

ANNUAL CORPORATE GOVERNANCE REPORT - 2017

Corporate Governance is broadly defined as the proper allocation of powers and responsibilities between the board of directors, management and the owners of a company.

This definition recognizes that Corporate Governance is not just a set of external rules. This is a business discipline necessary to maintain a stable and productive relationship between participants in any organization. Corporate Governance, transparency and accountability are more than just compliance exercises; they are essential ingredients of good governance and a prerequisite for the good health of organizations. (CAF, 2012, p. 13)¹

In accordance with the foregoing, and in order to report on corporate governance activities to stakeholders, shareholders, investors, controlling bodies and the general public, the Board of Directors, the Corporate Governance, Nominations and Remuneration Committee and the President of Bancóldex present the corporate governance report, with a cut-off date of 31 December 2017:

I. Share capital and structure of Bancóldex

Bancóldex has an authorized capital of one trillion one hundred billion pesos (COP 1,100,000,000,000,00) divided into one thousand one hundred million millions (1,100,000,000,00) of shares with a par value of one thousand pesos (COP1,000) each, of which one thousand sixty-two million five hundred and fifty-six thousand eight hundred and seventy-two (1,062,556,872) shares are subscribed and paid.

1. Stockholders

Percentage shareholding of the shareholders of Bancóldex S.A.:

SHAREHOLDERS	NUMBER OF ACTIONS	RATE OF CONTRIBUTION
Ministry of Commerce, Industry and Tourism	976.143.335	91.9%
Ministry of Finance and Public Credit	83.420.180	7.9%
Minority shareholders	2.993.357	0.2%
Total	1.062'556.872	100%

It is important to note that the Bank's minority shareholders are those natural or legal persons who hold shares in the Bank, and among these are: officers, former officers, Employee Funds, Pension Funds, Mutual Investment Funds and the solidarity sector.

The Bank has 1,567 shareholders, including 15 legal entities (17 with majority shareholders) and 1,550 natural persons. In view of the importance of this interest group to the Bank, an information site for shareholders has been designed on the website, entitled "Information of interest to shareholders and other investors".

2. Types of Shares

¹ CAF - DEVELOPMENT BANK OF LATIN AMERICA, Corporate Governance in Latin America. Importance for State-owned Enterprises. Public Policies and Productive Transformation Series N° 6/2012

In accordance with Article 9 of the Bank's Bylaws, the shares representing the capital of Bancóldex are divided into three types:

Series A: Those that represent the contributions of the Nation;

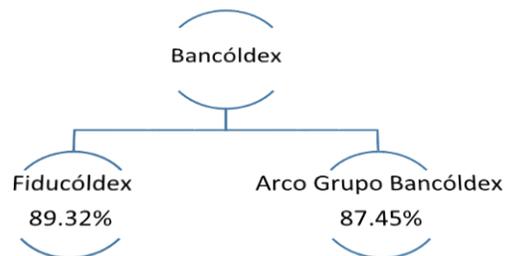
Series B: Those which are or will become the property of private persons insofar as they do not enjoy privileges, and

Series C: Those which are or will become the property of private individuals as soon as they enjoy privileges.

In this sense, the distribution of capital by type of share is as follows:

TYPE OF SHARES	NUMBER OF SHARES
A Series	1.059.563.515
B Series	2.080.683
C Series	912.674
Total	1.062.556.872

In 2017, the declaration of the Bancóldex business group as the parent company of its subsidiaries, Fiduciaria Colombiana de Comercio Exterior S.A.- Fiducóldex and Arco Grupo Bancóldex S.A. Compañía de Financiamiento (formerly Leasing Bancóldex S.A.) was made before the Bogotá Chamber of Commerce under the terms of article 261 of the Commercial Code, the ownership structure being as follows:



3. Information on the shares held by the members of the Board of Directors

The members of the Board of Directors are not holders of Bancóldex shares

4. Negotiation of shares owned by members of the Board of Directors and Senior Management

There was no trading of shares owned by the members of the Board of Directors and Senior Management.

5. Own shares held by Bancóldex:

Bancóldex has no shares of its own.

II. Management structure

1. Conformation of the Board of Directors

The conformation of the Board of Directors is of a legal nature in accordance with numeral 3 of article 281 of the Organic Statute of the Financial System. As a result, as of December 31, 2017, the Board of Directors was as follows:

MAIN	SUBSTITUTES
Dr. María Lorena Gutiérrez Botero Minister for Trade, Industry and Tourism	Dr. Santiago Andrés Marroquín Velandia Secretary General Ministry of Trade, Industry and Tourism
Dr. Mauricio Cárdenas Santamaría Minister for Finance and Public Credit	Dr. María Inés Agudelo Valencia Appointed by the Minister of Finance and Public Credit
Dr. Augusto López Valencia Private sector representative, appointed by the President of the Republic	Vacant
Dr. Carlos Eduardo Quintero Rocaniz Business advisor, elected by the General Shareholders' Meeting	Dr. Mauricio Vega Lemus President of the Pereira Chamber of Commerce, elected by the General Shareholders' Meeting
Dr. Guillermo Valencia Jaramillo Private sector representative, elected by the exporters' associations	Dr. Luis Gustavo Flórez Enciso, Executive Chairman of ACICAM, representative of the private sector, elected by the exporters' associations

2. Resumes of the members of the Board of Directors

MARIA LORENA GUTIÉRREZ BÓTERO

Position in the Bank: Member of the Board of Directors

Career Summary: Industrial Engineer and Finance Specialist from the Universidad de los Andes, with a Master's Degree in Management from the Freeman School of Business and a Ph.D. in Management with an emphasis in Finance from the University of Tulane, USA. She has served as Dean, Secretary General and Professor at the School of Management of the Universidad de los Andes. She has been a member of the Board of Directors of the European Foundation for Management Development - EFMD, member of the International Advisory Council of Durham University, President of the Ibero-American Sumaq Alliance, member of the Board of Directors of the Latin American Council of the Escuela de Administración - CLADEA and of the Business Association for Latin American Studies, High Presidential Advisor for Good Governance and Secretary General of the Presidency in the administration of President Juan Manuel Santos.

SANTIAGO ANDRÉS MARROQUÍN VELANDIA

Position in the Bank: Member of the Board of Directors

Career Summary : Lawyer from the Universidad de la Sabana, Specialist in Financial Legislation at the Universidad de los Andes, Specialist in Tax Law at the Universidad del Rosario. He has worked as Executive

Lawyer at Bancóldex, Advisor to the President and General Secretary of Proexport. From 26 May 2016 to date, he has served as Secretary General of the Ministry of Trade, Industry and Tourism.

MAURICIO CARDENAS SANTAMARÍA

Position in the Bank: Member of the Board of Directors

Summary of the degree: Economist and Master of Economics from the Universidad de los Andes. In 1991 he graduated with a Ph.D. in Economics from the University of California at Berkeley (USA). He completed his doctoral studies with the support of the "Lauchlin Currie" scholarship granted by the Banco de la República. Since September 2012 he has been Minister of Finance and Public Credit, after having held the portfolio of Mines and Energy during the first administration of Juan Manuel Santos' Presidency. Between 2008 and 2011 he was Director of the Latin America Initiative at the Brookings Institute, one of the most prestigious economic research centers in the United States.

MARIA INÉS AGUDELO VALENCIA

Position in the Bank: Member of the Board of Directors

Career Summary: Economist from the Universidad de los Andes, with a master's degree from the same university. In 1993 she graduated from Birkbeck College, University of London with a Master's degree in Economics and in 1996 from Birkbeck University with a PhD in Economics. She has served as SUNIR Project Leader, General Manager of the National Concessions Institute (INCO), Consultant of the Inter-American Development Bank (IDB), Technical Vice-Minister of Finance and Public Credit and member of the Board of Directors of the International Monetary Fund (IMF).

AUGUSTO LÓPEZ VALENCIA

Position in the Bank: Member of the Board of Directors

Career Summary: Electrical Engineer from the Pontifical Bolivarian University, he has served as President of Bavaria S.A. and President of Cervecería Unión.

CARLOS QUINTERO ROCANIZ

Position in the Bank: Member of the Board of Directors

Career summary: Economist from the Universidad de los Andes, he has served as President of Compañía Administradora de Inversión Crecimiento S.A., President of Serfinanza S.A. Compañía de Financiamiento, Financial Vice President of Bavaria S.A. and Valores Bavaria S.A., President of Termotasajero S.A. E.S.P., Executive Director of Fenergy Niton Capital, Executive Director of Inbest Capital Management S.A.S., and as President of Corredores Asociados S.A. He currently serves as Business Advisor.

MAURICIO VEGA LEMUS

Position in the Bank: Member of the Board of Directors

Career Summary: Lawyer of the Pontificia Universidad Javeriana, Specialist in Administrative Law and Master of Business Administration of the same University. He completed a diploma on the Global Competitiveness Leadership Program at Georgetown University and a course on Leading Economic Growth at Harvard University. He has served as Associate Attorney of Tovar, Fajardo y Asociados Ltda., General Manager and CEO of American Assit Colombia S.A. He is the Executive President of the Pereira Chamber of Commerce.

GUILLERMO VALENCIA JARAMILLO

Position in the Bank: Member of the Board of Directors

Bachelor of Science, from the Philadelphia College of Textiles Science, has served as Chief Financial Officer, Vice President of International Trade and President of Industrias e Inversiones El Cid. Currently, he is the General Manager of Industrias e Inversiones el Cid.

LUIS GUSTAVO FLÓREZ ENCISO

Position in the Bank: Member of the Board of Directors

Career Summary: Chemical Engineer from the Universidad de America, Master Sc, Chem Eng. University of Missouri - Rill Lousiana State University, and specialist in Economic Studies from the University of Lima. He has served as President and Vice President of Fedemetal, Industrial Director of the Board of the Cartagena Agreement, Project Manager of ECOPETROL, Advisor to the presidencies of Paz de Rio, Simesa and Grupo Mayagüez, Advisor Consultant Onudi Design Regional Program. He is the President of ACICAM.

3. Changes in the Board of Directors during the year.

In 2017, the President of the Republic appointed Dr. María Lorena Gutiérrez Botero as Minister of Commerce, Industry and Tourism to replace Dr. María Claudia Lacouture.

4. Members of the Board of Directors of Bancóldex who are members of the Boards of Directors of the subsidiaries or who hold executive positions in them

Members of the Board of Directors of Bancóldex do not sit on the Boards of Directors or executive positions in subsidiaries.

5. Policies approved by the Board of Directors during the reporting period.

In the area of corporate governance, the Board of Directors approved the following policies:

- Policy for the employment of a politically exposed person
- Conflict of interest disclosure policy and procedure
- Senior Management Appointment and Succession Policy
- Stakeholder relations policy

In addition, the Board of Directors approved the adoption of the following policies by the Bank for consideration by the General Shareholders' Meeting:

- Remuneration Policy and Disclosure of Board Remuneration
- Appointment and succession policy for members of the Board of Directors

6. Process for appointing the members of the Board of Directors.

In accordance with the provisions of numeral 3 of article 281 of the Organic Statute of the Financial System, the Board of Directors of the Bank is made up as follows:

CHAPTER XI
BANCO DE COMERCIO EXTERIOR S.A.

Article 281º.- Management and Administration
(...)

3. Formation of the Board of Directors. The Board of Directors shall be made up as follows:

- a. The Minister of Foreign Trade and substitute indicated by him, insofar as the Nation - Ministry of Foreign Trade - has registered contributions in the Bank's capital;
- b. The Minister of Finance and Public Credit and substitute indicated by him, insofar as the Nation - Ministry of Finance and Public Credit - has registered contributions in the Bank's capital;
- c. The legal representative of the trust referred to in numeral 1. of article 283, with the substitute indicated by the latter, to the extent that the trust has recorded contributions of not less than fifteen percent (15%) of the ordinary shares subscribed by the Bank (currently appointed by the General Shareholders' Assembly);
- d. A representative of the private sector, with his respective substitute, appointed by the President of the Republic;
- e. A representative of the private sector, with his respective substitute, elected by the exporters' associations that are registered as such in the Ministry of Foreign Trade.

7. Remuneration policy of the Board of Directors

In accordance with the Bank's Bylaws, it is the exclusive function of the General Shareholders' Assembly to approve the general remuneration policy of the Board of Directors. The General Shareholders' Assembly approved on March 26, 2014 the adjustment of fees to three (3) legal minimum monthly salaries in effect per meeting of the Board and Committees, a decision that was effective as of December 31, 2017.

The determination of the value of the fees of the members of the Board of Directors approved by the General Shareholders' Assembly followed the procedure established in Decrees 1486 of 1999 and 2561 of 2009, of the Ministry of Finance and Public Credit, according to which a methodology is applied according to the level of assets of the entity.

Additionally, Bancóldex directly assumes the following expenses, whenever they are necessary for the exercise of the functions of the Board of Directors and Committees of the Board:

- Accommodation, air or ground transportation expenses, in accordance with the Bank's travel policy, to enable them to perform their duties fully. (Board members do not receive travel expenses)
- Expenses related to training, updates that have been approved by the Corporate Governance Committee and the hiring of external advisors, as required by the Board as a collegiate body to decide.

8. Remuneration of the Board of Directors

The General Shareholders' Assembly held on March 26, 2014 approved the payment of three minimum legal monthly salaries per meeting of the Board of Directors and Committees as fees for the members of the Board of Directors.

CONCEPT	FEES AT 31.12.2017
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Attendance at Board meetings	\$ 168,199,476.00
Attendance at meetings of the Audit Committee	\$ 44,263,020.00
Attendance at meetings of the Corporate Governance Committee	\$ 33.197.265
Attendance at meetings of the Risk Management Committee	64,181,379.00
TOTAL	\$309,841,140.00

Based on the foregoing, the Good Governance, Nominations and Remuneration Committee verified compliance with the Board of Directors' Remuneration Policy.

9. Quorum of the Board of Directors

In accordance with article 3 of the Rulebook, the Board of Directors shall validly deliberate in the presence of the majority of its members and shall decide with the majority of the votes present at the respective meeting.

10. Attendance data for Board and Committee meetings

During 2017, 13 sessions of the Board of Directors were held, 12 ordinary and 1 extraordinary. The total

MEMBER OF THE BOARD OF DIRECTORS BY LINE	Sessions attended	Average Attendance
Ministry of Commerce, Industry and Tourism	13/13	100%
Ministry of Finance and Public Credit	12/13	92%
Representative elected by the General Shareholders' Assembly	13/13	100%
Private sector representative appointed by the President of the Republic	13/13	100%
Private sector representative elected by the exporters' associations	12/13	92%

average attendance was 97.3 per cent. The following table shows the attendance of the members of the Board of Directors by line of business:

Table I. Attendance at Board meetings

During 2017, 5 Audit Committee meetings were held, 5 of the Corporate Governance Committee and 12 of the Risk Management Committee. The following table shows the attendance of the members of the Board of Directors by line of business:

MEMBER OF THE BOARD OF DIRECTORS BY LINE	Average Attendance
Ministry of Commerce, Industry and Tourism	100%
Ministry of Finance and Public Credit	100%
Representative elected by the General Shareholders' Assembly	100%
Private sector representative appointed by the President of the Republic	100%
Private sector representative elected by the exporters' associations	100%

Table II. Attendance at meetings Support committees Board of Directors

11. Chairman of the Board (key functions and issues)

In accordance with the provisions of numeral 4 of article 281 of the Organic Statute of the Financial System, the Minister of Commerce, Industry and Tourism presides over the Board of Directors, in his absence, the

Minister of Finance and Public Credit presides over it and in the absence of both of them, their alternates preside in the same order.

In addition, the Board of Directors' Rulebook established the following concerning the Chairmanship of the Board of Directors:

Article One: Chairman: While the Minister of Commerce, Industry and Tourism is a member of the Board, he shall preside over it; in his absence, the Minister of Finance and Public Credit shall preside over it, if he is a member of it. In the absence of both, their alternates shall preside in the same order.

First Paragraph: In the event that any of the persons mentioned in this article is not present, any member of the Board of Directors present shall preside at the meeting, based on the appointment made by a simple majority of the votes of the members present.

In relation to the functions of the Chairman of the Board of Directors, the same article 1, in its second paragraph, states:

Paragraph Two: The Chairman of the Board shall coordinate the annual agenda of the meetings of the said body with the President of the Bank and the Secretary, and in January of each year the calendar of the ordinary meetings of the said body shall be proposed for approval by the Board. In addition, it will prepare the report on the functioning of the Meeting to be presented at each ordinary session of the General Shareholders' Assembly. Likewise, he will moderate the meetings so that the topics included in the agenda are considered within the time available for this purpose. Notwithstanding the foregoing, the Board of Directors shall appoint one of the independent members for a period of two (2) years to support the Chairman of the Board in the above activities.

12. Secretary of the Board of Directors (key functions and issues)

In accordance with Article 55 of the Company's Bylaws, Bancóldex has a Secretary General appointed by the Board of Directors, in this regard, during 2017 Dr. Jose Luis Garzón Gaitán, Legal Vice President - Secretary General, acted as Secretary of the Bank's Board of Directors, with the functions indicated below:

- a. Keep the books of the minutes of the General Shareholders' Assembly and of the Board of Directors;
- b. Communicate the calls for the meetings of the General Shareholders' Assembly and of the Board of Directors, made by the competent bodies for this purpose, in accordance with the Bylaws;
- c. Deliver the information to the members of the Board of Directors in a timely manner;
- d. Respond to shareholders' requests for information or clarifications regarding the matters dealt with at the meetings of the General Shareholders' Assembly;
- e. Keep the corporate documentation, to duly reflect in the minutes books the progress of the meetings, and to attest to the resolutions of the corporate bodies;
- f. Ensure the formal legality of the actions of the Board of Directors and to guarantee that its procedures and governance rules are respected and regularly reviewed, in accordance with the provisions of the statutes and other internal regulations of Bancóldex, and
- g. To fulfill all other duties imposed by the General Assembly, the Board of Directors, the President or the law.

13. Relationships during the year of the Board of Directors with the Statutory Auditor, financial analysts, investment banks and rating agencies.

Deloitte & Touche, a tax audit firm chosen by the General Shareholders' Assembly as a result of the public tender process held in 2015, provides the entity's tax audit services and additionally performs the external audit for compliance with the contractual clause of the Credit Agreements signed with the Inter-American

Development Bank (IDB), which require the annual evaluation of an external audit firm while the program is underway.

Within the processes of review of the rating of Bancóldex advanced by the Risk Rating Agencies Fitch Ratings and BRC Standard & Poor's with which contracts have been signed for this purpose, they have no "relationship" with the Bank's Board of Directors. The review process is handled by the Strategic Direction Department, in the sense of requesting the information from the Bank's areas, consolidating it and sending it to the Rating Agency that requests it. Subsequently, each Rating Office schedules a "technical review visit" in which, in addition to the additional information submitted, other previously defined topics are dealt with in an agenda sent to us by the Rating Office in advance of the visit. This visit is also coordinated by the Strategic Direction Department, and is attended by the President of the Bank, the Vice Presidents, the Comptroller, the Director of Strategic Direction and the Directors and/or officers deemed necessary to respond to the issues requested by the Rating Agency.

14. External advice received by the Board of Directors.

In accordance with the provisions of the Regulations of the Board of Directors of Bancóldex, in the events required, at the request and at the discretion of the members of the Board of Directors, the Management within the Audit Committee may be requested to hire the external advisors or trainers required to provide additional elements of judgment for the making of certain decisions by the directors.

In compliance with the Bank's Board of Directors' training policies, a Project Finance training day was held in October 2017, prepared by the Universidad de los Andes. Among the topics covered are the following: Corporate borrowing vs. Project Finance, capital contribution and corporate governance, credit and due diligence agreements, project contracts and financing instrumentation

15. Management of the information of the Board of Directors.

In accordance with the provisions of Article 2 of the Regulations of the Board of Directors, the members must have the information that is relevant for making decisions that must be given during the respective meeting prior to the meeting. The information is made available to the members of the Board of Directors through a technological tool that ensures the timeliness, integrity and confidentiality of the information.

In addition, article 6 of the same Regulations provides that for the proper exercise of their functions, the members of the Board of Directors may request the information that is relevant for decision-making, in accordance with the agenda contained in the call notice. The information is also available to members of the Board of Directors at the offices of the Bank's General Secretary. The foregoing, without prejudice to the additional information required by the members of the Board, which must be processed through the same Secretary.

16. Activities of the Committees of the Board of Directors.

The functions and activities of the Board Support Committees are described below:

a. Corporate Governance, Nominations and Remuneration Committee

The purpose of the Corporate Governance, Nominations and Remuneration Committee is to support the Board of Directors in its function of ensuring compliance with the good governance practices adopted by the Bank and with the provisions contained in its Code of Good Governance, as well as to advise it on the implementation of good corporate practices. To support the Board of Directors in the exercise of its decision-making or advisory functions associated with the matters of appointments and remuneration.

Composition:

As of December 31, 2017, the Corporate Governance Committee consisted of three members of the Board of Directors, of which at least one (1) is independent and will chair it. The Legal Vice-President - Secretary General of the Bank acts as Secretary of this Committee.

Dr. Luis Gustavo Flórez Enciso (Chairman of the Committee)
Dr. María Inés Agudelo Valencia
Dr. Mauricio Vega Lemus

Activities:

During 2017, five sessions of the Corporate Governance, Nominations and Remuneration Committee were held, with the participation of 100% of its members.

The main activities carried out by the Committee included, inter alia, the following:

- Monitor compliance with the Bancóldex corporate governance system;
- Follow-up to the implementation plan of IFC's corporate governance recommendations;
- To continue with the implementation of the New Country Code (C.E.028/2014 of the Superintendence of Finance of Colombia), the Committee analyzed the implementation of additional measures and recommended the updating of the Code of Good Governance and the Regulations of the Board of Directors to evidence such implementation;
- Know the reports of the System of Attention to the Financial Consumer -SAC-;
- Studied and recommended to the Board of Directors the approval of the following policies: i) Policy for the hiring of a politically exposed person; ii) Policy and procedure for disclosure of conflicts of interest; iii) Policy for appointment and succession of senior management; iv) Policy for remuneration and disclosure of remuneration of senior management; v) Policy for relations with stakeholders;
- Verified the proposed profile for the selection of the Vice Presidents of Commercial Human Talent;
- Verified compliance with the remuneration policy for the members of the Board of Directors, and
- Supported the conduct of the self-assessment of the functioning of the Board of Directors.

b. Audit Committee

The purpose of the Audit Committee is to support the Board of Directors in its supervisory role by evaluating the accounting procedures, the relationship with the Statutory Auditor and, in general, review the Internal Control System.

Composition

The Committee shall consist of three (3) members of the Board of Directors, the majority of whom shall be independent in accordance with the applicable legal provisions, one of whom shall preside. The Secretary of the Board of Directors of Bancóldex will act as Secretary. The members of this Committee must also have knowledge or experience in accounting, auditing or control. The President of the Bank is a permanent guest.

As of December 31, 2017, the Risk Management Committee had three members of the Board of Directors and the President of the Bank. The Legal Vice-President - Secretary General of the Bank acts as Secretary of this Committee.

Dr. Carlos Quintero Rocaniz
Dr. Luis Gustavo Flórez Enciso
Dr. María Inés Agudelo Valencia

Activities:

During 2017, five sessions of the Audit Committee were held, with the participation of 100% of its members.

The main activities carried out by the Committee included, inter alia, the following:

- Serve as a support and permanent communication channel with the Board of Directors in the decision making regarding the Internal Control System and its continuous improvement;
- Follow up on the results of audits, improvement plans, strengths, weaknesses and effectiveness of the Bank's internal control;
- Follow up on communications with control bodies, and
- Review and agree on the annual management reports, the control status report, the management report evaluating the internal control system, the corporate governance report and the separate and consolidated financial statements, for subsequent consideration by the Board of Directors and the General Shareholders' Assembly.

c. Risk Management Committee

The Risk Management Committee is intended to support the Board of Directors in fulfilling its oversight responsibilities in relation to risk management.

Composition:

As of December 31, 2017, the Risk Management Committee consisted of three members of the Board of Directors and the President of the Bank. The Legal Vice-President - Secretary General of the Bank acts as Secretary of this Committee.

Dr. Santiago Andrés Marroquín Velandia
Dr. Augusto López Valencia
Dr. Luis Gustavo Flórez Enciso

Activities:

During 2017, 12 sessions of the Risk Management Committee were held, with the participation of 100% of its members.

The main activities carried out by the Committee included, inter alia, the following:

- Follow-up of the general guidelines used for the evaluation, rating, measurement, monitoring and control of risks;
- Monitoring of risk management systems, and
- Approve the opening or increase of global credit limits and term conditions with Colombian financial intermediaries, with countries, with financial intermediaries abroad, operations with autonomous financial intermediaries, direct credit operations with natural or legal persons and operations with entities not supervised by the Superintendence of Finance, in accordance with the result of the methodology used for such purpose by the Bank and with the respective attributions.

17. Information on the execution of the evaluation processes of the Board of Directors

In accordance with article 50 numeral 40 of the Bylaws of Bancóldex, it is the function of the Board of Directors to organize the annual evaluation process of the Board of Directors, both as a collegiate administrative body and of its individual members.

For its part, the Corporate Governance Committee is responsible for recommending the annual evaluation methodology of the Board of Directors and the committees that support its work, as well as for carrying out the evaluation, in accordance with the instructions given by the Board of Directors.

Consequently, the members of the Board of Directors evaluated their individual participation as members of the Board, the performance of the Board of Directors as a collegiate body and the relationship of the Board with the Administration, as well as the functioning of the Committees, for the year 2017.

Self-assessments allow suggestions to be collected and opportunities for improvement to be established and proposed by the Corporate Governance Committee to the Board of Directors.

III. Transactions with related parties

1. Powers of the Board of Directors on this type of transactions and situations of conflict of interest

Article 50, paragraph 23, of the Bank's Bylaws establishes that it is a non-delegable function of the Board of Directors to regulate the specific mechanisms that allow for the prevention, management and disclosure of conflicts of interest that may arise between shareholders and directors, executives or senior officers, and between majority and minority shareholders, and to address them.

2. Details of the most relevant Related Operations of the company, including the operations between companies of the Conglomerate

The Bank considered the participation of the related parties in the generation of profits, the existence of the relationship with related parties such as: shareholders, members of the Board of Directors and Directors of the Bank, subordinate entities and entities of the same parent company, are clear examples of persons or entities that influence or may have an effect on the results and financial situation of the Bank. It was also considered that the aforementioned transactions could be carried out by other parties, unrelated to each other, who could not, therefore, record the balances of assets and liabilities resulting from the reconciliation of balances, as well as the income and expenses caused in each period, corresponding to transactions with related parties, which are discussed in detail below:

- Shareholders: all related party transactions as defined in IAS 24.
- Administrators: The President, Vice Presidents, Managers and Comptroller of the Bank are considered administrators.
- Subordinate: entities over which control is held in accordance with the definition of control in IFRS10, Fiduciaria Colombiana de Comercio Exterior S.A. - Fiducóldex and Arco Grupo Bancóldex.

The Bank may enter into transactions, agreements or contracts with related parties, on the understanding that any such transactions will be carried out at fair value, based on market conditions and rates.

In 2017, the Bank did not carry out any transactions or transactions with partners or directors, the characteristics of which differ from those of third parties, nor did it provide free or compensated services or loans without interest or consideration, with the exception of those of a labour nature regulated by articles 152 and 153 of the Substantive Labour Code.

The operations are duly instrumented and comply with the regulations that govern them. The operations carried out by the Bank with its partners and managers are in accordance with the general policies of the institution. These transactions are duly specified in note number 'related party transactions' to the financial statements.

3. Conflicts of interest presented and performance of the members of the Board of Directors.

The Code of Good Governance, numeral 3.2.1, establishes the following:

3.2.1 Prevention, management and disclosure of conflicts of interest between shareholders and directors, executives and officers of the Bank.

- a. The management of Bancóldex will avoid all circumstances that create a conflict of interest between shareholders and directors, executives and officers of the Bank.
- b. Directors may not, either on their own behalf or through an intermediary, dispose of or acquire shares in the Bank while they are holding office, except in the case of transactions outside the scope of speculation and with the authorisation of the Board of Directors, granted with the favourable vote of two thirds of its members, excluding the applicant, or of the General Assembly, with the favourable vote of the ordinary majority provided for in the Bylaws, excluding that of the applicant. Likewise, except in the case of legal representation, directors and managers may not represent shares other than their own at Assembly meetings, while they are in office.
- c. Bancóldex will not be able to carry out active credit operations with the natural or legal person that acquires or possesses a participation equal or higher than ten percent (10%) of its capital. This prohibition shall extend for a period of one (1) year from the date on which the event occurs.
- d. The management of Bancóldex must ensure that the granting of credit to shareholders complies with the individual credit limits established by law.
- e. When a situation arises that generates conflicts of interest between shareholders and directors, executives and officers of the Bank, the Board of Directors shall evaluate the conditions thereof and, if appropriate, shall request the Legal Representative to call a meeting of the General Shareholders' Assembly within the following calendar month, in order for the conflict to be resolved by the highest corporate body. In any case, the mechanisms established in the Bank's Bylaws shall be accepted as mechanisms for resolving conflicts.
- f. Management should ensure that manuals describing the procedure for the prevention, management and disclosure of conflicts of interest are disclosed to shareholders.

In addition, in 2017, the Board of Directors approved the policy and procedure for disclosure of conflicts of interest, which establishes as a duty of the members of the Board of Directors, executives, employees and shareholders, to communicate any legal and economic relationship that may generate a situation of conflict between their personal interests and the interests of Bancóldex, when dealing with contractors, buyers, sellers, and any other person who conducts or intends to conduct business with Bancóldex, or with companies in which it has direct or indirect interests.

IV. Risk management systems of the company or conglomerate

The management report, as well as the report on the Internal Control System submitted to the General Shareholders' Assembly, includes information, explanations and details relating to the risk management and control system, as well as the Internal Control System.

V. General Shareholders' Assembly

1. Differences in the functioning of the Assembly between the minimum regime of the regulations in force and that defined by the Bylaws and the Regulations of the Assembly of the Company.

- a. Period for convening the Assembly: 30 days for ordinary meetings and 15 days for extraordinary meetings
- b. Publication on the website of the call notice, agenda and information relating to the proposals for agreement.
- c. The agenda items contain the precise content of the issues to be discussed, avoiding joint voting on issues or proposals for agreement that should be resolved individually.
- d. The Bylaws recognize the right of shareholders to request information or clarification regarding the agenda, and their procedure is regulated in the Regulations of the General Shareholders' Assembly.
- e. Minority shareholders representing at least 0.14% of the subscribed shares may: i) Submit proposals at the Meeting, and ii) Request the inclusion of items on the agenda of the Meeting.
- f. To minimize the use of proxies without voting instructions, the use of proxy forms available on the website is encouraged;
- g. At the request of the President of the Ordinary General Shareholders' Assembly, the support committees must present the performance of their activities to the shareholders.
- h. The President of the Bank and all members of the Board of Directors attend the meeting of the Assembly to resolve shareholders' concerns.
- i. Transmission of the meeting via videoconference.

2. Measures adopted during the year to encourage shareholder participation

As Bancóldex shareholders are located throughout the country, for those who cannot attend the Meeting, a videoconference is available to follow the General Shareholders' Assembly through this mechanism.

On the other hand, Bancóldex has a policy for relations with minority shareholders, which is published on the Bancóldex website www.bancoldex.com and which defines the procedure and channels of communication with minority shareholders.

a. Shareholder information and communication

The Management of Bancóldex sends to the shareholders of the Bank who have carried out the process of updating their data, an e-mail reminding them of the date and time of the meeting of the General Shareholders' Assembly, whether it is ordinary or not.

In addition, the Corporate Governance Report is published on the link on the website specially designed for shareholders to learn first-hand about the actions carried out by Bancóldex in the previous year.

b. Number of requests and matters on which shareholders have requested information from the company

Various requests were received from shareholders, including: tax return certificate, dividends and share sale procedure.

c. Attendance data for the General Shareholders' Meeting

Ordinary meeting:

In the city of Bogota, D.C., at 9:15 a.m. on March 31, 2017, by virtue of the call made by Dr. Luis Fernando Castro Vergara, President of the Bank, published on February 28, 2017, in the daily Portafolio (page 16), in the room on the 42nd floor of the entity, located at Calle 28 No. 13A- 15, Bogotá, D.C., the General Shareholders' Assembly of Banco de Comercio Exterior de Colombia S.A., Bancóldex, met ordinarily, and was attended by the following shareholders, according to their share class:

CLASS "A"

Shareholder	Represented by	In its capacity as	Shares
Nation - Ministry of Commerce, Industry and Tourism	Dr. Santiago Marroquín Velandia - Secretary General of the Ministry of Commerce, Industry and Tourism	Special representative of the Minister of Commerce, Industry and Tourism, according to the special power of attorney that forms an integral part of the background of this Act.	976.143.335
Nation - Ministry of Finance and Public Credit	Dr. Andrés José Ignacio Bravo Liévano, Advisor to the General Directorate of State Participation of the Ministry of Finance and Public Credit	Special representative of the Minister of Finance and Public Credit, according to the special power of attorney that forms an integral part of the background of this act.	83.420.180

CLASSES "B" and "C"

Shareholder	Represented by	In its capacity as	Shares B Series	Shares C Series
Edith Caicedo Barrantes	Themselves	Shareholder	2.279	1.000
María del Pilar Castro Alarcón	Themselves	Shareholder	226	100
Carlos Ernesto Chávez F.	Themselves	Shareholder	859.403	377.401
Lygia Esperanza Cristancho	Themselves	Shareholder	1.086	477
José Rosendo Díaz Camargo	Themselves	Shareholder	454	200
Ana María del Pilar Flórez Polo	Themselves	Shareholder	682	300
Juan Francisco Lopez	Themselves	Shareholder	85	52

TOTAL NUMBER OF SHARES REPRESENTED

1,060,807,260

Extraordinary meeting:

In the city of Bogota, D.C., at 9:00 a.m. on June 8, 2017, by virtue of the call made by Dr. Luis Fernando Castro Vergara, President of the Bank, published on May 12, 2017, in the daily Portafolio (page 13), in the room on the 42nd floor of the entity, located at Calle 28 No. 13A- 15, Bogotá, D.C., the General Shareholders' Assembly of Banco de Comercio Exterior de Colombia S.A., Bancóldex, met extraordinarily and was attended by the following shareholders, according to their share class:

CLASS "A"

Shareholder	Represented by	In its capacity as	Shares
Nation - Ministry of Commerce, Industry and Tourism	Dr. Santiago Marroquín Velandia - Secretary General of the Ministry of Commerce, Industry and Tourism	Special representative of the Minister of Commerce, Industry and Tourism, according to the special power of attorney that forms an integral part of the background of this Act.	976.143.335
Nation - Ministry of Finance and Public Credit	Dr. Andrés José Ignacio Bravo Liévano, Advisor to the General Directorate of State Participation of the Ministry of Finance and Public Credit	Special representative of the Minister of Finance and Public Credit, according to the special power of attorney that forms an integral part of the background of this act.	83.420.180

CLASSES "B" and "C"

Shareholder	Represented by	In its capacity as	Shares B Series	Shares C Series
Edith Caicedo Barrantes	Themselves	Shareholder	2.279	1.000
Eduardo Barragan	Themselves	Shareholder	64	20
Carlos Ernesto Chávez F.	Themselves	Shareholder	859.403	377.401
Maria del Pilar Castro	Themselves	Shareholder	100	326
Pilar Flórez Polo	Themselves	Shareholder	300	983
José Rosendo Díaz C.	Themselves	Shareholder	454	200

TOTAL NUMBER OF SHARES REPRESENTED 1,060,806,045

d. Details of the main agreements taken

Ordinary Meeting

At the ordinary meeting of the General Shareholders' Assembly of Bancóldex held on March 31, 2017, the management reports of the Board of Directors and the Bank's President to the Meeting, the special report on the control situation and the corporate governance report were considered. The individual and consolidated financial statements were approved with Fiducóldex and Leasing Bancóldex CF S.A., as of December 31, 2016.

The Assembly agreed to postpone to an extraordinary meeting the approval of the draft distribution of profits, given that, in accordance with Decree 205 of 1997, the National Council for Economic and Social Policy - CONPES - has not pronounced itself on the distribution of dividends in mixed economy companies.

The Assembly approved the re-election of Dr. Carlos Quintero Rocaniz and Dr. Mauricio Vega Lemus as members of the Board of Directors for the period between 2017 and 2019.

Finally, the Assembly authorized the Board of Directors to authorize, on a case-by-case basis, the allocation of the general portfolio provision to individual provisions, provided that the minimum limit established by the corresponding regulation is maintained.

Special meeting

The Assembly approved the proposed income distribution for 2016.

VI. Corporate governance activities during the year

1. Implementation of IFC recommendations

In 2015, the *International Finance Corporation* - IFC and the World Bank evaluated Bancóldex's corporate governance practices and policies. In 2016, the Bank's Board of Directors was presented with the Implementation Plan suggested by IFC and the World Bank with 45 recommendations to be implemented during 2016 and 2017. Thus, the priority measures were worked on during 2016, resulting in 24 implemented recommendations. In 2017, Bancóldex completed the implementation of the remaining 21 recommendations.

In 2018, work will be carried out to consolidate the strengthening of Bancóldex's corporate governance, with full implementation of the recommended actions and processing of the required regulatory changes.

2. Constitution of the Colombian Institute of Corporate Governance

Bancóldex, with the support of the Swiss Economic Development Cooperation Program in Colombia and the *International Finance Corporation*, formed, with other founding companies, the Colombian Institute of Corporate Governance, a non-profit association that serves as a catalyst at the national level to promote greater knowledge on the subject of corporate governance in Colombia and a growing assimilation of good practices in this area by all types of organizations, regardless of their size, legal status or sector.

3. Bancóldex's participation at international level

a. "Corporate Governance Development Framework"

In September 2011, the Bank signed a *Corporate Governance Development Framework* agreement with 29 other international development finance institutions, including the African Development Bank (AfDB), the Compañía Española de Financiación del Desarrollo (COFIDES), Asian Development (ADB), Development Bank of Latin America (CAF), and Banco de Inversión y Comercio Exterior S.A., among others. BICE], to establish a common set of guidelines to support sustainable economic development in emerging markets through corporate governance. The signing of the aforementioned agreement implies the commitment of each of the parties: to integrate corporate governance into investment operations, to identify and assign an internal function for the application of these guidelines, to provide training, and to submit an annual report on the application of the policies of each of the entities.

In 2017, the Bank submitted the necessary information for the preparation of the matrix to analyze the level of progress in the application of the practices in each of the entities that are part of the *Corporate Governance Development Framework*.

b. Latin American Corporate Governance Network for State Entities

As of October 12, 2012, the Bank will participate in the Latin American Network of Corporate Governance for State Entities. This Network aims to "promote good governance in public entities in the region through the exchange of experiences and knowledge on policies, practices and reforms, using as its main reference the guidelines developed by the two multilateral organizations" (CAF - Development Bank for Latin America and the Organization for Economic Cooperation and Development (OECD)). On November 30 and December 1, 2017, the Bank participated in the 5th Meeting of the Latin American Corporate Governance Network, held in Bogotá, where issues related to the strengthening of the performance and monitoring mechanisms of companies with state participation, the structure of effective Boards of Directors and business integrity focused on trust, transparency and accountability were discussed.

4. Implementation report on best corporate practices - New Country Code as of 31st financial year 2016:

The Best Corporate Practices Implementation Report - New Country Code is a tool applied by the Superintendence of Finance of Colombia to achieve an adequate corporate governance that contributes to the fulfillment of the objectives of stability, security and trust, promotion and development of the Colombian stock market and protection of investors, savers and insured persons.

In 2017, the Bank completed the 2016 Country Code Survey, which is published on the Bank's website under the link "Information of interest to shareholders and other investors". It should be noted that in 2016 Bancóldex reached an implementation level of 64% of the New Country Code. The Superintendence of Finance of Colombia (SFC) presented a report analyzing the implementation of the New Country Code by the 131 issuers of securities that transmitted their report in January 2017 on fiscal year 2016, which can be consulted at the following link: <https://www.superfinanciera.gov.co/publicacion/10782>

Additionally, on January 30, 2018, Bancóldex filed and transmitted to SFC the Report on the Implementation of Best Corporate Practices - Country Code for 2017, with the adoption of additional measures that reflect an implementation level of approximately 80% of the recommendations of the New Country Code. The Report can be consulted on the Bank's website at <https://www.bancoldex.com/informacion-de-interes-para-accionistas-y-demas-in/encuesta-Codigo-Pas-Superintendencia-Financiera-de.aspx>

VII. BANCÓLDEX ACTIVITIES WITH ENTREPRENEURS

The Bank, through the Management of Dynamic Ecosystems, developed several business consulting and training initiatives to strengthen good corporate governance practices in companies, followed by the main activities carried out in 2017:

1. Direct technical assistance (ATD's) for family businesses

Bancóldex, with the support of the IDB Invest institution (formerly the Inter-American Investment Corporation - IIC), a member of the IDB Group, developed eight Direct Technical Assistance projects - ATD's - for Bancóldex client companies. For this purpose, IDB Invest hired the Costa Rican consulting firm, "Family Business Consulting Group", experts in family business governance issues. This technical assistance included a

diagnosis, the strengthening of its governing bodies, the elaboration and updating of the family protocol and support for the implementation of the Board of Directors. The ATD's were completed in November 2017.

2. Strengthening regional capacities for transformation

The Bank, in partnership with the World Bank's IFC and the Barranquilla Chamber of Commerce, developed the "Strengthening Regional Transformation Capacities" Program, with two components: strengthening the capacities of twelve regional consultants in the areas of strategy and corporate governance, and involving three large companies and six SMEs in corporate governance issues and six companies in competitive strategy issues. Additionally, during 2017, IFC trained a group of six consultants from the Caribbean region in its corporate governance methodology. The Program is expected to be completed during the first quarter of 2018.

3. Comprehensive strategic intervention programme or PIIE

The "Programa Integral de Intervención Estratégica"- PIIE is a business intervention scheme that gathers the best training practices and some elements of consultancy, building knowledge collectively, developing three thematic lines: Strategic management in business models, corporate governance in family businesses and financial sustainability. PIIE incorporates elements such as: self-diagnosis, strengthening of management skills, identification of gaps between the status and best practices and culminates the intervention with short- and medium-term action plans. As a complement, the companies receive individual support to help them in the implementation. During the year 2017, eight PIIE's were carried out in partnership with the Chambers of Commerce of Manizales, Pereira, Cali, Aburra Sur, Santa Marta and Popayán, and in Bogotá the National Association of Foreign Trade (ANALDEX) supported them. With this program 105 SMEs with the participation of more than 300 managers.

Mario Suarez Melo

President