



SUSTAINABLE MANAGEMENT REPORT

20 15



Banca♥ía

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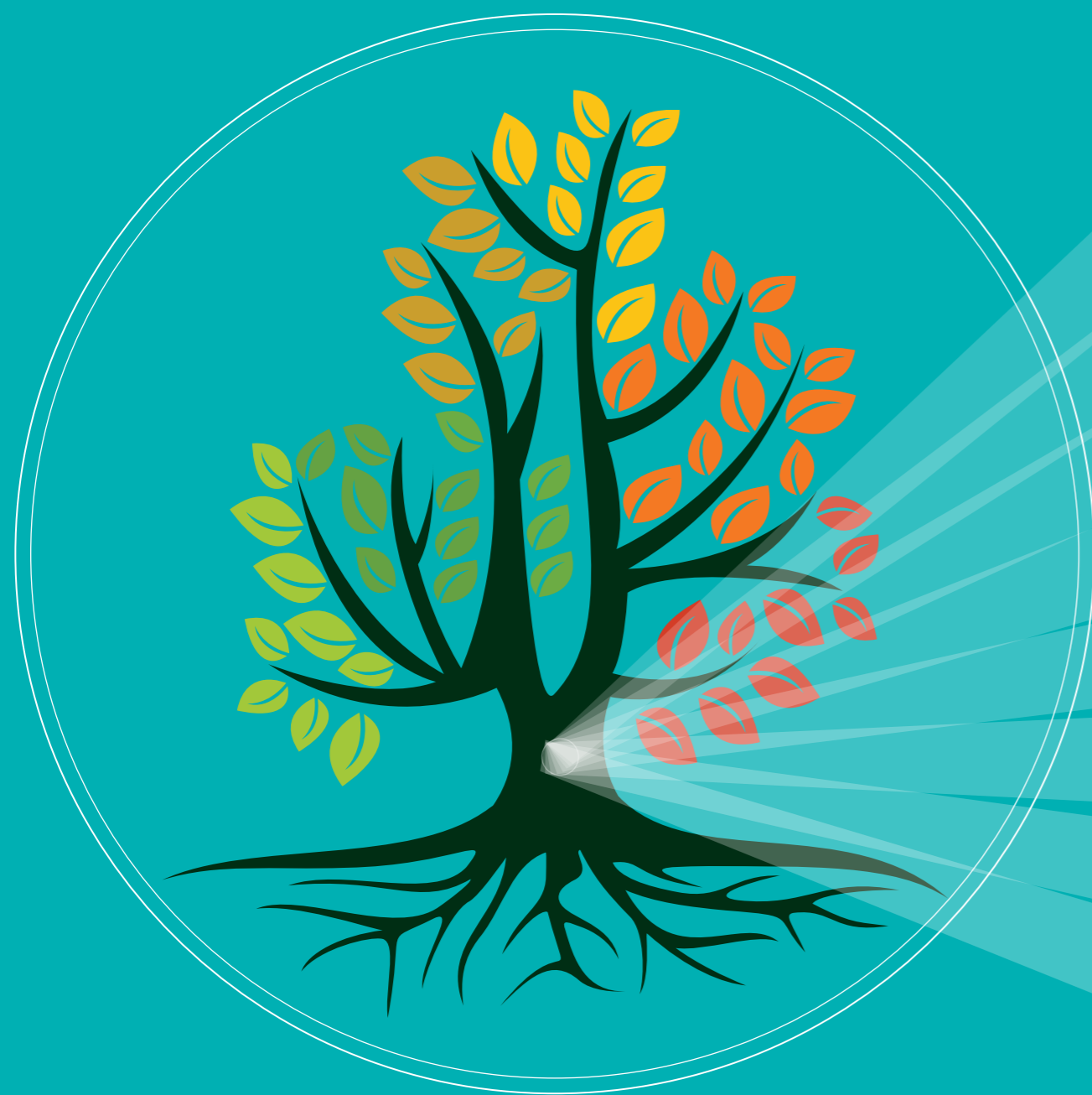
**SUSTAINABLE
MANAGEMENT
REPORT**

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**RESPONSIBLE
PRODUCTIVE
FINANCE**

Banca**ía**

**RESPONSIBLE
PRODUCTIVE
FINANCE**
SUSTAINABLE MANAGE-
MENT REPORT **2015**



Banca♥ía



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Letter from the Chairman of the Board



I would like to take this opportunity to present Bancamía's Annual Report, which summarizes the data of the entity's activities and achievements in 2015.

Some 2 billion adults, i.e. 38% of the world population, lack access to financial services. In the case of Latin America, this figure amounts to 210 million, according to Global Findex (World Bank) data. Among these excluded individuals, it is the poorest sectors that represent the majority.

These people usually avail themselves of only their own resources and often have to resort to the informal sources of financing they have at their disposal, which on many occasions push them into an even more aggravated situation of poverty. When vulnerable individuals are offered the opportunity to access financial services adapted to their true needs, their levels of well-being and development improve which, in turn, generates economic growth.

One of the effective channels in developing economies are home-based micro-enterprises and the informal sector. Small-scale individual initiatives are an effective way to reduce poverty, especially in economies with high poverty rates. The BBVA Micro-finance Foundation promotes the development of these initiatives among the least favored sectors.

Responsible Productive Finance is the Foundation's specialty and its own methodology. It is an ethical model to approach vulnerable customers, which has also proved to be a very effective channel of mediation in the fight against poverty.

By placing customers at the center of their activity, Responsible Productive Finance works for their sustainable development, taking into account their profile and characteristics of vulnerability. It is a model focused on ensuring the generation of surpluses in these businesses, and it is the hallmark of all the micro-finance entities of the Foundation's Group.

At Bancamía, we support the development of disadvantaged entrepreneurs through financial products and services, as well as training and assistance. And we do so with a specific service model, which implies getting to know each customer

individually, as regards their productive activity and environment, in order to deliver products and services, in amounts appropriate to their needs, complemented with training and advice.

In 2015, we served 785,535 customers, 57% of which were women and 40% were located in rural areas. Of all the individuals who have products with the Bank, 76% are in a situation of monetary vulnerability, so Bancamía has become a great opportunity for entrepreneurs of scarce resources, who are seeking their productive development through entrepreneurship.

By means of these few lines, I would like to express my gratitude to all the professionals who are a part of Bancamía, for their commitment to improving the wellbeing of our valued customers. We must move forward, day after day, to meet our goal of increasing our scale and scope, to reach the many segments of individuals who are outside the formal financial system.

In the pages of this Report, you will be provided with details on the entity's management, but I would like to recognize and highlight that behind these figures, there is a reality that has been written by hundreds of thousands of Colombian people, who represent stories of talent, commitment, personal effort, and economic and social progress.



Ignacio Rojas-Marcos Castelló
President, Board of Directors, Bancamía

Letter from the Executive President



It is a great satisfaction today to present our shareholders with this report and place it at the disposal of all other stakeholders. It contains the most relevant aspects and results of Bancamía's Sustainable Management in 2015, a year that introduced far-reaching changes in the structure of the country's economy, reflected in a 31.64% devaluation of the Colombian Peso, making it the most depreciated currency in Latin America; an inflation of 6.77%, which is 85% higher than that recorded in 2014; a 39.48% plunge in the price of oil, with major impact on the fiscal deficit, and a 3.1% GDP growth rate, which is 26% below the target initially set at 4.2%.

This complex situation has revealed the need to rebuild and diversify the country's productive apparatus, an aspect in which Bancamía has been playing an important role as a private bank for social development, through the financial inclusion of micro-enterprise owners with its Responsible Productive Finance business model. Financial inclusion means not only facilitating access to financial products and services for people at the bottom of the economic pyramid. It also involves promoting the use of these instruments in a responsible and adequate manner, as well as the constant adaptation of the quality of the value proposition to the real needs of micro-enterprise owners, and the measurement of the social, economic and environmental impact of our endeavors on their productive development and on the improvement of their quality of life.

This report follows the order of the Bank's strategic perspectives, discussing the most significant advances and achievements in each of them, as well as the goals and challenges that we have set for the future.

From the strategic perspective of Culture and Learning, we have installed the Kindness Culture, the basis for the development of our employees, which enables them to establish long-term relationships of mutual benefit with micro-enterprise owners to accompany their objectives of productive development unrelentingly.

In order to strengthen this purpose, in 2015 the Bank provided 245,059 hours of training, created the Well-being and Quality of Life Unit, promoted 278 employees and expanded the Benefits Plan, impacting 3,719 people throughout the year.

In the Value Chain and Technology perspective, the entity made significant progress in its purpose of simplifying and streamlining its processes. The Business Process Management (BPM) Model was consolidated with the completion of the modeling of 100% of the value chain, which includes 610 processes. In 2016, the maturing of the BPM model will continue by adapting the organizational structure to the new reality and the establishment of key indicators.

The change of core banking improved significantly during the year, and in the short term, it will improve the value proposition's time to market, as well as the optimization of operational efficiency, in harmony with the Value Chain and the BPM model. Thus, the automation of the core processes through the change in core banking will close the BPM implementation cycle in 2016.

The Bank made substantial improvements regarding Internal Control. The strengthening of the Corporate Governance System led to the implementation of 132 of the 136 recommendations made by the Financial Superintendence of Colombia (SFC), ranking Bancamía in second place on the list of financial institutions with the best measures of Corporate Governance in Colombia, according to the SFC itself.

The Compliance and Integrity model took an important step forward in the consolidation of an integral management of the Internal Control System, based on the approval of the follow-up and monitoring methodologies applied by the various internal supervisory bodies.

With a view to improving compliance with the credit risk policies by the commercial network, the Bank strengthened the structure of the Office of the Vice President of Risks and the optimized the function of Methodological Assurance and Prevention.

It also adopted the Three Lines of Defense Model to ensure compliance and preserve the integrity of the Internal Control System: on the first line, process leaders fulfill the duty of self-regulation, self-management and self-control of the control processes and activities; on the second line, those responsible for the risk management systems facilitate the monitoring of the implementation of effective internal control practices; on the third line, the Internal Auditor performs the assessment of the degree of effectiveness and efficiency achieved in the risk assessment and management process.

At Bancamía, financial sustainability is at the service of its higher purpose: to improve the quality of life of low-income families, through its Responsible Productive Finance business model. From the Financial perspective, the Bank showed important economic results in 2015 that contrast with the difficult situation of the Colombian economy throughout the year.

The gross loan portfolio closed at COP 1,104,022 million / USD 351 million, with a generation of financial income for COP 392,438 million / USD 125 million, and a net profit after taxes of COP 40,001 million / USD 13 million.



María Mercedes Gómez Restrepo

Executive President, Bancamía

94.9% of Bancamía's micro-enterprise owners are successful in paying their loans on time. The coverage of the loan portfolio provisions was 110%, which is in line with the standard of other institutions of the micro-finance industry in Colombia.

Certificates of Deposit (CDs) recorded a balance of COP 240,116 million / USD 76 million, which represents 25% of the Bank's funding resources. Savings accounts, with a balance of COP 91,882 million / USD 29 million, were up 20.2% as a result of the public confidence deposited in the Bank and the real savings capacity of micro-enterprise owners and individuals at the bottom of the economic pyramid, who on average and given their profile, maintain an average balance of COP 123,770 / USD 39.3.

The Bank successfully adopted the International Financial Reporting Standards (IFRS), which translates into greater access to international capital markets.

In the Customers' perspective, the Bank has had accomplishments and achievements that have allowed it to consolidate its leading position in the micro-finance industry with a total of 785,535 customers served, a growth of 12% compared to 2014. 356,377 of them are micro-enterprise owners that currently have loans with the entity and 429,158 are savings customers. 88%, 313,132 of them have at least one savings product; 16%, 122,696 carry out agricultural activities.

The evolution of Responsible Productive Finance requires greater capillarity, which was significantly strengthened by the implementation of two new digital channels: Mobile Banking and Debit Card, as well as the strengthening of the physical network, through the opening of new offices and banking correspondents.

The Mobile Banking channel based on mobile telephony is intended to facilitate access to and use of the Bank's financial services and allows a more agile, efficient service of the different players that make up the natural circuits of trade in the rural areas, integrating them in a digital tool that makes it easy for them to carry out transactions for themselves or with third parties on-line, in real-time, instantly, wherever they are.

The Debit Card was consolidated as an effective, efficient transactional environment for micro-enterprise owners and Bancamía savings customers.

With a network of 200 offices, 14 of them opened in 2015, and a network of 3,569 banking correspondents, Bancamía achieved a coverage of 81% of the country's 1,104 municipalities, reaching 895 of them with its value proposition. Faithful to its social commitment, the Bank operates in municipalities that exceed the average number of individuals with at least one Unsatisfied Basic Need (UBN) through 63 offices (31.5% of the total) and 60% of its banking correspondents, 2,141.

The progress and achievements in the five strategic perspectives discussed are reflected in the maturing of the Sustainability perspective. With a mission focus on improving the quality of life of low-income families and their productive development, Bancamía implemented the Strategic Development and Impact Measurement system (MIDE, for its initials in Spanish), with the support of the FMBBVA. The purpose of this system is to "measure what really matters": the social and economic impact generated among micro-enterprise owners.

Based on the analysis of the evolution of their productive units over the past five years, we found that after two years of their relationship with Bancamía, 33.1% of micro-enterprise owners manage to generate monthly levels of surpluses above the poverty line in Colombia. According to data from the National Department of Statistics (DANE) these figures are COP 143,256 / USD 46 for the rural area, and COP 239,205 / USD 76 in urban areas. Also, 55% of them move above the poverty line after the fifth year of their relationship with the Bank.

Their sales grew by 18.2% in the last year, while their surplus did so by 31.3% after the fourth year of their relationship with Bancamía. 19% of the entrepreneurs who are customers of the Bank have incomes below the extreme poverty line, i.e. COP 100,783 / USD 32 a month, according to the DANE. After the fourth year of their relationship, 11.2% of them manage to overcome this condition.

During the year, 161,518 of the entrepreneurs served received objective advice, whose purpose is to develop their skills to make autonomous, informed financial decisions. In addition, 2,816 customers and 8,207 individuals from the community took part in the financial education workshops taught by the Bank. This was part of the "Let's Do the Numbers" program, aimed at overcoming information barriers that hinder financial inclusion, particularly at the stages of access and proper use of financial products and services.

In the environmental dimension, the Bank successfully completed the pilot phase of the project Ecosystem-based Measures to Adapt to Climate Change (MEbA) designed and sponsored by the United Nations Program for the Environment and the German Ministry of the Environment, whose purpose is to provide support for micro-enterprise owners in the economic exploitation of opportunities resulting from climate change. In 2016, we will finance these adaptation measures massively.

With the start of the ECOMICRO project, in a partnership with the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB), Bancamía has further strengthened its value proposition, with the design of a green financial product for financing energy efficiency measures, geared towards different productive activities. It boosts its risk management by adopting methodologies for estimating and managing the climate risk of the loan portfolio, and improves its efficiency by adopting the calculation of its carbon footprint and optimizing the use of natural resources and supplies from its own activity. This is done with the consequent mitigation of greenhouse gas emissions.

In the economic dimension, Bancamía reaffirms its social nature through the generation and distribution of economic value for its stakeholders. Of the economic value generated by the Bank in 2015, COP 405,630 million / USD 128.8 million, 31% was distributed among its employees, i.e. COP 126,242 million / USD 40.1 million, representing the largest share of all Bancamía stakeholders, thus honoring its management principle: maximum interest in results and maximum interest in our people.

Before concluding, it is important and meaningful to recognize all those who, with their know-how, conviction and passion, have made it possible to achieve the results that we are presenting to you today: our collaborators. I would also like to thank our Shareholders and the Board of Directors for their confidence and continued support. And of course, I would like to recognize and thank the micro-enterprise owners who are the principle, the end, the fundamental purpose and the constant inspiration of Bancamía, the first private bank for social development in Colombia.





BOARD OF DIRECTORS, BANCAMÍA.

From left to right: Pedro Luis Saiz Ruiz, Edith María Hoyos, Ignacio Rojas-Marcos Castelló, Adriana Senior Mujica, Jaime Ospina Gómez, José Antonio Colomer Guiu y Javier M. Flores Moreno.

**RESPONSIBLE
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SUSTAINABLE
MANAGEMENT
REPORT **2015**



PRESENTATION OF THE
REPORT

THE SUSTAINABLE MANAGEMENT REPORT PROVIDES AN ACCOUNT OF BANCAMÍA'S MANAGEMENT IN ITS SOCIAL, ENVIRONMENTAL AND ECONOMIC **PERFORMANCE** **DURING THE PERIOD FROM** **JANUARY 1 TO DECEMBER 31, 2015** BASED ON THE ACTIVITY OF THE BANK IN COLOMBIA.

The preparation of the fifth Sustainable Management Report incorporated the Global Reporting Initiative – GRI G4. The new guidelines have placed increased emphasis on the concept of materiality, in order to encourage organizations to provide information and indicators relevant to their business, on the basis of dialog with their stakeholders.

The process of preparing the report was coordinated through the Sustainability Department, with the support of the different process owners appointed by each of the Vice Presidencies.

The monetary figures in this report are expressed comparatively for the 2014 and 2015 periods,

in millions of COP and the equivalent in USD, based on the official exchange rate of December 31, 2015, which was COP 3.149,47 per USD. This makes the figures for the two periods comparable, taking December 31, 2015 as the focal date, given the significant impact of the 38.35% devaluation experienced in 2015. It is important to mention that the devaluation recorded in the period from January 2014 to December 31, 2015 was 54.4%.



1.1 Process to Determine Materiality



MATERIALITY AT BANCAMÍA IS THE RESULT OF A CONTINUOUS, SYSTEMATIC PROCESS OF GREAT RELEVANCE THAT INVOLVES ALL THE AREAS OF THE ORGANIZATION THAT ARE RESPONSIBLE FOR THE SPECIALIZED MANAGEMENT OF ENGAGEMENT WITH THE DIFFERENT STAKEHOLDERS.



Beatriz Elena Naranjo in her chicken breeding farm (Caldas – Antioquia).

The Sustainability Department carries out a materiality exercise to identify the most relevant needs and high-impact aspects. In addition, the results of the following activities of the organization are taken into consideration:



The results of this exercise are fed back with in-depth, detailed analysis on the way the needs and high-impact aspects of stakeholders are satisfied by the Value Chain, and this is the primary input for the continuous improvement of the Bank’s Sustainable Performance System. Based on the information thus collected, an analysis is conducted on the potential contribution of each element of the Supply Chain, in relation to its capacity to satisfy stakeholders’ needs and aspects of greatest impact. In addition, the degree of development of these Supply Chain elements is assessed to create an evolutionary roadmap of the Responsible Productive Finance business model. The evolution starts with the improvement of the processes with the greatest potential contribu-

tion and a low degree of development, and ends with those of average potential contribution and a low degree of development. Since materiality is dynamic, it must undergo constant revision. In 2016, the first materiality exercise will be validated using collective instruments, such as surveys, and semi-structured instruments, including internal studies in relation to micro-enterprise owners, administered to the process owners responsible for engagement with each of the stakeholders, which will centralize the information received from them and translate it into indicators.

1.2 Definition of Materiality According to G4¹



RESEARCH WAS CARRIED OUT WITH THE ORGANIZATION’S PRIMARY INTERNAL AND EXTERNAL STAKEHOLDERS TO LEARN THEIR PERCEPTIONS OF THEIR NEEDS IN THE THREE AREAS OF SUSTAINABILITY.

For this reporting period, Bancamía adopted the Core “in accordance” option provided for in the G4 methodology, which involves reporting general and specific indicators. The reporting process followed the four fundamental steps of the GRI - G4 to define the relevant aspects: identification, prioritization, validation and review.

1.2.1 Identification

The analysis of secondary information was conducted on the basis of the Organization’s formal studies and documents. These include: The Code of Ethics and Corporate Governance, Stakeholder Mapping, 2015 Press Reports, Human Capital

Consulting Report and the Sustainability Report of Banking in Colombia. For background information with regard to sustainability practices, actions and programs, a national and international benchmark of the micro-finance and finance industry was conducted. These stakeholders consist of micro-enterprise owners, collaborators, suppliers and the community. The primary needs of greatest relevance are described in Table 1. Relevant and/or material aspects.

1. Versión 4 of the *Global Reporting Initiative*
2. *Global Reporting Initiative*

1.2.2 Prioritization


A workshop was carried out on the prioritization of material aspects by the Vice Presidency of Institutional Planning and Development - Sustainability Department, resulting in the final list of material aspects, distributed in the Bank's strategic perspectives and rated according to their potential contribution to the satisfaction of stakeholder needs.

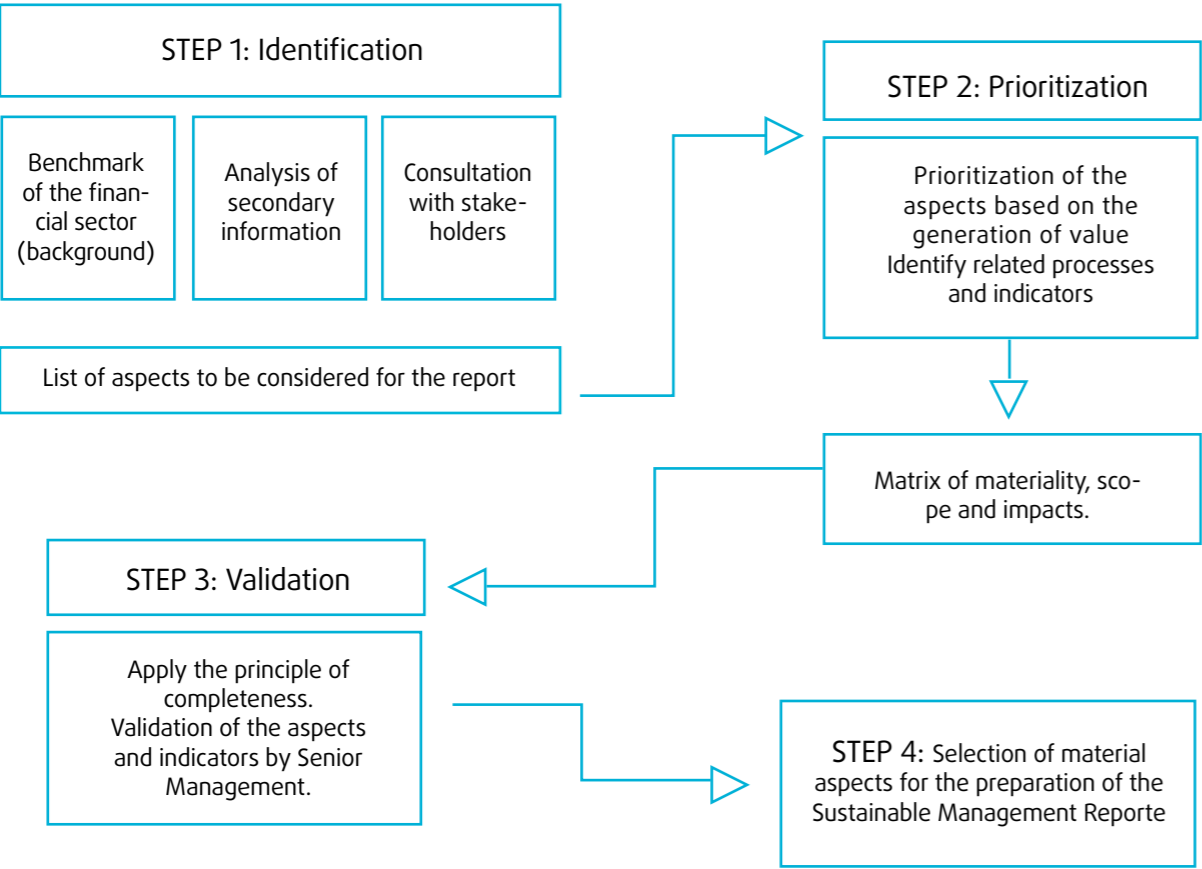
1.2.3 Validation

Materiality was validated through a participatory process of the members of the Sustainability Committee, appointed by the different areas of the Organization, consistent with the strategic planning exercise conducted by the Bank's Senior Management of the Bank.

1.2.4 Revisión

Material matters were reviewed by the members of the Sustainability Committee.

 **FIGURE 1**
Materiality Process



Productive unit in **María Stella Rodríguez'** tamal plant (Melgar - Tolima).



TABLE 1
Relevant and/or material aspects.

Stakeholders	Scope	Relevant needs or issues
Customers	Economic	Larger amounts to stock the business
		Longer terms to make each payment
		Nearby offices to make payments
		Broaden points and methods of collection
		Partnerships with suppliers involving discounts on the supply of products and facilities for the transport thereof
		Low-cost insurance
		Mortgage loans
		Loans for home repairs
	Social	Financial education
		Need for savings products aimed at fulfilling family goals
		Decrease the turnover of Productive Development Executives
		Good customer service
		Rewards for saving
		Technical assistance
	Environmental	Measures to adapt the business to climate change
		Mitigation of emissions and negative environmental impacts
		Energy efficiency in the processes of productive units and savings on energy costs.

Stakeholders	Scope	Relevant needs or issues
Collaborators	Economic	Improvement of benefits
		Mortgage loans in less time as a customer
		Vehicle loans
		Increase in the amount of educational loans for undergraduate programs in less time as a customer
		Bonuses
		Bonus for the placement of liability products
		Career plan: promotion opportunities
	Social	Promote more leisure spaces for collaborators and their families
		Training that contributes to personal growth
	Environmental	Recycling and reforestation campaigns
		Culture of saving resources such as water, energy and paper
Suppliers	Economic	Loans for suppliers with preferential rates
	Social	Financial education
	Environmental	Use of electronic means to carry out the processes of supplier contracting and enrollment
		Recycling and environmental conservation campaigns
		Awareness on the proper management of solid waste

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ABOUT
BANCAMÍA

2.1

BBVA MICRO-FINANCE FOUNDATION: FINANCES FOR INCLUSION AND DEVELOPMENT



Conrado Antonio Escobar in his coffee farm
(Caldas - Antioquia)

Bancamía is part of the Group of entities of the BBVA Micro-finance Foundation, a non-profit entity specialized in promoting the economic and social, sustainable and inclusive development of disadvantaged individuals in society, through Responsible Productive Finance, its specialty and methodology.

At the end of 2015, the BBVA Micro-finance Foundation was serving more than 1.7 million disadvantaged entrepreneurs, 83% of which are vulnerable from the economic standpoint, 61% are women and 30% are from rural areas.

Since it was created, the Foundation has provided loans for a total of USD 7.176 million in accumulated terms and has had an impact on 6.8 million individuals in Latin America.

The Foundation is characterized by its comprehensive assistance for entrepreneurs. In 2015, it provided instruction more than 378,000

micro-enterprise owners in financial education and training programs focused on skills and abilities related to the best use of their ventures to strengthen their productive skills, according to specific segments, and promote their development.

Through its eight micro-finance institutions, the Foundation is operating in seven countries. The Group of entities consists of Banco de las Microfinanzas - Bancamía - in Colombia; Financiera Confianza, in Peru; Banco de Ahorro y Crédito Adopem, in Dominican Republic; Empresa Microfinanzas and Fondo Esperanza, in Chile; Contigo Microfinanzas, in Argentina; Microserfin, in Panama; and Corporación para las Microfinanzas, in Puerto Rico. It has 7,910 professionals and a network of 509 offices in the countries where it is operating.



FIGURE 2
Presence of FMBBVA in Latin America



2.2 Development of the Micro-finance Sector



THE BBVA MICRO-FINANCE FOUNDATION DEVELOPED ITS OWN SOCIAL MEASUREMENT SYSTEM BASED ON A SET OF SOCIAL AND ECONOMIC METRICS, WHICH IS A REFERENCE FOR THE MICRO-FINANCE SECTOR.

By the name of “Measuring What Really Matters”, it publishes its Social Performance Report on an annual basis, summarizing the main magnitudes of the impact of its activity.

In addition, it carries out initiatives for the development of the micro-finance sector, particularly in the area of human capital and corporate governance, and publishes the digital newsletter “Progreso” [Progress] about current issues and the analysis of micro-finance.

The Foundation organizes Corporate Governance Workshops on a regular basis for Micro-finance Institutions. More than 400 individuals, members of Board of Directors and Managers of 230 of these Latin American institutions attended the training, which contributes to the reputation and integrity of the sector



Carmen Oquendo's
productive unit in her clothing workshop
(Medellín – Antioquia).



2.3 Bancamía Profile: Private Bank for Social Development

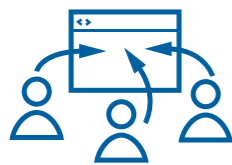


BANCAMÍA DEVOTED ITS KNOW-HOW FOR THOUSANDS OF ENTREPRENEURS WITH SMALL BUSINESSES TO HAVE A BANK THAT FACILITATES THEIR PROGRESS.

Banco de las Microfinanzas - Bancamía S.A. is a private credit establishment based in the city of Bogotá D.C. It was incorporated on April 29, 2008. Bancamía’s corporate purpose is to provide micro-finance services by carrying out all the transactions, acts and contracts pertaining to banking institutions, within the guidelines established by the regulations and the law. The Financial Superintendence of Colombia, hereinafter SFC, authorized its operation through Resolution No. 1622 / October 10, 2008. The Bank is not part of any business group, nor does it have subsidiaries or subordinates. It has been

set up and registered under a situation of control with the BBVA Micro-finance Foundation, given its interest in the ordinary shares. The objective of bringing the financial system to Colombians at the bottom of the economic pyramid, to provide them with tools for their productive development, has shown significant results in the first seven years of work, in which Bancamía devoted its know-how for thousands of entrepreneurs with small businesses to have a Bank that would facilitate their progress.

BANCAMÍA HAS ACHIEVED



A growth of **355%** in the number of **micro-enterprise** owners served since it was created **7 years** ago



Providing **2.4 million** micro-loans for **COP 5.9 trillion / USD 1,873 million**, to **1,250,000 entrepreneurs**



With an impact on **5 million** Colombian families, **most of which live in poverty.**

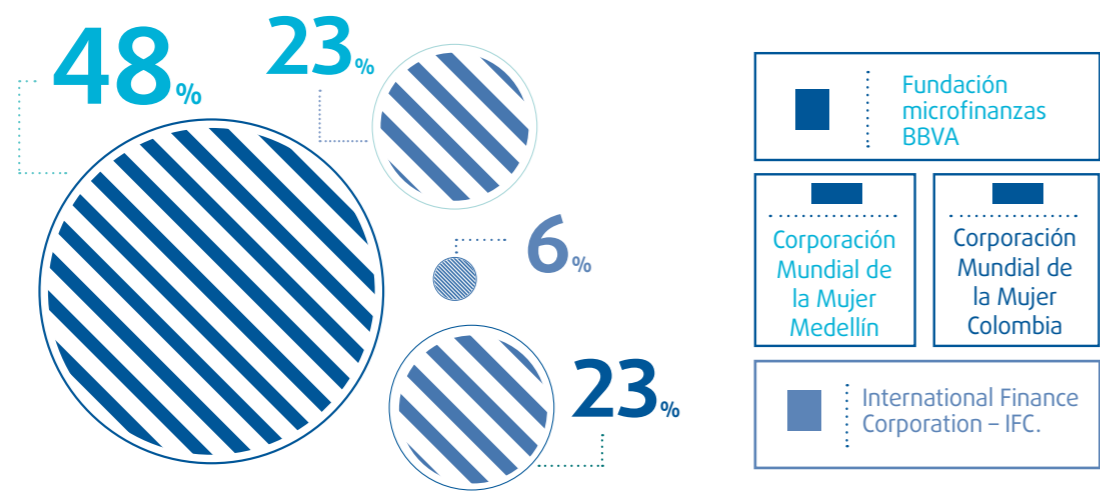


Conrado Antonio Escobar at his coffee growing (Caldas – Antioquia)

Banca♥ía

**WE BUILD
LONG-TERM
RELATIONSHIPS WITH
MICRO-ENTERPRISE
OWNERS AND WE
ARE COMMITTED TO
THEIR SUCCESS**

2.3.1 Shareholder Structure



MISSION



Improve the quality of life of low-income families.

VISION



Facilitate the productive development of customers at the bottom of the economic pyramid by providing customized financial products and services.

2.3.2 Guiding Principles

ETHICS AND CORPORATE RESPONSIBILITY:

Our business orientation is founded on the principles of sustainable development and it is expressed in strict compliance with the regulatory framework and our corporate social responsibility.

SOCIAL ORIENTATION:

We are an organization dedicated to improving the conditions of people at the bottom of the economic pyramid who do not have access to the traditional financial market.

ENCOURAGEMENT FOR THE GENERATION OF WEALTH FOR OUR CUSTOMERS:

We build long-term relationships with micro-enterprise owners and we are committed to their success.

PASSION AND EXCELLENCE:

We love to serve others and work as a team to achieve the excellence of our collaborators and in everything we do, by striving to meet the needs of customers and collaborators in a comprehensive manner.

Micro-enterprise owners are Bancamía's fundamental purpose and they represent the purpose of a continuous pursuit to satisfy their needs, by generating a complete value proposition to support their productive goals. In 2015, the Bank made significant progress in the growth of its physical channels through the opening of 13 new offices and 3,569 banking correspondents, thus expanding coverage to 81% of the 1,104 municipalities in Colombia.

TABLE 2
Bancamía's Presence in Colombia

NUMBER OF CUSTOMERS 785.535	3.569 OUR OWN AND POSITIONED NETWORK BANKING CORRESPONDENTS	NUMBER OF CUSTOMERS 698.642	1.893 OUR OWN AND POSITIONED NETWORK BANKING CORRESPONDENTS
DEPART- MENTS 29	20 15 200 OFFICES	MUNICI PALITIES 895 1.104 81%	DEPART- MENTS 29
			20 14 187 OFFICES
			MUNICI PALITIES 850 1.104 77%

BANCAMÍA'S COMMITMENT TO COLOMBIAN ENTREPRENEURS IS REFLECTED IN THE 785,535 CUSTOMERS WITH SAVINGS AND LOAN PRODUCTS, AND 389,980 LOANS IN FORCE.

TABLE 3
Loan Portfolio

LOANS PER DAY 1.104	COP \$1'103.978 US \$350 CURRENT PORTFOLIO BALANCE	LOANS PER BUSINESS HOUR 138	COP\$3.400.000 US\$1.079 AVERAGE DISBURSEMENT
2015			

Figures expressed in COP million / USD million

TABLE 4
Collections from the Public

SAVINGS CUSTOMERS 731.796	743.671 SAVINGS ACCOUNTS	SAVINGS CUSTOMERS 643.017	649.861 SAVINGS ACCOUNTS
SAVINGS ACCOUNT BALANCE 2015	BALANCE OF PERSONAL CDS	SAVINGS ACCOUNT BALANCE 2014	BALANCE OF PERSONAL CDS
cop \$91.881 US \$29	cop \$74.540 US \$24	cop \$76.465 US \$24	cop \$54.573 US \$17
BALANCE OF INSTITUTIONAL CDS cop \$165.576 US \$52		BALANCE OF INSTITUTIONAL CDS cop \$305.288 US \$97	

Figures expressed in COP million / USD million

2.3.3 Awards and Acknowledgments

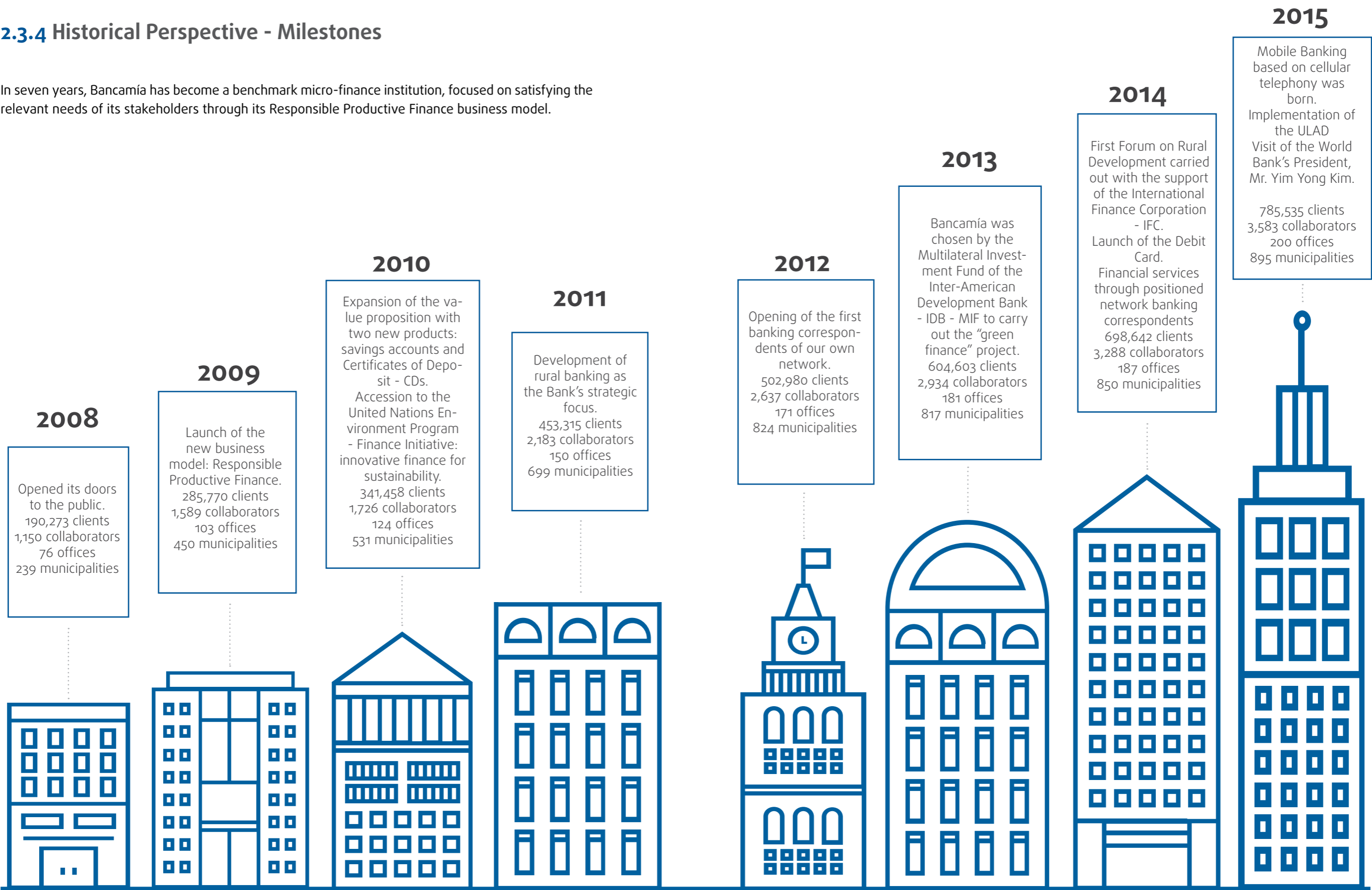
<p>- Bogotá Chamber of Commerce (CCB): awarded Bancamía a special recognition in the Shared Value Award for its Agromía credit facilities for the rural population.</p>	<p>- Compass Branding: ranked Bancamía 18th among the country's 20 most valuable brands in the service sector.</p>	<p>- National Association of Public Utilities and Communications Services (ANDESCO): selected Bancamía as a finalist in the Best Social Performance and Best Corporate Governance categories, in the ANDESCO Award to Corporate Social Responsibility.</p>
<p>- Ernst & Young Portfolio and Endeavour: recognition to the Bank's Executive chairman with the Enterprising Woman of the Year award.</p>	<p>- Fundación Citi and Fondo Emprender: awarded Daniel Cepeda, a Bancamía micro-enterprise owner, the Citi Micro-entrepreneur Award, thanks to the creation and development of his business "Tu Carrito Ofiexpress".</p>	



Nelcy Adriana Bonilla in her sugar plantation and raw cane plant (Mesitas – Cundinamarca).

2.3.4 Historical Perspective - Milestones

In seven years, Bancamía has become a benchmark micro-finance institution, focused on satisfying the relevant needs of its stakeholders through its Responsible Productive Finance business model.



2.3.5 Associations, Guilds and Voxluntary Initiatives

Bancamía is a founding member of the Colombian Association of Micro-finance Institutions (ASOMICROFINANZAS) and a member of the Association of Banking and Financial Institutions of Colombia (ASOBANCARIA). The Bank plays an active role in both entities through the process owners who are experts in the various topics of union interest. Therefore, those responsible for the areas take part in the different specialized committees of these associations. The Bank’s Executive President is a member of the Board of Directors of both entities.

In fulfilling its commitment to sustainability, Bancamía voluntarily subscribed environmental

initiatives, such as the Green Protocol, intended to develop and implement strategies and guide-lines, to offer lines of credit and/or investment that will contribute to the quality of life and the sustainable use of renewable natural resources. It is also a member of the Financial Initiative of the United Nations Environment Program (UNEP), which promotes the identification, promotion and adoption of global best practices in environmen-tal and sustainable issues, at all levels of the ope-rations of financial institutions.



Ruby Nelly Acevedo in her fast food business (Itagüí – Antioquia).

2.3.6 Organizational Structure

The Bank’s governing bodies are: General Shareholders Assembly and Board of Directors. There are the following Board of Directors Committees: Risks; Audit; Appointments and Remunerations; Corporate Governance, Compliance and Money Laundering and Terrorism Financing Risk Management (SARLAFT).

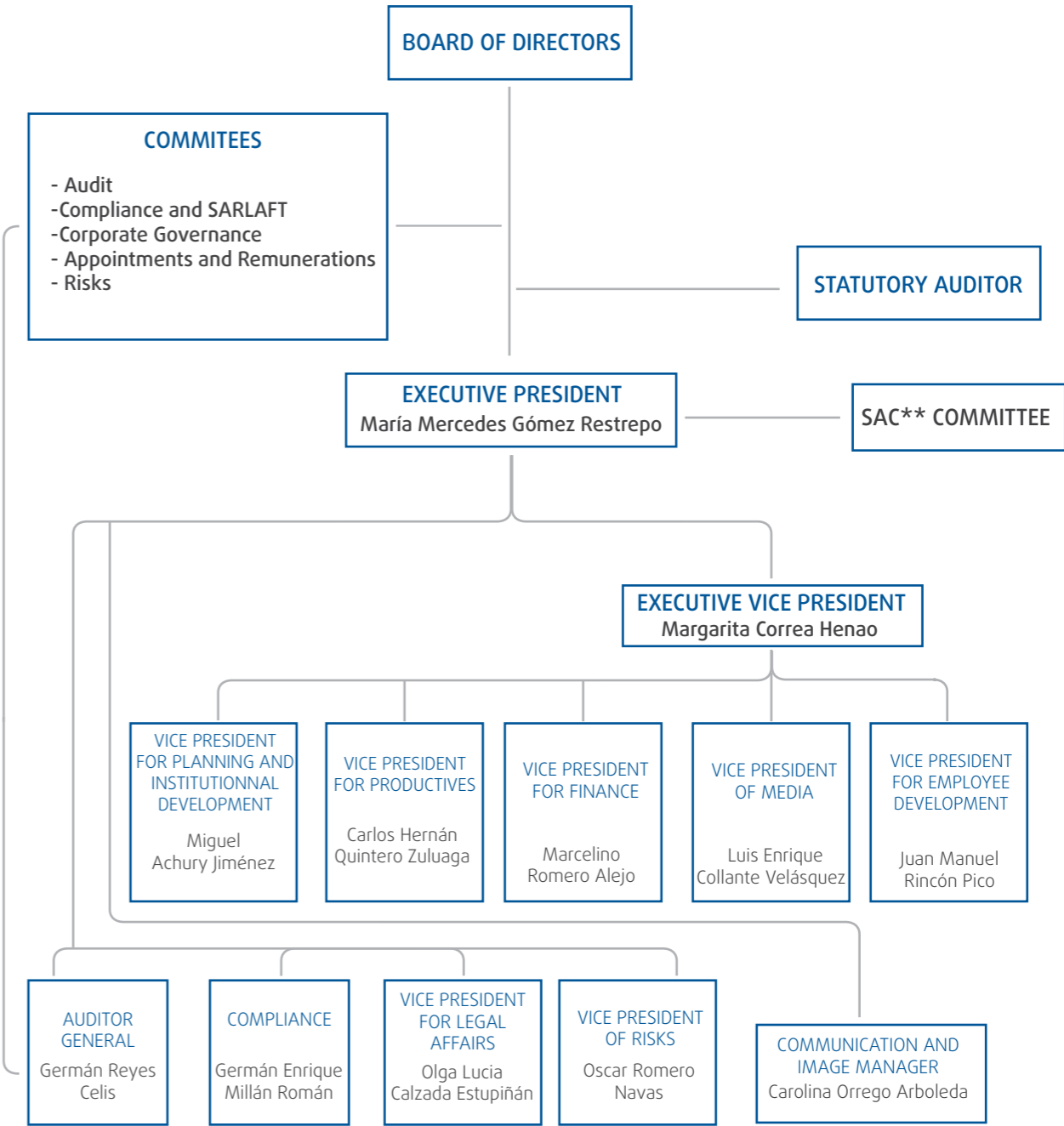
In addition, there is a number of Internal Committees that complement the governance model.

The highest decision-making body of Bancamía is the Board of Directors, composed of seven principal members, elected by the General Shareholders Assembly.

The Bank’s Management is led by the Executive President who, along with the Executive Vice President, leads the Senior Management team composed of seven area Vice Presidencies, all of which have legal representation.

There are also two supervisory bodies that are part of the Senior Management team who act in the capacity of guests of the Senior Management Committee: Regulatory Compliance and Integrity and Auditor General.

FIGURE 3
Organizational Structure



*SARLAFT: Money Laundering and Terrorism Financing Risk Management System.
**SAC: Consumer Service System

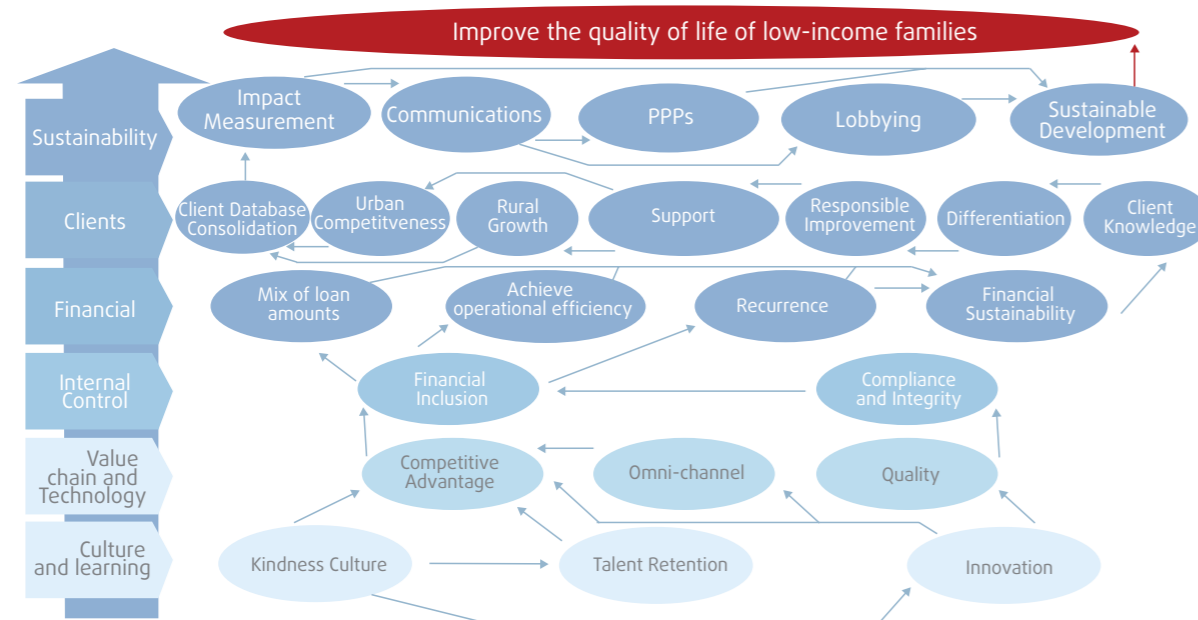
Senior Management, Bancamía.

From left to right: Germán Reyes Celis, General Auditor / Juan Manuel Rincón Pico, Vice President of Internal Development / Miguel Alberto Achury Jiménez, Vice President of Institutional Development and Planning / Óscar Romero Navas, Risk Vice President / Margarita Correa Henao, Executive Vice President

María Mercedes Gómez Restrepo, Executive President / Olga Lucía Calzada Estupiñán, Legal Vice-president and Secretary General / Germán Enrique Millán Román, Observance / Carlos Hernán Quintero Zuluaga, Vice President of Productive Customer Development / Marcelino Romero Alejo, Administrative and Financial Vice President / Luis Enrique Collante Velásquez, Media Vice President.



2.3.7 Strategic Framework



Yolima Vega in her blackberry plantation
(Fusagasugá – Cundinamarca).

2.4 Macroeconomic Setting

2.4.1 World Economic Performance

2015 was characterized as a year of moderate, markedly uneven growth. This behavior is explained mainly by the slow recovery of advanced economies and the increasingly slow growth of emerging economies; hence the projected global growth of around 3.1% for 2016. A large part of this slower growth of the gross domestic product is due to the economic performance of China, Russia and Latin America in general.

The most relevant economic events of 2015 highlighted the uncertainty regarding the increase in the FED³ interest rate, which led to the appreciation of the US dollar against other currencies. On another note, the redirection of the Chinese economy toward the expansion of its middle class caused a drop in both the demand for energy (oil and coal), as well as minerals (iron and copper) leading to the consequent reduction in their prices. Both phenomena have led to a decline in investment flows to emerging economies and countries exporting *commodities*.

The GDP⁴ of the United States, standing at a 2.6% average annual rate (AAR⁵), recovered well due to the robust dynamics of the labor market (annual average unemployment rate of 5.0%) and the consequent increase in personal income (4.6% annual average). As regards the Euro Zone (1.5% AAR⁶), the figures on economic performance indicate slow, sustained growth, supported by the increased consumer spending of households (1.7% (AAR) and low oil prices. Finally, emerging economies forecast a growth of around 4.0%, driven by the performance of China (6.8%) and India (7.3%) offset by the recessions of Russia (3.8%) and Brazil (3.0%).

For 2016, a global growth of 3.6% AAR has been estimated, thanks to a slight upturn in developed economies. United States (2.8% AAR) and the Euro Zone (1.6% AAR) will continue to consolidate their economic growth thanks to low oil

prices. While in the American Union, better performance will require the standardization of its monetary policy and the appreciation of the dollar, in Europe, the high liquidity of the European Central Bank and the depreciation of the Euro will prevail. In turn, China (6.3% AAR) will gradually continue to lose ground due to the steady slowdown of investment in fixed assets. In addition, the strength of the Yuan and the low level of world growth explain the slow growth of its exports.

2.4.2 Latin America⁷

Contrary to the global scenario, in 2015 the region recorded a contraction in productive activity of -0.4%. The analysis of performance by country showed mixed behaviors. The countries with the greatest commercial ties with China, such as Brazil (-3.5%), Chile (2.0%), Peru (2.8%) and Argentina (2.0%), which usually specialize in the production of commodities, minerals and petroleum, recorded the biggest slowdowns in their activity. On the other hand, the economies that are more interrelated with the United States, mainly Mexico (2.5%), and other countries of Central America (4.4%), recorded the best performance. In all cases, the region's slowdown clearly showed the scarce productive diversification and the low productivity of the units of the region.

On another note, not only was the GDP⁸ affected by the new economic conditions: most markets also experienced a decline in the employment

3. The Federal Reserve System, also known as Federal Reserve or informally as the FED, is the Central Bank of the United States.

4. Gross Domestic Product

5. AAR: in reference to the same period of the previous year. Term used for year to year comparisons.

6. Ibidem.

7. The growth figures correspond to the updating of the forecasts published by ECLAC in the Preliminary Overview of the Economies of Latin America and the Caribbean, 2015.



Ruth Sánchez' productive unit in her pizza parlor (Sasaima – Cundinamarca).

rate. This was seen during the first half of 2015, where employment stood at 55.7% compared to 56.0% in the same period a year ago. As a result, there was an increase in the unemployment rate, going from 6.0% to 6.6%.

Other aspects that strongly affected the economic welfare of the region were: the perspective of a less expansionary position of the FED⁹ and the intensification of El Niño weather conditions, particularly in Chile, Peru, Colombia and Ecuador. These events led to acceleration in inflation, both in imported goods, and in food, which resulted in a deterioration of real wages and the activation price indexation mechanisms in the rest of the economic sectors. Therefore, a number of central banks in the region increased their intervention rate.

In perspective, 2016 is expected to have weak economic growth (0.2%) driven by the low prices of raw materials. The effects of reduced growth will be reflected in the increase in the unemployment rate (6.7%); as regards inflation, there is expected to be acceleration due to the rise in the cost of imported goods.

2.4.3 Colombia: Gross Domestic Product (GDP) and the Exchange Rate

2015 was a difficult year for Colombia, among other factors, due to the sharp drop in the price of commodities, especially oil (-39,48% AAR¹⁰), the main export product, with a direct participation of 4.5% of the GDP and 52% of exports. The acceleration of inflation (6.77% AAR) and the appreciation of the dollar (31.64% AAR), also contributed to the deterioration in the general economic climate. Particularly, the appreciation of the US dollar was expected to favor competitiveness via the price of domestic products abroad, but in reality, external sales did not react as expected due to the weak demand of trade partners. The appreciation slightly decreased the pace of imports, thus favoring the trade balance.

The pace of national economic activity (3.0% AAR) has continued to place the country above the average for the region. This good performance is due, to a large extent, to the dynamism in household consumption, which overcame the negative impact of the rise in the price of food and imported goods. On the other hand, the Government's lower tax revenues caused by the low prices of commodities, led to a substantial adjustment in public investment. Meanwhile, private investment showed mixed behaviors: on one hand, while the construction of buildings (0.6%) and civil works (7.8%) boosted growth, investment in machinery and equipment (-1.7%) recorded contractions.

Based on this scenario, the growth of the gross domestic product for 2016 is expected to be around 3.1%, explained by the dynamism of domestic demand, particularly household consumption. As regards the behavior of inflation, it is expected to be above the target range set by the Central Bank of Colombia, approximately between 4.7% and 4.9%.

With regard to the exchange rate, future increases in the FED¹¹ interest rate in 2016 bode well for increases in the flow of foreign currency to the United States, reflected in the volatility of the exchange rate and driving up foreign debt.

2.4.4 Monetary Policy, Liquidity and Interest Rates

Increased inflationary pressures, caused by the rise in the cost of food and imported goods, led the monetary authority to assume a more active

8. Gross Domestic Product.

9. The Federal Reserve System, also known as Federal Reserve or informally as the FED, is the Central Bank of the United States.

10. Average Annual Rate.

position in the second half of 2015, placing the intervention rate at 5.75% by the end of the year. In the medium term, inflation is projected to begin to give way as a result of the weakening of El Niño weather conditions in the second half of 2016, and a standardization of food production, which would cause the stabilization of food prices.

By mid-year, TES securities will mature for a value greater than COP 20 trillion. Unlike the past, when the Government issued securities to cover its obligations, now, since it is nearing the limit of the fiscal rule, it must resort to its savings accounts in the financial system for the same purpose. This situation will result in further reduction of the system's liquidity, so it is anticipated that banking institutions will change their funding structure by attracting more customer resources. To do so, a generalized increase in interest rates in savings accounts and CDs is expected.

2.4.5 Micro-finance Sector

The year 2015 was characterized by the financial sector's high sensitivity to the global, as well as local economic environment. Colombian families, upon observing lower growth, along with the real possibility of increasing unemployment and the expectation of rising interest rates, decided to postpone their credit decisions. In this regard, the figures on the growth in the number of customers served by the main micro-credit establishments, at December 2015, showed a decrease of -2.9% compared to those registered in the previous year.

On the other hand, financial intermediaries reacted to the new macroeconomic conditions, by tightening their requirements for extending loans. Among the reasons cited for this behavior, the three identified as the most important were: customers' debt overhang, the inability to pay and the fact that applicants have loans with more than three entities at the same time.

The recomposition of the national micro-finance segment was dynamic. Proof of this is the conversion of Finamérica into a Bank, now Bancompartir, and Fundación Mundo Mujer, now Banco Mundo Mujer (BMM). This recom-

position of the regulated micro-finance sector led to a growth of 3.9%. The overdue portfolio indicator presented significant impairment, reaching 6.4% by the end of November 2015, which is the latest data available as of the preparation of this report.

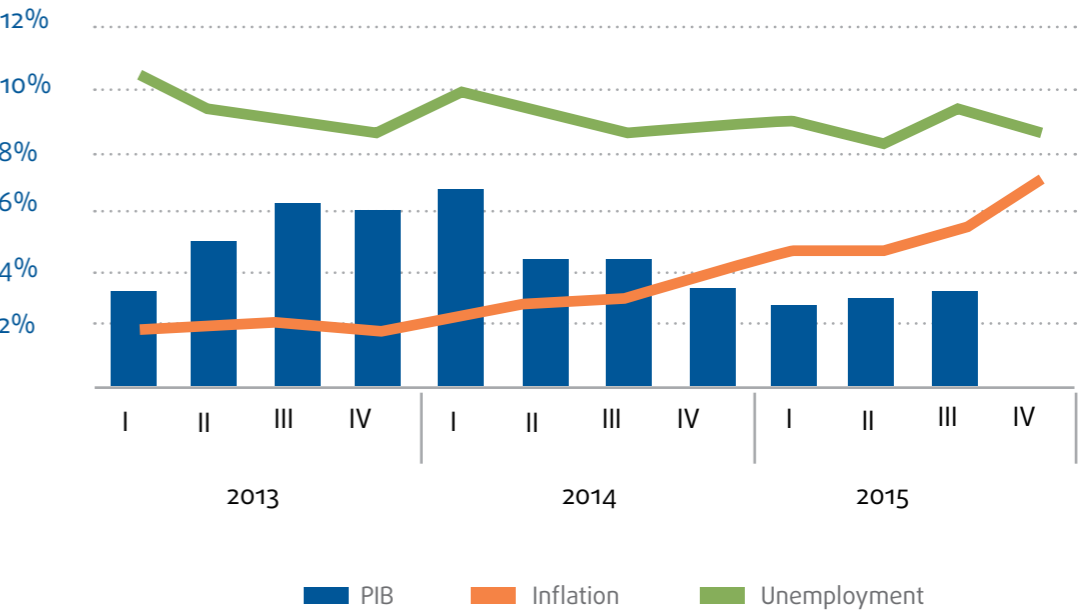
In perspective, there is expected to be growth of the gross portfolio of around 9.93% in 2016, while the Overdue Portfolio Indicator (OPI) will begin its downward path, to around 5.7% by the end of the year. This expected good behavior is explained by the hardening of policies for extending loans in the sector, which is reflected in better yield indicators.

The dynamics of the micro-loan interest rate limit has shown an increasing trend since the end of 2014, when it rose from 52.21% effective annual (EA) to 53.13% EA. This is explained by the higher levels of risk currently recorded in the segment and the increase in the REPO rate of the Central Bank of Colombia. As a result, an increase in the interest rate limit of 79 basis points is expected by the last quarter of 2016, compared to the current rate.

- 11. The Federal Reserve System, also known as Federal Reserve or informally as the FED, is the Central Bank of the United States.
- 12. Domestic public debt securities issued by the Government and managed by the Central Bank of Colombia.
- 13. Article 5, Law 1473 / 2011: (...) "the National Government will continue on a declining path of the deficit in the structural fiscal balance".
- 14. Certificates of Deposit.
- 15. Interest rate applied on derivative or repo transactions.



FIGURE 4
GDP, Inflation (CPI) and Unemployment Rate



Source: DANE

**RESPONSIBLE
PRODUCTIVE
FINANCE**

SUSTAINABLE
MANAGEMENT
REPORT **2015**



CULTURE AND LEARNING

KINDNESS AS A
DETERMINING
FACTOR OF
PRODUCTIVE
DEVELOPMENT

A CULTURE OF KINDNESS AND KIND LEADERSHIP ARE AT THE ROOT OF BANCAMÍA'S EVOLUTION, AND BY DEEPENING AND EXPANDING, THEY INVIGORATE AND GIVE MEANING TO THE OTHER STRATEGIC PERSPECTIVES.

Three years ago, the Bank set out to adapt a **SINGLE MODEL OF CULTURE**, as regards the transcendent higher purpose: "We are committed to serving more customers with the lowest income in their productive development and to improve the comprehensive development of our collaborators, so they can both achieve a better future, working with integrity, kindness, austerity, agility, simplicity in processes, efficiency, quality and innovation, thus having a greater social impact in Colombia".

With a view to promoting the development of the most vulnerable through Responsible Productive Finance, Bancamía established the Kindness Culture as its way of being and acting, along with the 8 entities of the BBVA Micro-finance Foundation: Banco de las Microfinanzas - Bancamía - in Colombia; Financiera Confianza, in Peru; Banco de Ahorro y Crédito Adopem, in Dominican Republic; Emprénde Microfinanzas and Fondo Esperanza, in Chile; Contigo Microfinanzas, in Argentina; Microserfin, in Panama; and Corporación para las Microfinanzas, in Puerto Rico.

Making this decision led to the reflection on the level of identity that all those who are part of Bancamía must have regarding their vision of life and the commitment that gave rise to the first Private Bank for social development in Colombia.

By implementing the management model, it was found that working for the elimination of the gap of inequality, promoting the inclusion and development of the most vulnerable, would require a special DNA, which identifies leaders with deep human convictions and enormous capacity for transformation, visible in results. Therefore, it could be nothing other than **kindness** as the essential element that would frame the corporate culture.

Aware of the fact that the success of institutions is largely due to people management, and even more so in an organization such as Bancamía that is so intense in requirements of human capital, because the Bank is an organization of people at the service of people, we are required to be increasingly knowledgeable and careful about the style of relationships that are established. That is why we wanted to strengthen **courtesy**, to deepen our own tools of self-leadership, team management, a vocation for service and listening, without leaving aside our own results of self-su-

fficiency and projection toward the future, care in the proper operation of the mission, focusing on the achievement of results, working on the continuous generation of value, being assertive, planned, organized, in what was defined as the characteristics of courage.

Maximum interest in people and maximum interest in Results. Kindness Culture, understanding kindness as the sum of two powerful elements in duty and feelings: **courtesy** and **courage**.

The purpose focuses on these elements being comprehensible for all collaborators, whose goal is set on planting wealth at the bottom of the pyramid. In its 7 years of existence, Bancamía has managed to assist in and realize thousands of success stories. The reality speaks of dreams come true, of millions of families impacted and not only of utopias without specific references, which is illustrated by this report.

Therefore, serving from greatness will continue to be the motto of the Culture, with the daily challenge of finding the best version of our collaborators to improve their leadership, especially as human beings.

Everyone must be managed with this new vision to coordinate all the initiatives, and to be more effective and efficient. A strong organizational culture recognized as a better way to achieve results.

Its impact must be measured because the culture is defined by actions, not words. For this reason, the definition of the kindness culture is a translation of the mission, vision and values of Bancamía and of all the entities of FMBBVA. These actions must be taken into account in strategic planning, and in the different processes, guidelines and business plans, products and services. They must be visible in the decisions and the management process, which in turn encourages behaviors and governs the Entity's daily operation.

KINDNESS IS EXPRESSED SPECIFICALLY AT EACH OF THE STAGES OF THE HUMAN RESOURCES MANAGEMENT CYCLE.

In 2015, the deployment of the Kind Leadership Program continued, which is intended for people to act based on courtesy and courage in order to achieve the mission goal of improving the quality of life of low-income families. In 2015, 564 collaborators participated in the

program and will continue with its deployment in the next two years.

In addition, the first phase of the program of Strengthening Management Skills was completed, whose purpose was to reinforce the responsibilities of Office Managers as the kind leaders of trade groups.

3.1 Selection



THE BANK IS WORKING ON A PERMANENT, DISCIPLINED BASIS TO ENSURE AN ETHICAL, INCLUSIVE AND PROFESSIONAL SELECTION PROCESS, FACILITATING THE ATTRACTION AND ENROLLMENT OF PROFILES THAT ARE GENUINELY ORIENTED TO THE FULFILLMENT OF THE MISSION, WITH CRITERIA AND APPRECIATION OF THE ENVIRONMENT, AS WELL AS SENSITIVITY AND COOPERATION TOWARDS OTHERS; THESE FEATURES MAKE THE BANK A BENCHMARK WITHIN THE FRAMEWORKS OF ACTION OF THE MICRO-FINANCE INDUSTRY.

3.2 Enrollment



BANCAMÍA IS KNOWN IN THE MICRO-FINANCE SECTOR AS AN ENTITY THAT OFFERS REAL OPPORTUNITIES FOR JOB GROWTH AND ENABLES THE ENROLLMENT OF THE BEST TALENT TO ENHANCE THEIR SKILLS.

This is how each candidate is transformed into a collaborator that spreads the corporate culture of kindness, with the skills of thinking, relating and feeling associated with the Bank's mission. From the beginning of their relationship with Bancamía, collaborators are integrated in a ca-

reer plan that identifies their talents, enhances their skills, recognizes their achievements and accomplishments and promotes personal and professional development, thus contributing to the improvement of their quality of life.



TABLE 5
Collaborators by Type of Contract













DIRECT							
PERMANENT WITH ALL-INCLUSIVE SALARY		PERMANENT		TEMPORARY FOR LESS THAN ONE YEAR		TEMPORARY FROM ONE TO THREE YEARS	
74		3.324		75		3	
							
16	58	1.850	1.474	43	32	3	0
APPRENTICE				TOTAL DIRECT			
107		74	33	3.583		1.986	1.597

TABLA 5
Collaborators by Type of Contract

























INDIRECT							
TEMPORARY SERVICES		GENERAL SERVICES		SECURITY SERVICES		COURIER SERVICES	
20		186		207		8	
							
13	7	184	2	5	202	0	8
TECHNOLOGICAL SUPPORT SERVICES				TOTAL INDIRECT			
54				475			
		7	47			209	266
TOTAL		4.058			2.195		1.863

TABLE 6
Distribution of direct collaborators by region and gender

REGION							
HEADQUARTERS		CENTRAL		NORTH		SOUTH	
635		1.018		935		995	
							
322	313	586	432	541	394	537	458
TOTAL		3.583			1.986		1.597



Rodrigo Rojas' productive unit in his plant nursery (Mesitas - Cundinamarca).

3.583

COLLABORATORS



55%

WOMEN

1.986



45%

MEN

1.597

Throughout the year 2015, 238 university interns and SENA apprentices were hired. Practitioners are provided with adequate, professionally challenging learning spaces, thus constituting the main breeding ground of the Bank, thereby promoting environments that allow the professional and functional development of students in training processes of technical, technological and professional cycles.

TABLE 7.
Annual distribution of university interns and SENA apprentices

Year	Annual distribution of university interns and SENA apprentices	Total enrolled*
2008	58	11
2009	85	14
2010	79	22
2011	100	31
2012	103	26
2013	172	44
2014	123	24
2015**	107	8
Total	827	180

*Number of university interns and SENA apprentices who, following completion of their learning contract, were hired as Bancamía collaborators.

**8 of the total apprentices in 2015 were hired by the Bank and 67 are completing the learning process.

As a response to the fulfillment of the business strategy in a changing environment, Bancamía reaffirms its social vocation, by offering job opportunities in towns and places with clear economic and social inequality. This is how it went from having **3,288 direct collaborators** in December 2014, to **3,583 in December 2015**, which means a **9% increase**.

TABLE 8.
Contracts by age ranges - direct collaborators

Region	18 - 22	23 - 27	28 - 32	32 - 36	37 - 40	41 - 45	46 - 50	50 Or Over	Total
Headquarters	40	131	160	97	62	60	32	50	635
North	32	222	280	140	81	35	14	7	1.018
Central	90	285	298	155	104	52	24	12	935
South	72	337	339	193	103	50	18	8	995
Total	234	975	1.077	585	350	197	88	77	3.583
Share	6,5%	27,2%	30,1%	16,3%	9,8%	5,5%	2,5%	2,1%	100%

3.3 Collaborator Performance



AS PART OF THE CONTINUOUS IMPROVEMENT PROCESS OF ITS COLLABORATORS, BANCAMÍA IMPLEMENTED THE ANNUAL PERFORMANCE ASSESSMENT OF THOSE WHO HAVE BEEN WITH THE INSTITUTION FOR MORE THAN THREE MONTHS.



This process shows and differentiates individual contribution from organizational outcomes, to recognize each one of the aspects highlighted in the collaborator's efforts and provide feedback for those who show opportunities for improvement.

To determine the remuneration of its collaborators, the Bank has the advice of a firm speciali-

zing in this type of analysis, Human Capital Consulting, and with its assistance, objective criteria were established based on which the entity's fixed and variable salaries are proposed to the decision-making bodies.

3.4 Benefits Plan



BANCAMÍA HAS ESTABLISHED A PLAN OF BENEFITS FOR ALL COLLABORATORS, AIMED AT FACILITATING THE FULFILLMENT OF THEIR PURPOSES AND PERSONAL GOALS IN EDUCATION, HOME, FAMILY PROTECTION AND DEVELOPMENT. THESE BENEFITS INCLUDE:

3.4.1 Bonuses

- **Vacation Bonus:** To facilitate the collaborators' effective relaxation during their vacation. 1,809 beneficiaries.
- **Seniority Bonus:** Payment of a seniority bonus for every five years of continuous service. 233 beneficiaries.

children - kindergarten through high-school - enrolled in institutions that are duly recognized by the Ministry of National Education or the authority acting as such. 51 beneficiaries.

• **Notary Fees:** This benefit is paid for collaborators who have a mortgage loan with Bancamía. 2 beneficiaries.

3.4.2 Assistance

• **Visual Assistance:** Visual health is part of the well-being of all collaborators. Therefore, subsidies are provided for eyeglasses and/or contact lenses. 461 beneficiaries.

• **Birth:** Collaborators are entitled to this benefit for each child. 264 beneficiaries.

• **Children's Education:** An annual educational assistance is provided for up to two school-age

3.4.3 Insurance

• **Funeral:** Broad coverage for the collaborator and his/her family group. 533 beneficiaries.

3.4.4 Loans

• **Educational:** Support for the professional and academic development of collaborators through loans for technical, technological, undergra-

duate and graduate studies in legally established institutions, with a favorable interest rate and waivers based on results. 325 beneficiaries.

- **Mortgage:** Owning a home is a desire that Bancamía has been helping its collaborators with for over 5 years. The Bank offers loans to finance the purchase of a new or used home, or to purchase mortgage loans acquired with other financial entities. 19 beneficiaries.
- **Car or motorcycle insurance:** For the safety of its collaborators, automotive vehicle insurance loans are provided at a preferential interest rate. 16 beneficiaries.

- **Calamity:** Considering the different adverse situations that can occur, Bancamía benefits its collaborators with catastrophe loans; a catastrophe can be the illness of the contributor or his family group, or events caused by nature affecting their place of residence. To access this benefit, the contributor must have a seniority of at least two months with a permanent contract of employment. The maximum amount is 10 monthly salaries with a term of up to 36 months. 6 beneficiaries.

3.5 Wellbeing and Quality of Life



IN 2015, A UNIT SPECIALIZING IN ISSUES OF WELLBEING AND QUALITY OF LIFE WAS CREATED, TO PROVIDE ALL COLLABORATORS WITH A BROAD PORTFOLIO OF SERVICES, AIMED AT PROMOTING THEIR COMPREHENSIVE WELLBEING AND THAT OF THEIR FAMILIES, WITH BENEFITS SUCH AS:

- Healthcare:** general and virtual consultation, training in health, care for illnesses and rehabilitation.
- Wellbeing:** acknowledgments, integration and sports activities, recreational holidays and institutional celebrations.
- Collaborator service through the Employee Service System (SAE for the acronym in Spanish):** management of Requests, Complaints and Claims (RCCs), information management, guidance and promotion of wellbeing and life.

prevention plans and programs, on reducing accident rates by generating a culture of self-care, and healthy, safe environments. In 2015, the accident rate was 6.22%, compared to 4.96% in 2014.

The Epidemiological Surveillance System was implemented for the musculoskeletal risk factor. Up to the reporting date, there were no occupational diseases reported.

Bancamía generates wide coverage of the **Occupational Health and Safety Management System**. Additionally, the Benefits Plan generated an environment of protection for collaborators and their families with benefits such as life insurance, funeral insurance and catastrophe loans.

As regards Occupational Health and Safety, the Bank focused its efforts, through training and

The **Occupational Health and Safety Committee** supervises, proposes and takes part in the activities aimed at maintaining health in the wor-

kplace and in the work environment. 50% of this Committee, in compliance with the laws in force, is made up of members elected by the collaborators, by voluntary vote, and the other 50% is elected by the Bank. This way, 8 representatives and their respective alternates are elected.

As regards the **Occupational Health and Safety Peer Committee**, the percentage of collaborators represented is 0.44% in accordance with the guidelines set forth in Colombian legislation (Resolution 2013, Decree 1295 / 1994 and Law 1562 / 2012).

3.6 Collaborator Training



TRAINING IN THE RESPONSIBLE PRODUCTIVE FINANCE METHODOLOGY AND CREDIT POLICIES WAS REINFORCED BY TRAINING WORKSHOPS THROUGHOUT THE COUNTRY, GIVEN THE EXTENSIVE GEOGRAPHICAL DISTRIBUTION OF COMMERCIAL MANAGEMENT.

Competencies were developed in topics relating to 15 projects resulting from the Organization's strategic plan, thus providing the skills and knowledge necessary for the execution and implementation thereof.

One area of training that is a reason for satisfaction is the 278 contributors who were promoted in their career plan in 2015. Additionally, graduate and outreach courses were broadly supported; there are 12 inter-institutional agreements with universities recognized at the national and international levels, offering discounts on tuition for the undergraduate and graduate programs they offer for collaborators and their family group.

The Bank's collaborators complied with an indicator greater than 98%, the certifications of knowledge of the risk systems required by the SFC, thus minimizing the likelihood of losses due to exposure to different business risks present in the performance of daily activities.













One of the initiatives with the greatest impact on collaborator development is the Corporate University, which is present in all FMBBVA entities, called ULAD - Latin American University for Development. It has innovative tools in the field of education and training, such as: virtual courses; reference materials; videos; tests; a content library; learning communities and a number of activities aimed at strengthening skills; knowledge; abilities; professional and personal growth, for all collaborators. Since the ULAD opened in June, there have been 81,072 hours of training.

1,742 collaborators have been trained in financial education and objective advice, providing tools to better manage their money and acquire healthy financial habits, as well as the development of skills to become multipliers of financial education with micro-enterprise owners and the community in general.



Ángela Marcela Calderón in her pastry, empanada and oatmeal shop (Viotá - Cundinamarca).

TABLE 9.
Total hours of training

DIRECTORATE GENERAL					
VIRTUAL		CLASSROOM-BASED		TOTAL	
					
7.253	5.958	4.434	4.441	11.687	10.339
COMMERCIAL NETWORK					
VIRTUAL		CLASSROOM-BASED		TOTAL	
					
43.157	33.221	52.562	94.033	95.719	127.254
TOTAL		89.598 VIRTUAL	155.470 CLASSROOM-BASED	245.059 TOTAL	

It is important to mention training in human rights, through which collaborators are invited to assume a lifelong commitment to social transformation, its implementation, experience and respect for social order, **in the workplace and in their homes. The following were the results of their participation:**

COLLABORATORS	NUMBER	PERCENTAGE
CERTIFICATES	3.748	100 %

3.7 Collective Agreements

In total, there are 134 members of trade unions, i.e. 3.7% of the total number of collaborators. This agreement regulates labor relations and the economic benefits with union members.

Bancamía respects the right of association and collective bargaining, in the terms provided for in the Constitution and in the relevant applicable legislation.

3.8 Ethical and Disciplinary Framework

In this area, the Bank bases its action on the values and principles of respect, subject to the lega-

lity, responsibility, honesty, transparency, reserve, confidentiality, appropriate handling of information and loyalty. These values and principles constitute the Bank’s framework of conduct, through which the ideals that Bancamía defined to achieve its mission and vision are represented.

By 2015, the Disciplinary Committee was created with interdisciplinary participation of the following areas: Legal Vice-Presidency, Vice Presidency for Collaborator Development, Regulatory Compliance and Integrity and Auditor General.





Nelcy Adriana Bonilla in her sugar plantation and raw cane plant (Mesitas - Cundinamarca).

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**VALUE
CHAIN AND
TECHNOLOGY**

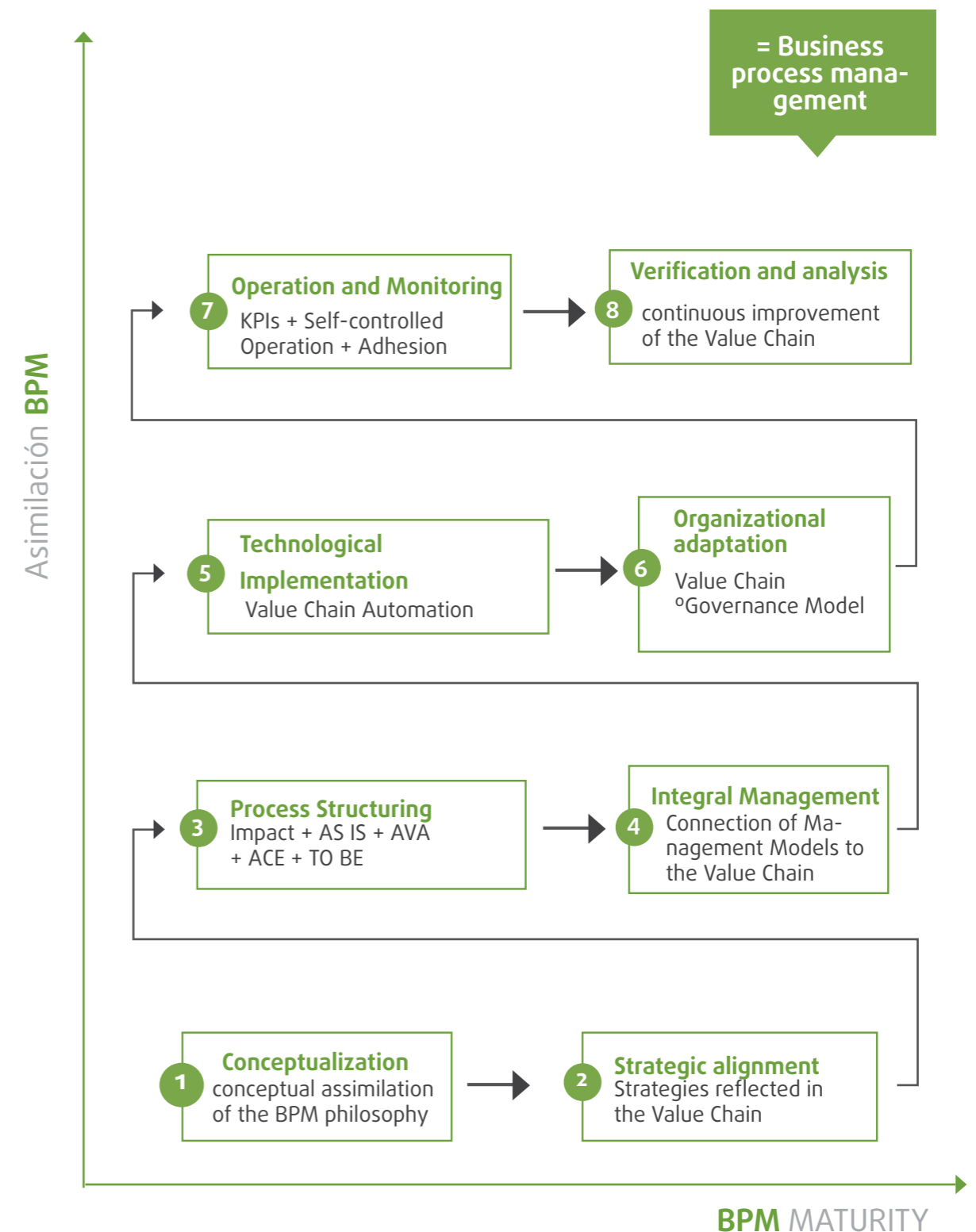
PROJECT MANAGEMENT AND
PROCESS IMPROVEMENT
ENSURE THE EVOLUTION OF
THE VALUE CHAIN, **SO AS
TO PRESERVE ITS INTEGRITY
AND CONSISTENCY WITH
BANCAMÍA'S STRATEGIC
FRAMEWORK.**

Bancamía adopted the implementation of a Business Process Management model (BPM). In developing the BPM model, eight fundamental steps have been consolidated for the Bank to be managed entirely through the Value Chain.



FIGURE 5.

Model of Assimilation and Maturity of the BPM at Bancamía



4.1 Value Chain



THE BUSINESS PLANNING AND IMPLEMENTATION
PROCESS ENSURES THE OPERATIONALIZATION OF THE
STRATEGY THROUGH THE BANK'S VALUE CHAIN.

This management is based on the best practices of the Project Management Institute (PMI standards) and it enabled 11 projects that contribute to improving the value proposition for customers and the institutional strengthening of the Bank. Below is a summary of the projects enabled in 2015.

- 1. **Portfolio Normalization:** Three new tools to support micro-enterprise owners with financial difficulty.
- 2. **Mobile Banking:** After a comprehensive market study on the relevance of this channel, the decision was made to deploy mobile banking based on cellular telephony, to take advantage of the countless benefits that this new service offers customers and economic circuits. It was started up in November 2015, making it easier for micro-enterprise owners to: make transaction queries; pay their obligations; transfer and recharge without the need to commute, with significant savings in time and costs of transport; reduction of the risks of physically handling cash, and the prompt fulfillment of their obligations, avoiding arrears and cost overruns.
- 3. **Value Chain:** After 3 years of constant work on consolidating the value chain, in 2015 100% of the Bank's processes were modeled based on the BPM philosophy.

This milestone meant the start of the automation of mission processes through Bantotal and lays the foundation for the adaptation by governance model processes and the establishment of key performance indicators (KPIs), which will complete the implementation of the Business Process Management Model (BPM).


- 4. **Referral Management:** Among the initiatives identified in the strategic plan to reach more micro-enterprise owners, a process was enabled for the integral management of referrals. The benefit of this project translates into a larger scale of the Bank, with a lower counterparty risk and the recognition of reference customer loyalty.
- 5. **Other Projects:** Seven projects were implemented to ensure the fulfillment of regulatory requirements, improve risk management and strengthen customer service:
 - a. International Financial Reporting Standards - IFRS
 - b. Transactional monitoring in distribution channels
 - c. FATCA
 - d. Centralization of credit allocations
 - e. Roles, profiles and allocationsBono variable

- f. Variable bonus
- g. a) Debit card transactions 24x7

Maintaining an organizational structure in line with process management and the capacity necessary for Bancamía's normal operation, work

was done for the construction of the General Directorate staff, as well as that of the commercial network. Through analyses based on the LEAN D-MAS methodology, the Vice Presidencies structure was designed for the Productive Development of Customers and Media.



 Carmen Oquendo's productive unit in her clothing workshop (Medellín - Antioquia).

4.2. Automation



THE BANK STRENGTHENED THE INFORMATION SYSTEMS DEVELOPMENT TEAM AS PART OF THE STRATEGY FOR THE PROPER SERVICING OF THE NEEDS OF THE DIFFERENT PROCESS OWNERS IN RELATION TO THE ENABLING AND MAINTENANCE OF TECHNOLOGICAL SOLUTIONS, OF CORE BANKING, AS WELL AS THE NON-CORE SOLUTIONS.



María Virginia Ortega, religious items store (Ipiales, Nariño)

17. International Financial Reporting Standards
18. Accounting principles and standards accepted in Colombia
19. Internal credit risk models developed by Bancamía

4.3 Operational Support for the Commercial Network



THE DIRECT SUPPORT OF THE OPERATIONAL SUPPORTING TEAM FOR THE NETWORK OF OFFICES, RESOLVES CONCERNS TO DELIVER PRODUCTS AND/OR SERVICES TO CUSTOMERS IN A TIMELY MANNER AND WITH QUALITY.

It is also a contribution to internal customers, as it provides thorough knowledge of the accounting and operating aspects of the Bank's different processes.
Office Coordinator: This position was enabled in 61 offices, thus implementing the controls to mitigate risks in daily transaction processes of the offices, such as inconsistencies when enabling the loan products and deposits. For the disbursement process, collateral review and validation controls were implemented at the time of constitution, which reduces the risk of uncollectibility when they are required to carry out portfolio recovery processes.

As of November, a process of referencing loan approvals prior to disbursement was launched with the position, to generate early warnings to ensure transparency in information and prevent fraud, with a view to give providing customers with better service, in a secure and transparent manner.

FINAGRO Line of Credit: With the entry of this line of micro-loans, Bancamía strengthened its commitment to the rural sector, not only with resources but also with access to the Agricultural Guarantee Fund (FAG for the initials in Spanish) thus backing up to 50% of obligation principal. Also, the Bank agrees to the possibility of replacing mandatory investments in TDAs²⁰ for higher placement in micro-loans through the line of Rural and Agricultural Micro-loans, created in 2014 by FINAGRO²¹.

Customer Management Tools: The working conditions of Productive Development Executives (EDPs for the initials in Spanish) were improved by implementing the Technological

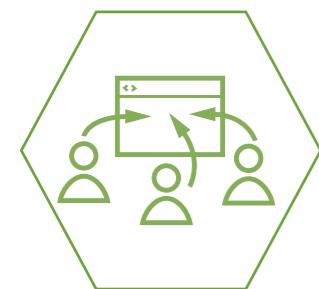
Renewal plan, providing them with new computers and office automation tools.

Channels of Communication: Support was provided for the productivity of collaborators working in the network of offices, by increasing the capacity of the channels of communication that support the banking operation, internal communication and collaborator training through video conferencing and web access to the Monterrey Institute of Technology and the ULAD²².

Data Center: By adapting the Alternate Data Center to the Bank's new technological needs, including those of the BANTOTAL Project, automation resources and recurrent costs of technology for the coming years were significantly optimized. There was a significant reduction in energy consumption, as a result of the technological renovation of the Data Center; Rack technology migrated to Blade technology in 80% of the application servers. The communications equipment went green - Green Computing - thus saving 88.1 KVA per day, which is 17.4% of the electrical consumption.


20. Agricultural Development Securities issued by the Government to finance loans for the agricultural sector.
21. Fund for financing the agricultural sector.
22. Latin American University for Development, a project of the FMBBVA entities.

4.4 Strengthening and Support for the Supply Chain



TRANSPARENCY, TRUST AND A MUTUALLY BENEFICIAL RELATIONSHIP IS BANCAMÍA'S VALUE GENERATION PROMISE TO ITS SUPPLIERS, FOR SUPPLY MANAGEMENT, WHICH CONSISTS OF PROVIDING GOODS AND SERVICES WITH QUALITY, TIMELINESS AND AT COMPETITIVE PRICES, THROUGH A RELIABLE AND SUSTAINABLE SUPPLY CHAIN LEVERAGED IN COMPETITIVE SUPPLIERS THAT CAN GENERATE VALUE AND CONTRIBUTE TO ENABLING THE MISSION ENDEAVOR.



 Luz Stella Escobar's productive unit focused on school transport (Medellín - Antioquia).

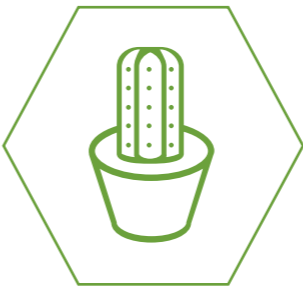
Negotiations were carried out regarding strategic contracts for the operation of the Bank, mitigating exposure to legal and reputational risk, generating economic benefits from reconciliations due to early terminations of contracts or the reduction in the value of originally anticipated penalties.

As one of the main consumptions at Bancamía, paper is a fundamental element to be managed. Therefore, the benefits of the organic materials of the portfolio of services, such as earth pact paper, were studied through stationery suppliers. In addition, awareness campaigns were carried out, along with savings competitions and expense optimization on this account at the national level, with the support of the Regional Administrative Centers (CARs for the initials in Spanish).

As regards solid waste management, in addition to the existing ecological points of the facilities nationwide, the network of offices was provided with instructions on the disposal of hazardous waste (light bulbs and toner).

With the support of the CARs, stationery consumption in the network of offices was reviewed in an effort to have greater control over this expenditure, raise awareness among collaborators and achieve the rational consumption of resources.

4.5 Eco-friendly Infrastructure



AWARE OF THE COMMITMENT TO THE ENVIRONMENT, TWO MAJOR WORK FRONTS WERE DEVELOPED BY IMPLEMENTING THE RESTORATIONS, DEVICES OR ELEMENTS NEEDED TO MITIGATE ENVIRONMENTAL IMPACT.

The first work front was focused on the restoration of the interior of the administrative building in Bogotá, the Directorate General, where lighting consisting of energy-saving lamps was installed in all the works areas, common areas and restrooms. Also, movement sensors were installed for outdoor lighting and in some offices to control lighting time.

In regard to cooling systems, multi-V air conditioners were installed with new technologies to minimize the impact on the ozone layer.

In addition, with a view to saving water, toilets and sinks with sensors and automatic closing valves were installed.

The second work front consists of the intervention of 18 offices, working on the remodeling, expansion or moving, and the opening 14 new offices as part of the expansion plan. As part of these adaptations, capacitors and power plants were installed at suitable sites, maintaining the standards established for saving resources and protecting the environment.



4.6 Security

4.6.1 Physical Security

Through security management systems, the protection of persons and property was optimized, with the priority of detecting and preventing operational risk, thus ensuring the Bank's operability in a secure environment, through the integration of technological and human means that contributed to the strengthening of Bancamía's security culture as part of its own identity, providing

guidance for collaborators in the use of key tools for self-training in security, whose outcome was reflected in the institutional behavior that enabled the provision of services and safe spaces for financial consumers, strategic collaborators and allies, based on criteria of responsibility and trust. 100% of the security staff received training in human rights.

4.6.2 Information Security

In 2015, various initiatives were developed for compliance with the applicable regulations contained in Public Notice 042 / 2012 issued by the SFC²³ to strengthen the Bank's internal control system through:

1. Development of Ethical Hacking on the critical technology platform, which identified possible risks to which the Bank would be exposed in the area of software piracy, and to design different strategies focused on the mitigation thereof.
2. During the fourth quarter of 2015, the Information Security Master Plan was developed, which identified information security gaps according to ISO 27002 and proposed actions to overcome them.
3. The transactional monitoring process was enabled, through which suspicious transactions are monitored and announced, based on the preparation of a transactional habit profile for each customer in order to mitigate the risk of fraud.



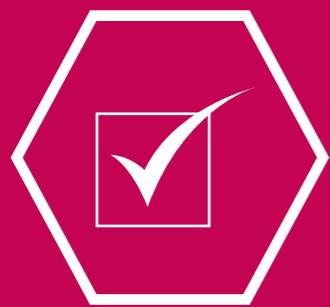
Martha Ligia Jiménez, ball production plant Bogotá



23. Financial Superintendence of Colombia.

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INTERNAL CONTROL

5.1

STRENGTHENING THE CORPORATE GOVERNANCE SYSTEM

Aware of their duty to ensure the Organization’s sustainability and success, the Bank, its management and administration bodies made progress in strengthening the corporate governance system.

Bancamía worked on implementing the new corporate governance recommendations issued by the Financial Superintendence of Colombia, through Public Notice 028 / 2014. In this regard, following examination by the Corporate Governance Committee, the Bank prepared and brought to the attention of the Assembly a statutory reform that includes the implementation of most of the Corporate Governance recommendations, as well as internal rules of procedure for the Assembly; Board of Directors, and Board of Directors Committees: Audit and Compliance Risks; Corporate Governance, and Appointments and Remunerations.

132 out of 136 recommendations applicable to the entity were implemented and work was done for the implementation of processes and practices at the internal level, which did not necessarily involve a statutory reform or amendment of any of the rules of procedure, which reflects the Institution’s good governance.

Bancamía ranked second place on the list of financial institutions with the most Corporate Governance measures implemented.



TABLE 10.
List of financial institutions with the most measures of corporate governance

Issuer	Implemented	Partially implemented	Not implemented	Measures excluded
Banco Davivienda S.A	37	1	0	3
Banco de las Microfinanzas - Bancamía S.A	37	0	0	4
Bancolombia	36	1	0	4
BBVA Colombia	36	0	1	4
Banco Procredit Colombia S.A	35	1	3	2

Source: Financial Superintendence of Colombia, 2015

In addition, work , knowledge and experience was provided for the commissioning and periodic updating of *Progreso*²⁴ , a digital magazine led by the FMBBVA, intended to boost the development of Responsible Productive Finance, through the disclosure of the present legal status of the micro-finance sector and corporate governance at the global level, with emphasis on Latin America.



A Throughout the year, all the requirements of the SFC and other authorities, the Police; the Prosecutor's Office; the Attorney General's Office, were met ,highlighting the fact that the Institution has not been sanctioned or fined during this period.

Timely advice was provided on the Bank's litigation and judicial issues. On this front, seven civil proceedings were brought to an end with an index of favorability for Bancamía of 100%.

In the By-Laws, the description of the issues that need to be addressed directly by the Board of Directors and cannot be the subject of delegation were updated. In regard to economic, social and environmental matters, it is the competence of the Board of Directors to adopt policies and guidelines to ensure compliance with the strategic objectives in these areas.

Management is responsible for designing, executing and implementing economic actions, with the support of the Financial Vice Presidency, and in social and environmental issues, with the support of the Vice Presidency of Planning, Development and Innovation, aimed at the fulfillment of the strategic objectives and guidelines prepared by the Board of Directors.

The above-mentioned actions, programs and activities are also examined by the Risk Committee and the Corporate Governance Committee, depending on the subject matter concerned.

In addition, there is a risk system that identifies, measures and manages the social and environmental risk inherent to the activities of the Bank and its customers, as part of the agreements signed with the International Finance Corporation (IFC), a shareholder of Bancamía.

24. [@ProgresoMF](http://www.progresomicrofinanzas.org)
25. Financial Superintendence of Colombia.



Carmen Oquendo's in her clothing workshop
(Medellín - Antioquia).

5.2 Board Members



THE BANCAMÍA BOARD OF DIRECTORS CONSISTS OF SEVEN PRINCIPAL MEMBERS, WITH NO ALTERNATES, WHO ARE ELECTED BY THE GENERAL SHAREHOLDERS ASSEMBLY FOR TWO-YEAR PERIODS AND CAN BE REELECTED.


All members are “non-executives”, that is to say, none of the seven participates or belongs to any other of the Entity’s administration bodies.
Pursuant to Article 44 of Law 964 / 2005, six Board Members are independent.

In 2015, three new members began to form part of the Bancamía Board of Directors, and the composition thereof, at the end of the year, is as follows.




TABLE 11.
Seniority of Board Members

BOARD MEMBER




Edith María Hoyos

31 months




Pedro Saíz Ruíz

86 months




Jaime Ospina Gómez

42 months




Adriana Senior Mojica

4 months




Javier Manuel Flores Moreno

5 months



José Antonio Colomer Guiu

10 months



Ignacio Rojas - Marcos Castelló

17 months

On average, Board Members have a seniority of two years and three months. They have skills related to economic, environmental and social matters, as they are necessary for the Bank to generate value for its stakeholders.

Javier M. Flores Moreno

Graduate of Law from the University of Murcia, specialized in the IESE Senior Company Management Program with Masters in Business Administration from the University of Houston, Texas. He has served as the Chairman and Chief Executive Officer of Banco BBVA Puerto Rico, President and Chief Executive Officer of the BBVA International Investment Corporation, and Member of the Steering Committee of Banco BBVA USA, among other posts. He is currently serving as Director General of the BBVA Micro-finance Foundation, Board Member of Financiera Confianza in Peru, Board Member of Banco de Ahorro y Crédito Adopem in the Dominican Republic and Board Member of Empresa Microfinanzas y Fondo Esperanza in Chile.

Ignacio Rojas-Marcos Castelló, CEO

An Industrial Engineer of E.T.S.I.I. in Seville, Master in Business Management and Administration of the IE Business School in Madrid, PDD by the European Institute of Business Administration, INSEAD. He has served as the Deputy Director General of BBVA, Director of Organization, Operations and Regional Administration and Regional Director of Western Andalusia. At Argentaria, he is the Deputy Director General and Assistant General Director of Caja Postal. He was Director of the Regional Administration Divisions at BBV, Deputy Director of Organization at the Banco de Vizcaya and Director of Organization and General Services at Banco Occidental. He is currently the President of ADQUIRA ESPAÑA, S.A., Board Member of BBVA Banco Provincial in Venezuela and Board Member of Financiera Confianza in Peru.

Edith María Hoyos, Vice President

Public Accountant with emphasis on Corporate Finance of the University of Antioquia, with more than 25 years of experience in financial and administrative areas. She has served as the Vice President of Finance of Almacenes Éxito S.A. and is now the advisor of major companies in the private sector in financial and administrative matters. She is a Board Member of Promotora Médica las Américas and Malco S.A.

José Antonio Colomer Guiu, Independent Member

Studies in Business Administration and Management and Marketing of the ESADE, Leadership and Innovation and Cooperative Enterprise Management of the IESE Business School of the University of Navarre, and Strategic Marketing and Quality of the Higher School of Business Management, AEDEM. He has served as the Regional Director of Catalonia, Aragon and the Balearic Islands of Banco de Comercio, President & CEO of BBVA Puerto Rico, General Manager of BBVA Banco Continental and Executive President of BBVA Banco Provincial. He is currently the Chairman of the Board of Directors of Banco de Crédito y Ahorro Adopem in the Dominican Republic, Board Member of Banco Continental in Peru and Chairman of the Board of Directors of Microserfin in Panama.

Pedro Luis Saiz Ruiz, Independent Member

Industrial Engineer, graduate of the Higher Technical School of Industrial Engineers of Madrid, Spain. He has served in several positions in the financial sector, such as Area Director General of Banco Bilbao Vizcaya Argentaria S.A., Director General of Banco Exterior de España S.A., Deputy Director of

Banco de Vizcaya S.A., and Administrator of Banco de Financiación Industrial S.A. He is currently a Board Member of Banco de Crédito y Ahorro Adopem in the Dominican Republic.

Jaime Ospina Gómez, Independent Member

Lawyer of the Universidad Javeriana of Bogotá. He has served as the Manager of the Commercial Forestry Component CFC - MIDAS, Consultant of Long-term Crops of Corporación Colombiana Internacional, National Office Manager of Banco Agrario, Forestry Vice President of Pizano S.A., Financial and Administrative Director of the Fundación Santa Fe de Bogotá, Deputy Director of Economic Insurance of the Social Security Institute (ISS for the initials in Spanish) and Commercial Manager of Unicentro S.A. He is currently serving as Chairman of the Board of Directors of the Corporación Mundial de la Mujer Colombia.

Adriana Senior Mojica

Professional in International Trade graduate of Universidad Jorge Tadeo Lozano, Specialist in Marketing of the University of San Diego, CA, USA, Master in Administration of Universidad de los Andes and Global MBA from Tulane University, New Orleans. She has served as President of the National Association of Fish Farmers of Colombia, Director of the Aquaculture Research Center of Colombia, Director, founder and Board Member of CENIRED and Vice President of Suministros de Acegrasas S.A. – Team Group. She is currently the President of Corporación Colombiana Internacional and Ad Honorem Manager and Board Member of INCUAGRO E.U., a CCI subsidiary.

The conformation of the Bancamía Board of Directors is a result of the following process:

1. Identification of functional profiles required for the Board of Directors, which may arise from within the Board itself, from the Appointments and Remunerations Committee or from Management. The proposal of the profiles may focus on professional aspects, work or specific experience, studies completed or any other skill that may be required.

2. Search for candidates to become Board Members: The President and Executive Vice President, shareholders and Board Members begin the search for candidates who meet the required profile, and this can include the procurement of specialized service companies.

3. Evaluation of the candidates: The Appointments and Remunerations Committee shall evaluate each of the candidates, in aspects such as profile, qualifications, legal or internal disabilities and incompatibilities, issue an opinion and inform the Board of Directors, the body which shall be responsible for centralizing and coordinating all the information regarding the candidates.

4. Nomination of candidates to the General Shareholders Assembly: The proposal of candidates for membership of the Board of Directors shall be forwarded to the General Assembly of Shareholders, through the Board of Directors, together with the opinion of the Appointments and Remunerations Committee.

5. Election of Board Members: The General Shareholders Assembly shall elect the Board Members that it deems most suitable and who meet the required profile.

6. Assumption of Office before the Financial Superintendence of Colombia: The Legal Vice Presidency and Secretary General will be responsible for the steps for the assumption of office of the elected candidates with the Financial Superintendence of Colombia. The Assumption of Office Committee of the Financial Superintendence will authorize or deny their appointment, and in the latter case it will be necessary to proceed with a new appointment or file an appeal.

5.3 Conflict of Interest System



THE BANK WORKED ON THE IMPROVEMENT OF THE CONFLICTS OF INTEREST SYSTEM DEVELOPED IN THE CODE OF ETHICS AND CONDUCT, THE CODE OF CORPORATE GOVERNANCE AND THE BULLETIN ON CONFLICTS OF INTEREST AND HANDLING PRIVILEGED INFORMATION, WHICH IS WHY IT INTEGRATED IN A SINGLE DOCUMENT.

In the Conflict of Interest System referred to in the Code of Conduct and Ethics, a conflict of interest is defined as a situation of a person, who within the organization is given the power of decision and is, at a given time, faced with alternatives of conduct with real or apparently incompatible interests, as regards on one hand, the

performance of his/her duties or responsibilities, and on the other, a potential significant pecuniary or moral benefit for him/herself or a third party, which could eventually affect or is already negatively affecting the organization, shareholders, investors, collaborators or customers.



Productive unit in María Stella Rodríguez' tamal plant (Melgar – Tolima).

The Bank worked on the improvement of the Conflicts of Interest system developed in the Code of Ethics and Conduct, the Code of Corporate Governance and the Bulletin on Conflicts of Interest and Handling Privileged information, which is why it integrated in a single document: the policy that is currently in effect in the aforementioned Codes; the procedure to be followed in the event of a conflict situation; the most frequent events in each of the areas of the Bank and the posts that may be considered critical due to the situations in which they can be immersed due to their position.

Bancamía managers, administrators and collaborators of Bancamía must refrain from participating in the activities mentioned below, as part of their duties or roles at the Bank, when their decision cannot be objective and independent due to relationships of marriage or marital union, kinship up to the third degree of consanguinity, affinity two ranks removed, or one rank removed in civil law, friendship or relevant economic ties. In any case, they are required to act with professionalism, safeguarding the objectivity and independence needed at the time of making decisions or participating as members of the bodies that implement them.

1. Analysis of credit operations.
2. Acquisition of goods or services.
3. Investments in entities of which they are associates or linked.
4. Having the option to choose between the interest of Bancamía and their own interest, or that of a third party.

A In addition, a Guide was created to Identify possible Conflicts of Interest, to be followed in the event that a contributor considers that he/she must inform his immediate superior, or the Board of Directors, as the case may be, and in accordance with the Conflict of Interest policy.

Any manager, administrator or contributor who considers he/she might be affected by a potential conflict of interest must report it to his/her immediate superior. In the case of an administrator or

Board Member, he/she shall inform the Secretary General - Legal Vice President, to report the matter to the Corporate Governance Committee and subsequently, to the Board of Directors. In addition, he/she must complete the Guide for the identification of possible conflicts of interest and refrain from participating in the decision, in any capacity of participation or incidence, until the possible situation of Conflict of Interest has been resolved.

As part of the policy established in the Code of Conduct and Ethics, a document was prepared in which the Bancamía collaborator who considers he/she may be involved in a conflict of interest, shall complete it in full in order to continue with the process set forth for each case.

On a yearly basis, the Board evaluates the effectiveness of its work as a governing body, along with that of its committees and the individual members, including peer evaluation, as well as the reasonableness of its internal rules and the dedication and performance of its members, proposing, if applicable, any amendments to its organization and operation as considered relevant.

The Board of Directors has the power to alternate between the internal self-assessment technique and external evaluations conducted by independent consultants. As a result of the evaluations, it was identified that several needs must be incorporated in the processes, or remedied through the implementation of action plans.

The Board of Directors' general remuneration policy is developed in an internal document approved by the General Shareholders Assembly and examined by the Appointments and Remunerations Committee, and it is the Assembly that reviews the proposal and approves the amounts for Board and Committee member fees, according to the guidelines of the General Remunerations Policy.

The remuneration of Senior Management is proposed to the Board by the Appointments and Remunerations Committee, based on general criteria, such as the results of the various analyses of the posts and the complexity of their procurement on the job market vs. equity and competitiveness analyses. The salary of Senior Management is approved by the Board on an annual basis, except



José Vicente Moreno in his coffee-pulping machine repair shop (Mesitas – Cundinamarca).

when it decides to recognize a variable component in the remuneration linked to share value, in which case it will be the responsibility of the General Shareholders Assembly.

5.4 Integrated Risk Management



BANCAMÍA IS CONSTANTLY MOVING FORWARD IN THE CONSOLIDATION OF THE CREDIT RISK MANAGEMENT SYSTEM, WITH THE IMPLEMENTATION AND EXPANSION OF THE PROPOSED SCOPE OF PROJECTS AND STRATEGIC OBJECTIVES.

objectives. Follow-up, control and assistance measures were implemented in the business area with a positive impact on the achievement of outcomes, with increasingly greater agility and timeliness in response to the changing needs of the environment.

5.4.1 Credit Risk

The creation of the Centralized Credit Directorate strengthened the approval of loans with a higher level of risk. Methodological monitoring contributes to development and improvement in the accession of risk management processes and policies. These activities generated greater proximity with the business area, strengthening the risk culture and helping to strengthen the control environment in the entity.

With regard to the analysis and evaluation of micro-enterprise owners, the policies for extending loans were based on an approach to defining customer profiles, according to the assessment of their level of risk. Along with the portfolio normalization tools in core banking,

efforts have continued in order to provide micro-enterprise owners with solutions adapted to their real needs and the situations to which their productive units are exposed.

As a strategic challenge for 2016, as regards control and assistance for the business area, work is being done to facilitate the understanding of policies, influence processes and training models, and access to information through tools for the Commercial Network. Similarly, the implementation of the new core banking will make it possible to have greater controls and facilities in processes related to the Bank's Risk Management.

5.4.2 Monitoring and Recovery

In order to ensure compliance with and adherence to the credit policies by the commercial network, the assurance and prevention role was created, thus strengthening the first layer of control in pre- and post-disbursement visits

by office managers, productive development coordinators and zone managers, and a second layer of control is being created, through visits by the Assurance area, which assesses the credit process for each office, resulting in the identification of weaknesses and the conclusion of action plans to correct them.

In terms of recovery, management tools are being developed for the Productive Development Executives (EDPs) to prioritize collection management, thus controlling the impact on provisions and the migration of the micro-enterprise owners into levels of arrears with greater difficulty of recovery; similarly, and with the aim of coordinating all the actors, strategies and tools involved in the zone recovery process, the figure of regional Recovery Coordinators was established.

These actions implemented in the second half of the year helped achieve an improvement of 1,342 basis points on the recovery effectiveness indicators, with respect to the first half of the year; there is also evidence of a trend change in the second half with regard to the overdue portfolio indicator that includes charge-offs of the past 12 months.

Currently, the Bank has backing for credits in excess of 4 minimum monthly salaries²⁶, through FNG²⁷ guarantee products that facilitate access to credit required by MSMEs²⁸ for working capital or investment, throughout national territory. These guarantees are aimed at companies that carry out any economic activity, other than the primary agricultural sector.

²⁶. In Force

²⁷. Government entity that works to facilitate micro, small and medium-sized enterprise access to loans by providing guarantees.

²⁸. Micro, Small and Medium-sized Enterprises

²⁹. Certificates of Deposit

5.4.3 Liquidity and Market Risk

The management of Liquidity Risk provides projections of the different cash flows that enable Bancamía to maintain the proper levels of liquidity to fulfill its commitments in a timely manner.

As part of the strategies to maintain diversified funding sources, a composition was established that combines financial obligations, CDs²⁹, savings and the Bank's second bond issue in December 2014 with an effect of 5 years, in order to have



Beatriz Elena Naranjo in her chicken breeding farm (Caldas - Antioquia).

resources from the financial sector as well as from the public. The management of Market Risk maintains low levels of exposure, in accordance with the low complexity of the investment portfolio in force, which consists mostly of mandatory securities and the policies set forth by the Bank of not operating on financial markets for speculative purposes.

5.4.4 Operational Risk and Internal Control

In strengthening the Operational Risk culture, Bancamía moved forward in the risk management process with the automated unification of event reports, by achieving the comprehensive management of information on materialized risks, resulting in better quality databases and a clear identification of the risks that generate the most impact in terms of economic and reputational losses, or due to their frequency of occurrence, thus establishing more appropriate mitigation measures.

Similarly, there was continued methodological assistance for the identification of risks, causes and controls for the Bank's Value Chain processes, while implementing new projects, processes, products, channels and services. Additionally, the Bank carried out continued work in the identification and adaptation of causes, risks and controls, focused on changes that may take place in its processes, on the occasion of the change of the core banking in progress.

The Internal Control System is maintained at the "Managed" level of maturity. The follow-up on the action plans established by the various supervisory bodies, in the framework of the continuous improvement process, strengthens the testing of controls and covers the risks considered relevant for the Bank, other than those already identified for the core of business.

The "Compliance and Strengthening of Institutional Internal Control" project started in accordance with the framework set forth in the COSO 2013 standard, to integrate the Bank's different risk systems under a defined model of action.

5.4.5 Business Continuity

To prepare the Organization for any interruptions in its operation, the management culture of business continuity is constantly strengthened in its collaborators, including the adaptation of the Bank to deal with the change of its core banking in progress, as well as the verification of suppliers' compliance with the Bank's requirements in order to address the provisions of Chapter I, Title II Section 2.3.6.3. of Part I of the Basic Legal Notice issued by the Financial Superintendence of Colombia (C.E. 029/14).

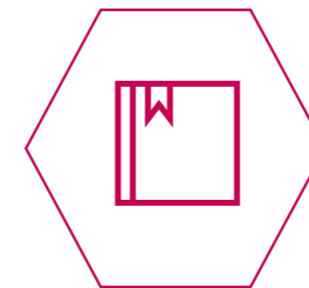
5.4.6 Environmental and Social Risks

Throughout the year, the Bank carried out a special assessment of the micro-enterprise owners affected by El Niño weather conditions, providing the portfolio normalization guidelines for the areas affected by this climate event.

A campaign was implemented to address the humanitarian emergency on the Colombian-Venezuelan border, providing customers with the options of loans and savings products, as well as normalization processes under special conditions for the outstanding portfolio.

In applying the assessment of environmental and social aspects for the extension of loans, 1,197 requests were rejected based on the validations of conditions using the risk model, because they were activities covered in the Exclusion List, thus ensuring no financing for operations in which there may be negative environmental or ethical effects.

5.5 Compliance System



THIS SYSTEM IS ONE OF THE FUNDAMENTAL PILLARS ON WHICH THE BANK BASES THE INSTITUTIONAL COMMITMENT OF STRUCTURING AND IMPLEMENTING ALL ITS ACTIVITIES AND BUSINESS WITHIN THE HIGHEST STANDARDS OF INTEGRITY, UNDERSTOOD AS THE CONTINUED COMPLIANCE WITH LEGAL RULES AND IN ACCORDANCE WITH STRICT NORMS OF ETHICAL BEHAVIOR.

In 2015, remarkable progress was made in the relationship between the Compliance Function and the Value Chain, as regards the development and implementation of policies and procedures; disclosure and training in compliance, and the identification, assessment and mitigation of potential compliance risks, including topics related to the following aspects:

- Institutional integrity
- Treatment of conflicts of interest
- Consumer protection
- Personal data protection
- Risk of money laundering and terrorism financing

5.6 Institutional Integrity



BANCAMÍA HAS A CODE OF ETHICS APPROVED BY THE BOARD OF DIRECTORS, WHICH REFLECTS THE PRINCIPLES AND VALUES TO REGULATE THE ACTIONS OF ALL BANK COLLABORATORS AND MANAGERS. IN TERMS OF ITS CONTENT, IT IS STRUCTURED AROUND THE FOLLOWING BLOCKS OF PRINCIPLES AND STANDARDS:

- Statement of principles and values
- Rules of conduct
- Conflict of interest system
- Accession, disclosure and monitoring
- Effects of non-compliance
- Responsible attitude system


As part of the strengthening of institutional integrity and as a basic element of the compliance system, we were re-certified in the contents of the Code of Conduct and Ethics, whose objective was the internalization of the rules and principles by all collaborators and intense campaigns were carried out to raise awareness on the corporate values.

The Responsible Attitude System was also structured and implemented, based on the commitment of all collaborators to report, through timely communication, any situations considered ethically

questionable, even if they are not related to their roles or scope of responsibility, particularly those that could result in a violation of the law.

1,360 collaborators formally accepted their commitment to comply with the Code of Conduct and Ethics, and 2,140 reaffirmed their commitment to the corporate values in 2015.

In addition to the above mechanisms, the Bank adopted other specific instruments for the management of basic collaborator commitments and behaviors, including the updating of the Regulations on Conflicts of Interest and the Use of Insider Information, which includes the principles, policies, guidelines and procedures to prevent, identify, disclose, manage and solve potential or actual conflicts of interest that may arise on the occasion of the im-

 **FIGURE 6.**
Institutional Integrity Model



plementation and performance of the activities of the Bank and its collaborators.

The Policies of the Regulatory Risk Management System was designed and implemented, which establishes the guidelines to reduce the impact of Regulatory Risk on the Entity by implementing rules and procedures for the management and monitoring

thereof. It is intended to develop a proactive attitude to know how regulatory changes and rules affect everyday business activities, and based thereon, suggest timely actions for the mitigation of the risk of non-compliance, thus facilitating the continuous improvement of processes and promoting a culture of regulatory risk management.

5.7 Money Laundering and Terrorism Financing Risk Management System (SARLAFT, for the acronym in Spanish)



THE MONEY LAUNDERING AND TERRORISM FINANCING RISK MANAGEMENT SYSTEM, HEREINAFTER SARLA/FT IS ONE OF THE BANK'S CRITICAL STRATEGIC GUIDELINES. PREVENTING ITS PRODUCTS AND SERVICES FROM BEING USED FOR CRIMINAL PURPOSES IS AN ESSENTIAL REQUISITE TO PRESERVE INSTITUTIONAL INTEGRITY AND, WITH IT, ONE OF THE BANK'S MAIN ASSETS: THE CONFIDENCE OF THE PEOPLE AND INSTITUTIONS WITH WHICH IT RELATES ON A DAILY BASIS.

SARLA/FT is a model that is permanently evolving. In this regard, there is recurrence in the proper implementation of the regulatory standards, which has led to positive results in independent reviews, both on the part of the Statutory Auditor and the Internal Audit, and there is continued monitoring of the implementation of recommendations for improvement, which allows the normal cycle of maintenance of this system.

As regards the level of exposure to the risk of LA/FT³⁰, the rating was kept Low, given the defined scale and methodological parameters. Also, this risk

was assessed prior to the launch, modification and improvement of the new products, services and/or distribution channels considered in the business plans.

We have kept in place the principles of know-your-customer; know-the-market; the monitoring of transactions; the detection and analysis of unusual operations and the reporting of suspicious transactions to the Financial Information and Analysis Unit (UIAF for the initials in Spanish). As regards Bancamía's cooperation with State and regulatory agencies, there was quick and timely compliance with all periodic reports established and the responses to their requests.

The objective of carrying out visits to provide assistance and compliance testing of the different offices at the national level continued, outnumbering those of the previous year, where not only was the SARLA/FT³¹ covered, but other topics of the Compliance Function were also addressed, such as Consumer Protection and Integrity and

³⁰. Risk of money laundering and terrorism financing

³¹. Money Laundering and Terrorism Financing Risk Management System

Ethics. As a result of these sessions, opportunities for improvement were identified and action plans were coordinated and have been complied with by the Managers and collaborators of each office visited.

In addition, the message of Preventing the risk of LA/FT³² has continued to be positioned, both at the domestic level and to our customers, by carrying out national campaigns, using the means of communication, such as the Entity's website and dynamic promotional pieces such as cartoons, banners and tips. This is a complement of the annual training programs, which have continued to cover all collaborators in compliance with the regulations.

Given the continuous improvement framework of the Compliance Function, and as part of the strategic project for strengthening Institutional Control, an assessment was conducted for the methodolo-

gical strengthening of the SARLA/FT³³ in 2016, focused on the establishment of synergies with the Entity's other risk management systems, which will lead to the improvement of the efficiency indicators of such systems and quick valuation by process owners.

Regulatory changes are expected in 2016 in relation to the country's social and political environment, which will be challenging, especially for entities like Bancamía, which will require the design of robust policies and processes in the areas of prevention and treatment of associated risks that are quick to implement in order to facilitate financial inclusion.

5.8 Personal Data and Consumer Protection



GOOD PERFORMANCE IN ADDRESSING RCCS, THROUGH THE CHANNELS ESTABLISHED BY THE BANK FOR THAT PURPOSE, MEANS A DECREASE IN THE USE OF ALTERNATE CHANNELS BY CONSUMERS, WHICH REFLECTS THE CUSTOMERS' VOTE OF CONFIDENCE IN THE BANK'S SERVICE PROCEDURES.

32. Money laundering and terrorism financing.

33. Money Laundering and Terrorism Financing Risk Management System

34. Customer requests, complaints and claims

As regards Consumer Protection, the year 2015 presented major challenges and very satisfactory results. On one hand, the trade dynamics of the business and Bancamía's desire to be increasingly competitive by providing better customer service, was reflected in the reduction in average response time to requests, complaints and claims (RCCs) filed by our consumers, from an average of 11 working

days in the year 2014, to 8 in 2015, thus preserving historical growth trends.

It is important to mention that good performance in addressing PQRs, through the channels established by the Bank for that purpose, means that the alternate channels used by consumers to file them, such as the Financial Superintendence of Colombia and the Financial Consumer Advocate, maintain a lower growth trend than our own channels, which reflected consumers' vote of confidence in the Bank's service procedures.

The reviews undertaken by Internal Audit as well as the Statutory Auditor as regards the Consumer Service System (CSS) yielded very positive results, which reflect the proper structuring of the system, ensuring consumer rights. In turn, the Financial Consumer Advocate reports also showed highly satisfactory results, which confirm Bancamía's willingness and capacity to respond to its customers' requests in a timely, efficient and effective manner.

It is important to mention the effort to implement procedures that, in addition to ensuring that RCCs³⁵ are managed within the periods of

time established to do so, verify that the quality of the responses is clear, familiar and simple in terms of content and language, given the profile of our customers.

As regards personal data protection regulations, the relevant actions have continued in order to maintain compliance at all levels. It is important to mention the efforts made in 2015 for the training of all collaborators from both the commercial network and the General Directorate, with approaches applied to their specific roles in the Entity.

During the year, we began to include procedures to ensure these regulations in the Value Chain, making instruction on this subject a reality, which translates into the offering of more and better guarantees for our consumers, collaborators and suppliers in the handling of their personal data.

5.9 Compliance and Strengthening of Institutional Control

In 2015, Bancamía started the project for the Compliance and Strengthening of Institutional Control. The purpose of the initiative is to update the internal control model by changing it to an integrated vision to invigorate the coordinated action of the Three Lines of Defense,

such that not only will the effectiveness of the Internal Control and Compliance System increase, by ensuring the proper coverage of the integrated management of non-financial risks in which Bancamía incurs, but it will also make it more efficient.

5.10 Auditin

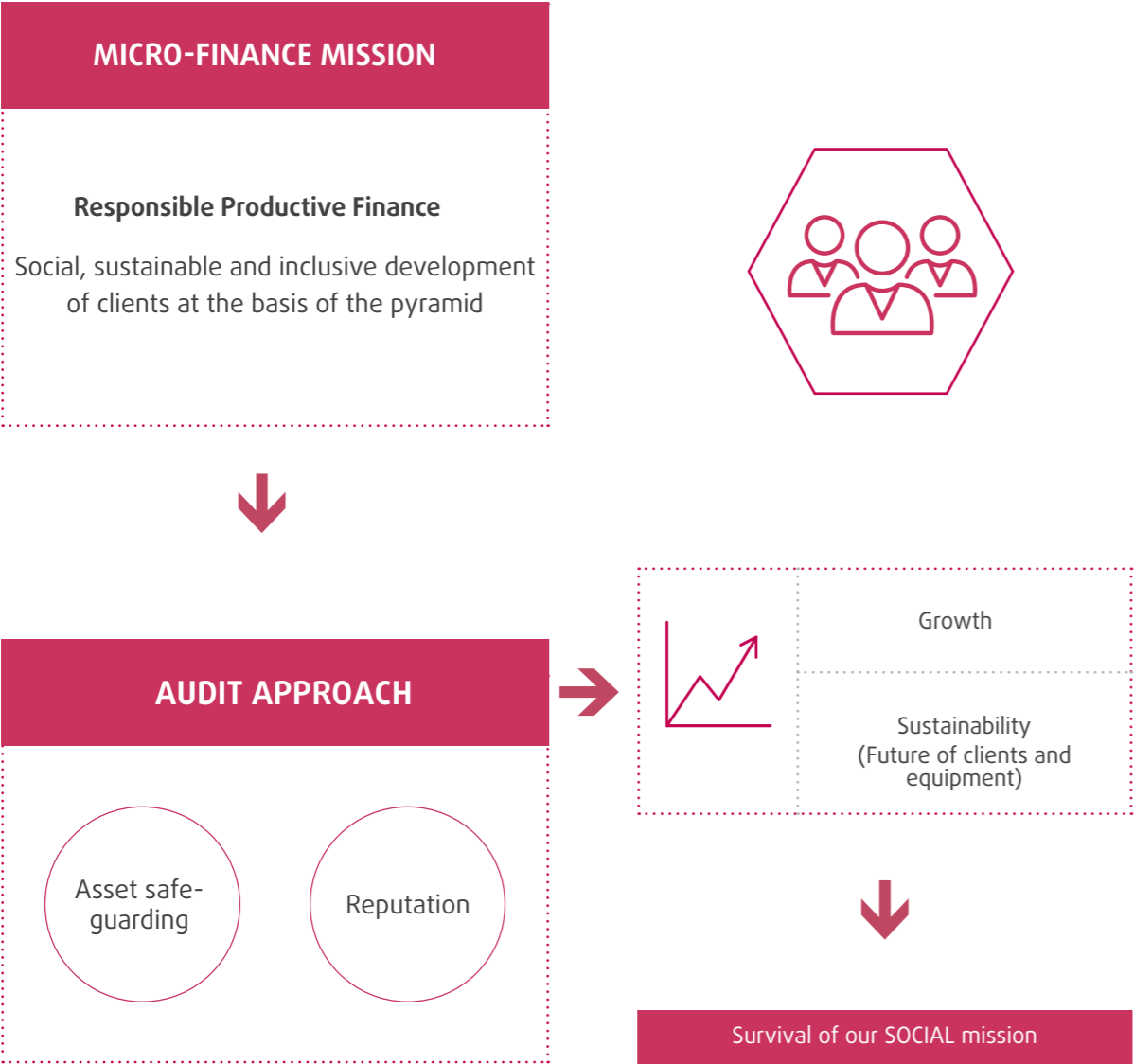
Bancamía's General Audit establishes different activities to offer reasonable assurance of the Bank's strategic results and serve as a safeguard for the fulfillment of the Entity's mission. In this context, the level of efficiency of process controls is evaluated; risks are analyzed and early warnings are issued regarding emerging risks;

with regard to fraud, a vigilant attitude is maintained by strengthening the lines of defense defined in the control model adopted.

35. Customer requests, complaints and claims



FIGURE 7.
Mission of the Auditing Role

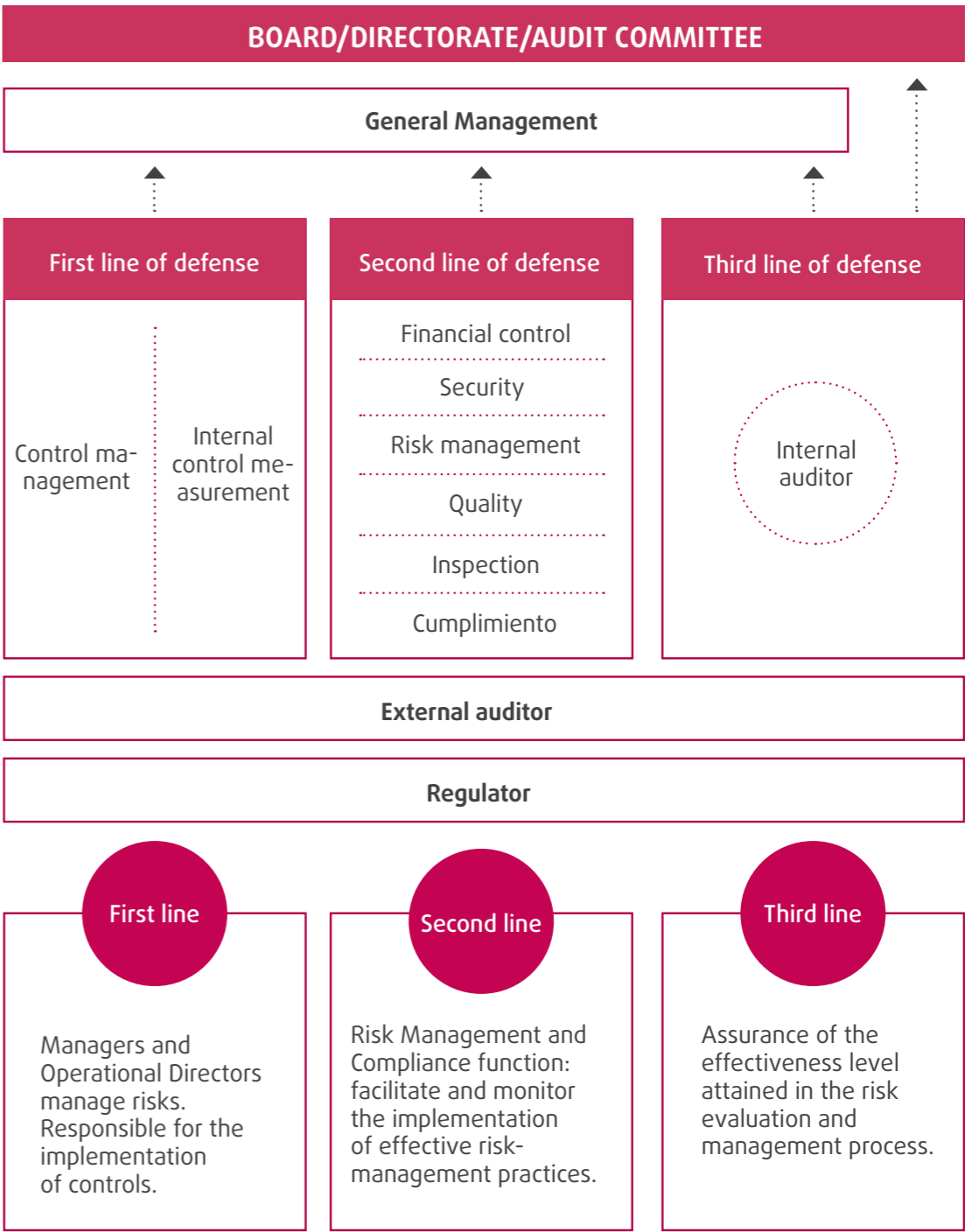


The performance of the Auditor General is governed by the rules of the Institute of Internal Auditors adopted by the Colombian financial sector, through Public Notice 038 issued by the Financial Superintendence of Colombia in 2009, by means of which the Audit Committee is supported in the assessment of the efficiency and effectiveness of the Internal Control and Compliance System in force.

In this regard, the model adopted by the Bank, in terms of risk management and control, is referred to as “the Three Lines of Defense”, which requires Senior Management to establish and define their duties for the fulfillment of their objectives, as follows:



FIGURE 8.
Three Lines of Defense Model





FROM AN INDEPENDENT AND OBJECTIVE PERSPECTIVE, AIMED AT COVERING THE REVIEW OF THE BANK'S CRITICAL PROCESSES, USING THE RISK ASSESSMENT METHODOLOGY, THE AUDITOR GENERAL SUCCESSFULLY COMPLETED 100% OF THE ACTIVITIES PLANNED FOR THE YEAR 2015, ISSUING A TOTAL OF 77 REPORTS, 44 OF WHICH ARE IN REFERENCE TO THE NETWORK OF OFFICES, 27 TO PROCESSES AND SYSTEMS AND 6 TO SPECIAL INVESTIGATIONS. THESE REPORTS INCLUDE THE ACTION PLANS DULY CONCLUDED WITH PROCESS OWNERS, INDICATING THE PERSON RESPONSIBLE FOR THEIR IMPLEMENTATION AND AN IMPLEMENTATION DEADLINE.

As part of the strengthening of the Continuous Auditing Program, which corresponds to a strategy of creating and generating early warnings applied directly on the operation, and which identifies situations or the failure to comply with procedures within the framework of the fraud management system, four evaluations were conducted on the management processes of Human Resources, Banking Operations, Credit Risk and Deposits, generating the respective communications for the prevention of risks.

Using the above techniques, the databases of 100% of the records kept by the offices on different topics were reviewed, thus providing monitoring coverage for all of them.

In relation to the evaluation of the regulatory requirements of the Supervisory Body, the plan

was fulfilled, observing compliance with all the regulatory components evaluated.

It is important to point out that the Bank maintained the level of maturity of its Internal Control System, given its compliance in aspects such as the documentation of policies and procedures; job description manuals; profile definitions; implementation of the Regulatory Compliance function; strengthening of an ethical culture; improvement in risk management and the design of controls by process owners, with alternatives for improvement underway, thus leading to better risk management.

The strategic focus for 2016 is framed in the fulfillment of the Bank's mission and mainly in the verification of the following elements:



GRÁFICO 9.
2016 Auditing Focuses



WORK IS DONE THROUGH THE AUDITOR GENERAL TO GENERATE GREATER VALUE BY IMPROVING THE BANK'S OPERATIONS, CONTRIBUTING TO FULFILLING ITS MISSION PURPOSE OF IMPROVING THE QUALITY OF LIFE OF LOW-INCOME FAMILIES, PROVIDING A SYSTEMATIC, DISCIPLINED APPROACH TO ASSESS THE EFFECTIVENESS OF THE RISK MANAGEMENT, CONTROL AND ADMINISTRATION PROCESSES.

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FINANCIAL

6.1 Implementation of the IFRS³⁶ at Bancamía



THE PATH TO ADOPTING THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN COLOMBIA, BEGAN WITH THE ISSUE OF LAW 1314 / 2009, WHICH DETERMINED THE CONVERGENCE OF COLOMBIAN ACCOUNTING STANDARDS TO INTERNATIONAL STANDARDS. REGULATORY DECREE 2784 / 2012 ESTABLISHED THE REGULATORY TECHNICAL FRAMEWORK FOR FINANCIAL INSTITUTIONS.



Dagoberto Cruz en su finca, in his cattle breeding farm (Villeta - Cundinamarca).

Decree 1851 / 2013 gave instructions on the application of the IFRS, except for loan portfolios and impairment losses in financial institutions. Public Notice 038 / 2013 issued by the SFC established parameters for the Opening Statement of Financial Position and regulated the exception for portfolio provision rating and models.

The timeline of application considered in the Decree established the following milestones, which were fulfilled in a timely and complete manner by Bancamía:

- 2013 Mandatory Preparation
- 2014 Opening Balance Sheet and Transition
- 2015 Official IFRS Financial Statements

36. International Financial Reporting Standards



FIGURE 10.
Timeline for the Implementation of the IFRS

Consulting	Compulsory Preparation	Compulsory Preparation	Transition period	First implemen- tation period
Phase (o) 2012	Phase (1) 2013	Phase (2) 2013	Phase (3) 2014	Phase (4) 2015
Degree course 1 st version Externado University	First Semester: Publication of the IFRS accounting policies manual	Second semester: Impact analysis report with EEFF 2012 for the first time	First-time implementation and opening balance 1/ jan/2014 Implementation of a technologi- cal solution	Production of IFRS solution EEFF under IFRS, 2014 and 2015
Accounting Technical Diagnosis	Degree course 2 st version, Externado University	Process analysis functional gap and technologi- cal tool	COLGAAP / OFRS parallel	Official IFRS accounting in 2015

The IFRS adoption process concluded in 2015, translates into benefits to those who need them most and are Bancamía’s fundamental purpose: Customers; enormous possibilities to access international markets are open to the Bank in a globalized world.

6.2 Analysis of Results

6.2.1 General Balance Sheet

Assets recorded a balance of COP 1,448,580 million /USD 460 million, with a variation of +2.4% compared to 2014, mainly due to the performance of the Gross Loan Portfolio, which represents the greatest portion of as-

sets (73.5%) with a balance of COP 1,104,022 million / USD 351 million), up 2.8% compared to 2014 as a result of placements of COP 1,014,474 million / USD 322 million during the year, up 0.2% from the preceding year.



TABLE 12.
Comparative Balance Sheet

	Concept	2014 (COP)	2015 (COP)	2015 (USD)	Variation (COP)
Active	Liquidity	226.018	204.798	65	-21.220
	Net portfolio	1.040.688	1.065.257	338	24.569
	Gross portfolio	1.074.417	1.104.022	351	29.605
	Employee portfolio	2.369	3.087	1	719
	Interest	21.269	22.489	7	1.221
	Reserves	-57.367	-64.342	-20	-6.975
	Other assets	147,628	178,525	57	30,898
	Total assets	1.414.334	1.448.580	460	34.246
Liabilities and equity	Customer resource	436.315	331.998	105	-104.317
	Savings deposits	76.465	91.882	29	15.417
	Time deposits	359.849	240.116	76	-119.733
	Bonds	98.822	99.014	31	192
	Banks	416.058	529.652	168	113.594
	Other liabilities	135.716	144.679	46	8.963
	Total liabilities	1.086.911	1.105.343	351	18.432
	Total equity	327.423	343.237	109	15.814
	Total liabilities and equity	1.414.334	1.448.580	460	34.246

Figures expressed in COP and USD million

The Default Portfolio recorded a balance of COP 56,448 million / USD 18 million, up 12.2% for the year. This behavior means 94.9% fulfillment of micro-enterprise owners' obligations. As regards the loan portfolio provisions, the year ended with a balance of COP 62,213 million / USD 20

million, for an AAR variation of +12.3%, mainly due to the growth of the Default Portfolio and to maintain the coverage indicator at the level of 110.21%, rising basis points compared to 2014.



TABLE 13.
Main aspects of the loan portfolio

Concept	2014 (COP)	2015 (COP)	2014 (US\$)	2015 (US)	Variation (%)
Gross portfolio	1.074.417	1.104.022	341	351	2,8%
Commercial	28.713	34.645	9	11	20,7%
Micro-loan	995.322	1.012.899	316	322	1,8%
Employees	2.369	3.087	1	1	30,3%
Net portfolio	1.040.688	1.065.257	330	338	2,4%
Default Portfolio	50.296	56.448	16	18	12,2%
Reserves	-55.399	-62.213	-18	-20	12,3%
NPL ratio	4,67%	5,10%	N/A	N/A	43 basis points
Coverage indicator	110%	110%	N/A	N/A	6 basis points

Figures expressed in COP and USD million

Liabilities closed with a balance of COP 1,105,343 million / USD 351 million, up 1.7% compared to the end of 2014, mainly explained by the behavior of the funding sources with a share of 86.9%. The funding structure is composed of three large groups: customer resources, debt securities or ordinary bonds and financial obligations to banks. Customer resources ended with a balance of COP 331,998 million / USD 105 million, which includes savings deposits for a total of COP 91,882 million / USD 29 million, which reflects an increase of 20,2%, and Certificates of Deposit (CDs) pre-

senting a decrease of 33,3%, with a balance of COP 240,116 million / USD 76 million. Funding with debt securities or ordinary bonds did not undergo variation during the year as there were no maturities or emissions; therefore, the closing balance was COP 99,014 / USD 31.4 million. Financial obligations were up 27.3% amounting to COP 529,652 million / USD 168 million by the end of the year. As a result of the 4.8% growth compared to the previous year, Equity closed with a balance of COP 343,237 million / USD 109 million.

6.2.2 Income Statement

The Bank ended the year with a profit of COP 40,001 million / USD 13 million after taxes. Financial revenues were about COP 392,438 million / USD 125 million, up 5.5% from the previous year as a result of the higher volume of the gross portfolio.

Financial cost presented an increase of 12,1%, ending at COP 57,431 million / USD 18 million due to higher volume of placements and the increase in the funding rates. Therefore, the gross margin closed at COP 348,200 million / USD 111 million, with a positive variation of 3,5% with respect to the previous year .



TABLE 14.
Income Statement

Concept	2014 (COP)	2015 (COP)	2014 (USD)	2015 (USD)
Financial Revenue	372.033	392.438	118	125
Financial Costs	-51.213	-57.431	-16	-18
Interest margin	320.820	335.007	102	106
Net commissions	17.515	14.156	6	4
Financial transactions	-39	5	0	0
Other regular net revenues	-1.961	-969	-1	0
Gross margin	336.335	348.200	107	111
Administration overhead	-190.738	-220.022	-61	-70
Taxes and contributions	-14.679	-16.829	-5	-5
Amortizations	-10.432	-8.457	-3	-3
Net margin	145.597	128.177	46	41
Asset impairment loss	-66.905	-60.549	-21	-19
Other provisions	387	290	0	0
Operating income	79.080	67.918	25	22
Special expenses	-12	0	0	0
Profit before taxes	79.068	67.918	25	22
Income Tax	-31.114	-27.917	-10	-9
Profit after taxes	47.954	40.001	15	13

Figures expressed in COP and USD million

Administrative costs increased 15.4%, closing at COP 220,022 million / USD 70 million, mainly due to the increase in staff expenditure, which was up 16.1%, amounting to COP 126,242 million / USD 40 million. Overheads closed with an increase of 20,4% compared to 2014, i.e. COP 68,494 million / USD 22 million. In turn, amortizations dropped 18.9%, closing at COP 8,457 million / USD 3 mi-

llion. Based on the above, the efficiency indicator ended the year at 63.19%. Accordingly, the net margin closed at COP 127,177 million / USD 41 million, down 12.0%, and profit before taxes closed at COP 67,918 million / USD 22 million.

The year's tax ratio closed at 41.1%, so profit after taxes was COP 40,001 million / USD 13 million, with a budget implementation of 99.8%.



TABLA 15.
Net sales and capitalization

Concept	2014		2015		Variation	
	COP	USD	COP	USD	COP	%
Net income	320.820	102	335.007	106	14.187	4,4
Debt	951.194	302	960.664	305	9.469	1,0
Other Liabilities	135.716	43	144.679	46	8.963	6,6
Equity	327.423	104	343.237	109	15.814	4,8

Figures expressed in COP and USD million

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CUSTOMERS:
MICRO-ENTERPRISE
OWNERS



IN 2015, BANCAMÍA ATTENDED IN A DIRECT WAY WITH ITS BUSINESS SERVED A TOTAL OF 785,535 INDIVIDUALS DIRECTLY WITH ITS RESPONSIBLE PRODUCTIVE FINANCE BUSINESS MODEL, RECORDING A GROWTH OF 12% COMPARED TO THE YEAR 2014.



TABLE 16.
Distribution of customers by holding of products

Grouping of customers	Number of customers	Share
Total current customers	785.535	100%
Exclusively liability customers	429.158	55%
Exclusively asset customers	43.245	5%
Mixed customers	313.132	40%
Urban customers	470.491	60%
Rural customers	315.044	40%
Agricultural customers	122.696	39%
Non-agricultural customers	192.348	61%

Bancamía focused its efforts on the development of value propositions defined by micro-enterprise owners geographically located in urban and rural areas, performing sustainable economic activities, mainly

from socio-economic levels 1, 2 and 3. Micro-enterprise owners are segmented based on their economic activity. There are currently 4 Segments: Agricultural, Processing, Trade and Services.



TABLE 17.
Share of the portfolio by region and economic sector

Economic Sector	Central Region	Northern Region	Southern Region	Grand Total
Trade and Services	24%	26%	22%	72%
Agricultural	6%	5%	7%	18%
Processing	4%	3%	3%	10%
Total	34%	35%	31%	100%

Bancamía further sub-segments customers enrolled considering their business relationship, based on three variables: profitability, seniority and risk profile.

7.1 Value Proposition



BANCAMÍA OFFERS A WIDE RANGE OF ASSET PRODUCTS, ALL WITHIN THE CONCEPT OF MICRO-LOANS AND IN THE CONTEXT OF RESPONSIBLE PRODUCTIVE FINANCE. INTEREST RATES VARY DEPENDING ON THE TYPE OF LOAN REQUIRED, THE MICRO-ENTERPRISE OWNER’S HISTORY AND THE SENIORITY OF THEIR BUSINESS RELATIONSHIP WITH THE BANK.



TABLE 18.
Lines of micro-credit

Line of Credit	Number of Loans	COP Balance	USD Balance
Credimía	250.553	698.671	221.84
Credimía limit	41.255	128.446	40.78
Parallel Credimía	9.708	6.946	2.21
Customer in consolidation	5.052	77.079	24.47
Credimía locative improvements	2.385	7.663	2.43
Micro-loan incentive	2.161	601	0.19
Credimía for vehicles	585	2.105	0.67
Special Lines	514	2.542	0.81
Totals	312.213	924.053	293.40

Figures expressed in COP and USD million



AS A REFLECTION OF BANCAMÍA’S STRATEGIC PURPOSE
OF SERVING THE RURAL SECTOR WITH PRODUCTS
TAILORED TO THEIR NEEDS, THERE ARE SPECIFIC LINES
OF CREDIT FOR FARMS.



TABLE 19.
Lines of credit for the rural segment

Line of Credit	Number of loans	COP Balance	USD Balance
Agromía working capital	39.649	65.035	20.65
Agromía investment	22.343	82.684	26.25
Rural Credimía for agricultural investment	5.755	12.590	4.00
Credimía for rural investment	5.704	10.631	3.38
Rural credimía working capital	4.316	4.206	1.34
Agromía working capital	39.649	65.035	20.65

Figures expressed in COP and USD million




TABLE 20.
Liability products

Line of savings	Number of products	COP Balance	USD Balance
Ahorramía	732.025	88.991	28.26
Rentamía CDs	38.040	240.116	76.24
Soñando juntos [Dreaming together]	10.388	2.662	0.85
Progressive savings	1.258	229	0.07
Totals	781.711	331.998	105.41

Figures expressed in COP and USD million

Voluntary life insurance: Allows customers to insure themselves and their families, in the case of economic needs that may arise due to funeral expenses involving the death of any of the insured parties.

 **TABLE 21.**
Voluntary life insurance

NUMBER OF CUSTOMERS	AMOUNT IN COP	AMOUNT IN USD
172.598	16.274	5.17

Figures expressed in COP and USD million


Funeral insurance: Allows customers to insure themselves and their families, in the case of economic needs that may arise due to funeral expenses involving the death of any of the insured parties.

 **TABLE 22.**
Funeral insurance

NUMBER OF CUSTOMERS	AMOUNT IN COP	AMOUNT IN USD
36.662	3.699	1.17

Figures expressed in COP and USD million

Property damage insurance: Offers customers the possibility of ensuring any losses that may experience, due to damages caused to their productive unit as a result of the occurrence of any of the events covered in the policy, including fire, flooding and landslides.


 **TABLE 23.**
Property damage insurance

NUMBER OF CUSTOMERS	AMOUNT IN COP	AMOUNT IN USD
39.442	5.287	1.68

Figures expressed in COP and USD million

Productive international transfers

Bancamía offers its customers and users the service of international transfers, promoting a culture of savings by encouraging through campaigns deposits of part of the transfer in their accounts to be able to meet a set goal.

 **TABLE 24.**
International transfers

NUMBER OF TRANSFERS PAID	AMOUNT IN COP	AMOUNT IN USD
17.944	17.127	5.44

Figures expressed in COP and USD million

With the support of the United Nations Plan for the Environment (UNEP), the Frankfurt School and the Federal Ministry of Environment, Nature Conservation, Building and Nuclear Safety of Germany, Bancamía launched the “Micro-finance for Adaptation Based on Ecosystems” (MEbA) project that aims to incorporate in the Bank’s value proposition, innovative alternatives that will enable the inhabitants of rural areas to implement adaptation measures in their ecosystems and productive processes, to mitigate the negative impacts of climate change and, therefore, ensure their progress, by making them less vulnerable to the risk of loss or reduction in production, through the following focal points of activity:

1. Raise awareness among agricultural producers of the area of influence, about the need to implement eco-friendly and sustainable farming techniques, that will contribute to reducing the vulnerability of their productive units to the negative impacts of climate change.
2. Provide training in specific adaptation measures for groups of producers who have previously expressed interest.
3. Finance adaptation measures and activities related to ecosystem sustainability in order

for producers to improve their income and resilience to the effects of climate change.

4. Provide technical assistance in the adaptation measures chosen by the producers to be implemented to mitigate the negative impacts of climate change.
5. Generate a specific methodology to extend, monitor and recover the loans, whose purpose is to finance adaptation measures, through the centralized management of the information on the farming activities involved.

In 2015, the outcome of the pilot project was as follows:

- Awareness on basic concepts of ecosystem-based adaptation measures (EbA for the initials in Spanish): 283 agricultural producers.
- Training in specific concepts for the implementation of EbA measures: 112 agricultural producers. Asistencia técnica grupal en campo para productores, en la ejecución de una medida específica.
- Financing for the implementation of 5 types of EbA measures: Water reservoirs, soil conditioning, organic fertilizers, composting and drip irrigation.

- On-site technical assistance by groups for producers, in the implementation of a specific measure.

• 7.2 Marketing Strategies

In order to increase the customer knowledge, Bancamía conducts market research to meet the needs of its customers in a comprehensive manner and act based on the signals of the environment. The main activities carried out during the year in research and business intelligence were:

- Positioning and image study.
- Ethnographic study for improving knowledge of specific sectors.
- Studies on good competition practices.
- Customer classification model according to their history with the bank - I am Bancamía Model.
- Use of Bank data to delivery refined customer bases to the network of offices, which contribute to effective improvements.

- Construction of an automated tool for agricultural cash flow analysis, which includes a centralized database, with structures of 18 agricultural activities and 7 livestock activities.

- Datamía, a business information system for customer characterization.
- Georeferencing analysis of customers, offices and competition.
- Potential market matrix by municipality.

Given the strategic objective of serving new market niches and based on research, it innovative tactics were implemented, including the events performed in 50 offices, located mainly on the Atlantic coast, called "Bancamía Anniversary", which brought in more than 5,000 individuals between customers and prospects.

As part of the "Bancamía Anniversary", there were inauguration events at 10 of the 15 offices opened in 2015, allowing the Bank's positioning in different areas, as a bank that accompanies and recognizes micro-enterprise owners' efforts, as well as the increase in the revenue from placements and deposits of the network of offices. Bancamía manages the constant improvement of current products, facilitating their access and making them simpler to use and with more channels for trading.

Through internal campaigns with collaborators, product differentiators were optimized by boosting savings as an efficient tool for financial inclusion and reaffirming the social vocation that characterizes the Bank's products and services.

For the tactical support of network of offices in the customer attraction, recovery, retention and loyalty, preventive campaigns were carried out for the timely service of asset customers, such as "Datacrédito Warnings", "Counteroffers" and "Instant Loans," in response to cyclical factors of social or climatological events, such as the deterioration of the border situation and El Niño weather condi-



tions, which showed high margins of acceptance and effectiveness.

In connection with investment and savings, we reached more populations through telemarketing activities, with the intention of reactivating the savings culture of customers who already have the habit of paying off loans, generating opportunities in Certificates of Deposit (CDs) for potential excesses in liquidity.



7.3 Engagement Model: Responsible Communication and Information

Bancamía's customer management model is based on 100% relational service, through Productive Development Executives (EDPs), who are responsible for addressing customers' requirements and concerns and are the main channel of contact with the Bank.

Information regarding the products offered by the Bank offers to the market is transmitted in a clear and personal manner to customers,

indicating their characteristics, policies, conditions, advantages and benefits. All the advertising pieces in print or digital form are validated beforehand by the areas responsible for product design and deployment, which corroborate that the information is truthful and in line with the policies and parameters of the inspection and oversight authorities, also ensuring compliance with the Bank's Identity Manual.

7.4 Channels



FOURTEEN NEW OFFICES WERE PLACED AT THE SERVICE OF CUSTOMERS AND USERS, IN ACCORDANCE WITH THE STRATEGIES OUTLINED IN THE 2015 EXPANSION PLAN, SEVEN OF WHICH SEVEN WERE OPENED IN MAJOR CITIES LIKE BARRANQUILLA (ATLÁNTICO), CALI (VALLE DEL CAUCA), IBAGUE (TOLIMA), PEREIRA (RISARALDA) AND SANTA MARTA (MAGDALENA), THUS STRENGTHENING ITS PRESENCE IN THE URBAN AREA.

By opening five offices in the municipalities of Chinácota, Girón and Piedecuesta (Santander), Ayapel, Cordoba and Mompox (Bolívar), the entity's coverage was expanded in new rural markets. It is important to emphasize the Bank's first-time incursion in the cities of Popayán(Cauca) with two offices and Bucaramanga (Santander) with one. Thus, Bancamía ended 2015 with 200 offices, in 29 departments.

Thanks to the commercial alliance with Movired, there are 3,510 Network Positioned Banking Correspondents in 521 municipalities of the country. Additionally, network of our own banking correspondent was expanded, ending the year with 59 centers in 53 municipalities.

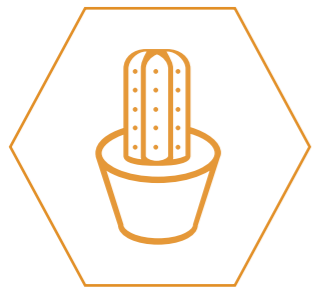
With the support of the Bank of Opportunities and the International Finance Corporation (IFC), the Mobile Banking electronic channel based on cellular telephony was implemented in 2015, aimed at all customers with savings accounts and/or loans with a priority focus on the rural sector. Through Mobile Banking, our customers can perform various transactions in real time, through their savings accounts, such as consultation of balances and movements, payment of their obliga-

tions, purchasing cell phone minutes, transfers, purchases in partner establishments, registration and deletion of accounts, among other transactions. The pilot of this channel began in the populations of Ubaté, Zipaquira and Mesitas del Colegio in the department of Cundinamarca. In 2016, the channel will be implemented in mass at the national level.

To be closer to customers, the Lineamía hotline was strengthened, as an effective channel of contact to answer a monthly average of 8,363 calls, operating 24/7/365, recording a growth of 303% in requests for loan requests taken online, compared to the year 2014.

The commercialization of the Bancamía Debit Card reached more Colombians with a product that supports their business and reduces cost barriers, with a handling fee within the reach of low-income customers and an ATM withdrawal fee that offers one of the lowest rates on the market. By the end of 2015, 46,827 cards were placed and cash transactions were recorded for COP 32,714 million / USD 10.4 million in withdrawals and COP 7,056 million / USD 2.2 million in purchases in establishments.

7.5 Presence in Municipalities with Unsatisfied Basic Needs (UBN)



BANCAMÍA HAS CARRIED ON WITH ITS OBJECTIVE OF ESTABLISHING ITSELF IN THE MOST VULNERABLE AREAS OF THE COUNTRY. 30% OF ITS 200 OFFICES ARE LOCATED IN MUNICIPALITIES THAT EXCEED THE AVERAGE PERCENTAGE OF PEOPLE WITH AT LEAST ONE UNSATISFIED BASIC NEED (UBN). AS REGARDS THE BANKING CORRESPONDENTS OF OWN NETWORK, 60% ARE ABOVE THE UBN INDICATOR.



TABLE 25.
Vulnerable Municipalities Served

Department	Municipality	Number of Offices
Antioquia	Arboletes; Carepa; Caucasia; Chigorodó; Dabeiba; El Bagre; Nechí; Necoclí; Puerto Berrío; San Pedro de Urabá; Santa fé de Antioquia; Turbo; Urrao.	10
Bolívar	Arjona; El Carmen de Bolívar; Magangué; María La Baja, Mómpos.	4
Boyacá	Puerto Boyacá.	1
Caquetá	San Vicente del Caguán.	1
Casanare	Paz de Ariporo.	1
Cesar	Aguachica; Agustín Codazzi; Becerril; Bosconia; La Jagua de Ibírico; Pailitas.	4
Chocó	Quibdó	1
Córdoba	Ayapel; Cereté; Ciénaga de Oro; Lórica; Momil; Montelíbano; Montería; Moñitos; Planeta Rica; Pueblo Nuevo; Puerto Escondido; Puerto Libertador; Sahagún; San Andrés de So-tavento; San Antero; San Bernardo del Viento; San Pelayo; Tierralta; Valencia.	15
Cundinamarca	Chocontá; Viotá.	1
Guainía	Inírida.	1
Guaviare	San José del Guaviare	1
Huila	La Plata	1
La Guajira	Fonseca; Maicao; Riohacha; Uribia.	4
Magdalena	Ciénaga; El Banco; El Plato; Fundación; Guamal; Pivijay; Sabanas de San Ángel.	5
Nariño	La Unión; San Andrés de Tumaco	2
Norte de Santander	Abrego; Chitagá; El Carmen; Hacari.	1
Putumayo	Orito	1
Santander	Cimitarra; Curití.	1
Sucre	Corozal; Guaranda; La Unión; Majagual; San Marcos; San Onofre; San Pedro; Santiago de Tolú; Sincelejo; Tolú Viejo.	4
Tolima	Chaparral	1
Valle del Cauca	Cerrito	1
Vaupés	Mitú	1



Sugar plantation and raw cane plant productive unit
(Mesitas – Cundinamarca).

**RESPONSIBLE
PRODUCTIVE
FINANCE**

SUSTAINABLE
MANAGEMENT
REPORT **2015**



SUSTAINABILITY

One of the strategic objectives defined by the entity, has to do with the satisfaction of all stakeholders’ needs, through a model of sustainable performance for the generation of economic, social and environmental value, that boosts Responsible Productive Finance, enables the impact on public policy and positions Bancamía as a bank for social development. To do so, on a quarterly basis, Management informs the Board of Directors of the result of social performance for the corresponding period. In addition, every year, it presents the Sustainable Management of the previous year. This report is approved by the General Shareholders Assembly.

8.1 Measurement of Social Performance

ASSET CUSTOMERS			
	Total		New
	356.376		99.524
56% WOMEN	VULNERABLE* 76%	53% WOMEN	VULNERABLE* 80%
RURAL ENVIROMENT 38%	UNDER 30 13%	RURAL ENVIROMENT 43%	UNDER 30 21%
PRIMARY EDUCATION AT MOST** 57%		PRIMARY EDUCATION AT MOST** 50%	

*Estimated according to Colombia’s monthly poverty line (rural environment COP 143,256 / USD 45.5 and urban COP 239,205 / USD 76). Source: National Administrative Department of Statistics, June 2015. To estimate the household per capita income, business income is used as an estimate of family income. Customers with monthly incomes of up to 3 times the poverty line are considered vulnerable (rural environment COP 429,768 / USD 136.5 and urban COP 717,615 / USD 227.9).
**Proportion of total assets of customers who have completed primary education at most.

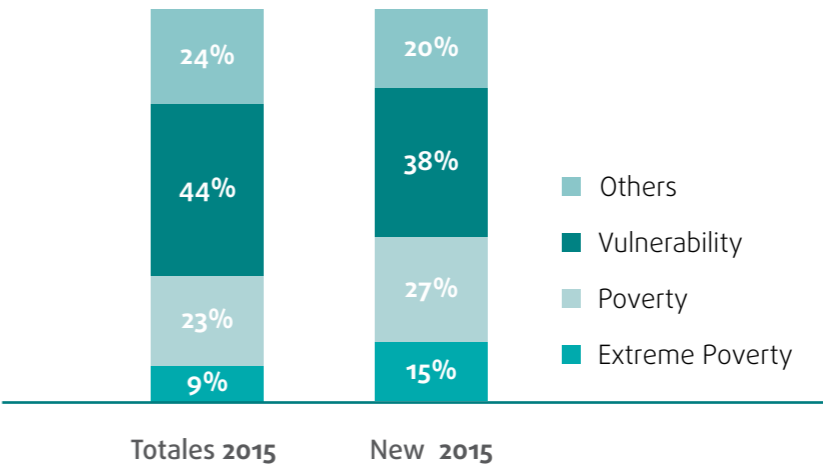
In coordination with the FMBBVA, Bancamía implemented the MIDE project (Strategic Development and Impact Measurement) whose objective is to measure the effect of the Responsible Productive Finance business model in customers’ economic and social development. Since

this is a cross-cutting initiative of all FMBBVA entities, the monetary figures of MIDE results are stated in US dollars, in order to ensure the comparability of the information and its analysis in homogeneous conditions.

8.1.1 Monetary Vulnerability



FIGURE 11.
Monetary Vulnerability



Bancamía has maintained its strategic focus on serving low-income customers. **76% of them are in a situation of monetary vulnerability.**

8.1.2 Customer Consolidation



FIGURE 12.
Number of customers: asset, liability and insurance

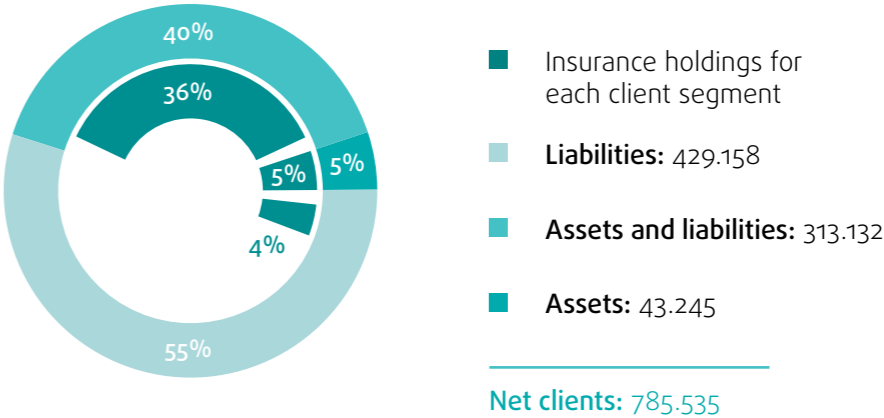
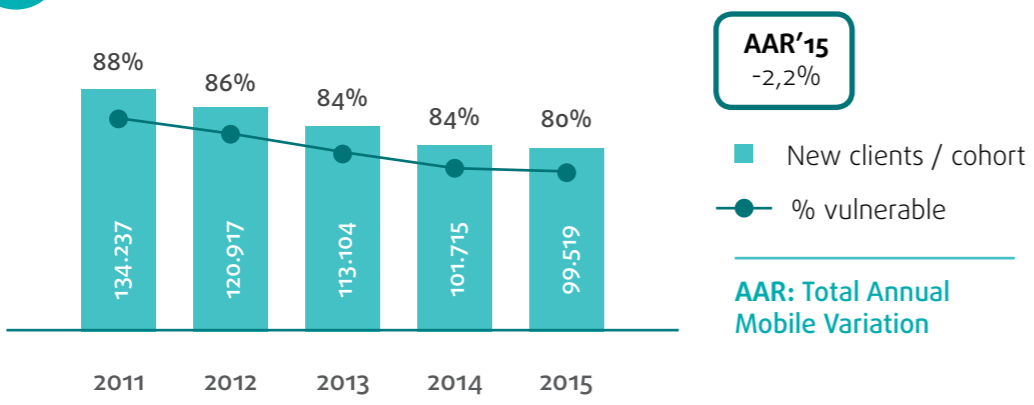




FIGURE 13.
New asset customers



The proportion of vulnerability of new micro-enterprise owners is kept above 80%, which is highly satisfactory considering that the attraction of new customers is a growing challenge. In recent years, there has been a growth in the attraction of new customers in the rural environment, and focus has been maintained on women and customers with low levels of education.



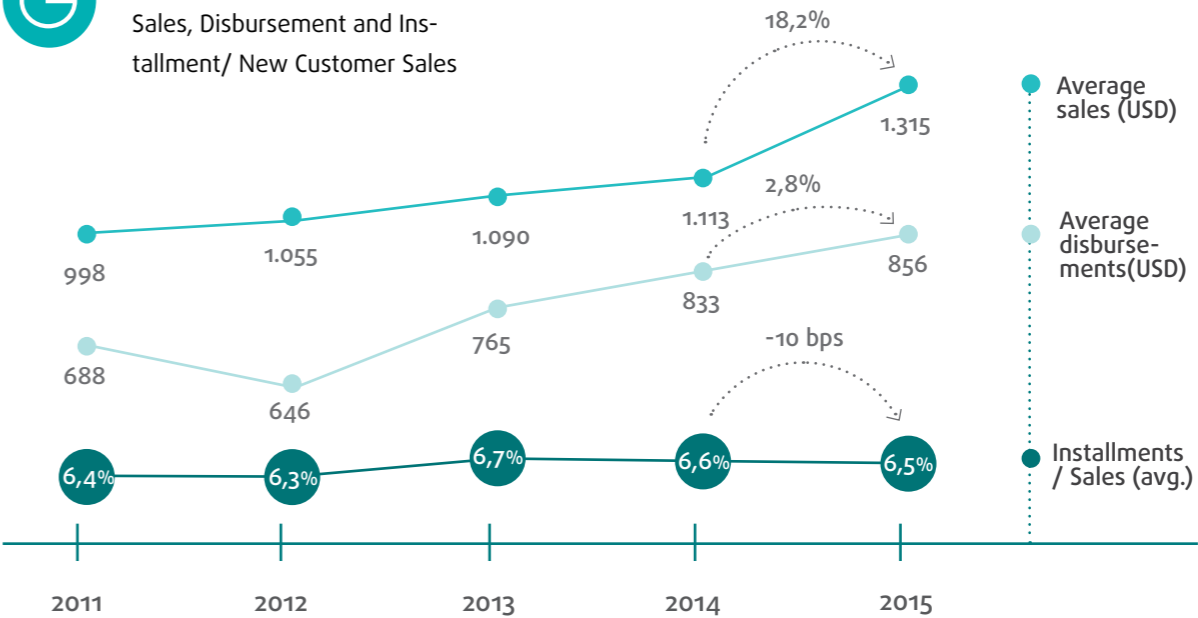
FIGURE 14.
Profile of New Asset Customers



Floralba Lucumí in her sugar plantation
(Jamundí - Valle del Cauca)



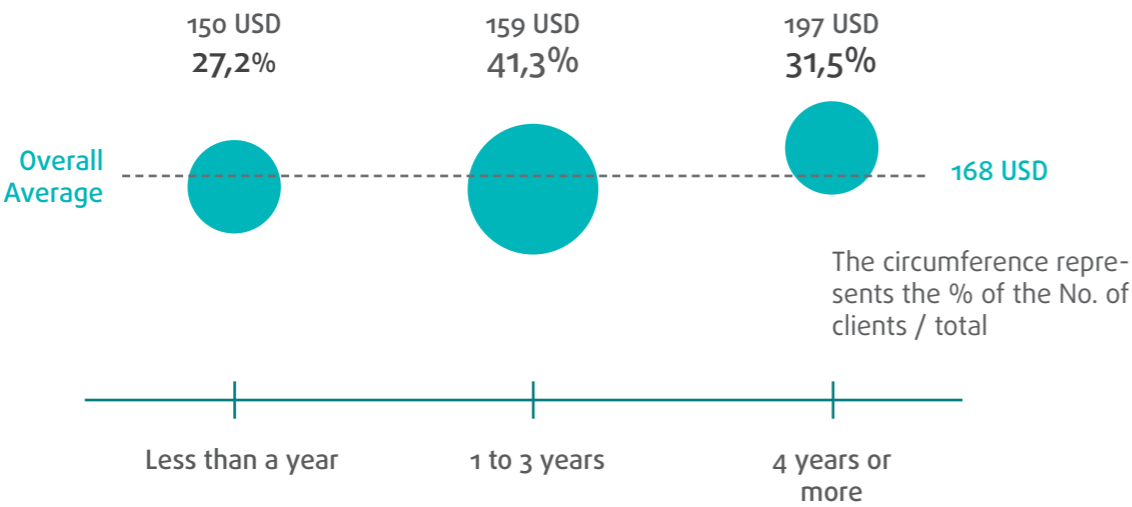
FIGURE 15.
Sales, Disbursement and Installment/ New Customer Sales



The weight of installments on sales decreases for new micro-enterprise owners in 2015 compared to new customers in 2014.



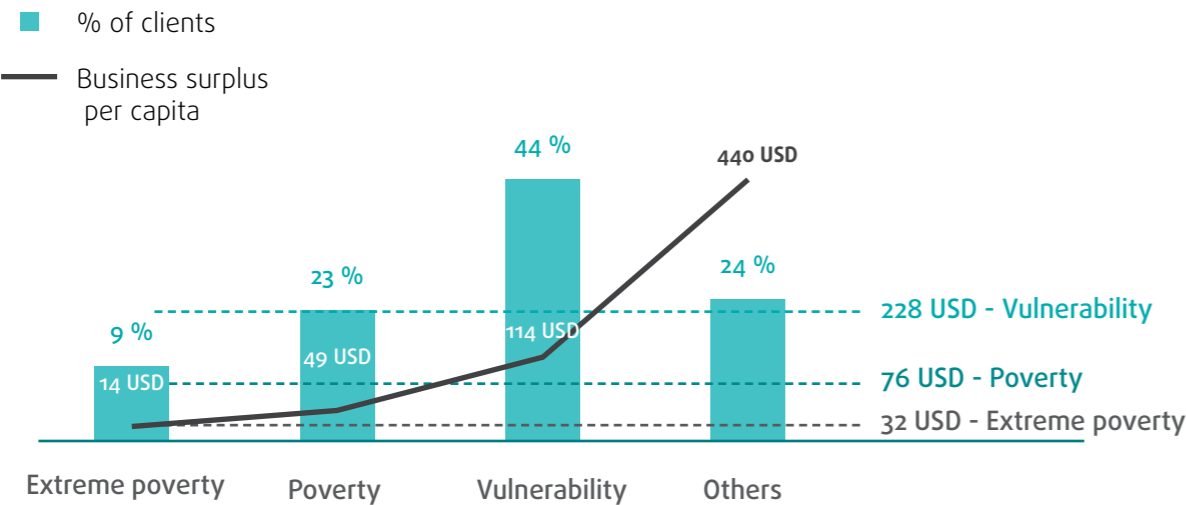
FIGURE 16.
Average Monthly Surplus per Capita of Business
(average by seniority in Bancamía)



The monthly surplus per capita increases as the micro-enterprise owner stays with Bancamía. The average monthly surplus per individual is USD 168 USD; USD 150 in the case of new customers. **76% of the families served have less than USD 3 per capita per day.** 34% live on less than USD 1.5 per person per day.



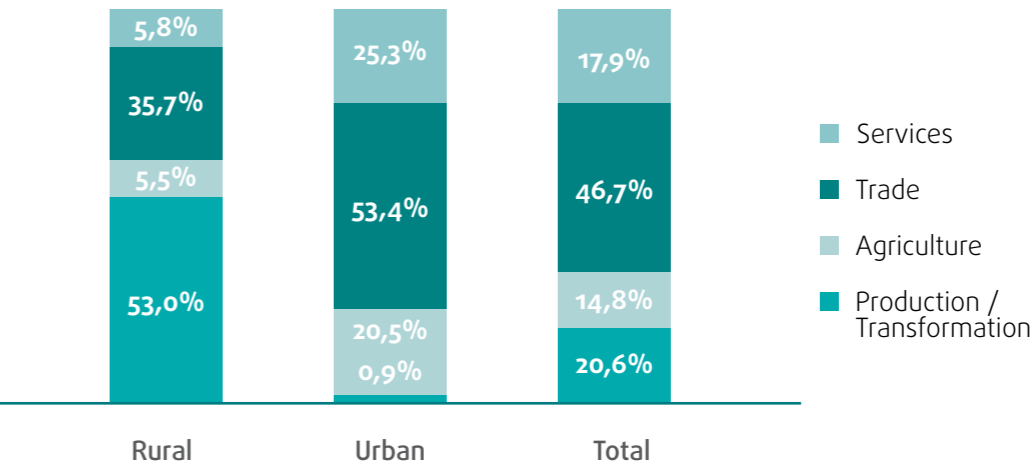
FIGURE 17.
Average Monthly Surplus per Capita of Business, According to Level of Monetary Vulnerability



9% of the customers in extreme poverty have monthly surpluses of USD 14, which is equivalent to 44% of the line of extreme poverty. 23% of the customers in a situation of poverty have monthly surpluses of USD 49, 64% of the line of extreme poverty. 44% of the customers in a situation of vulnerability have monthly surpluses of USD 114, 50% of the line of economic vulnerability. 24% of customers with monthly surpluses above the line of vulnerability, have 440 USD, i.e. a 92% above this line.



FIGURE 18.
Characterization of Economic Activity

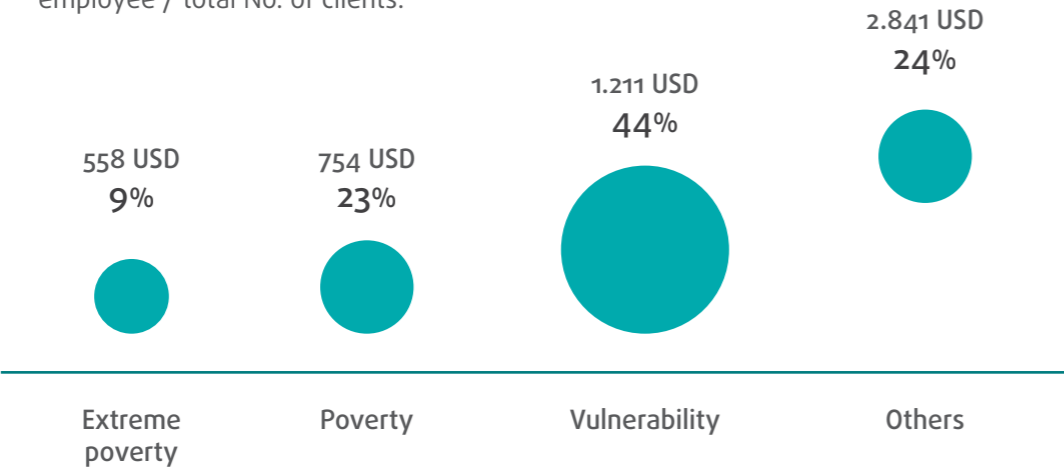


Almost half of micro-enterprise owners are in the business of trade, and there are differences depending on the environment in which they live. Among rural customers, the main sector of occupation is agricultural and very few are engaged in production or processing. In the urban environment, the percentage of customers engaged in agriculture is very low, and most of them are in the business of trade.



FIGURE 19.
Monthly Sales by Vulnerability

The circumference represents
the % of clients with at least 1
employee / total No. of clients.



Jorge Albeiro Zapata in his bakery product distribution
business(Medellín – Antioquia).

8.1.3 The Productive Units of Micro-enterprise Owners



FIGURE 20.
Financial Structure and Equity



For every USD 100 in assets, micro-enterprise owners record 80% in liabilities,
reflecting a low equity level.



FIGURE 21.
Costs and margins as % of sales

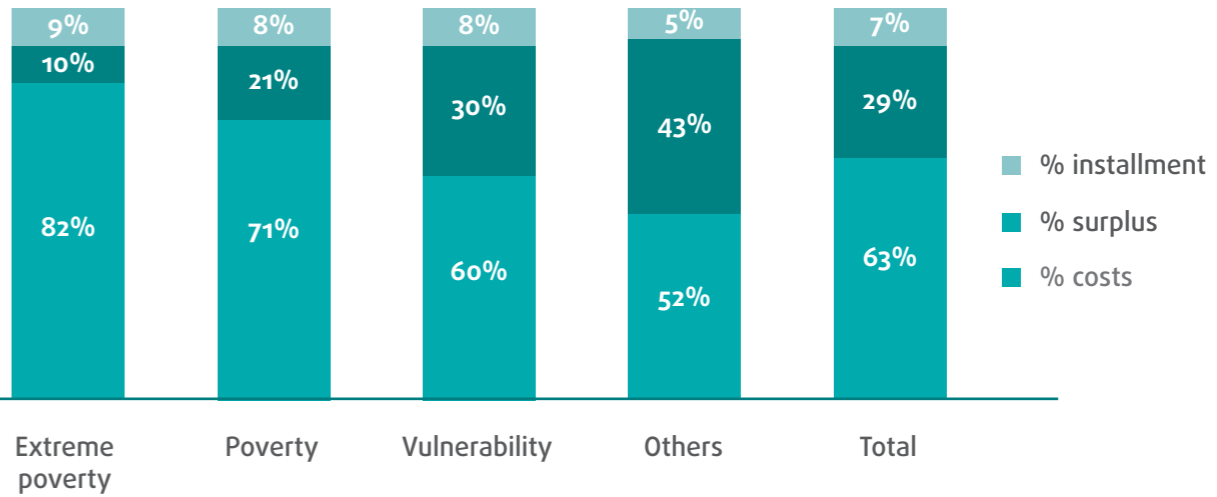
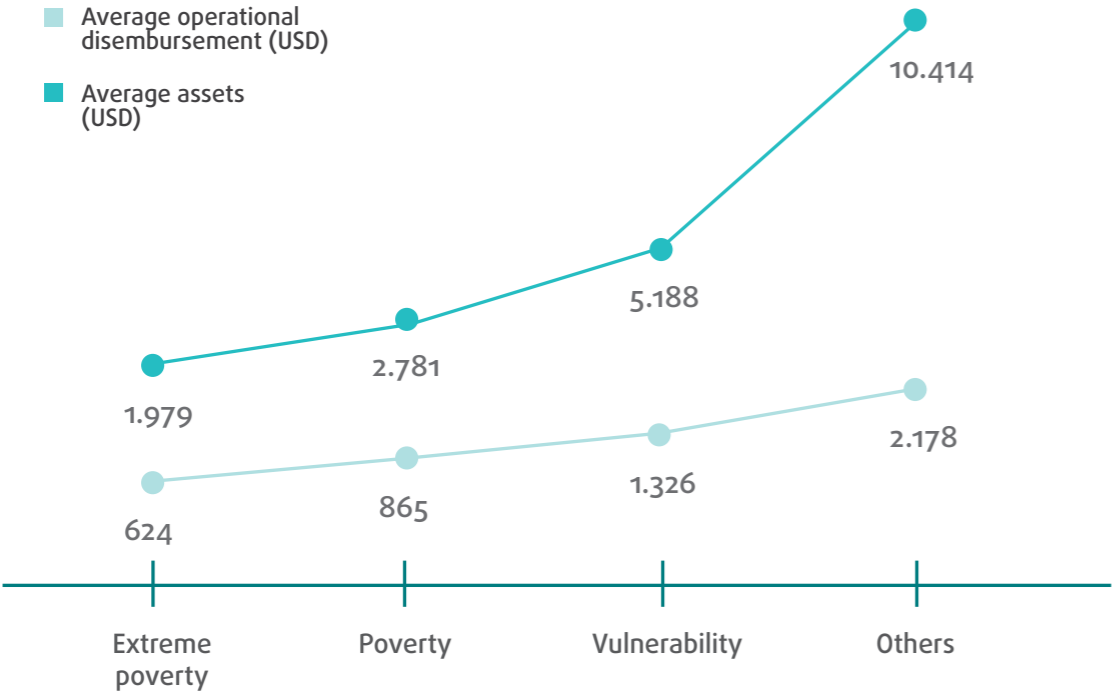




FIGURE 22.
Disbursement and Assets by Vulnerability



The level of indebtedness of micro-enterprise owners is greater for the less vulnerable segments. The equity of the non-vulnerable segment almost doubles that of the vulnerable segment.

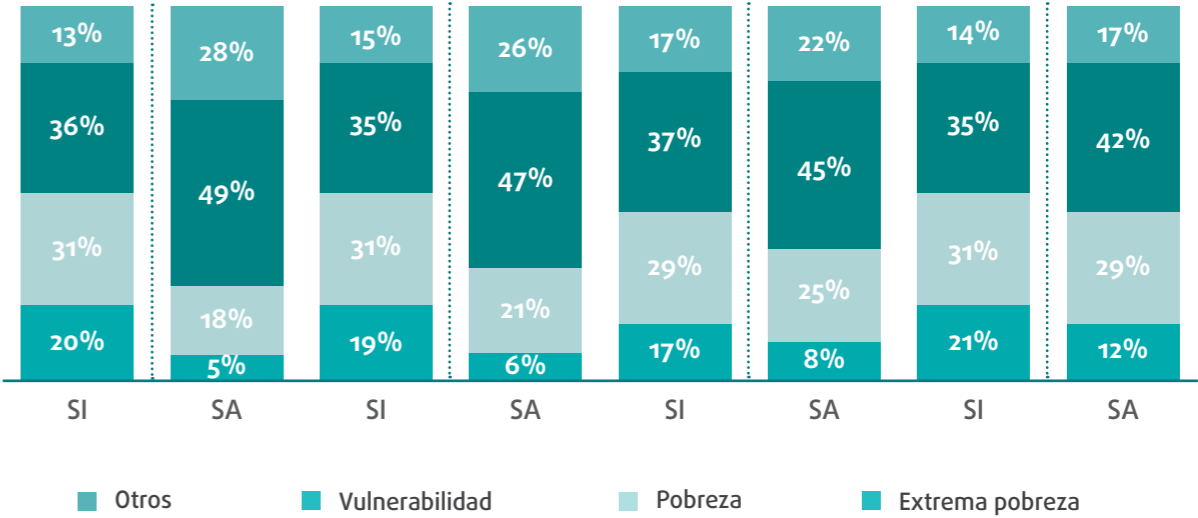
Micro-enterprise owners in extreme poverty allocate 9% of their sales to paying the loan installment, which is almost half of their gross margin. Meanwhile, non-vulnerable customers have 43% of their income as surplus after this payment.

The gross margin increases as the vulnerability of micro-enterprise owners decreases, and on average represents 37%.

8.1.4 Micro-enterprise Owner Development



FIGURE 23.
Monetary Vulnerability



*Initial Situation (IS) and current situation (CS) at December 31, 2015 of the customers of each annual cohort (yield) that are still in force at the end of 2015.



FIGURE 24.
Above the poverty line

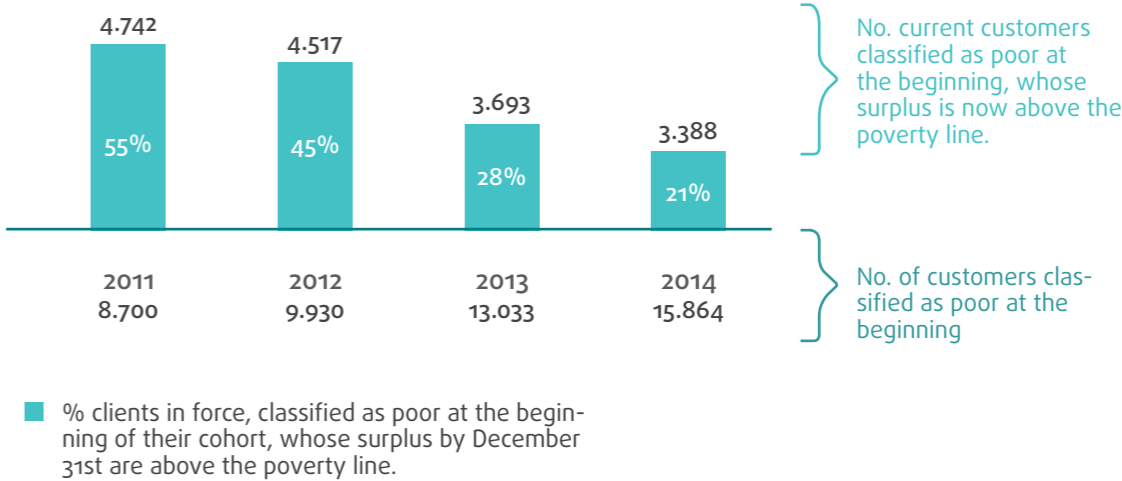
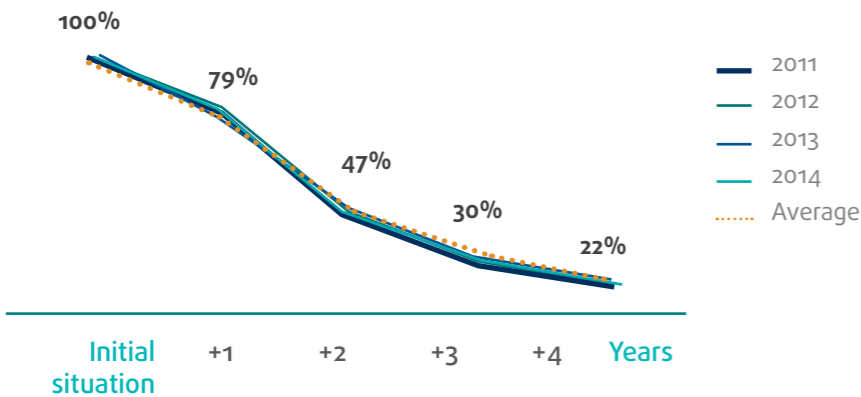




FIGURE 25.
Retention



Bancamía retains 80% of the micro-enterprise owners after one year of relationship; this level is slightly higher than that observed in the FMBBVA Group as a whole. Retention for subsequent years is a permanent challenge.

There is a very positive trend as regards the reduction of poverty among micro-enterprise owners over time.

After two years, 33.1% of micro-enterprise owners that stay with Bancamía and were classified as poor at the beginning, are above the poverty line.



FIGURE 26.
Average Disbursement per Operation

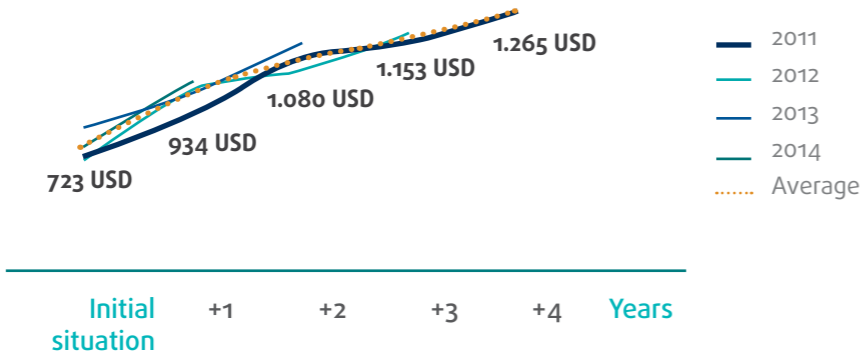
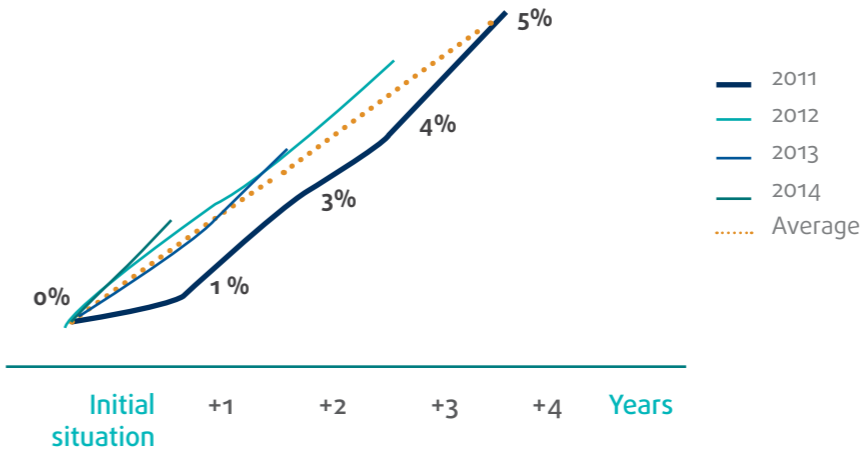


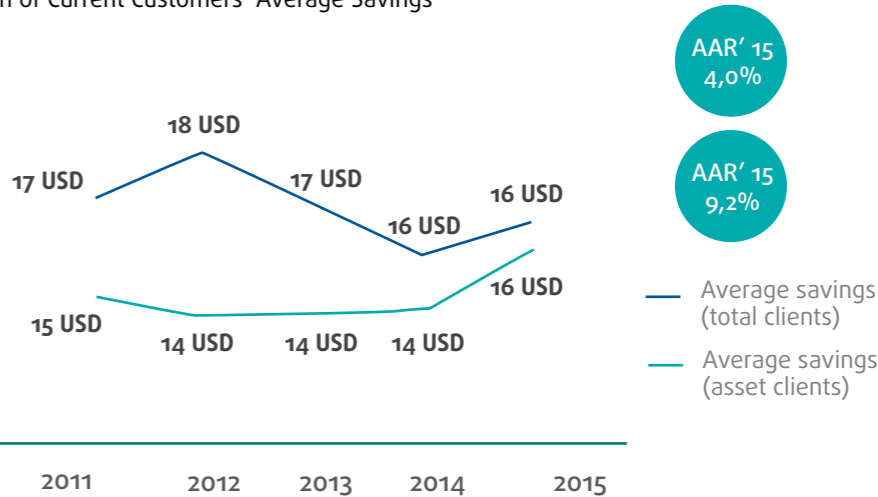
FIGURE 27.
Improvement in the Level of Education



As time goes by, the creditworthiness of micro-enterprise owners and the amount that Bancamía offers them increases. **After two years, on average, the amount of their loans increases by around 50%.** Although this is a modest amount, there is a direct relationship between Bancamía's assistance and the improvements in the level of education attained and the quality of housing.



FIGURE 28.
Evolution of Current Customers' Average Savings



The average savings of active customers is slightly lower than the average savings of all customers with savings products.

8.2 Characterization of the Asset Customers

99.524 New clients of 2015 assets



96.157 New clients of 2014 assets



356.376 Existing clients of 2015 assets



365.389 Existing clients of 2014 assets



¹ Estimated according to Colombia's monthly poverty line (rural environment COP 143,256 / USD 45.5 and urban COP 239,205 / USD 76). Source: National Administrative Department of Statistics, June 2015. To estimate the household per capita income, business income is used as an estimate of family income. Customers with monthly incomes of up to 3 times the poverty line are considered vulnerable (rural environment COP 429,768 / USD 136.5 and urban COP 717,615 / USD 227.9).

² Proportion of total assets of customers who have completed primary education at most.

99.524 New clients of 2015 assets



96.157 New clients of 2014 assets



356.376 Existing clients of 2015 assets



365.389 Existing clients of 2014 assets

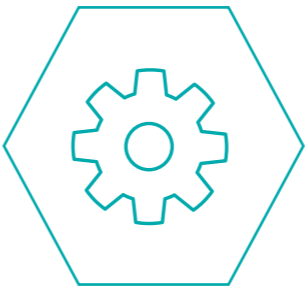


³ % of people under 30 years of age.

⁴ Expressed as % of sales.

⁵ Monthly sales.

8.3 Financial Education



TO BANCAMÍA, FINANCIAL EDUCATION MANAGEMENT IS ONE OF THE MOST IMPORTANT PROCESSES, FOR WHICH VARIOUS TRAINING STRATEGIES WERE IMPLEMENTED FOR THE FINANCIAL WELFARE OF THE STAKEHOLDERS DEFINED: MICRO-ENTERPRISE OWNERS, COLLABORATORS AND THE COMMUNITY, WHILE PROMOTING RESPONSIBLE FINANCIAL INCLUSION. ALL THE ACTIVITIES WERE DESIGNED TO ACHIEVE THE FOLLOWING RESULTS IN THE RECIPIENTS:

- **Knowledge:** understanding and updating in financial issues that facilitate decision-making, which will contribute to greater economic security of individuals and families in a situation of vulnerability.
- **Skill:** ability to articulate the knowledge acquired and apply it in a correct and easy manner in financial decisions.
- **Behavior:** ongoing application of the concepts and skills developed for the financial decision-making. This includes the good financial habits acquired by the individuals receiving the financial education.

Bancamía manages Financial Education through the following lines of action:

“Let’s Do the Numbers” Program: This program consists of classroom-based workshops that cover topics of Savings, Budgets, Debt Mana-

gement, Financial Negotiations, Risks and Insurance. Through this program, customers and the individuals from the community are educated and trained, providing knowledge and facilitating the development of skills and attitudes that help strengthen and/or change participants’ financial behaviors.

In 2015, 2,816 customers and 8.207 individuals from the community were trained under this method.

Objective Advice: Consists of providing clear, timely and objective information to customers on each contact, on topics relating to money management, in order for them to make the right decisions to achieve financial well-being and make effective use of their products and services with the Bank.

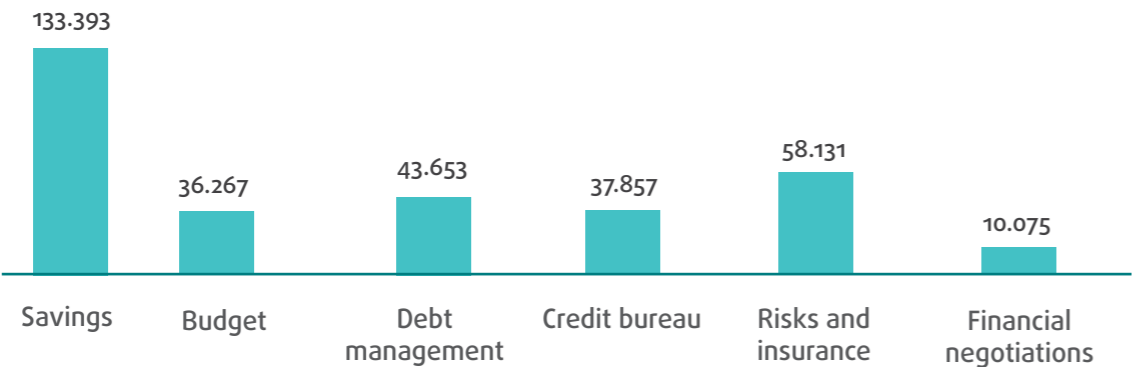
They discuss subjects of Savings, Budget, Debt Management, Information Centers, Financial Negotiations, Risks, Debit Cards, Insurance and Mobile Banking, individually and in accordance with the specific need of the customer.

This activity is supported by printed material, which covers financial definitions in a clear, easy-to-understand manner for the customer; also, it proposes practical exercises that allow the immediate implementation of the concepts in the customer's everyday life.

The management of Objective Advice is reported through the Productive Development Executives' mobile devices. 161.518 customers were served in 2015 using this method, among which the topics of Savings, Risks and Insurance, and Debt Management were requested most.



FIGURE 29
Number of benefiting customers



Objective Advice is being offered within the framework of the customer's relationship with the Productive Development Executive. The time spent to discuss the topic(s) of financial education is an important element in determining the quality of the information provided and to demonstrate interest in the customer's growth. The average time spent on each contact for this method is between 15 and 30 minutes.

These two training strategies in Financial Education are managed by the Bank's Office Managers and Productive Development Executives (EDPs), who receive appropriate training in which they learn about teaching methodology in adults and are provided with andragogical and didactic tools, for them to manage the Financial Education

under the two methods described. Similarly, each collaborator of the commercial network starting out at the Entity for the first time receives this training as part of the induction process.

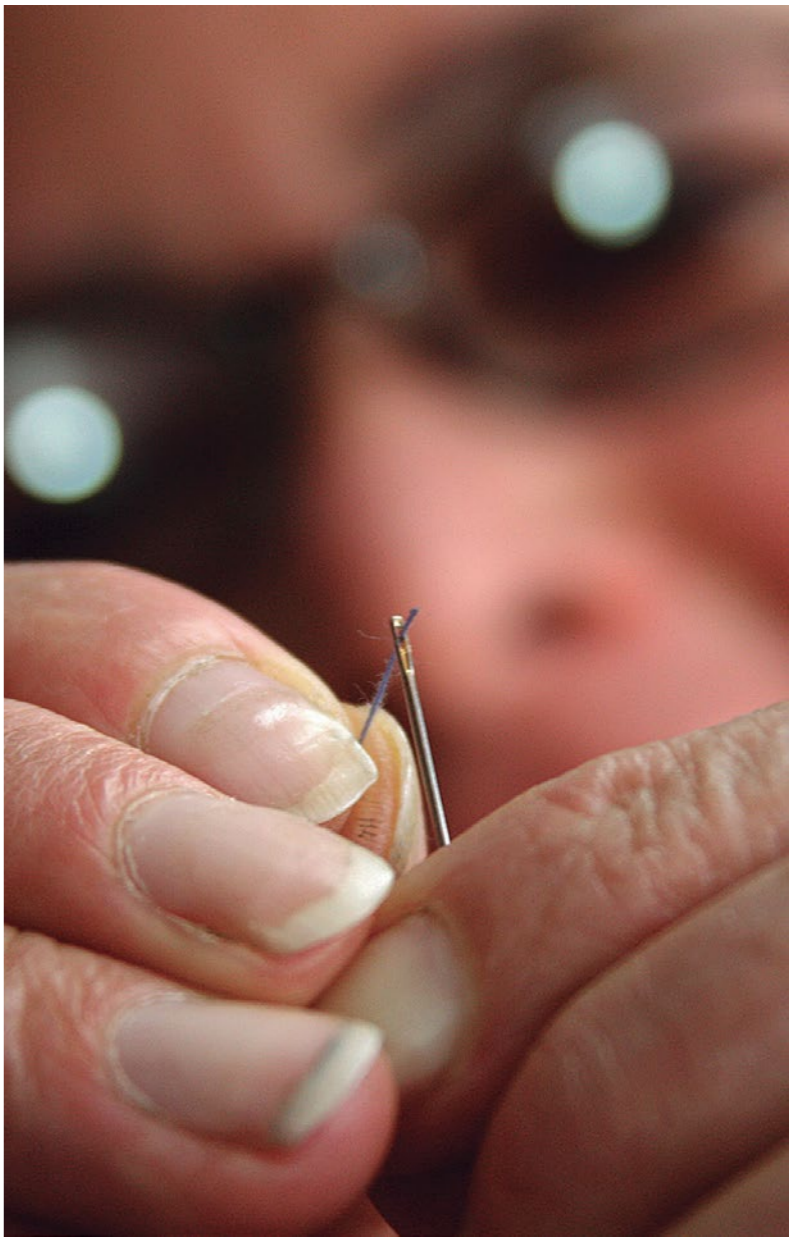
In a partnership with Corporación Mundial de la Mujer Medellín and Corporación Mundial de la Mujer Colombia, which are shareholders of the Bank, training programs were carried out to update and reinforce the collaborators of the commercial network, on the methodology to effectively manage Financial Education, thus consolidating the knowledge acquired and increasing the implementation capacities of collaborators to help strengthen their skills.

In 2015, 10 updating and strengthening workshops were carried out.

External Events

As a member of the Asobancaria Financial Education Committee, Bancamía took part in the planning and execution of programs at the union level, to implement strategies in order to have an impact on public policies and play a role in improving the financial skills and knowhow of specific segments of the population, particularly those that are excluded from the financial system or are in a situation of vulnerability. In 2015, the following events were carried out:

- 1. Global Money Week:** During the week from March 9 to 14, we celebrated the international week for education and financial inclusion in children and adolescents in Colombia, whose objective is to promote savings. At Bancamía, edutainment workshops were carried out at offices, schools and, in the particular case of Sincelejo, the activity was carried out at the headquarters of the Central Bank of Colombia; a total of 15 offices and 384 children participated.
- 2. Savings Month:** In October, Bancamía joined the celebration of international savings month, declared at the global level in 1924. In doing so, Asobancaria provided Entities with financial agendas containing topics of interest related to savings, which was published at Bancamía through bulletin boards and billboards.



8.4 Environmental Management

8.4.1 Green Finance

Bancamía is constantly working on strengthening its value proposition, with the ability of adapting to the customer's needs; this time it has incorporated new technologies to create a cost-efficient, eco-friendly business solution.

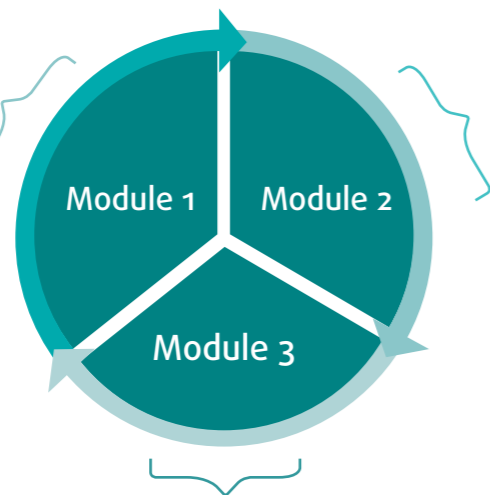
To do so, under the Regional EcoMicro Program executed and financed by the Multilateral Investment Fund (MIF), the Inter-American Development Bank (IDB) and the co-financing of the Nordic Development Fund (NDF9, the Bank

is developing 3 strategic modules to facilitate the use of green financing instruments so that micro-entrepreneurs can access clean and efficient energy, while the Bank adjusts the risk management models, based on the analysis of portfolio vulnerability to climate change, and incorporates the measurement of the impact of its activities on the environment, through internal policies and a strategic approach to savings and the efficient use of natural resources.

Green Finance

Objective

Design and implementation of a green financial product.



Objective

Development and implementation of internal energy saving, carbon footprint and environmental sustainability policies.

Objective

Integrate Portfolio vulnerability management in the effects of climate change.

8.4.2 Ecosystem-based Adaptation Measures (MEbA)



ON ANOTHER NOTE, BANCAMÍA LAUNCHED THE PILOT PHASE OF THE MEBA PROJECT, WHOSE SCOPE AND RESULTS ARE PRESENTED IN DETAIL IN CHAPTER 5 OF THIS REPORT.



8.4.3 Eco-efficiency Measures:
Measuring the Carbon Footprint

Bancamía is aware of the importance of getting involved in environmental care and conservation, in order to preserve the natural resources of the planet. Reducing, reusing and recycling materials in offices, reducing water consumption by collaborators, controlling the demand for energy or improving infrastructure in an eco-friendly manner are some of the initiatives that are being taken to ensure that, in the future, we can continue to enjoy a healthy environment.

Bancamía’s Sustainable Performance System, which involves the environmental dimension, considers the different elements to be incorporated in the value chain to make its processes more efficient and add value to stakeholders, through the proper management of resources and a reduction and mitigation of the impacts caused as a natural consequence of its activity.

During the year, the Bank carried out different campaigns and activities in line with its environmental commitment. Among these activities, it is important to mention: the installation of water

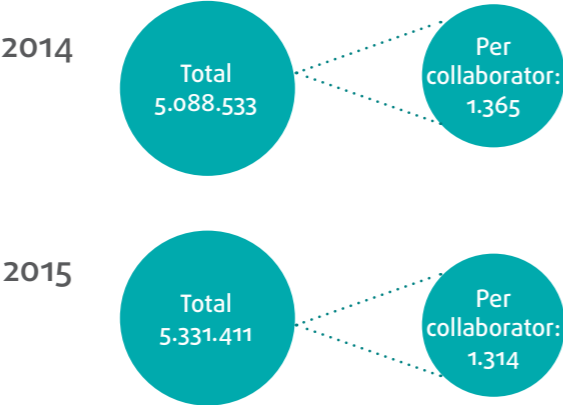
saving systems; improvements in Lighting Design; air conditioner automation according to office operation; internal savings campaigns; awareness and training of the group of environmental leaders (eco-agents) in the proper management of solid waste, and the responsible disposal of disused assets and materials.

Efficient Use of Water and Energy

In 2015, two additional floors of the Directorate General headquarters were enabled, including the common areas, for the enjoyment and well-being of collaborators. In addition, 15 offices were opened on the national level. This expansion strengthened the culture of saving natural resources and established action plans focalized by each of the Regional Administrative Centers (CARs), duly supported by the measurement of the carbon footprint, the identification of critical points and the goals of reduction in consumption.



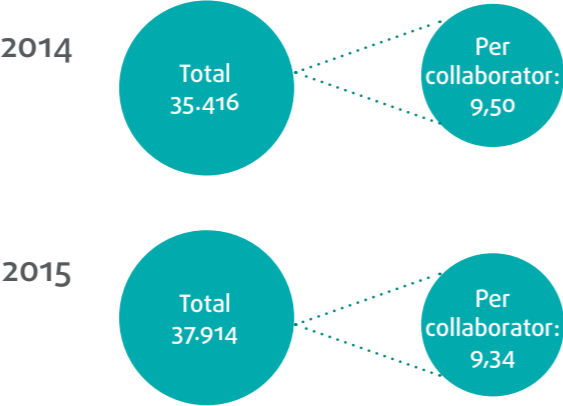
FIGURE 30
Energy consumption/ KWh year 2014 -2015



Per capita calculation on the basis of total direct and indirect collaborators



FIGURE 31
Water consumption/ m3 year 2014 -2015



Recyclable Waste

We have continued to work with the Burn Foundation on the integral management of reusable waste and some hazardous waste, in order to take socially responsible environmental action. Thanks to the use of 11,760 kilograms of materials, at the Directorate General as well as in the network of offices, training centers and warehouses, the following impacts were generated for burn patients of the Foundation:

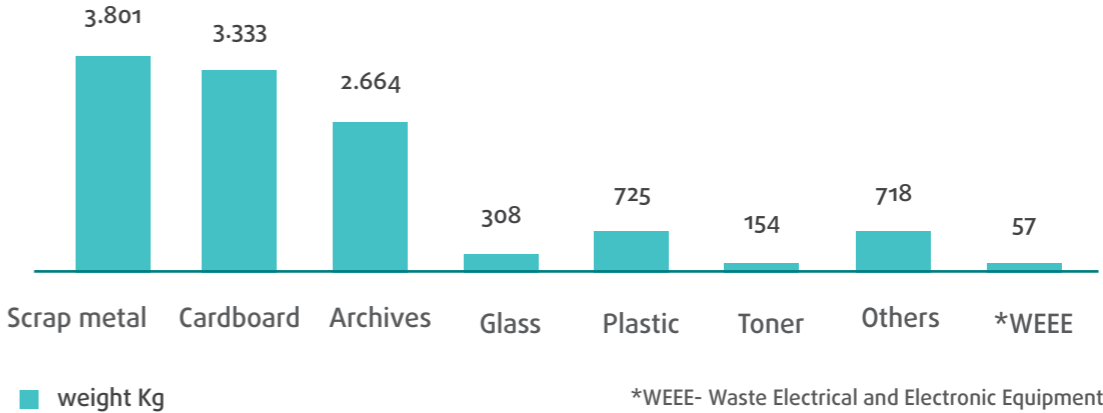
- 11 patients in consultation for plastic surgery
- 6 burn dresses
- 14 patients were seen in psychology and physical therapy consultation
- 3 surgeries with local anesthesia
- 1 surgical procedure with general anesthesia
- 2 infiltrations
- 1 set of protective Lycra clothing provided

The commitment of each of the collaborators who separate waste properly at the source, as well as the support at the offices to discard and derecognize idle assets and materials, ensured the constant, efficient work with strategic

partners, to build the social fabric in Bancamía's areas of influence. Listed below are the materials that were used during the course of the year, at the Directorate General as well as at the Commercial Network:



FIGURE 32
Amount in kg and Type of Material Reused



Environmental Protection in the Value Chain

Considering the direct and indirect impacts of the Bank's operation that have the most effect on the environment, we are focusing increasing attention on ensuring that Bancamía suppliers incorporate environmental sustainability in their processes. In 2016, great challenges were faced to include the topic of sustainable purchases in the Bank's procurement processes by involving this factor in the supplier qualification process.

Measurement of the Carbon Footprint

During 2015, Bancamía undertook a major initiative as part of the EcoMicro project: the measurement of the corporate carbon footprint, to identify, quantify, report and manage Greenhouse Gas

Emissions (GHGs), resulting from its operations and to improve the Organization's environmental performance.

In addition, work was done with ASOBANCARIA, through the Green Protocol, to strengthen the technical capabilities to identify and quantify the carbon footprint, and identify opportunities for improvement in order to implement policies and initiatives for the reduction or offsetting of GHG emissions. This is being done based on the current guide to determine the carbon footprint in financial-sector organizations, which is being developed with the Colombian Institute of Technical Standards and Certification (ICONTEC for the acronym in Spanish) since the second half of the year.

We expect to be able to calculate the corporate Carbon Footprint of the year 2015 by the first half of 2016.

8.5 Bancamía's Commitment to Stakeholders



BANCAMÍA IS COMMITTED TO SATISFYING THE NEEDS OF ITS STAKEHOLDERS AND TO OPTIMIZE RESPONSIBLE PRODUCTIVE FINANCE WITH SUSTAINABLE GROWTH, WHICH IS EXTRAPOLATED TO THE MISSION TASK OF GENERATING VALUE IN EACH OF THE STAKEHOLDERS IN ACCORDANCE WITH THEIR PARTICULAR NEEDS, TO HELP BUILD A BETTER COUNTRY AND BE CONSOLIDATED AS A BANK FOR SOCIAL DEVELOPMENT.

The Stakeholders defined by Bancamía are described below:

- **Customers:** Micro-enterprise owners - individuals or companies located in rural and urban areas of Colombia, who have a commercial relationship with Bancamía and belong to the low-income families segment. The Bank creates relationships of mutual trust through its comprehensive value proposition, which is focused on productive development and improvement of their quality of life.
- **Collaborators:** Individuals who have a relationship of employment with Bancamía under a permanent or temporary contract. All collaborators receive economic remuneration for their services in a fair and equitable manner, based on the development of their being and their professional abilities, leading them to become productive individuals with a social vocation, known for their kindness, that is to say, their grace and courtesy.
- **Suppliers:** Individuals or companies that provide Bancamía with goods, services or resources, thus making the performance of its operations possible. The Bank establishes relations of mutual benefit, loyalty, high quality standards, transparency and compliance with suppliers, instilling in them the need to act from deep within and with their own supplies within the framework of sustainability in their social, economic and environmental spheres.
- **Shareholders:** National and foreign individuals and companies that share Bancamía's social mission and expect the sustainable growth of their interest through efficiency and innovation in order to reinvest them in planting wealth at the bottom of the economic pyramid.
- **Investors:** National and foreign individuals and companies with an interest in participating in Bancamía's institutional strengthening, in exchange for a defined economic and social return in a period of time.

- **Community:** Those who have a commercial or legal relationship with Bancamía and are affected indirectly by the Bank's activities. This stakeholders includes non-customers located in the areas of direct influence of the Bank's operation, collaborators' families and those of customers.
- **National Government:** The structure of the State represented in the Executive Branch, led by the President of the Republic, his cabinet of Ministers and Decentralized Agencies.
- **Regulatory institutions:** National agencies that establish the framework of operation for financial entities, which conduct continuous surveillance and monitoring of Bancamía to keep it

The Government coordinates economic and social development through its ministries and impacts the evolution of the micro-finance industry. It is important to point out that the Bank's 58% tax burden established by the State, on the local, regional and national levels, represents a significant contribution to the country's development.

within the permissible limits as regards rates, amounts, customer engagement and data protection, among other relevant topics, in order to maintain harmony on the market based on principles of transparency and fair treatment. The regulatory institutions that relate primarily to the Colombian financial sector are: The Central Bank of Colombia, the Financial Superintendence of Colombia and the Ministries of Finance and Public Credit, Commerce, Industry and Tourism, and Agriculture.

- **Associations:** Associations are defined as the integration of regulated and non-regulated, public and private institutions, whose representativeness before the public and private sectors is related to issues of social and economic development, and lead through the financial and micro-finance sectors. The main guild of the financial sector is to ASOBANCARIA (Asso-

ciation of Banking and Financial Institutions of Colombia). The association of the micro-finance industry is ASOMICROFINANZAS (Colombian Association of Micro-finance Institutions of Colombia). Bancamía participates in both instances in a determined and committed manner, forming part of their Boards of Directors and various thematic Committees.

- **Business Allies:** Companies with experience and sufficient technical and economic backing to carry out their own business activities, that join Bancamía through a non-contractual figure to complement and strengthen each other's value propositions. At present, there are 34 alliances in force. The final beneficiaries of this relationship are the customers, because they receive support for the productive strengthening of their business, in special commercial terms granted by the allies.

8.5.1 Communication with Stakeholders

Making communication at Bancamía a cross-cutting tool, which facilitated the fulfillment of the Bank's strategic objectives internally as well as externally, was a challenging purpose set for the year 2015.

In order to support, disseminate, achieve actions and add value, the communications model was built based on the Bank's strategic Plan, the main input for its creation. That is why communicative actions are segmented by engagement audiences, strategic objectives and central points for the entity, of interest to micro-enterprise owners, suppliers, collaborators, society, regulators, shareholders and investors.

Through targeted strategies for target audiences, the positioning of the Bank as a social entity in the country and a benchmark in the micro-finance industry was strengthened during the year, placing Bancamía under the magnifying glass of

the media, opinion leaders, the sector and academia, among others.

Among the initiatives undertaken, it is important to highlight the free press in different media, not only for contributing directly and effectively to the strategic objectives, but also because it complemented the value of the investment in advertising by 219%, where the investment in institutional advertising is COP 1,600 million / USD 508 thousand and the quantification of journalistic notes is COP 5,099 million / USD 1.6 million.

There was also smart spending of the investment in advertising by radio, press and TV, given that the budget for the year was COP 1,600 million / USD 508 thousand, while, thanks to negotiations with the media, the real value of advertising was COP 2,650 million / USD 840 thousand, a positive consequence from which Bancamía benefited with savings of COP 1,050 million / USD 333 thousand.

The Bank obtained free press for a total of COP 5,099 million / USD 1.6 million, which represents savings on the advertising investment equivalent to 2.2 times the budget for this item.

It is important to mention that in order to inform and deliver its value proposition to the different audiences that the Bank would like to reach, it is essential to have a presence on the network of networks that allows us to interconnect with the world: the Internet. In 2015, Bancamía redesigned its website, with a style and content that is more clear in showing its genuine interest in working for

the entrepreneurs at the bottom of the economic pyramid. This new platform contains products and services within reach, with real testimonies and transparent information that shows the endeavors of more than 3,600 collaborators.

According to the measurement carried out using the Open Web Analytics tool, Bancamía's website was ranked in the 958,719th position in

the world and 5,283rd position in Colombia. Compared to other banks in the peer group, this is commendable. In addition, cybernauts spend an average of 7 minutes on the Bancamía site, which is 3 minutes more than the average surf on other Webs of the sector.

The completeness of the strategy is also demonstrated through the daily newsletter "Up to Date with Bancamía", workshops and forums, participation in different scenarios by senior management and the banking ¿hall? videos that promote products, services, financial and security advice, success stories of micro-enterprise owners and, for the first time, inclusion and respect are promoted through a message addressed to the disabled population.

Leveraging the internal channels of communication is also an integral part of the strategy, because collaborators are one of the most important audiences to the Bank. In 2015, we strengthened the management of positioned communication channels, such as internal and electronic bulletin boards, the Creer magazine, the permanent updating of the Intranet, among other me-

dia used as vehicles to convey messages to the different areas and in an effort to make internal advertising a tool of effective disclosure, recall and mobilization.

To Bancamía, it is essential to listen to and involve internal customers, so the traditional "Semanamía" cultural week was also carried out, which helps reinforce the Kindness Culture, integration and the recognition of human resources. During the year, the Pregoneros [Town Criers] program was implemented with greater coverage to generate an information dynamic in the network of offices, through the empowerment of one collaborator per office to give the Good News of the Bank.

Through campaigns promoted by internal communications, efforts are made to disseminate initiatives among collaborators, so that all efforts are aligned and for the programs of the different areas to be carried out.

Strategic communications are intended to mobilize and increase customer loyalty, and they must comply with a participatory process to fulfill the objectives, with the intention of transcending the messages.



8.5.2 Generation of Value in Stakeholders

Bancamía works to generate value for all its shareholders, as it considers profitability and growth the purpose of financial management, which goes beyond measuring an economic outcome that will mean a gain for the organization.

The remuneration of collaborators through salaries and benefits; the payment of taxes on profits to the government; investments in financial education in favor of customers and the community and payments to suppliers are some of the aspects in which total revenue is distributed.



TABLA 26.
Economic value generated, retained and distributed

ECONOMIC VALUE	2014 COP\$ Million	2015 COP\$ Million	2015 (Million US\$)	Variation (%)
DISTRIBUTED	279.469	311.232	99	11.4%
Employees	108.760	126.242	40	16.1%
Financial Cost	51.213	57.431	18	12.1%
Suppliers	56.879	68.494	22	20.4%
Shareholders	16.824	14.319	5	-14.9%
Governance	45.794	44.746	14	-2.3%
RETAINED	108.078	94.398	30	-12.7%
Provisions, depreciation and amortization	76.949	68.717	22	-10.7%
Reserves	31.129	25.681	8	-17.5%
GENERATED	387.548	405.630	129	4.7%
Financial Revenue	372.033	392.438	125	5.5%
Net commissions	15.515	13.192	4	-15.0%

Contribute to the sustainability of the economic environment in which micro-enterprise owners operate day after day, to generate positive, meaningful externalities of value for stakeholders. During 2016, dialogs were strengthened with each of them to ensure that Bancamía’s performance is reflected in positive results in

the profitability of the business in the mitigation of environmental impacts and in the wellbeing of micro-enterprise owners and their families, communities and collaborators, thus contributing to development and financial, social and productive inclusion.



Adriana Hernández in her sewing workshop.
(Chinchiná, Caldas)

**RESPONSIBLE
PRODUCTIVE
FINANCE**

SUSTAINABLE

MANAGEMENT

REPORT **2015**



ANNEXES

Index of Global Reporting Initiative (GRI) Indicators

BASIC GENERAL CONTENT	
Indicator	Comment Page
Aspect: Strategy and Analysis	
G4-1: Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Page 8-11
G4-2: Description of the key impacts, risks and opportunities.	Page 8-11
Aspect: Organizational Profile	
G4-3: Name of the organization	Banco de las Microfinanzas Bancamía S.A
G4-4: Primary brands, products and/or services of the organization	
G4-5: Location of the organization's headquarters	Carrera 9 No. 66-25 - Bogotá
G4-6: Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Bancamía only operates in Colombia
G4-7: Nature of ownership and legal form	Page 32
G4-8: Report the markets served (including geographic breakdown, sectors served and types of customers and beneficiaries)	Page 37
G4-9: Report the scale of the organization, including: a. number of employees b. number of operations c. net sales d. capitalization broken down in terms of debt and equity e. quantity of products or services provided	Page 38, 57, 58, 115, 119
G4-10: a. Number of employees, by employment contract and gender b. Number of permanent employees by employment type and gender c. Total workforce by employees, supervised workers and by gender d. Workforce by region and gender	Page 57-63

G4-11: Percentage of employees covered by collective bargaining agreements.	Page 69
G4-13: Report any significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain.	No relevant changes have been recorded.
G4-15: List externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses	Page 42
G4-16: List the associations and national or international advocacy organizations of which the organization is a member.	Page 42
Aspect: Material Aspects and Boundaries	
G4-17: a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	Page 18
G4-18: a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content	Page 20-25
G4-19: List all the material Aspects identified in the process for defining report content.	Page 24-25
G4-20: Report the Boundary within the organization for each material Aspect	Page 20-25
G4-21: Report the Boundary outside the organization for each material Aspect	Page 20-25
G4-22: Report the effect of any restatements of information provided in previous reports and the reasons for such restatements	No restatements of information have been recorded.
G4-23: Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	No significant changes in Scope and Boundaries have been recorded.
Aspect: Stakeholders Engagement	
G4-24: Provide a list of stakeholder groups engaged by the organization	Page 152-153
G4-25: Report the basis for selection of stakeholders with whom to engage	Page 152

G4-26: Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, or indicate whether any of the engagement was undertaken specifically as part of the report preparation process.	Page 21
Aspect: Report Profile	
G4-28: Reporting period (fiscal year or calendar year)	Page 18
G4-29: Date of most recent report (if any)	Page 19
G4-30: Reporting cycle (annual, biennial etc.)	Annual
G4-31: Provide the contact point for questions regarding the report or its contents.	For more information, contact the Sustainability Department at gestión.sostenible@bancamia.com.co
G4-32: a. Report the G4 "in accordance" option the organization has chosen. b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured	Page 21
Aspect: Governance	
G4-34: a. Report the governance structure of the organization, including committees of the highest governance body. b. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Page 42-43
G4-39: Report whether the Chair of the highest governance body is also an executive officer. If so, his or her function within the organization's management and the reasons for this arrangement.	Page 90
G4-38: Report the composition of the highest governance body and its committees by: Executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; competences relating to economic, environmental and social impacts; and stakeholder representation.	Page 90-92

G4-45: a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks and opportunities.	Page 93-94
G4-46: Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Page 91
Aspect: Remuneration and Incentives	
G4-52 Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	Page 63-64
Aspect: Ethics and Integrity	
G4-56: Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Page 36.94
G4-58: Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Page 99-103
BASIC SPECIFIC CONTENT	
Economic Category	
DMA and indicators	Page 156
Aspect: Economic Performance	
G4- EC1. Direct economic value generated and distributed.	Page 156
G4-EC2: Financial implications and other risks and opportunities for the organization's activities due to climate change	Page 49, 123, 147
G4-EC3: Coverage of the organization's defined benefit plan obligations	Page 64 - 65

G4-EC4: Financial assistance received from government.	Bancamía received Technical Cooperation funds for the strengthening and improvement of its operations
Aspect: Procurement Practices	
G4-EC9: Proportion of spending on local suppliers at significant locations of operation	99.17% of Bancamía's 2,073 suppliers are local-national suppliers
CATEGORY: ENVIRONMENTAL	
DMA and indicators	Page 149-151
Aspect: Energy	
G4 - EN3. Energy consumption within the organization	Page 150
G4 - EN6. Reduction of energy consumption	Page 81.149
Aspect: Water	
G4 - EN8. Total water withdrawal by source.	Page 150; water consumption at the national level is withdrawn from the aqueduct of each city or town
Aspect: Effluents and Waste	
G4- EN23. Total weight of waste by type and disposal method	Page 150-151
Aspect: Compliance	
G4- EN29. Monetary value of significant fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations	No environmental fines have been recorded
Aspect: Environmental Grievance Mechanisms	
G4-EN34: Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	No environmental grievances have been recorded.

CATEGORY: SOCIAL	
DMA AND INDICATORS	Page 32, 55
LABOR PRACTICES AND DECENT WORK	
Aspect: Employment	
G4-LA1: Number and rates of new employee hires and employee turnover by age group, gender and region.	Page 63
Aspect: Labor/Management Relations	
G4 - LA4. Minimum notice periods regarding operational changes, including whether they are specified in collective agreements	The minimum notice period to collaborators and suppliers before implementing significant operational changes that might affect them substantially is 30 days. For collaborators covered by the collective agreement. Only temporary contract employees have a minimum notice period of 30 days, all others are notified the same day and, if there is no cause, compensation is paid.
Aspect: Occupational Health and Safety	
G4 - LA5. Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Page 66
G4 - LA6. Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender.	Page 65. No work-related fatalities were reported
G4 - LA7. Workers with high incidence or high risk of diseases related to their occupation	Page 65
Aspect: Training and Education	
G4 - LA9. Average hours of training per year per employee by gender and by employment category	Page 68
G4 - LA10. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Page 66

G4 – LA11. Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Page 63. 2,763 out of 3,220 collaborators were evaluated, representing 86%
G4- LA12. Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.	Page 90-92
Aspect: Equal Remuneration for Women and Men	
G4- LA13. Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	At Bancamía, the collaborator's gender has no impact on basic salary, as we consider that equal remuneration is a factor to retain qualified employees.
HUMAN RIGHTS	
Aspect: Investment	
G4- HR1. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All contracts include aspects related to human rights, as stipulated in the Code of Conduct and Corporate Governance
G4 – HR2. Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Page 68
Aspect: Non-discrimination	
G4 - HR3. Number of incidents of discrimination and corrective actions taken	There have been no incidents of this type reported through the Bank's reporting and/or communication channels
SOCIETY	
Aspect: Local Communities	
G4-SO1: Percentage of operations with implemented local community engagement, impact assessments and development programs	Page 125-127
Aspect: Anti-corruption	
G4- SO3. Number and percentage of operations assessed for risks related to corruption and the significant risks identified	Page 106

G4- SO4. Communication and training on anti-corruption policies and procedures	Page 99-103
Product / Service Responsibility	
Aspect: Customer Privacy	
G4- PR8. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Page 102
FINANCIAL SECTOR INDICATORS	
FS1. Policies with specific environmental and social components applied to business lines.	Page 98, 123
FS2. Procedures for assessing and screening environmental and social risks in business lines.	Page 98
FS4. Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Page 123
FS6. Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Page 119
FS7. Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Page 119-123
FS13. Access points in low-populated or economically disadvantaged areas by type.	Page 127
FS14. Initiatives to improve access to financial services for disadvantaged people	Page 125-126
FS15. Policies for the fair design and sale of financial products and services	Page 124
FS16. Initiatives to enhance financial literacy by type of beneficiary	Page 145



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