4.4 Analytical Capacity and Digital Transformation

[BDB 11 & 12]

10 Reduced inequalities

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

Our Data and Analytics strategy supports the operational processes of the commercial activity, as well as the strategic actions of market and industry analysis, customer segmentation and product performance evaluation. In consequence, we move forward in decision making based on advanced information analytics, achieving important results in each of the pillars of the strategy.

Analytical capacity and technology

We adopt advanced technologies to offer our customers and users more efficient, personalized and secure digital services in the context of the 5.0 Revolution.

Data and advanced analytics

Democratization

We moved from a centralized attention model to a decentralized one, generating greater agility and self-management autonomy. With this model, we cover 88% of the agile business units, with self-management and satisfaction levels of 80% and 84%, respectively.

We also created the Analytics Academy, which trained more than 200 employees (2,625 hours of training), strengthening analytical and technical skills to drive the different business fronts.

Artificial Intelligence (AI)

We reached $2.5 trillion of marginal business volume generated thanks to the development of AI (Machine Learning) models and created a cell specialized in Generative AI to explore new value applications. We incorporated MLOps into our analytical process, automating new models throughout their lifecycle, which guarantees their high performance over time, minimizes maintenance efforts and enables the scalability of our strategy.

Campaigns

With data-driven campaigns, we closed 2023 with a $6.3 trillion contribution to loan placements, surpassing the $5.8 trillion of 2022. We began the modernization of our campaign process and the implementation of the Campaign Orchestrator, which will allow the automation of most of the processes and will give us greater agility (time to market), minimizing the operational risks of current manual processes.

Technological advances

We developed the following initiatives to improve channel availability levels:

- **Virtualization of technological infrastructure:** we moved high-impact databases, such as the International Operations System, to virtualized platforms, which allowed us to simplify contingency activation processes.
- **Transactional authorizer:** we migrated the database of our ATM authorizer to two new storages, avoiding risk concentration and achieving greater availability.
- **Transactional system for payment of loans with collection agreements:** we migrated the databases from an Onpremise physical infrastructure to a private cloud, allowing us to improve the availability of the collection service and facilitate contingency procedures. Thus, recovery times in the event of a failure were reduced from 2 hours to less than 30 minutes.

Open Banking and digital allies team

To guarantee sustainability and the best performance of the platforms that support the business, major updates were made to transversal systems. Among the most relevant, the following stand out:

- **Core Applications:** we migrated the technological platform where our core business applications reside (Current Accounts, Savings Accounts, Loans, Time deposits, among others). This allowed us to provide greater sustainability to the current transactional operation and the integration of new clients.
- **Renewal of the backup technology platform:** we migrated our backup system and our storage system where cross-cutting process information is housed, increasing the information storage capacity.
- **Collection system:** we modernized the platform that supports the collection database, which is used for the periodic management of current and savings account collections and the management of fees and transactions such as donations with the Unicef and the Saving the Amazon cards. With this modernization we were able to improve support, facilitate access to updates, strengthen security and have greater opportunity in the collection of fees.
- ***DIAN* Customs Files:** the equipment that handles these files was modernized, improving customer experience in terms of the timeliness of the withdrawal of goods from the *DIAN*.

Our Digital Product Portfolio

Our portfolio of digital products seeks to meet the financial needs of our customers. Among our offerings, we highlight digital products such as savings accounts, credit cards, free destination loans, mortgages, payroll portfolios, vehicle loans, insurance, time deposits, collective investment funds, microcredits, loan portfolio purchase and payroll advances.

During this year, through agile methodologies, we strengthened the digital proposal for companies, achieving a quick digital transformation in the corporate business. In 2023, we digitized the loan application process for this segment, so that companies can apply remotely, avoiding client travel and significantly improving efficiency in the placement of commercial loans. This initiative lays the groundwork for expanding the service to more corporate products, including digital disbursements for SMEs, *Finagro* loans and the Sustainable Development Line, among others.

With respect to our retail segment, our digital products were strengthened, focusing on accompanying our customers.

We placed 807,000 liability products in 2023, with a total balance of $2.345 billion and an annual growth rate of 32%. The following results are noteworthy:

- Opening of 734,000 digital savings accounts, reaching a balance of $1.568 billion.
- In time deposits, we achieved an all-time high of 68,000 digital products, with a balance of $777 billion. We also developed a new term deposit renewal experience on our web channel, which allows our customers to find renewal or withdrawal scenarios.
- The current account reached a 67% digital participation. We placed 5,000 accounts through a fully digital experience with a 7-minute opening flow vs. a traditional 30-minute flow.

In terms of active retail products, we placed 858,000 credit products during the year, with a balance as of December 2023 of $5.497 billion. Highlights:

- **455,000** credit cards placed by digital flows.
- **354 thousand** disbursements of free destination loans through digital flows.
- **37,000** Payroll Advance Disbursements (*ADN*, for its acronym in Spanish).
- **6,000** disbursements of Payroll loans.
- **4,600 digital mortgage** loan disbursements.

Throughout 2023, we will complement our digital product offering as follows:

- The *Cero Rollo* card, a new extension of our credit card line, which has no management fee. Since its launch, we have obtained a total balance of $219 million in 83 cards placed.
- *Mi Trabajo* Savings Account, a product designed for people who wish to receive periodic salary payments without the need to have a payroll agreement with the Bank. We have placed more than 2,200 accounts, with deposits for $461 million.
- We increased the placement of voluntary insurance by 10.7% compared to the previous year. We integrated the cross-selling of voluntary insurance into our digital flow at points of sale, offering our customers the opportunity to obtain additional benefits when acquiring products such as credit cards or credit agreements. This initiative has resulted in a 70% increase in insurance on origination, demonstrating that our customers value the protection that our insurance offers.
- It is now possible to manage and obtain 100% digital disbursements for companies, reaching more than 1,445 operations with a total disbursement of $193.275 million. Similarly, we are carrying out the first pilots for digital credit projects, in order to reduce commercial times, providing our customers with a more efficient experience and greater traceability of information.
- With low-cost channels such as Links and QR codes at points of sale, we increased productivity and generated self-management flows, which allowed a 17% share for credit agreements and 15% for credit cards throughout the year.
- Our BNPL "CeroPay" solution provides users with an easy, fast and interest-free shopping experience. Thanks to the implementation at points of sale and in E-Commerce, we achieved a 14% increase in annual placement.

We have contributed significantly to improving the quality of life of Colombians through digital access to a wide range of products and tools, backed by rigorous security standards.

We have placed more than 2,200 Mi Trabajo savings accounts

4.5 Risk Control

11 Sustainable cities and communities

13 Climate action

We manage the risks inherent to our business in a comprehensive manner, preserving the sustainable and healthy growth of our loan portfolio and the strength of our balance sheet

Risk management[12]

Risk management is a fundamental pillar to guarantee the Bank's long-term soundness, security and sustainability. Following this directive, we manage in a transversal and integral manner the risks to which our individual and consolidated business is exposed. The risk management model is supported by an Integral Risk Management System (*SIAR*, for its acronym in Spanish), from which we jointly identify, measure, monitor and control the different risks, as a fundamental pillar to achieve our strategic objectives.

Risk Governance

For its proper functioning, we have defined an independent governance structure based on a three lines of defense model, with the participation of the Board of Directors, the Integral Risk Management Committee of the Board, the Legal Representative and the independent CRO, all with key functions in the risk management of the Bank and its subsidiaries.

The Lines of Defense seek to improve communication in risk management and control by defining roles and responsibilities. This model is made up of three layers of management and control, as follows:

i. **The first line of defense** consists of the business functions that take on or generate risk and have primary responsibility for risk management and control. Risk generation must conform to approved risk appetite, policies and limits.

ii. **The second line of defense** is an independent risk management and compliance function, which supervises and questions risk management activities performed by the first line of defense. In turn, comprehensive risk management seeks to ensure that the Risk Appetite is aligned with the strategic and business plans established by the Bank for the construction of its goals and objectives; and

iii. **The third line of defense** is the Comptrollership or internal audit function with a role of independent review and assurance of the functioning of the Bank's Internal Control System to the Board of Directors and Senior Management.

We have clearly established the involvement of the Board of Directors, Committees and Senior Management in risk management, as set forth in the different risk management manuals, policies, Code of Ethics, Conduct and Transparency and Corporate Governance Code, among others.

Insurance team - Loan Insurance Squad

12 For further information, see Note 7 on the Consolidated and Separate Financial Statements.

Risk Appetite Framework

Integral risk management is materialized from the formalization of the Risk Appetite Framework (*MAR*, for its acronym in Spanish), the Risk Appetite Statement (*DAR*, for its acronym in Spanish) and the policies for each of the risk domains to which the Bank is exposed, considering its subordinated entities.

Risk Governance Structure

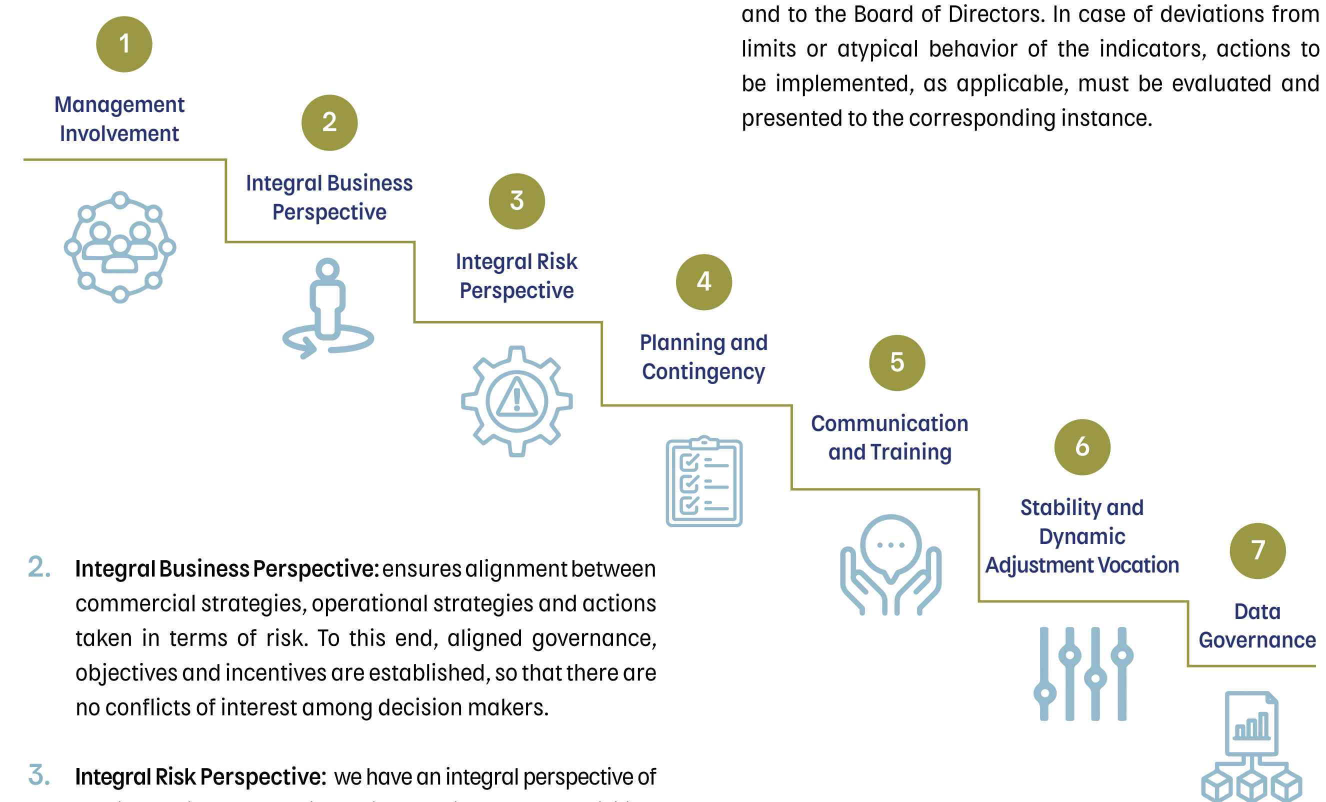
Risk Appetite is the level of risk we are willing to accept or assume to achieve the strategic objectives and business plan. It is expressed through the Risk Appetite Statement (*DAR*, for its acronym in Spanish) as a set of quantitative and qualitative metrics established within risk tolerance thresholds.

This is a bottom-up process where Senior Management and the Board, on behalf of the shareholders, establish the overall level of risk appetite that is aligned with the strategy and demand from the business lines. This is cascaded through a set of limits and thresholds by type of risk and/or line of business. General principles that frame such construction at a qualitative level are:

Banco de Bogotá Employees

Risk Appetite Framework Principles

1. **Management Involvement:** the functions of each governing body are based on the three lines of defense model. The Board of Directors, CEO, Vice-presidents, Risk Committees and General Comptroller participate in risk management and control.



2. **Integral Business Perspective:** ensures alignment between commercial strategies, operational strategies and actions taken in terms of risk. To this end, aligned governance, objectives and incentives are established, so that there are no conflicts of interest among decision makers.

3. **Integral Risk Perspective:** we have an integral perspective of the risk profile, as well as its use in all businesses and activities. Consequently, the Board's Integral Risk Management Committee, Senior Management, Risk Management Divisions, and other areas of the Bank in general, seek to ensure that Risk Appetite is aligned with the established strategic and business plans.

   We identify the risks to which we are exposed in terms of activities and different lines of business. These include, among others: Credit Risk, Operational Risk, Market Risk, Liquidity Risk, ABAC (Anti-Bribery and Anti-Corruption), Information Security and Cybersecurity, IT Risk, Counterparty Risk, AMLCTF, Financial Statement Error or Fraud Risk (SOX), Model Risk, Environmental (climate) Risk and Social Risk, Data Risk, Business Continuity, Supplier Risk, Compliance, Conduct Risk (Financial Consumer) and Strategic Risk.

4. **Planning and Contingency:** through indicator' dashboards, we monitor risks, their behavior, alerts and action plans to be implemented. The areas responsible for each risk, measure, monitor and report the information from the indicators and these results are presented both to the Board's Integral Risk Management Committee and to the Board of Directors. In case of deviations from limits or atypical behavior of the indicators, actions to be implemented, as applicable, must be evaluated and presented to the corresponding instance.

5. **Communication and Training:** the Board of Directors, through the Board's Integral Risk Management Committee, Risk Committees of the Subsidiaries, and Risk Management Divisions, guarantees the existence of Risk Appetite communication plans. The clarity and ease of understanding of such communication plans is fundamental for the development of the risk culture. Additionally, training plans are defined annually, aligned with the needs of risk management systems and regulatory compliance.

6. **Stability Vocation and Dynamic Adjustment:** the Risk Appetite Framework (*MAR*), together with the Risk Appetite Statement, is reviewed periodically (at least once a year) and whenever circumstances warrant it.

7. **Data Governance and Quality:** follow-up of the Risk Appetite Statement (*DAR*) and the control of excesses is carried out through different tools, highlighting the use of Indicator Dashboards designed for monitoring and controlling each of the risks analyzed. These dashboards contain categories and subcategories, as necessary, that group the different indicators and use weightings that represent the relative importance of the indicators in the *DAR*.

The dashboards include the status of each of the risks for the Bank and also for the subordinated entities, with a traffic light scheme that allows monitoring of the level of compliance with policies, as well as the overall exposure of the Bank and its subsidiaries to each type of risk. Below is an aggregate summary of the control panel by type of risk, each of which has key indicators that are at the heart of day-to-day management.

Example of Risk Indicator Dashboard

Cut-off date: MONTH/YEAR	Banco de Bogotá Consolidated	Banco de Bogotá Colombia	Banco de Bogotá Panama	Fiduciaria Bogotá	multibank
	Nota Global				
Credit	98.3%	96.9%	100.0%	100.0%	96.3%
Market	99.0%	100.0%	99.5%	97.5%	100.0%
Liquidity	96.5%	96.9%	100.0%	100.0%	96.0%
Operational	98.0%	99.9%	98.9%	97.4%	96.0%
IT	98.3%	97.2%	98.4%	98.9%	98.7%
Cybersecurity	97.7%	96.9%	99.6%	97.0%	97.4%
Continuity	96.3%	99.4%	100.0%	97.0%	100.0%
Suppliers	98.8%	100.0%	100.0%	99.9%	96.3%
AMLCTF	99.9%	99.5%	100.0%	100.0%	100.0%
ABAC	99.6%	99.3%	99.7%	99.5%	99.8%

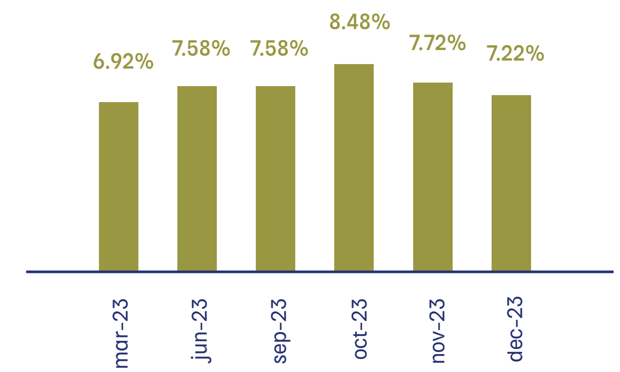
Credit Risk

In 2023, Colombia faced a slowdown in the economy, with lower levels of household and business confidence, amid high interest rates and high inflation, which affected consumption and investment decisions. Thanks to lower input prices, the appreciation of the Colombian peso and improved weather conditions, inflation returned to single digits by the end of December. This dynamic affected the financial sector, especially due to the drop in credit placement and the increase in loan quality indicators.

Given the above, our credit risk management was focused on controlling the risk indicators of the consumer portfolio, which had significant increases during the first half of the year. Part of the actions taken included analyzing the profitability of the consumer portfolio segments, identifying opportunities to make some segments profitable and, in other cases, closing nodes with negative profitability. This, implied restrictive policies given the deterioration in portfolio quality. In the payroll portfolio we undertook important improvements in operating processes in the different sectors, to mitigate disconnection percentages and delinquency indicators.

With these actions, we were able to reduce the PDL Indicator for the consumer portfolio, which peaked at 8.5% and closed at 7.2%, as shown below:

PDL Total Consumer Portfolio



We promoted different initiatives to continue growing in the less risky portfolios, leveraging on strategies focused on increasing facilities for existing clients and improving approvals for new clients.

Regarding the portfolio recovery strategy, we implemented practices to optimize the opportunity and effectiveness of contact with customers through digital collection channels, accompanied by the redefinition of the score that determines the customer's roll over risk, and the customer journey was adjusted, improving customer experience. We also made changes in policies, focusing on normalization offers aimed at specific segments, achieving an increase in the efficiency of the collection process.

In the commercial portfolio, the main challenge was the decline in credit demand due to low business investment, resulting from lagging sales and low production in traditional sectors, as well as the contraction in different sectors such as trade, by -2.1%, manufacturing, -3.2% and construction, -5.0%.

To address this situation, we defined changes in the credit granting policy by implementing approval lanes that expedited the attention of low risk and low complexity operations, improving response times for 25% of the applications through the agile lanes. In addition, risk models were strengthened, including alternative data such as transactional data from our customers, in order to improve customer profiling and grant more adequate commercial offerings. With these actions, we achieved a 7.9% growth in our commercial portfolio.

We continue monitoring variables such as interest rate, exchange rate and inflation for impacts on our customers' operation, with positive results that show the strength of the portfolio. On a sector level, we continue to prospectively monitor the different indicators to identify alerts and define the focus of portfolio growth.

Market Risk

We use a Value-at-Risk model[13] for the measurement, control and management of market risk of interest rates, foreign exchange rates and stock prices in the treasury and banking books. Currently, we map the asset and liability positions of the treasury book, and the net foreign currency position, excluding the value of the uncovered portion of controlled investments abroad, from both the banking and treasury books, in line with the standard model adopted by the Colombian Financial Superintendency and in accordance with internal methodologies used for day-to-day management. The Bank has adopted for internal management purposes several models, namely: Parametric VaR, C-VaR and Historical Simulation.

Monthly Individual VaR

Value at Risk by Modules	Dec-31-23
Interest Rate	**322,986**
In pesos	205,132
In Foreign Currency	29,870
In UVR	87,985
Exchange Rate	**130,494**
Share Price	**37,830**
Collective Portfolios	**261**
Credit Default Swaps	
Value at Risk TOTAL	**491,571**

Figures in million COP

13 Market risks are quantified through value-at-risk models (internal and standard). Also, additional measurements are made through the historical simulation methodology.

Liquidity risk [14]

We manage liquidity risk by calculating a 30-day short-term liquidity risk indicator (*IRL*, for its acronym in Spanish) and the Net Stable Funding Ratio (*CFEN*, for its acronym in Spanish).

IRL	7 days			30 days		
	22/dec/23	29/dec/23	Δ	22/dec/23	29/dec/23	Δ
A. Inputs	5,219	5,106	↓	10,057	8,689	↓
B. Outputs	7,981	7,094	↓	19,438	17,910	↓
C. Inputs - Outputs	2,405	1,988	↓	9,381	9,221	↓
IRL Amount (E-D)	9,405	10,049	↑	2,786	2,816	↑
IRL Ratio (E/D)	440%	605%	↑	130%	131%	↑

Figures in billions of pesos

	CFEN		
	30/nov/23	31/dec/23	Δ
A. FED	75,678	76,044	↑
B. FER	69,599	70,008	↑
CFEN (A/B)	108.73%	108.62%	↓

Figures in billions of pesos

On the other hand, during 2023, we developed an internal liquidity risk model, which aims to anticipate the degree of short-term exposure to this risk, and to identify and issue early alerts for its management. We also updated the liquidity Contingency Plan to have a clear model of how to act in the event of an extreme liquidity event. We developed models to measure the volatility of deposits, the structure of assets and liabilities, the degree of liquidity of assets, the availability of financing facilities and the management of assets and liabilities. The above, to maintain sufficient liquidity (including liquid assets, guarantees and collateral) to face possible stress scenarios of our own or systemic.

Likewise, there is an internal model for prospecting the Net Stable Funding Ratio (*CFEN*) indicator, with the purpose of evaluating weekly management performed by the business areas and by the ALM Division, as well as its impact on the indicator, generating the necessary alerts so that the strategy can be redirected and thus ensure that adequate structural funding is maintained and, additionally, to anticipate regulatory compliance of the indicator.

Interest rate and liquidity risk

During 2023, we continued to develop tools for the analysis and sensitivity of net interest income, to generate metrics and make proposals that would allow Senior Management to define balance sheet positioning strategies, in the midst of a specific macroeconomic scenario and the beginning of the downward interest rate cycle.

On the regulatory front, we highlight the initiatives associated with compliance with the Net Stable Funding Ratio (*CFEN*), which allowed us to redefine the structural funding needs in accordance with the risk appetite framework. On the other hand, we began the design stage of the implementation plan to comply with the provisions related to interest rate risk management in the banking book. We also continued leading the implementation of Hedging Accountings.

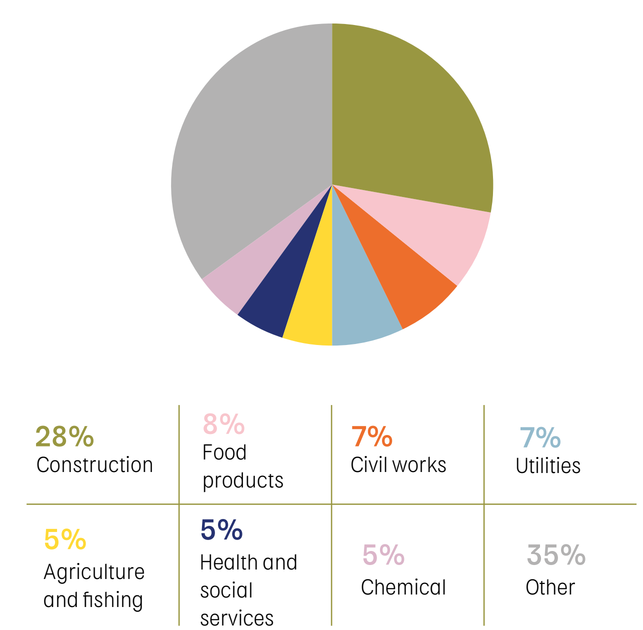
14 For further information, see Note 7 to the Consolidated and Separate Financial Statements.

Environmental and Social Risk Management System - ESRMS

During 2023, we analyzed 402 clients using the ESRMS methodology, an increase of 11% compared to the previous year, where we categorized each client in one of the 3 risk levels (High, Medium and Low). Of the total analysis performed, 112 were new evaluations, 186 were renewals and 104 were follow-ups on special conditions before and after disbursement. The total amount evaluated at the end of December is $31 trillion, distributed in 18.5% in high risk, 76.5% in medium risk and 5.0% in low risk.

In the continuous improvement of the process, adjustments were made to the Environmental and Social Risk Identification Form – *FIRAS* (for its acronym in Spanish), to obtain information on the mitigation capacity of our clients in the face of climate change risk and to strengthen its analysis. In addition to the information obtained directly from the client through the *FIRAS*, validations are carried out using public information platforms and tools.

50% of analyzed customers are in the sectors of construction (28%), food products (8%), civil works and health (7% each), as shown in the following graph. The analysis of the different sectors of the portfolio has allowed us to identify particularities that next year will serve as input in the evaluation of the inherent environmental risk of our clients.



Environmental experts evaluate structured finance or Project Finance projects. Their functions include the implementation of the ESRMS Manual methodology, to comply with the socio-environmental policy, evaluate and categorize environmental and social risks, analyze technical information provided by the customer and review documents, research relevant information about the project to be financed, issue a technical concept and define action plans to monitor and control potential risks to avoid, mitigate or compensate potential impacts from projects.

This process is monitored by the Sustainable Finance and environmental and social risk divisions. Progress in the management of environmental and social projects is reviewed by the Sustainable Finance Committee monthly and by the Board's Sustainability Committee twice a year.

For infrastructure projects that are evaluated as structured finance, 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, is the monitoring and follow 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 the International Finance Corporation - IFC Standards are reviewed.

The report from this independent third party is received periodically during the construction stage, on a bimonthly, monthly, or quarterly basis depending on the needs of the project, and in the operation and maintenance stage, on an annual basis. During 2023, we reviewed and analyzed 4 projects through ESRMS, which is aligned with the Equator Principles, with 100% being approved and with financial closing, while 0% was rejected.

For this type of project, internal evaluation is carried out through the Environmental and Social Risk Identification Form (*FIRAS*), verifying 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.

Case 1		
	Environmental and social risk level	Medium
	Activity	Energy generation, non-conventional source.
	Certifications	AENOR in accordance with the UNE standard ISO 14001: 2004.
	Licenses and permits	Environmental license, Environmental Management Plan, and natural resource use permits. The location of the project does not require prior consultation with communities.
	Identified risks	**Water:** decreased photosynthetic capacity of hydro-flora and other aquatic species. **Air:** generation of particulate matter, atmospheric emissions. **Soil:** impacts on the geomorphological and topographic dynamics of the land. **Social:** changes in traditional economic activities in the area of influence.
	Mitigation measures	**Water resources:** aquatic fauna rescue and relocation measures and signaling of water reservoirs. **Air resource:** humidification of roads and maintenance of machinery and vehicles. **Soil resource:** verification of the stability of the intervention sites and adequate management of water and excavation material. **Social resource:** environmental management plans with a social focus.

Case 2		
	Environmental and social risk level	Medium
	Activity	Construction of non-residential buildings and public projects.
	Licenses and permits	Environmental Management Plan and has permits for the use of natural resources; due to its location, prior consultation with communities is not required.
	Identified risks	**Water:** wastewater generation and increased water consumption. **Air:** gas emissions, particulate matter and noise. **Soil:** generation of solid and liquid waste. **Social:** impact on social infrastructure.
	Mitigation measures	**Water:** implemented operational controls, training and recirculation system. **Air:** policies on vehicle and machinery operation. **Soil:** hazardous and non-hazardous waste disposal policies. **Social:** inventory of neighborhood minutes before and after the project to restore affected properties.

Case 3		
	Environmental and social risk level	Medium
	Activity	Road concession.
	Certifications	It has an environmental management system and a GRESB 2021 sustainability certification.
	Licenses and permits	Environmental License, Environmental Management Plan, Environmental Diagnosis of alternatives and permits for the use of natural resources.
	Identified risks	**Water:** change in physicochemical conditions in water quality parameters. **Air:** emissions generated by machinery and equipment. **Soil:** changes in land use, impacts on the geomorphological and topographic dynamics of the land. **Social:** social conflicts due to project implementation.
	Mitigation measures	**Water:** treatment systems and periodic monitoring. **Air:** periodic maintenance programs. **Soil:** slope stabilization, purchase of land and relocation of population in the area of influence. **Social:** it has mechanisms for receiving complaints and claims and additional mechanisms for informing the community.

Climate change risk

Progress in transition risks

The methodology adopted by the Bank to manage transition risks consists of a "transition score", starting with the corporate and middle business segments, which represent 80% of the enterprise portfolio. At the end of December 2023, the results of this analysis showed that 1% and 8% are at risk, with a possible significant impact in the short and long term, respectively. As these two risk levels are our monitoring focus, we are in the process of evaluating the information to understand the mitigation capacity of our customers. Below are the first results of the transition matrix.

Exposure of the corporate and middle business credit portfolio to inherent transition risk, December 2023.

	Inherent Transition Risk			
Ranking	Sectors with possible significant impact in the short and medium term	Sectors with potential significant long-term impact	Sectors with low impact	Sectors with very low impact
% Exposure	1%	8%	59%	32%
Mitigation Capacity				
Leader	55%	31%	0%	0%
Advanced	6%	4%	0%	0%
Developing	16%	6%	0%	0%
Lagging	0%	4%	0%	0%
Under evaluation	23%	55%	100%	100%

Advances in physical risk

In the continuous improvement of the physical risk assessment methodology, in 2023 we incorporated a focus on the possible effects of the *El Niño* phenomenon, considering the forecast of *CIIFEN* (International Center for *El Niño* Research) and *IDEAM* (Institute of Hydrology, Meteorology and Environmental Studies) on the presence of this phenomenon for the second half of 2023.

We defined a pilot plan carried out in 2023 and projected to 2024, developed upon three milestones.

1. **Historical analysis of *El Niño* events**: To understand patterns and trends, providing a complete picture of past and potential impacts of the climate phenomenon in the country. We concluded that the regions most likely to suffer significant impacts are the north, center and west of the country; and the key sectors to evaluate are power generation, agriculture and livestock farming.

2. ***El Niño* scenario modeling:** *El Niño* climate modeling is essential to anticipate and understand the climate risks thereby associated. We defined a sample of clients and evaluated them with the climate models used in the physical risk analysis, simulating drought scenarios.

3. **Adaptation Recommendations:** Adaptation measures are vital to promote the resilience of communities and socio-economic systems, as well as support sustainability through effective climate risk management. Therefore, specific adaptation recommendations will be designed in the face of potential negative impacts on the Bank's customers' assets and operations.

Financed emissions

During 2023, we made progress in the calculation of financed emissions with a PCAF score between 2 and 3 in the Oil & Gas, Power Generation, Steel and Cement sectors, allowing us to compile greenhouse gas inventories or estimate the carbon footprint of financed clients from production data. Financed emissions for the years 2021 and 2022 are presented below:

Financed emissions by sector, 2021 and 2022

Sector	Financed emissions (million tCO_2e)						Intensity metric		Unit	PCAF score	
	Scope 1 and 2		Scope 3		Total						
	2021	2022	2021	2022	2021	2022	2021	2022		2021	2022
Oil&Gas[15]	56	5	3,554	3,473	3,611	3,478	68.36	68.58	$KgCO_2e$/GJ	Between 2 and 3	Between 2 and 3
Power generation[16]	434	496	45	9	479	505	322.84	277.03	$KgCO_2e$/MWh	Between 2 and 3	Between 2 and 3
Steel[17]	19	223	NA	NA	19	223	NA	1,763.51	$KgCO_2e$/t steel	4	Between 2 and 3
Cement[18]	111	172	NA	NA	111	172	NA	548.31	$KgCO_2e$/t cement	4	Between 2 and 3
AFOLU[19]	479	561	NA	NA	479	561	NA	NA	NA	4	4
Other	2,213	2,521	NA	NA	2,213	2,521	NA	NA	NA	4	4
TOTAL	3,312	3,978	3,599	3,482	6,912	7,460	NA	NA	NA	NA	NA

In addition to the above, the following table shows the consolidated financed issuances. Financed issues 2023 will be published in the second half of 2024.

Consolidated financed emissions, 2021 and 2022

Variable	Unit	2021	2022
Absolute financed emissions	Millions of tCO_2e	6.91	7.46
Exposure on customers with financed emissions	Trillions of pesos	$31.17	$33.08
Intensity metric	Millions of tCO_2e/ Trillions of pesos	0.22	0.23
Coverage of portfolio under evaluation	%	95%	95%

Note: It should be noted that the table consolidates emissions in different scopes and since this is an ongoing exercise, as we have improved the quality of information and have made it more granular, there are changes in the data historically reported.

15 There are 3 stages in the value chain of the Oil & Gas sector: the first comprises the exploration and drilling of oil wells and support services; the second, transportation of crude oil and natural gas; and the third, production of oil products (refinery) and their commercialization. *Banco de Bogotá* estimated its financed issues with a focus on customers that are in the hydrocarbon commercialization stage (liquid fuels and natural gas). Scope 1, 2 and 3 emissions are included. According to the Classification of Economic Activities ISIC Rev. 4 A.C. (2020), evaluated customers carried out one or more of the following economic activities: 610, 1921, 3520 and 4661.

16 In the energy sector value chain there are 4 stages: generation, transmission, distribution and commercialization. *Banco de Bogotá* estimated the financed emissions of customers belonging to the generation stage, since most of the equivalent CO_2 emissions are released at the time of fossil fuel burning in this stage. Scope 1, 2 and 3 emissions are included. According to the ISIC Rev. 4 A.C. Classification of Economic Activities (2020), the evaluated clients carried out economic activity 3511.

17 *Banco de Bogotá* estimated the financed emissions of customers that produce steel. According to the Classification of Economic Activities ISIC Rev. 4 A.C. (2020), evaluated customers carried out economic activity 2410.

18 *Banco de Bogotá* estimated financed emissions of cement-producing clients. According to the Classification of Economic Activities ISIC Rev. 4 A.C. (2020), the evaluated customers carried out economic activity 2394.

19 Agriculture, forestry and other land use sectors.

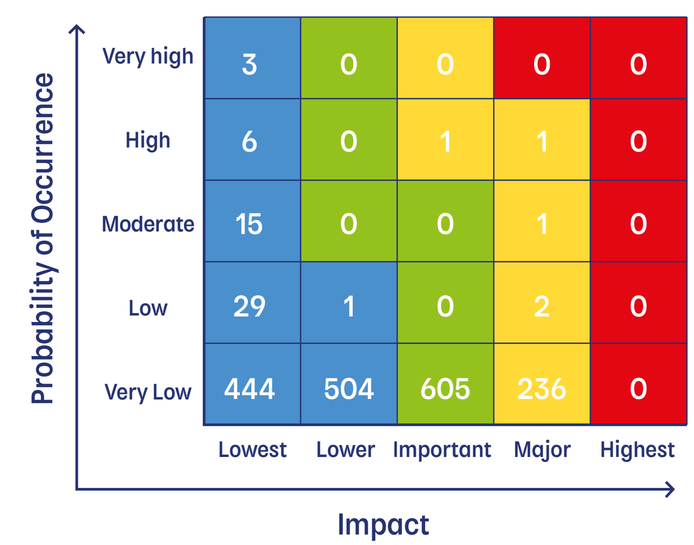
Operational Risk

In 2023, we continued working on the operational risk analysis of the Bank's initiatives. Also, we undertook with other divisions, the review and optimization of the Operational Risk Matrix, in order to follow up and update implemented controls. As a result of these activities, the following results were obtained:

The following is the evolution of our operational risk profile, which is generated from the identification, measurement and control of risks. At the close of 2023, we identified 1,848 operational risks of different types (Information Security, Financial Consumer, Cybersecurity and Business Continuity), and established causes and controls, distributed as follows:

Name	Dec. 2022	Mar. 2023	Jun. 2023	Sep. 2023	Dec. 2023
Processes	266	264	266	265	262
Risks	1,816	1,842	1,843	1,851	1,848
Causes	1,908	1,879	1,851	1,851	1,824
Controls	3,859	3,438	3,433	3,440	3,442

Below is the residual risk heat map for December:



In December 2023, the gross operational risk expense amounted to $5.3 billion, mainly concentrated in fines and penalties for labor litigation (32%), losses from claims in savings accounts (18.4%), fraud losses in the credit portfolio (15.8%) and losses from claims in checking accounts (13.9%). In addition, recoveries of $1.4 billion were recorded. So far in 2023, accumulated net losses amount to nearly $45 billion. As of November 2023, our Internal Loss Indicator (*IPI*, for its acronym in Spanish) for calculating the individual Operational Risk Exposure Value -*VerRO*- amounted to more than $5.8 trillion, maintaining the same level as in previous periods.

Information security risk and cyber-risk

In 2023, we continued executing and strengthening the Information Security and Cybersecurity Strategy by ensuring compliance with the principles, policies, procedures, regulatory requirements and international standards adopted by the Bank such as NIST (NIST CSF), ISACA 'COBIT', ISO/IEC 27001 for the management and the administration of IT resources. The above, in order to preserve and protect confidentiality, integrity, availability, privacy and auditability of the information.

As a result of this strategy and the assurance of the guidelines and controls in terms of Security and Cybersecurity, we detected and contained more than 12 million cyber-attack attempts directed to the Bank in 2023, avoiding the materialization of any event and the occurrence of incidents. Likewise, from the Security Operations Center (SOC) we strengthened and socialized the protocol for activating the crisis room in the event of attacks to the supply chain, identifying the activities to be implemented and executed to prevent the Bank from being affected by a cyber-attack. We executed cyber-drills, contemplating scenarios of Ransomware type attacks, with favorable results that allowed us to continue strengthening the defenses for the protection of the Bank's information and that of our customers.

We continued to test the activity guides to be followed in the event of a cyber-attack (playbook), including attack vectors related to Malware, Ransomware, Denial of Service, Intrusion and Exfiltration of information, in order to ensure that all members of the entity are clear about their duties and responsibilities in relation to the activities to be carried out before, during and after a Security and Cybersecurity incident. We also established playbooks focused on attacks on e-mail, web applications and network attacks to ensure preparedness for any threat situation, minimizing impacts and resolving situations quickly and effectively.

In 2023, we presented and managed more than 100 new initiatives before the Digital Security Committee to ensure security compliance in digital products before they go into production. Likewise, during this period, we improved our information security Maturity Level rating, going from 4.36 to 4.4 out of a total score of 5.0, which corresponds to a "Managed" level, according to best practices and the evaluation conducted by the consulting firm Ernst & Young. In addition, we once again obtained SWIFT's Customer Security Program (CSP) certification.

Procurement Team

Reputational Risk

We have a crisis Action and Communication Plan, which allows us to be prepared to communicate, in a timely and transparent manner to our stakeholders, incidents that may affect our operations and our normal functioning. A multidisciplinary group was involved in developing the plan to identify risks, draw up prevention plans, and prepare action and response protocols. The plan includes 11 possible scenarios covering operational, financial, technological, labor, and reputational risks. Each one has an individual action plan, which identifies different events that could trigger a crisis situation, as well as the audiences and channels to which communication should be directed, in order to report the situation in a timely and transparent manner.

In 2023, we conducted socialization sessions and periodic drills to ensure a rapid and coordinated response. We also participated in the inter-organizational drill led by the Colombian Banking Association (*Asobancaria*). In this way, we prioritize prevention, effective response, and transparent communication to preserve our reputation, one of our most valuable assets.

Emerging Risks

Emerging risk' management is integrated to the different risk management systems and, although we independently identify the main trends, each risk system is responsible for management and mitigation of their risks, through the mechanisms established according to the risk appetite that covers them. We continuously work on identifying emerging and relevant risks that could affect compliance of our objectives, as a part of risk management. These may be new or unidentified risks, or known risks that are evolving unexpectedly.

Using international sources of information, we carry out an exercise involving both the first and second line of defense, to update the analysis of emerging risks, seeking to identify in an early manner sources of risk that may generate deviations from the main objectives defined. These risks are prioritized according to an internal methodology that considers Political (P), Economic (E), Social (S), Technological (T), Environmental (E) and Legal (L) factors, and once they are identified, action plans are established to mitigate their possible effects.

The main risks identified for the next ten years are as follows:

Risk of digital disinformation

With the development of complex computational tools such as artificial intelligence and an increasingly digitized world, new risk factors have emerged that jeopardize the veracity of, and trust in information and institutions. Open access to increasingly sophisticated technologies that no longer require a specialized skill set can lead to the rapid spread of erroneous and/or falsified information, increased cloning and even manipulation of data that may take place in the coming years.

The above may result, among other things, in events that may affect the Colombian financial system and also the reputation and good name of banking institutions such as *Banco de Bogotá*, which may directly impact the Bank through the generation of false or negative information that affects the veracity and transparency of the operation, services and the provision thereof, as well as that may compromise sensitive data and the confidentiality of customer' or the Bank's information, thus affecting our reputation.

Taking into account the important challenge this represents for all sectors of society, as part of the mitigation plans for this type of risk, the next two years are key years for strengthening the monitoring and continuous surveillance of the Bank's brand and reputation, strengthening the systems in place but within a framework of reputational risk management, as well as for strengthening systems that monitor and assure internal and customer information, within the framework of information security and cyber risk management systems. Likewise, training of our technological and operational teams in these matters and the continuous work with the authorities are key elements that the Bank will continue to develop to minimize possible impacts.

Risk of extreme weather events

Although we have an Environmental, Social and Climate Change Risk Management System with an established governance, we recognize the risk of extreme climate events as an emerging risk, given the uncertainty of materialization of the physical risk and its possible impacts in the medium and long term, impacting business operation and customer assets.

To identify and mitigate physical risk in the Bank's loan portfolio, a methodology was defined where the probability of occurrence of a climate event is considered depending on the location of the client and its vulnerability to the occurrence of such event. This methodology is defined with climate scenarios with time horizons up to 2030 and 2050 in order to have a medium and long term vision where the effects of climate change are tangible and relevant.

We are currently working on a physical risk score, where the following tasks are being developed:

- Definition of geographical places with their respective climatic events.
- Location of our loan portfolio according to geographic locations.
- Identification of economic sectors that should be prioritized due to their vulnerability.

Likewise, this is an incremental exercise and the evaluation of the loan portfolio is the first step due to its materiality. In this sense, the Bank is working on other fronts to address this emerging risk, such as operational risk, where branches and their vulnerability to climate events are being evaluated.

Risk of regulatory change

With respect to the political transition that Colombia is undergoing and as has been announced, there is under a review the execution of some reforms of cross cutting importance to the economy, such as the labor reform, the pension reform and the health reform. These, have a direct impact on all population, on the financial sector and could have an impact on capital markets. Also, with the approval of the tax reform at the end of 2022, the country began a new tax regime as of 2023, which will continue to have an impact in Colombia for the next few years.

Banco de Bogotá branch

These possible reforms, plus those of financial regulation and international standards, may have a direct impact on the business of the Bank and its subsidiaries that could unexpectedly affect or deviate the strategy, budget and business model previously established, affecting and compromising the Bank's growth and development objectives, as well as the projects that may have been previously carried out. Given the above, the Bank carries out some actions aimed at ensuring regulatory compliance and anticipating an eventual materialization together with the respective analysis of its possible impacts, among others: 1) constant monitoring of regulatory compliance and regulatory projects that may have effects on the business, 2) adjustment of the Bank's risk management processes and methodologies to regulatory movements, 3) active participation with *Asobancaria*, in order to establish clear and efficient communication channels with the authorities in search of strengthening the Colombian financial system.

Increase in frequency and severity of cyber attacks against financial institutions

Although this risk is already managed and controlled through the information security and cyber risk system, it remains as an emerging risk given its constant variation in dynamics and intensity. Every year there are massive attempts of cyber-attacks in Colombia with new trends of sophistication of the attacks and increase in the malicious actors involved, so the risk refers to the possible materialization of a cybersecurity event that has a financial, operational, or reputational effect within the Bank.

In the event of the materialization of an attack, leading to the generation of a security and cybersecurity event/incident, it could bring operational, economic, legal, and reputational impacts to *Banco de Bogotá*, in addition to affecting the availability and timely provision of services to customers.

The Bank's and its customers' information is protected in a comprehensive manner through the implementation of strategies, corporate policies and standards, procedures and IT security and cybersecurity resources, to preserve the principles of integrity, availability, confidentiality, privacy and auditability of the information.

For this reason, the Bank interacts with different environments such as the Colombian Police' Security Incident Response Team (CSIRT) and the Financial CSIRT to activate support and collaboration protocols that mitigate the possible impact of new cyber-attacks. In addition, there is a robust infrastructure, expert areas and systems in charge of the entity's information security, and monitoring committees are held to identify gaps in the Technology and Cybersecurity fronts, and there are adequate contingency and continuity plans to ensure the availability of information. Likewise, different channels, transactions and portals are monitored to identify early warning signals that may become cybersecurity incidents.

As part of the above, all the Bank's employees participate in the annual information security and cybersecurity awareness program, which includes topics associated with the prevention of risks derived from Phishing, Vishing, Smishing and the current cybernetic environment in general.

4.6 Expense Control and Operational Excellence

9 Industry, innovation and infrastructure
11 Sustainable cities and communities
13 Climate action

We efficiently control expenses and make processes agile, simple, and safe to achieve excellence and efficiency in the operation.

During 2023, we continued with the development of initiatives to rationalize resources and optimize spending. Among the most outstanding are: corporate synergies with *Grupo Aval* entities; the implementation of a new automatic card enlistment and packaging method, which promotes the use of sustainable materials and care for the environment. Likewise, the execution of energy efficiency projects; the reduction of the physical space occupied by branches and the footprint of bank branches; the digitalization and automation of processes with impacts on equipment productivity and the rationalization of paper consumption and different strategies for renegotiation with suppliers.

Operational Excellence

Process automation

To improve the efficiency of processes and the experience levels of our customers and employees, we implemented 81 automation solutions (Bots, Applications and Automate Flows), generating economic benefits of $8,805 million and a net income before taxes of $46,583 million, meeting 146% of the goal set for the year.

Among the initiatives to be highlighted are the following:

- By means of a bot, we validate which customers are being consulted by other banks in the Information Centers to deliver the reports to the different areas of the Bank that oversee the "FINGERPRINT" retention campaign.
- We generated an application in Power Apps that allows you to file the household registration of the *Mi Casa Ya* housing line, storing the information in the SharePoint tool so that later, the information can be processed (through a bot) and perform the household registration applications.
- Automation of the filing, marking and management of the claims process, achieving a reduction in claims response time to 3 working days; the replacement of documentation by certified mass files, definition of the model for dealing with objections and the recovery of more than $8,133 billion, 112% of the amounts claimed from the insurer between proactive and reactive claims.
- We digitized the Commercial Portfolio pricing tool for the CEOIS and Medium segments, which allowed us to streamline the process of generating and approving the negotiation rate managed by the commercial force and thus have traceability of the information.
- We improved the Automatic Controls Index, increasing the level of automation in the mandatory controls in accordance with the Sarbanes-Oxley Act (SOX) from 45% in 2022 to 52% at the end of 2023, thereby reducing 100% of the operational tasks associated with these controls that were performed in different areas.

Improved productivity and efficiency

- We simplified and reduced 29% of the visible fields of the overdraft taxation request form, from 34 to 24 fields.
- We expedited the approval of housing leasing loans, optimizing the levels of attribution, reducing the time from 5 to 2 days for disbursements requiring special authorization by 60%.
- We improved the management of incentive payments for sales representatives in the linking of payroll agreements, reducing the inputs required for their reconciliation by 50% (from 6 to 3 files).
- We mitigated 100% of the causes for reimbursement, eliminating the requirement of the chamber of commerce and consultation of associates for disbursement of products from the Invoice Line.

- We simplified by 50% the time it takes to file a sales representative with the Disbursement Management Department from 8 minutes to 4 minutes.

- We designed and implemented the Digital Invoice Negotiation flow in which invoices valued at $90 billion are negotiated, going from a service time of 112 minutes to 10 minutes, achieving an improvement in service.

- We defined a new loan portfolio qualification policy for payroll portfolios with a stable connection to the payer's office, which allowed us to save $12 billion in provisions.

Business continuity

We satisfactorily and timely attended 9 real events of interruption of critical processes, activating the recovery strategies in the contingency operation center; this allowed us to minimize the impact on the operation, SLA compliance and customer service.

We satisfactorily evaluated the status of the business continuity plan of 98% of the suppliers that support critical processes, confirming their commitment to maintain the provision of their services to the Bank, even during crisis events.

Expenditure Control

Operational management excellence and results

By executing processes, constantly redesigning them and operationalizing initiatives, we manage and contribute decisively to the achievement of operational excellence and expense control goals, the improvement of customer experience and business growth.

We received, registered, and safeguarded collateral for $32.1 billion, which support the operations placed by the commercial force for the consumer and commercial lines. We also guaranteed more than 49,000 promissory notes for a total value of $19.0 billion approved and endorsed to Deceval, which will be the backing for an ATL (Transitional Liquidity Support) process when the Bank requires it.

In the leasing asset management process, we effectively attended to the requests made by our clients regarding powers of attorney, transfers, payment supports, among others, for 9,312 properties (warehouses, apartments, houses, branches) and 4,561 vehicles, guaranteeing the payment of taxes and fines for each property.

Operational Support and Management for Subsidiaries

In 2023 we supported our national and international subsidiaries (Multibank and *Banco de Bogotá Panamá*) in the implementation of corporate guidelines; we accompanied the definition of action plans to address the gaps identified in relation to *Aval*'s policy guidelines, especially for the subsidiaries Multibank and *Almaviva*.

We also advised Multibank and *Fiduciaria Bogotá*, increasing their SOX automation level. Multibank went from 19% in 2022 to 23% in 2023 and *Fidubogotá* increased from 15% in 2022 to 24% in 2023.

Calle 72 Branch

Eco-efficiency

We promote a sustainable operation

6 Clean water and sanitation
12 Responsible Consumption and production
13 Climate action

We improved our direct business operation through initiatives that allow for the correct use of natural resources and that contribute to environmental care and preservation.

Operational eco-efficiency

We implement practices and processes that seek to optimize the use of natural resources and minimize environmental impact; we monitor our internal consumption, including carbon footprint, water and energy use, solid waste management and business travel. This approach allows us to identify innovative measures to reduce and offset our impacts, seeking a balance between economic efficiency, environmental efficiency, and social responsibility, in line with the Sustainable Development Goals.

First financial institution certified Carbon Neutral in Colombia

Corporate Carbon Footprint

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

Carbon Footprint 2019 - 2023

[GRI 305.1 - 305.2 - 305.3]

	Units	2019	2020	2021	2022	2023	Goals
Scope 1	tCO2e	2,879	1,166	5,363	3,454	1,928	3,180
Scope 2 Location Based	tCO2e	5,848	5,146	3,438	3,217	2,517	3,056
Scope 2 Market Based	tCO2e	N/A	N/A	0.00	0.00	0.00	0.00
Scope 1+2 Location Based	tCO2e	8,727	6,312	8,801	6,670	4,445	6,236
Scope 1+2 Market Based	tCO2e	N/A	N/A	5,363	3,454	1,928	3,180
Scope 3	tCO2e	1,153	438	315	431	958	409
Total GHG Emissions Location Based	tCO2e	9,880	6,750	9,116	7,101	5,403	6,645
Total GHG Emissions Market Based	tCO2e	N/A	N/A	5,678	3,885	2,886	3,590

- Due to the 22% reduction in Scope 2 emissions and 44% reduction in Scope 1 emissions, we achieved a 24% reduction in total emissions with respect to the year 2022 in location based.

- For Scope 3 we had an increase in emissions, since changes were made in digitalization, and we started to quantify business trips for refunds.

- We offset our Scope 1 and 3 emissions (business travel and reams of paper) by acquiring carbon credits from ecological restoration projects in the Caribbean region.

- We measure our financed emissions, environmental impact metrics of our portfolio and define long-term green portfolio goals. Performance in this area can be found in the section Impact indicators of our portfolio and Growth of our portfolio. This information can be found in Annex 1. TCFD Report in the Metrics and Targets chapter.

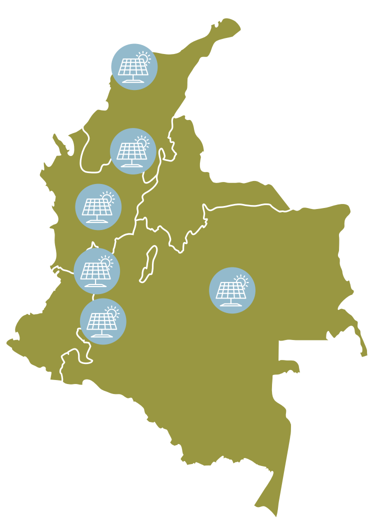
Energy Efficiency

In 2023, we developed campaigns for responsible energy consumption habits. We tracked and monitored energy consumption through intelligent software and maintain an adequate measurement of the energy self-generated by our solar panels, operating in administrative headquarters and branches.

Energy consumption of the organization 2020 - 2023

[GRI 302.1, BdB.6, DJSI]

	Year 2020	Year 2021	Year 2022	Year 2023
Conventional energy backed by RECs (MWh)	0	27,285	25,528	22,477
Self-generated renewable energy (MWh)	0	123.8	400.2	839.4
Conventional energy (MWh)	31,375.8	0	0	0
Total	31,375.8	27,408.8	25,928.2	23,316



We have **5 LEED-certified branches,** improving energy efficiency.

We installed **40 photovoltaic systems,** including administrative headquarters and branches nationwide, generating 839,434 kwh/year

We achieved a 12% reduction
in energy consumption compared to 2022.

IOT Project[20]

Implemented in the El Prado Barranquilla branch, for the switching on/off and temperature control of the air system, so that it can be remotely controlled. Having a monthly savings of 800 kWh/month of 800 kWh/month and $7,680 thousand annually, an estimated monthly reduction of 320 kg/CO2, equivalent to the planting of 3,830 mature trees.

100% of our energy is renewable energy backed by Renewable Energy Certificates -RECs.

20 IOT: Automation systems to control lighting and air conditioning.

Water Efficiency

[GRI.303.5]

We recognize our responsibility for the pressure exerted on this resource, considering that our water consumption is focused on domestic use, for the consumption of our employees in the branches.

Water demand 2020 - 2023

[DJSI]

	Year 2020	Year 2021	Year 2022	Year 2023
Water consumption (millions of m³)	0.134	0.077	0.073	0.060
Water consumption (m³/Full Time Employee)	0	5.41	5.13	4.50

- We have implemented measurement and monitoring tools that allow us to identify high demands and apply the pertinent control measures.
- We implement energy-saving filters nationwide in our branches.
- (GRI) In the Pacific and San Andres we have allocated additional economic resources to supply drinking water to our branches. Total water consumption in a water-stressed area (San Andres) is represented through the purchase of a weekly 10m3 tank truck to supply the branch.

Sustainability standards in our branches

Ratifying our commitment to sustainability, we achieved Leed Certification (Sustainable Construction) in three additional branches: *Mall Plaza NQS* in Bogotá, CEV in Cali and Boulevard 54 in Barranquilla. As a result, we achieved energy and water savings of 30% and 55%, respectively, and managed 81% of the waste from the construction sites. We also advanced savings initiatives that generated a reduction of up to 20% in water consumption and 13% in energy consumption in the branches; the recycling of 100% of the paper and plastic used, which is transformed into new elements, where we started with 50 branches in 2023 and 100% of the network by 2024.

With the reduction of paper use through the digitalization of traditional office processes and the implementation of print control and good paper use in 2023, achieving a decrease of 19% compared to consumption in 2022, equivalent to 701 trees.

Circular economy

In addition to having special sustainable financing for circular economy and cleaner production projects, we promote the circular economy in accordance with the dictates of resolution 1407 of 2018.

We understand the circular economy as "a framework of solutions for transforming systems that helps address global challenges such as climate change, plastic pollution and the emerging biodiversity crisis, while creating new opportunities for growth," according to the Ellen MacArthur Foundation.

This definition is based on three principles:

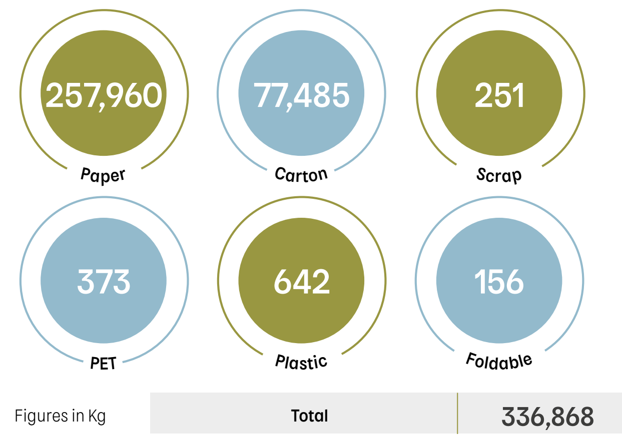
1. To eliminate waste and contamination.
2. To circulate products and materials at their maximum value.
3. To regenerate nature, and aims to maintain products, components and materials at their highest utility and value always and distinguishes between technical and biological cycles.

Integrated waste management

[GRI 306.2]

We manage our waste correctly, mainly those that can be used with expert recycling companies. We manage hazardous and special waste through entities that are certified for correct final disposal.

- We train and sensitize our employees on the correct separation of waste and the importance of strengthening our culture and awareness of the environment.
- In 2023, from the central archive we made use of 319 tons of waste. This waste underwent a destruction process and is reused as raw material to produce toilet paper and boxes for the Bank, framing the process in circular economy.
- We have managed 18.2 tons of usable waste with the company Ele de Colombia, who have given it a second use, transforming it into ecological by-products such as pencils, pens, notebooks, notepads, and diaries made from recycled material that we use again as an input.
- In alliance with *"+compost-Basura"*, we managed our organic waste from our main office in Bogotá, where we were able to compost more than 4,543 kg of waste.



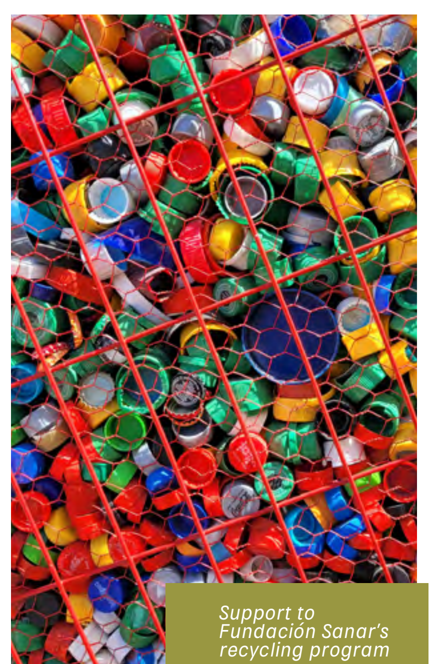
Program for recyclable waste that supports social causess

We designed a waste recycling program at a national level, together with our employees, through awareness processes and workshops that encourage proper waste separation. This initiative not only contributes to reducing the amount of waste going to landfills, but also generates significant contributions for various foundations. These foundations use the recycled materials to support their activities, thus consolidating our commitment to environmental and social responsibility.

Paper consumption

Contributions to foundations through waste recovery 2023

Social organization	Amount of waste	Description
PaperLab	17,745	Archive, Cardboard, Scrap, PET, Plastic, Foldable carton, Plastic lids.
SANAR Bogotá		
SANAR Barranquilla		
Medicancer		



Support to Fundación Sanar's recycling program

We are committed to reducing the use of paper. That is why we use it efficiently, minimizing waste through our "*Cero papel*" project, with various initiatives such as:

- The transition to digital vouchers.
- Paperless shift assignment.
- Digitalization of office formats.
- Standardization of operational processes.
- Development of digital function manuals for all positions in the business service centers.

This has allowed us to reduce mainly the printing of sheets in our branches and reduce 59% of the average monthly consumption of paper. Additionally, in 2023 we changed 325,606 Welcome Kit units (envelopes and letters) to materials with a new proposal that allow us to go from a decomposition time of 100 years to 1 year, compared to security bags; in addition to having the "100% sustainable" earthpack paper quality, we optimize 10% of water and 50% of light in its elaboration versus a traditional welcome kit.

According to internal consumption records, we presented a decrease of 28%, due to the initiatives planned for this year, where we began to control printing by monitoring the clicks of multifunctional printers, to avoid waste and follow up on the employees who print the most; we also eliminated the inventories available in the warehouse and made consumption-based purchases.

Paper consumption in the Organization 2020 - 2023

[BdB.9]

Domestic consumption in Kg

2020	313.6
2021	116.3
2022	119.8
2023	86.6

Environmental Incident Report	In 2023, there were no cases of non-compliance with environmental laws, regulations, sanctions, or fines.
Environmental Fines	

We consolidated our "Cero Papel" project