



2018 - 2019 SUSTAINABILITY REPORT

DISCLAIMER: The English version is only a translation from the original in Spanish and should be used for information purposes. In case of discrepancies, the Spanish original shall prevail. Spanish version is available:
https://www.bancoldex.com/sites/default/files/reporte_de_sostenibilad_bancoldex_2018-2019_vf_publicada.pdf

2018 - 2019 Bancóldex Sustainability Report

1. LETTER FROM THE PRESIDENT	3
2. HIGHLIGHTS	5
2018	5
2019	6
3. ABOUT THIS REPORT	10
3.1 STAKEHOLDERS AND RELATIONSHIPS	11
3.2 MATERIALITY ANALYSIS	12
4. OUR BANK	15
4.1 OUR STRATEGIC STEWARDSHIP	23
4.2. BUSINESS DEVELOPMENT PORTFOLIO	23
4.3. BANCÓLDEX AT THE SERVICE OF PUBLIC POLICY	32
5. OUR IMPACT AS A DEVELOPMENT BANK	34
5.1. PRODUCTIVE INSERTION AND FINANCIAL INCLUSION	34
5.2. WE FINANCE GREEN GROWTH AND COLOMBIA'S CREATIVE ECONOMY	39
6. BANCÓLDEX AS AN ADMINISTRATOR OF SPECIAL PROGRAMS	51
6.1. OPPORTUNITY BANKING INVESTMENT PROGRAM	51
7. OUR RESPONSIBILITY AS AN ORGANIZATION	56
7.1. CORPORATE GOVERNANCE	56
7.2. ETHICS, TRANSPARENCY AND ANTI-CORRUPTION CAMPAIGNS	61
7.3. COMPREHENSIVE RISK MANAGEMENT	66
7.4. ECONOMIC PERFORMANCE	72
7.5. HUMAN TALENT DEVELOPMENT	79
7.6. DIVERSITY AND INCLUSION	85
7.7. ECO-EFFICIENCY	89

1. LETTER FROM THE PRESIDENT

GRI 102-14

We at Bancóldex are pleased to share with you our management of years 2018 and 2019 in the social, environmental and economic areas through this sustainability report under the standards of the Global Reporting Initiative (GRI), which allows us to present, once again, the performance and results of our operations as a development bank and executor of public policy.

We have focused our management of sustainable development as one of the pillars of our way of acting at Bancóldex; and this is why we make a daily effort to offer more sustainable and responsible services and products, while being aware of the role and responsibility we hold as Colombia's business development bank.

It should be noted that during 2018 we carried out the planning of the Bank's new strategic guidelines, as well as crosscutting action lines, which started being implemented in 2019. This brought up changes in the way we have been reporting our economic, social and environmental management under GRI standards; and it is why we decided to submit a biannual report that would integrate our management results for 2018 and 2019.

As an overview, 2018 and 2019 were very important years for us since our disbursements increased by 37% in 2018 when compared to 2017, and by 12% in 2019 when compared to 2018, thus benefiting more than 100,000 businesspeople in Colombia. This was made possible thanks to a strategy to approach financial intermediaries at different levels and delving with relevant stakeholders in the business sector in order to design new credit lines that would meet their particular needs.

\$5.4 billion were disbursed in 2019, the highest disbursements in the Bank's history

First of all, the bank set a milestone by issuing **social and orange** bonds. We issued our first social bonds for 400 billion Colombian pesos in 2018; and the demand exceeded \$1.2 trillion, which represents 4.17 times the auctioned value. Also in 2018, we carried out the first issue and placement of orange bonds in the world for COP \$400 billion. The over demand was COP 870 billion, which equals 2.9 times the auctioned value.

We issued orange bonds for the first time in the world; as well as social bonds in the Colombian public stock market. It was all framed within our social theme.

Secondly, we remain committed to **financing green projects** for sustainable development and energy efficiency in the business sector. During 2018, we exceeded the financing goal for this line by 264% and, additionally, we promoted the policy of not financing means of transport that use

fossil fuels. In 2019, we financed more than 240 green investments and projects, which have an annual mitigation potential of 79,140 CO₂ tons.

We disbursed \$383,749 million to finance sustainable development and energy efficiency projects in the business sector, 12% growth over 2018.

On the other hand, we would like to highlight the creation of the "**Fund of Funds**" in 2019, as a natural evolution of Bancóldex Capital program with a special focus on entrepreneurial capital funds that seek to invest in high-impact, scalable and crosscutting ventures in the sectors of trade, industry, tourism, services and creative industries.

In addition to all these efforts and achievements, we are committed to increasing credit to the microenterprise segment, special lines for vulnerable population, reporting on green, social and orange bonds, excellent results in the green portfolio, continuous education and training of our team; and our internal initiatives to reduce our environmental footprint.

All of the above examples show how our commitment to sustainable development is possible through the joint work of our team and the different entities and initiatives of local, regional, national and international scope. We are firmly convinced that by means of this work we may execute a more responsible task every day, which will impact all Colombian businesspeople.

Finally, we would like to thank all those individuals who make this management and results possible, so I am proud to invite you to read this sustainability report to learn about our achievements, goals and challenges.

JAVIER DÍAZ FAJARDO
President of Bancóldex

2. HIGHLIGHTS

2018

Disbursement increase: 2018 disbursements increased by 37% in comparison to 2017, moving from COP 3.5 trillion to COP 4.81 trillion, and benefiting more than 111,000 businesspeople throughout the country, clearly more than the 79,000 beneficiaries from the previous year.

Special Lines with contributions from the National Government: Together with the National Government and the Ministry of Trade, Industry and Tourism, several credit lines were designed with special conditions. The disbursements from special lines amounted to COP 1.31 trillion in 2018. This was the year with the most important increase in contributions received from the National Government and territorial entities for special lines with lower rates than the commercial ones.

Issuance of Orange Bonds: In order to support the take-off and growth of Orange Economy businesses, we issued and placed orange bonds for the first time in the world in November, 2018. Bonds were issued for COP 400 billion, and the demand was COP 867 billion, which equals 2.9 times the auctioned value.

Microenterprises strengthening: 11 new microfinance bodies joined the network of Microenterprise Credit-Oriented Institutions during 2018, which allowed Bancóldex' resources to reach more microenterprises, thus expanding the service coverage in the country. Similarly, we disbursed COP 880,355 million in loans to the microenterprise segment through 107,593 operations, which represents 110% compliance with the disbursement goal in this segment.

Green growth: We financed more than COP 343,723 million in lines exclusively targeting green projects of sustainable development and energy efficiency in the business sector. This represents a 264% overachievement of the target.

Accordingly, we promoted the policy of not financing means of transport that use polluting fuels such as diesel, which set a standpoint in the financial sector in order to contribute to the improvement of air quality.

Issuance of social bonds: In May 2018, we issued Bancóldex social bonds for a value of **COP 400 billion; and the demand exceeded COP 1.2 trillion** (4.17 times the offered value), thus becoming the first issue in the Colombian public stock market framed within the social theme.

Concession financing and international non-reimbursable resources: We made progress in the negotiation of a credit program between KfW Germany and Bancóldex for USD\$100 million to target green growth financing.

Strengthening of the Colombian export sector: The bank disbursed **COP 1.52 trillion to 978 export companies** in order to support the internationalization of the economy with emphasis on market diversification and take advantage of the opportunities created by the FTAs, where Bancóldex played a key role in promoting foreign trade.

Bancóldex Capital Program: We made two new commitments to invest in entrepreneurial capital funds, one of which has social and environmental impact.

An existing commitment in the "Amerigo Venture Pacífico" venture capital fund was also extended. As a result, Bancóldex Capital has made **investment commitments for COP\$183,777 million in 14 multi-sector funds**. Thanks to these investments, resources of **COP \$1 trillion** have been mobilized for **67 Colombian companies** in different sectors and stages of growth, and **the resources disbursed by the Program have multiplied 8.5 times**.

2019

Increase in disbursements: 2019 disbursements peaked **more than \$5.4 trillion in loans** that benefited **more than 100,000 companies** in all 32 departments of the country.

2019 disbursements **increased by 12% when compared to 2018**.

Special Lines with contributions from the National Government: Together with the National Government and the Ministry of Trade, Industry and Tourism, we designed several credit lines with special conditions aiming at supporting the business sector, **which was impacted by natural disasters and social circumstances**. The resources allocated to meet these credit lines were **COP 575 billion**.

Orange economy financing: The bank disbursed credits for **\$1.1 trillion Colombian pesos** benefiting close to **27,000 companies in the orange economy sector**. **63%** of the total disbursed amount were loans targeting **MSMEs** located mainly in Bogotá and in the departments of Antioquia, Valle, Atlántico, Nariño and Cundinamarca, which account for **75%** of loans.

Microenterprise strengthening: We benefited **more than 95,000 microenterprises** with loans for more than **COP 880,425 million**, aimed at meeting the financing needs of this business segment.

Similarly, we disbursed **\$1.5 trillion benefiting more than 7,656 SMEs** as a way to support small and medium enterprises.

Green growth: We disbursed COP 383,749 million to finance green projects of sustainable development and energy efficiency.

We financed over 240 green investments and projects, which have an **annual mitigation potential of 79,140 CO₂ tons**. We also financed **42 energy efficiency projects**, which have an **annual reduction potential of 4.8 GW/h**.

We increased disbursements for these projects by **15% in comparison to 2018**.

Concession financing and international non-reimbursable resources: We signed a **credit agreement** with the German Development Bank - KfW for **USD 100 million** in December 2019 within the framework of the "Development Cooperation Program" between the Government of Colombia and the German Government in the area of **sustainable economic development**.

Fund of Funds: We launched the "**Fund of Funds**" in 2019 as a natural evolution of the Bancóldex Capital program with the main emphasis on **entrepreneurial capital funds that seek to invest in high-impact, scalable and crosscutting ventures in the sectors of trade, industry, tourism, services and creative industries**.

The 2019 **investment commitments** of the Fund of Funds reached **USD 24 million with INNpulsa Colombia, Colciencias, the Latin American development bank-CAF and Bancóldex**.

Fintech

Bancóldex became a member of Colombia Fintech, the association that represents the financial technology and innovation industry in the country.

By means of this decision, the Bank seeks to support the management of financial solutions that allow closing the existing market gaps in access to credit and innovating in products that may leverage business growth and its financing structure. As a result, 4 Fintech microfinance institutions were linked in 2019.

Impact measurement

Aware of the importance of measuring not only financial profitability but also social returns as a development bank, Bancóldex began measuring the impact generated by its interventions in 2019. The results showed that SMEs and large companies in the manufacturing sector, 4 years after the disbursement granted by Bancóldex, increased value-added generation by 25% and production by 24% in comparison to companies not financed by Bancóldex. Similarly, it was found that one year after disbursement, the companies increased their investment by 85%.

***I-Team* Innovation Team**

In order to keep the Bank at the forefront of the financial sector and offer partners, clients and employees the best quality products and services, and aware of the importance of open innovation, we created the ***I-Team*** (Innovation Team) in 2019 with professionals from different areas of the Bank. By applying the *Agile* methodology, the team may achieve improved quality, greater commitment, greater speed and increased productivity.

To date, the team has worked hand in hand with 3 development banks, 40 companies, 10 financial intermediaries, 11 Fintechs, 5 innovation centers, 6 state bodies, 2 guilds, 1 third sector organization, 4 experts and 22 supporters.

Thanks to the ***I-Team***, we were ranked first place among 18 runner-up ventures in Latin American Development Bank's contest to promote financial inclusion in Colombia within the Re-discount Market Place initiative. It is a platform where micro and small businesses may apply for credit and receive several serious offers from financial intermediaries with a quota in Bancóldex in a 100% digital environment.

The Innovation Office had officially been established by the end of the year.

Bancóldex' Income

2018 and 2019 marked Bancóldex highest profit recorded in the Bank's history. In 2019, profit reached \$126,834 million, a 17.84% increase when compared to 2018

"Arte por los Cielos" (Sky-high Art Exhibit)

Framed within the 200th independence anniversary, we exhibited hidden treasures of BancolDex, the Ministry of Trade, Industry and Tourism, MAMBO (Bogotá's Modern Art Museum) and the National Museum. This was done to recognize creative and cultural industries as the main characters promoted by the National Government. There were guided tours at BancolDex' facilities for 328 attendees, who included BancolDex' officials and their relatives and officials from the institutions whose facilities are located at Bogotá's International Trade Center building. The "Arte por los Cielos" exhibit showed more than 30 representative works of Colombian art history. It was a four-tier tour: "Everyone's", "They men", "They women" and "Freedom" under the name "*Somos Simultaneidad, Similitud, Infinitud*" (*We are Simultaneity, Similarity, Infinity*). Works such as "Virgenes Coloniales" (Colonial Virgins) by Gregorio Vásquez, "Barequeras Chocoanas" by Pedro Nel Gómez, "El Cóndor" by Alejandro Obregón, "Bodegón" by Ana Mercedes Hoyos stood out amongst others.

Where are we heading?

In addition to the disbursement figures, the Bank will focus on creating impact based on the pillars defined in the 2020 strategy.

- Disburse COP 6.1 trillion to meet the financing needs of the Colombian business community. The figure corresponds to an additional 14% of 2019 disbursements.
- Disburse COP 1.9 trillion under the pillar to support exporting companies, 52% more than 2019.
- Disburse COP 889 billion to microenterprises through the network of entities targeting microenterprise credit. More than 90,000 microenterprises will be benefited by this line.
- Benefit more than 7,000 SMEs with the placement of over COP 2 trillion to meet financing needs.
- More than \$900 billion to support 30% of disbursements that should be allocated to regions other than Bogotá, Valle del Cauca, Antioquia and Atlántico.
- Disburse COP 710 billion with an emphasis on green growth.
- Expand the network with three new investment funds and reach COP 213 billion in investment commitments in private equity and venture funds.

3. ABOUT THIS REPORT

GRI-102-54, GRI- 102-50

This report has been prepared to comply with the Essential option of GRI Standards. It reports Bancóldex' sustainability management information from January 1st, 2018 to December 31st, 2019.

2018 was a transition year when Bancóldex' management geared towards the strategic priority focuses defined at the end of 2017. They aimed at consolidating Bancóldex as a public policy instrument that would contribute to business growth. The Bank proposed to continue stimulating and financing green projects to contribute to climate change mitigation and adaptation, and the generation of clean and renewable energies. Similarly, the Bank's actions in 2018 facilitated the context for the planning activities carried out with the participation of the members of the Board of Directors and the Administration, which was formalized by the Board of Directors in December, 2018. The planning activities mainly determined Bancóldex' performance midterm and long term. They also confirmed that Bancóldex is Colombia's business development bank, which supports the country's productive transformation as it focuses on MSMEs, boosts exports and promotes environmental sustainability and creative economy.

GRI- 102-10

Thus, the strategic guidelines and crosscutting action lines were defined. They would become the framework for the Bank's action in the following four years of Government and they would align with the sectorial strategic plan of the Ministry of Trade, Industry and Tourism as well as with the foundations of the National Development Plan of the National Government.

GRI102-49

Mario Suárez Melo submitted his resignation as president of Bancóldex on December 18, 2018. In January, 2019, the Board of Directors appointed Javier Díaz Fajardo as the new president of Bancóldex, and he took office on February 4, 2019.

Based on these grounds and bearing in mind that reporting environmental, social and economic management under the Global Reporting Initiative - GRI methodology would imply adjustments in 2018 (planning strategic guidelines and crosscutting action lines) and 2019 (initial implementation period), a decision was made to submit an integrated report for 2018 and 2019.

Organizations included in the Report

GRI 102-45

The Bank's subsidiaries *Fiduciaria Colombiana de Comercio Exterior S.A. - Fiducóldex* and *Arco Grupo Bancóldex S.A.* are included in the consolidated financial statements of Bancóldex Group, but the sustainability report does not include any information about them. The report only shows Bancóldex' information and the management results of the Opportunity Banking Investment Program managed by the Bank.

3.1 Stakeholders and relationships

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

We at Bancóldex rely on a group of stakeholders with whom we interact within the scope of our purpose.

Stakeholders were identified by means of a combination of Accountability and Global Reporting Initiative (GRI) methodologies. We keep constant and leveraged relations with the group of stakeholders through different instruments such as mass events in regions, videos, reports, specialized studies, our website and Bancóldex contact line.

Stakeholder	Relationship approach	Relevant topics
Shareholders	<ul style="list-style-type: none"> Website Social media National Toll-Free line Email box Events and Stakeholder Relations Assembly Meetings Regular financial statements and balance sheets Annual management and sustainability report Opinion of the Statutory Auditor Relevant information according to regulation in public securities market Press releases 	<ul style="list-style-type: none"> Economic performance Social performance Environmental performance
Funders		
Investors		
Subsidiaries and investees		
Correspondent banks abroad		
Media		
Clients (businesspeople, financial intermediaries, national and local authorities)		
International entities of		

development and cooperation	<ul style="list-style-type: none"> • Regular financial statements and balance sheets • Annual management and sustainability report • Opinion of the Statutory Auditor • Relevant information according to the regulation in the public securities market • Press releases 	<ul style="list-style-type: none"> • Economic, social and environmental performance • Cooperation initiatives
Risk Rating Companies		<ul style="list-style-type: none"> • Economic, social and environmental performance • Changes in corporate structure
Associations (guilds, chambers of commerce and universities)		<ul style="list-style-type: none"> • Economic performance
Employees		<ul style="list-style-type: none"> • Benefits and employment initiatives • Economic, social and environmental performance • Changes in the organizational structure
Suppliers and contractors		<ul style="list-style-type: none"> • Economic, social and environmental performance • Current tenders for the procurement of goods and services
Government / Regulators		<ul style="list-style-type: none"> • Economic, social and environmental performance • Changes in the corporate structure
Community (citizens)		<ul style="list-style-type: none"> • Economic performance

3.2 Materiality analysis

GRI 102-46, GRI 102-47

We conducted a 2019 update of the materiality analysis prepared in 2018 with the support of BSD Consulting.

The analysis was carried out in three phases and the results served as the basis to determine both the structure and content of the report herein.

Materiality process		
1	2	3
<p>Context update</p> <p>This phase aimed at understanding Bancóldex' business and sector situation, as well as the sustainability challenges faced by the organization.</p>	<p>Topic Identification</p> <p>This phase compiled the input obtained from the Context Analysis and identified a wide list of potentially relevant topics for Bancóldex, which were submitted to consultation with internal stakeholders.</p>	<p>Prioritization and validation</p> <p>A phase to evaluate the results of the stakeholder consultation activity and to narrow down the list of topics to be included in the Sustainability Report, according to impact, risk and opportunities.</p>
<p>Activities carried out</p> <ol style="list-style-type: none"> 1. Review sustainability standards applicable to the sector 2. External reference of companies and entities in the financial sector 3. Study of corporate strategy and documents 	<p>Activities carried out</p> <ol style="list-style-type: none"> 1. Compilation of a list of potentially relevant topics for Bancóldex 2. Review and adjust the list of topics with the support of the Legal Vice-presidency 3. Surveys to the Bank's stakeholders about the list of topics, their view and other topics they would like to learn, know or delve in the Sustainability Report 	<p>Activities carried out</p> <ol style="list-style-type: none"> 1. Systematization of interview results and topic ranking activities 2. Topic prioritization 3. Preparation of list of substantial topics for Bancóldex 4. Topic validation with the managerial team

The process yielded the following materiality matrix:



Category	Relevant topics
Impacts as a Development Bank	Products and services with emphasis on sustainability (social and environmental benefits)
	Risk and impact assessment of the portfolio
	Productive insertion; financial inclusion and enterprise development/strengthening
Governance and financial sustainability	Corporate governance
	Economic performance
	Risk Management
Human talent	Development of human talent
	Diversity and inclusion
Ethics and transparency	Ethics, fraud and corruption prevention
	Accountability and transparency
Eco-efficiency	Eco-efficiency (water, energy, emissions and waste)

4. OUR BANK

GRI 102-1; GRI 102-5; GRI 102-6; GRI 102-9, GRI 102-10

Banco de Comercio Exterior de Colombia S.A. (Colombia's Foreign Trade Bank) - Bancóldex is a mixed economy company, incorporated as a bank credit establishment, linked to the Ministry of Trade, Industry and Tourism and supervised by the Financial Superintendence of Colombia.

Our corporate purpose is to finance, mainly but not exclusively, the activities related to exports and domestic industry by acting as a discount or rediscount bank rather than as a direct intermediary.

As Colombia's business development bank, we support the country's productive transformation with an emphasis on MSMEs, boost exports and promote environmental sustainability and creative economy. Bancóldex, as a key player in the promotion of business development, has drawn up four major strategic lines focused on offering both financial and non-financial products that may contribute to the country's business development.

Our main allies are the institutions through which we disburse credit resources to business owners. They are mainly banks, financing companies, financial corporations and cooperatives, savings and credit cooperatives, non-governmental organizations (NGOs), compensation funds and employee funds, among other entities monitored and not monitored by the Financial Superintendence of Colombia. We also establish partnerships with organizations that facilitate rapprochement to the business sector such as multilaterals bodies, guilds, chambers of commerce, associations, ministries, territorial entities and universities.

Additionally, Bancóldex is the administrator of the Opportunity Banking Investment Program, which is National Government's strategic response to reduce poverty, promote social equality and stimulate economic development in Colombia. It provides access to financial services for lower-income families, entrepreneurs and micro, small and medium-sized enterprises.

3 DECADES MAKING HISTORY

BUSINESS DEVELOPMENT BANK OF THE NATIONAL GOVERNMENT
FOURTH ENTITY WITH GREATEST REVENUE FOR THE NATIONAL GOVERNMENT WITHOUT
CAPTIVE SOURCES OF FUNDS

IMPORTANT RECOGNITION IN THE BUSINESS SECTOR

PRESENT THROUGHOUT THE NATIONAL TERRITORY WITH A NETWORK OF 112 FINANCIAL
INSTITUTIONS

REPRESENTED IN OVER 20 COUNTRIES THANKS TO 90 PARTNER FINANCIAL INTERMEDIARIES
 \$77 TRILLION COLOMBIAN PESOS
 DISBURSEMENTS IN THE BUSINESS SECTOR

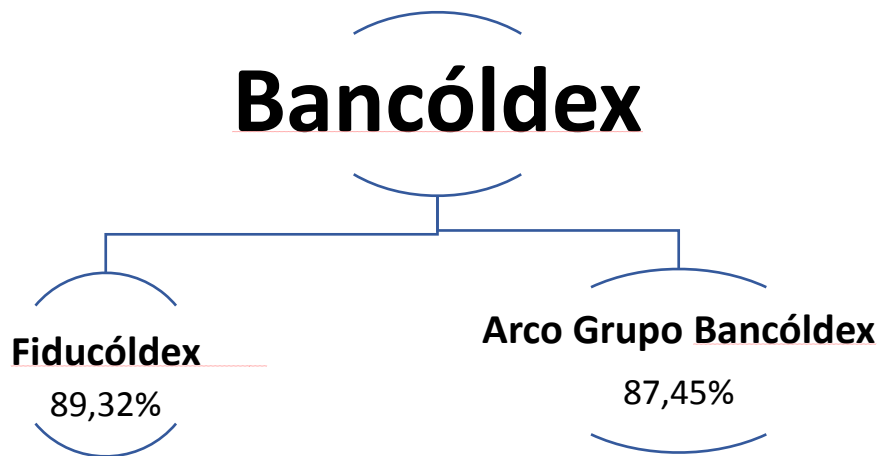
1.4 MILLION BENEFITED BUSINESSES

2.3 MILLION OF COMPLETED OPERATIONS

Figures as of December 31st, 2019

Bancóldex Group

Bancóldex business group was established in 2017 and it brought the Bank together with its subsidiaries, Fiduciaria Colombiana de Comercio Exterior S.A. (Colombian Foreign Trade Trust Fund) - Fiducóldex and Arco Grupo Bancóldex S.A. Compañía de Financiamiento (Finance Company) - formerly Leasing Bancóldex S.A., under the following ownership structure:



Shareholder composition

GRI 102-5

Shareholders	Number of shares	Participation Percentage
Ministry of Trade, Industry and Tourism	976.143.335	91,9%
Ministry of Finance and Public Credit	83.420.180	7,9%

Minority Shareholders	2.993.357	0,3%
Total	1.062.556.872	100,0%

Types of shares

Pursuant to article 9 of the Bank's Articles of Incorporation, the shares representing Bancóldex' capital are divided into three classes:

- **Series A:** Shares that represent the Nation's contributions;
- **Series B:** Shares which may be or become the property of private individuals insofar as they do not enjoy privileges, and
- **Series C:** Shares which may be or become the property of private individuals insofar as they enjoy privileges.

From such perspective, capital distribution according to share type is as follows:

Type of shares	Number of shares	Participation percentage
Series A	1.059.563.515	99,7%
Series B	2.080.683	0,2%
Series C	912.674	0,1%
Total	1.062.556.872	100%

Corporate Governance Structure

GRI 102-18

Pursuant to paragraph 3 of article 281 of the Financial System Organic Statute, the composition of the Bank's Board of Directors has a legal nature and it determines its integration. Thus, the composition of the Board of Directors as of 2018 and 2019 was as follows:

2018	
Main	Substitute
Ligia Stella Rodríguez Hernández General Secretary of the Ministry of Trade, Industry and Tourism, appointed by the Minister of Trade, Industry and Tourism.	Vacant Substitute appointed by the Minister of Trade, Industry and Tourism.
Camilo Barco Muñoz General Director of State Participation, appointed by the Minister of Finance and Public Credit.	María Inés Agudelo Valencia Substitute appointed by the Minister of Finance and Public Credit.
Carlos Quintero Rocaniz Business advisor, appointed by the General Shareholders Assembly.	Mauricio Vega Lemus General Manager of <i>Autopistas del Café</i> , appointed by the General Shareholders Assembly.
Augusto López Valencia Private sector representative, appointed by the President of the Republic.	Carlos Alberto Garay Salamanca Private sector representative substitute, appointed by the President of the Republic.
Guillermo Valencia Jaramillo Private sector representative, elected by the exporter associations.	Luis Gustavo Flórez Enciso Executive President of ACICAM, Private sector representative, elected by the exporter associations
2019	
Main	Substitute
Andrea Catalina Lasso Ruales Legal advisor of the Minister of Trade, Industry and Tourism, appointed by the Minister of Trade, Industry and Tourism.	Carlos Ernesto Escobar Vargas Substitute appointed by the Minister of Trade, Industry and Tourism.
César Augusto Arias Hernández General Director of Public Credit and National Treasure, appointed by the Minister of Finance and Public Credit.	María Inés Agudelo Valencia Substitute appointed by the Minister of Finance and Public Credit.
Roberto Arango Delgado Appointed by the General Shareholders Assembly.	Oswald Loewy Appointed by the General Shareholders Assembly.
Augusto López Valencia Private sector representative, appointed by the President of the Republic.	Carlos Alberto Garay Salamanca Private sector representative substitute, appointed by the President of the Republic.
Vacant Private sector representative, elected by the exporter associations.	Luis Gustavo Flórez Enciso Executive President of ACICAM, Private sector representative, elected by the exporter associations.

The Board of Directors has established specialized support committees that act as study bodies on specific subjects. They have their own operation regulation and the ability to make

recommendations. The composition of the support committees takes into consideration the profiles, knowledge and experience and profession of the members.

The Board of Directors had the following support committees during 2018 and 2019:

Support Committees of the Board of Directors
<ul style="list-style-type: none"> • Corporate Governance, Nominations and Compensation Committee: It supports the Board of Directors to ensure compliance with good governance practices adopted by the Bank and the provisions contained in its Good Governance Code; and it advises the Board on the implementation of good corporate practices. It also supports the Board of Directors to exercise its decision-making or advisory functions regarding appointments and compensation.
<ul style="list-style-type: none"> • Audit Committee: It supports the Board of Directors in its supervisory role by evaluating accounting procedures, the relation with the Statutory Auditor and the general review of the Internal Control System.
<ul style="list-style-type: none"> • Risk Management Committee: Its goal is to support the Board of Directors in fulfilling its supervision responsibilities regarding risk management.
<ul style="list-style-type: none"> • External Credit Committee: It assists the Board of Directors in fulfilling its responsibilities concerning limit approvals and credit operations.

Where are we?

GRI 102-3; GRI 102-4



Our headquarters are located in Bogotá, D.C.

Our operations are carried out in Colombia. We have **commercial representation** offices located in Medellín, Cali, Barranquilla, Pereira and Bucaramanga, and **commercial presence** in Manizales, Armenia, San Andrés, Pasto, Neiva, Ibagué, Villavicencio and Tunja.

We count on a network of international correspondent banks available to support foreign trade businesses located in Bolivia, Brazil, Canada, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, England, France, Guatemala, Honduras, Japan, Mexico, Netherlands, Panama, Peru, Spain, Switzerland, United States, among others.

How do we operate?

GRI 102-9

We operate primarily as a second-floor bank. That is to say, when a businessperson applies for a loan from a financial institution or an institution targeting microenterprise credit, the latter may ask Bancóldex for the resources the businessperson requires under more favorable conditions. Bancóldex delivers the funds to the financial institution or financial intermediary, which in turn delivers them to the businessperson.

Bancóldex' 2018 - 2019 figures

GRI 102-7

Size of the organization		
	2018	2019
Total number of employees	283	283
Total number of operations*	14 cities in the country	

Financial figures	Net income: 2.38 trillion Total portfolio: 6.52 trillion Assets: 8.42 trillion Liabilities: 6.92 trillion Equity: 1.50 trillion Net profit: 107,633 million	Net income: 2.20 trillion Total portfolio: 6.69 trillion Assets: 8.55 trillion Liabilities: 6.98 trillion Equity: 1.57 trillion Net profit: 126,834 million
Disbursements:	COP 4.81 trillion that benefited more than 111,000 companies	COP 5.4 trillion that benefited more than 100,000 companies
* Bancóldex' total number of operations is understood as the number of cities where it has branches, presence and commercial representatives.		

Our work team

GRI 102-8

We have diverse and committed human talent that drives the achievement of our goals.

Employees by employment contract and sex											
2017				2018				2019			
Female		Male		Female		Male		Female		Male	
Fixed*	Indef**	Fixed	Indef.	Fixed	Indef.	Fixed	Indef.	Fixed	Indef.	Fixed	Indef.
4	166	3	126	0	158	1	124	0	158	1	124
299***				283***				283***			

*Fixed term / **Indefinite term.

***It includes 19 employees from the Opportunity Banking Investment Program.

Employees by employment contract and region						
Region	2018			2019		
	Fixed term	Indefinite term	Total	Fixed term	Indefinite term	Total
Bogotá, D.C.	1	254	255	1	253	254
Medellín	0	5	5	0	5	5
Cali	0	5	5	0	4	4
Barranquilla	0	4	4	0	5	5
Pereira	0	3	3	0	3	3
Bucaramanga	0	4	4	0	4	4

Manizales	0	1	1	0	1	1
Armenia	0	1	1	0	1	1
San Andrés Island	0	1	1	0	1	1
Pasto	0	1	1	0	1	1
Neiva	0	0	0	0	1	1
Ibagué	0	1	1	0	1	1
Villavicencio	0	1	1	0	1	1
Tunja	0	1	1	0	1	1
Total	1	282	283	1	282	283

4.1 Our strategic stewardship

As mentioned above, the Board of Directors formalized in December, 2018 the planning exercise carried out by the Bank's Management and the members of its Board of Directors. The plan established the general lines for Bancóldex' performance in the medium and long term.

For starters, Bancóldex was ratified as Colombia's business development bank, which supports the country's productive transformation with emphasis on MSMEs, boosts exports and promotes environmental sustainability and creative economy while being an instrument of public policy of the National Government.

The Bank then devised a strategy aimed at 4 focal points:

1. We support the productivity and competitiveness of MSMEs.
2. We finance foreign trade and the internationalization of the business sector.
3. We finance green growth and Colombia's creative economy.
4. We act as an instrument of public policy for the Colombian business community.

4.2. Business development portfolio

GRI 102-2

As a development bank, we offer financial and non-financial products and services for different types of companies and their particular growth circumstances. The products include:

- Rediscount credit
- Direct credit
- Invoice Discounting
 - Liquidex- Traditional
 - Production Chains
- Bancóldex capital: Private Equity/Venture Capital
- International Banking
- Buyer, supplier and correspondent credit
- Discounting of documents
- Non-financial products:
 - Training and Consulting
 - Technical structuring of projects
 - Sectorial and market information (DATLAS COLOMBIA)

Our 2018 and 2019 performance was assessed by using the following indicators:

Disbursements by product

Disbursement Year →	2018	2019	
Product Category ↑	Sum of Total Restated Disbursement	Sum of Total Restated Disbursement	VAR %.
COMEX	482.211.462.451	561.476.252.708,06	16,44%
DIRECT CREDIT TO COMPANIES	-	116.106.736.087,00	
CREDIT TO MICROFINANCE COMPANIES	590.836.721.329,00	527.900.893.970,00	-10,65%
INTERBANK CREDIT	571.112.673.162,32	1.116.244.667.384,03	95,45%
LIQUIDEX TOTAL	145.877.864.907,10	144.001.312.681,84	-1,29%
REDISCOUNT AND LEASING	3.025.353.865.716,57	2.898.415.504.542,37	-4,20%
Total	4.815.392.587.565,69	5.364.145.367.373,30	11,40%

The Bank's total disbursements increased by 12% in 2019 in comparison to the previous year, thanks to commercial management with foreign correspondent banks and the adjustment of policies to boost *trade and* working capital operations in South and Central America. Additionally, the first direct loans to companies were disbursed during 2019.

Disbursements by region

G4 FS6

Disbursement Year →	2018	2019	
Beneficiary's Region of Origin ↑	Sum of Total Restated Disbursement	Sum of Total Restated Disbursement	VAR %.
FOREIGN	520.254.981.532,31	932.412.921.905,60	79,22%
ATLANTIC REGION	512.758.230.605,59	315.141.827.929,88	-38,54%

CENTRAL BOGOTA REGION	1.900.074.934.096,80	2.380.948.797.794,07	25,31%
SANTANDERES REGION	347.250.797.819,57	335.694.253.025,62	-3,33%
VALLEY REGION	630.577.998.497,99	639.566.852.192,96	1,43%
COFFEE REGION	183.871.846.796,55	203.110.857.008,37	10,46%
ANTIOQUIA REGION	720.603.798.216,88	557.269.857.516,80	-22,67%
Total	4.815.392.587.565,69	5.364.145.367.373,30	11,40%

Regions such as Antioquia, Atlántico and Santander show a reduction in disbursements mainly due to lower placement in rediscount operations of traditional modes. This reduction was not compensated for by the rediscount of operations of special credit quotas or disbursements of other products in the portfolio. Bogotá's Regional Office show the opposition situation, where greater participation of traditional modes was achieved in rediscount operations plus important growth in Foreign Trade operations.

Disbursements by company size

G4 F56

		2018	2019	VAR %.
Size of Disbursed Assets ↑	Product Category ↑	Sum of Total Restated Disbursement	Sum of Total Restated Disbursement	
Large	COMEX	392.577.538.237	492.366.407.489	25,42%
	DIRECT CREDIT TO COMPANIES	0	5.200.120.134	
	INTERBANK CREDIT	0	6.996.490.173	
	LIQUIDEX TOTAL	2.210.593	0	-100,00%
	REDISCOUNT AND LEASING	764.864.844.638	827.019.915.202	8,13%
Subtotal		1.157.444.593.468	1.331.582.932.998	15,05%
Medium	COMEX	5.246.810.439	4.977.352.754	-5,14%
	CREDIT TO MICROFINANCE COMPANIES	0	526.000.000	
	LIQUIDEX TOTAL	1.047.591	0	-100,00%
	REDISCOUNT AND LEASING	889.070.408.501	710.032.300.826	-20,14%

Subtotal		894.318.266.530	715.535.653.580	-19,99%
Small	COMEX	426.976.288	779.155.343	82,48%
	CREDIT TO MICROFINANCE COMPANIES	12.500.000.000	10.331.793.302	-17,35%
	LIQUIDEX TOTAL	24.340.847	0	-100,00%
	REDISCOUNT AND LEASING	911.842.118.633	769.179.117.790	-15,65%
Subtotal		924.793.435.768	780.290.066.435	-15,63%
Microenterprise	COMEX	135.164.340	990.601.173	632,89%
	CREDIT TO MICROFINANCE COMPANIES	544.490.189.117	375.389.119.340	-31,06%
	CRED, INTERBANK	4.954.057.500	178.282.592	-96,40%
	LIQUIDEX TOTAL	24.346.489	5.972.166.415	24429,89%
	REDISCOUNT AND LEASING	389.770.319.584	345.383.656.054	-11,39%
Subtotal		939.374.077.030	727.913.825.575	-22,51%
Others (disbursements to financial intermediaries abroad or to entities targeting business microcredit, as long as they are not legalized)	COMEX	11.918.398.403	1.229.780.049	-89,68%
	DIRECT CREDIT TO COMPANIES	0	110.906.615.953	
	CREDIT TO MICROFINANCE COMPANIES	33.119.962.212	137.653.981.328	
	INTERBANK CREDIT	566.158.615.662	1.108.523.079.559	95,80%
	REDISCOUNT AND LEASING	69.806.174.361	228.726.904.924	
Subtotal		681.003.150.638	1.337.249.984.483	96,36%
Without available classification	COMEX	71.906.574.744	61.132.955.901	-14,98%
	CREDIT TO MICROFINANCE COMPANIES	726.570.000	4.000.000.000	
	INTERBANK CREDIT	0	546.815.060	
	LIQUIDEX TOTAL	145.825.919.387	138.029.146.267	-5,35%

	REDISCOUNT AND LEASING	0	18.073.609.746	
Subtotal		218.459.064.131	221.782.526.973	1,52%
Total		4.815.392.587.566	5.364.145.367.373	11,40%

There was a reduction in disbursements to micro, small and medium enterprises in 2019, due to greater availability of special credit quotas for this business segment in 2018.

Disbursement Year →	2018	2019	VAR %.
Sector ↑	Sum of Total Restated Disbursement	Sum of Total Restated Disbursement	
Administrative and office support activities	10.995.962.154,00	11.027.616.785	0,3%
Architecture and engineering activities; testing, technical analysis	45.170.433.661,54	54.051.923.208	19,7%
Auxiliary activities of financial service activities	4.198.507.919,00	4.155.062.965	-1,0%
Creative, artistic and entertainment activities	3.142.911.888,00	7.883.393.487	150,8%
Activities of travel agencies and tour operators	12.163.926.093,80	7.546.138.031	-38,0%
Accommodation activities	54.010.132.983,00	50.600.425.223	-6,3%
Rental and leasing activities	32.294.727.278,58	16.758.802.592	-48,1%
Welfare activities without accommodation	472.075.577,00	209.894.136	-55,5%
Association activities	60.969.996.732,00	28.498.904.383	-53,3%
Human health care activities	100.785.722.161,00	56.626.751.010	-43,8%
Institutional care activities	270.027.835,00	448.243.154	66,0%
Activities of libraries, archives, museums, cultural activities	99.224.033,00	583.364.320	487,9%
Publishing activities	2.370.583.161,00	2.546.232.589	7,4%
Employment activities	7.540.570.422,00	4.355.916.006	-42,2%

Gambling and betting activities	1.228.805.997,00	310.503.196	-74,7%
Main office activities; consultancy activities	17.862.695.423,20	12.037.251.272	-32,6%
Activities of extraterritorial organizations and bodies	80.000.000,00	661.107.000	726,4%
Sports, leisure and recreational activities	6.155.420.881,00	5.491.957.555	-10,8%
Programming and transmission activities	744.570.943,00	206.593.262.440	27646,6%
Decontamination activities and other services	1.626.638.588,00	1.775.644.970	9,2%
Security and investigation activities	8.421.462.405,00	6.156.893.295	-26,9%
Food and beverage service activities	77.882.772.481,00	63.431.902.157	-18,6%
Building services and landscaping activities	10.448.150.023,00	3.865.682.113	-63,0%
Information service activities	4.233.497.287,00	3.672.782.429	-13,2%
Specialized construction activities	49.589.782.432,92	39.355.832.814	-20,6%
Activities of Households as employers of cleaning staff	326.797.950,00	193.033.675	-40,9%
Real estate activities	41.344.466.654,00	40.495.688.456	-2,1%
Legal and accounting activities	7.488.988.668,00	7.131.250.249	-4,8%
Undifferentiated activities of households as producers	256.425.798,00	142.650.532	-44,4%
Postal and courier activities	1.596.242.762,00	1.032.209.111	-35,3%
Film, video, tv, sound and music production activities	39.031.730.702,00	8.915.628.263	-77,2%
Financial services activities, excluding insurance-pension funds	809.927.375.434,98	1.569.882.308.701	93,8%
Veterinary activities	1.499.386.420,00	1.740.807.979	16,1%
Public administration and defense; social security plans	2.584.838.323,00	700.522.137	-72,9%

Agriculture, livestock, hunting and related services	122.845.930.345,56	82.541.054.496	-32,8%
Storage and transport support activities	14.345.048.682,00	15.856.838.666	10,5%
Water collection, treatment and distribution	13.444.353.373,00	528.061.427	-96,1%
Wholesale trade except vehicles	491.468.009.094,50	434.988.995.620	-11,5%
Wholesale and retail trade; vehicle repair	227.696.114.505,22	247.035.271.968	8,5%
Retail trade except vehicles	615.224.004.762,40	440.435.566.453	-28,4%
Building construction	59.445.735.968,09	67.923.686.423	14,3%
Beverage production	4.479.357.853,31	3.869.972.230	-13,6%
Food processing	211.552.615.052,72	155.142.585.766	-26,7%
Manufacture of tobacco products	26.224.084,00	2.974.660	-88,7%
Teaching	31.566.414.528,00	29.758.713.780	-5,7%
Sewage disposal	274.812.516,00	336.450.000	22,4%
Operation of other mines and quarries	7.373.294.054,00	14.879.560.488	101,8%
Coal and lignite mining	4.128.456.621,00	4.197.245.558	1,7%
Extraction of metal ores	16.244.308.248,00	13.548.027	-99,9%
Extraction of crude oil and natural gas	350.000.000,00	0	-100,0%
Manufacture of coke and oil refining products	2.660.260.875,00	3.775.184.448	41,9%
Electrical equipment manufacturing	41.355.046.849,28	26.122.182.767	-36,8%
Manufacture of n.p.c. machinery and equipment	7.746.873.797,39	7.755.824.097	0,1%
Manufacture of base metals	9.630.509.677,31	7.881.488.262	-18,2%

Furniture manufacturing	21.119.956.257,61	12.976.811.650	-38,6%
Manufacture of other transport equipment	7.260.405.029,20	33.104.703.259	356,0%
Paper and paper product manufacturing	76.265.223.183,73	70.093.540.649	-8,1%
Garment manufacturing	112.132.653.291,48	139.498.191.205	24,4%
Manufacture of rubber and plastic products	90.385.410.805,33	51.880.871.126	-42,6%
Pharmaceutical manufacturing	30.675.437.262,77	9.023.196.938	-70,6%
Textile manufacturing	53.065.090.476,91	45.108.971.156	-15,0%
Manufacturing of substances and chemical products	111.852.336.891,82	139.742.452.006	24,9%
Manufacture of other non-metallic mineral products	27.609.745.987,25	138.589.406.583	402,0%
Manufacturing of computer, electronic and optical products	6.070.978.546,00	1.865.958.047	-69,3%
Manufacture of leather and related products	37.448.332.227,48	23.000.321.577	-38,6%
Manufacture of metal products except machinery	76.253.141.364,35	40.131.758.344	-47,4%
Manufacture of automotive vehicles, semi-trailers and trailers.	204.411.190.607,76	235.260.006.066	15,1%
Printing and playback of recordings	21.810.523.507,31	27.240.691.291	24,9%
Scientific research and development	1.050.865.830,80	714.505.549	-32,0%
Civil engineering works	94.035.341.542,04	78.325.609.627	-16,7%
Other personal service activities	57.871.025.375,00	35.102.020.856	-39,3%
Other professional, scientific and technical activities	28.518.773.435,15	24.378.075.019	-14,5%
Other manufacturing industries	21.635.099.082,24	19.396.332.997	-10,3%

Fisheries and aquaculture	6.387.152.894,64	2.807.821.252	-56,0%
Wooden products, wood and cork products, except furniture	11.380.471.660,95	9.110.171.192	-19,9%
Computer programming, consulting, related activities	18.029.338.377,57	31.448.136.550	74,4%
Advertising and market research	13.197.597.886,88	13.384.710.802	1,4%
Waste collection, treatment and disposal	7.127.506.246,33	5.992.521.268	-15,9%
Repair and installation of machinery and equipment	22.729.665.383,60	18.158.312.839	-20,1%
Repair of computers, personal effects, household goods	6.224.738.443,80	2.484.255.547	-60,1%
Insurance, reinsurance, pension funds, except social security	924.086.934,00	932.370.021	0,9%
Support services for mining and quarrying	8.502.578.396,00	6.677.208.610	-21,5%
Forestry and wood extraction	2.685.523.427,00	675.069.984	-74,9%
Supply of electricity, gas, steam-air conditioning	37.724.406.719,00	84.603.435.752	124,3%
Telecommunications	23.424.721.291,57	19.365.038.538	-17,3%
Water transport	1.833.904.728,00	2.586.888.887	41,1%
Air Transport	2.439.209.168,00	1.517.042.752	-37,8%
Land transport and transport by pipeline	274.637.933.345,32	277.044.168.065	0,9%
Total	4.815.392.587.565,69	5.364.145.367.373	11,4%

The above-mentioned disbursements were 62% in major cities, 22% in intermediate cities, 11% in rural areas and 5% in scattered rural areas during 2018. On the other hand, 72% of 2019 disbursements took place in major cities, 14% in intermediate cities, 10% in rural areas and 4% in scattered rural areas.

4.3. Bancóldex at the service of public policy

Pursuant to the provisions of document CONPES 3927 issued by the National Economic and Social Policy Council on May 23, 2018, so-called Management Strategy of the Nation's Business Portfolio and Stockholdings, Bancóldex is part of the group of State-owned companies established to develop public policy objectives. This implies that we must correct market inefficiencies and externalities and maximize social wellbeing by maintaining the Colombian business fabric.

Thus, we are a catalyst of public policy and contribute to its fulfillment through our products and services. We follow the Government's guidelines aimed at promoting business growth and increasing productivity and competitiveness. Furthermore, we receive contributions from the National Government and the territorial entities to carry out interventions under even more favorable financial conditions for business owners in order to cover the rate differential and offer special credit quotas for micro, small, medium and large companies for specific purposes.

Given the fact that it is an institution linked to the Trade, Industry and Tourism sector, **Bancóldex participated in the design of the 2019-2022 Strategic Sectorial Plan - PES, whose objectives are to generate higher levels of productivity and competitiveness, take better advantage of external markets to promote the exportable offer, attract a higher level of foreign direct investment not related to the energy sector, and promote the different segments of the orange economy and specifically tourism.**

Bancóldex participates with two indicators in the 2018-2022 "Pact for Colombia, Pact for Equity" National Development Plan. One is the number of small and medium-sized companies that benefit from Bancóldex' financial products; and the second one is the value of the investment commitments in risk capital funds. These indicators are part of Pact II: Pact for Entrepreneurship, Formalization and Productivity.

Finally, Bancóldex has participated in the design and execution of different CONPES documents, such as:

- **CONPES 3866 of 2016:** Productive development policy.
- **CONPES 3934 of 2018:** Green growth policy.
- **CONPES 3957 of 2019:** National Laboratory Policy: Priorities to improve compliance with quality standards
- **CONPES 3963 of 2019:** Policy for the modernization of the automotive cargo transport sector.
- **CONPES 3975 of 2019:** National policy for digital transformation and artificial intelligence.

The monitoring and reporting of the commitments described above is carried out through the formulation of indicators that are then reported with the frequency defined in each one of them.

Indicators		
Indicator	2018 Result	2019 Result
MINCIT (Ministry of Trade, Industry and Tourism) Sectoral Strategic Plan - Disbursements to increase the productivity of micro-enterprises	During the 2018 term, Bancóldex disbursed COP 880.355 million in loans to meet the year's goal at 163% .	During the year, COP 880,425 million in loans were disbursed to microenterprises, the meant 91% compliance with the year's goal .
National Development Plan - Investment commitments in Private Equity and Entrepreneurial Funds	During the year, COP 183,777 million were committed in 14 capital funds, which meant compliance at 145%, far exceeding the established goal .	During 2019, COP 184.298 million were committed in 14 capital funds, which translates into 93% compliance with the year's goal .
National Development Plan - Number of small and medium-sized enterprises benefiting from Bancóldex' financial products	Not applicable for 2018	During the 2019 term, Bancóldex disbursed loans to 7,656 SMEs, meeting the year's goal by 121% .
MINCIT Sectoral Strategic Plan - Disbursements to exporting companies that benefit from Bancóldex' financial products	COP 1.41 trillion disbursed to companies that carry out foreign trade operations, with compliance of 15%.	Not applicable for 2019
MINCIT Sectoral Strategic Plan - Number of Operations with exporting companies that are beneficiaries of Bancóldex' financial products	During the year, 1,977 operations were held with exporters, meeting the 2018 target by 132% .	Not applicable for 2019

5. OUR IMPACT AS A DEVELOPMENT BANK

5.1. Productive insertion and financial inclusion

We support micro and small businesses with second tier credit lines and create market conditions so that more and more non-traditional financial intermediaries become interested in financing this segment.

We provide special and differentiated attention to microenterprises, since we understand that they may be located in different regions and socioeconomic contexts and require the creation of special and differentiated instruments for their attention. **Thus, the Bank strengthens the attention to this segment of companies by means of specialized intermediaries in order to enable better conditions of financial access and accompaniment and then contribute to transform microenterprises into viable productive value units with growth capacity.**

The Microfinance Department at Bancóldex focuses specially on reaching out to microenterprises through entities that specialize in microfinance. We have **reached a universe of nearly 100,000 business units assisted in 831 municipalities**, located in urban, rural and scattered rural areas, and municipalities affected by the armed conflict.

The Bank then assists this segment of companies through specialized intermediaries that have the microfinance methodology to enable the conditions for financial access and accompaniment, offer better conditions than the extra-banking market, and contribute to the financing of viable productive value units, with growth capacity.

2018

Total disbursements in the microenterprise sector: COP \$880,355 million, out of which COP \$595,193 million went through 115,879 operations, were placed by the Microfinance Directorate.

2019

Total disbursements in the microenterprise sector: COP \$880,425 million, out of which COP \$527,900 million went through 71,631¹ operations, were placed by the Directorate of Microfinance.

Micro-enterprises represent a significant number of the total number of companies served by Bancóldex.

¹ The number of operations as of 2019 is rising as microfinance companies legalize them at a later date.

Thus, we create a credit offer that focuses on covering the needs of the country's microenterprises. This offer is designed as follows:

- Create credit lines with the support of the National Government to prioritize and focus on microenterprises, and guarantee that resources reach the segments with the greatest difficulty in accessing credit.
- Create regional credit quotas and join forces with local authorities to assist microenterprises in regions that face economic challenges.
- Keep traditional credit lines to finance work capital and modernize businesses.

Moreover, we constantly review procedures in order to increase exposure and contact with entities that specialize in microfinance; and hold meetings with entities at the regional level to carry out strengthening programs.

The disbursements of the Microfinance Directorate were allocated as follows:

Destination	2018 (figures in millions of pesos)		2019 (figures in millions of pesos)	
	Disbursements	Number of operations	Disbursements	Number of operations
Work capital	497.023	89.887	464.946*	67.580
Fixed investment	128.139	25.992	62.955	4.089
Total	595.193	115.879	527.901	100%

* The decrease in the amount of disbursements may be explained by the fact that there was a specialized line for Microfinance in 2018 and it had its own resources and it was very well received.

The difference in the number of operations is caused by the fact that 2019 figures have legalizations pending to be computed. Microfinance companies benefit from a deadline until the second half of 2020 to report the number of final beneficiaries.

Macrosector	2018		2019	
	Disbursements	Number of operations	Disbursements	Number of operations
Wholesale-retail trade; vehicle repair	250.807	45.746	163.314	2.8679
Manufacture Industries	80.011	18.755	40.859	9.489

Agriculture, livestock, forestry and fisheries	56.452	16.764	36.713	9.474
Other service activities	44.718	7.643	44.659	5.720
Accommodation and food service activities	42.977	8.483	21.644	4.702
Transport and storage	28.609	3.608	17.478	2.357
Professional, scientific and technical activities	28.603	7.216	20.609	6.412
Financial and insurance activities	21.158	71	155.384	354
Real estate activities	12.669	1.446	5.345	744
Construction	10.037	2.813	8.834	1.689
Administrative and support service activities	5.786	1.092	3.069	576
Information and Communications	3.712	777	4.580	458
Teaching	3.301	542	1.349	307
Human health care and social assistance	2.541	295	1.693	211
Artistic, entertainment and recreational activities	1.967	340	1.239	246
Water supply; sewage, waste and decontamination	923,1	125	458,3	62
Activities of households as employers	292,0	91	185,9	48
Public administration - defense; social security	287,6	10	104,1	21

Mining and quarrying	218,4	50	303,9	73
Supply of electricity, gas, steam, air conditioning	74,2	9	79,8	8
Extraterritorial organizations and entities	50	3	2,3	1
Total	595.192,8	115.879	527.900,9	71.631**

*figures are shown in millions of pesos

**Number of operations as of December, 2019. However, the number may be higher since legalizations take place during 2020.

2018 Highlighted Initiatives

Acción Buenaventura (Buenaventura Action)

Acción Buenaventura is a project intended to enable productive transformation in three priority chains in that area of the pacific: port logistics, tourism and cocoa. It relied on the application of the management model Red de Empresas Sostenibles (Sustainable Business Network) - RedES, and the Agro-negocios Sostenibles (Sustainable Agricultural Business) - MAS model.

This project was an inter-institutional effort of the public, private and academic sectors to promote territorial development based on the generation of new business models and the formulation of improvement projects with economic, environmental, social and organizational value.

The results show **36 companies in the port, logistics and tourism sector that worked together in favor of their productivity**. Additionally, 38 producers from 3 associations and 3 community councils strengthened their cocoa production, processing and marketing practices.

Similarly, **the RedES and MAS methodologies were instilled in four academic entities trained in the process.**

2019 Highlighted initiatives

We consolidated the Technical Assistance and Digital Transformation Support program in order to improve user experience and promote the growth of digital services. It was aimed at microfinance institutions with a quota in Bancóldex.

FTA leverage program

This program seeks that 11 companies from different cities in the country may have expert support to take advantage of market opportunities in at least two (2) countries with which Colombia has signed trade agreements (U.S., European Union and Pacific Alliance). These companies are already in the intervention stage; and it will be completed during the first quarter of 2020.

Entrepreneurial credit program

With the support of IDB's technical cooperation resources and in order to promote the expansion of financing sources for early stage companies, a pilot project was developed for financial institutions to implement an "Entrepreneurial Credit Program". This pilot program is being deployed at three financial entities (Actuar Famiempresas, Finanzfuturo and Fundación Mario Santo Domingo), and it has benefited **22 early stage companies with financial resources and technical support from specialized entities**. As a complement to this pilot program, the "Entrepreneurial Credit Program of Entrepreneurship Support Institutions" was al launched. Its objective is to expand the channels for early stage companies to be granted credit. The first phase of this program held a workshop to strengthen credit capacities and **44 entities at the national level** signed up for it. **25 out of the 44 entrepreneurship support entities were selected and participated in the workshop.**

2019 Perspectives and Compliance of the Microfinance Directorate

2019 Target	2019 Compliance
Reach disbursements for approximately COP \$550,000 in more than 90,000 operations.	We disbursed COP \$527,000 in 71,631 operations.
Keep the current network of entities not supervised by the Superintendence of Finance in order to attend to the needs of microbusinesses in a differentiated manner.	We kept the network of 66 entities not supervised by the Superintendence of Finance in order to meet the needs of microbusinesses in a differentiated manner.
Work together with the territorial authorities to join efforts for new agreements to create credit supply in the regions.	We carried out the coordination with the territorial authorities and reached 8 new agreements to create credit supply in the regions.
Link at least four microfinance institutions with Fintech technologies.	We linked 4 microfinance institutions with Fintech technologies.
Create an offer and/or call for tenders to boost digital service growth.	We started a Technical Assistance and Support Program for Digital Transformation

	to improve the user experience in order to boost the growth of digital services.
Carry out a pilot project together with Asomicrofinanzas to create origin dematerialized promissory notes with the assistance from BVC-Deceval.	We have two entities operating with digital promissory notes through BVC-Deceval.

2020 MSMEs Productivity Outlook

- We expect to disburse COP \$889 billion pesos to microenterprises through the network of microenterprise-oriented entities. This will allow the Bank to assist more than 90,000 microenterprises. The Microfinance Department expects to reach the COP-500-billion disbursement goal through more than 100,000 operations.
- From the total amount of disbursements for microfinance operations, we expect that
 - 45% of disbursements be allotted to women.
 - The municipalities in areas Most Affected by Conflict (ZOMAC) and Development Programs with a Territory Approach (PDET) receive 10% of credit operations.
 - 15% of operations target businesses affected by violence.
 - More than 7,000 SMEs be benefitted with a placement of 2 trillion, which represents 42% growth when compared to 2019

5.2. We finance green growth and Colombia's creative economy

GRI 103-1, GRI 103-2, GRI 103-3, SDG1, SDG8, SDG10

The financial sector has a direct impact, both positive and negative, on sustainable development through the activities and projects it decides to finance. Thanks to the products and services we offer, we have the capacity to encourage productive practices that are both environmentally and socially responsible, as well as to restrict access to capital for sectors and activities that are not committed to common causes such as protecting and restoring ecosystems, fighting poverty or building equity.

As a business development bank, we are a tool that allows the National Government to implement and comply with national policies that promote sustainability such as the Green Growth Policy contained in Document CONPES 3934 issued by the National Council of Economic and Social Policy on July 10, 2018, and the National Climate Change Policy issued by the National Government in 2017, amongst other public policy instruments.

We seek to position ourselves as a main stakeholder that supports greater dynamics for sustainable investments in the business and financial sectors. We do this with the creation

of comprehensive programs that allow overcoming barriers in financing, and seeking partnerships with national, international and multilateral stakeholders.

Thus, we have credit lines that promote the use of innovative tools, which makes it easier for companies to make sustainable investment decisions. We focus both on the financial conditions and on the development of instruments that allow us to reduce the risk associated to this type of investment. We use market tools such as:

- Hedge policies on risk associated to the energy performance of efficient technologies.
- Contract design based not only on price but also on expected performance.
- Technical validation process carried out by an experienced third party.
- Knowledge of technology and its performance.

Furthermore, we build partnerships with other well-experienced stakeholders to offer technical accompaniment, which brings added value to projects from their conception to their implementation.

As a complement to this type of work, the Bank participates actively in public and guild-led management coordination forums about sustainability and climate change, such as Asobancaria's Green Protocol and SISCLIMA's Financial Management Committee led by the National Planning Department. Similarly, we promote capacity building among all financial institutions, thus encouraging the financing of more sustainable projects.

Green credit lines

SDG 7, SDG 9, SDG12, SDG13

There is great potential to implement energy efficiency measures in Colombia. We can take advantage of renewable energies as a low-cost energy source with low environmental impact. Similarly, national environmental regulations increasingly promote the efficient use of natural resources and the reduction of the impacts that economic activities produce on the environment. These conditions encourage more companies to implement projects and their demand for funds under special conditions to finance such measures.

Thanks to our experience and the partnerships we have consolidated, we are pioneers in financing projects that contribute to responsible environmental management. Every year we manage to consolidate new financing opportunities for green projects in Colombia, and facilitate the fulfillment of national goals and the commitments of the Paris Agreement.

We offer credit lines aimed at micro, small, medium and large companies in all economic sectors that may be interested in making investments to allow them to improve their environmental profile and reduce the impact caused by their economic activity.

Similarly, the financing of measures aimed at climate change management focus on the mitigation of greenhouse gases - GHG and adaptation measures to reduce vulnerability and increase adaptive capacity to extreme weather events.

Bancóldex’ green portfolio has been growing since 2009, and it reached its highest level in 2019 with more than 200 operations and disbursements for COP 383 billion, which meant compliance of 119% with the budgeted indicator.

The projects were financed through sustainable development and energy efficiency credit lines; the energy efficiency line for clinics, hotels and hospitals; the green investment financing line; and programs to implement renewable energy in non-interconnected areas in Colombia.

G4 - FS8

Products with environmental benefits (figures expressed in millions of pesos)			
Indicator	2017	2018	2019
Amount to promote green projects	80.246	330.000	383.000
Financing of environmental impact mitigation projects	35.600	50.000	30.263,61
Financing of energy efficiency projects	11.714	234.000	217.404,27
Financing of sustainable transport projects	32.932	1.918,57	27.576,38
Financing of renewable energy projects	na	21.000	37.867,83

Thanks to project financing and our green portfolio, we managed to avoid 121,540 CO₂ tons between 2018 and 2019.

	2018	2019
Reduced and avoided CO ₂ tons	42,400 CO ₂ tons	79,140 CO ₂ tons

The 2018 Board of Directors decided to refrain from financing the procurement of vehicles that increase pollution in cities if they use fuels that keep generating greenhouse gases and air pollutants, mainly particulate matter associated to diesel combustion. The Board rather stimulated financing the adoption of cleaner energy sources such as gas and electricity.

This is in line with the Bank's decision to adopt green financing practices that will lead to the generation of a portfolio focused on financing technologies with the highest environmental standards in accordance with international best practices for the urban public transport sector.

Moreover, we have made progress in understanding the needs of investors, so environmental credit lines have evolved and adjusted more and more to their requirements. This shift is evidenced by greater consumption of the resources offered by Bancóldex' credit lines. Similarly, the financed projects are also evolving little by little to focus on increasingly efficient technologies specific to companies' processes, and moving from financing LED lighting to measures focused on the use of waste or renewable energy.

Credit lines with social impact

G4 - FS7, SDG1, SDG8, SDG10, SDG11, G4-FS14, GRI 413-2

We have also worked on the creation of special credit lines to support regions in difficulties because of economic, environmental or social circumstances. Thus, we have created credit lines with differential conditions for companies in border areas, areas affected by natural disasters, victims of the armed conflict and the disabled population.

First of all, Bancóldex was the National Government's instrument to mitigate the impact suffered by business activity due to **economic circumstances** such as the strike in Buenaventura and **natural disasters** such as the flooding that occurred in Mocoa, Putumayo. These initiatives obtained the following results:

2018
COP 3,850 million disbursed in Buenaventura, benefits for 227 businesses
COP 16,340 million disbursed in Mocoa, benefits for 2,967 businesses
2019
COP 130 billion disbursed through the <i>Avanzamos</i> line, aimed at MSMEs affected by the nation-wide strike.
COP 20 billion disbursed through the special support line for the productive recovery of Chocó.
COP 125 billion disbursed through the Special MSME Line in Cauca and Nariño to provide tools that support the business sector in these departments to overcome the crisis that affected their sales caused by indigenous strike.

Special credit line for businesses in border areas

Together with the National Government and the Ministry of Trade, Industry and Tourism, we launched credit lines with special conditions to support the business sector in border areas such as Guajira, Norte de Santander and Arauca, where we disbursed:

2018
COP 7,553 million in Guajira, benefiting 2,001 businesses .
COP 151,592 million in Norte de Santander, benefiting 14,295 businesses .
2019
COP 100 billion through the relief line in the border between Colombia and Venezuela.

Special credit lines for businesses run by people with disabilities.

Pursuant to the provisions of numeral 5 of article 13 of Law 1618 of 2013, we included a permanent credit line in the service portfolio. It is called "Credit line for businesses owned by individuals with disabilities", which is available to meet the financing needs of companies of any size and economic sector owned by individuals with disabilities, or legal capacities whose social capital may be owned by people with disabilities with a participation equal to or higher than 20%. The conditions of this credit line include:

- The maximum amount per company is COP 500 million
- 5-year term and grace period of up to 1 year
- The rediscount rate will be 0.50% lower than the rate published in the modernization credit line for each term
- The interest rate for the businessperson is freely negotiable

Special credit line for businesses of victims of the armed conflict.

Bancóldex is part of the National System for Assistance and Integral Reparation to Victims - SNARIV, and participates actively in all the working tables set up for such purpose so that it may be a key stakeholder in the post-conflict period. Thus, in agreement with the Unit for Comprehensive Assistance and Reparation to Victims - UARIV, we have made available to the public a special rediscount credit line with preferential conditions for businesses owned by victims of the armed conflict in Colombia. It operates under the conditions established by Law 1448 of 2011. Resources from Bancóldex' portfolio have also assisted with the financing needs of the population victim of the armed conflict. The results in 2018 were as follows:

COP 101,307 million - Resources from Bancóldex

Credit operations: 17,755

Departments: 32

COP 2.63 billion - Special credit line

Credit operations: 80

Departments: 20

Orange Economy Credit Line

Bancóldex placed credits for \$1.1 trillion pesos in 2019, which benefited about 24,000 businesses in the orange economy sector. Out of total disbursements, 63% of loans targeted MSMEs, mainly in Bogotá and in the departments of Antioquia, Valle, Atlántico, Nariño and Cundinamarca, which concentrate 75% of the loans.

2018 and 2019 Highlighted initiatives

First Green Bond Report

We published the First Report on the use of Green Bonds resources in 2018. The report showed the results of the first issuance of Bancóldex' Green Bonds in 2017 according to the international principles of the Voluntary Procedure Guide to issue Green Bonds, as established by the International Capital Market Association (ICMA).

The most outstanding results are presented below:

Second Green Bond Report

We published the Second Report on the use of Green Bond Resources in 2019. The most significant results are presented below:

- **200 billion pesos raised through the issuance of the Bonds**, which have leveraged 1.93 times their value in project financing.
- Since its first issuance, total **385.1 billion pesos** have been disbursed through **Green Bonds**.
- **102 projects in pollution control and resource efficiency.**
- **10 sustainable transport projects.**
- **144 energy efficiency projects.**

- 22 renewable energy projects.
- 10 sustainable construction projects.

With the Green Bonds, we contribute to SDG's 3, 6, 7, 8, 9, 11, 12, 13, 15

The full reports may be found on the Bank's website, in the link Quiénes Somos (Who we are) / Information of interest to shareholders and investors/Issuance

https://www.bancoldex.com/sites/default/files/11019_reporte_de_bonos_verdes_-_bancoldex_2018.pdf

https://www.bancoldex.com/sites/default/files/bancoldex_-_reporte_de_bonos_verdes_2019.pdf

Social Bond Issue

Social Bonds are ordinary bonds whose resources are used exclusively to finance projects that solve or mitigate a problem in a given population while impacting society positively.

Social Bonds are intended to promote:

- employment by enhancing the financing of micro and small enterprises
- socio-economic strengthening and progress
- access to essential services (e.g. health, education, professional training, health care, financing and financial services)
- affordable basic infrastructure (e.g. drinking water, sewerage, sanitation and transport)
- affordable housing
- food security

Social bonds are intended for excluded, gender or marginalized groups; vulnerable groups, including those resulting from a natural disaster; disregarded population; individuals with disabilities, immigrants and other displaced people, and people living below the poverty threshold.

Thus, in line with our mission as a development bank, **the Bank issued Bancóldex' Social Bonds on May 24, 2018 for a value of COP \$400 billion. The demand exceeded COP \$1.2 trillion (4.17 times the value offered) and it became the first issuance framed within the social theme in Colombian public stock market.** In order to prepare for the issuance, Bancóldex received technical support from the Inter-American Development Bank (IDB) by means of a technical assistance program financed by the Economic Cooperation and Development (SECO).

The main objective of this issuance was to promote the financial inclusion of micro and small enterprises and focus on financing rural businesses, business-owning women and victims of

the armed conflict who are business owners. By issuing social bonds to finance micro and small business loans to vulnerable groups in Colombia, Bancóldex is promoting a more just and inclusive society, improving the quality of life of vulnerable citizens, and supporting economic growth while helping finance Sustainable Development Goals.

These resources boosted the enhancement of the financial supply and credit conditions to more than 100,000 micro and small business owners. The beneficiaries received financing through entities with which the Bank has established a cooperative relationship to achieve greater social impact.

We published the First Report on the use of the Social Bond resources in 2019 and the main results were the following:

- We have disbursed 769,994 million pesos through these Bonds.
- 115,257 credit operations.
- 106,076 businesses received financing. 1,355 are small businesses with an average loan amount of 111 million pesos; and 104,721 micro businesses with an average loan amount of 5 million pesos.
- We have impacted 55% female business owners and 44% male business owners.
- We have benefited 58,227 women's businesses with 292,158 million pesos.
- Average overall credit amount: COP 6.6 million
- Credit average term: 3 years

With the Social Bonds, we contribute to SDG's 5, 8, 9 and 10

The full report is available on the Bank's website in the link *Quiénes Somos/Información de interés para accionistas e inversionistas/Emisiones*

https://www.bancoldex.com/sites/default/files/1er_reporte_bonos_sociales_bancoldex.pdf

Issuance of Orange Bonds

In order to support the take-off and growth of Orange Economy businesses, Bancóldex carried out the first issuance and placement of Orange Bonds in the world on November 29, 2018. The bonds amounted to COP \$400 billion and had an overdemand of COP 870 billion, which equals 2.9 times the auctioned value.

The resources obtained from this issuance will be used to finance or refinance credits for activities and projects of businesses linked to the Orange Economy. They may belong to any of these three categories:

- Conventional cultural industries
- Functional creations, new media and software

- Art and Heritage.

In order to prepare the issuance of Orange Bonds, Bancóldex received technical support from the Inter-American Development Bank (IDB). Moreover, Bancóldex' Orange Bond issuance has been externally and independently verified by the international audit and consulting firm Deloitte. Bancóldex was one of the winners of a 2019 IDB call to carry out impact measurements of the Orange Bonds aimed at businesses.

Amount \$300.000 Million expandable to \$400.000 million

Date of Issuance November 29, 2018

Payment Date November 30th, 2018

Term 2 and 3 years

Indicator RBI 2 years – CPI 3 years

Rating AAA (BRC Standard & Poor's)

We published the First Report on the use of Orange Bond resources in 2019 and the main results were the following:

Number of commodity-exporting companies that were financed per year and total value of exports from each one (Mil USD FOC ctes. 2018=2010)			
Year round	Number of Companies	Total expoted value (credit year)	Total expoted value (08/19 - 07/19)
9/2015-8/2016	40	7.098.700	8.794.791
9/2016-8/2017	28	4.748.603	3.229.099
9/2017-8/2018	74	16.600.000	17.700.000
9/2018-7/2019	67	13.100.000	
Total	209	41.547.303	42.823.890

- Benefits for 3,119 businesses: 1,796 natural persons and 1,323 legal persons.
- 3,866 credit operations: 57% in modernization and 43% in work capital
- Average disbursement per operation: 2,239 million pesos.
- 29% of disbursements were made to large companies, 64% to SMEs and 7% to micro enterprises.
- 14% of the bonds were short term, 44% medium term and 42% long term.
- Conventional cultural industries accounted for 18% of disbursements, functional creations, new media and software for 7%, and art and heritage for 75%.

With the Orange Bonds, we contributed to SDG's 4, 8, 9 and 11

The full report is available on the Bank's website in the link Quiénes Somos/Información de interés para accionistas e inversionistas/Emisiones

https://www.bancoldex.com/sites/default/files/bancoldex_-_reporte_de_bonos_naranja_2019.pdf

Financing non-conventional renewable energy projects

We established a cooperation partnership with IDB to finance non-conventional renewable energy projects in 2019. This responds to the need of the Government of Colombia to start an energy transformation process in order to achieve a more diverse and resilient energy matrix.

As a result, **the Government proposed to incorporate at least 1,500 MW of non-conventional renewable energy by 2022.** This is why we have signed a Memorandum of Understanding with IDB to design different financing instruments for an estimated amount of up to one billion dollars in order to achieve the goal proposed by the Government.

Development Cooperation Program

We signed a USD-100-million credit agreement with the German Development Bank - KfW in 2019 to promote sustainable economic development projects, including an energy sector program.

This partnership seeks to promote sustainability among Colombian businesspeople through programs of energy efficiency, environmental impact mitigation, renewable energy and sustainable mobility. It also seeks to support the strategic focus of green growth for SMEs and large companies.

Structure of sustainable development projects

We supported 13 companies in 2019 for their technical and financial validation of sustainable development projects within the following thematic lines:

- Energy efficiency: 2
- Waste assessment: 7
- Environmental Impact Mitigation: 1
- Non-conventional renewable energy sources: 1
- Sustainable construction: 1
- Bioeconomy: 1

Resources from the agreement with the Ministry of Trade, Industry and Tourism were allocated to this initiative; and it was developed with Bancóldex' team.

Structure of innovation projects

We designed and launched the Green DELTA Program in 2018 in order to accompany the structuring of **15 business projects** for energy efficiency or non-conventional sources of renewable energy that could apply for tax benefits. **19 companies** applied to the call for the selection of Program beneficiaries in 2019. Resources from the agreement with the Ministry of Trade, Industry and Tourism were allocated for this initiative, which was developed with Bancóldex' team.

Bancóldex has consolidated the line of **sustainable development and energy efficiency** as one of the main options to finance projects targeting the reduction of environmental impacts caused by the economic activity of the sectors.

Thus, nearly **COP 243 billion** were disbursed between 2018 and 2019 under conditions that facilitate companies' access to resources to finance measures aiming at waste management, energy efficiency and renewable energies. According to each company's needs, financing these projects requires financial conditions with terms of up to 10 years, a grace period and rates that allow paying the credit back with the earned savings.

2019 Outlook and Compliance

2019 Target	2019 Compliance
Reach financing of COP 320 billion pesos in green projects.	We financed COP \$383 billion with a compliance rate of 119.6%.
Disburse COP 230 billion to support industries in the Orange Economy and analyze two co-investments in cultural and creative enterprises in Colombia with Bancóldex Capital.	We disbursed more than COP 1 billion to companies in the creative economy.

2020 Outlook

- Continue working to structure and finance green projects and investments that reduce the negative impacts associated to business activities, manage climate change and increase the Bank's green portfolio share from 2 to 10% in 2 years.
- Finance COP 710 billion in green projects.

6. BANCÓLDEX AS AN ADMINISTRATOR OF SPECIAL PROGRAMS

6.1. Opportunity Banking Investment Program

Over the past two years, we have reached remarkable milestones in financial inclusion in the country. As far as financial coverage is concerned, at least one access point was available in all 1,103 Colombian municipalities in 2018 and 2019.

1.1 million adults joined the financial system for the first time in 2018. The main gateway to access the financial system continues to be savings accounts. 75% of all adults linked to the financial system for the first time did it with a savings account. However, products such as electronic deposits and simplified savings accounts have begun to gain influence.

On the other hand, **28.95 million adults had at least one formal financial product** in September, 2019². This meant an **increase of 1.1 million in comparison to the same period of the previous year**. Savings accounts were the product with the greatest penetration: 26.4 million adults had a savings account; followed by consumer credit; including credit cards.

The financial inclusion indicator, which measures the rate of adults with access to formal financial services, **increased from 80.1% to 81.4% between December, 2017 and 2018. Between December, 2018 and September, 2019³, it increased from 81.4% to 83.3%.** This indicator of financial inclusion has increased significantly over the past four years, moving from **73.9% in 2014 to 83.3% in September, 2019, which, compared to the 85% target of the four-year period, represents 98% compliance.**

Regarding the total number of loans disbursed to microenterprises by banks, finance companies, microcredit NGOs and cooperatives with financial activities, **as of December 2018, a total of 2.4 million microcredits had been disbursed for an accumulated value of COP 10.1 trillion. In the first half of 2019⁴, 1.17 million microcredits were disbursed for a total of COP 5.21 trillion.**

All of this progress is aligned with the 2018-2022 National Development Plan (PND), which set a target for the next four years to increase the financial inclusion indicator to 85%.

2018 and 2019 Highlighted initiatives

² Figures as of September, 2019. The information as of December, 2019 was not available when the report herein was produced.

³ Figures as of September, 2019. The information as of December, 2019 was not available when the report herein was produced.

⁴ The information as of December, 2019 was not available when the report herein was produced.

Some of the strategic projects implemented to improve access, use and quality of financial services are highlighted below:

Borders with Venezuela

This program was implemented from 2016 to 2019 in seven departments with borders with Venezuela. The aim was to mitigate the impacts of closed borders on the population of the 57 municipalities in the 7 border departments. It also allowed a significant segment of people to access and use financial sector services and products. Thus, we achieved:

- To include more than 253,000 people with active products in the financial system.
- To include 107 thousand people in the financial system for their first time.
- To provide mass training to 1.9 million people in areas of financial education.
- To strengthen the financial education of 2,866 microenterprises, and support 996 new enterprises in agricultural production, handicrafts, clothing, food, stores, trade of agricultural products, and sale of bottled water, among others.
- To hold 164 financial education 1-day workshops in popular neighborhoods, squares and main parks in municipalities, thus raising awareness through mass media and cinema in parks. More than 72 thousand people participated in these workshops and had access to savings accounts, credit and insurance products, among others.
- To co-finance 34 new access points within the framework of the project: 3 new offices, 22 banking correspondents and 9 mobile financial advisors with digital technology.

Guarantee Program

The Guarantee Program seeks to leverage credits aimed at population affected by natural events or phenomena such as earthquakes, floods, landslides, volcanic eruptions, among others, or from Production Units located in regions affected by extraordinary circumstances.

As of December, 2019, **1,017 loans** have been guaranteed through seven (7) financial intermediaries in **twenty-eight (28) municipalities to benefit population in Mocoa, Puerto Asís, Putumayo, Nariño and Cauca with a placement of COP 9,565 million.**

Insurance revitalization

Various learning spaces have been promoted within the framework of an agreement with Fasescolda to promote inclusive insurance. For example, the international seminar "10 years of the evolution of inclusive insurance" and the learning workshop on the experience of Pioner

(Philippines) in the development of inclusive insurance. These spaces allowed the industry to strengthen its knowledge and approach the needs of population to improve their internal processes, product design and the promotion of new access channels, such as insurance correspondence.

Projects for pensioners

This project improved the offer of financial products and services related to pensioners' savings accounts and based on the needs (regarding transactions, savings, credit and insurance) of pensioners in Social Economic Levels (SEL) 1, 2 and 3.

We managed to link three (3) financial entities that redesigned their value offer to respond to the population of pensioners, there were **19,472 new savings accounts** and **500 pensioners trained on financial education**.

Project to strengthen financial institutions to serve small businesses - Phase I".

We carried out an analysis of small businesses in Colombia, and the diagnosis of four (4) financial entities to determine their technical and financial feasibility to implement a project to access small businesses financing.

Rural Financial Education

As of December, 2019, the rural financial education program, carried out jointly with the Ministry of Agriculture, reported the following achievements:

- Train 7,953 farmers and micro business owners in rural areas.
- Train 504 trainers and multipliers of rural financial education in 15 departments of the country.

2019 Outlook and compliance

2019 Target	2019 Compliance
Expand access to the financial system in the rural and dispersed rural sectors, and reduce barriers to financial inclusion through the implementation of expansion models and the deepening of financial services through mobile technology.	We opened and appointed the bid to carry out the Technical Assistance project for the strengthening and expansion of cooperative coverage through correspondents with the accompaniment of mobile advisors.

<p>Strengthen the channels and instruments that facilitate the financing of operations in MSMEs, as well as boost the placement of loans to micro, small and medium entrepreneurs in the urban and rural sectors.</p>	<p>We have been implementing the Correspondent Accompaniment project, which aims to contribute to the dynamization of bank correspondents through their technical, operational, commercial and financial strengthening. The project also encourages them to offer authorized financial products and services with greater quality that will improve the experience of the final consumer and therefore their use.</p> <p>To date, there is a diagnosis of the current situation of the correspondent channel in the country and the definition of five (5) participating entities among financial institutions and networks.</p>
<p>Carry out and analyze studies and research on financial inclusion and education in Colombia. It will serve as a guide in the implementation of projects tailored to the needs of rural women and micro-enterprises.</p>	<p>In addition to the annual and quarterly financial inclusion reports produced by Banca de Oportunidades, we also signed:</p> <ul style="list-style-type: none"> ○ An agreement with DANE (National Statistics Department) to carry out a financial inclusion module in the micro-business survey currently applied in the field. ○ An agreement with Confecámaras to receive input to characterize the financial inclusion of businesses. ○ A contract to include and apply a module on financial inclusion in the survey of households with migrant population from Venezuela. It will be carried out by Proyectos Semana S.A.
<p>Dynamize and generate markets for unattended population with emphasis on rural youth and micro-entrepreneurs.</p>	<p>We supported the government during 15 workshops held nationwide. There were financial rounds and 32 financial education days.</p> <p>On the other hand, we signed an agreement with the National Guarantee Fund, F.N.G., to</p>

	<p>carry out the guarantee program in the Caribbean region to leverage loans of up to \$52,705 million. They will mainly target micro entrepreneurs and household-maker women.</p>
<p>Develop digital methodologies and define policy guidelines for economic and financial rural education so that agricultural producers and the rural population may develop and strengthen their economic and financial capacities, manage their resources taking into account risk factors; and make informed decisions about investments and access to financial services.</p>	<p>Within the framework of the National Strategy for Economic and Financial Education, we signed a cooperation agreement with the Ministry of Agriculture and Rural Development to implement a rural financial education program aimed at defining public policy guidelines for Economic and Financial Education. We achieved 133% of the set goal by training 7,953 farmers and rural micro entrepreneurs in 15 departments of the country.</p>

2020 Outlook

We hope to achieve the following goals in 2020:

- Link up to three (3) financial entities to participate in the Real Estate Guarantee Project. It implies having a definition of the goods that may be accepted as real estate guarantee and to start the phase of technical assistance for the participating financial entities.
- Initiate Phase II of the Strengthening Project and link four (4) financial entities in order to develop and transfer a methodology to finance small businesses and carry out the pilots in the selected cities.
- Implement the "My Finance Lab" program for microentrepreneurs. This will be done with the development of new content and financial education materials for MSMEs, and initiate the virtual financial education pilot with Bancóldex and the Bogotá Chamber of Commerce and other regional chambers. The pilot is aimed at MSMEs.
- Link five (5) financial institutions to participate in the Accompanying Project to dynamize the channel of bank correspondents and carry out the pilot project with the selected institutions.
- Link five (5) cooperatives to the program of technical assistance and expansion of coverage for dispersed rural and rural municipalities.

- Open 20 correspondent points with mobile advisors under the Technical Assistance Program and expand coverage with cooperatives that are already financially active.
- Carry out and analyze studies and research about financial inclusion and supply and demand in Colombia. They will serve as a guide for public policy and to design financial inclusion programs in the country.

7. OUR RESPONSIBILITY AS AN ORGANIZATION

7.1. Corporate governance

GRI-103-1, GRI- 103-2, GRI 103-3

Corporate governance is a key element to our sustainability and competitiveness. It allows us to have a transparent and participatory decision-making scheme and available to all stakeholders⁵.

We Bancóldex have adopted the definition of corporate governance of the Latin American Development Bank. It describes governance as "a business discipline necessary to maintain a stable and productive relationship among the participants of any organization". Thus, we understand that "Corporate Governance, transparency and accountability are more than compliance exercises; they are essential ingredients of good management and a requirement for the good health of organizations".

Therefore, our strategy seeks to maintain a system of corporate governance in line with the legal nature and business of the Bank. It may serve as a benchmark for itself and for its stakeholders. We want to teach by example, strengthen our corporate governance, participate actively in different national and international initiatives on the subject and train entrepreneurs in this area.

Consequently, Bancóldex made progress in 2017 to adopt the 45 recommendations made by IFC (International Finance Corporation) and the World Bank in the area of corporate governance and concluded their formal implementation. Thus, work was done in 2018 to strengthen corporate governance by means of the full implementation of the recommended actions. The activities planned by the Corporate Governance Committee for implementation in 2018 and 2019 were fully covered in accordance with the work plan.

It is important to note that Bancóldex is a founding partner of the Colombian Institute of Corporate Governance and is currently a member of its Board of Directors. This nonprofit association seeks to promote greater knowledge of corporate governance in the country and the

⁵ The complete information of the Bank regarding Bancóldex' corporate governance may be found in the Annual Corporate Governance Report, a document that is an integral part of this report and is available on the Bank's website under the link "Information of interest to shareholders and investors".

promotion of best practices in this area, by all types of organizations, regardless of their size, legal nature or sector.

Similarly, Bancóldex has been part of the "Corporate Governance Development Framework" agreement since 2011 and with another 35 international development financial institutions. The agreement is meant to establish a common set of guidelines to support sustainable economic development in emerging markets through corporate governance. Some of the participating institutions are the African Development Bank (AFDB), Compañía Española de Financiación del Desarrollo – COFIDES (Spanish Development Finance Company), Asian Development (ADB), Development Bank of Latin America (CAF), Banco de Inversión y Comercio Exterior S.A. – BICE (Investment and Foreign Trade Bank) and International Finance Corporation (IFC).

The Bank has also been participating in the Latin American Network of Corporate Governance for State Institutions since 2012. The objective of this network is to "promote good governance in public entities in the region through the exchange of experiences and knowledge on policies, practices and reforms. It uses as a main reference framework the guidelines developed by two multilateral organizations" (CAF - Latin American Development Bank and the Organization for Economic Cooperation and Development (OECD)). Bancóldex participated in the sixth meeting of this Network in 2019. It was hosted by the National Fund for the Financing of State Entrepreneurial Activities (FONAFE); and with the support of the Spanish Government and the United Kingdom's Prosperity Fund. The meeting took place in Lima and focused on the exchange of experiences and knowledge on policies, practices, reforms, advance in corporate governance at public enterprises, and lessons learned in the implementation of the OECD guidelines.

Finally, it is important to point out that we diligently submitted before the Finance Superintendence of Colombia the report on the implementation of best corporate practices - New Country Code. It is a recognized tool to measure the corporate governance of the issuance of securities; and it contributes to the fulfillment of the objectives of stability, security and trust, promotion and development of the Colombian stock market and the protection of investors. Bancóldex adopted additional measures in 2018 to reflect an increase (88% to 91%) in the implementation of the recommendations of the New Country Code. In 2019, we maintained the implementation percentage achieved in 2018. The history of the Country Code Survey presented by Bancóldex is available on the Bank's website.

2018 Highlighted initiatives

External evaluation of the Board of Directors

Upon recommendation from the Corporate Governance Committee in 2018, we hired the consortium formed by Governance Consultants and Amrop Top Management to carry out the external evaluation of the Board of Directors as a collegial body, the efficiency of its meetings and best practices.

The sources of evaluation were interviews and self-assessment surveys completed by Board members and senior management, as well as a review of Board and support committee minutes from the previous year.

The main conclusions of the evaluation process were the following:

- The Board of Directors is an instance that contributes with value to Bancóldex. There is open and constructive communication dynamics that benefits from a diverse gathering of profiles and regional representation, all highly committed to the development and protection of the Bank.
- The Board of Directors, with the recent definition of its strategy, has devoted efforts to finding a balance between the role of being a development bank and the task of creating value and generating profitability.
- Having a non-independent Chair of the Board of Directors may affect the perception of the effectiveness of such role.
- There is a perception of good dynamics during the sessions and adequate participation of its members. The quality and focus of the information provided for the preparation of the topics is satisfactory.

Update session for the members of Bancóldex Board of Directors and subsidiaries

Following the recommendation of the Corporate Governance Committee in 2018, the members of Bancóldex Board of Directors and its subsidiaries received an annual information update on various issues.

The topics of the update were economic development with emphasis on development banking trends, conflicts of interest, FINTECH digital technologies and efficient boards of directors.

The update, organized by the Colombian Institute of Corporate Governance - College of Higher Studies in Administration, was given by the following speakers: Guillermo Perry, former Minister of Finance, Luis Humberto Ustáriz, from Ustáriz & Attorneys, Lariza Galindo from IFC Digital Services Consulting Group and Francisco Prada, IFC Corporate Governance Officer.

We held two update days in 2019. The topics of the update were climate change, risks and opportunities for the financial sector, Industry 4.0, Fintech, cyber security, sustainability and trends in Boards of Directors. The update was carried out in two sessions and was organized by the Colombian Institute of Corporate Governance and had the participation of expert speakers in the field such as Santiago Pinzón, Vice President of Digital Transformation from ANDI (National Association of Industrialists), Juanita López, Director of Climate Change and Sustainability of KPMG, Nuria Aliño *Lead of Financial Services for Partnerships and Innovations of IFC*, Claudia Rivera, Director of Sustainability of Nutresa Group, Olga Botero, *Partner & Managing Director of Customers and Strategy*.

2019 Highlighted initiatives

Update of the Good Governance Code

We updated the Good Governance Code with the changes approved by the Board of Directors in the process to consolidate Bancóldex' corporate governance.

The main changes were:

1. Change of structure: The structure of the previous Code was made based on Resolution 275 of 2001 issued at the time by the Superintendence of Securities, which is now repealed.
2. Express mention to the annual self-assessment methodology and external evaluation every 4 years.
3. Express inclusion of the support committees of the Board of Directors and its regulations.
4. The approval of changes in structure up to the third level of the organization was included as one of the functions of the board.
5. Express definition of Top Management: Bancóldex adopted the definition of Top Management that the Superintendence of Finance of Colombia included in External Circular Letter 028 of 2014 -New Country Code. Then, the Top Management is composed by persons of the highest hierarchical level in the administrative or corporate area of the company. They are responsible for the ordinary business of the company and are in charge of designing, executing and controlling the objectives and strategies of the company. Pursuant to this definition, the Top Management is made up of the President of Bancóldex and the Vice-Presidents.
6. Update Top Management positions: The scope of the job description was expanded.
7. Update internal control management.

Talk on Conflict of Interest

The Vice President's Office of Human Talent gave a talk to all Bank officials. It presented an approach to the concept of conflict of interest, some examples and how to deal with it. The guest speaker was Antonio José Núñez Trujillo, a lawyer from the Pontificia Javeriana University, Insurance Law Specialist from the Pontificia Javeriana University, Master of Law from Harvard University, and MBA from the Institut Européen D'administration D'entreprise

Insead France, and current Delegate Attorney. He also served as Secretary General of Bancóldex, among other positions of high responsibility.

2019 Outlook and compliance

2019 Target	2019 Compliance
Continue to strengthen corporate governance in Bancóldex subsidiaries.	As a result of our 2018 and 2019 objectives, we strengthened the corporate governance of our subsidiaries Arco Grupo Bancóldex S.A. Compañía de Financiamiento and Fiduciaria de Comercio Exterior de Colombia S.A. - Fiducoldex. As a result, the subsidiaries implemented part of the recommendations made to Bancóldex by the International Finance Corporation - IFC and the World Bank, which were also applicable to them.
Design mechanisms for the evaluation of senior management and assess their performance and development.	The Corporate Governance Committee supported the Board of Directors in the review, approval and monitoring of corporate indicators, in the measurement of Top Management, and in the review of the results of the Great Place to Work Organizational Climate Survey and the corresponding 2020 action plan.
Update the Good Governance Code with the modifications approved by the Board of Directors to consolidate Bancóldex' corporate governance.	As mentioned in the highlighted initiatives above, we updated the Good Governance Code in terms of structure, methodology of self-evaluation of the Board, functions, and positions, amongst others.

2020 Outlook

- Continue to strengthen Bancóldex' corporate governance with the full implementation of all measures adopted in the last four years.
- Continue to strengthen corporate governance in subsidiaries.

7.2. Ethics, transparency and anti-corruption campaigns

GRI-103-1, GRI- 103-2, GRI 103-3, SDG16

Ethical behavior ought to be the foundation of every company's operation. Therefore, we at Bancóldex reinforce the culture of integrity, ethics and transparency in order to establish long-lasting financial and commercial relations. We also implement systems and controls to prevent fraud, corruption and asset laundering, as we know these may impact the value of the Bank's tangible and intangible assets negatively and reduce its capacity to generate future income.

We promote transparency in the information we disclose about our management, as we understand it is essential for stakeholders to know what we do. We also seek to be aligned with international standards on sustainable and responsible banking, as this builds greater loyalty from customers and investors.

In order to enforce the above principles, we rely on several formal mechanisms to manage ethics, transparency and the fight against corruption. They are:

102-16

Institutional Code of Conduct: It expresses our institutional values such as passion for service, integrity, responsibility, excellence, openness to change, teamwork, diversity and meritocracy. Additionally, it specifies the desirable and unacceptable behaviors regarding values, the behaviors associated to relations with clients, suppliers and the environment. Furthermore, it establishes the cases where there is conflict of interests and how to act accordingly, as well as the sanctioning regime in case of lack of compliance with the established regulation.

Disclosure Policy for Conflict of Interest: it establishes that all members of the Board of Directors, the President, the Vice-Presidents, Managers, Directors and all employees of Bancóldex in general ought to disclose any conflict between their personal interests and those of the Bank when dealing with clients, suppliers, contractors and anyone who carries out or intends to carry out businesses with the company or with the companies where it has an interest or participation, either directly or indirectly.

Anti-Corruption Plan and Citizen Service Strategy: a management instrument that includes corruption risk management components, with the corresponding corruption risk map, accountability, and citizen service. Each one of them has processes, specific goals, specific products, follow-up indicators and responsible parties with completion dates. This scheme has allowed us to coordinate management among the Bank's areas, which shows continuity in the prevention of and fight against corruption.

Fraud and Corruption Risk Prevention Program: it establishes the policies, procedures and methodologies that allow identifying, measuring, controlling and monitoring the risks of fraud

and corruption at Bancóldex. This program is part of the Operational Risk Management system – SARO. Its implementation seeks the appropriate management of the risks of fraud and corruption to which the Bank is exposed in the development of its operations.

Whistleblower channels: in addition to the regular communication channels with immediate superiors, the personnel assigned to the Human Talent Department and the reporting of operational risk events, we have an anonymous reporting mechanism called "Línea Ética Bancóldex" (Ethics Hotline), which may be found on our website www.bancoldex.com. It allows officials, citizens and other interested parties to report concerns about potential irregularities or questionable issues regarding the treatment of clients and third parties, the performance of audits or external pressures. This channel provides the whistleblower with adequate conditions of availability, confidentiality and anonymity with the application of appropriate protocols to ensure assistance, protection and follow-up to avoid possible reprisals.

The reports filed through "Línea Ética Bancóldex" are received by the Fraud Evaluation Group, which is in charge of assigning the treatment that should be given to each report in accordance with the provisions of the Fraud and Corruption Risk Prevention Program.

In the last two years, our approach to corruption prevention combined both outreach and communication and training on issues related to ethics, corruption prevention and transparency. The trainings targeted different stakeholders. The following are some of the activities we carried out.

- **Training on operational risk:** during the induction process to new staff at Bancóldex, we carried out training on operational risk. It includes the issues of fraud and corruption risks both internally and externally. We also explained the claims and reports channels available to employees and the general public. Moreover, we provided operational risk training to the Bank's employees in 2018. It was more than 10 customized sessions that included a specific section on fraud and corruption prevention.
- **Training at representation offices:** we visited all regional offices in 2018 and 2019 and presented officials with a complete overview of the materialization of operational risk events, including the risk of fraud and corruption. The trainings reminded staff members of the reporting channels available at the Bank to report any event of internal or external fraud or corruption.
- **Training to suppliers:** we carried out training for the Bank's critical suppliers, which was done with the support of Asobancaria.
- **Internal awareness:** we strengthened communication on ethics and the fight against corruption within the Bank.

GRI 205-2

Employees who were informed about the Bank's anti-corruption policy and procedures				
Job category	2018		2019	
	Number	Percentage	Number	Percentage
Senior Management (President and Vice Presidents)	7	100%	6	100%
Managers, Directors and Heads	35	97%	36	100%
Coordinators and Executives	83	100%	83	100%
Professionals and Analysts	113	100%	72	100%
Other positions	43	98%	95	100%
Total	281	99%	288	100%

The Bank provides annual training to common suppliers in the Financial Sector about Operational Risk issues, which includes Fraud as one of the classifications in the System. The training sessions are given by ASOBANCARIA.

Suppliers who were informed about the Bank's anti-corruption policy and procedures				
Location by Branch	2018		2019	
	Number	Percentage	Number	Percentage
Bogotá – Main branch	77	18%	95	100%
Total	77	18%	95	100%

Members of the Board of Directors who were trained about the Bank's anti-corruption policy and procedures (Principal Board Members were considered)				
Location by branch	2018		2019	
	Number	Percentage	Number	Percentage
Bogotá–Main branch	3	60%	5	100%
Total	3	60%	5	100%

Employees who were trained on the Bank's anti-corruption policy and procedures - by region				
Location by Branch	2018		2019	
	Number	Percentage	Number	Percentage

Bogotá–Main branch	262	98%	258	97%
Medellin Branch	5	100%	5	100%
Barranquilla Branch	5	100%	5	83%
Cali Branch	4	100%	5	100%
Bucaramanga Branch	4	100%	3	75%
Pereira Branch	1	100%	3	100%
Total employees	281	99%	279	98%

Employees who were trained on the Bank's anti-corruption policy and procedures - by job category				
Job category	2018		2019	
	Number	Percentage	Number	Percentage
Senior Management (President and Vice Presidents)	7	100%	6	86%
Managers, Directors and Heads	35	97%	35	92%
Coordinators and executives	83	100%	83	100%
Professionals and Analysts	113	100%	72	100%
Other positions	43	98%	84	88%
Total	281	99%	279	97%

GRI 205-3

There were not any cases of corruption in 2018 and 2019.

2019 Highlighted initiatives

The Vice Presidency of Human Talent organized a talk on Conflict of Interests for all staff members. The talk addressed issues aimed at identifying potential conflicts and how to manage them appropriately within the Bank.

2019 Outlook and Compliance

2019 Target	2019 Compliance
Continue to measure and control risks associated to fraud and corruption through self-assessment of risks and controls on all Bank's processes.	We carried out the annual measurement and control of risks associated to fraud and corruption in 2019.
Regular awareness-raising campaigns for officials about the risks of fraud and corruption, so that they are aware of the elements in the prevention	We carried out Operational Risk training for the Bank's employees in 2019. It included a chapter on ethics and fraud.

program, as well as the reporting channels. They become key actors in the reporting of possible irregularities that may permeate the organization.	
--	--

2020 Outlook

- ∞ Continue measuring and controlling the risks associated to fraud and corruption by means of the self-assessment of risks and controls that are carried out annually on all Bank's processes.
- ∞ Strengthen the Fraud and Corruption Risk Prevention Program by implementing strategies and tools that will enable the Organization to better manage this type of risk. This is done in compliance with the commitments established by the Organization for Economic Cooperation and Development (OECD).
- ∞ Raise awareness among officials and other interested parties regarding the prevention, timely detection and control of risks of fraud and corruption. Thus, the Bank's employees will become key players in the reporting and management of fraud risks that may permeate the organization.

7.3. Comprehensive risk management

GRI-103-1, GRI- 103-2, GRI 103-3

By definition, the financial activity is a business based on risk management to create value. Adequate risk management guarantees a better allocation of resources, reduces the probability of losses, maximizes profitability and meets the expectations of stockholders and other stakeholders.

In order to achieve effective risk management, we rely on the Comprehensive Risk Management System - SAR, which in turn is composed of 8 subsystems to address the different types of risks:

Comprehensive Risk Management System – SAR	
1	Credit Risk Management System -SARC
2	Liquidity Risk Management System -SARL
3	Market Risk Management System -SARM
4	Information Security and Business Continuity Management System – SGSI
5	Money Laundering and Financing of Terrorism Risk Management System -SARLAFT
6	Operational Risk Management System -SARO
7	Social and Environmental Risk Management System SARAS
8	Conglomerate Risk Management System

GRI 102-11

The Comprehensive Risk Management System also embeds the principle of precaution, whose aim is to prevent risks or situations from materializing. They may affect the Bank's operations, the environment or have negative impacts on various stakeholders.

Comprehensive Risk Management System SAR

We made progress in the management of each one of the subsystems that form SAR in 2018 and 2019. For further information, please see our Annual Management Reports available on the Bank's website.

On the other hand, we defined the risk appetite framework for the different risks in 2018. It includes different metrics to establish limits regarding the Entity's strategic objectives.

The Risk Vice Presidency is responsible for comprehensive risk management together with specialized areas. Additionally, we rely on the following mechanisms to evaluate our management in this area:

- Process leaders at the Bank, with the support of the Operational Risk Office, review all operational risk maps of the organization's processes. They attend to improvement plans and adjustments suggested from within the areas in order to keep the maps updated and to make sure that they reflect the reality of the Bank's operational risk.
- The Internal Control Area carries out audits and controls on the entity's risk maps.
- We have an Internal Control System (ICS) based on the applicable internal control models in force (MECI, CIC, COSO) and on the requirements of the Internal Control System of institutions supervised by the Finance Superintendence of Colombia.
- The Audit Committee of the Board of Directors monitors and supervises the accounting procedures, the relation with the Statutory Auditor's Office and the Bank's Internal Control System.
- We report to control entities such as the Comptroller General of the Republic, which carry out audits to evaluate the Bank's management.
- We are periodically assessed by Fitch Risk Rating Agency.

Environmental, social and governance (ESG) risk and impact assessment of the portfolio

GRI-103-1, GRI- 103-2, GRI 103-3

As a development bank and in line with global sustainability trends, we seek to take advantage of the opportunities the financial sector has around green finance; and take on the challenges embedded in the incorporation of the environmental variable into the different dimensions of the business.

Thus, we know that the development and implementation of the Environmental and Social Risk Management System and the consequent evaluation of socio-environmental risks of the portfolio are key processes. This has the potential to:

- Improve the relationship with our stakeholders by selectively supporting projects with better sustainability standards.
- Improve the risk profile of our clients by accompanying them in the identification and management of their environmental and social risks.
- Identify new business opportunities by supporting them in the implementation of the required management measures.
- Improve access to capital by accessing differentiated funding sources with more demanding environmental and social standards, among other generators of economic and social value for our clients and the country.

Therefore, our Comprehensive Risk Management System incorporates the management of environmental and social risks of credit operations. It is done under our own system encompassing a set of policies, tools and procedures for the identification and evaluation of environmental and social risks of the activities or projects financed by Bancóldex. It seeks to minimize possible losses caused by the occurrence of such risks.

The analysis stage includes:

- The preliminary categorization of the operation.
- Verification of client information.
- Identification of environmental and social risks with their respective mitigation measures.
- Establishment of definitive risk categorization.
- Definition of social and environmental conditions and follow-up measures for their review at the disbursement, follow-up and monitoring stages.

It is important to highlight that even though credit institutions in Colombia are not subject to environmental and social risk management regulations to date, Bancóldex' SARAS risk assessment takes into account the regulations that credit beneficiaries must comply with regarding environmental and social matters. It also abides to the Performance Standards and recommendations of the International Finance Corporation - IFC of the World Bank, amongst other standards.

2018 Highlighted initiatives

Business Impact Analysis (BIA) Update

We acquired the right of use and implemented a new methodology to update the Business Impact Analysis (BIA) of all the Bank's value chain processes in 2018.

This update quantified the sum that a possible interruption of operations in certain time ranges could amount to. Thus, the bank areas strengthened their knowledge about business continuity; and the critical assets required by processes to attend to continuity were identified. Additionally, processes leaders, the different areas and the management positions received training regarding their role in business continuity.

We invested **COP 121 million** and, as a result, we now have a classification of value chain processes in the following categories: priority, important, sensitive, essential and non-priority.

Workshops on the prevention of asset laundering and financing of terrorism

We held 5 training workshops on the risks of asset laundering and the financing of terrorism in 2018. The workshops were given to directors and officials of 52 Bancóldex' client institutions. These institutions target microenterprise and entrepreneurial credit in Bogotá, Medellín, Cali and Pereira, as well as virtual means.

Framed within the Bank's Institutional Strengthening program for Microfinance Companies, the workshops aimed at raising awareness, socializing and strengthening knowledge on relevant aspects in the prevention and control of risks of asset laundering and financing of terrorism. Taking into account that such entities receive resources from the Bank, it is required that they have some minimum standards to prevent and mitigate these risks. Thus, they will contribute to the national actions to face these crimes that affect the social and economic stability of the country.

This initiative helped raise awareness about the exposure to the risks of asset laundering and financing of terrorism; and the responsibility we all have as individuals and entities to prevent, control and report suspicious activities of these crimes.

We invested COP 6,000,000 to develop the workshops, and took advantage of the Bank's internal resources such as knowledgeable staff and the facilities in the cities where the trainings took place.

Asset Laundering and Financing of Terrorism Risk Management System (SARLAFT)

We updated the SARLAFT Manual in 2018. It included a policy and methodology for the evaluation of risks of Asset Laundering and Financing of Terrorism (LA/FT) per economic activities. It also includes identification and analysis of unusual operations, warning signals, methodologies to monitor operations and segmentation of risk factors, as well as the technological infrastructure to support SARLAFT.

We carried out SARLAFT trainings for our Bank employees about the updates in the system and in the Manual. The training sessions also looked at customer knowledge due diligence, unusual cases and situations, and alert management.

Additionally, we went live with the new ACRM - Advanced Compliance Risk Manager system to further develop customer profiling, customer and product transaction monitoring, and product development and testing.

2019 Highlighted initiatives

SARE

We strengthened the Strategic Risk Management System by incorporating elements, methodologies and procedures to manage strategic risks effectively.

This activity updated the policies, methodologies and guidelines within the strategic risk management system, risk matrix and controls, actions or strategies, heat map or strategic risk profile.

The analysis of Strategic Risk Management at Bancóldex will allow the reduction of uncertainty; and will facilitate making decisions with more knowledge and successfully take advantage of the opportunities derived from these uncertainties.

2019 Outlook and Compliance

2019 Target	2019 Compliance
Implement the Strategic Risk Management System.	We implemented the Strategic Risk Management System, which contributed to the monitoring of the Bank's strategic goals and objectives.
Comply with the regulations on cyber security, carry out risk analysis of critical information assets and implement improvement plans formulated by the control bodies.	<p>We complied with External Circular Letter 007 of 2019 issued by the Finance Superintendence of Colombia on cyber-security.</p> <p>We implemented the critical asset risk analysis methodology.</p> <p>Most improvement plans were seen to and closed.</p>
Consolidate our position as a point of reference within equivalent public entities in the prevention, control and management of risks associated to asset laundering and the financing of terrorism.	<p>We continued with the implementation and maintenance of the SARLAFT system in 2019. This was done to prevent and mitigate the risks of asset laundering and the financing of terrorism (LA/FT).</p> <p>We followed up on the developments, interface adjustments and implementations in the new customer and transaction monitoring system ACRM - Advanced Compliance Risk Manager. We went live with the monitoring of part of Phase II products, as well as SARLAFT management reports.</p> <p>Similarly, we monitored clients and transactions, managed alerts and unusual</p>

	events and prepared reports on SARLAFT and responded to the specific requirements of different competent authorities.
--	---

2020 Outlook

We expect to do the following in 2020:

- Update the Bank's information assets.
- Implement the Access Management methodology onto the applications that have a security module.
- Consolidate a matrix recognizes the applications staff members must have access to from the moment they begin their activities at the Bank.
- Continue to build awareness among employees and third parties who may have a relation to Bancóldex. They should be aware of the importance of knowing the suitability of the persons and entities with whom they do business, so that they may prevent activities related to asset laundering and financing of terrorism, since such activities affect the economic and social stability of the country.

7.4. Economic performance

GRI-103-1, GRI- 103-2, GRI 103-3, SDG8

Good economic performance is key to us in order to attain the desired impacts as a development bank. Economic performance creates greater leverage for Colombian business growth, drives the creation of new products and services, and supports the achievement of the Bank's strategic objectives.

Our value generation relies on serving the Colombian business sector comprehensively and in all its stages of development, which means that, in addition to being a second-tier financial institution, we are the Colombian business development bank.

2018 Performance

2018 was a year when the financial system continued to adjust to the economic shocks experienced since 2014. This process has brought about the materialization of credit risks, a reduction in profit due to higher provisions, as well as stagnation in portfolio growth.

Credit placement reached COP 4.81 trillion pesos, thus meeting the budget goal by 101% and achieving 18% growth in the net portfolio balance when compared to the previous year. This increase was leveraged with tagged bond issuances, CDT fundraising aimed at the short end of the curve (taking advantage of the reduction of market spreads in these terms) and with the structuring of synthetic COP/USD operations (short-term swap). This let the Bank obtain pesos at competitive rates to support the strategy of lowering the cost of funding.

Moreover, we updated the internal model for estimating credit risk for the rediscount portfolio. This allowed us to release provisions and reflect better risk profiles of main clients. These factors led the Bank to generate **net profits of COP 107,633 million, which did not only meet the year's budget by 116%, but it also established a record in Bancóldex' history.**

As of December, 2018, the economic value generated by Bancóldex amounted to COP 219,578 million. It meant a 7% decrease in comparison to 2017. This variation was mainly caused by the lower valuation of the portfolio, given the correction in the fixed income market, especially in the long part of the yield curve. Additionally, there was also a decrease in the margin of the loan portfolio caused by the shortening of terms of the placements during the year.

2019 Performance

2019 was a tough year for the international context given the trade tensions between the United States and China, weakening of global manufacturing activity, plus lower growth in the world economy compared to the previous year. On the other hand, Latin America experienced a decrease in growth, in addition to political uncertainty caused by social unrest. In spite of all these

factors, Colombian economy was resilient and grew 3.1% as of September, 2019. Besides, inflation was controlled within the target range of Colombia's central bank.

Our performance as an organization in this economic context during 2019 was outstanding, though. Credit placement increased by 12% when compared to the previous year, and reached \$5.4 trillion. It showed 3% growth in the net portfolio balance in comparison to 2018. This increase was leveraged with CDT placements geared towards the short part of the curve (taking advantage of the decrease in market spreads in these terms) and seeking optimal funding cost. Similarly, we launched the Institutional Savings Account product and we obtained demand resources under favorable conditions while improving the total mix cost in pesos.

At the end of 2019, and also in order to improve the cost of funds, we carried out a debt management operation for the fourth credit program with IDB for USD 90.7 million, and exchanged the credit from dollars to pesos indexed at the Reference Bank Indicator - IBR at a 5-year term. Thus, we optimized the allocation of long-term funding and obtained funding resources in pesos below the market rate.

GRI 201-1

Direct economic value - figures in millions of pesos					
Direct Economic Value Generated (EVG)	2017	2018	2019	Absolute variation	Relative variation
Loan Portfolio Margin	153.234	142.694	130.394	-12.300	-8,6%
Portfolio	71.217	53.916	52.546	-1.370	-3%
Other Ordinary Income (Includes net non-operating income and foreign exchange difference)	11.095	22.968	46.959	23.991	104%
Total Direct Economic Value Generated	235.546	219.578	229.899	10.321	5%
Economic Value Distributed (EVD)	2017	2018	2019	Absolute variation	Relative variation
Suppliers	23.672	19.965	21.206	1.241	6%
Employees	42.885	42.810	42.480	-330	-1%
Public Administration	82.469	76.169	50.992	-25.177	-33%
Shareholders	79.796	95.583	118.480*	22.897	24%
Minority Shareholders	225	270	335*	65	24%
Total Economic Value Distributed	229.046	234.798	233.493	-1.305	-1%
Economic Value Retained (VER)	2017	2018	2019	Absolute variation	Relative variation

Provisions, depreciation and amortization	3.656	-26.999	-11.613	15.386	-57%
Reserves	2.844	11.780	8.019*	0	0%
Economic Value Retained (VER)	6.500	-15.219	-3.594	11.625	-76%

The economic value generated by Bancóldex in 2019 amounted to COP 229,899 million, which meant a 5% increase when compared to 2018. This variation is mainly due to the equity participation of subsidiaries and investees, mostly as a result of profits registered by the National Guarantee Fund.

Additionally, 2019 brought about a lower distribution of economic value for public administration at -33%. It was caused by lower income tax imposed since income did not constitute a taxable base, as well as by the tax modifications that took place in 2018 and 2019.

Economic performance is measured and assessed by means of economic and management indicators. We regularly monitor the Bank's finances from both the Finance area and the Steering Committee.

	2018	2019
ROAA	1.48%	1.53%
ROAE	7.23%	8.39%
Solvency ratio	19.46%	17.33%
Portfolio quality		
Due portfolio / Total portfolio	0.59%	0.50%
Provision / Due portfolio (times)	4.5	4.8
Efficiency*	32.04%	35.87%
* Administrative expenses without taxes / Gross financial margin		

Regarding the indicators of return on assets and equity (ROAA and ROAE), there was an increase caused by higher accumulated profit as of December, 2018 (COP 107,633 million) when compared to the accumulated profit in the same period of 2017 (COP 82,865 million). Accumulated profit was COP 126,834 million in 2019.

At the end of December, 2018, the solvency ratio reached 16.68%, an increase of 278 basis points compared to the same period of the previous year. This variation is explained by the coming into force of External Circular Letter 035 of 2017 issued by the Finance Superintendence of Colombia, which regulated the provisions of Decree 1333 of 2017. It dictated that rediscount credit operations are weighted at 50% within assets weighted by risk level. On the other hand, the solvency ratio reached 17.33% in 2019, and recorded a decrease of 213 basis points in comparison to the previous year. This variation took place due to the decrease reported in the technical equity; and given the increase reported in the assets weighted by risk level.

Regarding portfolio quality indicators, there was a decrease in the past-due portfolio - COP 10,481 million at the end of 2018, and an increase in the total portfolio balance (COP 940,689 million). However, there is a slight increase mainly due to the increase in the total portfolio balance - COP 189,892 million in 2019, and a slight decrease in the past-due portfolio.

The efficiency indicator reached 32.04% in December, 2018, an increase of 224 basis points compared to December, 2017. This variation is explained by the greater proportion of the decrease in the gross financial margin (12%) compared to the decrease in operating costs (5%). On the other hand, we reached efficiency of 35.87% in 2019, recording an increase of 12% over the efficiency obtained in 2018. This variation is explained by the decrease in the annualized gross financial margin (8.3%) and the increase in annual operating expenses (2.7%).

2018 Highlighted initiatives

Agreement with the Official Credit Institute of Spain

We signed a credit agreement for USD 35 million in June, 2018 at competitive terms with the Official Credit Institute of Spain. The aim was to promote Spanish investment in Colombia and foreign trade between the two countries, and launch a special credit line aimed at serving companies that met such conditions.

Bancóldex Capital

Aligned with the entrepreneurial strategy of the new government, the Bank's *Bancóldex Capital* program decided to increase its investment in entrepreneurial capital by making two new investments:

- Signing an investment commitment in Acumen social impact entrepreneurial capital fund, which includes Colombia as a target market
- Pre-approval of an investment commitment in ALLVP venture capital fund, whose investment thesis is technology-based ventures for health services, finance, digital consumption and smart cities, with a major investment focus in Colombia.

2019 Highlighted initiatives

Entrepreneurial Capital

We launched "Capital para Emprender" (Entrepreneurial Capital) compartment of the Fund of Funds, which groups resources for **\$24 million dollars**, where Bancóldex acts as an **anchor investor** for **\$45 billion** accompanied by the participation of iNNpulsa Colombia, Colciencias and the Latin American Development Bank (CAF).

The resources will be invested in Colombian and regional entrepreneurial capital funds that, in turn, invest in scalable and innovative ventures in different sectors, with special emphasis on the ICT sector, artificial intelligence and the orange economy.

We approved the first investment of the Fund of Funds' "capital para emprender" sub-fund in the ALLVP Fund III Private Equity Fund for **USD 6 million** in November.

Bond Report

We submitted before the public securities market the three corresponding reports of the labeled bonds issued during 2017 and 2018.

We published the first report on Social Bonds, the second report on Green Bonds, and the first report on Orange Bonds. We fulfilled our commitment to investors, who trusted in the Bank's capacity to lead such resources into business projects with positive impact.

We signed a USD 150 million credit agreement with the European Investment Bank - EIB in order to promote investment and economic growth in the country's post-conflict areas.

We carried out a debt management operation for the fourth credit program signed with IDB in October, 2018 for an amount of **USD 90.7 million**.

The exchange of that credit to local currency will allow the Bank to improve its funding structure, since it adjusts the financial conditions of liabilities to Bancóldex' needs and to

portfolio demand. This translates into an optimization of credit lines with correspondent banks and access to financing in pesos under more favorable conditions.

2019 Outlook and Compliance

2019 Target	2019 Compliance
2019 projects a challenging scenario from a commercial point of view; a COP 5.77 trillion disbursement target is expected, 20% higher than the demand for resources met in 2018, which was COP 4.81 trillion.	We are 93% compliant with a COP 5.4 trillion execution on a COP 5.77 trillion budget.
Maintain a level of investment close to COP 800 billion, focused on the short and medium part of the yield curve.	The management of the Bank's interest rate portfolios focused on maintaining an average investment amount of \$900 billion, with low duration and concentrated in highly liquid papers, which allowed for a higher portfolio turnover, necessary to achieve the year's results.
We foresee a significant participation of funding through savings accounts, reaching levels close to 20% of total liabilities (COP 849 billion), thus improving the total mix in pesos and its contribution to the financial margin.	From the point of view of liabilities, the Institutional Savings Account product went into production in 2019, which was an important tool for attracting resources during the year. However, the closing balance was lower than budgeted due to lower than expected dynamics, and to the lower capture costs found in other types of operations that allowed to replace part of the projections for the savings account.
In order to meet the projected disbursements, we expect to need resources in pesos in the order of COP 1.9 trillion. The plan is to finance 50% through CDTs, 15% in bonds, 15% with correspondents and 20% through institutional savings accounts, which is ready to operate as of January, 2019.	Approximately COP 2.2 trillion were raised in 2019, which were divided as follows: 46% from CDTs, 39% from savings accounts and 15% through the currency exchange of the loan with IDB.
2019 operating costs were expected to increase by only 2.4% when compared to the level implemented in 2018. This shows the Bank's commitment to financial sustainability and profit generation, with a budget in the Gross Financial Margin efficiency indicator of 30.67%.	The increase in annual operating expenses was 2.7% in December, 2019 when compared to the 2018 execution. This is in line with the established goal. However, the efficiency indicator reached a result of 35.87% due to the decrease in the Gross Financial Margin.

2020 Outlook

We expect the following achievements in 2020:

- Disbursements greater than COP 6.1 trillion, 15% higher than 2019 execution.
- Maintain a level of investment portfolio close to COP \$881 billion, focused on the short and medium part of the yield curve. However, given the global scenario and the possibility of changes in the monetary positions of the world's main central banks with increases in interest rates, the duration of the portfolios could be adjusted in shorter time scenarios, in order to preserve the Bank's profitability.
- Increase the investment portfolio in dollars in order to make efficient use of the liquidity in dollars while increasing the demand from entrepreneurs for the placement of credit in foreign currency, thus increasing the financial margin of 2020.
- Maintain a significant share of the funding through the savings account or other short-term instruments, thus improving the total mix of funding in pesos and its contribution to the financial margin.
- Achieve a need for resources in pesos around COP \$2 trillion, which we plan to finance through CDTs, savings accounts and other short-term instruments.
- Meet the Bank's funding needs in foreign currency by means of the wide quotas negotiated with the Correspondent Banking and Multilateral Organizations.

7.5. Human talent development

GRI-103-1, GRI- 103-2, GRI 103-3, SDG8

We expect that the development and training of human talent will guarantee the progress and growth of our employees within the Organization as they receive training in technical and managerial skills.

We have a training plan that encompasses 4 types of programs:

- **Crosscutting programs:** These are training programs designed for an interdisciplinary group of employees seeking to obtain new knowledge or strengthen a skill necessary for the development of their functions, such as English language.
- **Regulatory and technical programs:** this training is intended for our employees to acquire or update technical and/or regulatory knowledge, such as self-regulatory certifications for staff working in the treasury or updates on SARLAFT, SARO, SAC, among others.
- **Individual management skills training programs:** these are training sessions focused on developing specific skills for a staff member to achieve his/her mission, objectives and better performance of functions.
- **Long-term training programs:** these are training programs that arise from the staff member's own initiative to acquire specific knowledge (undergraduate, graduate, master's degrees), which will enable him/her to offer the Bank more specialized advice. The training programs we have for our employees provide sponsorship for long-term studies. The Bank grants between 50% and 70% of the costs of studies if the pre-established conditions are met.

We evaluate our human talent management by monitoring the number of training hours taken by employees, monitoring the execution of the budget. Besides, the end of each training session comes with an evaluation of the programs given, which looks at aspects of compliance with objectives and expectations, applicability, methodology, logistical conditions, duration, achievement of new knowledge and trainer performance.

GRI 404-1

Training hours by gender			
	2017	2018	2019
Per employee	30,45	20,10	24,24
Men	21,22	16,41	53,86
Women	33,6	23,29	44,07

Training hours by job category			
Category	2017	2018	2019
Top Management	50,49	32,25	35,82
Mid Management	48,60	50,73	34,08
Professional	15,25	15,41	24,59
Assistance	15,84	16,49	14,51

It is important to mention that there will be differences in the number of training hours by gender as well as by job category every year. This is because the needs and interests of the Bank, as well as those of employees, may change from one year to another, taking into account the strategic challenges of the organization and regulatory changes, amongst others.

2018 brought some changes in our training hours indicators compared to previous years, which happened for the following reasons:

- Development of training programs for contractors on issues related to health and safety at work.
- Development of training sessions tailored to needs identified in performance evaluations, which are part of the development plan; and they were carried out both individually and in groups.
- Development of training programs aimed at specific population, according to regulatory requirements and priority risks.

One of the significant changes that frame the results of 2018 in comparison to 2017 is the completion of the Diploma Course in Project Management aimed at the categories of Mid Management, Professional and Assistance. This is the reason for the increase in the results for these categories.

Training hours for Mid Management category decreased in 2019 because this category received a greater number of training hours during 2018. Therefore, we focused more on training the Bank's individual employees in 2019 (Professional and Assistance), while continuing to train Mid Management.

Regarding the Bank's interests and needs for each category, staff members were trained in the following areas:

- **Top management:**
 - Participation in Conventions and Congresses
 - Fintech Trends
 - Conflict of interest
 - English language courses

- **Mid Management:**
 - English language courses
 - Congresses
 - Seminars and conferences
 - Renewal of technical certifications
 - Technical programs in effective management of balance sheet and transfer pricing risks
 - Financial evaluation of investment projects
 - Project Management
 - Regulatory Updates
 - Fintech Trends
 - Construction of equipment
 - Conflicts of interest

- **Professional level:**
 - Electronic Invoice
 - Effective management of balance sheet and transfer pricing risks
 - Renewal of technical certifications
 - Document management
 - Internal control
 - UGPP Audit Processes
 - Occupational Health and Safety Management System
 - Financial evaluation of investment projects and project management
 - Assurance maps
 - Risk Management
 - Use of technical software tools
 - Leadership
 - English language course

- **Assistance Level:**
 - Finance programs for non-finance staff
 - Organization of labor records and project management
 - Food handling
 - Safety protocols in cafeteria activities
 - Road safety and traffic regulation
 - Industrial safety protocols

- Leadership
- Safe work at heights

2018 Highlighted initiatives

Changes in organizational structure

We optimized the Bank's organizational structure in 2018 according to current business needs on the following fronts:

- We adjusted the structure of 25 positions in comparison to the 2017 budget and achieved savings of \$2.1 billion per year.
- We reorganized the Commercial Vice Presidency, the Computer Systems Department, the Portfolio Department and the Administrative Services Department functionally.
- We created new organizational capacities in Direct Credit and Impact Measurement thanks to the creation of 2 positions.

Changes in Mindset and Pace

We carried out the following activities during the year, which contributed to changes in mindset and pace:

- Design and implementation of guidelines for administrative and auxiliary staff as facilitators of the change in pace.
- Implementation of the communication plan to support the achievement of goals. It was done through wallpaper messages, newsletter '*Closer to Goals*' and 3 meetings with all staff.
- 25 "We are part of Bancóldex" sessions that reached 202 officials as a mechanism to identify what was working well and what needed improvement,
- Implementation of the contest "We are all part of the Change," where there were 17 proposals to improve the Bank's efficiency or increase profit.

Performance Management

Regarding the performance assessment, we strengthened the process to manage the performance of top management by defining objectives aligned with the organizational strategy in 2018.

2019 Highlighted initiatives

Measuring Organizational Climate and Culture

We carried out our first official measurement with the support of *Great Place to Work*. The results were socialized with the leaders of the different units of the organization in order to empower and involve them. We took into account the fact that they are the main players in the processes of change and cultural transformation.

As a result, we created action plans with intervention activities that will contribute to improving the Bank's organizational climate and culture.

The measurement received 98% participation of officials at the national level.

Self-Leadership Workshop

We held the "Self-Leadership" workshop aimed at executives, professionals, analysts, assistants and support staff. The workshop objective was to develop skills of versatility, self-management, communication and influence to establish better and effective relationships with leaders and office co-workers.

This initiative had **84.31%** participation from officials at the **national level**.

Internal Communication

We started the development of the process to define the internal communication strategy. It took into account Focus Group and interviews with the participation of staff from different areas.

The objective of this activity was to reach internal communication findings and be able to draw a roadmap for 2020. It should reflect the needs and expectations of all staff members at the organization.

Some of the findings were the opportunity to explore more audiovisual content, increase the frequency of information and continue promoting spaces for co-creation.

2019 Outlook and Compliance

2019 Target	2019 Compliance
<p>Consolidate the organizational culture through the experience of corporate values.</p>	<p>We defined and socialized BancólDex' corporate values:</p> <ul style="list-style-type: none"> – Openness to change – Passion to serve – Teamwork – Sustainability – Commitment and transparency <p>The incorporation of our organizational values into the organizational culture focused on experiencing such values. We fostered the experience of our values through messages on our channel "The Messenger", a talk on conflicts of interest and the design of a magazine called "Somos" (We Are), which focused on the value of teamwork.</p>
<p>Strengthen the performance management process, while ensuring alignment with the organizational strategy and effective feedback processes at all levels of the organization.</p>	<p>We approved the objectives of 243 staff members in comparison to the target of 179 staff members, which reflects 136% compliance.</p>
<p>Strengthen the talent development process with a focus on leadership skills for managers; and on technical and managerial skills development for employees.</p>	<p>We implemented the process of individual and team development for top management through the definition of competences, individual and team interventions, 360° competence measurement, delivery of results and transfer of methodology to build development plans.</p> <p>We designed and published the Talent Development process.</p>
<p>Promote organizational climate and mindset that allow the effectiveness of teams and continue to drive the change of pace.</p>	<p>We measured the organizational climate and culture of innovation with 98% participation of employees.</p> <p>The measurements had high impact on the Bank considering that we had made similar measurements in the last 5 years.</p>

	<p>We held sessions to understand the results together with mid management and the professional level. Similarly, we established structural work plans to advance in the areas of labor environment and innovation culture.</p>
--	---

2020 Outlook

- Consolidate the understanding and materialization of the strategy at all levels of the Bank
- Potentialize the role and impact of Mid Management through their consolidation as a team and the development of their skills.
- Consolidate organizational culture as a driver of strategic results.

7.6. Diversity and inclusion

GRI-103-1, GRI- 103-2, GRI 103-3

We are concerned with promoting equal opportunities and treatment in our operations regardless of race, age, sex, marital status, beliefs and/or physical or social conditions. We have a diverse staff in terms of age, gender and professional level that generates value and represents a competitive advantage.

Thus, we have a Human Rights Declaration, which establishes a policy of non-discrimination and gender equity with special attention to vulnerable population, in conditions of disability or affected by the operation of the entity. Pursuant to this policy, the Bank is committed to ensuring

- The right to life, integrity and personal freedom.
- Freedom of association and collective negotiation
- The elimination of forced and compulsory labor.
- The abolition of all forms of child labor.
- The elimination of discrimination regarding employment and occupation
- Dignified, favorable and adequate working conditions.
- The rights of ethnic groups.
- Collective and environmental rights.

Compliance with this policy is shown in:

- **Selection and recruitment:** The process is carried out according to the fulfillment of the profile, academic training and professional experience without taking into account age, sex, religion, political parties, amongst other aspects.
- **Training:** The process is carried out according to the learning needs of the user area and learning.
- **Supplier selection:** The process is carried out according to the needs of the area of Human Talent, the fulfillment of the Contract Manual and the proposal submitted for the service or good to be acquired. The process does not take into account age, sex, religion, political parties, among other aspects.
- **Compensation and benefits:** The process is carried out in accordance with the Bank's compensation policies, which take into account a salary equity table according to the organizational levels of the Bank. It does not take into account the age, sex, religion or political parties of the staff members.
- **"Vive Bien" (Live Well) wellbeing program:** The Bank has allocated resources to contribute to the quality of life of those family members who suffer from some kind of disability, so that they may enjoy recreational, leisure or therapeutic support activities with them.

GRI 405-1

Percentage of employees by job category and diversity categories												
Category / year	Top Management			Mid Management			Professional			Assistance		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Women	8	6	4	25	23	25	109	103	102	28	26	27
Men	7	19	7	15	19	18	88	82	82	19	18	18
> 30 years	-	-	-	-	-	-	21	19	19	9	5	5
30-50 years	13	10	10	27	30	29	142	132	128	22	25	22
< 50 years	2	2	1	13	12	14	34	34	37	16	14	18

2018 Highlighted initiatives

Human Rights Declaration

The Board of Directors approved a public declaration regarding human rights in 2018. It was approved within the framework of the legal provisions and initiatives that the National Government has promoted to raise the standards of transparency, information disclosure, prevention of acts of corruption and the respect for human rights at state entities. The

declaration is published on our website. It expresses our respect for human rights and we accordingly commit ourselves to:

- Carry out all business operations within the framework of respect for human rights.
- Encourage respect for and promotion of Human Rights as a criterion for management and business decisions.
- Reject any issue that involves the entity or its stakeholders in abuses of human rights and violations of International Humanitarian Law.
- Recognize the importance that every employee of the entity may know, understand and exercise their daily activities with respect for human rights.
- Work with a preventive approach to the environmental risks inherent in the business activity; and within the social and environmental risk management system - SARAS.
- Coordinate compliance with the Human Rights policy within the entity and through Bancóldex' Legal Vice-presidency.
- Respond in a timely manner to requests from individuals whose human rights may have been affected by the operations of the entity.
- Comply with policies of non-discrimination, gender equity, giving special attention to vulnerable population, in a state of disability or affected by the operation of the entity.

This declaration was designed based on i) The road map formulated by the Ministry of Finance and Public Credit; ii) The National Action Plan on Human Rights and Enterprise of the Ministry of Trade, Industry and Tourism, published in 2015; iii) ILO Agreements Numbers 29 and 182.

2019 Highlight initiatives

Selection and recruitment

We established a relation with Compensar Employment Agency and the Supported Employment Network (RECA) in 2019 in order to publish job vacancies through media and allow people with disabilities to be informed about such vacancies and apply under equal conditions. Hence, we began to publish calls in such media in the second half of the year.

On the other hand, we took advantage of the relation with RECA to ask about the physical and cultural conditions the Bank ought to have so that we may guarantee adequate employment inclusion for people with disabilities whenever they would be hired by the Bank. By 2020 we hope to expand the network of allies that will allow the Bank to carry out more inclusive selection processes in this regard.

2020 Outlook

- Develop a Gender Policy.

7.7. Eco-efficiency

GRI-103-1, GRI- 103-2, GRI 103-3, SDG12

Aware of the fact that natural resources are finite and of the need to mitigate the impact of business activity on climate change, we ensure the rational use of resources and the protection of the environment, while generating savings in operating costs. We know the direct environmental impacts of the operation are related to the use of natural resources, so their efficient consumption is key to our sustainability.

We adhered to the Green Protocol as a strategic decision to tackle this issue; and we developed a Corporate Environmental and Social Management Policy. One of the objectives of the policy is to promote the rational use of natural resources in the operation as to generate the least environmental impact. Additionally, we monitor water and energy consumption, as well as the reduction of waste and its use, and we measure our carbon footprint annually.

The section below shows the results of our natural resource management in the areas of energy consumption, water, waste and emissions.

Energy consumption

GRI 302-1

The Bank's energy consumption increased in 2018 in comparison to 2017, given a variation in the emission factor for electricity from the National Interconnected System (SIN), a factor calculated by the Mining and Energy Planning Unit (UPME). We reduced energy consumption at the Bank's facilities by replacing halogen lights with LED lights in 2019.

Internal energy consumption			
	2017	2018	2019
Total energy (MJ)	2.584,83	2.639,36	1.921,28
Electricity in Bogotá Office (Kwh)	535.997	547.304	533.688
*Gasoline (gallons)	4.973	4.973	NA
Electricity (MJ)	1.929.589,2	1.970.294,4	1.921.276,8
*Gasoline (MJ)	655,24	655,24	NA **

* It is important to mention that gasoline consumption is approximate in comparison to 2017, since Bancóldex changed to a new supplier during the reporting period. The new supplier manages this issue with a bonus system (in monetary form) but has not delivered statistics of gasoline consumption yet (in MJ and gallons).

** Gasoline consumption is not considered since the compensation scheme to the Bank's executive body changed in 2019 from total fuel provision to a model that allocates a certain amount of money to pay for gasoline.

Total electrical energy consumption / number of disbursements			
	2017	2018	2019
kW / Disbursement	5,79	4,12	5,41

The indicator of kW consumed per disbursement decreased in 2018 as a result of greater commercial dynamics and disbursement targets. It increased in 2019 due to two simultaneous phenomena, a contraction in the number of disbursements and a decrease in energy consumption. Energy consumption was 547,304 kW in 2018 and 533,688 kW in 2019. 132,071 disbursements took place in 2018 and 98,718 disbursements in 2019.

Highlighted Initiatives

We replaced halogen lights with LED lights at our Bogotá facilities in 2019. This had a direct impact on lower carbon dioxide emissions and energy consumption, in addition to better lighting quality for employees and economic savings.

We invested 111 million pesos in such enhancement.

2020 Outlook

- Decrease monthly energy consumption by 15% for lighting in comparison to the baseline period before implementing LED lights. The goal is planned for July since the results of the implementation of LED lights started being calculated in August.

Water

GRI 303-5

Water consumption		
2017	2018	2019
5.314 m ³	4.937 m ³	5.339 m ³

2020 Outlook

- Reduce annual consumption by 5%.

Waste

SDG12

We classify and ensure waste is collected in different color bags according to its characteristics. Green for organic and ordinary waste; grey for paper and cardboard, and blue for recyclable waste.

Grey	Paper and cardboard is the type of waste that we generate the most at our office. We separate it from other recyclable materials to avoid contamination	Envelopes Papers Folders Boxes
Green	Organic and ordinary waste, food waste, very contaminated waste and materials that are not recycled	Adhesives Higiene Napkins Foods Styrofoam
Blue	Recyclable waste, recyclable containers and packages from different materials. No need to wash them, just empty them well and ready!	Tetra-pak Cans Bottles Cardboard cups

We are aware that collective efforts are greater than individual efforts. This is why we adhered to the campaigns carried out by the Administration of the International Trade Centre Building regarding the classification and collection of non-hazardous waste.

Concerning the management of hazardous waste generated in the normal operation of the Bank, we carry out orderly collection of such waste so that environmentally certified operators may transport it accordingly for final disposal procedures. The Bank has coordinated the disposal of

lights with an operator called LITO. On the other hand, Datecsa, the printing services provider, takes care of the final disposal of toners under its own Ecosocial program.

GRI 306-2

Hazardous waste			
	2017	2018	2019
Lights	NA	78.6 kg	5,189 kg
Toner and cartridges	25.8 kg	5.1 kg	16 kg
Total	25.8 kg	83.7 kg	635 kg

Hazardous waste increased considerably in 2019 given the replacement of halogen lights at Bogotá's office building. The increase, however, is an exception in the historical behavior of this indicator at the Bank. On the other hand, as far as waste from electrical and electronic equipment (WEEE) is concerned, we decommissioned a significant amount of equipment in 2019. Environmental operator LITO was in charge of handling the equipment for final disposal.

Emissions

SDG 13

The Bank's recent history has shown changing levels of emissions depending on the number of staff, the dynamics and business goals and also depending on the measures we have implemented to make emissions lower over time. Thus, we have managed resources continuously and progressively, and have undertaken actions that have allowed us to reduce our CO₂ emissions in the last three years in comparison to the highest values reached in the Bank's history.

As part of our ecoefficiency policy launched in 2014, we measure GHG emissions annually in scope 1, 2 and 3 according to WRI's guidelines for measuring carbon footprint at company level. Thanks to these regular measurements, we have been able to prove 60% reduction in emissions when compared to 2015. The reductions were achieved through less air travel and less energy consumption. Moreover, this type of follow up allows us to identify improvement opportunities.

Measurements are expressed in tons of carbon dioxide equivalent (tCO₂e), by following the guidelines of the Greenhouse Gas Protocol. The measurements report about Bancóldex' branches in Bogotá, Medellín, Cali, Barranquilla, Pereira and Bucaramanga.

Regarding the calculation of the carbon footprint, the following greenhouse gases were taken into account: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). They are converted into CO₂ equivalent units (CO₂e) according to their global warming potential.

Scope 1 - Direct emissions

It means the emissions from sources owned or controlled by the company whose carbon footprint is being calculated.

Scope 2 - Indirect emissions

It includes the emissions associated with the generation of the electricity acquired and consumed by the institution. Acquired electricity is defined as electricity that is purchased or brought into the organization. Emissions within this scope come from a mix of fuels used by the plants where the electricity is generated and injected into the grid.

Scope 3 - Indirect emissions

This optional reporting category allows for the inclusion of other indirect emissions. Scope 3 emissions result from company activities, but occur at sources that are not owned or controlled by the company. Some examples of this type of activity are ground transportation in third party vehicles, air transportation, corporate travel, amongst others.

GRI 305-1, GRI 305-2, GRI 305-3

CO₂ emissions per scope

Scope	2017	2017	2018	2018	2019	2019
	co2	Percentage	co2	Percentage	co2	Percentage
Scope 1	43.92 tCO ₂ e	7,43%	43.92 tCO ₂ e	10,34%	0,66	0,15%
Scope 2	125.16 tCO ₂ e	21,19%	71.37 tCO ₂ e	16,80%	83,25	18,92%
Scope 3	421.69 tCO ₂ e	71,38%	309.64 tCO ₂ e	72,87%	356,03	80,93%

We significantly reduced our total CO₂ emissions in 2018; it was mainly due to 61% reduction in corporate air travel. On the other hand, we achieved a decrease in energy consumption thanks to the change in emissions from the National Interconnected System (SIN), as the country used fewer thermal sources and more water resources for electricity generation compared to the previous year.

Thus, the emission factor of electrical energy from the National Interconnected System (SIN) was 0.11 tCO₂/MWh in 2018, while it was 0.21 tCO₂/MWh in 2017. This creates a difference in the percentage amount of emitted CO₂, and this is why our emissions decreased when compared to the previous year. Although we at Bancóldex are committed to reducing our carbon footprint, it is important to clarify that this decrease may also respond to external factors, such as the calculation of the Mining and Energy Planning Unit regarding the generation of energy resources.

On the other hand, despite a 1.29% decrease in energy consumption in 2019, we increased our emissions given that the emission factor of electrical energy from the National Interconnected System (SIN) increased to 0.13 tCO₂/MWh, compared to the emission factor of 0.11 tCO₂/MWh in 2018.

In summary, we increased our emissions by 15% in 2019 compared to 2018:

CO₂ emissions per source (tCO₂e)

Scope	Source	2017	2018	2019
Scope 1	Transport in own vehicles**	43,92	43,92*	NA ⁶
Scope 1	Fuel consumption of electric plant	N.A.	N.A.	0.66 ⁷
Scope 2	Electricity consumption	125,16	71,37	83,25
Scope 3	Corporate travel by plane	194,18	75,51	57
Scope 3	Corporate travel by bus	3,06	1,85	1,51
Scope 3	Daily transfer of personnel	215,47	223,96	284,23
Scope 3	Daily transfer of personnel (company bus routes)	4,53	4,3	N.A.
Scope 3	Transfer of personnel on mission	N.A.	N.A.	6,70
Scope 3	Paper consumption	4,45	3,79	6,13
Scope 3	Water consumption	N.A.	N.A.	0.44

⁶ Gasoline consumption in the Bank's vehicles was not considered in 2019 because the scheme to purchase fuel used at first migrated from a total supply of gasoline with billing volumes certified by the supplier to a new one of allocation of a certain amount of money per month where the supplier does not report the quantity of fuel consumed.

⁷ 2019 includes direct emissions generated by fuel consumption; for example, the power plant located at the corporate office in Bogotá, which reports diesel consumption.

* Regarding our CO₂ emissions for Scope 1, it is necessary to mention that the same 2017 data was taken, since during we did not have access to real consumption for 2018.

2019 Outlook and Compliance

2019 Target	2019 Compliance
We will install LED lights in 2019 with the expectation to decrease annual energy consumption at Bogotá office by 12%. Additionally, internal campaigns will be launched to encourage Bank employees to save energy.	We replaced lights at Bogotá office in 2019 with an investment of 111 million pesos and 2.5% decrease in consumption.
Reduce annual water consumption by 5%.	Despite the Bank's efforts during 2019, we did not manage to reduce water consumption by 5%, but it remains our challenge for 2020.
Reduce 12% of emissions from consumption of electricity buy installing LED lights.	Energy consumption was reduced by 2.5%, given that LED lights were only installed at the end of the third quarter.
Adopt videoconferencing to replace air travel, which used to be necessary because of the lack of modern communication tools.	The videoconferencing system helped replace some air travel, which would otherwise have increased the Bank's emissions.

2020 Outlook

We expect to attain the following achievements in 2020

- Reduce energy consumption at our Bogotá office by 3%.
- Promote the good use of resources among bank officials through awareness campaigns.

GRI Table of Contents 102-55				
GRI standard	Content	Page numbers or URLs	Omission	Link to SDG
General contents				
	Organization Profile			
GRI 102: 2016 General Contents	102-1 Name of the organization	14		
	102-2 Activities, brands, products and services	20		
	102-3 Location of headquarters	19		
	102-4 Location of operations	19		
	102-5 Ownership and legal status	14, 15		
	102-6 Markets served	14		
	102-7 Size of organization	19		
	102-8 Information on employees and other workers	20		SDG 8
	102-9 Supply chain	19		
	102-10 Significant changes in the organization and its supply chain	9, 14		
	102-11 Precautionary principle or approach	64		
	102-12 External initiatives	Sustainability Report 2017		
	102-13 Membership in associations	Sustainability Report 2017		
Strategy				
	102-14 Statement by senior decision-makers	2		
Ethics and Integrity				
	102-16 Values, principles, standards and norms of conduct	59		SDG 16
	102-17 Advisory mechanisms and ethical concerns	59		SDG 16
Governance				
	102-16 Values, principles, standards and norms of conduct	59		
	102-18 Governance structure	16		

Stakeholder Engagement			
102-40 List of stakeholders linked to the organization	10		
102-41 Collective labor agreements	The Bank does not have collective bargaining agreements		
102-42 Identification and selection of stakeholders	10		SDG17
102-43 Approach to stakeholder engagement	10		SDG17
102-44 Key issues and concerns mentioned	10		
Reporting practices			
102-45 Entities included in the consolidated financial statements	The Bank's subsidiaries: Fiduciaria Colombiana de Comercio Exterior S.A. - Fiducóldex and Arco Grupo Bancóldex S.A. are included in the consolidated financial statements of the Bancóldex Group, but the sustainability report does not include information about them. Only Bancóldex		

		S.A. information and the results of the management programs the Bank controls (Opportunity Banking) are presented.		
	102-46 Defining report contents and report coverage	9, 11		
	102-47 List of substantial items	11		
	102-48 Re-expression of information	There is not re-statement of information regarding the previous report		
	102-49 Changes in reporting	9		
	102-50 Reporting period	9		
	102-51 Date of last report	16 April 2018		
	102-52 Reporting Cycle	Due to changes in the Bank's strategic guidelines, the cycle for the preparation of this report was biannual. It gathers information from 2018 and 2019. However, we		

		expect to continue to submit information on an annual basis starting with the 2020 Report.		
	102-53 Contact information for questions about the report			
	102-54 Statement of compliance with GRI standards	9		
	102-55 GRI Table of Contents	93		
	102-56 External verification	This report has not been subject to external verification.		
* Sustainable Development Goals				

GRI Table of Contents				
GRI standard	Content	Page numbers or URLs	Omission	Relations to SDG*
Substantial issues				
Economic performance				
GRI 103: 2016 Management Approach	103-1 Explanation of the substantial issue and coverage 103-2 The management approach and components 103-3 Assessment of the management approach	39, 54, 59, 64, 65, 70, 77, 83, 86		
GRI 201: 2016 Economic Performance	201-1 Direct economic generated and distributed value	71		SDG 8
Corruption prevention				

GRI 103: 2016 Management Approach	103-1 Explanation of the substantial issue and coverage 103-2 The management approach and components 103-3 Assessment of the management approach	39, 54, 59, 64, 65, 70, 77, 83, 86		SDG 16
GRI 205: 2016 Corruption Prevention	205-2 Communication and training on policies and procedures to prevent corruption	60		
	205-3 Confirmed cases of corruption and measures taken	62		
Energy				
GRI 103: 2016 Management Approach	103-1 Explanation of the substantial issue and coverage 103-2 The management approach and components 103-3 Assessment of the management approach	39, 54, 59, 64, 65, 70, 77, 83, 86		
GRI 302: 2016 Energy	302-1 Energy consumption within the organization	86		SDG12
Water and effluents				
GRI 103: 2016 Management Approach	103-1 Explanation of the substantial issue and coverage 103-2 The management approach and components 103-3 Assessment of the management approach	39, 54, 59, 64, 65, 70, 77, 83, 86		SDG12
GRI 303: 2018 Water	303-5 Water consumption	87		
Emissions				
GRI 103: 2016 Management Approach	103-1 Explanation of the substantial issue and coverage 103-2 The management approach and components	39, 54, 59, 64, 65, 70, 77, 83, 86		SDG 13

	103-3 Assessment of the management approach			
GRI 305: 2016 Emissions	305-1 Direct GHG emissions (Scope 1)	90		
	305-2 Indirect GHG emissions from power generation (Scope 2)	90		
	305-3 Other indirect GHG emissions (Scope 3)	90		
Effluents and waste				
GRI 103: 2016 Management Approach	103-1 Explanation of the substantial issue and coverage	39, 54, 59, 64, 65, 70, 77, 83, 86		SDG12
	103-2 The management approach and components			
	103-3 Assessment of the management approach			
GRI 306: 2016 Effluents and waste	306-2 Waste by type and disposal method	89		
Training and education				
GRI 103: 2016 Management Approach	103-1 Explanation of the substantial issue and coverage	39, 54, 59, 64, 65, 70, 77, 83, 86		SDG 8
	103-2 The management approach and components			
	103-3 Assessment of the management approach			
GRI 404: 2016 Training and Education	404-1 Average training hours per year per employee	77		
Local communities				
GRI 103: 2016 Management Approach	103-1 Explanation of the substantial issue and coverage	39, 54, 59, 64, 65, 70, 77, 83, 86		
	103-2 The management approach and components			
	103-3 Assessment of the management approach			

GRI 413: 2016 Local Communities	413-2 Operations with significant negative impacts on local communities – either actual and potential impacts	40		
GRI G4 Sector Indicator – 2013 Local Communities	G4 - FS14 Initiatives to improve access to financial services for disfavored population	40		SDG 10
Product portfolio				
GRI 103: 2016 Management Approach	103-1 Explanation of the substantial issue and coverage 103-2 The management approach and component 103-3 Assessment of the management approach	39, 54, 59, 64, 65, 70, 77, 83, 86		SDG 8 SDG 10
GRI G4 Sector Indicator - 2013 Service Portfolio	G4 - FS6 Percentage of portfolio allocated to business loans and broken down by region, size (e.g., micro, SME, large) and by sector	23, 24		SDG 8 SDG 9 SDG 10
GRI G4 Sector Indicator – 2013 Service Portfolio	G4 - FS7 Monetary value of products and services with social benefits by business line disaggregated by purpose	40		SDG 8 SDG 10 SDG 11
GRI G4 Sector Indicator – 2013 Service Portfolio	G4 - FS8 Monetary value of products and services with environmental benefits by business line disaggregated by purpose	40		SDG 7 SDG 9 SDG 12 SDG 13
* Sustainable Development Goals				