

# Our Bank in Colombia

Our 6C's corporate strategy continues to be the navigation chart that has enabled us to adapt quickly to market challenges.



We have end-to-end flows for 100% digital disbursement in car, microfinance, and mortgage loans; and smart rates according to the customer's profile for digital free destination, mortgage and payroll loans.

- We adapted spaces in our branches for people with disabilities and implemented sign language interpretation, strengthening our inclusion and accessibility strategy.

- We completed 100% of our renovation plan established for 2022, with 325 ATM's equipped with state-of-the-art technology, allowing us to increase service and satisfaction levels for customers and users.

## Customer



## Sustainable Growth

- Our sustainable loan portfolio represents nearly \$4.5 trillion in green and social products, among which we highlight new green financial solutions to support the transition to a low-carbon economy.

- To promote economic reactivation and job creation for young people, we participated in government programs such as the *Formal Employment Support Program (PAEF-MICRO, for its acronym in Spanish)* and on incentives for the creation of new jobs, with disbursements reaching \$100.5 billion.

- Through the *Crediagrario* microfinance line, we disbursed 2,919 loans for \$24 billion to support productive sectors such as agricultural and livestock crops, cattle and buffalo breeding, coffee cultivation, among others.



## Analytical Capacity and Digital Transformation



We placed **1.3 million** digital loans with a total balance of **\$4.4 trillion**, representing a **92%** growth over 2021.

We made progress with the implementation of Facial Recognition for the acquisition of digital products; more than **2.2 million customers** were able to validate their identity without stepping into a branch.

We built **20 Machine Learning models** that add to the stock in production, generating more than **\$789 billion** in increased lending, deposits and insurance sales.

## Risk Control

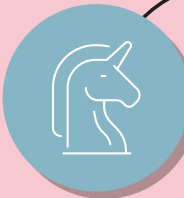


We identified **high risk segments** in consumer products generating approval and exposure restrictions considering potential deterioration due to macroeconomic conditions.

We established work plans to have a guide that will allow us to manage **solutions to cybersecurity incidents** and guarantee the safety of our information systems.

Since 2019, we have analyzed **environmental and social criteria** through the *Environmental and Social Risk Management System (ESRMS or SARAS, for its acronym in Spanish)*. In 2022, we included climate change risk.

## Expense Control and Operational Excellence



We implemented the **first electronic signature in the country** for legal entities, providing a better experience in financial solutions for entrepreneurs, reducing the tasks of the commercial team by nearly 20%.

We installed **self-sustainable ecosystems** as part of the energy efficiency plan for 20 branches.

We were certified as the country's first **Carbon Neutral** financial institution and continued to track our path towards decarbonization and a low-carbon economy.

## Employees and Society



For the third consecutive year we were certified as a **Great Place to Work** by the global consulting firm *Great Place to Work* and by *Icontec*, we also obtained the *Equipares Seal* certification from the *United Nations Development Program -UNDP-* and the *Ministry of Labor*.

In alliance with *Inexmoda*, we developed the **Mujeres Cambiando la Moda (Women Changing Fashion)** program, with the objective of promoting high-potential ventures led by women in the fashion sector, who incorporate sustainability criteria in their businesses.

We planted 23,847 native trees and generated more than 210 jobs with our *Amazonía* debit card; and we donated \$586 million to promote education programs with the *Unicef* debit card.



# Our Sustainable Business Model

## Our 6C's Strategy

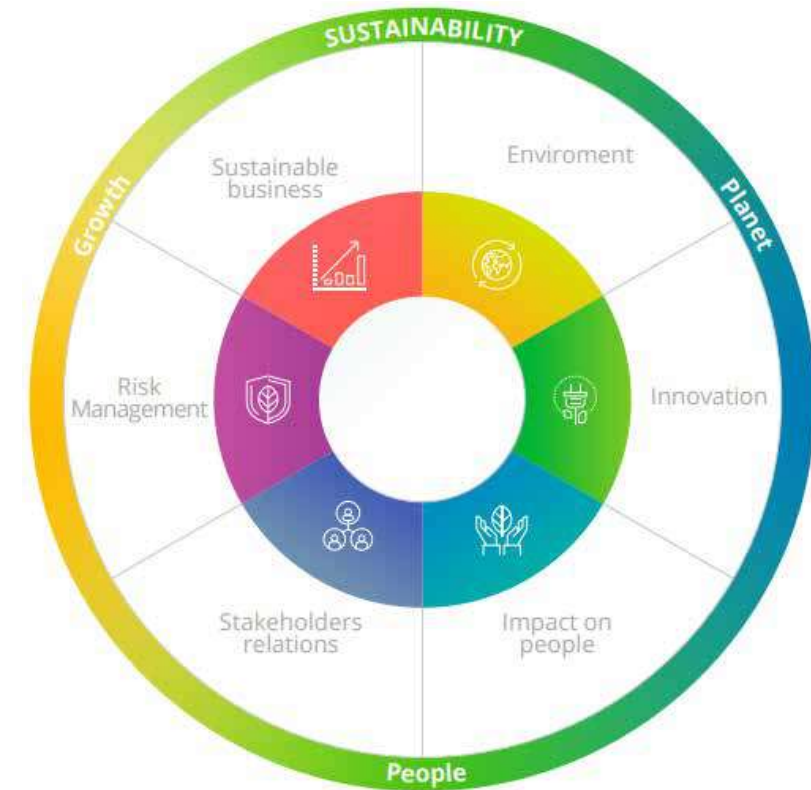
We are moving forward with our 6C's corporate strategy, focused on the sustainable growth of our business model, with which we aim to contribute to a better future, promoting the prosperity of our country in a sustainable and inclusive manner, to improve the quality of people's lives, mitigate climate change and promote positive impacts on the environment. The 6C's guide us in the execution of our strategy for the future, in order to achieve the goals we have set for the coming years.

In 2022 we continued responding to the needs of our customers, amidst a more digital and friendlier experience, offering products and services with differential value offerings, supported by our human talent, the development of analytical capacity and digital transformation and a responsible management of our expenses and risks, allowing us to generate positive impacts for our stakeholders.



## Sustainability Strategy *Banco de Bogotá*

→ Aware that the way to achieve a better world is to rethink the way we do things, to adapt to the needs of society and the planet; in 2022 we strengthened our sustainability strategy, managing Environmental, Social and Governance - ESG criteria, to achieve an innovative, responsible, and long-term vision.



Our sustainability strategy is aligned with the Bank's strategic vision from the perspective of the 6Cs to ensure that each strategic objective materializes in our daily actions. Thus, we incorporated ESG criteria through sustainable business, risk management, environmental and climate change management, innovation and digital transformation, positive impact on people, and stakeholder relations.

a necessary productive transformation as we move towards a low-carbon economy.

In 2022, we improved our sustainability strategy through a more ambitious long-term vision, understanding our role as intermediaries and our responsibility in mobilizing capital to contribute to a more sustainable and resilient economy. In this way, we have consolidated our commitment to climate change by integrating the identification of climate risks into our strategy, allowing us to capture opportunities derived from

Likewise, we advanced in a strategy focused on diversity, equity, and inclusion, providing greater access to people commonly excluded from the financial system, strengthening their business activities with a differential offer of digital financial products and services, supporting entrepreneurs and micro-entrepreneurs, and focusing our efforts on providing financial education for people with disabilities

# Materiality report [GRI 2-14(A,B), 2-29(A-III), 3-1, 3-2(A,B) Y 3-3]

We identify the main issues that are part of our organization, including the context and environment in which we develop our business. The materiality exercise is reviewed periodically, with the purpose of evaluating the local and international environment, identifying new trends, aligning material issues and, if necessary, redirecting the strategy.

In 2022, we carried out this exercise accompanied by an expert, resulting in a realignment of our strategy to meet the expectations of our stakeholders and international sustainability standards.



## Process for defining material issues

### 1 Identification

To focus our strategy, we identified the most relevant aspects for our business and the industry, including the different international and local standards and references to which we have adhered. In this way, we included the guidelines of: *Global Compact*, *Sustainable Development Goals*, *Dow Jones Sustainability Index - DJSI*, *Principles of Responsible Banking - PRB*, *Net Zero Banking Alliance - NZBA*, and reporting standards such as *Global Reporting Initiative - GRI*, *Sustainability Accounting Standards Board - SASB* and *Task Force on Climate-related Financial Disclosures - TCFD*, as well as *Asobancaria's Green Protocol*, our strategic objectives framed in the 6C's and the relationship dialogues we have conducted with our stakeholders.

### 2 Evaluation

We reviewed the importance of each of the relevant aspects in terms of our impact on the business and our stakeholders. Thus, we evaluated and analyzed the priorities of the different stakeholders, integrated ESG relevant issues in the global and local banking industry and the Bank's strategic objectives.

The prioritization of material issues included the criteria of our senior management under a business-focused view, as well as a view from the perspective of our stakeholders and their expectations.

### 3 Approval

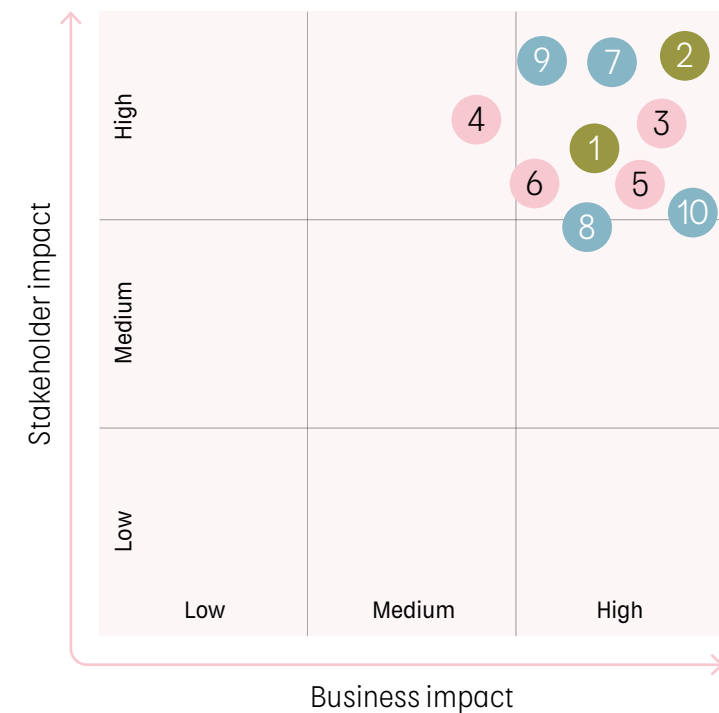
This materiality exercise has been approved by the Sustainability Committee, which represents the decision-making body on ESG and climate issues.

### Materiality matrix

As a result of this exercise, we have identified ten material issues, which will set the direction of our strategy and the focus of our management.

A Environmental S Social G Government

- 1 Climate change management and mitigation
- 2 Responsible products and services
- 3 Innovation and research
- 4 Customer welfare
- 5 Diversity and inclusion
- 6 Talent management
- 7 Risk management
- 8 Cybersecurity and privacy
- 9 Corporate governance and ethics
- 10 Customer experience and satisfaction



### Environmental, social and climate impact management

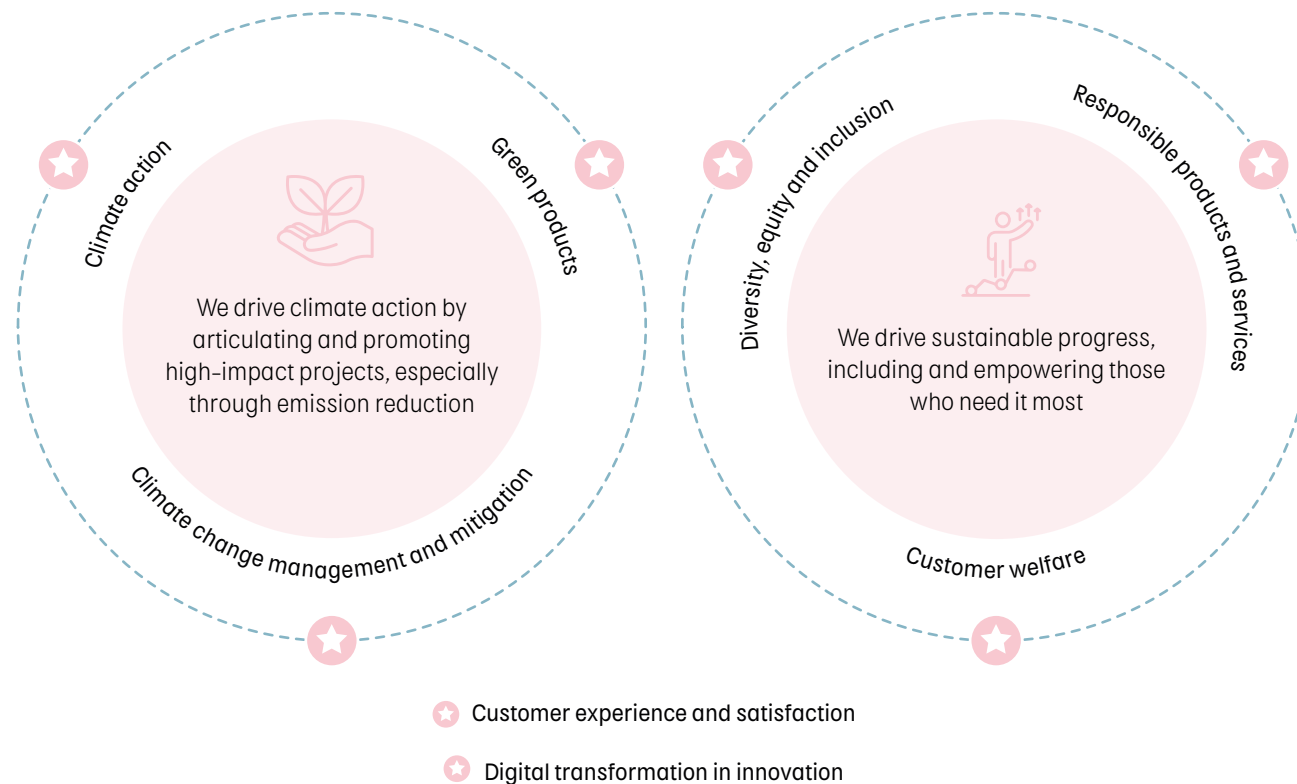
The materiality matrix allows us to define our main environmental, social, and climate impacts, under the two central lines of action to achieve our objective of "driving prosperity sustainably and inclusively".

Based on this new definition, on the one hand, we manage our climate change action, designing environmental products and services and identifying and prioritizing business risks and opportunities including environmental and climate issues; and on the other hand, we manage social issues through financial solutions with social action, responding to the expectations of our stakeholders and allowing us to continue to work together to generate shared value and a sustainable culture within the organization.



Unicef Debit Card

We drive sustainable and inclusive prosperity



### Strategic sustainability guidelines

Our sustainability strategy is guided by a governance model that responds to the policies, guidelines and directives of the Board of Directors. In this way, aligned with material issues and ESG best practices, we define our commitment to sustainability and the strategic priorities on which our climate action and social action will be focused, both from the business front, which considers the impact we can generate for our customers, and

from the corporate front, which takes into account the impacts we can generate in our operation. Sustainability management and compliance with our commitments are supported by transversal levers in the organization, such as partner management, supplier relations, disclosure and communication, among others.



Solar panels at our General Headquarters

#### Climate Action

**We drive climate action by articulating and promoting high-impact projects, especially through emissions reduction**

Through our climate action, we seek to contribute to the transition towards a low-carbon economy, promoting high-impact projects that support the reduction of Greenhouse Gas Emissions (GHG), in line with the goals set by the Sustainable Development Goals, the Paris Agreement and the commitments we have made through the Net Zero Banking Alliance - NZBA.

Thus, we are committed to maintaining a certified carbon neutral operation, implementing plans that allow us to mitigate and reduce our direct greenhouse gas (GHG) emissions, offset residual emissions through reforestation and ecological restoration plans, and promote carbon footprint management in our value chain.

In this way, we seek to decarbonize our loan portfolio, to reach net zero emissions by 2050 or earlier for intermediate targets by 2030, for priority sectors with high GHG emissions; and to facilitate the necessary transition in the real economy, prioritizing a framework with our clients, by offering environmental products and services that allow them to adapt to and mitigate the effects of climate change in their business operations.

Social Action

We drive sustainable progress, including and empowering those who need it most.

We are committed to a more inclusive, reasonable, and equitable society. Therefore, we have defined the commitments that are the focus of our social action as follows: from the business side, we seek to contribute to financial inclusion and banking penetration by providing digital solutions that allow us to reach underserved populations in urban and rural areas of the country; we support SMEs, micro-entrepreneurs and entrepreneurs to grow their businesses, through advice and access to financial services and resources that allow the strengthening of the business fabric and the promotion of employment; and we promote female empowerment, supporting the development of businesses with sustainable value that prioritize the employment of women.

On the other hand, on the corporate front, we promote diversity, equity and inclusion, strengthening our culture by emphasizing respect for differences and encouraging non-discrimination among our employees. This has allowed us to position ourselves as a reference in the region; we promote the well-being and financial health of the different segments we serve, through knowledge and financial education tools, and we make investments with a social cause to support communities through resources for development, well-being and environmental care.

Alignment with Sustainable Development Goals - SDGs

We understand that our contribution to sustainable development materializes to the extent that we align our strategic objectives with goals of high social and environmental impact. This alignment process is determined under four criteria:

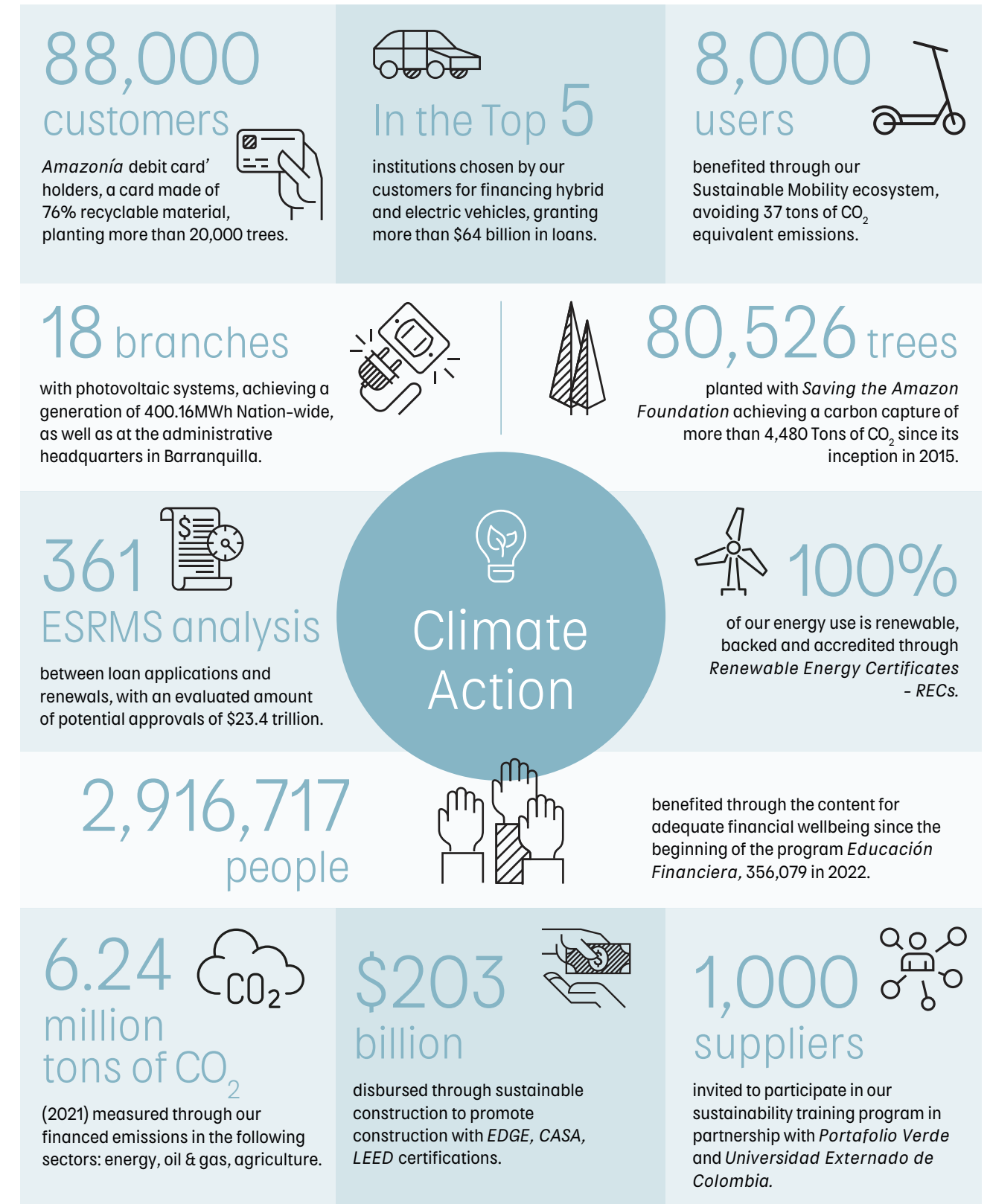
- relevance to our organization according to materiality;
- the level of organization to identify the maturity of the actions and which ones require greater emphasis;

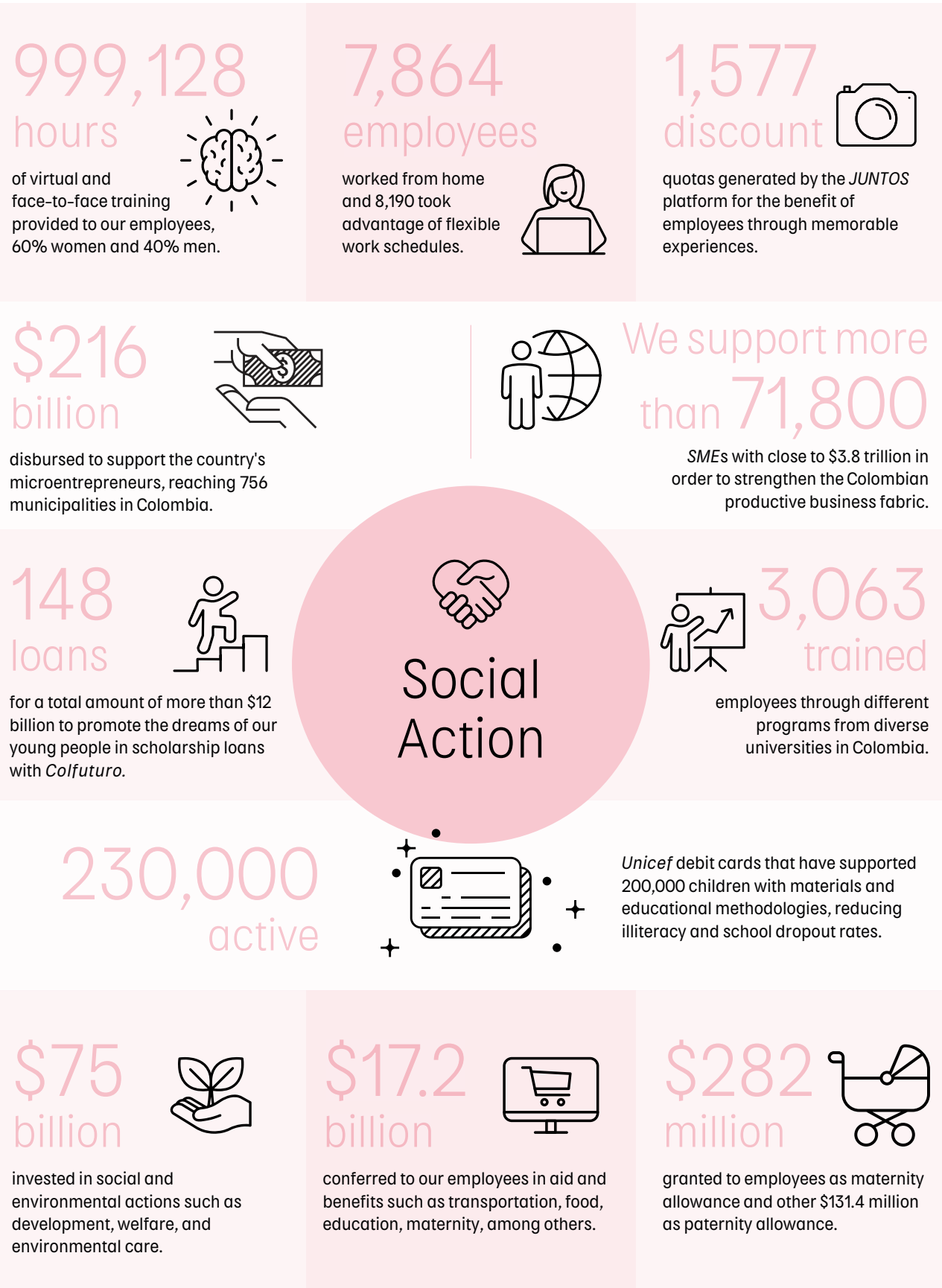
- the definition of long-term sustainable objectives and actions;
- the integration of targets and indicators that clearly establish the contribution to the 2030 agenda.

In this way, we have prioritized six SDGs associated with two themes that materialize our contribution to the sustainable development agenda: 1. End poverty; 5. Gender equality; 8. Decent work and economic growth; 10. Reduction of inequality; 11. Sustainable cities and communities; and 13. Climate action



We list our contribution for each strategic line, as follows:





Commitments and standards

We have adopted best practices as part of our ESG framework: *Global Compact*, *Sustainable Development Goals - SDGs*, *Dow Jones Sustainability Index - DJSI*, *Asobancaria Green Protocol*, our most recent adherence to the *Principles for Responsible Banking - PBR* and *Net Zero Banking Alliance - NZBA*; and finally, reporting standards such as: the *Global Reporting Initiative - GRI*, *Sustainability Accountability Standards Board - SASB* and the *Task Force on Climate-Related Financial Disclosures - TCFD*.

**Dow Jones Sustainability Index – DJSI**

For the third consecutive year, we consolidated our position among the first places in the ranking of the most sustainable banks in the world, locating ourselves in the TOP 5% of the 710 banks evaluated worldwide, standing out among the best international practices.

This result allowed us to continue to be recognized in the *S&P Global Sustainability Yearbook*, as an international benchmark. This measurement represents our sustainability roadmap, as it has become the main benchmark that monitors the economic, social, and environmental performance of publicly traded companies around the world and a reference for investment decision making. Likewise, this index includes the best practices according to the industry, which has allowed us to identify the main relevant issues to guide our sustainability strategy.

Through our management of the index, we have been able to mobilize initiatives and projects with environmental, climate and social impact that have allowed us to generate a greater positive impact on society and the environment.

We are positioned in the top 5%, above 95% of the banks evaluated, which allows us to be recognized as a Best in class bank.

**Adherence to the Net Zero Banking Alliance and the Principles of Responsible Banking**

To deepen the impact of our strategy, in 2022 we joined the *Net Zero Banking Alliance - NZBA*, as well as the *Principles for Responsible Banking - PBR*, global standards driven by the *United Nations Environment Program Finance Initiative - UNEP FI*, to accelerate our actions, in line with the *Sustainable Development Goals - SDGs* and the goals outlined in the *Paris Agreement*, to achieve the transition to a low-carbon economy.

By joining the *Net Zero Banking Alliance*, we commit to decarbonize our lending portfolio, to align with the goal of achieving net zero emissions by 2050 or sooner; thus, we will set interim targets for 2030, for priority sectors with high GHG emissions, prioritizing a framework with our clients and offering products and services to finance their energy transition.



Driving our customers' energy transition

Likewise, through the *Principles of Responsible Banking*, we assume a great commitment to incorporate sustainability criteria in all our business areas and identify those that have the greatest contribution for people and the environment. We are also committed to establishing ambitious goals for

the most significant impacts; implementing communication mechanisms with our customers and stakeholders to develop and promote sustainable practices; fostering a culture of responsible banking; and publicly reporting progress in the implementation of the principles.



We join UNEP-FI reaffirming our commitment to sustainability

## Our climate change management

Recommendations of the *Task Force on Climate related Financial Disclosures - TCFD*, of the Working Group on *Climate-Related Financial Disclosures*

In 2022, we embraced the recommendations of the *Task Force on Climate-related Financial Disclosures (TCFD)* to strengthen our capacity to plan for and manage climate change risks, provide a more informed and efficient allocation of capital, and facilitate the transition to a more sustainable economy.

Accordingly, we present the first report that integrates the recommendations of the *TCFD*, condensing the progress achieved in climate change management, thus ratifying our commitment to strengthening the stability of the global financial system, the consolidation of a more sustainable world; and a country that progresses day by day so that present and future generations can dignify and enrich their quality of life. Below we extract the

most relevant aspects of climate change management from this report, which can be consulted [here](#).

### ESG governance model

We have structured a governance model to ensure that *ESG* issues are addressed as a priority, and to support decision-making, especially on climate change issues, which allow us to manage portfolio risks, enable the transition to a carbon-neutral economy, and take advantage of business opportunities by creating new financial solutions.

The Board of Directors, as the governing body, is the highest authority in the definition of strategies, planning, control and monitoring of matters related to climate change. We have two committees to support the Board of Directors, the *Sustainability Committee* and the *Comprehensive Risk Management Committee*, where decisions are made on *ESG* issues, including climate issues, and which oversee comprehensive risk management, respectively. We have two senior management

committees, the *Sustainable Finance Committee*, where decisions are made regarding possible business opportunities, and the *Sustainable Bonds Committee*, where new funding instruments are defined.

As part of this structure, different areas are related and integrated to advance in this management: *Credit Risk and Treasury Management, Sustainable Finance Management*, business areas (consumer, SME, business and corporate), *Technical Asset Management, Credit Policy Management, Asset and Liability Management - ALM*, among others that contribute to *ESG* management.

### Strategy

Within the framework of our Climate Action strategic guideline, we have developed the *Net Zero Strategy* which aims to capture a significant business growth opportunity, supporting clients in their transition; and to align our loan portfolio with zero emissions scenarios by 2050, in accordance with international banking industry standards.

We designed a transition finance strategy for projects focused on reducing client emissions, through the replacement of fossil fuels and the introduction of alternative and renewable energies, such as solar and wind, among others. With this strategy, we seek to capture transition finance opportunities in prioritized sectors, as well as renewable generation and energy efficiency projects in other sectors. To learn more about the Bank's sustainable portfolio, please see the [Sustainable Products Portfolio](#) section.

Likewise, since 2019 we have outlined our commitment to reduce corporate emissions, creating our own decarbonization route, with mitigation and compensation plans that allowed us to be certified as the first carbon neutral institution in the financial sector by *Icontec*.

The *Net Zero Strategy* aims to capture growth opportunities while aligning the credit portfolio to decarbonization scenarios.



Electric vehicle charging station

### Environmental and Social Risk Management System

Since 2019, we have analyzed environmental and social criteria of customers through the *Environmental and Social Risk Management System (ESRMS)*. In 2022 we included climate change risk, understanding climate change and physical risks within the risk management framework, and manage them as an integral part of risk management through: (i) the definition of a climate risk identification and assessment process including transition and physical risk methodologies, (ii) processes to manage climate-related risks, where we included elements of risk management in the credit policy and in the assessments made through *ESRMS* including a concept on client exposure to inherent transition risk and (iii) integration of climate change in the *Risk Appetite Framework - RAF*.

### Metrics and objectives

We consolidated metrics and objectives that allow us to measure the performance of our environmental and climate management. In terms of direct impact metrics, we report the measurement of our carbon footprint in scopes 1 and 2, which are described in detail in the [Commitment to the Environment](#) section of this report.

In 2022, the first estimate of the emissions financed from our portfolio was made. This exercise was carried out on a preliminary basis using the methodology defined by *PCAF (Partnership for Carbon Accounting Financials)*, which takes into account the revenues of the financed clients, sectoral emission factors based on regional economic activities and the portion financed by the Bank within the capital structure of each client: financial indebtedness and equity.



Team from the Sustainable Finance Division

We consolidated metrics and objectives that allow us to measure the performance of our environmental and climate management.

Likewise, the financed emissions of the corporate and business portfolio were estimated, resulting in the identification of the sectors that contributed most to the financed emissions in 2020 and 2021: Energy, Oil & Gas and Agriculture, which together represent 68% and 65% of the financed emissions of the portfolio under analysis for the two years evaluated, as shown below:

Financed emissions by sector, 2020 and 2021

Sector	Energy <sup>1</sup>		Oil & Gas <sup>2</sup>		Agriculture <sup>3</sup>		Other sectors	
	Scope	PCAF score	Scope	PCAF score	Scope	PCAF score	Scope	PCAF score
Scope	1	Between 2 and 3	1, 2 and 3	Between 2 and 3	1 and 2	Between 3 and 4	N/A	4
PCAF score	Between 2 and 3	Between 2 and 3	Between 2 and 3	Between 2 and 3	Between 3 and 4	Between 3 and 4	N/A	4
Year	2020	2021	2020	2021	2020	2021	2020	2021
Financed emissions (million tCO <sub>2</sub> e)	1.05	0.45	2.86	3.75	0.31	0.23	1.52	1.81
% of emissions for each year	18.3%	7.2%	49.9%	60.1%	5.3%	3.7%	26.5%	29.0%
% of exposure of the portfolio evaluated each year <sup>4</sup>	4.2%	4.6%	3.1%	3.2%	3.4%	2.9%	89.3%	89.3%
Intensity of emissions financed	573.09 kgCO <sub>2</sub> e/MHW	323.52 kgCO <sub>2</sub> e/MHW	66.33 kgCO <sub>2</sub> e/GJ	68.07 kgCO <sub>2</sub> e/GJ	N/A	N/A	N/A	N/A

<sup>1</sup> There are 4 stages in the energy sector value chain: generation, transmission, distribution and commercialization. In this first exercise, Banco de Bogotá estimated the financed emissions of customers belonging to the generation stage, since most of the equivalent CO<sub>2</sub> emissions are released at the time of burning fossil fuels.

<sup>2</sup> There are 3 stages in the value chain of the O&G sector: the first comprises the activities of exploration and drilling of oil wells and support services; the second, transportation of crude oil and natural gas; and the third, production of petroleum products (refinery) and their commercialization. For this first exercise, Banco de Bogotá estimated its financed issues with a focus on its clients that are in the hydrocarbon commercialization stage (liquid fuels and natural gas).

<sup>3</sup> There are 4 stages within the value chain of the agriculture sector: production, processing, transportation and consumption, and end-use. For this first exercise, Banco de Bogotá estimated its financed emissions for clients that are part of the production stage, scope 1 and 2, excluding land use change and non-material activities.

<sup>4</sup> The balance of the evaluated clients amounts to \$29.8 trillion in 2020 and \$31.2 trillion in 2021.

<sup>5</sup> Given the heterogeneous nature of the agriculture sector, it is not possible to estimate the intensity of emissions financed by this sector.



Funded emissions in 2020 were 5.73 million tCO<sub>2</sub>e and in 2021 were 6.24 million tCO<sub>2</sub>e. Funded emissions from the Oil & Gas and Other sectors increased while those from the Energy and Agriculture sectors decreased. The net effect of the sectoral variations resulted in a 9% increase in the Bank's total financed emissions, which is equivalent to an increase of 517,191 tCO<sub>2</sub>e.

The increase in the calculation of financed emissions is largely due to the reactivation of the economy after the pandemic, given that our clients in general recorded an increase in their income in relation to the 2020 cut-off and our portfolio grew from one year to the next. Among the results, we highlight the 39% decrease in emissions in the Energy sector due to the dynamics of the country's energy market.

We are currently working on the estimation of our financed emissions for 2022. This calculation is incremental, and therefore we plan to expand the measurement capacity, increasing the number of sectors and customers analyzed. Likewise, it is important to highlight that the methodology implemented is in continuous evolution and the sources of information used may change from one period to another; they depend, in turn, on the information published by the Bank's clients in their management reports, public sources of information, among others.



## Our Stakeholders

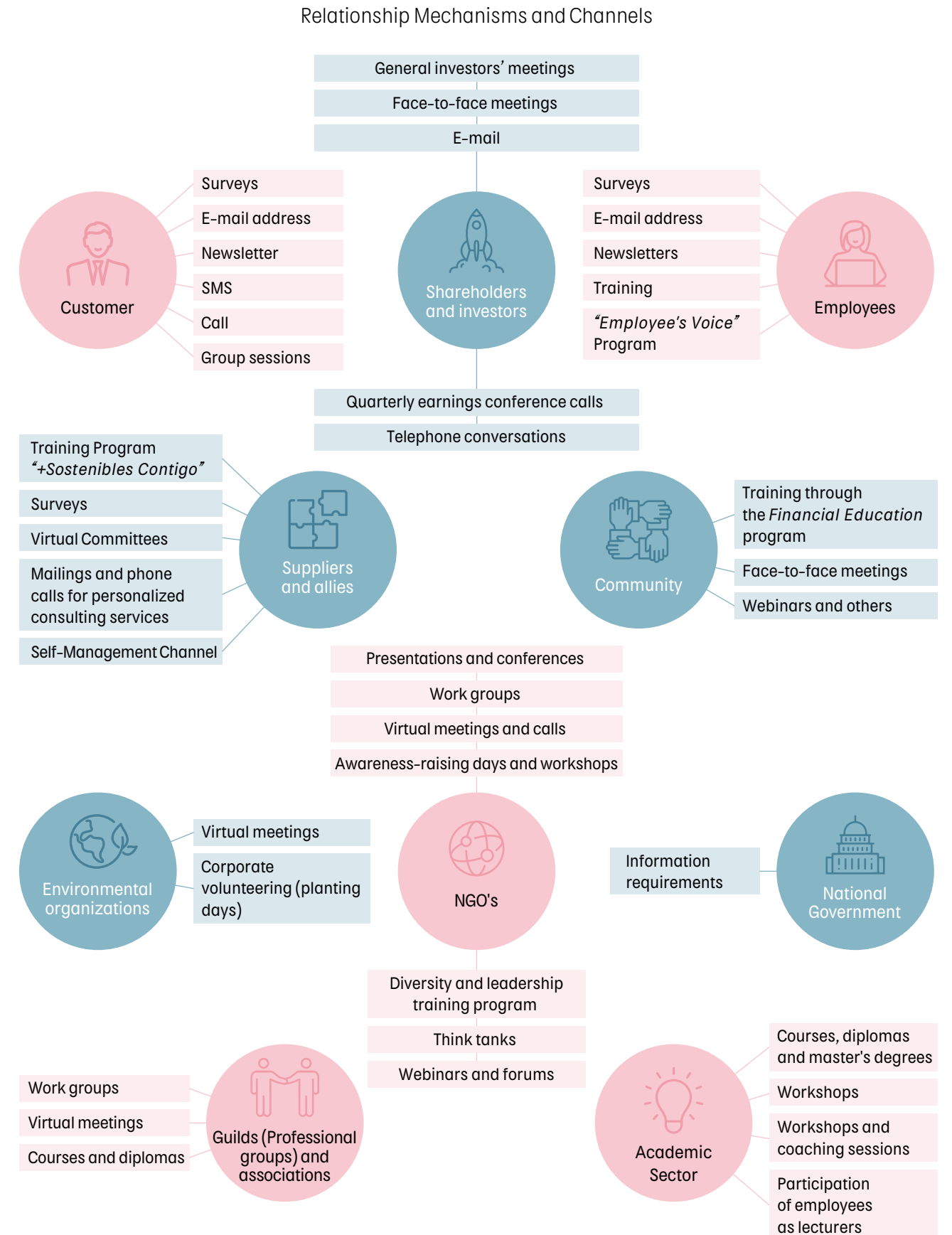
[GRI 2-6, 2-23F, 2-24, 2-25, 2-28, 2-29 A-I, 2-29 A-II] [BDB.14]

→ Generating shared value, responding to the expectations of our stakeholders, building long-term relationships of trust and a culture of sustainability within the organization are some of the objectives that drive us on a daily basis.

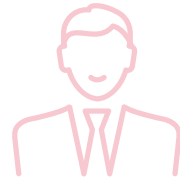


To achieve this objective, it is essential to know the expectations that our stakeholders have regarding the management we perform, identified in the interactions we have with each one of them; through dialogues and relationships that allow us to get closer and get to know them better.

Some of the channels through which we interact are presented below:

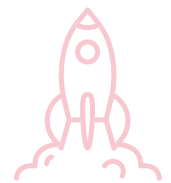


## Dialogues with Our Stakeholders



Customers

In order to know the perception, expectations and experience of our customers to establish improvement plans, we maintain a permanent listening channel, through surveys via email and calls, which allow us to improve our processes and services. In 2022, we listened to the concerns of 1.3 million customers, which allowed us to take action to improve the experience of natural and legal person and legal entity customers. During this period, we worked on strengthening the customer experience monitoring and analysis processes, the design of the customer journey, the management of the voice of the customer and claims and complaints (hereinafter *PQRS*) attention models, in order to ensure the service processes and the resolution of their requirements, as well as to reduce the friction in their interaction with the Bank.



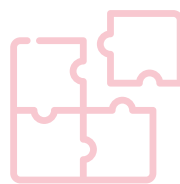
Shareholders and investors

We have a permanent relationship with our shareholders and investors, to provide institutional and financial information on our organization and performance, as well as to address concerns and other requests. For shareholders, we hold ordinary and extraordinary General Shareholders' Meetings; in the case of the Ordinary Shareholders' Meeting held in March, the Bank rendered an account of its management during 2021. For investors, the Bank presents quarterly results through conference calls and webcasts, in addition to providing updated information through the website. Also, during the year, the Investor Relations Department participated in several international events organized by renowned investment banks and resolved doubts and concerns through e-mail and telephone conversations.



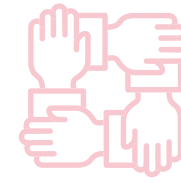
Employees

We maintain permanent communication with our employees to inform them about the benefits we design for them and their families, development and growth opportunities, as well as to listen to their expectations and learn about their satisfaction with our human talent administration. The details of all our employee management can be found in the [Employees and Society](#) section of this report.



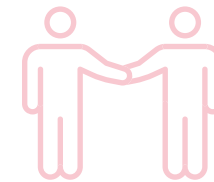
Suppliers

In 2022 we generated spaces with our suppliers to learn about their perception and expectations regarding their relationship with our organization, establish joint purposes and share best practices. Through the *+Sostenibles* program, we engaged in conversations about the importance of incorporating sustainability criteria in their businesses, in order to have a supply chain that is responsible with society and the environment, and we generated training modules in governance, sustainability and strategy, environmental and social issues, in a 3-year program that seeks to cover 1,000 companies. Likewise, in order to know their level of satisfaction with the Bank, we conducted a survey that allowed us to receive responses from 178 supplier companies with suggestions and comments that will help us to continue improving our processes.



Community

To strengthen relations with the community and contribute to its wellbeing and development, we generate alliances that allow us to offer spaces for consultation on their needs, training in financial education, labor inclusion and employability to vulnerable population groups. Together with strategic allies such as *Fenascol* and the German *Sparkassenstiftung*, we conducted a listening process to understand the gaps in inclusion and appropriation of financial concepts by the deaf population in the country. As a result of this process, we developed the first virtual course on accessible financial education on our YouTube channel, aimed at people with hearing and visual disabilities. We also made progress in our Labor Inclusion Program for People with Disabilities with the support of *Pacto de Productividad*, and we worked with the indigenous population of *Vaupés*, through our reforestation program in the *Colombian Amazon*, providing employment opportunities to communities in the area, who are responsible for planting and caring for trees, an activity that we developed with *Saving the Amazon*, preserving their culture and allowing them to have an income, contributing to the social development of 70 families.



Guilds (Professional Groups) and associations

We actively participate in different boards, committees and workgroups convened monthly by *Asobancaria*, in which the sector's news, good practices and promotion of union activities are made known, and joint actions of economic, social and environmental impact in the country are promoted. Thus, we contribute with our knowledge, experience and management in the actions carried out by the sector to promote access and use of financial services, financial education, environmental protection and practices that route the country towards an increasingly inclusive and sustainable development. In 2022, we were part of the committees of: *Sustainability*, *Green Protocol*, *Financial Education*, *Equity - Diversity and Inclusion*, *Financial Consumer*, *Credit and Risk*, *Tax and Audit*, among others. We worked on understanding the needs of the construction sector and the promotion of sustainable housing in the country, through working groups with the *Colombian Chamber of Construction*, as well as with the *Chamber of Sustainable Construction* in the USA, *Green Building Council* organization. Additionally, we strengthened our relationship with different associations that work for inclusion and diversity, such as *Pride Connection*, *the Chamber of Diversity and Community Aequales*, in order to share, explore and implement good business practices related to diversity, equity, inclusion and non-discrimination.



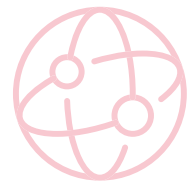
Environmental organizations

With the purpose of accompanying our clients in their transition to a low-carbon economy, in 2022 we made different alliances with solar panel companies, waste treatment plants, sustainable construction such as *Eneco SAS*, *Sumac*, *Greendipity*, *S&G energy* and engineering projects. We also supported the *Climate Finance Accelerator - CFA*, a platform for the articulation of different actors that seeks to support the formulation, development and access to financing for quality climate projects that contribute to the country's effort to achieve the *Nationally Determined Contribution (NDC)*; and we adhered to the *Mansion House* declaration of the environmental organization *United for Wildlife*, which seeks to fight against illegal wildlife trafficking. In addition, we worked with *Saving the Amazon* and *Fundación Natura*, in line with our commitment to contribute to the reforestation of Colombian forests.



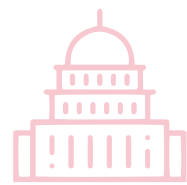
Academic sector

From our *Corporate University* we maintain a permanent relationship and contact with different educational institutions, with which we develop alliances to enhance the skills and knowledge of our employees and provide them with more development opportunities. In 2022, we developed agreements with different universities such as *Universidad de la Sabana, Universidad Central, Universidad del Rosario, Universidad ESIC,* and *Westfield University* to provide scholarships and access to specialization programs in strategic, commercial and financial topics, as well as *MBA* and *EMBA* programs with international degrees and immersion in the United States or Spain. In addition, through the *Juan María Robledo Digital Talent* training program, we established relationships and agreements with 10 public universities to facilitate the professional training of young university students with limited resources, helping to close the gap in the training of digital talent in our country.



Non-Governmental Organizations - NGOs

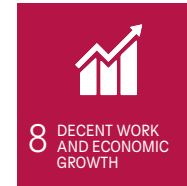
We recognize the contribution of Non-Governmental Organizations in the fight against poverty and inequality, as well as the strengthening of gender equity and environmental protection; through active work with this sector, we develop strategic programs to generate positive impacts on society and the environment. In 2022, in partnership with the *Inexmoda Foundation*, we launched the *Women Changing Fashion* initiative, a pilot business acceleration program to promote high-potential ventures in the fashion system, led by women.



National Government

We maintain permanent communication with government entities and supervisory and control entities, in order to contribute to the development of policies and programs that benefit society, as well as to comply with regulatory requirements and requests for information. Within the framework of our *Net Zero Route* and risk management for climate change, we held working sessions with the *Superintendence of Finance* to socialize the progress of our action, aligned with the Green Finance and Climate Change strategy designed by this agency for the Colombian financial sector. In addition, we participated in working groups with the sub-directorate of *Disaster Risk Management and Climate Change* of the *National Planning Department (DNP)*, as well as in the ninth edition of the *Climate Finance congress*, where the *National Climate Finance Strategy* was launched.

# Customer



→ We seek to ensure positive and memorable experiences for our customers in order to receive their loyalty and recommendation, through differentiated solutions, omnichannel service and a culture of innovation and agility, which allows us to generate value in each of their interactions with the Bank.

To strengthen the relationship based on trust that we build every day with our customers and to offer them a superior service experience in the different points of sale, we permanently listen in order to know their expectations and needs regarding the services we offer. We monitor and establish processes to generate a clear and transparent communication of our commercial offering, and we provide a complete platform of channels to provide an agile response to their concerns, complaints and claims.



**We have a complete channel platform**

# Improving our customers' experience

During 2022, we focused on improving customer experience in an integral manner, through its analysis and monitoring, the renewal of the customer's voice model, and the improvement of service and inquiry resolution processes. As a result, we consolidated three initiatives: the *Experience Management Center*, the *Experience CheckPoint Committee* and the redesign of the claims and complaints (hereinafter *PQRS*) attention model.

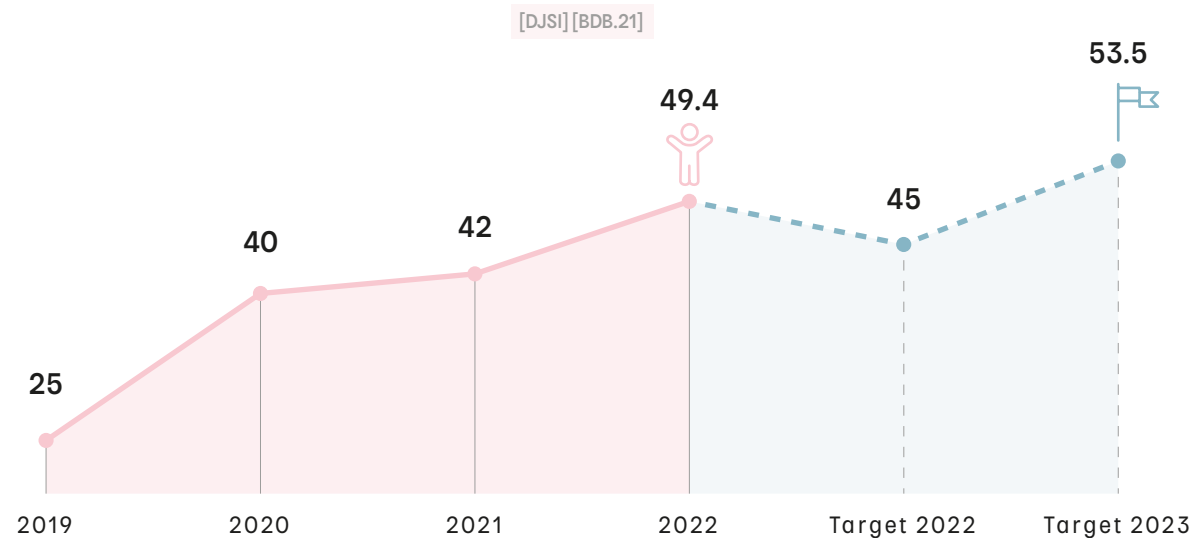
The *Experience Management Center's* objective is to mitigate the impact on customer experience and on service in key customer tasks, while the *Experience CheckPoint Committee* aims to transform and improve experience, based on the validation of communication shared with customers. Furthermore, the redesign of the *PQRS* attention model wants to reduce customer friction when interacting with the Bank, all based on best practices and value generation for the process.

These actions leveraged our *Relational Net Promoter Score* (hereinafter *NPS*) which improved by 27% compared to 2021. During this period we permanently acted on reasons for customer detraction in order to strengthen our relationship. *NPS* growth for retail banking was 35% (+9.6 points) and 20% (+10.3 points) for enterprise banking.



Improving our services

Measurement of our customers' recommendability



## We listen to our customers

At *Banco de Bogotá*, we value the opinion of our customers and during 2022, we listened to 1.3 million of them, which allowed us to identify areas for improvement in experience and take timely measures to solve any problems. We implemented a cycle closure model to recover those customers who had a negative experience, contacting more than 75% of them and recovering around 24%. We strengthened training on financial consumer protection with the participation of 6,379 employees and 744 hours of training.

In terms of improving our customers' experience, we cover those moments with the greatest impact on their journey, monitoring customer service in face-to-face and non-face channels and creating spaces for participation with allies in order to simplify processes. We strengthened our monitoring model through hidden clients in branches and banking correspondents nationwide, and we used new automated monitoring methodologies to identify improvement opportunities in our customer service channels. In short, at our Bank we are committed to listening to our customers and taking action to offer them an exceptional service experience.



We offer digital experiences

## Proactivity: one of our cornerstones

In our *Experience Management Center*, we made significant progress in predicting and containing events that could generate negative experiences for our customers. We developed methodologies and tools for the proactive detection of those events, which allowed us to reduce the filing of *PQRS* by 28%. Additionally, we strengthened the internal and external communication model, reducing interactions regarding communication issues in channels by 73% and in *PQRS* by 20%. We implemented a self-management module to control and monitor the process transversally, incorporating business areas that handle communications with customers.

## Self-management and agility

We focus on self-management and agility to provide the best digital experience to our customers. We have developed innovative solutions such as self-filing of documents, online attention with an advisor and real-time inquiry of the status of *PQRS* through our *Mobile Banking App* or *Virtual Banking*. We resolved more than 20,000 *PQRS* online in 2022 and we have implemented comprehensive tools to reduce call times and to eliminate operational processes. Furthermore, we have enabled the first experience metric, the *Customer Effort Score (CES)*, to measure the ease of use of the tool while we look for key insights to continuously improve and add value. We also improved attention on cases of suspected fraud and/or impersonation, decreasing service times and improving our *NPS* in fraud management by 45 points, last year. As a result, we have seen a 32% decrease in complaints filed in 2022.

We value our customers' opinions and during 2022 we listened to 1.3 million of them.

# Service Channels

→ We transform our service channels to provide our customers and stakeholders with the support they need and offer them the best experiences.

## Remote Channels (Contact Center)

During 2022, we focused on transformation, customer experience and channel efficiency through the implementation of new functionalities, redesign and improvement of processes, facilitating our customers' interactions.

### Servilínea

Through this channel, our customers can quickly and safely make inquiries, payments, transfers, cell phone recharges, block products and obtain specialized advice, without having to go to a branch office.

### Call Center

During last year, the *Call Center* implemented several improvements and new functionalities, among them the automation of the travel card activation process and the reduction of customer response times in 65 thousand calls. Additionally, we improved the *NPS* by 4 points and managed to retain 283,679 credit cards, 13,319 savings accounts and \$238 billion in loans, with a 103% growth. We also contributed \$5.9 billion in loan balances and placed 902 insurance policies. We strengthened customer self-management flows in the sales *Call Center*, achieving a greater use of campaign records and disbursements for \$80.3 billion in personal loans, with a growth of 110%.

### Interactive Voice Response (IVR)

This year, we adjusted and added new transactions to the menu to improve the containment and self-management rate. Thanks to these improvements, we achieved an increase in the containment level by 6 percentage points, reaching 60%, and an increase in the self-management process by 8 percentage points, reaching 28%. Improvements were also made to the updates and adjustments to the overflows of the blocking, col-



lection and retention campaigns, providing greater clarity in the transactional menu.

### Social Networks

We worked on stabilizing the new *PQRS* attention model in the four social networks (*Facebook*, *Twitter*, *Instagram*, *LinkedIn*). This has been our priority, focusing on personalized, solving and timely attention, managing to increase customer recommendation (*NPS*) by 5 percentage points during the year, from 73 (in January) to 78 (in December). We also implemented *Google My Business* as a management tool for handling customer comments on the approximately 500 branches with presence in *Google* and the *Social Listening Module*, developed in collaboration with *ADL*, to monitor "real time" service issues and visualization of comments in networks.

## WhatsApp

In 2022, we increased the channel's *NPS* by 5 points, from 67 (in January) to 72 at year-end, and achieved a *First Contact Resolution (FCR)* level of 93% at year-end. Continuing with the self-management model, we implemented the following non-cash transactions: document request, next payment inquiry and credit card blocking, increasing the containment level by 6 percentage points, from 51% to 57%. At the same time, we initiated the sales process in this channel with \$7.8 billion in new credit transactions.

Additionally, we strengthened our *Corporate WhatsApp* channel by enabling new self-manageable functionalities, such as: customer authentication through *Token* or *OTP* for inquiries on next credit card payment, documents such as tax certificates, bank references and credit card' good standing certificates, debit card blocking and credit card payment date change, reducing approximately 9,600 conversations.

## Physical Channels

Through our wide network of physical channels, we offer our customers and users the possibility of carrying out their banking transactions in a simple, fast and safe manner.

### Branches

During 2022, we transformed seven branches under a more digital concept and renovated a total of 58, including two *SME* customer service branches. We offered virtual appointments and attention turns in 334 branches through our queue management tool, and improved waiting times at cashier's desks and also for advisory and migration, with the *Workforce Management* tool. We implemented improvements in the technological infrastructure of the branch network, increasing the bandwidth at 147 points and reducing the number of cases of reported failures by 60%. Furthermore, we renewed 1,016 network equipment, migrated the attention turns' management system platform to the cloud, installed a *Wi-Fi* system and renewed tablets in the *Digital Zone*. We also designed spaces and adjusted our physical infrastructure to be more inclusive and accessible, and created a model for admission of pets to our branches.

## Banking Correspondents

Our network of 15,277 banking correspondents places us in the top 3 of the industry, strengthening our nationwide presence in 953 municipalities, which translates into a national coverage of 85%. In 2022, we carried out more than 57 million transactions (25% more than in 2021), generating close to \$45 billion in fees, an annual increase of 24%. To achieve this, in 2022 we established 4 new alliances: *Mafephone*, *Megared*, *Conred* and *Practisistemas*, to provide banking correspondent services in all their service centers nationwide, consolidating our mission to expand correspondent coverage.

In addition, the definition of the experience guide for correspondents, through the construction of operating manuals and the use of *mystery shopper*, led to an improvement in *NPS* for traditional correspondents of 35 points, an increase of 19 points compared to 2021. As for customers visiting this channel, an improvement of 10 points was observed, moving from an *NPS* of 52 (in January) to 62 (in December).



## Electronic channels

ATMs continued to occupy the #1 position as the channel with the highest number of monetary transactions generated, contributing 9% of our net fees.

Our network of electronic channels has strengthened the measurement of customer experience indicators through the *NPS*, as a tool for active listening to the customer's voice and for permanent feedback; this measurement, which began in 2021 with a cumulative *NPS* of 20.9, in 2022 rose 10.6 percentage points, to 31.5.

Through on-site and targeted communication campaigns, we increased cardless *ATM* withdrawals from the *Mobile Banking App*, going from 3.5 million to 5.4 million cumulative transactions at the end of the year (52% increase). Furthermore, we completed 100% of our renovation plan established for 2022, with 325 *ATMs* equipped with state-of-the-art technology, allowing us to increase service levels as well as customer and user satisfaction.



We increased card-less withdrawals at ATMs

## Digital Channels

Our digital channels continue to consolidate their position as the efficient method to meet our customers' transactional needs, without them having to physically go to branches, *ATM*'s, contact centers or correspondents, thus maintaining the growth trend in the main indicators. Digital adoption reached 67.1% for retail customers with a 6% annual growth; we reached more than 2.3 million digital users, a figure 20% higher than last year. In 2022, more than 60.5 million digital transactions were recorded.

We continue to design digital tools and solutions to provide our customers with a more agile and effective service to meet their needs, ensuring their satisfaction and loyalty.



We have the highest rated banking App

From our digital channels, it is now much easier for customers to self-manage their products without having to go to the branches. It is now possible to perform more transactions such as: changing debit card password from the *App*, unblocking of erroneous pin, enabling one-time passwords by mail and also enabling the functionality for traveling customers, allowing them to inform the Bank that their cards will be used abroad.

### Mobile Banking

Customer recognition positioned us as the highest rated banking *App* in the Colombian stores, with a rating of 4.7 stars in *Play Store* and 4.8 in *App Store*, evidencing our robust transaction portfolio. In terms of digital customers, we closed the year with nearly 2.1 million active digital customers, representing an annual increase of 38% (1.5 million). In terms of monetary transactions, a total of 36.9 million transactions were carried out during the year, growing 65.4% compared to 2021.

As an innovation, in the payment section, the utility services tool has been enabled, which allows filtering and searching through a drop-down list of categories and agreements, allowing customers to make their payments in an agile manner.

### Virtual Banking

At the end of 2022, we reported: 411,352 monetary transactions and 193,968 unique digital users through this platform. In 2023,

we will continue working to make it the opening channel for new integrations with the Bank's products and services.

We are working on new functionalities focused 100% on improving our customers' experience, as well as optimizing their operability and greater control. Our *Virtual Banking* has become an omnichannel access to the Bank's products and services for customers, using the secure password.

### Secure Electronic Payment (PSE)

With a shorter flow and saving customers' time when making their payments, more than 19 million transactions were made (36% more than in 2021). Additionally, the rejection rate was reduced from 80% to 20% for online payments at public entities.

Likewise, we implemented *PSE Avanza*, a milestone by being the first bank in Colombia to authorize payment with just the use of a password. Our main objective in 2023 is to massify this solution.

These developments not only reflect our commitment to providing the best experience for our customers, but also earned us the *Latam Fintech* award for the annual best innovation in payments and wallets. In 2023, we expect to continue creating new tools that allow our users to fund their savings accounts and acquire Time Deposits through *PSE*.

New functionalities in our digital channels:

- **Transfiya:** a feature that allows customers to send and receive money to and from other entities at zero cost (in alliance with ACH). With steady growth since its launch, at year-end it reflected 747,003 outgoing transfers (507% more than in 2021) and 89,622 incoming transactions (549% more than the previous year). In 2023, a new infrastructure will be created to implement this functionality in other channels such as *Virtual Banking*.
- **Cel2Cel:** a *Grupo Aval* feature to transfer money using the cell phone number or by accessing the contact book. It is quick and easy to use, by entering the amount and choosing the entity to transfer funds to. This option provides many more solutions for the Group's customers, allowing transfers between accounts without the need to accept funds and enhancing the use of *Dale!*, the digital wallet of our ecosystem.
- **Automatic debit in piggy banks:** always seeking to help our customers meet their savings goals, they can now self-manage the scheduling of debits destined to piggy banks, setting up automatic deposits with the frequency they choose and also enabling the possibility of saving each time they make payments with cards, or withdrawals, which supports the fulfillment of their savings goals and the improvement of their financial habits.
- **Finance:** the personal financial management (PFM) option designed 100% in-house. It aims to help customers keep track of and categorize account and credit card movements and allows them to visualize monthly expenses. The module redirects to piggy banks, to encourage customers to save and pay utilities on time.
- **Digital Help Center (CAD):** allows customers to know their PQRS filings for the last 6 months. It also allows them to locate the Bank's points of contact (*Servilínea*, *WhatsApp*, branches and service points), in order to identify the closest ones, generate digital appointments and attention turns at a time of their preference. In *Mobile Banking*, the transfer module has been incorporated, through which the customer is redirected to the help center in order to be informed on limits, or make transfers, solve doubts and receive assistance in the *Virtual Banking* login process.

Through *Transfiya*, we reported 747,003 outgoing transfers and 89,622 incoming transactions at the end of the year



Marketing team

# Sustainable Growth



→ We grow our business profitably, as a result of the development of value offerings that allow us to accompany and support our customers throughout their life cycle.

Committed to responsible banking and to the contribution from our business to the *Sustainable Development Goals - SDGs*, we support the growth of our customers, by promoting economic prosperity in an inclusive and sustainable manner.

With a differential value proposition leveraged on a portfolio of innovative products and services, we serve the retail and enterprise banking segments, looking to generate positive impacts that promote our customers' financial wellbeing, financial inclusion for the most vulnerable populations, business development and the promotion of more sustainable businesses, technologies and lifestyles.



We assist our customers in the adoption of sustainable practices

## Our support to the country's productive sector

### With the support of rediscount banks, we promoted economic reactivation

In 2022, we supported our clients in their post-pandemic economic reactivation process through credit lines that allowed them to make payroll payments and finance infrastructure and sustainable development projects.

Through *Bancóldex*, *Findeter* and *Finagro*, we supported more than 1,400 public and private companies with different credit facilities and we disbursed more than \$2 trillion.

We supported companies with *Bancóldex's* emergency lines (*Guainía Responde*, *Agustín Codazzi*), reactivation lines (*Transporte*, *Huila Turismo Adelante*, *MinCiencias CTel - Bioeconomía*, *iNNnpulsa - Bancóldex para inversionistas*, *Alianzas para la Reactivación*, *Sostenible Adelante*, *Bogotá Produce*) and the working capital line; we disbursed loans for more than \$400 billion.

In the case of *Findeter*, we placed more than \$300 billion through its lending facilities, *Reactiva Colombia*, *Reactiva Agua* and *Residuos Sólidos*. Additionally, during 2022 and thanks to the continuous improvement of processes and comprehensive product management, through *Finagro's* special credit lines, *Agricultura por Contrato*, *Inclusión Financiera y Rural*, *Mujer Rural y Joven Rural*, *Sostenibilidad Agropecuaria y Negocios Verdes*, *Reactivación Productiva y Sustitución*, we financed more than 600 companies with disbursements in excess of \$1.5 trillion, supporting producers and marketers who are part of the country's production chain.

### We support the strengthening of the construction sector

We actively participated in the National Government's initiatives to facilitate the reactivation of the construction sector and access to housing. In terms of housing construction, we accom-



Team from the International and Treasury Vice-presidency

panied the financing of 345 projects in process, disbursing \$1.6 trillion in 2022, consolidating a loan portfolio balance of \$1.9 trillion. According to *Asobancaria*, in the last 12 months (as of October 2022), we increased 98 basis points in annual market share, with a lending portfolio growth of 32.5% compared to a 23.1% growth of the banking system. Of the aforementioned 345 projects, 56% are for *Social Interest Housing (VIS)* and/or *Priority Interest Housing (VIP)*, underscoring our commitment to low-income housing; 44% are *Non-Social Interest Housing* projects. 133 projects (*VIS* and *Non VIS*) correspond to new loans with credit facilities for \$1.9 trillion (+23% compared to 2022) that we will be disbursing as construction moves on.

Also, we continue to be involved in the climate change transition, in order to reduce the carbon footprint and the environmental impact of this sector's activity. 12% of our loan portfolio refers to projects in the process of obtaining a sustainable certification (*EDGE* and *CASA*), by the end of December 2022; we provide technical support to builders and extend the benefits of long-term loans to buyers of these projects.

## We accompany our customers in the education sector

Through a loan from *Findeter's Reactiva Colombia* line for more than \$80 billion, we supported *Universidad Católica de Colombia* in financing the construction of its multipurpose building, which will allow the university to expand its current facilities and increase the capacity of its classrooms, computer rooms, laboratories, libraries, commercial spaces, parking lots, among others. This will generate innovative spaces equipped with technology to promote the interaction and creativity of the university community, impacting the well-being of its current students as well as that of more than 4,000 new students who will arrive at the university campus.

### We support public entities

We are committed to providing our clients from the public sector with comprehensive proposals that accompany the execution of development plans that generate wellbeing for the community. Consequently, during 2022, we supported *Bogotá's Mayor's Office* in its need to leverage the infrastructure construction project related to the integrated public transportation system.

This project seeks to establish and develop a strategy to consolidate and improve the public transportation system in the country's capital through the expansion of mass transportation corridors, the improvement of the available infrastructure capacity, the articulation and physical and operational integration of all the components of the *SITP (Public Transportation Integrated System, for its acronym in Spanish)* in Bogotá, as well as the preservation of its operational infrastructure. The above, looking to consolidate a core grid integrated with the zonal component and the first subway line that will streamline user commute, optimizing times, routes and overall system's costs.

We are also providing users of the *Colombian Institute for the Evaluation of Education (ICFES, for its acronym in Spanish)* with our physical and virtual collection channels for payment of registration fees for the *SABER* tests, benefiting close to 500,000 students throughout the year.

Also, we accompany the coffee sector, benefiting more than 390,000 coffee growers registered at the *Colombian National Federation of Coffee Growers*, who are active clients through the *Coffee savings account* that funnels aids provided by the National Government and the Federation.



Universidad Católica de Colombia

For this important sector, we have developed special applications that provide coffee growers with benefits to access different aids, facilitating the updating of information with biometric validation in the Federation's municipal committees, and to receive online payments for their coffee sales in their *Coffee savings accounts*. Throughout the year we served more than 10 thousand requests through the *Coffee Line* providing support to coffee growers, affiliated cooperatives and the Federation.

In the second half of 2022, we implemented campaigns to promote the downloading of and registration in the *Mobile Banking App*, to satisfy their needs with assertive solutions and functionalities specific for this niche. Additionally, in order to encourage coffee grower clients to save and use the *Coffee savings account*, we held a financial inclusion fair, achieving an increase in deposit balances of more than 3,000 coffee growers.

We are committed to providing our clients in the public sector with comprehensive proposals.



## We promote projects that contribute to the growth of infrastructure

We financed *Transmilenio's* Phase III in the municipality of *Soacha*, which involved the *Portal's Patio* called "El Vínculo" and adjacent works, the 800-meter road corridor, and the vehicular and pedestrian bridge in the same municipality. This construction is executed by the company *Concreto S.A.*, whose project became a reality thanks to the loan disbursed in October / 2022 for more than \$17 billion, allowing an extension of the *NQS* highway in the *Soacha - Bogotá* municipality.

With the implementation of this project, we want to benefit more than 34,000 inhabitants of the municipality who belong to strata 1, 2, and 3, positively impacting the community with the increase in the frequency of buses offered per hour and thus reducing commute times; also with the construction of bike paths and bike parking at the stations, the generation of more than 126,000 square meters of public space that includes total accessibility for people with reduced mobility, the planting of nearly 1,500 trees, the creation of a linear park, the efficient use of water in the system with wastewater treatment plants, and the integrated management of solid waste through recycling processes.



We support the country's infrastructure projects

## Competitive environment, partnerships and ecosystems

We developed strategic alliances to support the strengthening of the business fabric and the growth of the different economic sectors, thus promoting the generation of decent employment and opportunities for people to have access to better living standards, resulting in their well-being and growth.

Together with our partners, we recognize the best business practices, provide tools and specialized advice, and support entrepreneurs to help them consolidate and expand their businesses.

We support the strengthening of the business fabric and the development of the different economic sectors

## MEC Initiative – Best Colombian Companies

In 2022 we undertook the second version of the *Best Colombian Companies (MEC)*, for its acronym in Spanish) program, seeking to highlight medium-sized private companies in Colombia that, in the face of an uncertain post-pandemic scenario, have stood out due to their capacity for adaptation and resilience.

This program provided the 130 participating companies with an interdisciplinary team of professional experts from *Banco de Bogotá*, *Universidad Javeriana* and *Deloitte*, with extensive knowledge and experience in the areas of finance, innovation, management, organizational culture, service and foreign trade, among others, who accompanied the companies with effective feedback on their strengths and areas of opportunity for their growth, competitiveness and value generation in their sector.

The companies were evaluated on five key aspects: sales growth, fixed asset management, operating margin, leader-

ship and external factors, as well as talent and sustainability. The companies recognized were: *Boccherini S.A.*, *Cerescos S.A.S. (Masglo)*, *Laboratorios Legrand S.A.* and *Vitelsa*, from the manufacturing sector; *Conectar*, *Omnicon S.A.S.*, *Outsourcing Servicios Informáticos S.A.S. BIC*, from the service sector; *Líneas Hospitalarias*, *Medirex BIC S.A.S.*, *Merquiand*, from the commerce sector; *Ingeniería Electrónica del Huila S.A.S. BIC*, *Prodesa y CIA S.A.*, from the construction sector.

The companies will have access to specialized business consulting, as well as the possibility of participating and renewing their recognition in the following years, with the purpose of boosting their productivity, profitability and projection at the local and international level.

*MEC* is part of the global *Best Managed Companies* program, which originated in Canada in 1993, and its objective is to recognize the operational excellence of private companies at a global level. It is currently present in 50 countries.



Mejores Empresas Colombianas, MEC Winners

## Pyme Gacela Award

As part of our commitment to micro and small companies, in alliance with *Misión Pyme*, we presented the 14th edition of the *Misión Pyme Gacela Award*, in which we recognized the work of three entities from different sectors for their achievements in labor inclusion and diversity, innovation and sustainability.

The companies recognized for their achievements were: *Eco Poop S.A.S.* and *BIC* from Antioquia, in sustainable entrepreneurship; *Ingeniería de Servicios y Soluciones Aplicados* and *ABBI S.A.S.* from Quindío, in the categories of inclusion and labor diversity; *Safer Agrobiológicos S.A.S.* from Antioquia and *Eco Planet Soluciones Integrales S.A.S.*, both in the category of innovation for entrepreneurship; and *Colombiana de Envases Industrial S.A.* from Cundinamarca in the category of environmental sustainability.

The program seeks to highlight the capabilities of the country's companies, articulating their work models to positively impact the environment in which they operate, providing them with an incentive to include these good practices in their culture.



Pyme Gacela Winners

## We strengthened the skills of our MSME clients

We launched *Crezco*, a program that supports small and medium-sized companies through the delivery of valuable content that positively impacts decision making and the growth of their businesses. On this occasion, at the end of the 6 modules of the course, clients who took the workshops in their entirety were certified, reaching more than 100,000 Consumer and SME Banking clients, and impacting more than 10,000 potential clients in the same segment.

We took part in the 10<sup>th</sup> edition of the *SME World' Week*

Under the concept *SME World' Summit*, spaces were provided to learn about success stories and innovation and digitalization strategies. The event, held from November 8th to 10th with hybrid participation (face-to-face and remote), was attended by more than 3,800 MSMEs and the commercial offer was well received with more than 350 transactions related to commercial lending, credit cards and cash solutions; these transactions totaled disbursements of more than \$74 billion.

During the week of the event, our customers and users had the opportunity to access exclusive benefits such as special rates, credit cards with no handling fee, cash solutions with up to \$0 cost and many other offers. In addition, they had the opportunity to participate in more than 10 conferences, with top-level panelists, where topics related to the challenges and opportunities of SMEs, digital tools as a source of opening to new markets, digital innovation and transformation for new businesses were discussed. In this scenario we had the special participation of Juan Daniel Oviedo, former director of the *DANE (National Statistics Administrative Department)*, who gave a lecture on the outlook for SMEs in Colombia. Participants at the closing event also enjoyed a networking experience.

We increased the placement of credit cards for retail customers and SMEs

In 2022, the value offer of our credit cards proved to be preferred by Colombian consumers, supported by the annual growth in placement of 37%, with close to 150,000 more cards than in 2021, and the increase in market share compared to the banking system. Proposals, benefits and campaigns offered to our cardholders focused on their needs, in line with changing consumer habits.

We continued generating financial education options for our customers, one of our main objectives in order to have more loyal consumers who are more aware of their products. At the end of the year, our credit card balance increased by 19% and billing by 42%, positioning us in the *Top of Mind* and *Top of Wallet* of our cardholders.

Similarly, we strengthened our relationship with our allies, *LATAM*, *Biomax* and *Movistar*, increasing the placement of co-branded credit cards by approximately 22,000 plastics, which represents 21% annually, going from 103,000 credit cards in 2021 to 125,000 in 2022 in sales, thanks to the use of innovative sales tools such as QR codes in our own and allied sales channels.

We support formal employment with Government programs

Committed to supporting our clients in the payment of their payroll, promoting economic reactivation and generating jobs for young people, we participated in two active government programs related to subsidies:

- *PAEF-MICRO*, a National Government program that supports and protects formal employment by providing an economic subsidy for the payroll of dependent workers. The total number of incentives paid was 111,731 for an amount of \$45.2 billion, during the application months of 2022, benefiting 4,077 companies.
- *Incentives for the Generation of New Jobs*, created to mitigate the socioeconomic effects associated with the COVID-19 pandemic and reactivate the generation of formal employment among young people. We benefited 1,850 companies, with a total number of incentives paid of 257,566 for a total amount of \$55.3 billion, included in the 2022 applications.

Digital services for small and medium-sized entrepreneurs

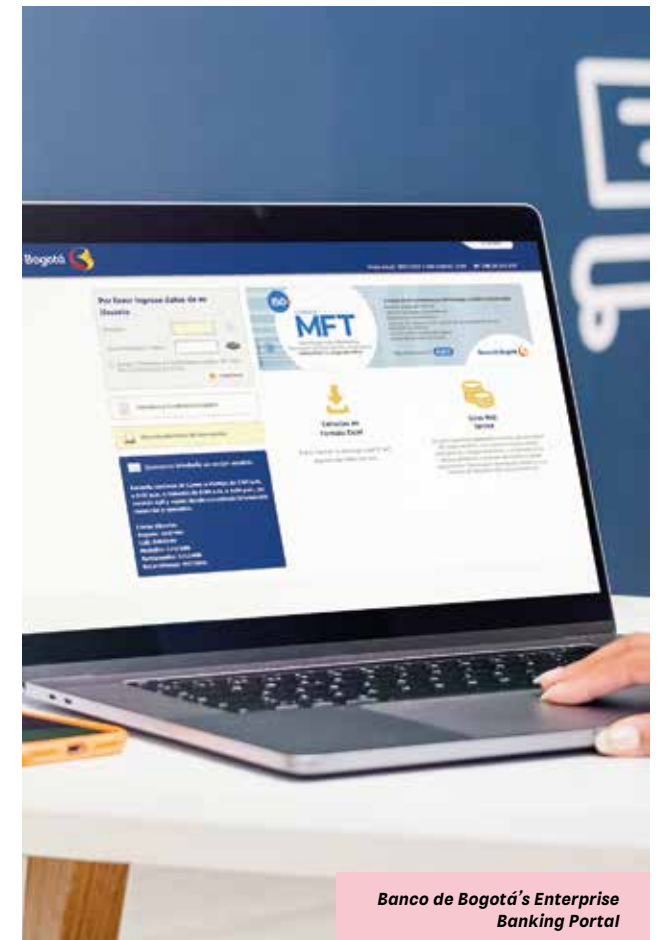
We remained at the forefront in the development and evolution of new digital tools and services with the purpose of accompanying and generating better experiences for our customers in their daily lives, having a more efficient operation, through the SME digital credit with pre-approval in minutes, self-manage-

ment and e-commerce tools, payment links, new portals with friendlier functionalities and improvement of internal processes to speed up approval and disbursement.

Payment Services

During 2022, we continued to strengthen the *Money Transfer* service through the *Web Service* channel, which allows our customers to make payments to third parties, with online availability, increasing the maximum amount to \$1,000,000 per draft for ATM withdrawals.

These transfers have channels enabled for payment both at our branches and at *Grupo Aval* ATMs, optimizing the operational load (file uploading and posting cycles). The payment response of money transfers and notifications are generated online. Additionally, this product allows our customers to control information such as due dates and payment methods.



Banco de Bogotá's Enterprise Banking Portal



We encourage young people to develop their projects

### We support higher education

We promote the dream of our young people to study abroad with benefits and discount on rates for the scholarship loans granted by *Colfuturo*. During 2022, we granted 148 loans for a total amount of more than \$12 billion, a growth of 134% compared to 2021.

### We strengthened the *E+E* strategy to support Colombian projects

We continued to strengthen one of our strategic pillars with the *E+E* (*Companies + Employees*, for its acronym in Spanish) payroll offer, building loyalty among our enterprise banking clients in all sectors through a differentiated value offer for their employees, reaching a level of 27,000 active agreements, equivalent to a growth of 16% with respect to 2021, with more than 1 million customers linked to payroll accounts.

Additionally, we continued to support the projects of Colombians through our financial products and services, which has allowed us to increase the volume of loans to our payroll customers. The stock of loans reflected an annual growth of 12% in the payroll category, 41% in the free purpose loan category, and 43% in the mortgage category.

### We promote housing in Colombia

In order for our customers to finance their housing, we facilitate access to the coverage granted by the National Government for the acquisition of new homes. With the *FRECH NO VIS* program

we have favored close to 3,155 households with disbursements for more than \$338.0 billion, representing an annual growth of 47%. Regarding the Government's program *Mi Casa Ya Cuota Inicial* (*My House Now – Down Payment*) for buyers of *Priority and Social Interest Housing* (*VIP* and *VIS* for their acronyms in Spanish), we disbursed more than 14,390 loans equivalent to \$698.0 billion (growing 15% with respect to 2021).

Taking into account the different strategies implemented to generate new disbursements, we reached \$2.6 trillion (42% additional versus 2021) in more than 30,491 operations. We grew 100 basis points in housing portfolio market share during 2022, reaching a balance of \$7.4 trillion, representing a 32% annual increase, versus 14% for the system.

### We support the growth and development of relevant segments with payroll lending

In 2022, through commercial strategies, value offerings and customer knowledge, we encouraged the placement of payroll loans to develop our customers' projects and, to the same extent, increase the participation of two relevant sectors such as Real/Private Sector Companies and Pensioners, which presented an annual growth in lending of more than 40%. Additionally, we connected resources with the different sectors, showing a participation equivalent to 55% in Defense, 16% in Official, 14% in Pensioners, 11% in Private and 4% in Teachers.

We launched the digital version of the portfolio purchase modality, allowing our clients to work with the Bank and improve their cash flow without leaving home.

Lastly, we were No. 4 in the ranking of banks with the largest payroll loan balance, exceeding \$6.2 trillion, with a 9.11% market share in the financial sector.

### Driving Time Deposits' growth and our clients' profitability

Time Deposits were the product with the highest growth during 2022 within the group of liability products, registering a stock balance of \$5.4 trillion at the end of December, an increase of 69% compared to 2021.

This result was driven by a rate increase strategy, implemented since the third quarter, in line with the monetary policy adjustments made by *Banco de la República*, allowing us not only to leverage the aforementioned growth, but also to transfer greater profitability to our customers.

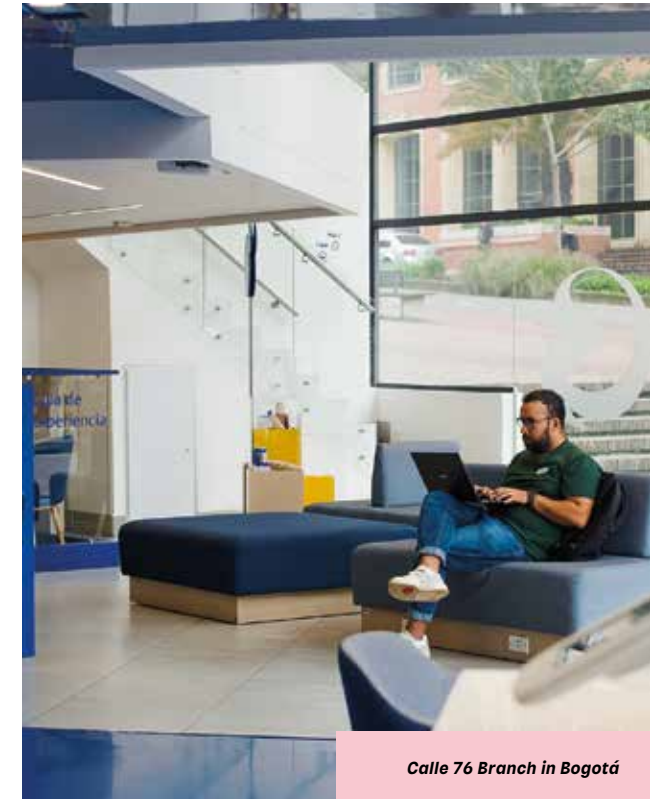
Proactively, in January we began the process of increasing Time Deposit rates, with a 180-day rate of 3.65% APR and ending the year with a rate for the same term of 14.33% APR, offering an approximate growth of 11 percentage points.

### Facilitating access to credit, thanks to digitalization

Through the *Libre Destino* (*Free Purpose*) credit line, in 2022 we disbursed more than \$3 trillion to our customers, of which more than 50% was made through one of the digital channels, positioning it as the product with most disbursements through digital channels, providing agile access and a 66% annual growth in total disbursements. We strengthened the point-of-sale financing strategy, achieving more than 99,000 disbursements during 2022. This increase of 285%, evidences the success of the work done with our allies, including *Yamaha*, *Auteco*, *AKT*, *Almacenes Éxito*, *Clínicas Sonría*, *Dentix*, among others.

### Expanding the Insurance Offering

In 2022, more than 1,087,000 customers acquired voluntary policies that support them in the event of risks such as unemployment, theft, serious illnesses, among others. In addition, to diversify our insurance offer, we implemented a multiassistance portfolio that will provide different assistance services for the elderly, pets, and mobility.



Calle 76 Branch in Bogotá

Additionally, we incorporated service ecosystems (digital education, physical fitness, telemedicine, resume enhancement, among others) to the loan portfolio, which allow customers to make use of the insurance from the moment of purchase, achieving more than 75 thousand registered users on our website [seguroesparatibdb.com](https://seguroesparatibdb.com), where digital education is the most used service with 76% of participation.

We improved the approval times in the acceleration claims for temporary disability and fraud insurance, handled through our *WhatsApp* channel, with 98% online approval, going from 10 days to 20 seconds in each response. We also continued the transparent sales training process, achieving a 37% decrease in returns due to cancellations.

TD was the product with the highest growth during 2022 within the group of deposit products.

For the total-risk coverage vehicle policy, we activated the on-line quotation and issuance, improving response times from 30 to 4 minutes, maintaining the multi-bidding of insurance companies and thus guaranteeing the best option for our clients.

### Getting closer to our strategic niches

We accompanied retirees, the defense sector, and the official sector of our country with a mobilization and recognition campaign, in which we awarded 11 clients for disbursements from the payroll line and the opening of payroll or pension savings accounts. This campaign mobilized \$45.1 billion in 1,014 payroll operations, 295 savings account openings and 1,014 new insurance policies.

In August, we participated in the fair led by *Colpensiones*, to support the retired and soon-to-be-retired population. Likewise, we continued with the financial inclusion initiative, which allowed us, as of December 2022, to have 145,524 *Colpensiones* retirees receiving their monthly allowance through our savings account.

Finally, we promoted our participation in activities of the Defense and Official Sector entities, commemorating the days of recognition to their work, where through our commercial salesforce we encouraged lending of the base portfolio and generated incentives to customers in consumer bonuses; this initiative generated 593 leads for commercial management.

### We improve the experience of Preferred customers

Our *Preferente (Preferred)* segment aims to deliver a differential and personalized offer to clients with income over \$8 million and/or a financial volume over \$100 million. Through an assigned Personal Manager, we provide remote and assisted advice and support.

Having identified a few client clusters who were looking for a closer relationship with their Personal Manager, and to carry out their procedures in person, at the end of 2022 we created a preferential space in Bogota, in the *World Trade Center* branch, which, in addition to being a strategic point, provides them with a comfortable and convenient environment. In 2023, we expect to expand this hybrid service model to more points in Bogota and other major cities in the country.

### Exclusive experiences in *Primera Fila*

Our purpose in the Preferred and Premium segments is to build long-term relationships. Therefore, in order to provide alternatives that connect and build loyalty among our high-value clients, we designed the *Primera Fila (First Line)* events platform, offering unique experiences and non-financial benefits, in line with our customers' interests and lifestyle. In 2022, more than 700 clients accompanied us to face-to-face and virtual events, where we addressed topics under the framework of estate planning, wellness, gastronomy and trends in the digital era, with a 90% satisfaction level. In 2023, we expect to reach more cities with more experiences and topics of interest to our affluent clients.



Team from the Corporate Relations Division



Calle 81 Branch

We improved the cancellation ratio, moving from 2.8% to 2.3% on a monthly average.

### We strengthened the Customer Retention and Loyalty Protocol

In 2022, we built loyalty for 14,954 customers by accepting the benefits offer in their portfolios and through the expansion of new products, contributing with \$532.6 billion to the growth of the Consumer and Mortgage loan portfolio balances by preventing their cancellations.

Thanks to the implementation of new offers in consumer and commercial loan portfolios, savings accounts, and the extension of the retention protocol to channels such as *WhatsApp*, the retention ratio grew 9.3 percentage points from 23.0% in 2021 to 32.3% (measured as the acceptance offer/cancellation intention).

We increased the credit card retention ratio by 4 percentage points, going from 71% to 75% and reaching more than 251,287 customers, leveraged on the availability of offers to

customers with *FGA* guarantee and expanding our portfolio of offers with dynamic installments, loan portfolio purchases and deferred purchases. This led to an annual improvement in the cancellation indicator, which dropped 50 basis points, from 2.8% to 2.3% on a monthly average, one of the best performances in the market.

Likewise, we built customer loyalty through the use of Credit Card and *TuPlus* points, as they can accumulate points on products and/or offers instantly through *Rappi*. We will continue to promote the improvement of the experience in all our customers' interactions. The initiatives implemented during 2022 in the Loyalty Protocol allowed the mobilization of the retention and cancellation *NPS*, placing them at 50.5 and 48.6 respectively, growing more than 5 percentage points from 2021.

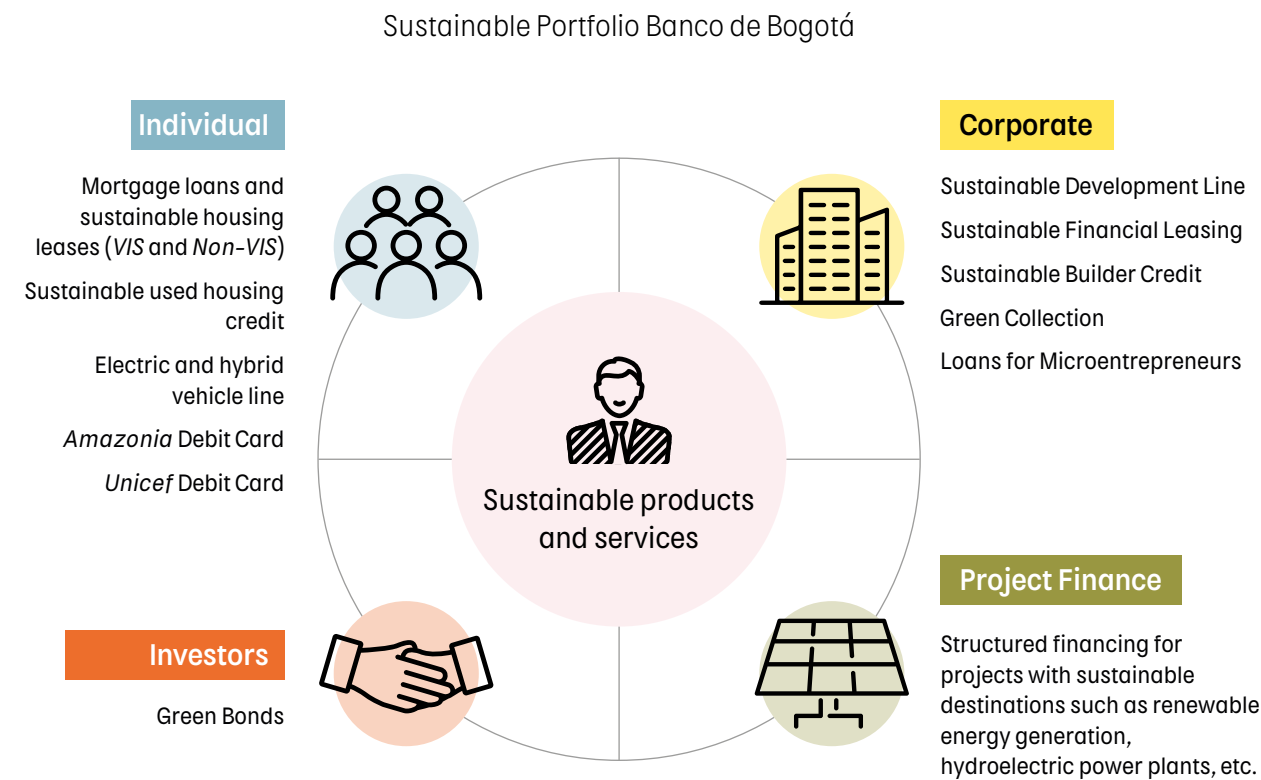
# Consolidating our sustainable product portfolio

[GRI FS7, FS8] [MSCI 3]



→ We support our customers in the transition to a low-carbon economy by offering solutions that allow us to capture growth opportunities for our business, while aligning our portfolio with decarbonization scenarios.

During 2022, we promoted and positioned our portfolio of sustainable products, as a commitment to the development of business models that contribute to the fight against climate change and sustainable progress, offering our customers (companies and individuals) alternatives that adapt to their needs:



## Green portfolio

We promote projects with a positive environmental impact

Through the *Sustainable Development and Leasing Lines*, we finance up to 100% of projects that promote the reduction or mitigation of the environmental impact of the companies' productive processes, maximizing their efficiency and profitability. Aligned with the country's green taxonomy, the categories eligible for financing through these products are: renewable energy, energy efficiency, sustainable transportation, waste management, certified production, sustainable infrastructure, green construction, water and waste management, land use and circular economy. It is worth noting that these types of projects not only allow our clients to obtain a special credit offer, but also to obtain tax benefits such as VAT exclusion on equipment and machinery and income tax discounts.

Through Structured Finance/Project Finance, we work on the design and structuring of tailor-made solutions for projects with sustainable destinations, identifying potential risks and establishing the respective mitigation and impact measurement mechanisms, as in the generation of renewable energy through hydroelectric power plants.

Additionally, we support companies with sustainable seals, which certify that their processes and/or products come from responsible sources and that good practices are applied to the environment and vulnerable communities, a responsibility that extends to different links in the value chain, such as production and marketing.

As of 2022, we have 82 customers certified with *Forest Stewardship Council (FSC)*, *Florverde*, *Bonsucro EU*, *Friend of the Sea FOS Wild*, *Global Aquaculture Alliance*, *International Federation of Organic Agriculture Movements - IFOAM*, *Marine Stewardship Council (MSC)*, *Programme for the Endorsement of Forest Certification (PEFC)*.

We promote the construction and purchase of sustainable housing

Our *Sustainable Builder Loan* seeks to promote the construction of buildings with sustainability standards through a differential value offer. Projects must be in the process of obtaining *EDGE*, *LEED* or *CASA* certification and financing may include the cost of certification. During 2022, we disbursed more than \$203 billion, a significant growth compared to the \$47 billion achieved the previous year.

We accompany the project from the construction stage to its completion, offering buyers as individuals, our line of *Mortgage Loans* and *Sustainable Housing Leases*, with differential benefits compared to a traditional home. During 2022, we disbursed more than \$12 billion in this modality.

Complementing our offer, we have loans for the purchase of *Sustainable Used Housing* in partnership with *Habi*, which has been previously remodeled with sustainability criteria. This type of housing contributes to climate change mitigation by implementing materials and technologies with eco-efficiency standards.

*Green QR collection, faster, easier and more sustainable for companies*

During 2022, we innovated the way of paying invoices with *green QR collection*, allowing the collection of invoices from our customers through QR codes. In this way, we avoid the use of paper, improve the user experience, optimize checkout times and provide ease of payment. Customers do not have to incur development or implementation costs; they only have to link to the service. More than \$19.9 billion was collected during 2022 under this service with 12,668 users impacted.

More than \$19.9 billion was collected during 2022 with *Recaudo Verde (Green Collection) QR*

Green bonds 2020

In the First Issuance of Green Bonds 2020 we mobilized \$300 billion with which we have financed environmental projects of 15 companies in the categories of energy efficiency, renewable energy, sustainable transportation, green construction, sustainable infrastructure, waste management and water. Through the financing of these projects, we have reduced or avoided 220,528.27 Ton CO<sub>2</sub> eq GHG emissions, reduced energy consumption by 5,065.59 MWh and treated 4,873.00 m<sup>3</sup> of water.



Innovating the way to pay bills with green QR collection

Promoting sustainable mobility in the country

Aware of the great impact that the transportation sector has on climate change and air pollution, we have a differential value offer through our *Electric and Hybrid Vehicle Credit line*, which finances up to 110% of the value of these vehicles and their accessories. During 2022, we benefited more than 670 customers, who on average avoided more than 1,600 tons of CO<sub>2</sub> equivalent.

*Amazonía* Debit Card

In 2021 we launched the first green card in the country, the *Amazonía* Debit Card, with which our customers donate 1% of their purchases to the planting of native trees in a strategic area considered the "lungs of the world"; for every two trees planted, the Bank donates an additional one. As a commitment to a more sustainable production and consumption model, our card is made of 76% recyclable material.

Our customers can open the *Saving the Amazonía* Debit Card through our digital channels or in our branch network. Customers have access to a virtual *Saving the Amazon* platform where they can track donations, review the geographic location of the trees, photos of the plantings and information on the indigenous family that cares for them. During 2022, we reached more than 88 thousand cards placed, representing the planting of 23,847 native trees.

Social action portfolio

Financial inclusion is a fundamental element in economic development, since access to financial services is an enabler to reduce extreme poverty and promote shared prosperity. According to *Banca de las Oportunidades* (2019), 12.2% of Colombian adults do not have access to financial products and according to *Anif* (2021) only 16% of microenterprises in the country apply for formal loans.

We support the development of the country's microenterprises

In order to provide greater opportunities to this population that has traditionally been outside the system, we have a Microfinance Unit, with which we support banking access, promote the businesses of the country's small entrepreneurs and contribute to their social and economic development. Through the *Microcredit Line*, we provide financing for fixed assets and working capital to small businesses, according to their needs. The line does not require credit experience, has a fixed installment during its term, and the credit study is free of charge. During 2022, we disbursed more than \$216 billion, reaching 756 municipalities in Colombia.

Likewise, in 2022, we strengthened the digital microfinance channel through new technologies, enabling many processes to take place remotely. In this way, we optimized the processes of granting and registration, opening accounts remotely, initial profiling, and granting microcredits, speeding up approval and disbursement times: four minutes for account opening and one day for microcredit approval. With the participation of our 245 advisors specialized in serving microentrepreneurs, we achieved a 26% growth in disbursements compared to 2021.

During 2022, with the microfinance channel, we disbursed 2,919 loans for \$24.1 billion through the *Crediagrario line*, supporting productive sectors such as agricultural and livestock crops, cattle and buffalo breeding, coffee growing, among others. The line offers an exclusive account called *Emprendeahorro*, which provides special rates on loans if savings averages are maintained, and a special amortization plan for agricultural and livestock activities.

We promote savings and provide benefits with *Econocuenta* [FN-CB-240A.3]

*Econocuenta* is a savings account with no management fee, with six free withdrawals per month, and no minimum opening amount, with which our customers can make transfers or manage their money easily and securely, through their debit card. It has benefits such as two free consultations per month in *Aval ATMs*, free transfers between *Grupo Aval* accounts, purchases in commercial establishments at national and international level and multiple benefits in more than 200 allied establishments. This account allows to manage subsidies from the National Government and receive remittances from family and friends in another country.

*Econocuentas* placed in 2022

	Placed (Jan. - Dec.)	Active accounts (cum.) as of Dec.
<i>Econocuentas</i> #	19,621	66,317

*Unicef* Debit Card

Committed to the welfare and development of children and young people in our country, in 2020 we launched the *Unicef* Debit Card. Through this product, our customers contribute 1% of the value of their purchases to the *Unicef* organization, while we donate the same amount, thus doubling the contributions to promote programs that facilitate access to education for vulnerable Colombian children and adolescents. By 2022, we placed around 300,000 cards and more than \$586 million in donations.



We promote Unicef's projects in favor of children

## Growth of our sustainable portfolio [GRI FS7 y FS8]

Total balance of sustainable loan products, 2022

Figures in \$ billions	Name of product/service 2022	2022
Social	Low Income Housing - VIS	2,903
	Microcredit	245.1
Green	Sustainable Agribusiness	413
	Green Bond Eligible portfolio	320
	Sustainable Builder	243
	Sustainable Development Line	231
	Sustainable Vehicles (Electric - Hybrid)	115.1
	Sustainable Housing and Sustainable Housing Leases	12.6
	Sustainable Leasing	1
<b>Total</b>		<b>4,483.6</b>

## Impact indicators of our sustainable portfolio

Emissions avoided or reduced (TonCO <sub>2</sub> eq/year)	356,475
Energy Savings (MWh/year)	89,053
Renewable Energy Generation (MWh/year)	287,607
Renewable Energy Plant capacity (MW)	74
# of clean vehicles financed	696
Certification of construction/sustainable production	93
m <sup>2</sup> / certified Ha	156,962
Treated water flow (m <sup>3</sup> /year)	5,554,750
Reduction in water consumption (m <sup>3</sup> )	24,660
Reduced waste (Tons)	3,168
Waste recycled, reused, prevented or minimized (Tons)	13,438

Number of environmental and social cause debit cards placed 2022



75,494  
AMAZONIA  
DEBIT CARDS

49,199  
UNICEF  
DEBIT CARDS



Tayazú Community, Mitú

Number and amount of loans to promote small business and community development\* [FN-CB-240a.1]

Disbursements	2022
Number of credits	34,018
Amount (\$ billions)	\$1,514

\*Includes placements and disbursements for the Microcredit, SME 1.0 and SME 2.0 segments.

Number and amount of past-due and nonperforming loans qualified for programs designed to promote small business and community development, data as of December 2022\* [FN-CB-240a.2]

	Past due 2022 (overdue > 30 days < 90 days)	Non-performing 2022 (arrears > 90 days)
Number of credits	785	659
Amount (\$ billions)	\$66.3	\$183.1

\*Includes the Microcredit, SME 1.0 and SME 2.0 segments, for the purposes of this report the criterion "past due" is unified for those loans more than 30 days and less than 90 days past due, and for the criterion "non-accrual" for those loans more than 90 days past due.

For more information, please visit:

<https://www.bancodebogota.com/wps/themes/html/minisitios/sostenibilidad/productos-sostenibles.html>

### Number and value of checking and savings accounts by segment: personal and small business\*

[FN-CB-000.A]

	Individuals*	Small businesses**
Number of checking accounts opened in 2022	2,792	7,415
Average monthly checking account balance - \$***	\$7,968,133	\$25,150,023
Number of Savings Accounts Placed in 2022	886,587	124,764
Average monthly savings account amount - \$****	\$7,156,995	\$24,096,920

\*For the purposes of this report, the Individuals category includes the totals of the Mass and Preferred segments (the average balances of the preferred segment represent on average 65% of the balances presented).

\*\* For the purposes of this report, the Small Businesses category includes the totals of the SME 1.0, SME 2.0 and Microenterprise segments.

\*\*\* Reported data corresponds to total average balances divided by the number of total current accounts in 2022.

\*\*\*\* Reported data corresponds to total average balances divided by the number of total savings accounts in 2022.

### Number and value of loans by segment: personal, small business and corporate

[FN-CB-000.B]

Placed in 2022 (as of Dec 31)	Individuals*	Small Businesses**	Corporate***
Number of credits	655,110	34,018	51,350
Amount - \$ billions	\$9,506	\$1,514	\$10,192

\* For the purposes of this report, the Individuals category includes the total data of the Mass and Preferred segments.

\*\* For the purposes of this report, the category Small Businesses includes the total data of the SME 1.0, SME 2.0 and Microcredit segments.

\*\*\* For the purposes of this report, the Corporate category includes the total data of the Business and Corporate segments.

## International and Treasury Portfolio

### Product and distribution

2022 was a record year for foreign exchange and derivatives trading revenues. The reactivation of the economy and the greater commercial dynamics allowed for a 15% increase in the number of Distribution and a 27% increase in its annual profit. Meanwhile, the Treasury Product Division continues to be a reference in the local and foreign professional market; by 2022 it increased its profit by 49%, with adequate risk management and established limits. Trading activities through the website grew both in volume and number of operations by 45%, increasingly strengthening this transactional channel for our clients.

### Fixed income

Rising inflation and local and external interest rates made 2022 an unfavorable period for fixed income, which resulted in portfolio stability throughout most of the year. Our Board of Directors monitored permanently the status of investments and the risk limits established for each strategy, endorsing public debt securities purchases when market conditions were favorable to support balance sheet profitability and our overall liquidity strategy.

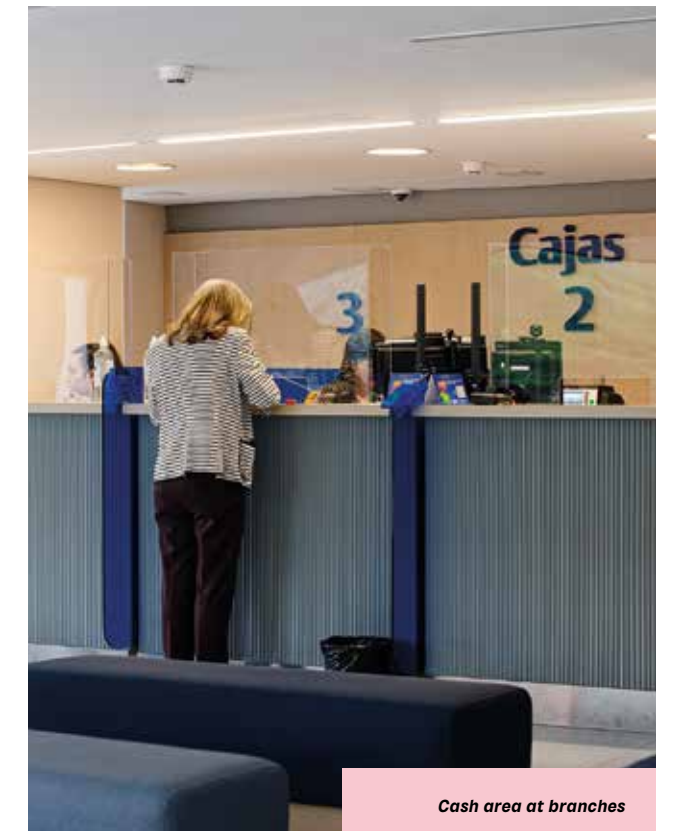
Throughout the year, we actively supported the placement of Colombian Government debt as a TES Market Maker, through primary auctions and presence in trading screens. At the end of 2022, our investment portfolios were mainly composed of Colombian Government issues, as well as issuers from the local and emerging financial and corporate sectors.

The Treasury Product Division increased income by 49% in 2022

### Treasury

Our Treasury faced the challenge of maintaining adequate institutional funding channels in 2022, amid a wave of global monetary contraction. At the end of 2022, our fundraising through *Time Deposit (TDs)* with institutional clients grew by 63%, maintaining a strategic composition between fixed rate, *IBR* and *CPI*, as well as strengthening the terms required for the observance of liquidity ratios and stable long-term funding. On the other hand, we maintained an adequate flow of funding with correspondent banks, providing important opportunities in terms of costs for hedged and unhedged operations in foreign currency.

We also maintained our leadership in the liquidity management ranking among banks, measured through the banking reserve' efficiency ratio requirement, and we supported loan portfolio purchase operations in dollars with our international counterparties to diversify product risk.



Cash area at branches





Viva Envigado Branch

## Foreign trade and foreign currency operations

In 2022, we faced exchange rate volatility and higher external interest rates, but we accompanied our clients in the search for opportunities in credit operations and foreign trade services for their international operations.

Despite the moderation of some clients' economic activity due to the pandemic, we achieved 11% annual growth in the loan portfolio and 18% in deposits, in addition to a 9% increase in active clients in foreign-currency loan portfolios and an 18% increase in deposit clients in vehicles in the United States, Panama and the Bahamas. We implemented new products and strengthened our regular foreign exchange trading process to support the growth of Colombian companies' business

abroad, and we also improved our transactional website services for a more intuitive and secure interaction of clients with their dollar accounts.

We maintained our commitment to knowledge, conducting events and training to optimize import payments and the transition from *LIBOR* to *SOFR*, and worked to improve the customer experience with our products and services offered in foreign currency, channels and commercial team, achieving an average *NPS* above 80%. Overall, our foreign currency management during 2022 was successful and had a focus on assisting pandemic-affected customers, implementing new products and improving the customer experience.

# Analytical Capacity and Digital Transformation

[BDB 11 y 12]



→ We transform customers' lives by delivering digital experiences, applying technology to business processes, and strengthening our data analytics capabilities.

We understand digitization and new technologies as optimal tools to generate a better customer experience, achieve a more efficient operation, as well as to contribute significantly to banking penetration and financial inclusion, so that more and more people and the most vulnerable populations have access to the benefits of the financial system, from any corner of the country.



Team from the Digital Strategy Division

## Analytical capacity and technology

→ Our digital transformation continues in a process of maturation and innovation with the objective of leveraging and empowering solutions to business needs, based on data and information analysis.

### Business Intelligence

We improved our response times, going from 6 to 4 days in the solution of requests, and we continued with the transformation process of the Bank's main information systems. Additionally, we started the development of the strategic initiative "Democratization and Self-Management of Data and Analytics", a medium-term project, which involves the modernization of our architecture, the 360 organization of the Bank's key data, the construction of a data self-management layer and a Data and Analytics Academy to turn the organization into a Data-Driven company. The first results of this project will be reflected on the first quarter of 2023.

### Advanced Analytics

We implemented improvements in our daily analytics practices. In 2022, we migrated the development of our models in the cloud to a specialized *Machine Learning* platform, allowing us to handle large volumes of data, improve our development times, as well as build models. Thus, we built 20 models, which add to the stock we have in production, generating more than \$789 billion of higher lending, deposits and insurance sales, representing 63% more than in 2021.

### Campaigns

We incorporated the use of analytical models for the definition of offers and the targeting of commercial teams to customers with a higher propensity to engage. The contribution in disbursements through digital channels continues to increase. In 2022, campaigns achieved more than \$5.8 trillion in lending and usage versus \$5.6 trillion in 2021.



Data Analytics Team

With our traditional tools such as *SAS* and *BIBA*, as well as with the incorporation of *Big Query* tools from the *Google GCP* cloud, we consolidated data analytics activities with which we cover operational purposes (sales and commercial activity tracking) and also strategic activities, such as market analysis, customer segmentation, product performance analysis and industry analysis, allowing us to develop tactical and strategic decision making based on advanced information analytics.



Stem Women Banco de Bogotá

### Training and use of collaborative tools

By 2022, we contributed to the acceleration of the Bank's agile and digital transformation, strengthening partnership and operation in work teams through the use of digital tools such as *Jira* software, a tool for agile project management and task tracking; and *Confluence*, a collaborative tool for the centralization of knowledge. Thus, 5.83% of the users adopted the use and administration of the tools, without the need to belong to an IT team, empowering employees in the creation and configuration of their projects or spaces, maintaining a centralized but self-managed governance. Additionally, new complements or tools were explored, such as *Miro* (collaborative digital dashboards) that minimize operability and are more digital.

### Technological advances

We continued with the multi-cloud (use of services and technologies from different cloud platforms) and inter-cloud (use of information between different cloud platforms) strategy that enables our data strategy as a facilitator for the exploitation and use of information, not only in our Bank, but also at a corporate level. Furthermore, we advanced in the definition of the component for the semantic modeling layer of data (logical and specific organization of data) in a cloud environment, that allows to extend and optimize the governance model and

self-managed exploitation of information from the on-premises context to the cloud environment.

Similarly, in the technical definition and implementation of our data warehouse (DW) in a cloud environment, which will support the processes of business intelligence, analytics, artificial intelligence, machine learning and self-management of information by the different IT and business areas.

Likewise, we work on other strategic definitions that include the rapid recovery of information, as a contingency mechanism and risk mitigation for business continuity; and others more aligned with innovation processes, applying concepts such as *Metaverse* and *Open Banking*, where technology is a key and disruptive point for the scope of the needs demanded by the business and customer satisfaction.

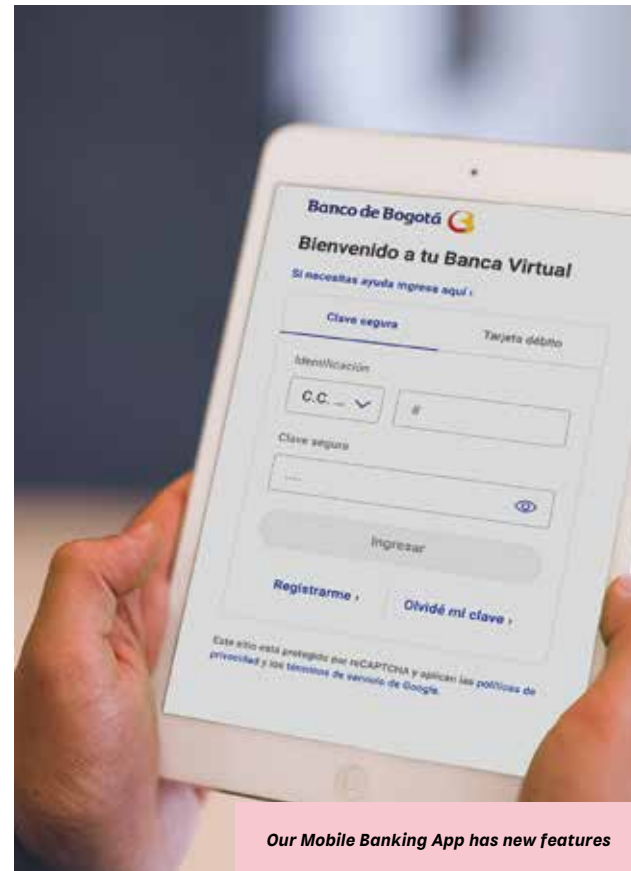
Additionally, we grew exponentially in the way analytical models are created by structuring new algorithms, methodologies, services, processes, and knowledge under a cloud environment. Similarly, through artificial intelligence, self-learning and machine learning models, we generated different models focused on the acquisition of products for companies and mass products with a 360-degree view of the customer, others associated with customer and company retention, preferred trade channels and the next channel to be traded, cash goal time capabilities and advice at branches, and early identification of customer satisfaction levels, among others.

## Journey to Cloud

*Journey to Cloud* is the cornerstone of the Bank's technological evolution and will allow us to consolidate our technological leadership by leveraging the most recent advances available in the different public and private clouds. This strategy is based on the principles of multiple public cloud and hybrid public/private cloud, with which we seek both scalability and load distribution to minimize the impact of possible failures.

This is reflected in different strategic fronts:

- **Evolution of our cloud-native applications:** our *Mobile Banking* and *Virtual Banking* transactional channels have incorporated new functionalities to bring more services to our customers and improve their experience, such as *Transfiya* transfers, *InterAval* transfers, cell phone to cell phone, among others.
- **Development of new cloud-native applications:** we implemented the *Smart Supervision* application in the public cloud (*Oracle OCI*), allowing the exchange of information on complaints and claims of the Bank's customers with the *Superintendence of Finance*, using state-of-the-art technologies such as *Kubernetes*, *PaaS* services and *Api connect*.
- **Replatform of traditional On-Premise applications:** consists of the migration to the *AWS* cloud of the *Front First Vision* credit card information query module with lifecycle automation and a multidisciplinary approach, as well as the adoption of agile methodologies used in cloud-native applications.
- **Movement of key infrastructure to the public cloud in Lift and Shift:** we moved the *QFLOW* application, which supports shift management at branches, to the public cloud environment (*Microsoft Azure*), improving its availability. Likewise, with this modernization we activated the downloading of videos on the Kiosks, Videowall and TVs, devices that support the development of our campaigns to financial users.
- **Moving loads to Private Cloud:** we began the deployment of the necessary infrastructure to virtualize branches' servers and at the same time modernize their applications (*Sofia*), thus reducing vulnerability, accelerating the process of deployment and changes, and minimizing software incidents. To date we have 4 branches in production under this model, and we will continue with the massification



Our Mobile Banking App has new features

phase during 2023. The server provisioning process, including the installation of the *Sofia* application, automated with *VMWare* virtualization tools.

- **Use of Software as a Service in the cloud:** we consolidated the *Smart Digital Workspace* strategy for the adoption of *Microsoft 365* low-code tools, defining its governance model, implementing the *Power Platform CoE* for governed low-code developments and incorporating *Dataverse* in the solutions, making them highly scalable. One of the most important achievements on this front was the implementation of more than 144 low-code solutions by Bank employees without advanced knowledge in technology. Similarly, taking advantage of *Microsoft 365* services to leverage the business, and boosting the productivity of our employees and operational efficiency, we achieved the redesign and automation in *Power App's* of nine processes associated with: insurance news, endorsed policies, tax marking and refunds, portfolio maintenance, banking correspondent news, card activation, *National Guarantee Fund* news, generating traceability and control for our internal users.

## Our digital transformation

In 2022 we strengthened our digital transformation strategy to improve our customers' experience and facilitate access to our financial services to vulnerable populations located in urban areas, as well as in the most remote areas of the country.

Our portfolio of 100% digital products consists of: savings account, credit card, free-purpose loan, mortgage loan, payroll loan, vehicle loan, insurance, Time Deposit, collective investment fund, microcredit, loan portfolio purchase and payroll advance. This way we bring banking closer to millions of Colombians who trust us. For our corporate banking customers, in 2022 we began with digital filing and disbursement. In 2023, we will continue to promote and digitize the portfolio to generate value and increase profits in this segment.

A vital part of what we do is to listen to the needs of our customers, always oriented towards the purpose of changing the lives of Colombians through digital solutions that allow them to access the products and tools they need to achieve their goals and fulfill their dreams. This allowed us to receive three awards from *Global Finance* magazine as: *Best Financial Innovation Lab working with startups and scaleups*, *Best Bank in User Experience (UX)* and *Best Bank in Digital Lending*, making us a benchmark in digital banking in the country.

### A year with great results

With a customer-centric vision, in 2022 we transformed the experience provided and scaled the digital product portfolio with new flows and functionalities, allowing us to achieve better results on this front. Asset product placements grew 61% over 2021, peaking at 1.3 million digital disbursed loans by the end of 2022, with a total balance of \$4.4 trillion, increasing 92% YoY.

Our liability digital portfolio products reflected annual growth of 21% in savings accounts, 816,703 new accounts at the end of 2022 with a total balance of \$1.1 trillion. Similarly, we achieved record highs in TDs, closing 2022 with 38,514 deposits (240% growth compared to 2021), equivalent to a total amount of \$553.8 billion.

In the digital loan portfolio purchase flows, such as credit cards, free-purpose loan and payroll, we achieved a total amount of \$4.3 billion, with 508 thousand cards placed, followed by free-purpose loans and payroll with 414 thousand and 11 thousand products disbursed, respectively.

We reached a peak of 1.3 million digital loans placed in 2022



We strengthened our digital transformation strategy



Digital Lab Team

Similarly, we consolidated the end-to-end flows for 100% digital disbursement in car, microfinance, and mortgage loans, which are in early stages and with the possibility of scaling in 2023; and we work under smart rates according to the client's profile in free-purpose, mortgage and digital loans, to have a personalized offer; together with the increase of caps up to \$75 million, improving the amounts disbursed. Finally, as evidence of the continuous development of digital skills, we reached 499 thousand total placements made through our web flow, representing a 22% growth compared to the previous year and generating more relevance in this channel.

### Products that are closer to our customers

The focus on product placement at point of sale boosted the results in credit cards and free-purpose through the opening of new web channels, commercial drive and network growth, generating significant achievements such as:

- The new low-cost channels (*Links* and *QR*) were positioned within our allies to allow them to increase their productivity by not depending on tablets, achieving a 70% share of disbursements in *Crediconvenios* and 15% in credit cards.
- With the low-cost self-management system, we linked 585 additional allies, representing an annual increase of 82%. We are currently present in more than 1,900 points of sale throughout the country, consolidating our position as one of

the most important financial allies for the Colombian commercial ecosystem.

- Point-of-sale product placement accounted for 56% of credit cards, improving its share of the consumer business, with 104% annual growth.

For 2023, our work pivots focus on deepening the business we have created, with different innovations that allow us to meet the needs of our customers, deepen web placement with first purchase and also position our *Buy Now Pay Later (Ceropay)* product, where we expect to achieve a total of 25,000 customers originating in physical and non-face-to-face sales channels, through this new product.

### Consolidating our portfolio

We advanced in consolidating the portfolio with new products, with 100% digital disbursement experiences and functionalities that allow us to reach more customer profiles, reflected as follows:

- Digital Loan portfolio purchases flows from of credit cards, free-purpose loans and payrolls, which placed a total amount of \$4.3 billion.
- Intelligent rates according to the customer profile in digital free-purpose loans, mortgage and payrolls, in order

to have a personalized offer; and increased caps up to 75 million in digital cards, free-purpose and payrolls to open the door to customers with better profiles and improve disbursed amounts.

- End-to-end flows for 100% digital disbursement in cars, microfinance and mortgage that are in early stages and aiming to scale by 2023.

### New experience in digital savings accounts and TDs

In the savings account application process, we reduced flows from 21 to 9 screens, eliminating 10 fields to apply for and reducing the opening time for both new and existing customers (by 25% and 50%, respectively) allowing us to have a flow with a world-class experience developed 100% by our teams.

We also improved our customers' experience by stabilizing and scaling the TD solution. Thus, we focused on implementing the elimination of unnecessary validations in the authenticator, allowing us to move from 32% to 40% conversion of the web flow funnel, so that customers can now open their TDs in just 3 clicks. This in turn has increased the TD digital share from 23% to 41%.

Digital Credit card and free-purpose loan products also have a new user experience flow.

### We continue to scale our digital products

We evolved our end-to-end flows to offer our clients more convenient solutions in car and mortgage loans, beside launching our first *BNPL (Ceropay)* pilot.

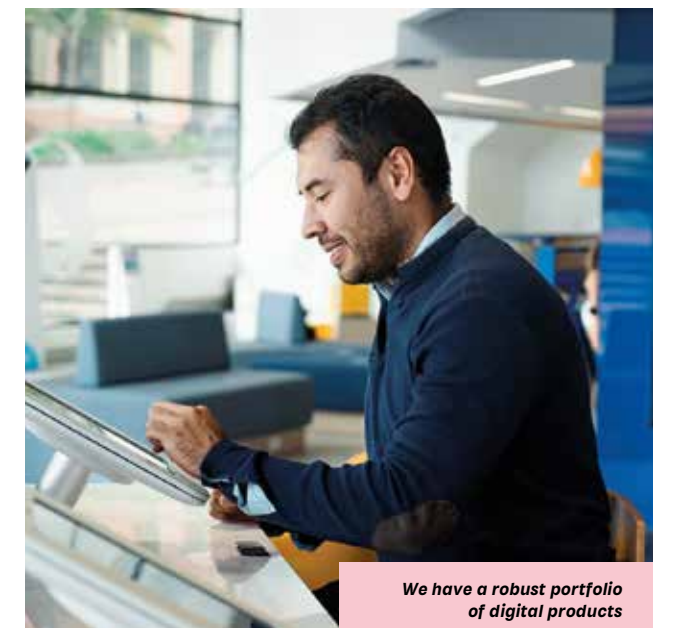
Insurance was another success story in scaled products. We offer coverage to clients in products such as credit cards, life insurance, free-purpose loans, among others, generating 75% annual growth.

### New digital solutions for companies

We continue implementing initiatives focused on generating value through our digital skills in the corporate segment. In just a few steps, our client accesses a web flow to electronically sign the *Fondo Nacional de Garantías (National Guarantee Fund)* Annex, together with the promissory note and the letter of instructions, reducing time spent with the client and management processes of the commercial team. This is the first step towards our vision of a single 100% digital flow that will allow us to link corporate clients with asset and liability products.

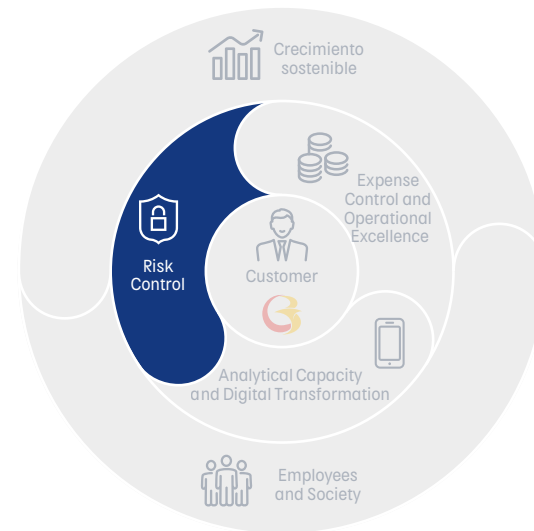
### Improving access to our digital products

We worked hard to provide alternatives in authentication and identity validation for our users, guaranteeing their security and seeking the best experience for them. To this end, we implemented Facial Recognition in the acquisition of digital products, allowing more than 2.2 million customers to authenticate data in 2022 (one million more than in 2021), who were able to validate their identity without having to go to a branch. On the other hand, our Facial Recognition, developed 100% in-house, continued to evolve and implement artificial intelligence for the detection of fraudulent images, making it one of the most reliable and secure mechanisms in the Colombian financial sector.



We have a robust portfolio of digital products

# Risk Control



→ We comprehensively manage the risks inherent to our business, preserving the sustainable and healthy growth of our loan portfolio and the strength of our balance sheet.

We have a risk management model based on our corporate culture and values, as well as on processes, policies and training and disclosure plans for our employees, aimed at ensuring that the risks associated with the business and the financing of environmental and social projects are identified and controlled in a timely and comprehensive manner.

We made progress in strengthening our risk management model, supported by a solid culture of responsible banking, our risk management policies and processes, and our lines of defense. In this way, we identified and took action against emerging risks for our loan portfolio, strengthened the Information Security and Cybersecurity strategy, to face the challenges of digital transformation and integrated into the *Environmental and Social Risk Management System -ESRMS-*, the risk of climate change, one of the most relevant risks for society and the planet. Additional details on the Bank's risk management can be found in Note 7 of the financial statements.



Waiting Zone at branches

# Credit Risk

Management of the consumer portfolio during 2022 focused on growth through digital channels, achieving an 84% increase in credit card balances, representing 30% of total portfolio, and a 98% increase in the balance of digital free purpose loans, equivalent to 51% of total portfolio.

Likewise, we have been strengthening the digital channels for the car, payroll and mortgage products in order to generate a better experience and access to the client. Additionally, we improved our offers based on new strategies for allocating credit card origination quotas, with an average quota increase of 33%.

In addition, in the search for greater coverage in the payroll loan portfolio, we entered into agreements that strengthened the placement of the product and implemented additional strategies, providing access to credit to a larger number of retired clients.

Subsequently, we have been moving into the use of agile methodologies that seek to give traction and speed to all initiatives focused on our integral growth and customer service, obtaining early gains and optimizing resources.

Among the initiatives to be highlighted are:

- The generation of new origination models based on advanced analytics.
- Alternative non-conventional data

This is aimed at promoting greater access to credit for clients and improving the supply of resources.

Finally, we continue to monitor new strategies and the behavior of our clients through robust models that take into account their payment habits, their current situation, risks related to economic sectors and fluctuations of the main macroeconomic indicators in order to develop analytical tools that allow us to mitigate credit risk.

Risk management involves a permanent analysis of the country's situation in order to identify possible emerging risks for both personal and commercial loan portfolios. In 2022, there was an increase in inflation levels, reaching 13.12% at the end of the year (the highest figure in 23 years). This increase was mainly influenced by variables such as food and services (ener-



With robust models we monitor our customers' behavior

gy). Based on this scenario, we evaluated the possible impact on the personal loan portfolio given the early warnings of a reduction in the growth of the economy and greater pressure on Colombian households' spending. In order to analyze the possible impact on this loan portfolio, we identified high risk segments in consumer products generating approval and exposure restrictions considering a potential deterioration due to macroeconomic conditions.

Three emerging risks were identified in relation to the commercial loan portfolio. First, the increase in the interest rate, which may generate a possible default by clients with an economic activity that is more sensitive to the negative impacts derived from this increase. In order to analyze this risk in the portfolio, these types of clients were included in the Portfolio Evaluation Committee in the second half of the year, for individual review and understanding of each client's situation. As a result, adjustments were defined according to the acknowledgement of the risk of the analyzed clients, reflected in modifications of limits or ratings.

Secondly, the increase in import costs, given the possible increase in the probability of default by clients whose cost structure is negatively affected by the increase in the exchange rate. To evaluate this situation, the Loan Portfolio Evaluation Committee for the first half of 2022, analyzed the financial information of clients at the end of 2021, in order to identify significant variations in variables such as *EBITDA* for clients without natural hedging. As a result of this analysis, no impairment derived from this alert was identified because clients were able to transfer exchange rate fluctuations to the final

price. With the update of financial information at the end of 2022, the loan portfolio will continue to be monitored as an early warning to identify possible adjustments in affected clients.

As a last emerging risk within the commercial loan portfolio analyzed, the increase in debt due to the effect of the devaluation of the Colombian peso will increase the level of default of clients with a significant level of indebtedness in foreign currency and who do not have hedges to mitigate the effects of devaluation, deteriorating the balance sheet structure.

## Environmental and Social Risk Management System – ESRMS

[GRI 201.2, FS2] [SASB FN-CB-410A.2] [MSCI 1, 2] [DJSI]



→ We are committed to managing the risks related to our operations to reduce the environmental and social impact of our clients' activities, including policies and procedures that allow us to apply them in the evaluation of granting loans.



We integrated climate change risk into ESRMS

Since 2020, we have achieved the identification of environmental and social risks of customers going through the process of granting Commercial Loans, through the *Environmental and Social Risk Management System - ESRMS* - for customers with a proposed indebtedness level (*LEP*, for its acronym in Spanish) greater than or equal to \$21 billion. Through the *Environmental and Social Risk Identification Form -ESRIF-* (*FIRAS*, for its acronym in Spanish) - we collect information related to the environmental and labor situation of our clients, to understand how they obtain the inputs for their operations, manage the waste generated from their activities, and identify the permits or licenses they must have to comply with environmental regulations and whether they also contemplate mitigation measures or certifications that reduce negative impacts.

Thanks to the information obtained from *ESRIF*, we are able to categorize our clients into three levels of environmental and social risk: high risk or category A, those clients that without mitigation plans could cause negative environmental impacts; medium risk or category B, clients that could have a negative impact, but have mitigation plans; and low risk or category C, clients that have a minimal or no probability of being affected.

In 2022, 361 *ESRMS* analyses were performed, including loan applications and renewals, totaling an evaluated number of potential approvals of \$23.4 trillion. According to the results of the aforementioned analyses, during 2022, 18.6% of the clients analyzed were classified as high risk, 69.8% as medium risk and 11.6% as low risk. The importance of the information captured to perform the *ESRMS* analysis and identify the socio-environmental impact of clients, lies in the assignment of a category, with which control and monitoring recommendations are issued. The information requested in the special conditions established in the credit contracts of clients in category A and B can be grouped into the following topics:

- Climate change mitigation and adaptation strategies;
- Environmental sanctioning processes;
- Environmental authorizations or permits;
- Waste management; and
- Measures to protect or improve surrounding ecosystems.

The most representative macro-sectors within the environmental and social risk analysis conducted in 2022 are: construction (17%), food products (8%), civil works (8%), business support services (6%), agriculture and fishing (6%), health and social services (6%), and chemicals (6%), sectors in which 57% of the cases analyzed are concentrated.

In addition to the information obtained from the client through the *Environmental and Social Risk Identification Form - ESRIF-*, we consult platforms and tools with public information, according to the geographic location of the main operation of the clients, such as *SIAC* (for its acronym in Spanish) - *Environmental Information System of Colombia* - or information on environmental offenders, *SINAP* (for its acronym in Spanish); *Vital*, among others. In this way, we review the strategies or actions that are in the design or implementation stage by our clients, in terms of mitigation of possible impacts. This review has allowed us to generate suggestions within the analysis to include in their sustainability processes mitigation plans and even the identification and management of climate change risk with actions according to the nature of each activity such as greenhouse gas (*GHG*) inventories, forestry compensation, investment in sustainable portfolios, among others.

During 2022, we strengthened the *ESRMS* analysis with the inclusion of new information found in the *ENCORE* tool. Previously, we had already included the identification of the level of dependence on natural capital according to the economic sector to which the evaluated client belonged. Specifically, in the last quarter of 2022, we defined a new methodology that includes the impacts derived from economic activities, creating an environmental sensitivity matrix with High, Medium and Low levels. For the creation of this matrix, both ecosystem services and impacts were grouped into 6 components: water, atmosphere, soil, society, biodiversity and climate. Each economic sector was evaluated according to the components, the level of dependence and the level of impact to give it a score that places it in the environmental sensitivity matrix. This information was developed together with the Bank's Technical Unit to strengthen the analysis already included in the *ESRMS* concept.



Branch-based service centers

## Project Finance' ESG assessment criteria



Specialized Housing Center

We evaluated structured finance or Project Finance projects through two experts in environmental matters, belonging to the Bank's Technical Asset Management. Their functions include implementing the *ESRMS* Manual methodology to comply with the socio-environmental policy, evaluate and categorize environmental and social risks, analyze the technical information provided by the client and review documents, research relevant information on the project to be financed, issue a technical concept, and define action plans to monitor and control potential risks to avoid, mitigate or compensate possible impacts on the projects.

This process is monitored by the sustainability and environmental and social risk areas. Progress in the management of environmental and social projects is reviewed through the *Sustainable Finance Committee* on a monthly basis and by the *Sustainability Committee* in support of the *Board of Directors* twice a year.

For infrastructure projects, such as road concessions or power generation plants (different technologies), we have an independent external advisor with extensive experience in this type of projects. Within its scope, it monitors and follows up on the project, both in terms of construction and compliance with socio-environmental standards and policies. In the case of 4G road concessions, the *Equator Principles* and *International Finance Corporation - IFC Standards* are reviewed.

The report from this independent third party is received periodically during the construction stage, on a quarterly or bimonthly basis, and during the operation and maintenance stage, on an annual basis.

During 2022, we reviewed and analyzed 5 projects through *ESRMS* that are in compliance with the *Equator Principles* guidelines, where 100% were approved and had financial closure and none were rejected (0%).

For this type of projects the internal evaluation is performed through *ESRIF* and aspects such as environmental certifications, the location of the project and whether it is close to places such as forest reserves, national parks, protected areas, bodies of water, wetlands, whether there are environmental liabilities, water and energy inputs, waste management, potential impacts and validation of required authorizations such as licenses and permits, environmental impacts and control measures, among others, are verified; and through the construction monitoring report and compliance with socio-environmental policies, the engineer or independent consultant validates and issues a concept and alerts on the construction of the project, compliance with the construction schedule and financial budget, international norms and standards on socio-environmental matters such as the *Equator Principles* and the *IFC Performance Standards*, and finally reviews the status of required permits and licenses and their modifications, if any.

The following are three examples of cases evaluated within the *Environmental and Social Risk Management System* corresponding to Project Finance during 2022:

### Case 1

#### We financed road infrastructure projects

The project consists of the construction, operation and maintenance of a *Fourth Generation (4G)* road concession program. It includes 150 km of roads connecting Medellín with 10 municipalities in northeastern Antioquia and the Caribbean region. The works carried out improve the characteristics of the road, generating savings in travel time and vehicle operating costs. It has an environmental management department, is not part of the activities included in the exclusion list, and has no liabilities, complaints, environmental penalties, or ongoing investigations; the information is validated in the *Environmental Offenders Register (RUIA)* for its acronym in Spanish). According to the above context, the project is categorized as medium risk.

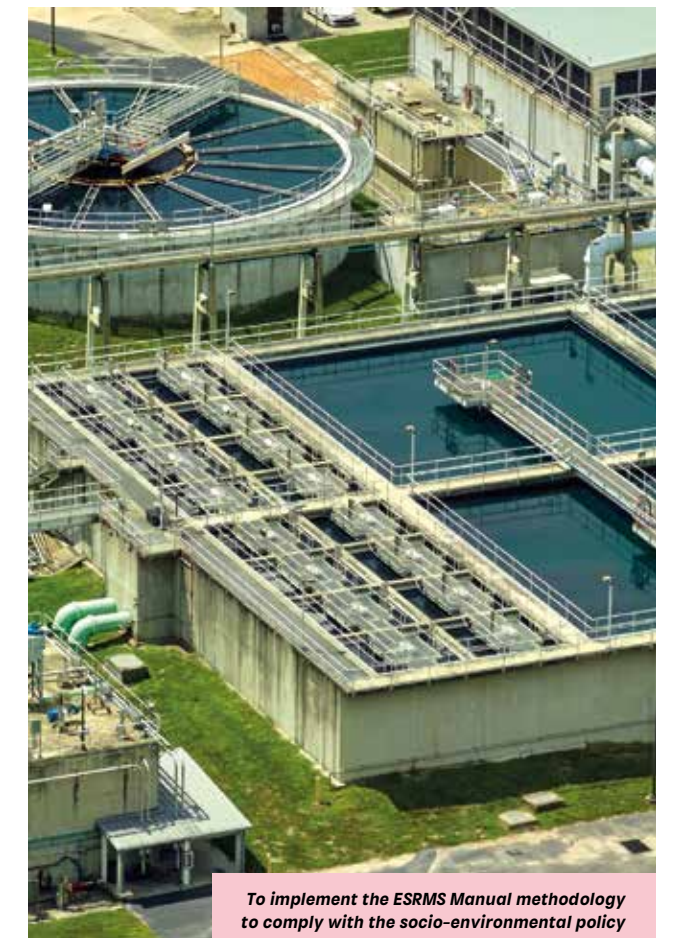
For the development of the project, the company states that it obtains its water from legally constituted local and municipal aqueducts; it uses chemical products that are stored during the construction day; and the energy used for its activities is supplied by energy companies. The client reports that at specific points of the project there is a wastewater treatment plant and discharge permits granted by the regional autonomous corporations. The client has identified impacts on water, air, and soil components, and has implemented operational control measures to reduce negative effects. As special conditions prior to disbursement, it was requested to report climate change mitigation and adaptation strategies, biodiversity protection measures and flood or landslide risk mitigation measures for the entire project, report the status of environmental offsets imposed by environmental licenses granted, the partner companies for the management of hazardous waste. The company responded to the preconditions established, verifying compliance and establishing that the management of the processes is in accordance with environmental regulations.

In addition, as a 4G program project, it must comply with the *IFC's Equator Principles and Performance Standards* for environmental and social sustainability.

### Case 2

#### We financed projects that connect cities

The project consists of the construction, operation and maintenance of a road concession of the *Fourth Generation (4G)* program. The 220-km road connects the department of Cundinamarca with Tolima and is an important part of the corridor that connects the center of the country with the port of Buenaventura. It has an environmental management department, is not part of the activities on the exclusion list, and has no liabilities, complaints, environmental penalties, or ongoing investigations; the information is validated in the *Environmental Offenders Register (RUIA)* for its acronym in Spanish). According to the above context, the project is categorized as medium risk.



To implement the *ESRMS* Manual methodology to comply with the socio-environmental policy

For the development of the project, the company states that it obtains water by collecting it from available sources in the project's area of intervention and purchases water for human consumption at authorized locations; it uses different chemical products, which are stored in a compatibility matrix; energy is provided by electric power plants at all construction sites. Environmental licenses and natural resource use permits are in force and approved. The client has identified impacts on water, air, and soil components, and has implemented operational control measures to reduce the negative effects generated during the construction project. As special conditions prior to disbursement, the company was asked to report on climate change mitigation and adaptation strategies, protection and conservation measures for nearby environmentally sensitive receptors, information on partner companies for hazardous waste management, and measures established for managing emissions and noise at the project. The company responded to the preconditions established, where compliance with the information provided was verified, establishing that the management of the processes is in compliance with the environmental regulations in force for the activity and location of the project. Additionally, being a project of the 4G program, it must comply with the *IFC's Equator Principles and Performance Standards* for environmental and social sustainability.

## Case 3

### We finance projects that contribute to health

Company dedicated to the wholesale trade of pharmaceutical, medicinal and cosmetic products. It has 4 production plants in the country, generating more than 400 jobs nationwide. It has an environmental management and/or environmental policy department and reports having no environmental complaints or liabilities, but it does have sanction processes for noncompliance with discharge permit obligations. Further information was requested regarding the actions taken and the status of the process; in addition, it reports that it is not part of the activities contained in the exclusion list established by the Bank. According to the above context, the client is categorized as high risk.

The company obtains water for its activities and consumption from the municipality's aqueduct, uses chemical products that are stored in a compatibility matrix, and uses energy from the national grid. They state that they have current and approved permits for the use of natural resources. The company also reports that it is registered as a generator of hazardous waste (*RESPEL*). The company has identified impacts on water, air, and soil, and has implemented operational control measures to reduce the negative effects generated. As special conditions prior to disbursement, the company was requested to report the status of the environmental sanction processes, mitigation strategies, adaptation to climate change and conservation of identified nearby ecosystems. The company provided information verifying compliance with the conditions and that it is in compliance with current environmental regulations.

During 2022, we reviewed and analyzed 5 projects through *ESRMS* that are in compliance with the *Equator Principles* guidelines.



Branch service area

## Climate change risk

[GRI 201.2, FS2] [SASB FN-CB-410A.2] [MSCI 1, 2] [DJSI]

→ We incorporate climate change risk management into our strategies, policies and governance framework, strengthening our prevention and resilience capabilities and promoting business opportunities that support the decarbonization of the economy.



The risks associated with climate change have macro and microeconomic implications that have an impact on the stability and solvency of the financial sector. Climate change risk is a cross-cutting risk that impacts the Bank through other traditional risks, such as credit risk, market risk, liquidity risk and operational risk.

Consequently, we have carried out a thorough process of mapping and identifying climate change risks -physical and transitional-, warning of the need to strengthen their prevention, containment, mitigation and resilience mechanisms.

We understand physical risks as those generated by hydro-meteorological phenomena that can cause direct physical damage to company assets, and indirect impacts due to the suspension of supply chains. On the other hand, we assume transition risks as those inherent to the transformations that take place throughout the processes of decarbonization of the economy, driven as a response to climate change mitigation and adaptation measures.



Financial Planning Team



In 2022, we included climate change risk within the risk management framework. Below, we present how we have progressed in climate change risk management:

## Identification and assessment of climate risks

### • Transition risk methodology

The methodology adopted to manage transition risks consists of assigning clients a score, called "transition score", to place them in a matrix that combines their level of exposure to the inherent transition risk and their mitigation capacity. This analysis was initially developed for clients in the corporate and business segments, calculating an initial estimate of the inherent risks according to their economic activity. This analysis will continue with the implementation of the methodology, obtaining the necessary information for the measurement of the mitigation capacity at the client level.

The estimate of inherent risks was obtained by evaluating the exposure to regulatory, technology and market changes for the main economic activities of the target portfolio. In this first exercise, fifteen (15) macro sectors were analyzed, divided into sixty (60) subsectors and four sector classifications were defined for the respective distribution of the portfolio.

### • Processes for managing climate-related risks

The processes developed in the implementation of the *ESRMS* were a key element in the adequacy of our sustainability strategy. Since the *ESRMS* process accompanies the granting of credit to clients with a proposed indebtedness greater than or equal to \$21 billion, it was concluded that within this same flow a concept on the client's exposure to inherent transition risk and its mitigation capacity will be included. To this end, elements of climate change risk management are being included in the credit policy and the training plan for the areas involved is being expanded. With the implementation and progress in climate change risk assessments of clients, it is expected to scale up the rules defined by corporate policies and cover more portfolios, identifying transition opportunities for clients to accompany lending decisions.

### • Integration of climate change into the *Risk Appetite Framework - RAF*

We define the indicator of significant exposure to transition risk of clients in the portfolio as the percentage of exposure to clients with significant inherent transition risk and low maturity in mitigation ("lagging" or "developing"). It is expected that, with the results of this indicator, risk appetite limits for different time horizons will be calibrated in the future to serve as a guide for the definition of our credit policy.

### Climate Change Risk - Physical Risk

Following the proposed roadmap for climate change risk management, in the third quarter of 2022 we began the construction of a methodology to measure the impact of physical risk on the portfolio. The methodology was defined considering the following three components:

- **Threat:** potential for damage that may occur to assets.
- **Sensitivity:** considers exposure to geographically identified hazards and vulnerability to potential impacts.
- **Adaptive capacity:** in order to reduce the damage caused by the identified hazards.

In the same way as in the transition risk methodology, we began the evaluation with clients belonging to the corporate and business segments, taking into account the impacts that could materialize, given the variations in climate conditions according to different scenarios with time horizons to 2030 and 2050, with the purpose of having a medium and long term vision with tangible and relevant climate change effects.

## Information Security

[GRI 418.1] [MSCI 14,15,16] [SASB FN-CB-230a.1 y FN-CB-230a.2]

→ The information security and cybersecurity strategy has prevented the occurrence of attacks and damages to our technological structure, guaranteeing the sustainability of the business in the long term.



We continue to execute and strengthen our information security and cybersecurity strategy focused on the development and improvement of processes to meet the challenges of digital transformation, risk management to minimize the impact on the pillars of security and cybersecurity, training and reaction to cyber threats, compliance with corporate guidelines in accordance with the roles and responsibilities of the information security and cybersecurity governance structure.

Additionally, together with our subsidiaries, we have focused on strengthening the principles, policies, standards, processes and new operating schemes, as well as the continuous alignment with the digital strategy and information security and cybersecurity, in order to increase the ability to prevent, detect and defend possible threats and/or cyber-attacks in a timely manner.

Although we were the target of 330 million cyber-attack attempts in 2022, there was only one security event in the first half of 2022 associated with malware, which was contained by the execution of the security and cybersecurity controls we

have in place and which operated mitigating the risk. According to the above, the situation did not present material losses for the entity or availability of services for our customers.

In this context, it is important to highlight the management carried out from the *Security Operations Center -SOC-* which (additionally to the monitoring, follow-up and investigation tasks it performs on a daily basis) established work plans focused on updating and socializing Playbooks with the different areas of the Bank, allowing us to have a guide to manage the solution to cybersecurity incidents and guarantee the security of our information systems. On the other hand, our Cybersecurity Research, Development and Innovation area generated the research of new cybercrime trends and the adoption of new security technologies that allowed us to prevent risks and face new threats.

It is worth noting that in 2022 we obtained *SWIFT's Customer Security Program (CSP)* certification, which establishes the security controls that financial entities using the services of this business platform must comply with. Likewise, we continued to

strengthen our IT security maturity level, under a "Managed" level in accordance with industry best practices and the consulting firm *Ernst & Young*, rating the Bank with 4.36 out of a score of 5.

Another aspect to highlight is the human team dedicated to security and cybersecurity issues. We have specialized talent according to the established roles, permanently trained and certified, to be at the forefront of new technologies focused on strengthening security and cybersecurity.

On the other hand, we have created initiatives to strengthen and change the focus of the monitoring model with the objective of evaluating the hiring of specialized services of an *International Security Operations Center -SOC-* in 2023, the hiring of specialized ethical hacking services (*Red Team - Blue Team*) for cloud and On-Premise environments, and the possible hiring of a consultancy to make a general assessment of the state of cybersecurity and security architecture.

In terms of compliance, we strengthened security and cybersecurity processes focused on digital security, operational security and logical access management. We reviewed and executed the *SARO* and *SOX* controls along with timely attention to the audit processes and delivery of support to internal and external control entities. We also complied with *Circular 033* with the reporting of incidents and information security and cybersecurity metrics and generated the review and compliance with corporate guidelines.



Banco de Bogotá Branch

We permanently manage the implementation of new processes, projects and security tools that allow us to minimize security and cybersecurity risks, among which the following stand out:

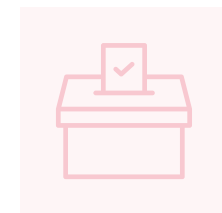


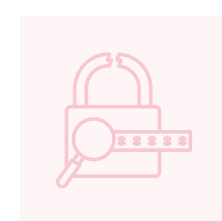


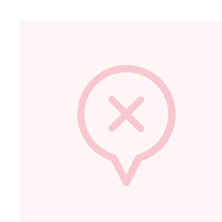
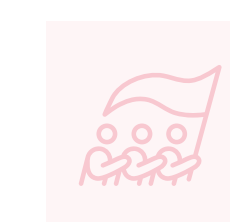
- Improvement of the *DLP* tool for the prevention of information leakage.
- Implementation of tools for assurance Cloud, *CASB*, *Dome9* - Security layer to validate security compliance in cloud environments.
- Improved cybersecurity posture through the implementation of vulnerability management tools - *Qualys*, *SOAR* - *Security Orchestration Automation and Response* and *EDR*, an endpoint threat identification tool.
- Support for fraud prevention and tablet management through the development of a geolocation application for 3,100 tablets.
- Implementation of 2 labs that detected critical vulnerabilities on services related to biometric readers and *Mobile Banking* log-in.
- Completion of 15 software development projects for internal services that support digital security.
- Implementation of the *WAF* (F5) tool to strengthen the security of the *Corporate*, *PSE* and *Mantiz* portals.
- Execution of a cyber-simulation in conjunction with the crisis committee, under a *Ransomware* attack scenario with a favorable outcome.
- With the support of *Microsoft*, an analysis of the cybersecurity posture was carried out with favorable results, showing that no significant risks were found, only recommendations for continuous improvement.
- Assessment, execution and implementation of security guidelines and controls for more than 40 projects at the Bank's Project Management Office (PMO) level.
- Strengthening of management and risk indicators for security and cybersecurity processes.

## Emerging risks [BDB.2][DJSI]

We continuously work on the identification of Emerging Risks, as part of risk management. Emerging risks are defined as new or unidentified risks that have not been previously considered or known risks that are evolving unexpectedly and may affect a company, an entire sector or the entire economy.

To this end, we applied the *PESTEL* methodology that allows us to prioritize these risks classified by the following factors: Political (P), Economic (E), Social (S), Technological (T), Environmental (E) and Legal (L).

Through this analysis, some emerging risks have been identified, which have been analyzed and monitored, such as:

 <p>(P)</p>	 <p>(T)</p>	 <p>(T)</p>
<p>Uncertainty generated by electoral event.</p>	<p>Massive incidents of information theft or computer fraud.</p>	<p>Shortage of human resources specialized in technology.</p>
 <p>(T)</p>	 <p>(A)</p>	 <p>(S)</p>
<p>Increase in the frequency and severity of cyber-attacks against financial institutions.</p>	<p>Dependence on technology (critical outages, disconnection, obsolescence, information in the cloud).</p>	<p>Extreme weather events and/or natural disasters (floods, hurricanes, storms, droughts, among others).</p>
 <p>(A)</p>	 <p>(T)</p>	
<p>Failures in climate change mitigation and adaptation.</p>	<p>Social instability (riots, demonstrations, social rejection).</p>	

Following this identification, the possible impact of these risks on the entity is defined and analyzed through a classification of emerging risks, seeking to align them with the current risk management systems, in order to establish related mitigation measures. From this, the following two cases are derived:

## 1. Social instability (riots, demonstrations, social rejection)

### Risk description

Social instability derives from society's rejection of different economic, political and/or social situations that may materialize in riots and demonstrations that may later pose a physical risk to the country's infrastructure; additionally, business continuity problems for companies, as well as the supply and demand of products and services, among others.

### Business impact

It consists of a possible decrease in the supply of financial services due to the physical risk that is latent for the Bank, given the direct attacks to the service branches, which in turn could hinder the provision of services in some areas. Likewise, the effects on mobility could impact business continuity in some processes that require human resources and that are critical for the development of business activities. On the other hand, the impact on the productive processes of customers may generate a risk for the fulfillment of their obligations with the entity or derive in the materialization of other risks.

### Mitigation actions

We have a *Business Continuity Management System (SGCN)* that allows us to be prepared to successfully face emergency scenarios or interruptions caused by natural disasters, terrorist attacks, social instability (riots or demonstrations), union strikes, pandemics, bomb threats, fire, cyber-attacks, technology failures or any event that puts at risk the life and well-being of its employees, customer service, and the operation of critical processes and services.

This system is made up of:

- Crisis committees, whose objective is to make decisions in the face of crisis situations that may overwhelm our response and preparation capacity. These committees are governed by the crisis management and communication plans, which define the protocols that allow the activation and timely escalation of a crisis, as well as the communication of the situation.
- Emergency plans focused on comprehensively defining the activities to be carried out in the event of risk and emergency situations to minimize injuries and loss of human lives, considering scenarios such as epidemics or pandemics. Recovery plans for critical processes and technology, which define the procedures to maintain the continuity of priority processes and the technological platform that supports them, in the event of a disaster or major interruption.



We are working on the identification of Emerging Risks

The recovery strategies implemented are periodically tested in a partial and integral manner, through a formal testing plan, and the results are documented. Likewise, we have validated the capacity to respond to real interruption events that have been adequately dealt with.

In addition, we have defined a protocol of preventive actions for employees before demonstrations and social disturbances led by the Head of Physical and Electronic Security, which aims to ensure the safety of employees, infrastructure and information before such events and mitigate the risks that may arise. Likewise, sources of information on possible protests and mobilizations are monitored to identify early warnings regarding the operation and provision of services, in order to take proactive actions for protection and/or containment.

## 2. Technological Infrastructure Systems: Massive incidents of information theft or technological fraud

### Risk description

The transition of the provision of services to the digital world, including the increase in the number of different actors on the web, has generated an increase in the exposure of entities to incidents related to information security and cyber-attacks, pushing them to intensify the protection of both their own information and that of their customers.

### Business impact

In the event of a security breach leading to the materialization of a security and cybersecurity event or incident that could compromise our information systems or technological infrastructure and involve massive theft of customer information or sensitive information, there would be operational, economic, legal and reputational repercussions, in addition to affecting the availability and timely provision of services to customers.



We guarantee the security of our employees' information

### Mitigation actions

We have a robust infrastructure, expert areas and systems in charge of information security. Likewise, we carry out monitoring committees to identify gaps in the Technology and Cybersecurity fronts, we have adequate contingency and continuity plans to ensure the availability of information. Likewise, we monitor different channels, transactions and portals, identifying early warning signs that may become cybersecurity incidents.

The protection of our information and that of our clients is carried out integrally through the implementation of strategies, policies and corporate standards, procedures and IT security and cybersecurity resources, in order to preserve the principles of integrity, availability, confidentiality, privacy and auditability of the information.

To meet this objective, we have executed activities such as:

- Formalization of a Security and Cybersecurity Governance, expressly established and endorsed by the Bank's Senior Management. As well as the establishment and execution of an Information Security Strategic Plan, aligned with the business strategy, corporate guidelines, reference frameworks and industry best practices. Likewise, identification of information assets and critical business platforms, as well as the associated risks, managing them, implementing and testing controls that minimize the impact on the pillars of security.
- Assessment of the Bank's security posture against industry best practices.
- Identification of threats and vulnerability of the elements of the technological infrastructure, and their remediation, in order to prevent the materialization of possible security and cybersecurity events.
- 7x24 monitoring of the Bank's security, through the Security and Cybersecurity Operations Center, which allows for timely identification, containment and recovery in the event of a possible security incident. Continuity and *Disaster Recovery Plans (DRP)* to maintain the availability of the Bank's business and operational services.
- Allocation and execution of the investment and expenditure budget, to remain at the forefront of security and in turn facilitate the sustainability of security and cybersecurity processes.
- Availability of communication channels for all employees, allowing timely reporting of the occurrence of an event, unusual/malicious situation or violation of the Information Security and Cybersecurity Policies.
- Promoting research, development and innovation in security and cybersecurity, in order to anticipate the materialization of internal and external threats, including the prevention of fraud against customers and users.



Team from the Communications and Marketing Division

With the Security and Cybersecurity Operations Center we monitor all our processes.



Banco de Bogotá Branch

## Interest rate and liquidity risk

During 2022, the management of interest rate risk and balance sheet liquidity was developed through analysis and sensitivity tools for net interest income, in order to generate metrics and make proposals that allowed Senior Management to define balance sheet positioning strategies, in the midst of a macro scenario with inflationary pressures that marked a substantial change in interest rate levels at local and global levels.

On the regulatory front, as part of the management of the balance sheet structure, we highlight the initiatives associated with compliance with the *Net Stable Funding Ratio (NFSR or CFEN)* by its Spanish acronym), an indicator that seeks to ensure that credit institutions maintain a stable funding profile in relation to the composition of their assets.

The modifications incorporated to the norm that guide the ratio, in the second half of 2022 and the end of the implementation period, defined for March 2023, set the tone for the implemen-

tation of the Bank's funding strategy, which was focused on the segments and instruments with greater weight for the calculation of the *CFEN*. On this front, the fund-raising campaigns in time deposit (TDs) for individuals and companies, and in interest-bearing demand deposits for companies stand out.

As part of the financial risk management of the balance sheet, the Asset and Liability Management Division led the implementation of Accounting Hedges, a figure under which specific accounting rules are applied to reflect the economic reality of hedging and hedging management strategies. For interest rate risk management, the first strategy was defined and structured through which liabilities issued in fixed rate are converted to variable rate.