained, no subject matter has come to our knowledge that leads us to think that the indicators within the scope of the review and included in the 2020 Management Report of Grupo Bancolombia for the period between January 1 and December 31, 2020, have not met all the requirements for the preparation of reports, in accordance with the essential option of the Global Reporting Initiative (GRI) Standards. For those indicators of the GRI Standards where Grupo Bancolombia did not report quantitatively (figures), only the qualitative information that included procedures, policies, evidence of activities carried out, among others, was reviewed.

Alternative lines of actions

Deloitte has provided Grupo Bancolombia with a report with the most significant alternatives of action for the future preparation of Reports, which do not modify the conclusions expressed in this report, also a few observations that will strengthen the consolidation, management, measurement and communication processes of the organization's sustainability performance.

Declaration of Independence

We confirm our independence from Grupo Bancolombia. All of our employees carry out annual updates to the Ethics Policy where we promptly declare that we have no conflicts of interest with Grupo Bancolombia, its subsidiaries and its stakeholders.



Jorge Enrique Múnera D.

Partner

Deloitte Asesores y Consultores Ltda

Bogotá, May 2021

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For further details of information related to basic and specific indicators, and management models, please refer to our Corporate Website, in the following links:

<https://www.grupobancolombia.com/wps/portal/about-us/corporate-information/sustainability>

<https://www.grupobancolombia.com/wps/portal/about-us/corporate-information/corporate-governance>

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

Financial results We have an integrated report available in Spanish which includes all financial information.
Capter financial statement

<https://www.grupobancolombia.com/wps/portal/acerca-de/informacion-corporativa/gobierno-corporativo/informe-gestion>

For financial information in English, please refer to our 20F form

https://www.sec.gov/Archives/edgar/data/1071371/000155837021004672/cib-20201231x20f.htm#DRISKFACTORS_849979