



Annexes

## Materiality Report

To address the current context of sustainable development, which is framed within our corporate sustainability strategy and aligned with the organization's strategic objectives, as well as our stakeholders' expectations, in 2016 we conducted a materiality analysis, which provided fundamental input to identify the most important aspects on which we must take action.

We understand that an issue is material because it has economic, environmental and social effects from the perspective of our management, or because it significantly influences stakeholder decisions.

### Stages of the BdB materiality exercise



Scope: 2017 – 2020

The process included the following key steps:

#### Identification stage

For this process, we considered the different international and local references that we have adhered to, such as: Global Compact Colombia Network, Sustainable Development Goals (SDGs), Dow Jones Sustainability Indices, GRI Standard, the guidelines defined in the Colombian context through the Colombian Banking Association (Asobancaria) and the Green Protocol, the Colombian voluntary environmental agreement, on which we have based our environmental strategy, our strategic objectives framed by the 6 C's and the engagement dialogs carried out with our stakeholders.

Based on the foregoing, we identified our most relevant issues in accordance with these references, mainly identifying those of our core business and the financial sector, managing to group together the main issues that we will manage in the future in our sustainability strategy.

We kept in mind the following aspects for this stage of the process:



*Universe of issues to be prioritized:* Eleven sources of information related to relevant issues for the financial industry were consulted, including international standards, media, management reports and civil society organizations.

*Interviews with management:* Seven interviews in which we analyzed aspects such as opportunity, profitability, risks and impacts, challenges for the sector and perception of relevance for stakeholders.

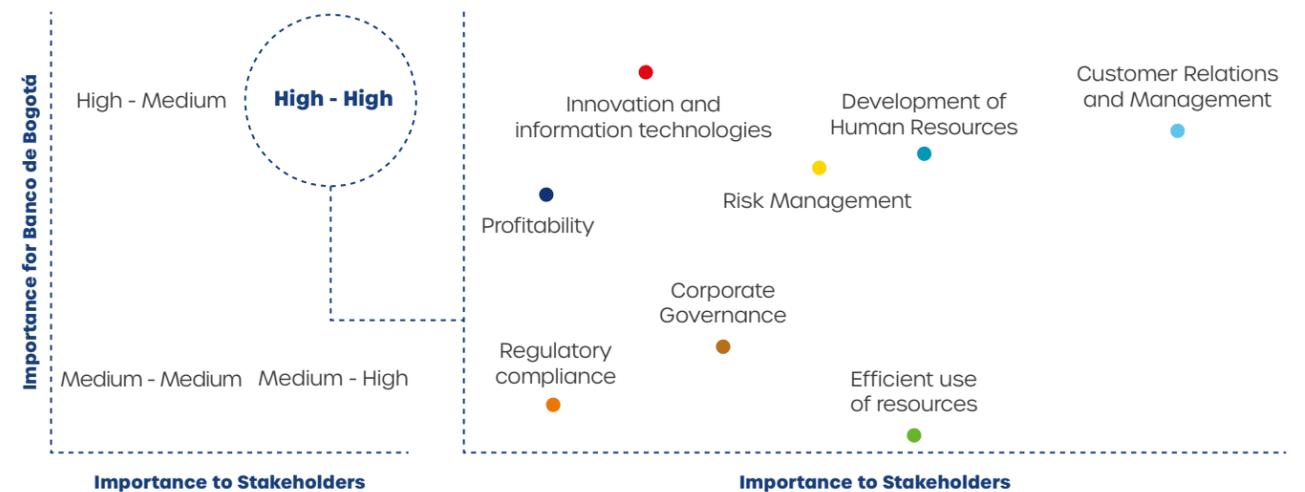
*Dialogs with stakeholders:* Engagement in dialogs with stakeholders (customers, suppliers, main shareholder, sales employees and branch managers), considering criteria of risk and opportunity in managing said issues.

*Stakeholder map:* Construction of the map based on the identification and prioritization of the Bank's Stakeholders.

#### Prioritization stage

Based on the analysis of the process described above, the materiality matrix was developed considering:

1. The issues relevant to management of Banco de Bogotá
2. The issues relevant to Stakeholders.



Our materiality exercise resulted in 8 material issues, identifying the following, among others:



*Customer relations and management:* we exist, we innovate and we are constantly preparing ourselves for our customers and, therefore, the bank's permanence over time depends on how we relate with and manage them. As banking pioneers in Colombia, we have a major challenge and great responsibility that drives us to always be at the forefront of the products, services and channels we offer.

*Development of human resources:* this is a very important aspect for the development of our business, because they are part of our essence and the contribution of each of our employees is an essential part of the sustainability, growth and satisfaction of our customers. Our achievements and recognition in the financial sector are essentially the result of each employee's contribution.

*Risk management:* identifying the main risks to which we are exposed and ensuring that adequate management systems are in place is essential to the sustainability of our business. Such risk management includes reputational, financial (including credit risk), legal operations (including regulatory risk), operational risk (SARO, for the Spanish original), money laundering and terrorist financing (SAFLAFT, for the Spanish original), markets and liquidity risks.

*Innovation and information technology:* this matter is of great importance for our Bank's sustainable development, as it allows us to create differentiating initiatives to serve our customers, and therefore it is one of our institutional purposes. We are committed to having a positive impact on the lives of our customers, designing solutions that add value to our financial services and products.

*Profitability:* healthy growth (volume growth, market share) and profitability (improving our income, achieving good profits, and having returns on capital assets in line with expectations) are of great importance to our long-term permanence and to meeting the expectations of all our stakeholders.

*Corporate governance:* we understand the importance of good corporate governance practices and the influence they have on preserving the value that we offer our stakeholders and in strengthening our relations with them.

*Regulatory compliance:* the continuity of our business necessarily depends on compliance with national and international regulations at all levels. In this regard, we ensure regulatory compliance in our everyday operations, and we manage it from a perspective of risks, impacts and opportunities.

*Efficient use of resources:* we are aware of the challenge that comes with the efficient use of the resources we use in our operations, so we identify this material issue as an opportunity to strengthen our sustainability strategy.

### Approval stage

To us, sustainability is based on the ethical commitment we have always assumed, to establish a company that promotes ethical values, that is cautious in its decisions, considers the needs and expectations of its stakeholders, is strategically managed and is profitable. In 2019, we ratified our commitment to ethics and to the consolidation of a Sustainable Business Model, through the implementation and management of the strategic fronts of our strategy, of our programs and associated initiatives under the management of the bank's Sustainability Department.

### Review stage

With the disclosure of our Annual Management Report, we carried out the review and feedback of our material issues with the support of an independent third party. This process is carried out every two years in order to review the context in which the bank is, reviewing again contexts and trends, aligning material issues and, if necessary, redirecting the sustainability strategy and the importance of each of the issues that make up materiality. Based on these strategic issues, we carry out the prioritization and alignment of the Sustainable Development Goals (SDGs) with our sustainable programs and initiatives.

## Corporate Governance Report

The Bank has prepared this report corresponding to 2019, approved by the Board of Directors, prior review and favorable report from the Audit Committee, for the General Shareholders' Meeting. It seeks to report on the operation of the governance model of the Bank and its subsidiaries (hereinafter Grupo Banco de Bogotá) and on relevant changes occurred during 2019, the content of which complies with the provisions of recommendation 33.3 of the Code of Best Corporate -Código País, established by Circular 028/2014 issued by the Financial Superintendence of Colombia.

We would like to highlight the main activities carried out in 2019 and up to the date of this report, in terms of our Corporate Governance practices:

1. Reform of Article 21 of the Bank's Bylaws (March 2019).
2. Update of the Corporate Governance Code, in relation to the implementation of the annual Corporate Governance report, limitation for contracting services other than financial auditing with the Statutory Auditing Firm and its related parties; implementation of Integral Risk Management (March 2019 and January 2020).
3. Internal audit of the Corporate Governance process (October 2019).
4. Reform of the Rules of Procedure for the Audit Committee (January 2020).
5. Best Corporate Practices Implementation Report 2019.

### i. Ownership Structure of Grupo Banco de Bogotá.

The Bank's capital at December 31, 2019 was represented by a total of 331,280,555 outstanding common shares, with a nominal value of COP 10.00 each; the mainshareholders are: Grupo AVAL (68.7%), Grupo Paz Bautista (11.7%), other companies from the Sarmiento Angulo Organization (8.3%) and other shareholders (11.2%).

The Bank's Board members directly hold shares representing 0.005% of the voting rights, as follows:

<b>Sergio Uribe Arboleda</b>	11,274 shares
<b>Luis Carlos Sarmiento Gutiérrez</b>	2,766 shares
<b>Sergio Ignacio Arboleda Casas</b>	1,355 shares
<b>José Fernando Isaza Delgado</b>	744 shares
<b>Álvaro Velásquez Cock</b>	178 shares
<b>Alfonso de la Espriella Ossío</b>	147 shares
<b>Jorge Iván Villegas Montoya</b>	125 shares

The bank's website ([www.bancodebogota.com/wps/portal/banco-de-bogota/bogota/relacion-inversionista](http://www.bancodebogota.com/wps/portal/banco-de-bogota/bogota/relacion-inversionista)) presents the composition of Grupo Banco de Bogotá and Note 1 to the consolidated financial statements presents the Bank's shareholdings in subsidiaries.

In 2019, there was no share trading involving Board Members, Senior Management and other Bank managers.

During the reporting period, there were no agreements between shareholders, to the Bank's knowledge, and no shares owned by the Bank were recorded.

## ii. Management Structure of Grupo Banco de Bogotá.

The Board of Directors is comprised of five principal members and their personal alternates, and their appointment was approved by the General Shareholders' Meeting in accordance with the procedure set forth in the Rules of Procedure for the General Shareholders' Meeting. Two of the Board lines are represented by independent members.

The composition of the current Board of Directors and a summary of the resúmenes of its members, including the year of their appointment as Board members, is published at the bank's website.

In 2019, there were no changes in the composition of the Board of Directors.

The Board of Directors Committees, at the date of this report, are the Audit Committee, the Credit Committee, the Board's Integral Risk Management Committee and the Sustainability Committee, whose composition is published on the bank's website.

The necessary quorum was met in order to deliberate and make the respective decisions at all the meetings of the Board of Directors and its Committees.

The following Board Members are also members on the Boards of Directors of the subsidiaries indicated below:

Subsidiary	Banco de Bogotá Board Member
BAC International Corp.	Carlos Arcesio Paz Ana María Cuéllar Jaramillo Alvaro Velásquez Cock
Fiduciaria Bogotá	Jorge Iván Villegas Montoya
Almaviva	Alfonso de la Espriella Ossio
Megalínea	Ana María Cuéllar Jaramillo
Banco de Bogotá (Panamá) S.A.	Alvaro Velásquez Cock Sergio Uribe Arboleda Sergio Arboleda Casas

No Board Member of the Bank holds management positions in the bank or its subsidiaries.

The Bank has a Policy for the Board of Directors' Appointment and Compensation, published in the Corporate Governance section of the website, which establishes the requirements and procedures to be followed for nominating candidates as Board members, as well as for defining their compensation, which is the responsibility of the General Shareholders' Meeting.

Senior Management compensation is in line with best compensation practices existing in the labor market, thus allowing the Bank to maintain a competitive level and ensuring the permanence of outstanding, high potential personnel, to fulfill the bank's strategy and objectives.

Note 32 to the separate financial statements and Note 34 to the consolidated financial statements for 2019 disclose the fees paid to Board members as well as benefits for key management personnel.

The Chairman of the Board of Directors and his alternate were responsible for directing Board meetings, coordinating its operation and the different topics discussed at the meetings, participating in the Board's evaluation process, as well as reviewing and signing the respective minutes, among other functions, as defined in the Rules of Procedure for the Board of Directors. The self-evaluation process was carried out both in the Bank and in the subsidiaries, with excellent results.

The Secretary of the Board of Directors convened the meetings of the Board of Directors and invited to the committees' meetings, according to the established schedule, prepared the agenda for the meetings, distributed the relevant material for each meeting, verified the deliberative and decision-making quorum, prepared the minutes, duly safeguarded the minutes and their supporting documents and issued the respective extracts, in accordance with the functions defined in the rules of procedure.

The Audit Committee and the Board of Directors received reports and conclusions on their work from the Statutory Auditor and management presented the respective action plans. The Statutory Auditor issued unqualified opinions regarding the 2019 separate and consolidated financial statements.

In 2019, the Board of Directors did not require any external counsel. The information of the Board of Directors was handled through the Bank's Secretary General's office with the responsibility and confidentiality required.

The issues of the responsibility of the Board of Directors Committees were discussed at the meetings, in accordance with their rules of procedure.

As stipulated in the Rules of Procedure for the Board of Directors, the General Shareholders' Meeting will evaluate the Board's performance, through the study and approval of the Management Report submitted for its consideration. The 2018 management report was approved at the General Shareholders' Meeting held in March 2019.

## iii. Operations with Related Parties.

Grupo Banco de Bogotá has business relations and carries out transactions, in the ordinary course of its business, with significant shareholders, Board members, Senior Management members and other related parties. These transactions are carried out under normal market conditions, in accordance with the policies and guidelines established in the Corporate Governance Code, the Code of Ethics and the Reference Framework for Institutional Relations, with the aim of applying suitable corporate governance practices for their identification, management, control and disclosure.

The aforementioned documents are available to shareholders at the bank's website, in the Investor Relations section.

Note 32 to the separate financial statements and Note 34 to the consolidated financial statements for 2019 provide information on transactions with related parties.

## iv. Managing Conflicts of Interest.

In order to manage possible conflicts of interest that may arise, the Board of Directors has adopted measures set forth in the Corporate Governance Code and the Code of Ethics in force, which must be observed by the entity's Board members, managers and employees. The management of these situations will be framed under the principle that the decisions, in all cases, will be carried out with the greatest objectivity, giving priority to the interests that benefit the Bank before the interests of anyone else involved.

Similarly, the Bank has managed possible situations of conflict of interest for Grupo Banco de Bogotá, in accordance with the provisions of the Reference Framework for Institutional Relations.

## v. Internal Control System.

The Bank has an Internal Control System (ICS) in place that is governed by principles of self-control, self-regulation and self-management, which identifies the elements of the internal control system throughout the organizational structure.

The Internal Control System (ICS) is the set of policies, principles, rules, procedures and verification and evaluation mechanisms established by the Board of Directors, Senior Management and other bank employees to provide a reasonable degree of assurance that the following objectives will be achieved: (i) Improve the efficiency and effectiveness of the Bank's operations; (ii)

Design security protocols and prevent and mitigate the occurrence of frauds, originated both within and outside the Bank; (iii) Carry out adequate risk management; (iv) Increase the reliability and timeliness of the information generated by the Bank, particularly financial information; and (v) Provide proper compliance with the rules and regulations applicable to the organization.

The specific functions of the Board of Directors and the Bank's CEO with respect to the ICS are defined in the Rules of Procedure for the Board of Directors and the Corporate Governance Code, respectively.

#### vi. Risk Management System.

The Bank has an Integral Risk Management (IRM) system that aims to provide a comprehensive view of risks, strong governance with an active role from the Board of Directors and Management on this matter, and to establish a risk appetite and tolerance framework. The specific functions of the Board of Directors, the Board's Integral Risk Management Committee and the Bank's CEO, with respect to IRM, are defined in the Rules of Procedure for the Board of Directors, the Rules of Procedure for the Board's Integral Risk Management Committee and the Corporate Governance Code, respectively.

Similarly, the principles for the administration and management of the risks faced by the entity have been defined by the Bank in the aforementioned Corporate Governance Code and its attachments. Also, the Bank maintains an updated set of risk management systems that describe the identification, measurement, monitoring and control of risks, namely: Credit Risk Management System (SARC, for the Spanish original), Market Risk Management System (SARM, for the Spanish original), Liquidity Risk Management System (SARL, for the Spanish original), Operational Risk Management System (SARO, for the Spanish original), Money Laundering and Terrorism Financing Risk Management System (SARLAFT, for the Spanish original). The foregoing notwithstanding compliance with the various additional regulatory provisions regarding business continuity, cybersecurity, and financial consumer service, among others.

The main risks are monitored using a risk scorecard system, which is regularly presented to the Board of Directors' Integral Risk Management Committee, along with follow-ups of their materialization, which in turn allows for the establishment of response and supervision plans to mitigate them.

Finally, information on the management of the risks taken on by the Bank in its operations in 2019 is included in the year-end reports presented to the General Shareholders' Meeting (Management Report, Financial Statements and Notes, Internal Control Report, Financial Consumer Ombudsman's Report).

#### vii. General Shareholders' Meeting.

The General Shareholders' Meeting met in compliance with the legal and statutory provisions, in accordance with the rules of procedure for its operation.

Meetings were called for in compliance with the provisions of the Code of Commerce, those set forth in the Company Bylaws and those regulated in the Internal Rules of Procedure for the General Shareholders' Meeting.

The Ordinary General Shareholders' Meeting was held on March 28, 2019, with a quorum of 90.9% of the subscribed and paid-in shares. At that meeting, the Management Report, the Financial Statements (Separate and Consolidated) and the Earnings Distribution Project were approved; the Board members and the Statutory Auditor were appointed, and the respective fees were approved, among others.

For the aforementioned Meeting, all the necessary information for decision-making effects was made available to the shareholders within the legal term to do so, as required by regulations on the right to inspection and the Bank's Corporate Governance documents. Shareholders' requests on information, certificates, changes in the transfer of shares and dividend payments, among others, were addressed.

Calls to the Meeting, shareholder rights and obligations, and characteristics of the shares were made known to the shareholders and the market in general through the website of the Financial Superintendence of Colombia as Relevant Information,

and through the Bank's website. The documents that were approved at the Ordinary General Shareholders' Meeting were also published on the Bank's website prior to the meeting.

Also, in compliance with current regulation, relevant information corresponding to the decisions made by the General Shareholders' Meeting was published through the websites of the Financial Superintendence of Colombia and the Bank.

#### viii. Information Provided to the Market.

The Bank permanently provides shareholders, investors and the market in general with timely and accurate information regarding the company, its financial performance, aspects of Corporate Governance, relevant information and issuances, among others, through its website, in the "Investor Relations" section.

In 2019, quarterly results conferences were held corresponding to the fourth quarter of 2018, first, second and third quarter of 2019, in which information was presented to shareholders, investors, analysts and other stakeholders on the consolidated financial performance of Banco de Bogotá.

#### ix. Compliance with the Corporate Governance Code.

The Bank has established a management structure and procedures for monitoring compliance with the Corporate Governance Code.

No claims were reported regarding non-compliance with the Bank's Corporate Governance Code in 2019.

#### x. Best Corporate Practices Implementation Report.

The Bank, in compliance with the provisions of Circular 028/2014 issued by the Financial Superintendence of Colombia, completed and submitted to that entity on January 31, 2020, the Best Corporate Practices Implementation Report for 2019, which is published on the Bank's website.



# Memorandum of independent review

## Independent Review of the Management and Sustainability Report 2019 – Banco de Bogotá

### Responsibilities of the Management of Banco de Bogotá and Deloitte

The preparation of the 2019 Annual Management Report of Banco de Bogotá, between January 1st and December 31 of 2019, and its content are the responsibility of the organization which is also responsible for defining, adapting and maintaining management systems and internal control which information is obtained.

Our responsibility is to issue an independent report based on the procedures applied and previously agreed upon for our review.

This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the Management of the Bank.

We have performed our work in accordance with the Independence regulations required by the ethics code of the International Federation of Accountants (IFAC).

The scope of a limited review is substantially less than an audit. Therefore, we do not provide an audit about the Management and Sustainability Report.

### Scope of our work

We have carried out the review of the content adaptation of Banco de Bogotá Management and Sustainability Report 2019, to the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards).

### Standards and review processes

We have carried out our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work consisted in the formulation of questions to the Administration, as well as to the different areas and operations of Banco de Bogotá that have participated in the elaboration of the Management and Sustainability Report 2019, in the application of analytical procedures and tests of revision by sampling that is described below:

- Interviews with Banco de Bogotá employees to know about the principles, management approaches and data consolidation systems applied to prepare the Report.
- Analysis of how the content, structure and indicators were defined, based on the materiality exercise according to the GRI Standards
- Analysis of the processes to collect and validate the data presented in the report.
- Checking, by sample, testing and review of quantitative and qualitative evidence corresponding to the GRI, GCCA contents and Banco de Bogotá internal indicators included in the 2019 Management and Sustainability Report, and proper compilation from the data supplied by Banco de Bogotá the sources of information.

### Confirmation that the 2019 Management and Sustainability Report of Banco de Bogotá has been prepared in accordance with GRI Standards: Core option "in accordance".

#### General contents:

It was confirmed that the report conforms to the requirements of the core option "in accordance" with the GRI Standards regarding the general basic contents.



#### Specific contents:

We review the management approach, the GRI, DJSI and internal contents of its material issues:

Material	RI content and / or own indicator of Banco de Bogotá
General content.	102-8. Information about employees and other workers.
	102-41. Collective bargaining agreements.
	102-42. Identification and selection of interest groups.
	102-43. Approach for the participation of interest groups.
SARAS environmental and social risk assessment.	201-1. Direct economic value generated and distributed.
Government, ethics and transparency.	205-3. Confirmed cases of corruption and measures taken.
	302-1. Energy consumption within the organization.
	303-1. Water extraction by source.
	305-1. Direct GHG emissions (scope 1).
	305-2. Indirect GHG emissions when generating energy (scope 2).
Operational Eco-efficiency.	305-3. Other indirect GHG emissions (scope 3).
	BdB-4. Amount of tons of recycled paper.
	Bdb-5. Paper consumption measurement.
Human talent management.	401-1. New employee hires and staff turnover.
	401-2. Benefits for full-time employees that are not given to part-time or temporary employees.
	403-1. Management system of health and safety at work.
	403-9. Work-related injury.
	404-1. Average hours of training per year per employee.
Supply chain.	BdB-17. Number of collaborators participating in networking and flexible hours.
	BdB-3. Number of contracted local and foreign allies.
Corporate citizenship.	BdB-11. Amounts invested in social development of the communities where we have presence by type

Material	RI content and / or own indicator of Banco de Bogotá
Financial education.	BdB-19. Number of program beneficiaries and coverage (financial education).

### Conclusions

Based on the work carried out described in this report, the procedures carried out and the evidence obtained, no subject matter has come to our knowledge that leads us to think that the indicators within the scope of the review and included in the 2019 Management and Sustainability Report of Banco de Bogotá for the period between January 1 and December 31, 2019, have not met all the requirements for the preparation of reports, in accordance with the essential option of the Global Reporting Initiative (GRI) Standards. For those indicators of the GRI Standards where Banco de Bogotá did not report quantitatively (figures), only the qualitative information that included procedures, policies, evidence of activities carried out, among others, was reviewed.

### Alternative lines of actions

Deloitte has provided Banco de Bogotá with a report with the most significant alternatives of action for the future preparation of Reports, which do not modify the conclusions expressed in this report, also a few observations that will strengthen the consolidation, management, measurement and communication processes of the organization's sustainability performance.

### Declaration of Independence

We confirm our independence from Banco de Bogotá. All of our employees carry out annual updates to the Ethics Policy where we promptly declare that we have no conflicts of interest with Banco de Bogotá, its subsidiaries and its stakeholders.

### Deloitte asesores y consultores

**Jorge Enrique Múnera D.**

Partner

Bogotá, march 2020

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MANAGEMENT AND  
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