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Management
and Sustainability
Report

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01

Context



Letter from the CEO

2017 represents a historic year for Itaú CorpBanca Colombia. Since 2016, our management objectives and efforts have focused on launching in 2017 the project for the migration of clients, products and services from what was at the time the CorpBanca network to the Itaú system network. The project was highly demanding in both technical and operational terms.

We started out on March 22, 2017 by adopting the Itaú brand for all our approximately 3,600 team members. Starting on that date we deployed an intensive effort to incorporate the DNA of Itaú into our corporate culture, making it “Our Way” of doing business, of creating shared value and generating sustainable results, based on the highest ethical standards and transparency.

For the market, this objective became a reality on May 22, 2017, when in just one weekend we rebranded 102 offices of the Helm network in Colombia, introducing the Itaú brand in 17 cities and municipalities throughout the country.

Consistent with our vision and the image we wish to project, we launched the campaign “We want to get to know you”, as a first approach towards building a long-lasting relationship with the Colombian market in the framework of closeness and trust.

Then in June we launched the migration process of the CorpBanca network, which in addition to rebranding, involved the systematic migration of clients to the Itaú platform. This process was carried out in a succession of ever-increasing waves of accounts and products which allowed us to adapt quickly and minimize the impact on our clients.

We met all the deadlines that were initially established, and by December 31, 2017, 77% of our offices were operating under the Itaú brand, on a single technology platform and with unified processes.

Meanwhile, during the year we achieved other relevant milestones such as:

- Incorporation of the assets, liabilities and personnel of Corporación Financiera Itaú BBA into the bank.
- Negotiation of the 2017-2019 Collective Bargaining Agreement, with special emphasis on recognizing and promoting the well-being and continuous growth of employees and their families, particularly in aspects such as housing, education and health.
- Review and adjustment of our risk policies, with the objective of strengthening our performance under different scenarios and elevating our risk management to the next level by taking into consideration various socio-economic indicators.
- Restructuring of some areas and the creation of the Vice-Presidency for Franchising, Products and Technology, which is a key lever for the organization we are building, and which is responsible for defining and implementing our refocused retail banking strategy.



Álvaro Pimentel
CEO of Itaú CorpBanca Colombia S.A.



Based on our interest in promoting Colombia's competitiveness, we participated in structuring and syndicating a loan in the amount of USD 250 million to launch the Pacific II Project, part of the 4G roads program; we obtained a loan from IFC (a World Bank affiliate) for USD 105 million to promote the growth of small and medium-sized companies in the country and increase financing for projects that help mitigate climate change.

From a financial perspective, losses for the year totaled COP 121.2 billion as of December, equivalent to -3.4% of our equity. In our intermediation business, we experienced an improvement, with an average Net Interest Margin in 2017 of 4.6%, compared to 4.0% in 2016.

Our Treasury and Commissions performance displayed lower growth, partly as a result of the bank's strategy of generating recurring revenue in lines other than the credit business.

We were no exception to the trend of worsening portfolio quality in the banking industry. However, the quality of our loans portfolio remains better than the banking industry's average, with loans overdue by 30 or more days accounting for 3.8% of the total, compared to 4.4% for the overall system as of November, 2017. Doubtful debt cover, defined as the provisions to cover loans overdue by more than 30 days, is 166%; this is greater than the overall banking industry's average, which was 127% as of the end of November, 2017.

In terms of expenses, we posted an increase compared to the previous year, partly as the result of the impact of a higher VAT rate derived from the tax reform, and expenses associated with the rebranding and technology integration processes.

Our liquidity indicators continue to be solid, with regulatory IRL at 444%, according to our most conservative measurement, based on the early adoption of the best standards on liquidity measurement prescribed by Basel III. Our solvency ratio is also above regulatory requirements, standing at 12.7% in total solvency and 9.3% in basic solvency (the regulatory levels are: 9% and 4.5%, respectively).

As CEO of Itaú Colombia and in representation of my team of professionals, I reiterate our commitment to continue strengthening our business model in the country, a model whose primary focus and top priority is customer satisfaction.

I also reaffirm our commitment to ethics and transparency as essential foundations of our corporate identity, in order to continue moving forward in achieving recurrent generation of value for our stakeholders.

Thank you.

Yours truly,

Álvaro Pimentel
CEO of Itaú CorpBanca Colombia S.A.

Report Overview

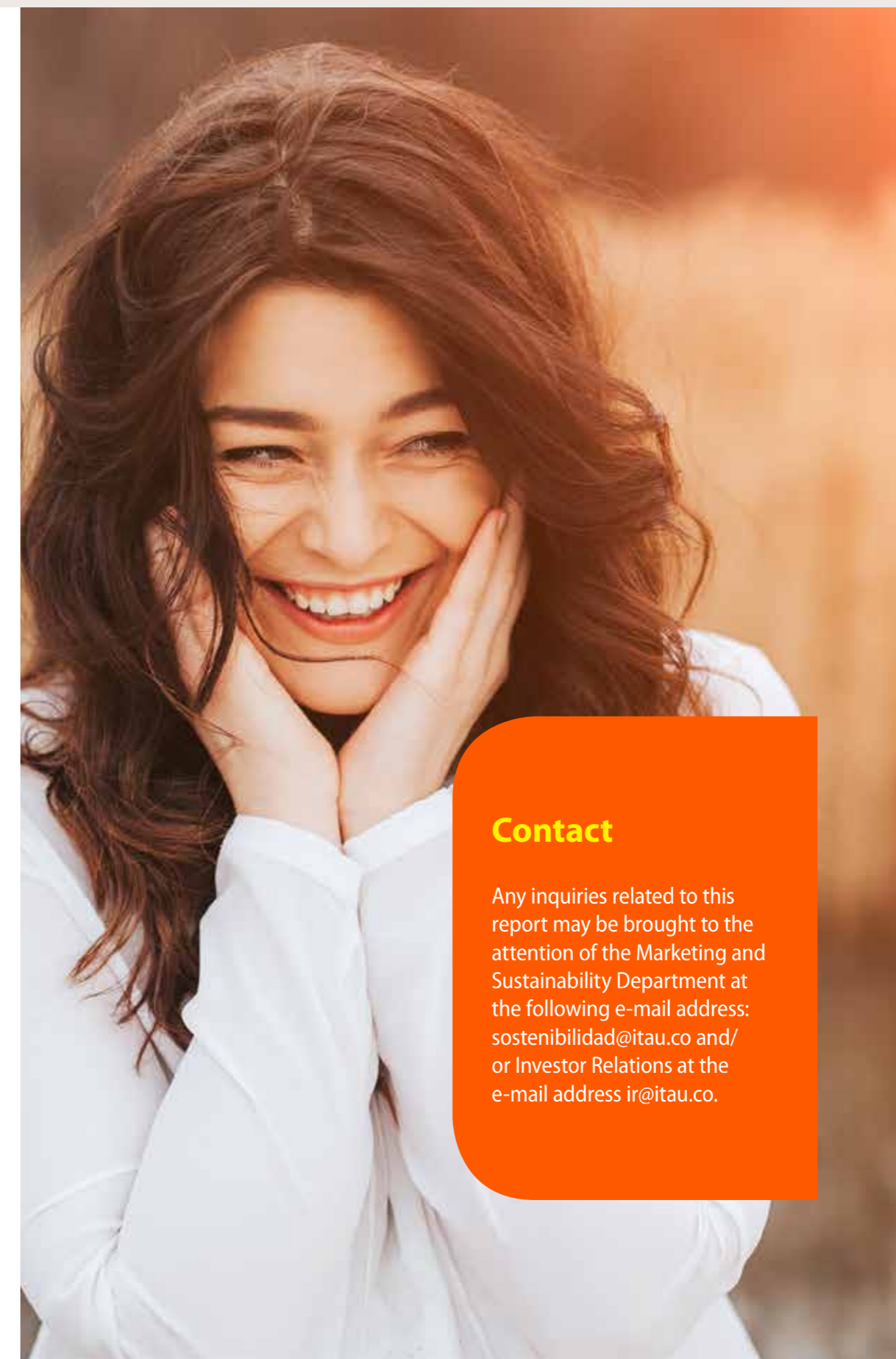
At Itaú Colombia, we are submitting our first Management and Sustainability Report in 2017, which demonstrates our firm commitment to our stakeholders and presents the results of our efforts. This exercise, which we have been carrying out on an annual basis since 2014 as CorpBanca, and now as Itaú, strengthens the organization's internal processes and substantially contributes to our objective of creating value and contributing to social development.

Our report “has been prepared in accordance with the Essential option of the GRI standards” and its supplement for the financial services sector. It covers the activities carried out between January 1 and December 31, 2017, and its scope is circumscribed exclusively to the activities of Itaú Colombia.

In order to ensure the transparency and reliability of the information, we carried out an assurance process on sixteen (16) reported contents with the firm Deloitte, whose results are included in the attachments. The report contains items that have been restated from the previous year, primarily as a result of the alignment of what used to be CorpBanca with the culture of Itaú.

The process for preparing this report is aligned with the principles for the definition of contents and quality set forth in the GRI standard. The report takes into consideration the inclusion of stakeholders, the sustainability context, materiality and exhaustiveness.

Regarding quality, the report aims to report accurate information, to reflect both positive and negative aspects of performance, to be understandable and accessible, and to enable the identification of changes in performance and comparisons with peers.



Contact

Any inquiries related to this report may be brought to the attention of the Marketing and Sustainability Department at the following e-mail address: sostenibilidad@itau.co and/or Investor Relations at the e-mail address ir@itau.co.

Macroeconomic Context

International economic environment

The world economy has faced several challenges over the last year, many of them associated with the socio-political context of some countries and the adjustment to higher interest rates in the United States. These situations in the international environment have also produced changes in our local areas of operation.

Internationally, the global cycle is changing. The US economy has experienced strong growth and employment, which led to three interest rate hikes during the year, the last one reaching the range of 1.25%-1.50%. Expansionist monetary policy and high levels of confidence contributed to the recovery of gross domestic product (GDP), which grew by 2.3% in 2017, and the unemployment rate hit a low of 4.1%, confirming the consolidation of the labor market.

This recovery trend is likely to continue in 2018, when the economy is expected to grow by up to 2.4%. The Federal Reserve (Fed) is expected to implement three interest rate increases and to continue its holdings policy for Treasuries and MBSs (Mortgage-Backed Securities), to contribute to moderate adjustments to its balance sheet.



2017 was more favorable for

commodity prices, in particular for oil, which reached a high of USD 60.4 per barrel for the WTI (West Texas Intermediate) benchmark by year-end.

The GDP grew by 2.3% in 2017,

and the unemployment rate hit a low of 4.1%, confirming the consolidation of the labor market.



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US\$60.4

per barrel for the WTI (West Texas Intermediate) benchmark by year-end.



The recovery of commodity prices was a key factor in the reduction of the perceived risk of emerging economies. 2017 was more favorable for commodity prices, particularly for oil, which reached a high of USD 60.4 per barrel for the WTI (West Texas Intermediate) benchmark by year-end. The recovery eased balance of payments pressures and enabled the region, including Colombia, to begin a gradual adjustment process, while the lower inflationary pressure enabled monetary policy to react with reductions in intervention rates.

At Itaú, we forecast faster growth in Latin America in 2018, driven by favorable financial conditions, with gradual recovery of growth in the region, and a propitious scenario for growth in developed economies.

The more positive results are largely driven by the progress made in Argentina and Brazil, which posted positive GDP growth rates. Under these conditions, we estimate that the cycle of easy monetary policy in countries in the region will come to an end, given the large interest rate adjustments that took place during 2017. The exception might be Mexico, where the process of renegotiating NAFTA (the North American Free Trade Agreement) represents a risk for its exchange rate.

Lastly, Latin America will be facing elections in several countries, and will face the US Fed's process of normalizing monetary policy, which may lead to additional depreciation of their currencies..

Colombian macroeconomic environment: low exchange rates and the tax reform put a damper on growth

Lower imbalances in the external sector

Following a peak in the current account deficit of 6.4% in 2015, the balance of payments has displayed a downward adjustment trend as a result of weakened internal demand. Following a drop in exports due to lower oil prices, imports also fell, particularly of consumer and capital goods.

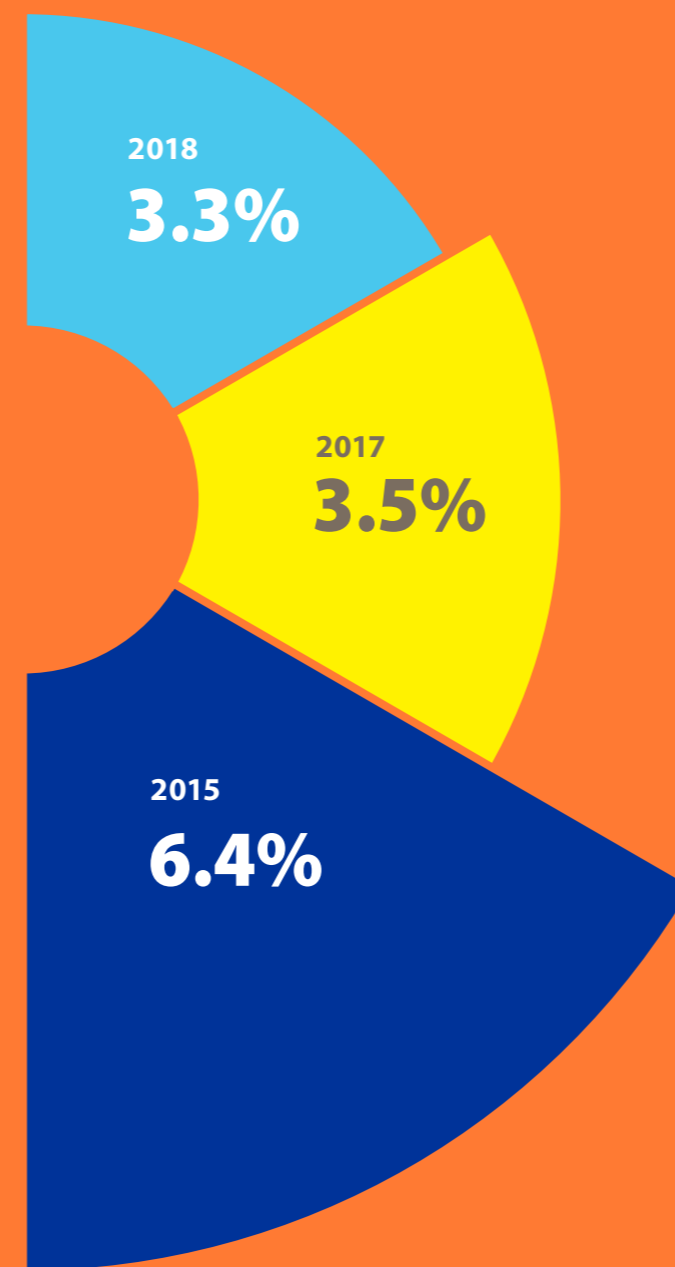
At Itaú, we estimate that in 2017 the deficit will be equivalent to 3.5% of GDP, and that for 2018 it will reach 3.3% of GDP. This level would still be high compared to the average of 2% recorded between 2000 and 2013, but it is in line with the new reality of oil prices and growth levels below the potential rate.

Under these conditions, the exchange rate of the Colombian peso averaged COP 2,952 during the year, which was lower than the rate recorded in 2016, supported by a perception of lower external risk. However, in 2018 the Colombian peso might undergo additional devaluation in response to higher rates in developed economies.

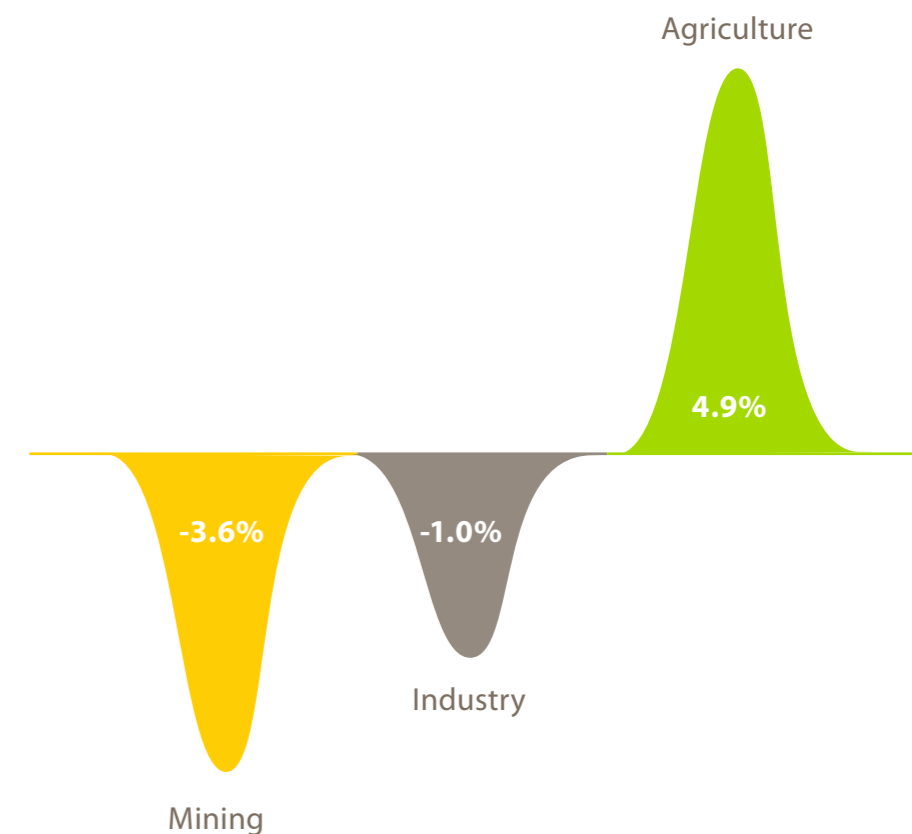
Mining continued to put downward pressure on growth

GDP growth of 1.8% in 2017 was the slowest growth rate since 2009, and even though it may recover in 2018, the gap in production will remain negative. Weakening of the external sector was the factor that put most downward pressure on economic growth, with mining (-3.6%) and industry (-1.0%) exerting the greatest downward push.

GDP deficit

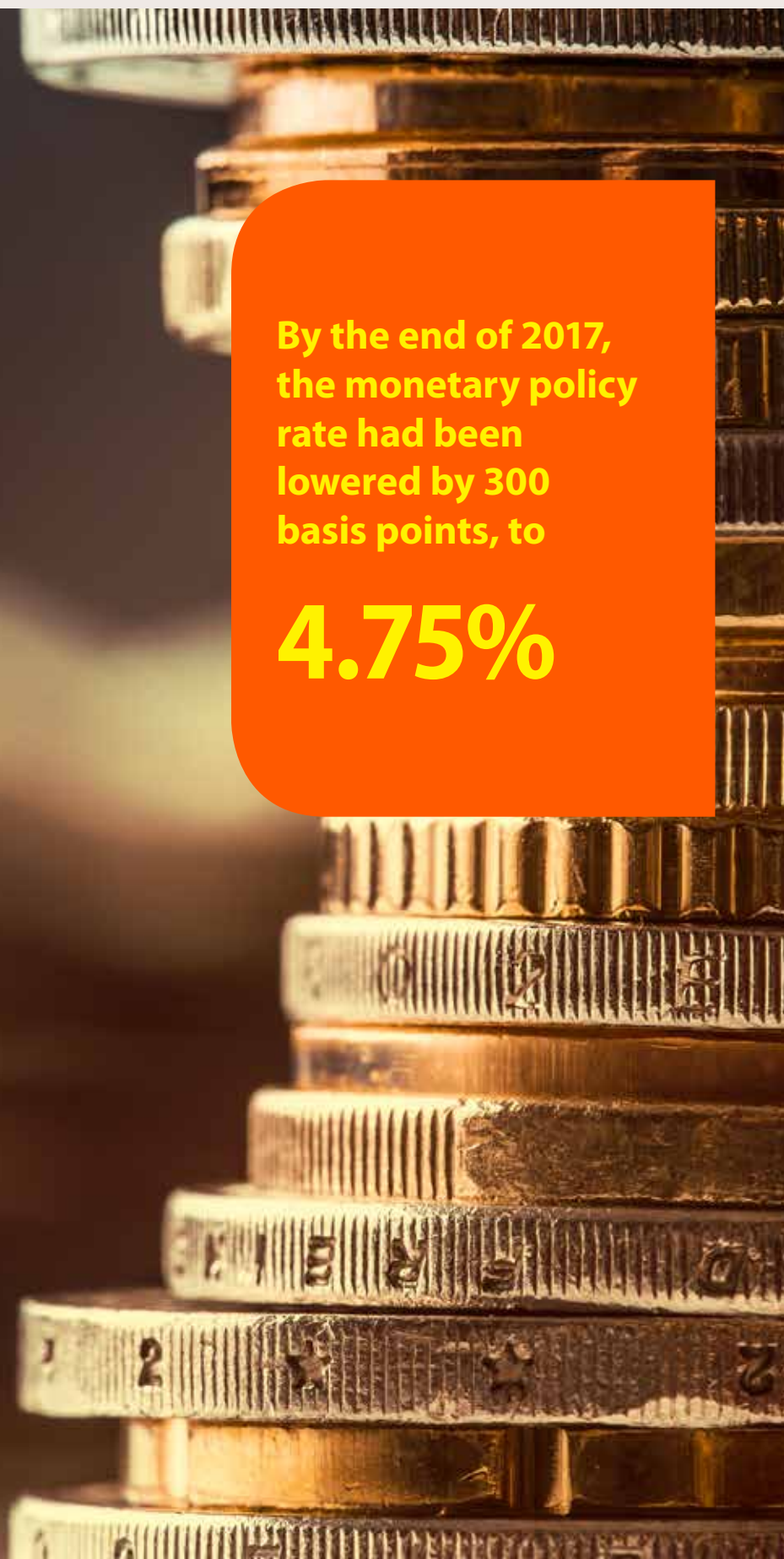


Growth by sectors 2017



The Colombian peso averaged COP

2,952

A stack of gold coins is shown in a close-up, slightly blurred perspective. An orange callout box with rounded corners is overlaid on the left side of the image, containing text about the monetary policy rate.

**By the end of 2017,
the monetary policy
rate had been
lowered by 300
basis points, to**

4.75%

This reflects a slowdown in the trading sector of the economy, widely affected by lower oil production and the exhaustion of the favorable effect of the expansion of the Cartagena Refinery.

However, it must be acknowledged that the implementation of the tax reform in the first quarter of 2017 led to the lowest consumer confidence level in history (-30,2%), which had a negative impact on several industries, particularly on retailing, which was hard hit by an increase in the general value added tax (VAT) rate from 16% to 19%.

In contrast, agriculture posted growth of 4.9% during the year, driven by the normalization of weather conditions and the stabilization of food prices.

The inflation rate was above the target range for the third year in a row

The overall Consumer Price Index (CPI) closed at 4.1% in 2017, in line with our estimate, and we expect this indicator to fall to around 3.3% in 2018. This lower rate would be the result of less indexation, as well as a favorable effect from the tax bill that became effective in

2017. As a result, inflation would be lower in the first quarter of 2018, though compared to an unusually high rate the previous year.

As pressure on the CPI began to fall, not only in terms of the overall indicator itself but also in terms of underlying inflation (excluding food and regulated products), the central bank began to cut interest rates at a pace faster than most analysts had predicted.

The adjustments that began in December 2016 have been explained by the slowdown in the economy and the greater vulnerability of the external sector. However, the rate-cutting cycle displayed a sharply divided Board of Directors, given that all decisions were made by a majority of votes. By the end of 2017, the monetary policy rate had been lowered by 300 basis points, to 4.75%.

In the near future, Banco de la República (the Central Bank) may continue to ease monetary policy as a means to promote economic growth, given the wide negative gap in production and the continued slowdown of inflation. Under these conditions, at Itaú we forecast that the Monetary Policy Rate (MPR) will be cut again, reaching 4% by the end of 2018.

Implementation of the tax reform partly offsets lower oil revenues

The tax reform helped the Government obtain additional structural income, though more such efforts are still required. The drop in oil prices caused tax revenues from the mining and extraction sector to plummet from 3.1% of GDP to only 0.3% of GDP over a three-year period.

This spurred the implementation of the tax reform bill, the centerpiece of which is an increase in the general VAT rate. These measures helped reduce the fiscal deficit from 4% in 2016 to 3.6% in 2017. However, future adjustments aimed at strengthening government finances will become ever more difficult, given the inflexibility of spending and the low growth levels.

For this reason, further debate will continue in 2018 on the measures required to reduce the rigidity of spending to enable the Ministry of Finance to reach its goal of a fiscal deficit of 3.1% by the end of 2018, and of 1% by 2022.

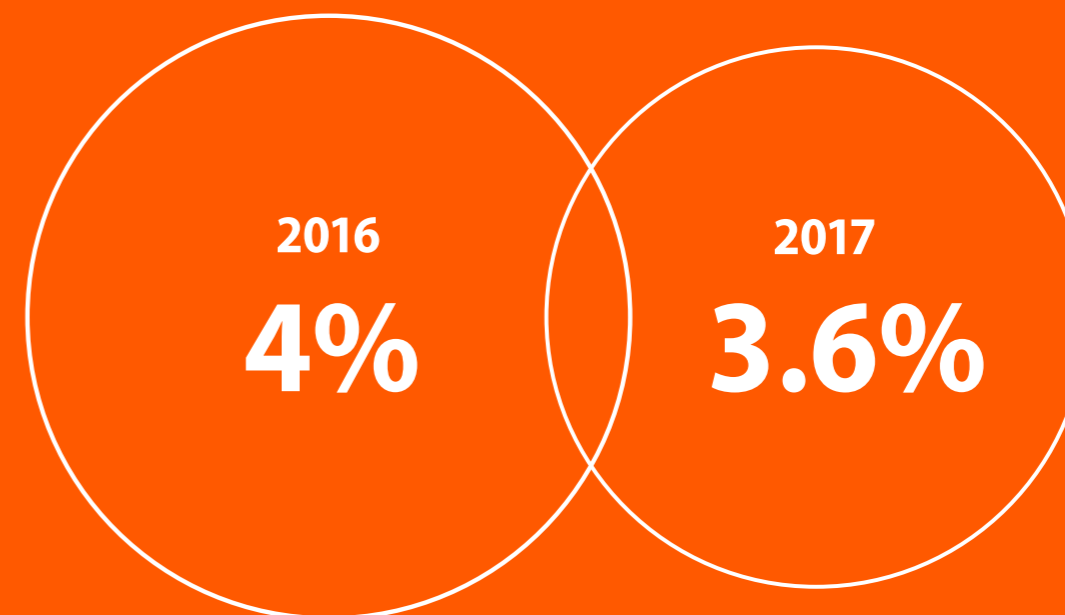
In summary, for Colombia we estimate that GDP will recover in 2018, with growth in the range of 2.5%. Slower inflation, easier monetary policy and favorable growth conditions in developed economies would enable a faster growth rate than the 1.8% rate recorded in 2017.



For Colombia,
we expect GDP to recover in 2017,
reaching an estimated growth rate of

2.5%

Fiscal deficit




Banking industry trends: a time for recovery in 2018

The financial industry was also affected by the economic slowdown; growth in the industry dropped from 4.9% in 2016, according to the national accounts, to 3.8% in 2017. This growth rate was similar to that recorded in 2010, and was consistent with the slowdown in industries such as manufacturing and trade, both affected by the tax reform.

Portfolio growth leveled off, while growth in deposits was similar to 2016, given that in the first part of the year intervention rates were high.

For this year, a new cycle of easy monetary policy could lead to greater demand for credit from households and companies. At the same time, the downward correction in inflation and the reactivation of retailing could drive growth in the financial industry.

Lastly, it should be pointed out that this year the Ministry of Finance promoted an important change for the banking industry by changing the frequency of publication of the maximum rate of remuneration, and now this indicator is adjusted on a monthly basis by the Financial Superintendence of Colombia, rather than quarterly, as had been done in the past.



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02

Organizational Profile



Our Background

Leadership position in Brazil through key competitive advantages



Market valuation of **US\$83.3 trillion**



96,435 employees in Brazil and abroad



4,910 branch offices and banking service centers in Brazil and abroad



46,965 ATMs in Brazil and abroad

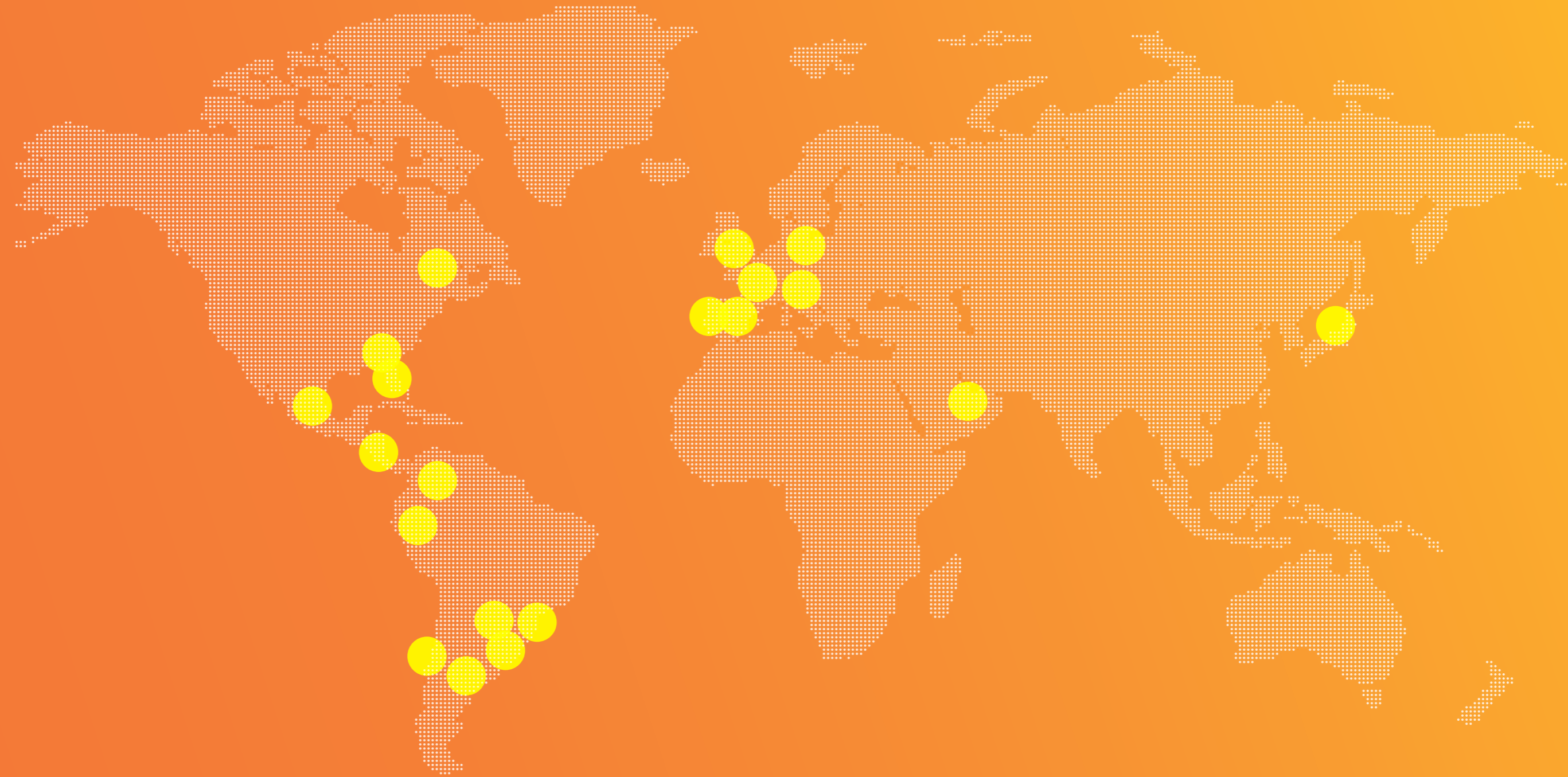


For 13th consecutive year, Itaú Unibanco was selected by the consulting firm Interbrand as the most valuable brand in Brazil (USD 8.4 billion in 2016).

Itaú Unibanco | Presence in LatAm Retail Banking Dec. 17



Global presence of Brazil's largest private sector bank | Dec. 31, 2017



Key financial indicators

For the quarter ended in December 2017

Main figures	
Total assets*	USD 463.6 trillion
Total loans ¹	USD 171.9 trillion
Shareholder equity	USD 39.1 trillion
Recurring net income 2017* ²	USD 7.7 trillion
Recurring net income 4Q17* ²	USD 1.9 trillion
Long-term debt in foreign currency (Itaú Unibanco Holding)	Moody's: Ba3 Fitch BB+ S&P BB-

Financial ratios	
Recurring ROE 2017* ³	21.8%
Recurring ROE 4Q17* ⁴	21.9%
Efficiency ratio 2017 ⁵	46.3%
Efficiency ratio 4Q17 ⁵	48.6%
Liquidity coverage ratio	190%
CET I as per Basel III rules	16.2%

(*) Includes consolidation with Citibank in 4Q17.

(1) Includes bank guarantees and sureties.

(2) It represents net income adjusted for certain non-recurring events described in 4Q17 MD&A - Executive Summary.

(3) Calculated based on recurring net income/ average equity. For the calculation method on an annual basis, please see the historical time series template.

(4) Calculated based on recurring net income/ average equity. For the calculation method on an annual basis, please see 4Q17 MD&A - Executive Summary.

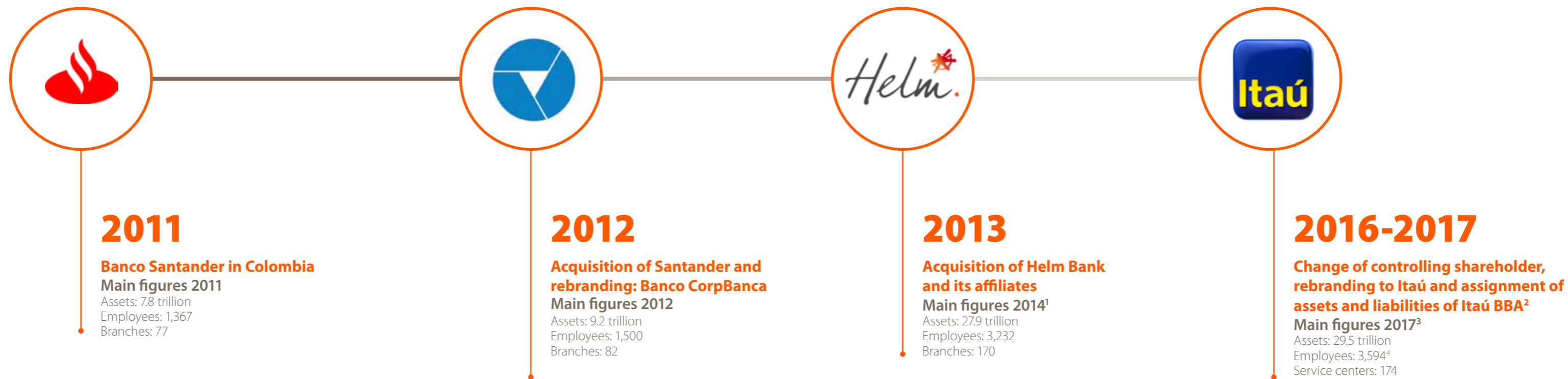
(5) See criteria in "Efficiency Ratio" charts.



Itaú Colombia

About Us

Our history



1. The merger of Helm CorpBanca was legally finalized in June 2014.

2. Itaú CorpBanca Colombia acquired the assets and liabilities of Itaú BBA Colombia at book value. The transaction was approved by the Financial Superintendence of Colombia in April, 2017. As of February, 2017, the carrying amount of assets was COP 398.0 billion and the carrying amount of liabilities was COP 84.5 billion.

3. Figures as of December 2017.

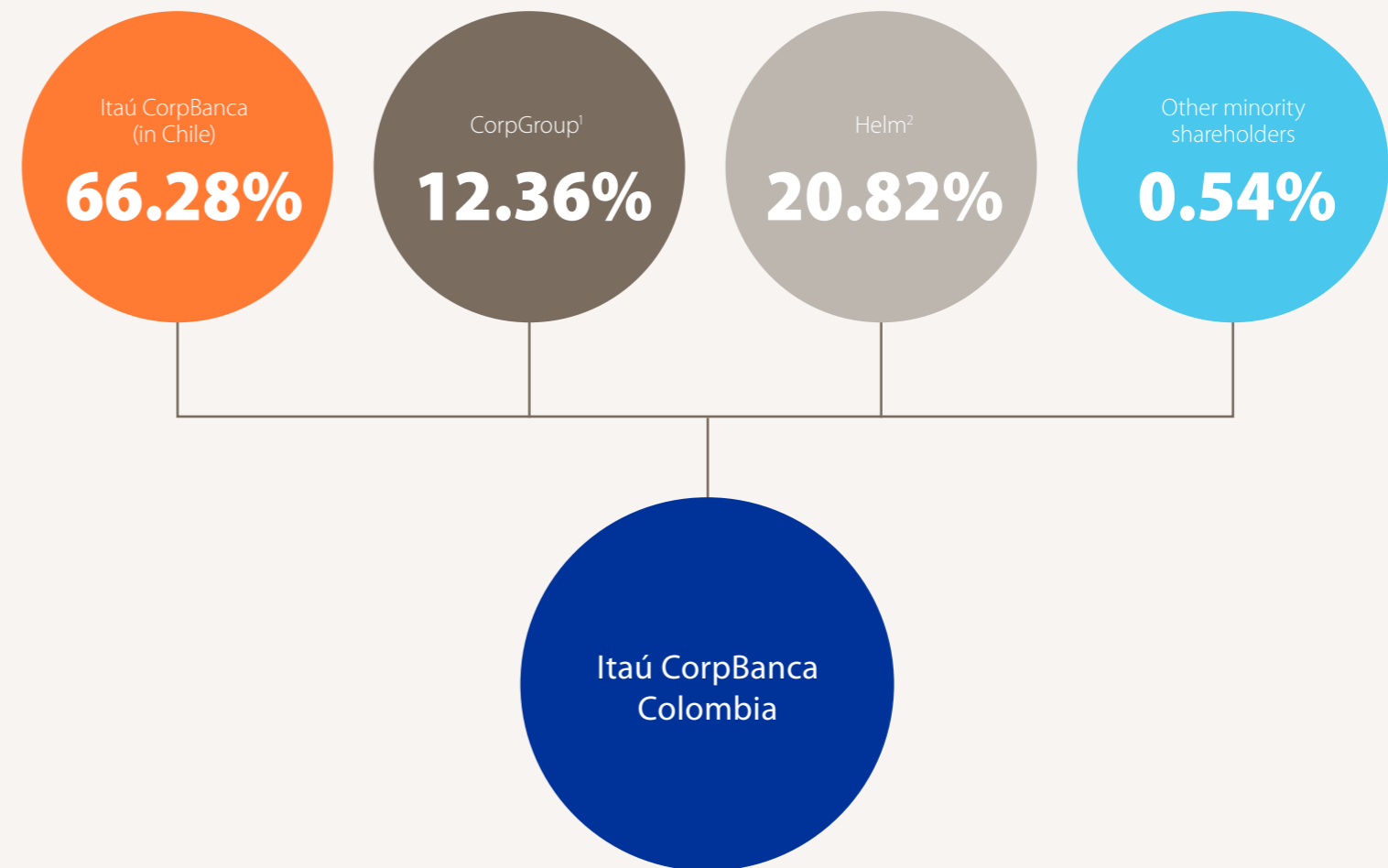
4. Grupo Itaú CorpBanca in Colombia.



In Colombia we are Grupo Itaú CorpBanca Colombia S.A., with headquarters in Bogotá. We are part of Grupo Financiero Itaú; our parent company is based in Chile and its controlling shareholder is Itaú Unibanco. In terms of size by assets we are in fourth place in Chile and sixth place in Colombia. Our network includes **174 branch offices** and **176 ATMs in 30 Colombian cities and municipalities**. We have presence in Panama through the affiliates Itaú (Panamá), a bank with an international license, and the securities firm Itaú Casa de Valores (Panamá).

The shareholders of Itaú Colombia:

Number of shares outstanding: 754,506,213

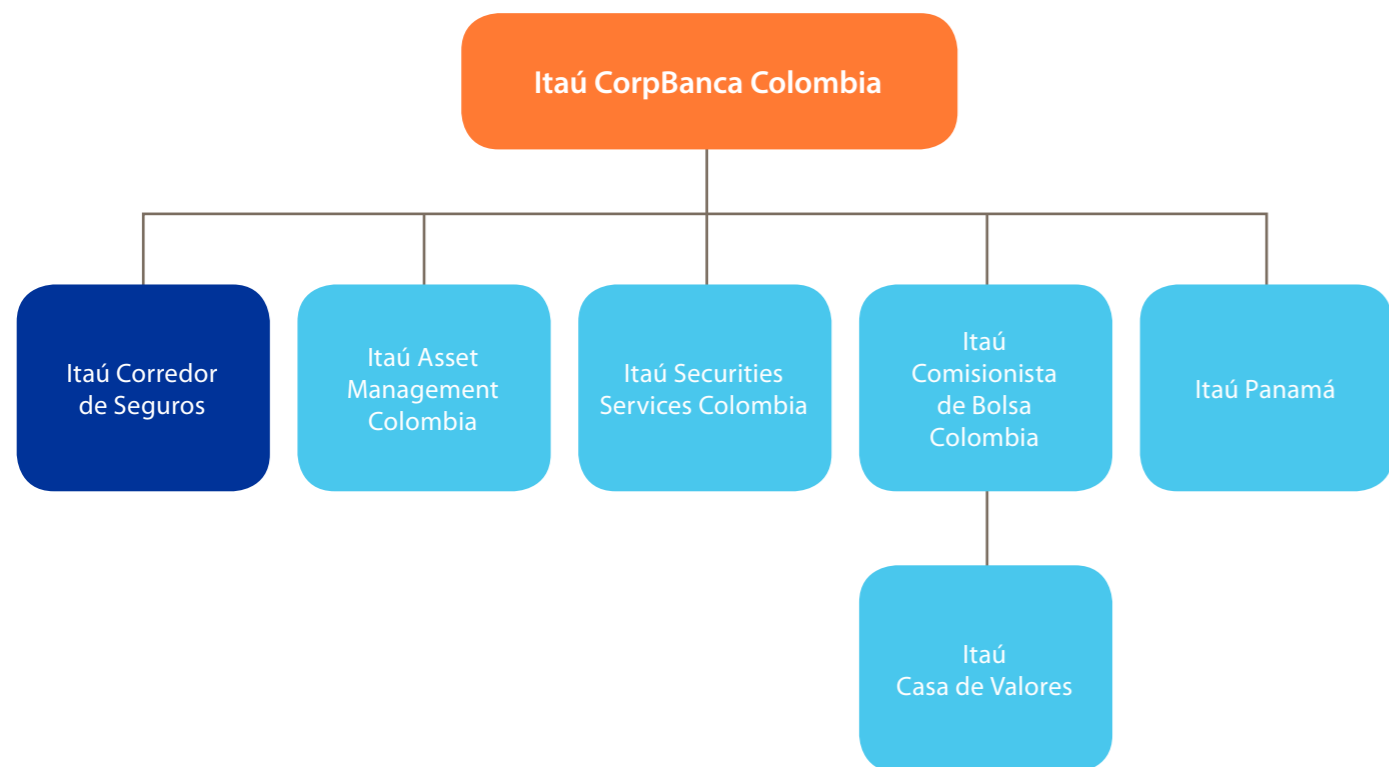


1. Agrupa CG Financial Colombia S.A.S. (8.3%), CorpGroup Interhold SPA (2.1%) and CorpGroup Banking S.A (2.0%)

2. Agrupa Helm LLC (19.4%) and Kresge Stock Holding Company INC. (1.4%).

The Group in Colombia

In Colombia, the Financial Group has four affiliates: Itaú Comisionista de Bolsa, which specializes in the securities market; Itaú Securities Services, a trust management company specializing in the custody business both at the local and international level; Itaú Asset Management Colombia Sociedad Fiduciaria, which specializes in managing investment assets and trusts, and Itaú Panamá, a bank with an international license, which complements our value proposition for our clients in Colombia. Itaú Corredor de Seguros, the sixth-largest insurance broker in the country, is also affiliated with Itaú Colombia.



Affiliates and related parties- December 2017	Profits (COP billion)	Assets (COP billion)	Equity (COP billion)	Employees
Itaú (Panamá) ¹ - Previously Helm Bank Panama	19.9	1,7 trillion	277.8	66
Itaú Asset Management ² - Previously Helm Fiduciaria	14.2	101.6	79.2	99
Itaú Securities Services ³ - Previously CITRUST	4.7	61.4	59.6	39
Itaú Comisionista de Bolsa ⁴ - Previously Helm Comisionista	2.1	59.8	33.6	100
Itaú Corredor de Seguros ⁵ - Previously Helm Corredor de Seguros	740	13.0	4.7	196

1. Includes 24 employees at the Colombian representation office
2. Assets of COP 12.0 trillion in trust as of November 2017
3. Assets of COP 4.5 trillion in trust as of November 2017
4. Amounts consolidated with Casa de Valores
5. Affiliated company

Main indicators of Itaú Colombia in 2017:

COP **30** TRILLION
Assets

COP **21** TRILLION
Loan Portfolio

496 K
Clients

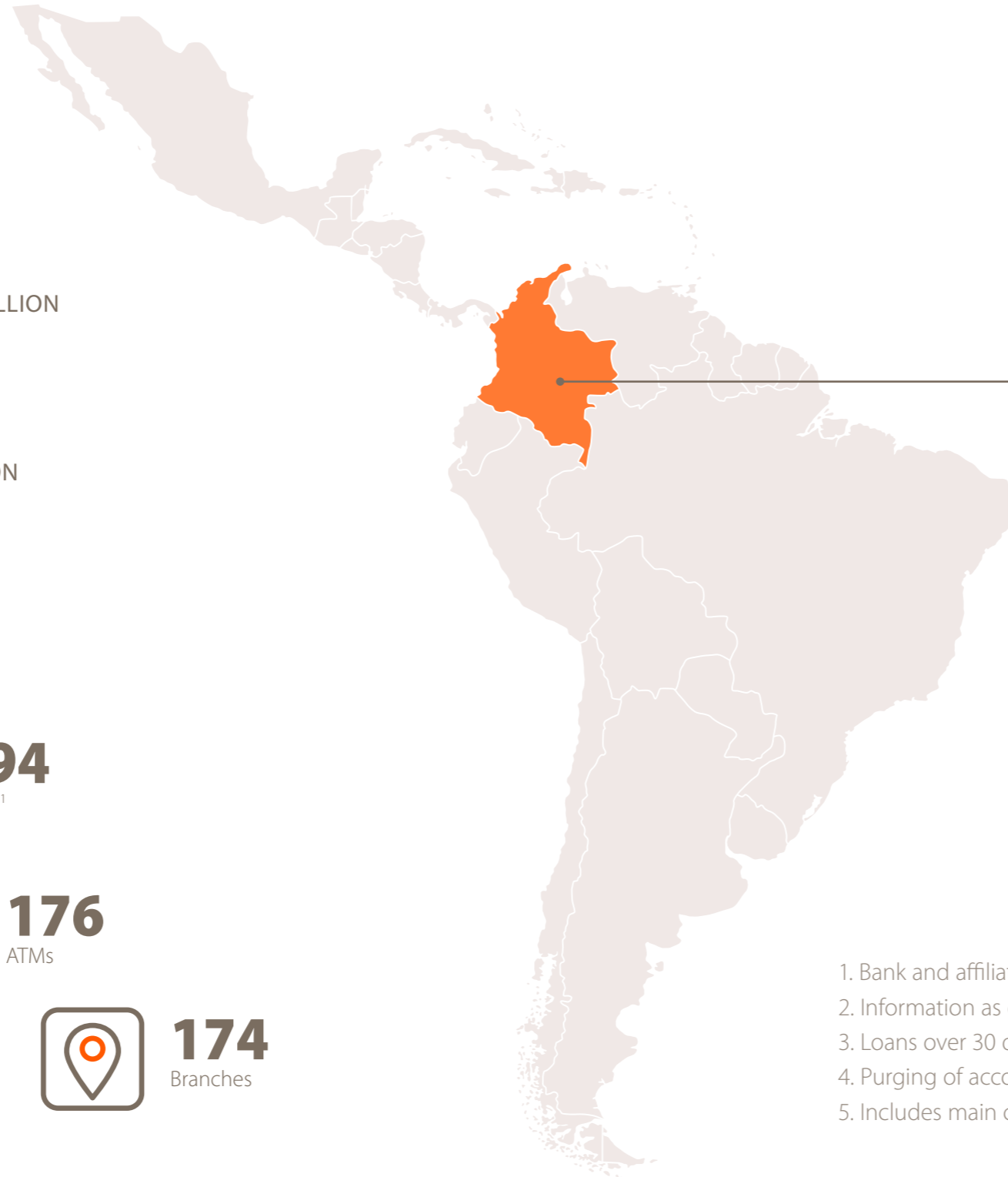
3,594
Employees¹

176
ATMs

174
Branches



Two brands in Colombia



Market share: 5.0%²
Ranking: 6th largest
TIER I: 9.33%
Solvency: 12.73%
ICV: 3.8%³
Net Inc. FY16: COP~ - 150.9 billion
Net Inc. FY17: COP ~ - 121.2 billion

In Colombia we are the
6th largest bank in terms of assets, with
496,246 clients⁴
and presence through various branch offices located in
30 cities and municipalities throughout the country⁵.

- 1. Bank and affiliates. Includes Panamá
- 2. Information as of November 2017
- 3. Loans over 30 days overdue
- 4. Purging of accounts during the technology migration process
- 5. Includes main cities and municipalities

Main figures

Figures in COP

Income and balance sheet	Dec-16	Dec-17	% Change
Net interest margin	744.6 billion	873.7 billion	17.3%
Gross financial margin	1.5 trillion	1.5 trillion	1.7%
Net income	-150.9 billion	-121.2 billion	19.6%
Gross loan portfolio	21.4 trillion	20.8 trillion	-2.5%
Commercial	14.1 trillion	13.7 trillion	-2.9%
Consumer	4.9 trillion	4.7 trillion	-5.5%
Mortgage	2.3 trillion	2.4 trillion	6.2%
Deposits	19.0 trillion	17.2 trillion	-9.4%
CDs	11.1 trillion	9.9 trillion	-10.4%
Savings accounts ¹	6.1 trillion	5.7 trillion	-6.7%
Checking accounts	1.7 trillion	1.5 trillion	-12.2%
Equity	3.5 trillion	3.4 trillion	-3.2%

1. Includes special savings accounts



Indicators	Dec-16	Dec-17
Return on average assets in %	-0.47%	-0.40%
Return on average equity in %	-4.03%	-3.45%
Loan portfolio quality (overdue loans ¹ / gross loan portfolio)	2.90%	3.81%
Loan Portfolio Cover (Provisions / Overdue Loans ¹)	179.61%	165.97%
Total solvency	13.14%	12.73%
Basic solvency	9.68%	9.33%
Number of Bank employees ²	3,216	3,165

- 1. Loans over 30 days overdue
- 2. Does not include affiliate employees

Distribution of value

Figures in millions of COP

Generated and distributed economic value			% Change
	2016	2017	
Generated economic value (A)			
Total	1.50 trillion	1.53 trillion	2%
a) Revenue ³	1.50 trillion	1.53 trillion	2%
Distributed economic value (B)			
Total	744.6 billion	925.3 billion	19%
a) Operating expenses	383.4 billion	449.4 billion	17%
b) Salaries and employee benefits	310.3 billion	365.7 billion	18%
c) Payments to capital providers	0	0	0%
d) Payments to the Government/State	80.3 billion	109.5 billion	36%
d) Investment in the community	442 billion	586 billion	33%
Retained economic value (A-B)	734.2 billion	609.7 billion	-17%

- 3. Equivalent to the gross financial margin

Our purpose and the Itaú way

Vision

To become the leading bank in terms of sustainable performance and customer satisfaction.

Purpose

To stimulate the power of transformation in people.

Our Way – seven attitudes

The following Seven Ways describe how each Way leverages our business model from within towards the outside world.



It is only good for us if it is good for the client

We are people who serve people, with passion and excellence. We work with and for the client – because our client is the main reason for everything we do.

Performance fanatics

The generation of sustainable results is in our DNA. The constant challenge of achieving performance leadership has brought us to where we are today and will continue guiding the company in the direction of our objectives.



The people are everything for us

Everything we do is done through people. Talented people who enjoy working in an environment of cooperation, meritocracy and high performance.

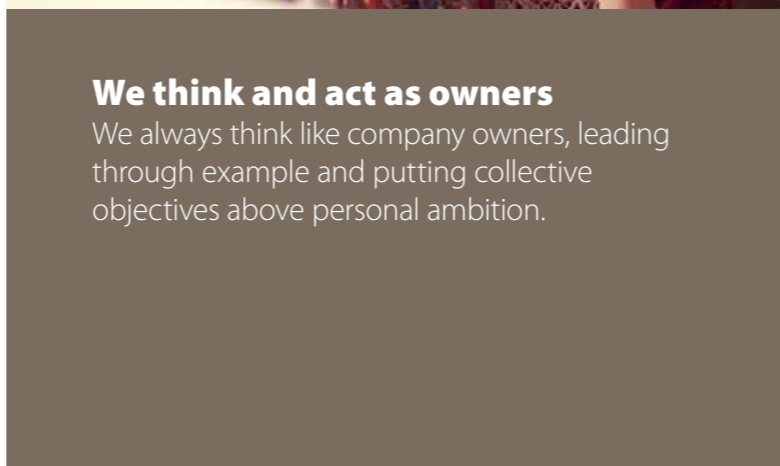
The best argument is the one that prevails

We promote a challenging environment, open to questioning and constructive debate. For us, the only hierarchy that matters is the best idea.



Simple. Always

We believe that simplicity is the best path towards efficiency, which is why we struggle to ensure that depth is not confused with complexity and that simplicity does not become simple-mindedness.



We think and act as owners

We always think like company owners, leading through example and putting collective objectives above personal ambition.

Ethics are non-negotiable

We do the right thing, without cheating, with no shortcuts. We exercise our leadership in a transparent and responsible manner, always committed to society and to the best governance and management practices.

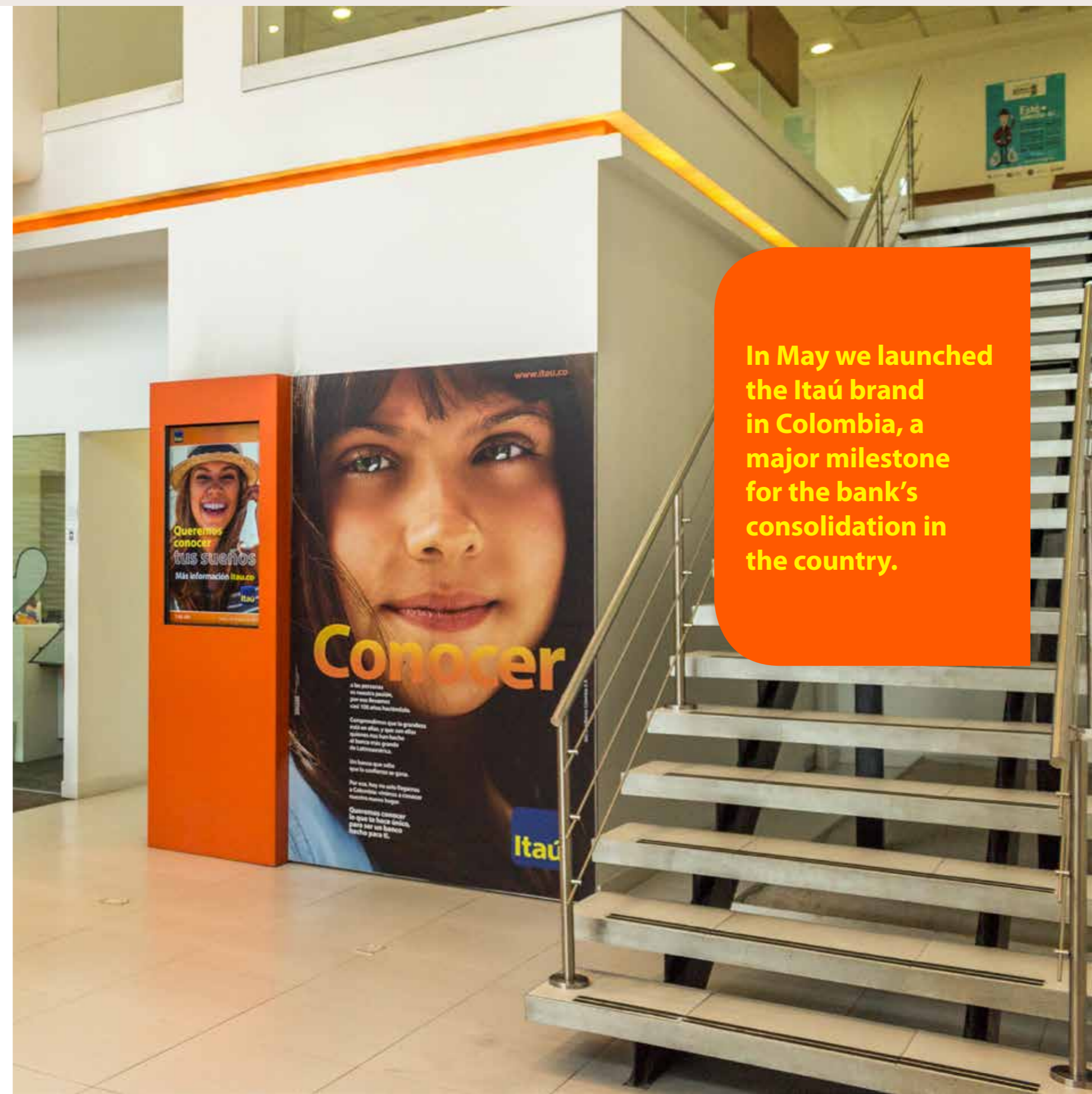
Integration process

We are aware of the role played by innovation and technology as agents of change for the evolution of the people, the business and our relationships with our clients. For this reason, 2017 was the starting point of our transformation process.

Starting in June 2016, we launched the “Core and Ancillaries” project, with the objective of bringing 100% of CorpBanca products, services and clients into the Itaú technological and operational platform, aimed at simplifying our operating processes and providing a single customer service delivery system.

In 2017, we focused on launching the Itaú brand in the Colombian market, and to do so under a single technological platform with unified networks and processes. As part of this project, from May 20 to 22, in a single weekend, we switched the Helm brand to the Itaú brand at 102 branch offices, on the website, on the app and in the corporate email addresses.

At the same time, we launched the advertising campaign “We want to get to know you” in print, radio and digital media. The focus of the campaign was to position Itaú as a bank that wants to become Colombian and that since its arrival has been concerned about understanding the tastes and preferences of our country, in order to build a bank that is custom-made for its clients.



In May we launched the Itaú brand in Colombia, a major milestone for the bank's consolidation in the country.



from May 20 to 22, in a single weekend,
**we switched the
Helm brand to the
Itaú brand at**

102

**branch offices, on the website, on the app
and in the corporate email addresses.**



**At the close
of 2017,
77%**

**of the branch offices of the previous
CorpBanca network had migrated
to the Itaú platform and brand,
which was above the initial target.**

Customer migration began in August 2017, meeting the scheduled start date. The migration process was carried out under a “waves” model, and completion is expected by the fourth month of 2018. At the close of 2017, 77% of the branch offices of the previous CorpBanca network had migrated to the Itaú platform and brand, which was above the initial target.

In order to recognize the support we have received from our clients, for having opened their doors to us and allowing us to continue being their bank, we launched the “Thank You” campaign starting in late November, involving the mass media, social networks and branch offices.

Similarly, in order to be closer to our clients, we launched the Facebook channel, which delivers content related to the brand and its foundations (activation, brand campaigns, contests), and which also becomes an additional channel to address inquiries, complaints and claims.

03

Our Business



Our Products and Services

Our business model is built around specialty areas to assist and prioritize our clients, both individuals and legal entities. Our main objective and achievement was to focus on gaining in-depth knowledge on our clients in order to understand their needs. While working on this objective, we established synergies with our affiliates and changed our model of growth through volume to a new approach that combines growth in both volume and profitability.

 <p>Credit cards</p>	 <p>Loans</p>	 <p>Leasing</p>	 <p>Payroll loans</p>
 <p>Financial leases</p>	 <p>Insurance</p>	 <p>Savings and checking accounts</p>	 <p>Savings and investments</p>
 <p>Products and services for real estate developers</p>	 <p>Spot and Forex trading</p>	 <p>Financial derivatives</p>	 <p>Custody services in pesos and dollars</p>
 <p>Local and global custody services</p>	 <p>Structured trusts</p>	 <p>Mandates</p>	 <p>Investment funds</p>

Customer Service

Financial Consumer Customer Service System

In order to offer more comprehensive services that fulfill our clients' expectations, in 2017 we worked on standardizing customer service, sales and retention processes, with the aim of offering more fluid sales and telephone post-sales services. We also put into place the infrastructure, technology, processes and people to support post-sales requirements, and a back-up contact center as a contingency and service continuity measure for the clients who were migrated (from CorpBanca to Itaú).

We have a "Financial Consumer Customer Service System" (SACF by its acronym in Spanish) in place, as required by law and by the Financial Superintendence of Colombia.



Service channels

Contact Center

Bogotá: +57 (1) 581-8181
 Medellín: +57 (4) 604-1818
 Cali: +57 (2) 486-1818
 Barranquilla: +57 (5) 385-1818
 Armenia: +57 (6) 745-1700
 Cartagena: +57 (5) 693-1818
 Bucaramanga: +57 (7) 697-1818
 Pereira: +57 (6) 340-1818
 Manizales: +57 (6) 887-9818

Email

servicioalcliente@itau.co

Website portal

www.Itau.co
 www.bancocorpbanca.com.co

174 offices nationwide

Inclusive service and accessibility to our products and services

In November 2017, in compliance with what is set forth in Public Notice 008 of the Financial Superintendence of Colombia, and through an alliance with the Ministry of Information and Communication Technologies, we remodeled five of our offices and our contact center to facilitate access to people with visual disabilities.

We also continue to work on improving access for our clients and communities both to our offices and to our products and services.

To this effect, 100% of our offices are accessible for people with physical disabilities, and 99.3% of them include spaces for wheelchairs.

The electronic channels available to people with disabilities are: special email accounts for people with hearing problems, with support through the email address: servicio.empresarial@itau.co.

We have solutions available for clients with audio-visual problems that enable them to access our services:



Multi-function and deposits
Feature keyboards for the blind



Kiosks
Feature low relief keyboards.

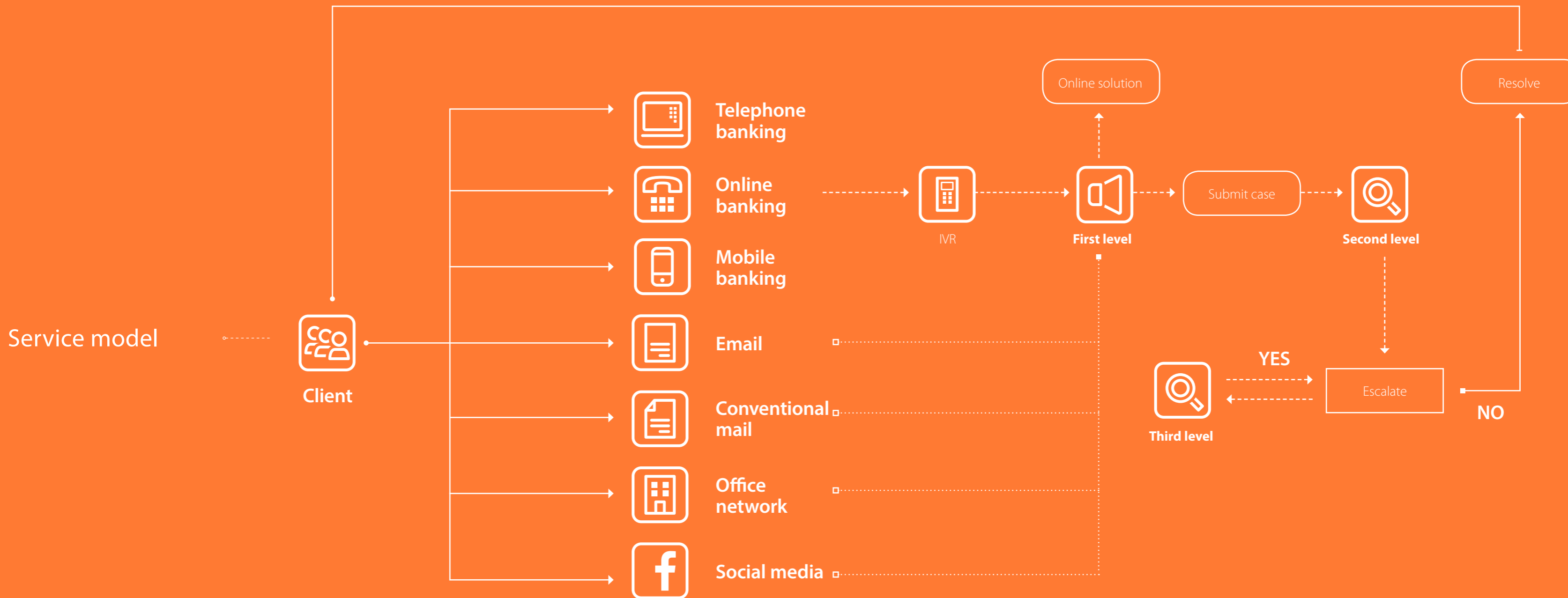


Offices
With telephones in office programmed to communicate directly with the Contact Center.



Web
Font size can be increased or decreased and color can be changed to black and white in certain public sections of the website.

Our customer service model





In terms of the satisfaction index, the score obtained by the bank was

78.6

Customer satisfaction

At Itaú, we measure customer satisfaction through the Colombian representative of the ACSI (American Customer Satisfaction Index) model.

The latest 2017 survey on satisfaction and emotional closeness was performed in: Bogotá, Medellín, Cali, Barranquilla and Bucaramanga with 3,300 banking customers in the country. In terms of the satisfaction index, the score obtained by the bank was 78.6. This index involves three interrelated strategic dimensions for building relationships: trust, relevance and transparency.

Data protection of our products

The protection of the customer's privacy is an objective generally recognized by national law and forms part of our policies. We protect the financial information of our customers in abidance of Law 1581 of 2012, and during 2017 no events of regulatory non-compliance were identified in connection with data protection.

04

Governance Practices

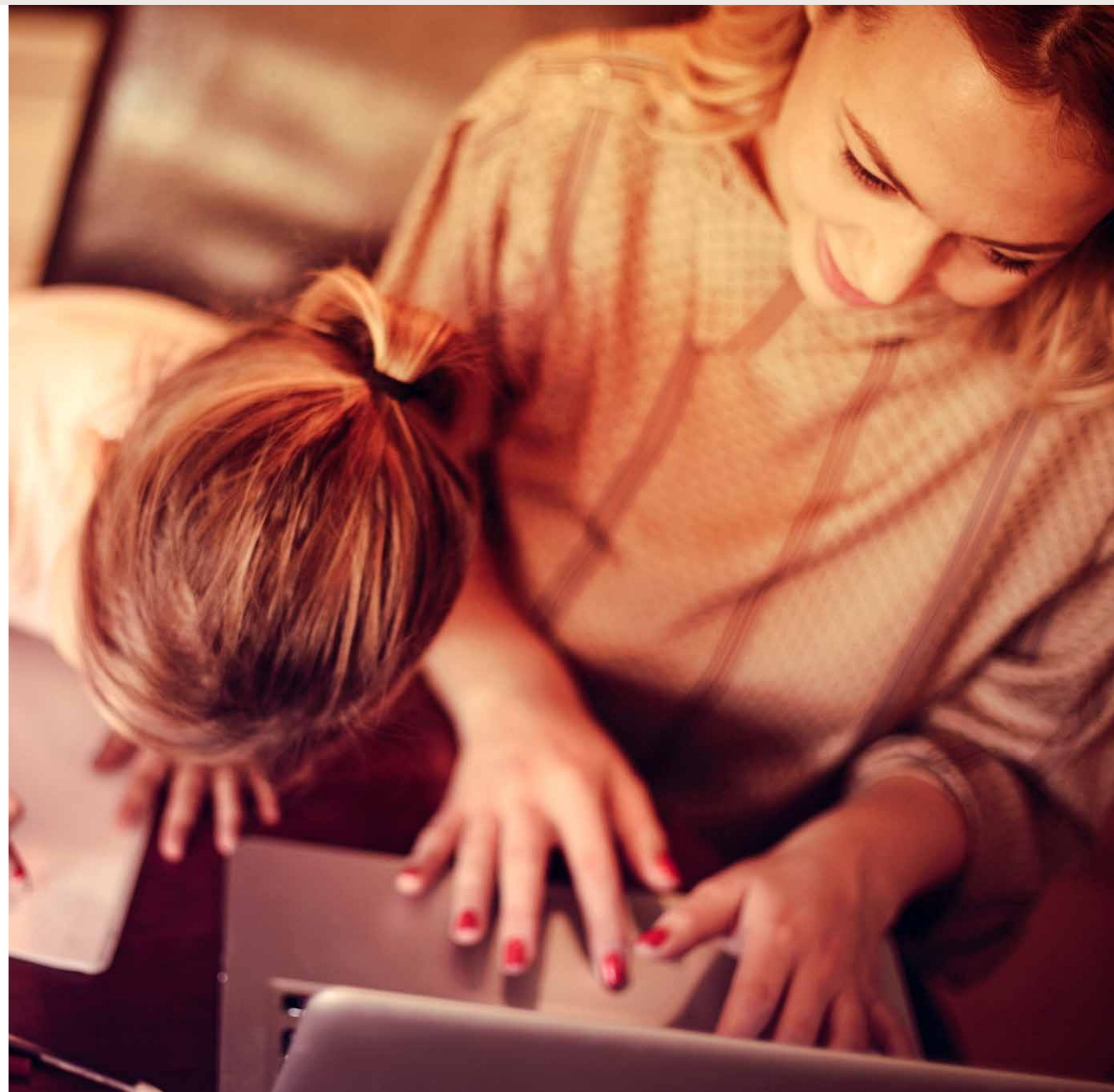


Corporate Governance Structure

At Itaú, transparent management is a premise for all our actions. Ethics and building long-term relationships based on trust with our stakeholders are the foundations of our value-creation processes. For this reason, we attach particular importance to the way we manage our corporate governance and the way we promote transparency, ethics and good behavior. Corporate governance at Itaú is based on rules that are known by all committees and which can be viewed by the general public at our website <https://www.itau.co/grupo/relacion-con-inversionistas>.

General Meeting of Shareholders

The General Meeting of Shareholders is the maximum governance body of the member companies of Grupo Itaú CorpBanca Colombia S.A. It is comprised of the shareholders registered in the Shareholder Register. Internal rules have been established that define, among other matters, how the meetings are conducted, how the meetings are called and the documents that are to be submitted for consideration.



Board of Directors

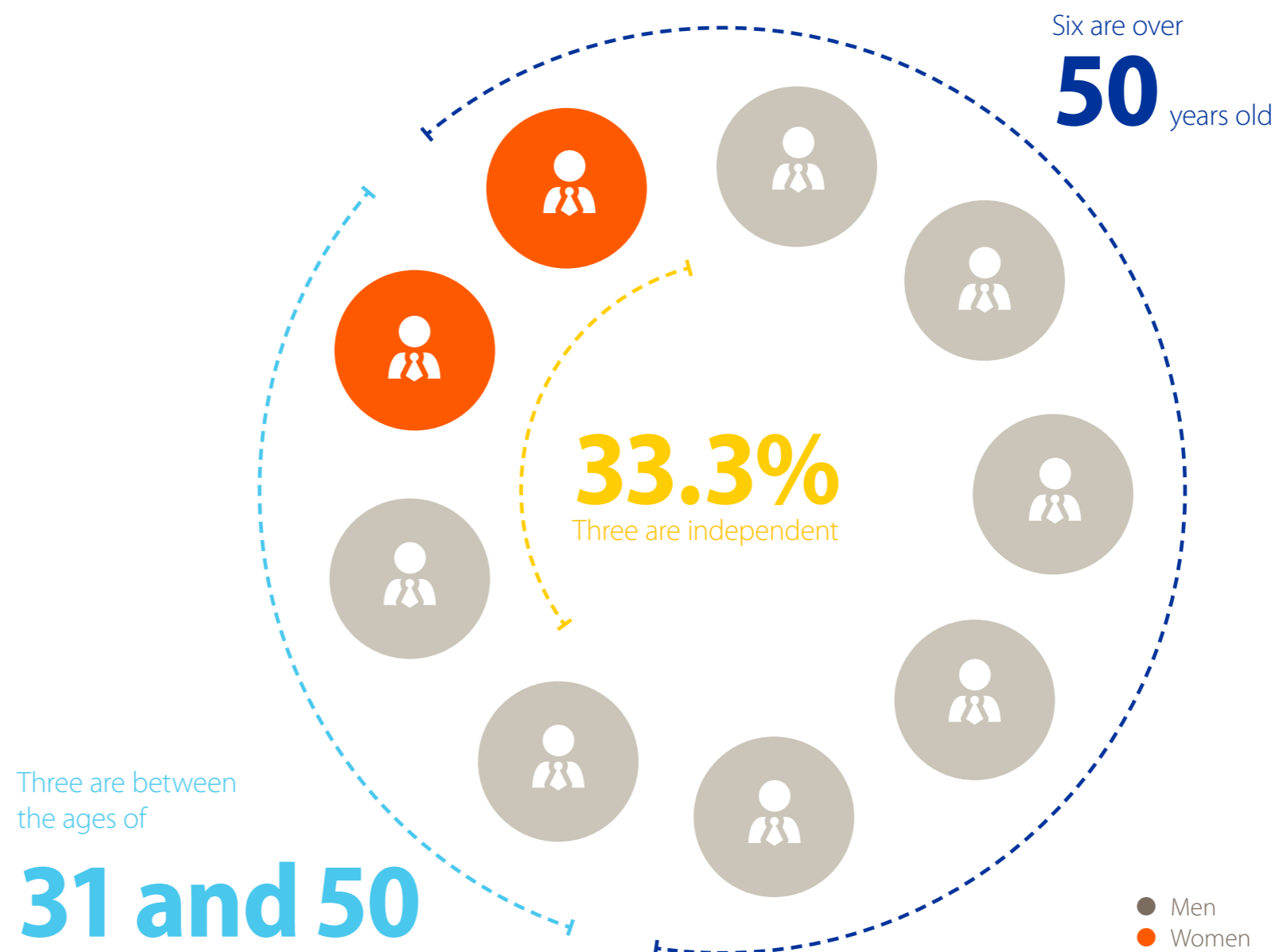
It is the highest management body of the Bank and it serves as liaison between the Bank and its shareholders and investors. It is elected every year by the General Meeting of Shareholders and currently it has nine principal members (2 women and 7 men), of whom three are independent (33.3%), three are between the ages of 31 and 50 and six are over 50 years old. The Board meets at least once a month to review and approve matters required by law and other matters of relevance, such as the Financial Report, the Transformation Plan Progress Report, and the Credit Risk and Financial Risk reports, among other aspects related to the business.

Every year the Board performs a self-assessment of its performance, in order to identify governance aspects that require strengthening.

Committees

One of the responsibilities of the Board is to create supporting committees, upon which it delegates responsibilities on certain matters. Said committees are: The Audit Committee, the Risk Committee, the Remuneration Committee and the Corporate Governance Committee. The Board has also established management committees, including: the Credit Committee, the Regulatory Compliance Committee, the Ethics Committee, the Committee for the Prevention of Money Laundering and Terrorist Financing, and the Assets and Liabilities Committee.

Board of Directors composition





Ethics Committee

It is responsible for addressing cases of misconduct by managers and employees in the workplace and in the business environment; it defines practices and ensures the effective implementation of the corporate ethics program, and submits proposals to the Board of Directors for enhancements to the ethics guidelines.

Ethics and conduct training

As part of the ethics and conduct corporate program, we have implemented an ongoing education program to train upper management and employees on how to identify, prevent and resolve ethical dilemmas, conflicts of interest, conflicts in inter-personal relationships in the workplace, and matters of justice in day-to-day activities.

We have an ongoing dissemination process on our ethical guidelines through internal communication channels and orientation training and annual reinforcement training for employees to ensure that every employee adheres to our policies from the time he or she is hired.

Compliance

Codes that govern our behavior

Corporate Governance Code

We make our decisions taking into consideration the guidelines of our Corporate Governance Code, which establishes parameters to ensure that the organization's leadership is based on good practices of transparency, ethics and conduct.

Code of Conduct

It establishes guidelines on how to conduct our business (conflicts of interest, gifts, invitations, etc.), how to invest in the securities markets, on handling comprehensive relationships with clients, shareholders, authorities, employees and suppliers, and it also defines responsibilities in terms of our people's business behavior. It also includes provisions on sexual harassment, discrimination, workplace safety and political activities, among other matters.

Code of conduct in the securities and foreign currency markets

It establishes guidelines on our behavior and our policy for operating in securities and foreign currency markets.





SARLAFT

We have an Anti-Money Laundering and Terrorist Financing Risk Management System (SARLAFT, for the Spanish original) in place. Its policies, controls and procedures are aimed at ensuring due diligence to prevent our Bank from being used in criminal activities. This involves getting to know our customers and their transactions, defining the market segments we cover; segmenting and monitoring transactions involving customers, products, channels and jurisdictions, and reporting any suspicious transaction to the competent authorities.

The procedures and rules of conduct on application of all of the SARLAFT control instruments and mechanisms are included in the SARLAFT Manual and in the Code of Conduct approved by the Bank's Board of Directors, which are binding for all employees.

Anti-Corruption

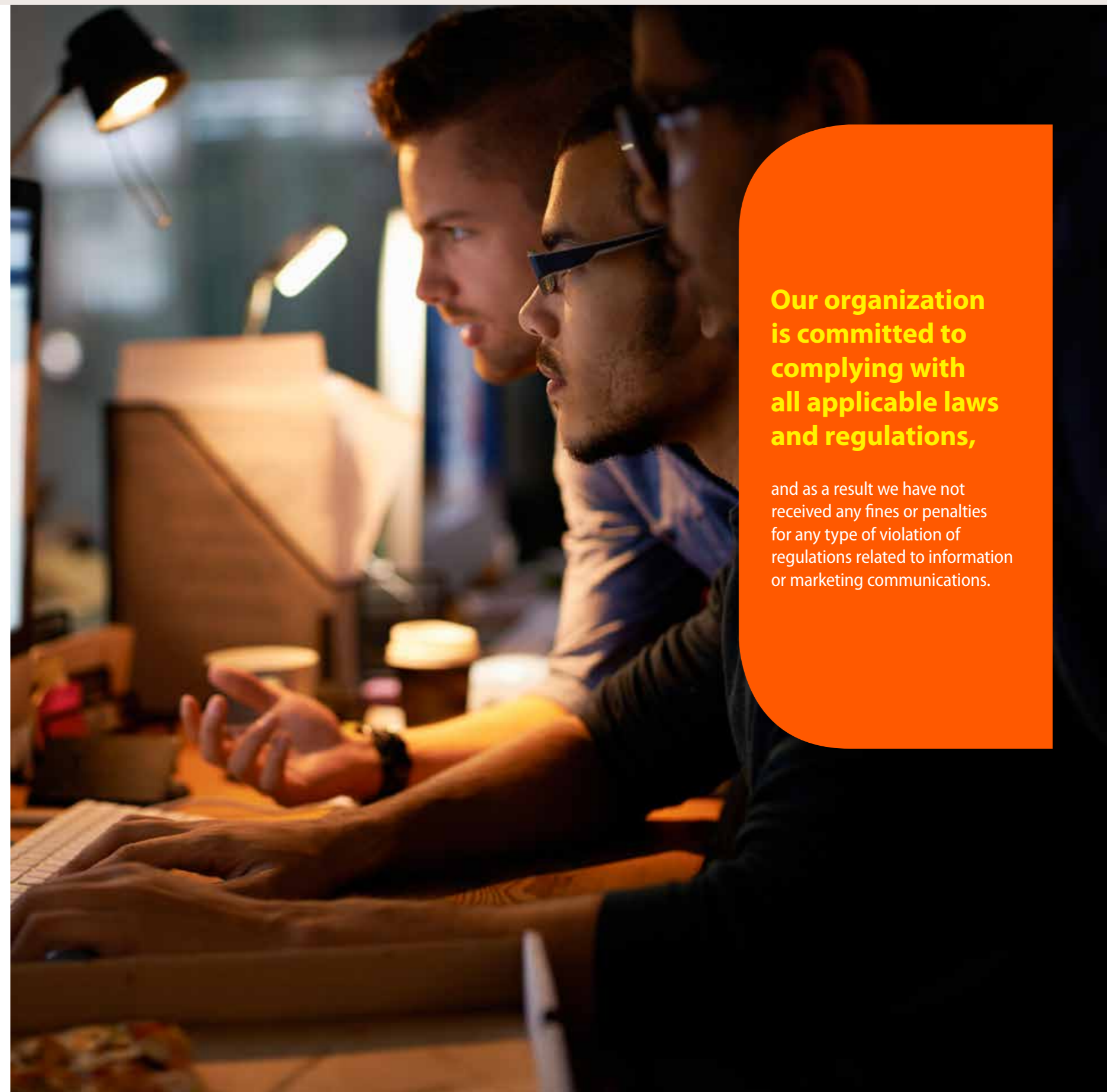
At Itaú Colombia, we have corporate rules and policies in place to fight and prevent acts of corruption, documented in a General Manual, reading of which is mandatory and binding for all employees. These rules are inter-related with those established in the Codes of Conduct and Ethics and with the SARLAFT rules and policies.

Internal Control System (ICS)

At Itaú Colombia, we have policies, principles, rules and procedures in place for adequate internal control management, which include the specific-risk management systems related to Money Laundering and Terrorist Financing, Credit Risk, Financial Risk (Market and Liquidity) and Operating Risk, among others.

Based on the components of the ICS: principles (self-control, self-regulation and self-management), elements, areas and responsibilities, at Itaú we have strengthened corporate governance by adopting the COSO model (three lines of defense). We have enhanced our risk management procedures and disseminated our organizational culture of fulfillment of values and behaviors aimed at controlling our operations.

Our internal control performance is continually monitored by the leaders of each area/process, and internal auditing performs periodic assessments. In addition to ICS coverage in all areas, we have a specific structure for the validation of accounting and technical management through the SOX controls certification.



Our organization is committed to complying with all applicable laws and regulations,

and as a result we have not received any fines or penalties for any type of violation of regulations related to information or marketing communications.



05

Our Risk Management

Risk Management System (RMS)

To a large extent, our performance is based on identifying, taking on and adequately managing elements that represent a risk for the Company. Risk management is one of the primary focus areas of Itaú's operations and a key element for protecting the assets of shareholders and clients, with the objective of increasing their value over time.

Our risk management is based on the policies approved by the Board of Directors and supported by the Risk Management System (RMS), which covers the policies, structures, models, processes and technology systems, among other aspects, that guide the actions to be undertaken for the different types of risk, aligned with the bank's strategy and business model and in accordance with the risk management policies established by the parent company.

The entire Organization is responsible for risk management and we operate under the principle of three lines of defense:

1st

Line of Defense

The different business areas are responsible for managing the direct risks associated with their activities through their identification, measurement, control and reporting processes.

2nd

Line of Defense

An independent unit that provides centralized risk control and ensures that risks are being adequately managed. This team is also responsible for defining and managing the Organization's risk management policies and procedures.

3rd

Line of Defense

Our Internal Auditing area provides an independent analysis of the activities performed by the Organization to ensure that our risk controls are adequate and effective; that risk management is effective and that we comply with all our internal policies and regulations.

Our risk management is supported by the **Risk Management System (RMS)**, which is aligned with the Bank's strategy and business model and in accordance with the risk management policies established by the parent company.

Credit Risk

Credit risk management involves an ongoing assessment of the risk involved in credit assets. From the time of their approval to their final settlement, credit assets are centrally managed, with the support of a corporate structure with defined responsibilities at each stage of the credit cycle.

Credit risk management is based on the definition of policies for evaluating and granting loans, which establish limits on the amount of risk the organization is willing to accept, and risk exposure limits for each class of client and business group.

Our wholesale credit granting policies incorporate the regulatory and corporate frameworks in terms of credit risk identification, assessment, measurement, monitoring and control, as set forth in the Credit Risk Management System (SARC, for the Spanish original), which fulfills the criteria established by our parent company, regulators and best industry practices.

The Bank addresses credit risk on two fronts: in its commercial banking business and in its treasury activities. Despite being independent lines of



Our wholesale credit granting policies

incorporate the regulatory and corporate frameworks in terms of credit risk identification, assessment, measurement, monitoring and control, as set forth in the Credit Risk Management System (SARC, for the Spanish original)

The Bank takes on credit risk in two fronts:
in its commercial banking business and in its treasury activities.

Despite being independent lines of business, the nature of their counterparty default risk is the same.



In retail banking, we have different evaluation and approval processes for individuals and for small and medium-sized companies.



business, the nature of their counterparty default risk is the same, which implies that the risk management criteria to be applied are similar.

All wholesale credit approvals are delegated to the bank's Collegiate Credit Committees, which are comprised of members of the business and risk areas. The authorization levels of each committee are approved by our Board of Directors.

In retail banking, we have different evaluation and approval processes for individuals and for small and medium-sized companies.

Acceptance policies depend on the type of customer and the type of product requested. Loan portfolio trends are reviewed using different monitoring models, which analyze disbursements by product and behavior at each point in time. Based on such analysis, adjustments are made to our credit policies. This has enabled our losses to remain within expected levels, as defined by the bank for the current year and approved by the Board of Directors.

Loan portfolio monitoring

The objective of this stage is to monitor the different types of loan portfolios, as well as to acquire close and continuously updated information on our clients, in order to anticipate future risk trends and to take timely measures to mitigate possible incidents. We use different methodologies that enable us to continuously view loan portfolio trends and to identify the risk factors to be managed.

Collections

Given the challenging credit environment we experienced in Colombia in 2017, we have focused on reviewing and improving our collections and loan normalization processes.





Financial Risk

We have a policy framework in place, along with guidelines on limits, measurements and other agreements, to ensure internal and regulatory compliance, as well as the adoption of best international and industry practices regarding financial risk management.

During 2017, we continued to align our policies, methodologies, models and limits according to the global policies of our parent company. We are working on the diversification of sources of finance in order to strengthen our capacity to react when faced with a liquidity risk event. We also manage our interest rate exposure and balance positions (stress measures) on a daily basis.

Our financial risk management approach is to find a balance between our appetite for risk and financial profitability. To this end, we have established an organizational structure that enables the segmentation of responsibilities, the separation of roles and authorization limits, management of risk identification and measurement tools and monitoring and control mechanisms, with the objective of stabilizing performance and ensuring that our assets are adequately deployed.

Operational Risk

Based on the general guidelines set out by the Basel II Committee, ISO 27001, SOX, local regulations and corporate guidelines, we have established and maintained guidelines for the adequate management of operational risks, information security, SOX, business continuity and bank security, incorporating good management and supervision practices. We have incorporated the concept of lines of defense as an internal control principle and have implemented corporate tools.

Additionally, in order to strengthen Internal Control, at the corporate level we have adopted the SOX Model with a focus on financial reporting, which generates a matrix of risks and controls covering specific and general processes. The scope of application for the companies in Colombia and Panama is defined by the parent company (Chile). We also cooperated with Auditors and Regulators and followed up on the aspects they pointed out. We certified our SOX controls and aligned our policies with those of the parent company.

We have established and maintained guidelines for the adequate management of

(OR) Operational Risks	(BC) Business Continuity	(BS) Bank Security
(IS) Information Security	SOX	

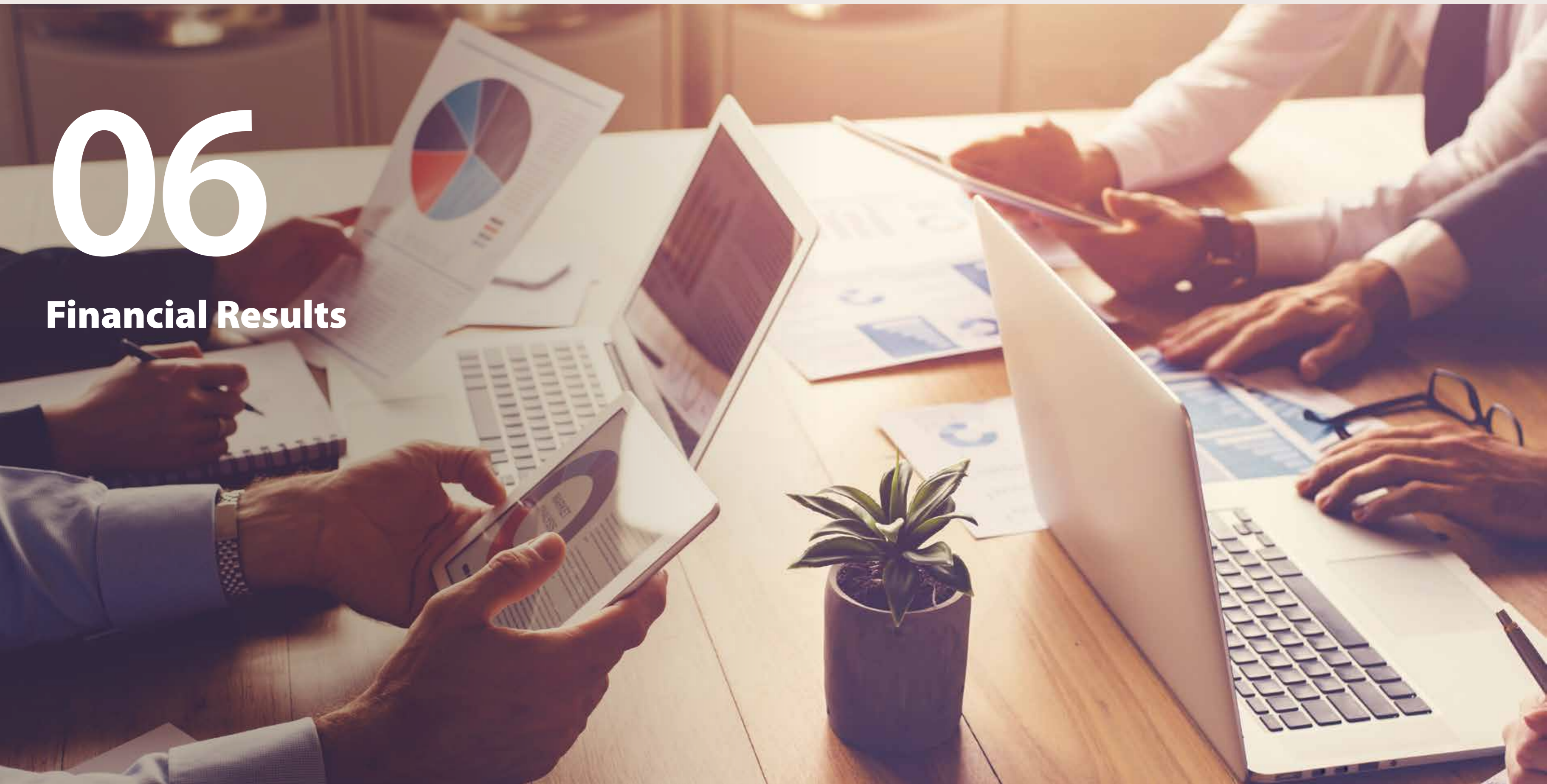


In order to strengthen Internal Control, at the corporate level we have adopted the SOX

model with a focus on financial reporting, which generates a matrix of risks and controls covering specific and general processes.

06

Financial Results



We have a more solid balance sheet and a risk management system that is above market standards. Thanks to this, we managed to reduce bottom-line loss levels by 20% compared to 2016, demonstrating a recovery trend.

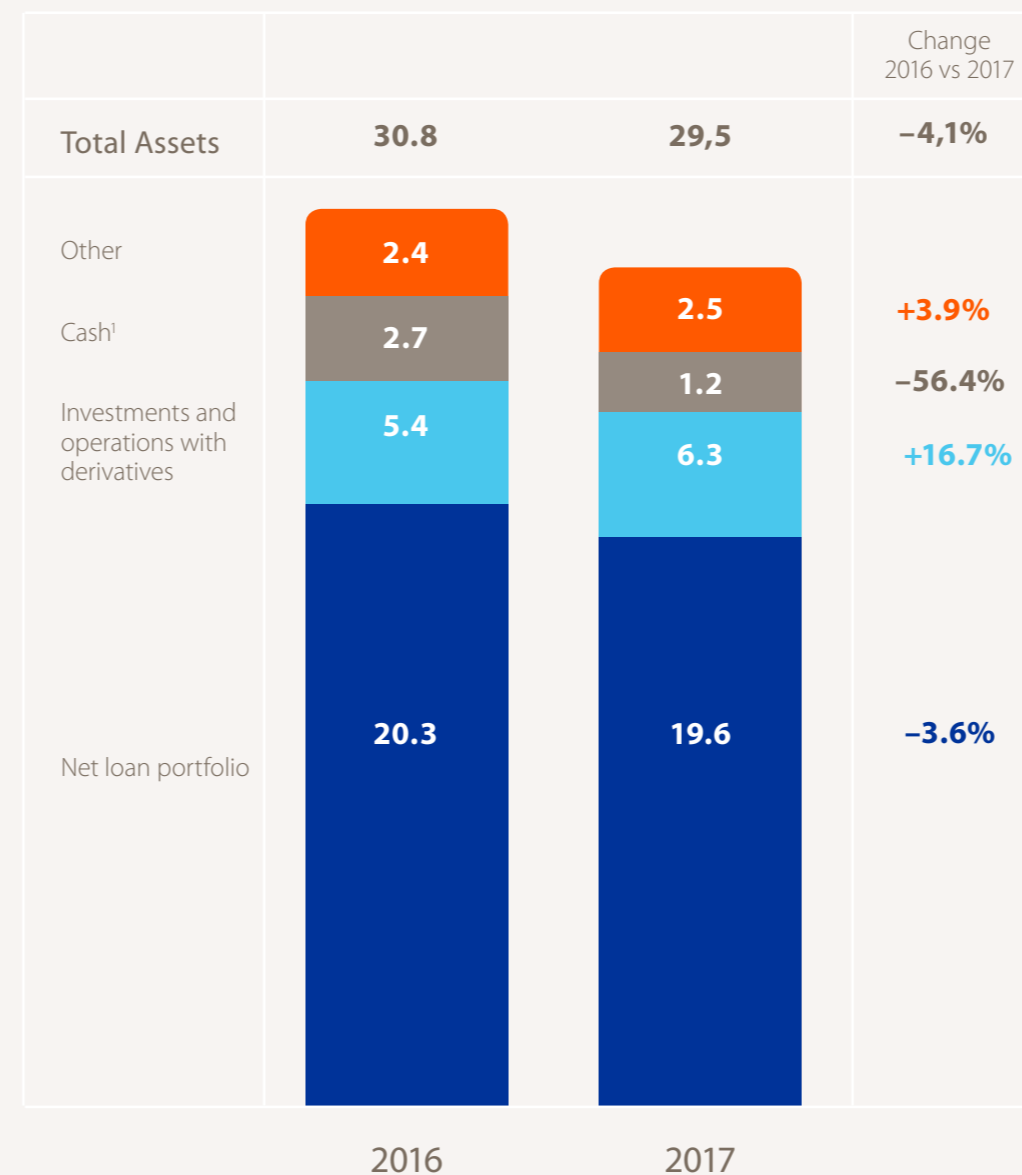
Non-consolidated Balance Sheet

During 2017, we consolidated our position as the sixth largest bank in the country in terms of assets, with COP 29.5 trillion in assets, 26.1 trillion in liabilities and COP 3.5 trillion in equity. The following are the main annual changes in 2017 compared to 2016.

Under assets, which posted a 4.1% reduction compared to the previous year, the net loan portfolio accounts for 66.3%, investments and derivative transactions for 21.3%, cash for 3.6%, asset positions in the monetary market for 0.4% and other assets for 8.4% of total assets. This percentage breakdown did not change significantly compared to 2016.

The fastest-growing item was that of Investments (which includes subsidiaries) and derivatives, which grew by 16.7%, equivalent to COP 902.4 billion. Under Investments and derivatives, the largest item is investments at fair value with changes through OCI, with COP 3.1 trillion, followed by investments at fair value with changes through

Breakdown of assets
COP trillion, percentage



1. Includes cash, which decreased by 41.7% from 1.8 to 1.1 trillion, and money market asset operations, which decreased by 87.5% from 0.9 to 0.1 trillion.

Assets COP

29.5 trillion

Liabilities COP

26.1 trillion

Equity COP

3.5 trillion

Investments

Investments at fair value with changes through OCI

3.1 trillion

Investments at fair value with changes through income

1.9 trillion

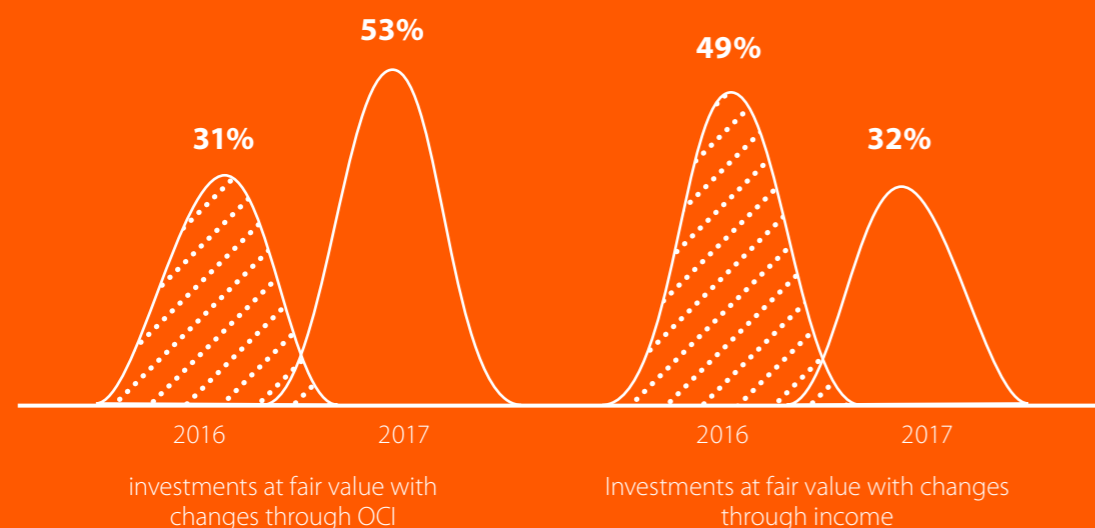
Investments in affiliates

478.2 billion

Investments at amortized cost

415.2 billion

Make-up of the portfolio



Other assets

Intangible assets COP

1.3 trillion

Net accounts COP

368,8 billion

Property, plant and equipment COP

325.4 billion

Non-current assets held for sale COP

125.7 billion

Taxes

287.2 billion



income, with COP 1.9 billion, investments in affiliates, with COP 478.2 billion and investments at amortized cost, with COP 415.2 billion.

The make-up of the portfolio changed, with investments at fair value with changes through OCI increasing to 53% of the total, compared to 31% of the total the previous year. In contrast, investments at fair value with changes through income decreased to 32% of the total, compared to 49% as of December, 2016.

The cash and cash equivalents item decreased by 56% compared to 2016, though still maintaining high liquidity levels at the Bank.

The net loan portfolio, our main asset, decreased by 4% compared to 2016 to COP 19.6 trillion. In gross terms, the balance is COP 20.9 trillion, with a 2% reduction from the previous year. The difference between gross and net loan portfolios lies in the Provisions item, the balance of which increased by COP 206.4 billion, or 19% compared to the previous year, partly as a result of our review of personal and SME loan provisions, and in some cases of corporate clients, as is common in the financial industry.

The Other assets item includes intangible assets of COP 1.3 trillion, net accounts receivable of COP 368.8 billion, property, plant and equipment of COP 325.4 billion, non-current assets held for sale of COP 125.7 billion, and taxes of COP 287.2 billion. The 3.9% increase in the Other assets item, equivalent to COP 93.2 billion, arises from a greater amount of non-current assets held for sale, net of provisions, which increased by COP 55.9 billion, and current taxes, which increased by COP 67.1 billion.

A breakdown of the loan portfolio by type indicates that the largest category is commercial with 65.6% of the total, followed by consumer with 22.5% and mortgage with the remaining 11.9%.

This percentage breakdown did not change significantly compared to the close of 2016. The category with fastest growth was the housing financing item, which includes mortgage loans and residential leasing, which grew by 6.2%. On the other hand, the commercial loan portfolio decreased by 2.9% as a result of a low-growth environment, combined with our strategic focus on profitable growth. The consumer loan portfolio decreased by 5.5% compared to the previous year, primarily due to a slowdown in the payroll loans product.

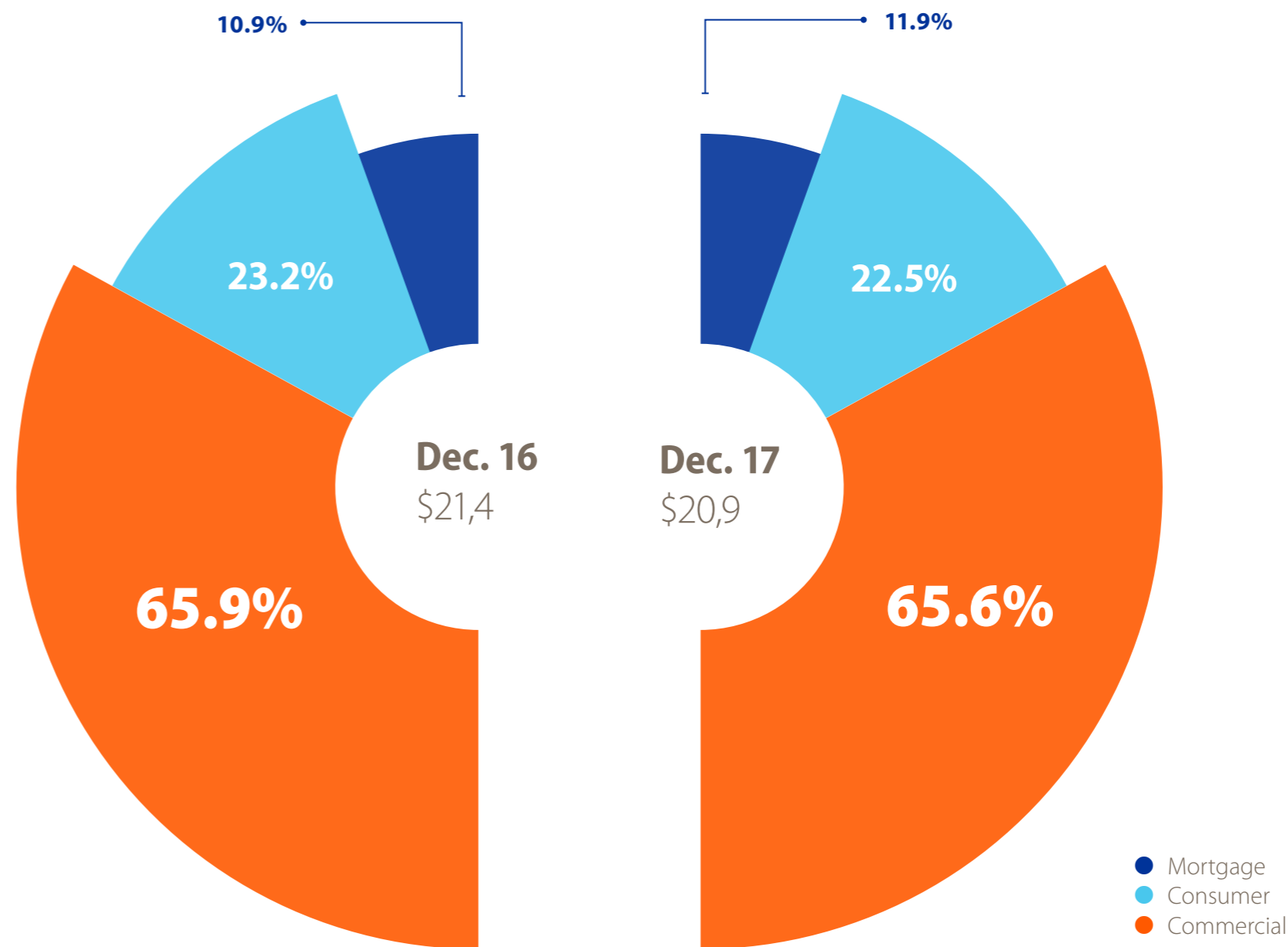
Regarding loan portfolio quality during 2017, there was an overall increase in the overdue rate¹ in the Colombian financial system, which as of November 2017 stood at 4.4%, compared to 3.1% in December 2016, i.e. a 134 basis-point increase in 11 months. Itaú was no exception to the trend of worsening loan performance in the industry, and as a result our indicator increased by 91 basis points

¹ Loans over 30 days overdue compared to the total loan portfolio

Throughout the year, our loan portfolio **30-day quality indicator was better** than the Colombian banking industry average.

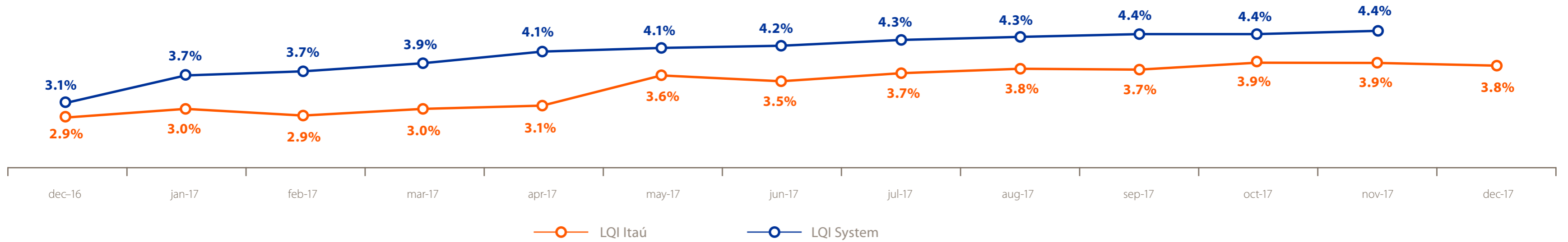
Breakdown of gross loan portfolio

COP trillion, percentage



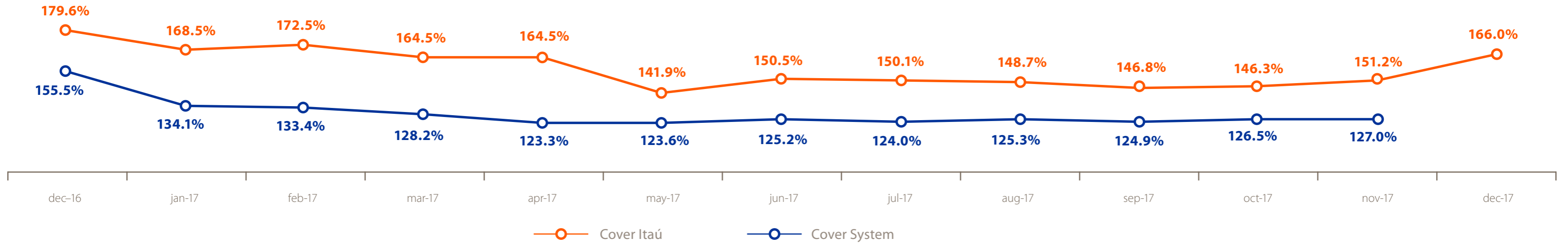
Loan portfolio quality

Loans over 30 days overdue/gross loan portfolio, percentage



Loan portfolio cover

Provisions on loans over 30 days overdue, percentage



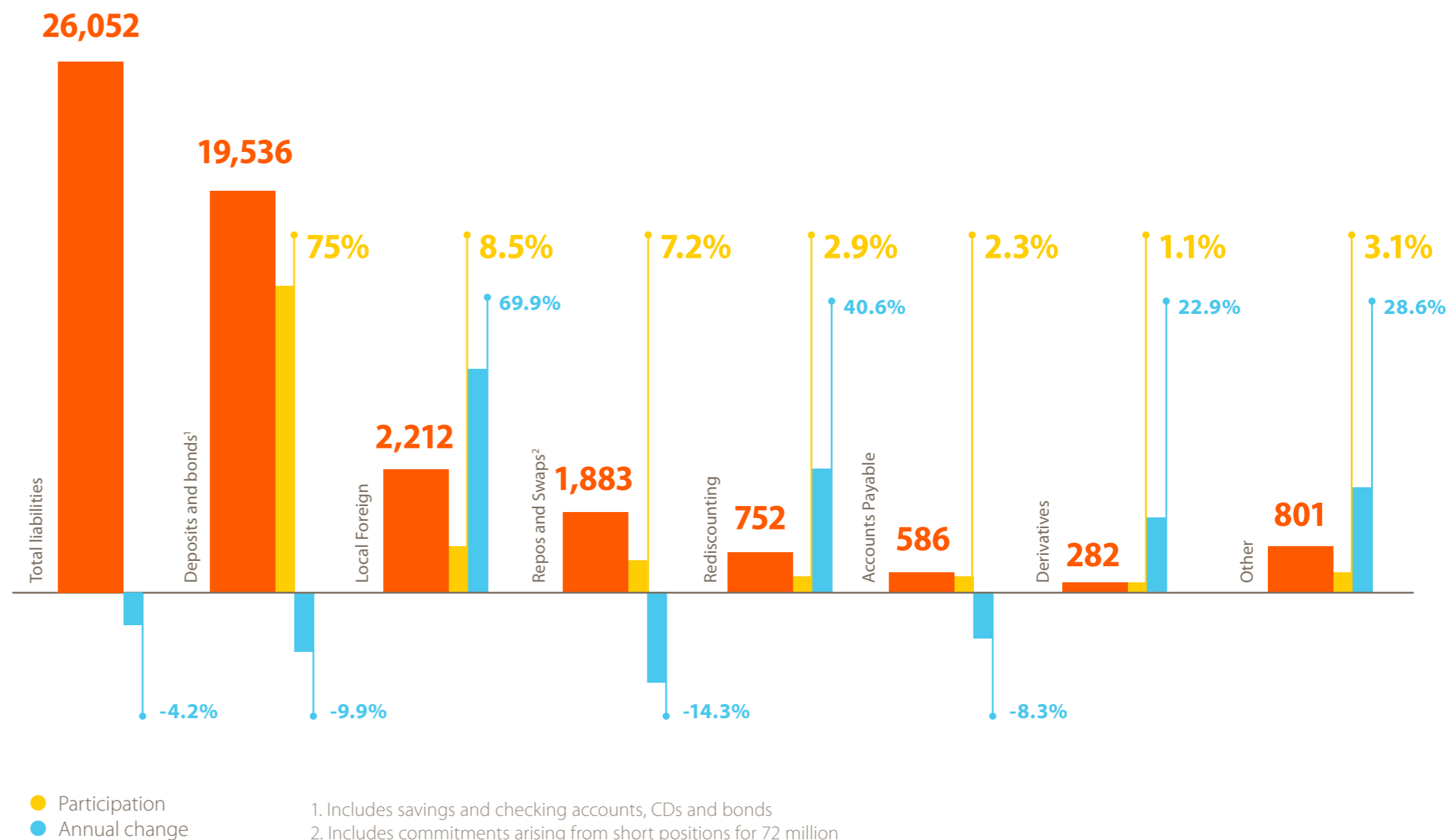
over the last 12 months. However, it is important to highlight that the increase at Itaú was lower than the average for Colombian banks, and one of our strengths continues to be the quality of our loan portfolio, with an indicator of 3.8% at the close of December 2017.

A breakdown by loan portfolio type indicates that consumer loans suffered the greatest impairment, in line with the overall industry trend, with a 225 basis-point increase to 6.2% at the close of December 2017. In housing loans, the overdue debt index increased from 1.5% to 2.5%, a 100 basis-point increase. Lastly, the commercial loan portfolio increased from 2.8% to 3.2%, a 47 basis-point increase.

As a result of the increase in overdue loans, the system's loan portfolio cover rate decreased to 127.0% in terms of loan provisions on debts over 30 days overdue as of November, 2017. Due to our more conservative credit risk assessment policies, and as a result of the credit review process we carry out internally at the Bank, as of year-end 2017 our cover ratio closed at 166.0%, above the industry average.

Regarding the liabilities side of our balance sheet, total liabilities decreased by 4% compared to year-end 2016, closing at COP 26.1 trillion. A breakdown of liabilities indicates that deposits and bonds account for 76.0% of the total; followed by loans from foreign entities with 8.5% of the total, and repos and swaps in third place with 7.2%.

Breakdown of liabilities COP trillion, percentage

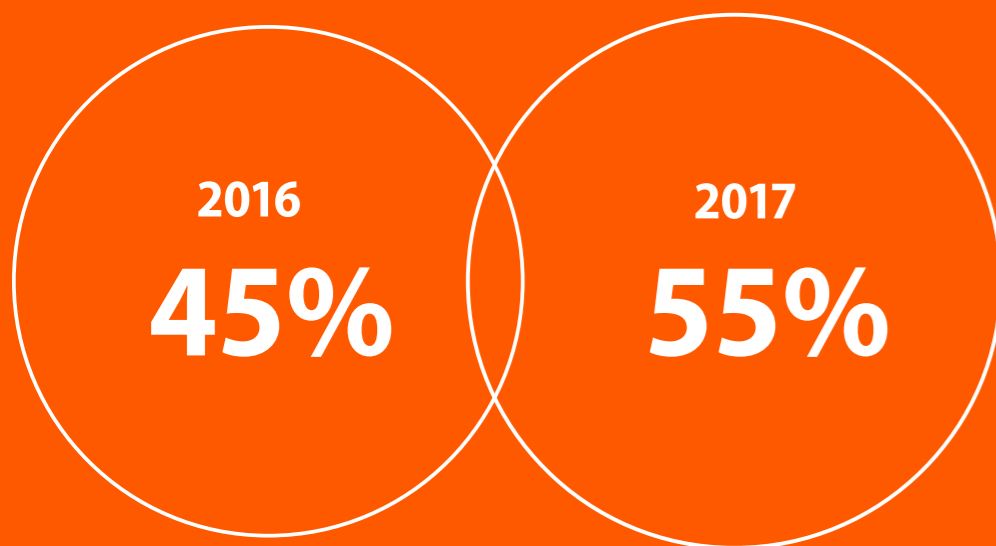




This redistribution of liabilities

is the result of the Bank's internationalization strategy, which is aimed at obtaining alternative sources of finance to support our long-term growth

Average term of certificates of deposit



The current structure of our deposits provides us lower balance-sheet sensitivity to **interest rate changes and high levels of liquidity.**

It should be mentioned that the 9.8% reduction in the deposits and bonds item compared to the previous year is associated with the 69.9% increase in financing from foreign entities. This redistribution is the result of the Bank's internationalization strategy, which is aimed at obtaining alternative sources of finance to support our long-term growth.

In this regard, during 2017 we recorded the Bank's first syndicated loan for USD 240 million, with the participation of 13 international entities. We also obtained a subordinated loan from the International Finance Corporation (IFC) for USD 105 million to promote the growth of small and medium-sized companies in the country, as well as to increase financing for projects that help mitigate climate change.

Regarding the breakdown of deposits (savings and checking accounts and certificates of deposit) and bonds, there were no major changes compared to the previous year. At the close of 2017, certificates of deposit accounted for 51.1% of the total, followed by savings accounts with 29.4%, bonds with 11.4%, and checking accounts with the remaining 8.1%.

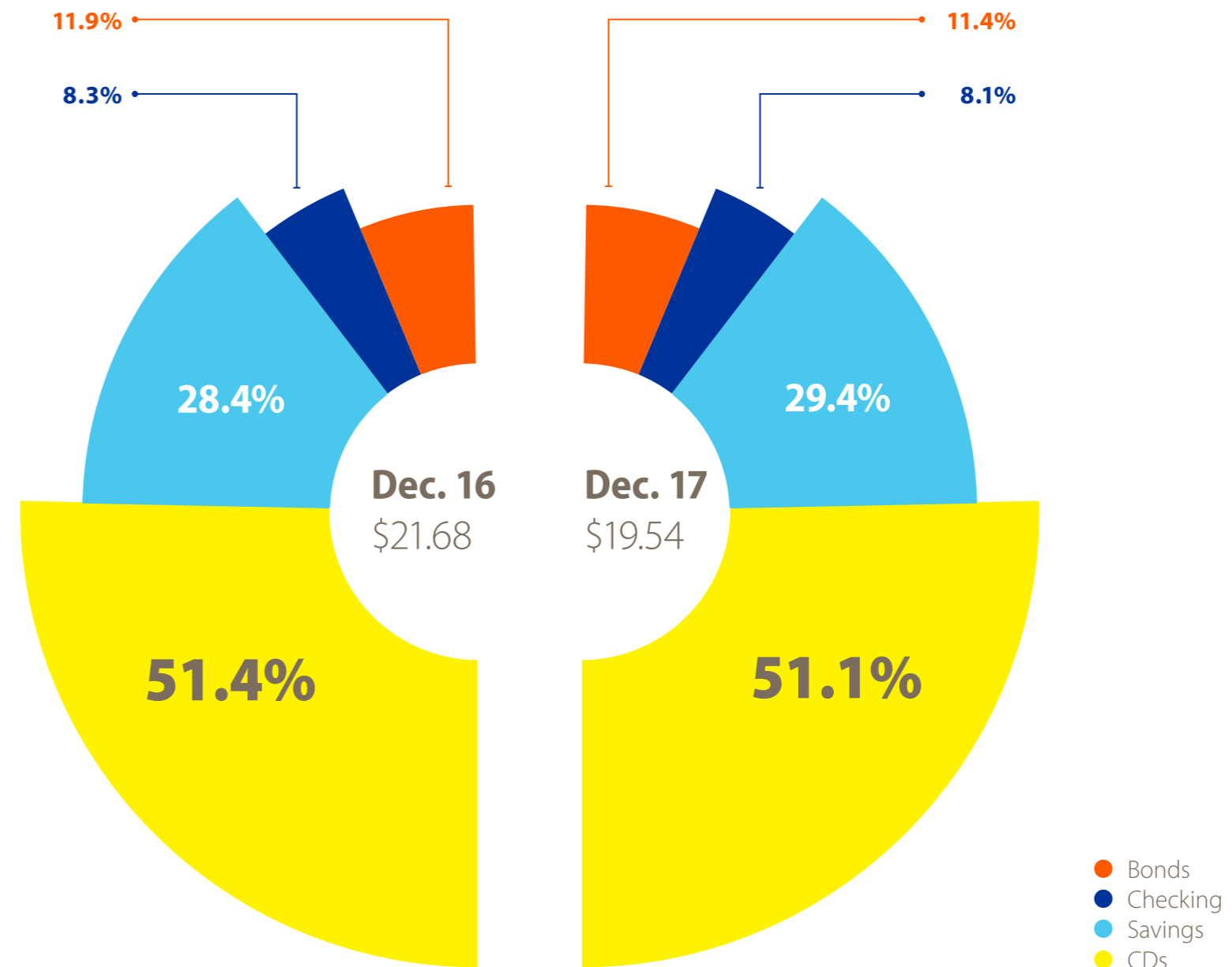
It should be noted that during 2017 the average term of certificates of deposit increased, with 55% of such deposits with terms equal to or greater than 18 months, compared to 45% the previous year. The current structure of our deposits provides us lower balance-sheet sensitivity to interest rate changes and high levels of liquidity.

As of December 2017, our shareholder's equity stood at COP 3.5 trillion, which is 3% lower than the amount recorded at the close of 2016. This change is the result of the COP 121.2 billion loss recorded during the year. The intrinsic value per share was COP 4,593, which is COP 151 lower than the amount recorded at the end of the previous year.

Regarding non-consolidated solvency levels, the technical equity value at the close of December 2017 was COP 3.1 trillion, with risk-weighted assets (RWA) of COP 22.5 trillion and market value at risk (VaR) of COP 184.4 billion. Based on the above, total solvency was 12.73% and basic solvency was 9.33%, which are both above the mandatory values of 9.0% and 4.5%, respectively. It is worth noting that despite the reported losses, the Bank's solvency remains stable and at a level that is similar to that of other banks of comparable size in terms of assets. In consolidated terms, total solvency at the close of December 2017 stood at 12.31% and basic solvency at 9.10%.

Despite the reported losses, the Bank's solvency **remains stable** and at a level that is similar to that of other banks of comparable size in terms of assets.

Breakdown of deposits
COP billion, percentage

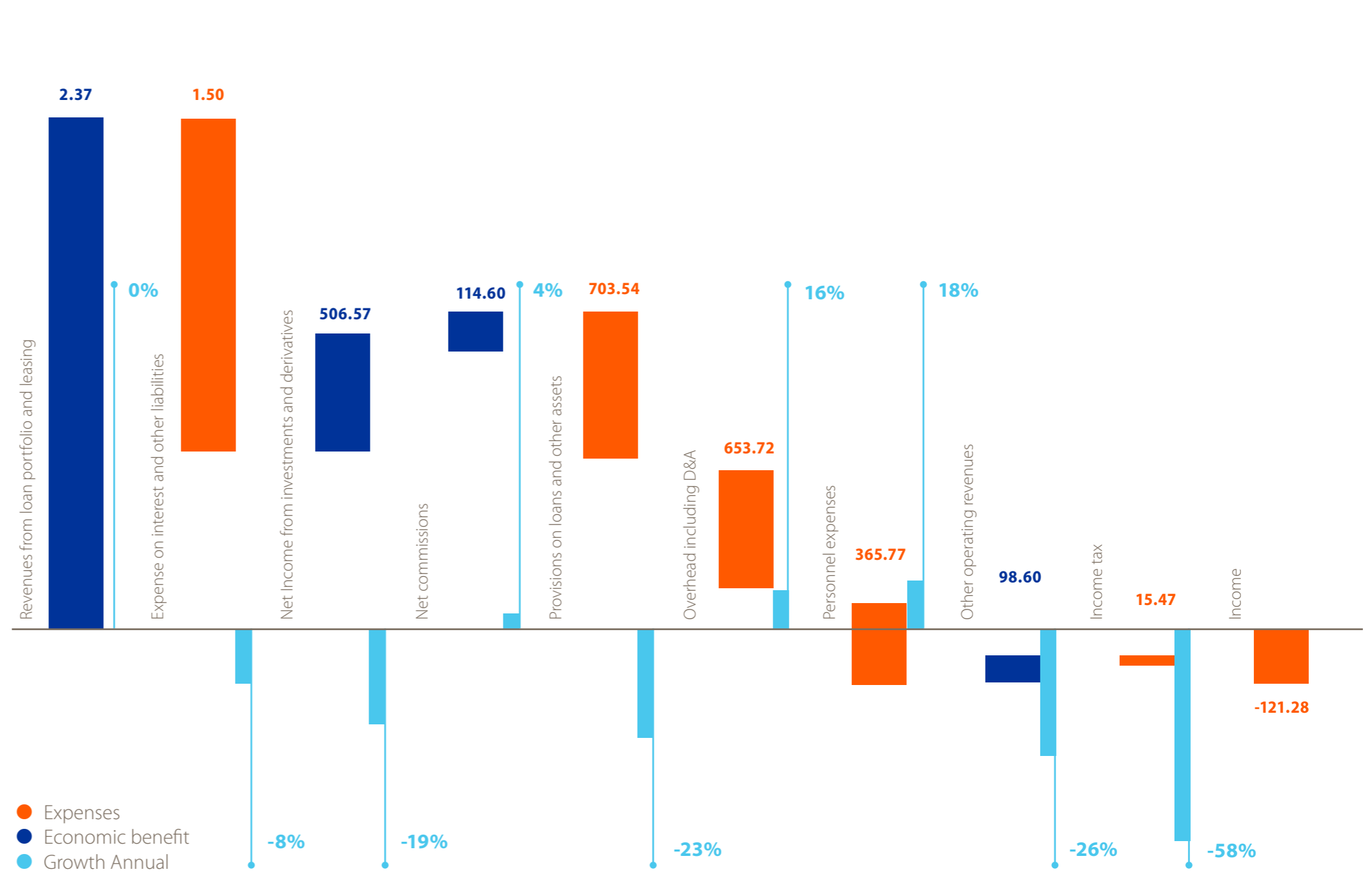


Non-Consolidated Financial Statements

Our net income for the year ended in December 2017 was **-\$121.2 billion**, a loss level that was **20% lower** than the **-\$150.9 billion loss** reported the previous year.

The P&L breakdown shows that loan and leasing revenues remained stable, even though the gross loan portfolio balance was 2% lower. During the same period, interest and other liability expenses were 8% lower, which is the result of the lower level of deposits and lower rates of Banco de la República (the Central Bank of Colombia), which decreased the monetary policy intervention rate from 7.50% to 4.75% at the close of 2017. As a consequence of the above, in 2017 the net interest margin (NIM) displayed some recovery compared to 2016, with an average of 4.6% in 2017 compared to an average of 4.0% the previous year.

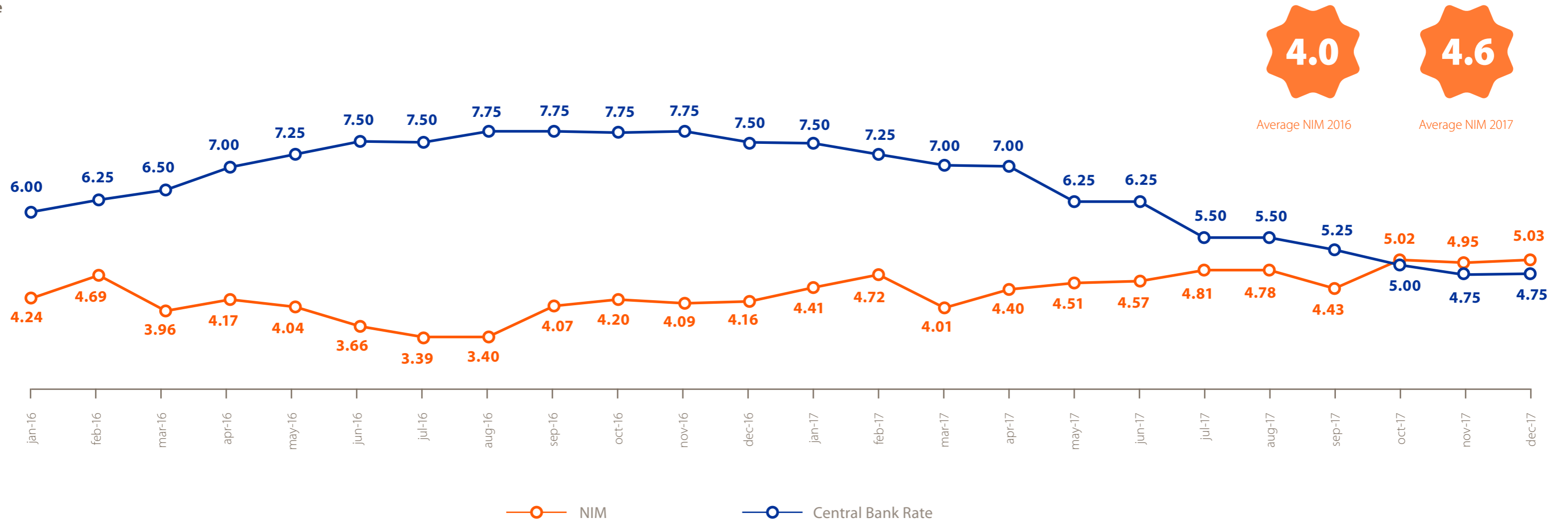
Accumulated net income
COP billion, percentage



- Expenses
- Economic benefit
- Growth Annual

During 2017, the net interest margin displayed some **recovery** compared to 2016.

Net intermediation margin - Evolution
Percentage



4.0
Average NIM 2016

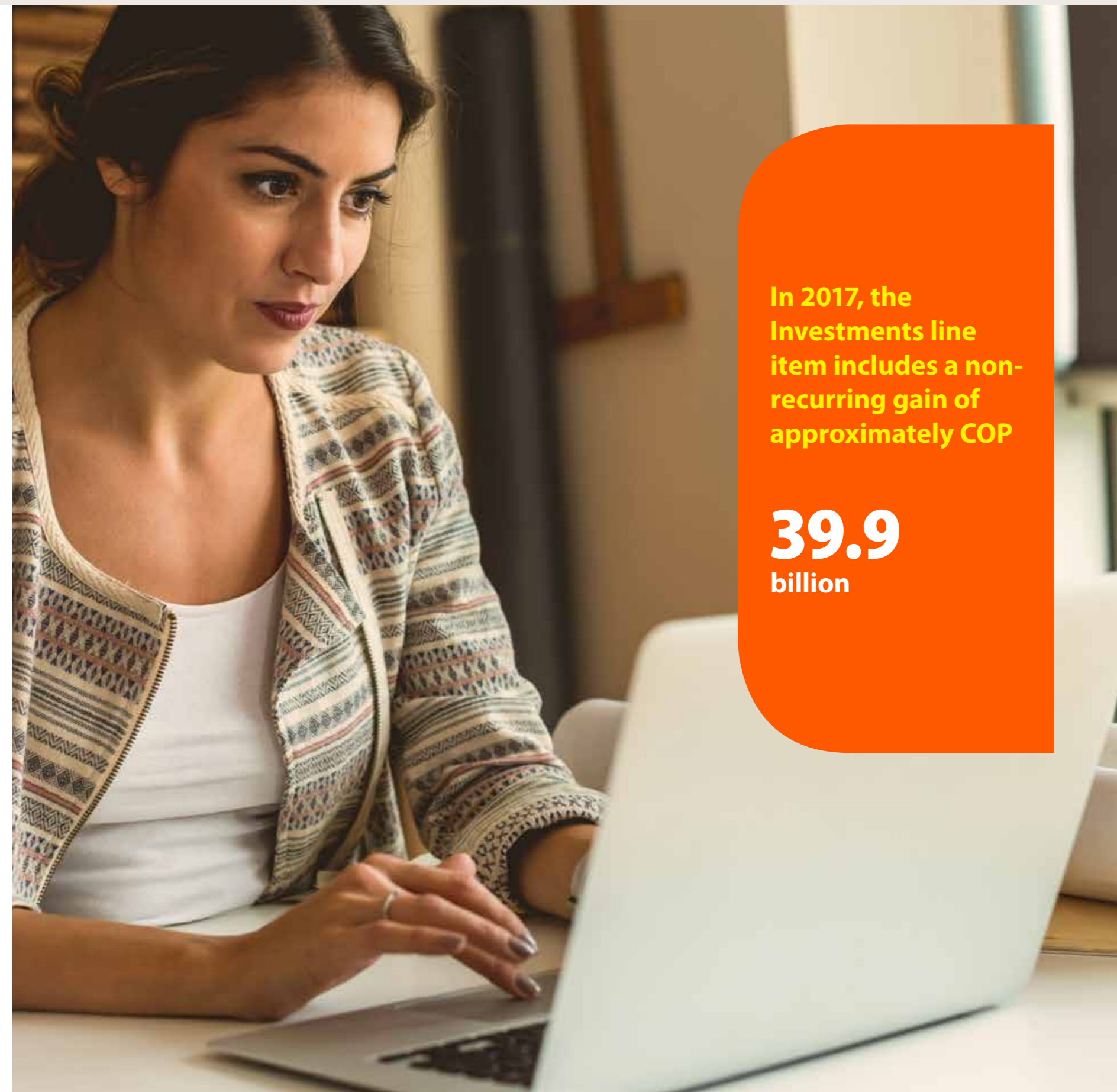
4.6
Average NIM 2017

We have reviewed the Bank's businesses and products and established a different **risk appetite**, which aims for a healthy risk/return ratio that generates recurrent revenues.

As of December 2017, net revenues from investments and derivatives decreased by 19% compared to 2016. This is explained mainly by the Bank's review of its businesses and products and the establishment of a different risk appetite, which aims for a healthy risk/return ratio that generates recurrent revenues.

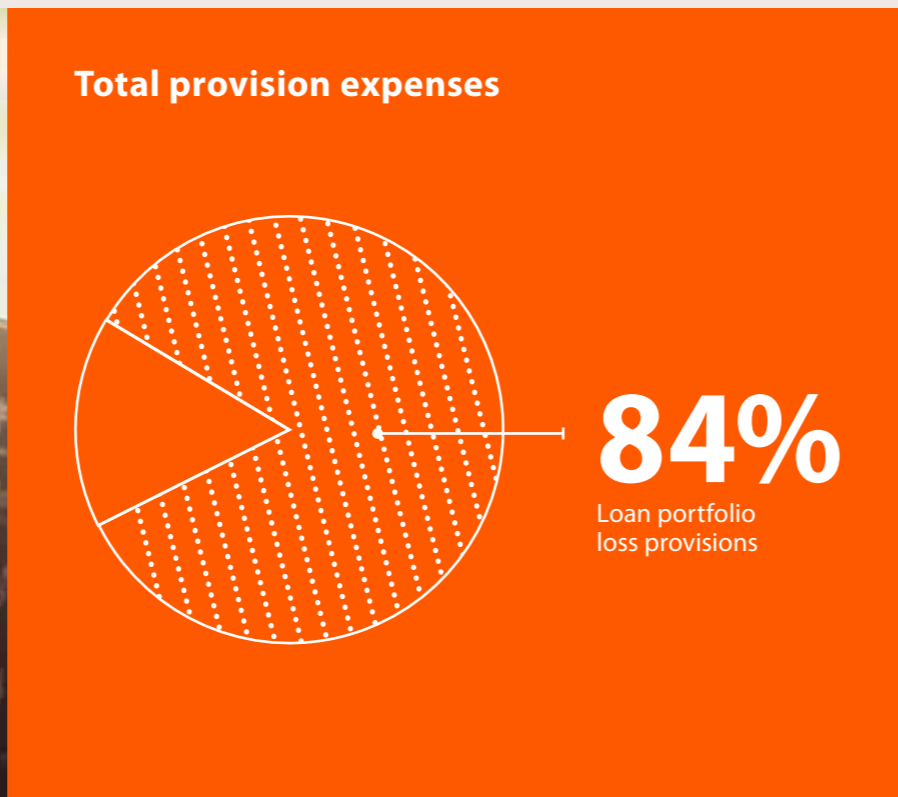
In 2017, the Investments line item includes a non-recurring gain of approximately COP 39.9 billion, arising from the gain from swapping shares of Deceval for shares of Colombian Securities Exchange (bvc, for the Spanish original), as a result of the corporate merger of these two entities. It should also be noted that in 2016 a non-recurring item was also included under the Investments line item in connection with the sale of the Bank's interest in Cifin, for close to COP 54.3 billion.

Net revenues from commissions increased by 4%, taking into consideration the reclassification of certain commission outlays as expenses. However, a reduction was recorded in net revenues associated with insurance, which is in line with the change in strategy towards the generation of revenues that are less dependent on the credit business and more recurrent revenues.



In 2017, the Investments line item includes a non-recurring gain of approximately COP

39.9
billion



As of December 2017, overhead increased by

16%

compared to the previous

year, which is mainly explained by non-recurring expenses associated with the rebranding and the technical migration process, which cost close to COP

22.6

billion in 2017



Regarding loan portfolio and other asset provisions, a 23% reduction was recorded compared to the previous year. This change is explained by lower loan portfolio loss provisions (which account for 84% of total provision expenses), taking into account that in 2016 substantial provisions were expensed on commercial loans in connection with the launch of a credit risk review of the loans granted to legal entities.

Even though in 2017 we faced a market environment of substantial loan portfolio impairment, and we reviewed the credit risk of our personal and small business loan portfolio, the amount of the expense was lower in 2017 than in 2016. In this regard, it is important to highlight that in 2017 the amount of reimbursements of loan portfolio provisions increased during the last quarter of the year, thanks to an improved performance in collections management.

As of December 2017, overhead increased by 16% compared to the previous year, which is mainly explained by non-recurring expenses associated with the rebranding and the technical migration process, which cost close to COP 22.6 billion in 2017.

Additionally, deposit insurance costs increased by COP 13.2 billion, and VAT increased by COP 5.6 billion, as a result of the rate change enacted in the tax reform.

The strategic projects related to rebranding and operational and technological integration **have met the initially planned timetable.**

Each company **continues to strengthen its value proposition** and specialty area, so as to ensure that they form an integral part of a comprehensive range of services available to our group's clients.

Personnel expenses increased by 18% year-on-year, arising from the evaluation and adjustment of the Bank's structure, in the context of the implementation of the Itaú management model. The number of Bank employees remains stable, with 3,165¹ employees at the close of 2017, compared to 3,216 the previous year, equivalent to a change of -2%.

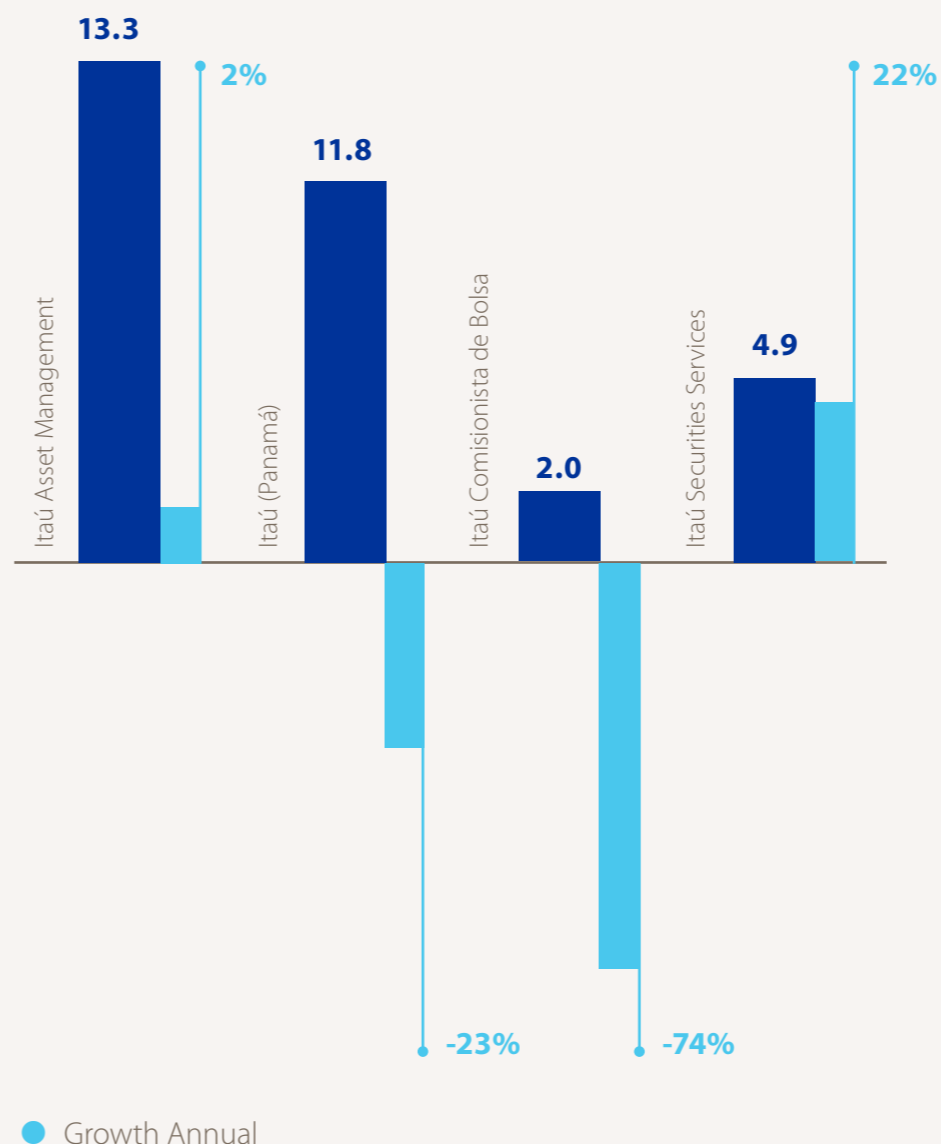
A positive balance on Income Taxes was reported as at December 2017 in the amount of COP 15,476 million.

Lastly, in terms of the results of our affiliates, they contributed COP 31.73 billion to the Bank's income at the close of 2017, which represents a 21% reduction compared to the previous year's results.

Each company continues to strengthen its value proposition and specialty area, so as to ensure that they form an integral part of a comprehensive range of services available to our group's clients, who will find the highest standards in investment products, custody, structuring and credit services, to fulfill each of their needs.

¹ Number of Bank employees. Does not include employees of affiliated or related companies.

Contribution from subsidiaries in 2017 - equity method
COP billion



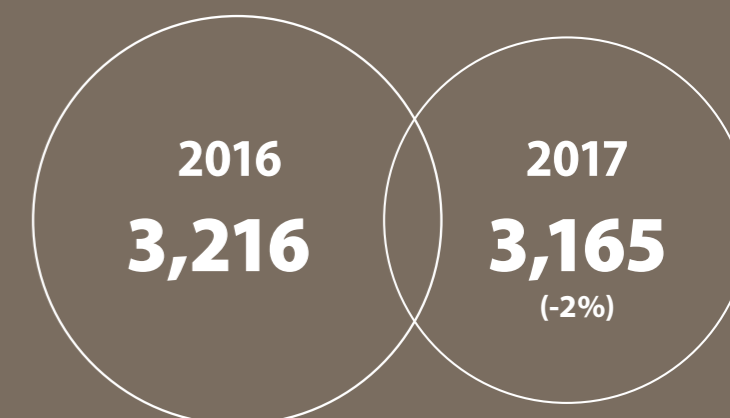
A positive balance on Income Taxes

was reported as at December 2017 in the amount of COP

15.4
billion



Number of Bank employees



07

Sustainability



Stakeholders and Material Issues

Stakeholder engagement

Stakeholder engagement is one of the most important principles of our management process. At Itaú, we have defined stakeholders based on the amount of influence they have and their strategic importance for the success of our business.

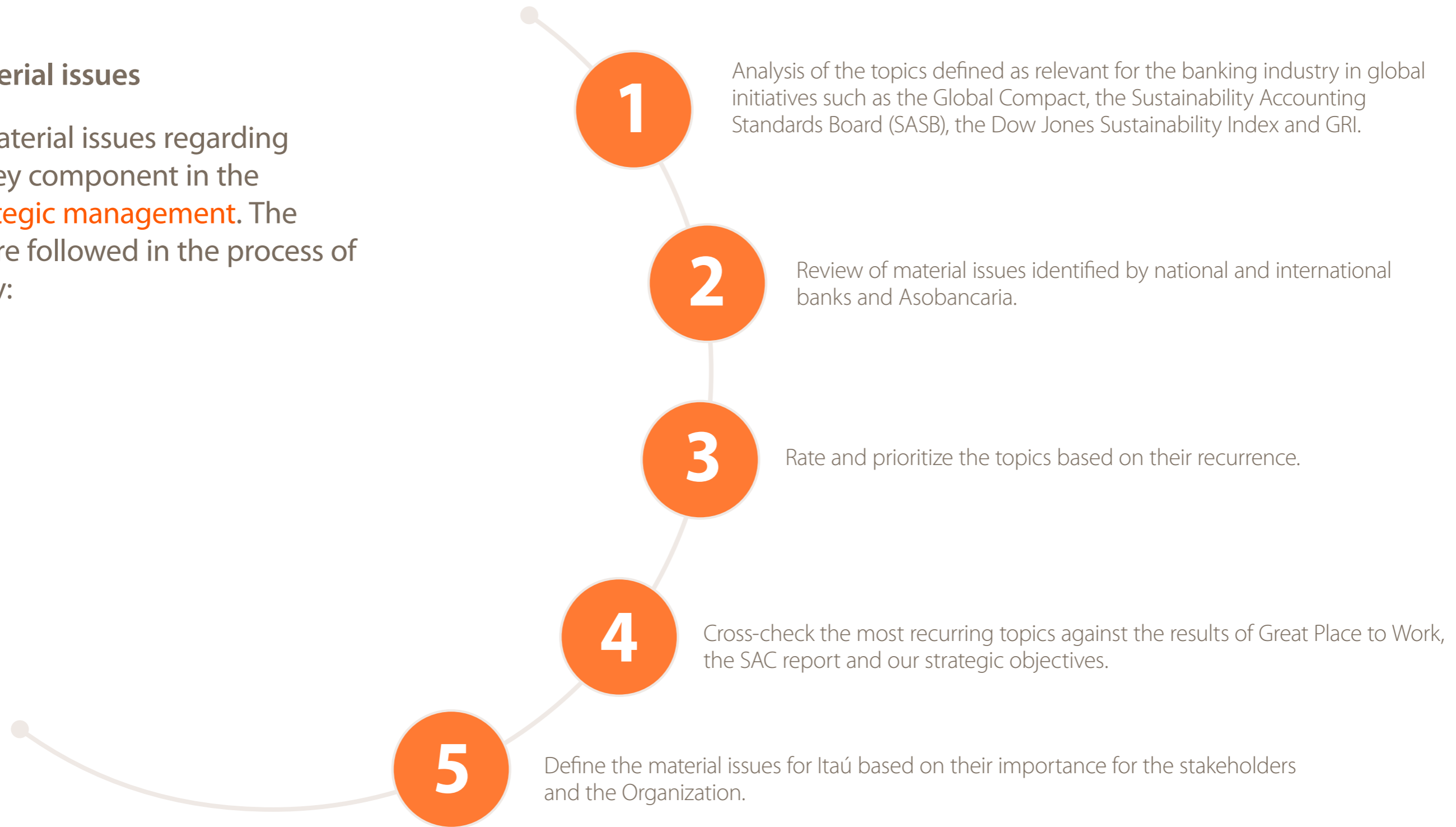
In order to promote the engagement of these stakeholders and to structure a balanced report that addresses their needs and expectations, we reviewed some of the stakeholder communication channels such as Great Place to Work, the Consumer Service System (SAC, for the Spanish original) and the Organization's strategic objectives. The results of this review were included in the materiality matrix, based on which the topics to be addressed in this report were defined.



We reviewed some of the stakeholder communication channels such as Great Place to Work and the Consumer Service System (SAC, for the Spanish original)

Sustainability material issues

The definition of material issues regarding sustainability is a key component in the Organization's **strategic management**. The following steps were followed in the process of defining materiality:



Selected material issues

In this report we discuss our activities regarding each material issue, we mention our existing policies, the actions we have carried out, our commitments and mechanisms for evaluation of cases, even though we do not yet have explicit management approaches.



Social dimension

- Working conditions / employee development and education
- Customer relations management
- Financial education
- Financial inclusion and accessibility
- Information to customers about products and services
- Remuneration and benefits
- Workplace practices



Environmental dimension

- Business strategy



Economic and corporate governance dimension

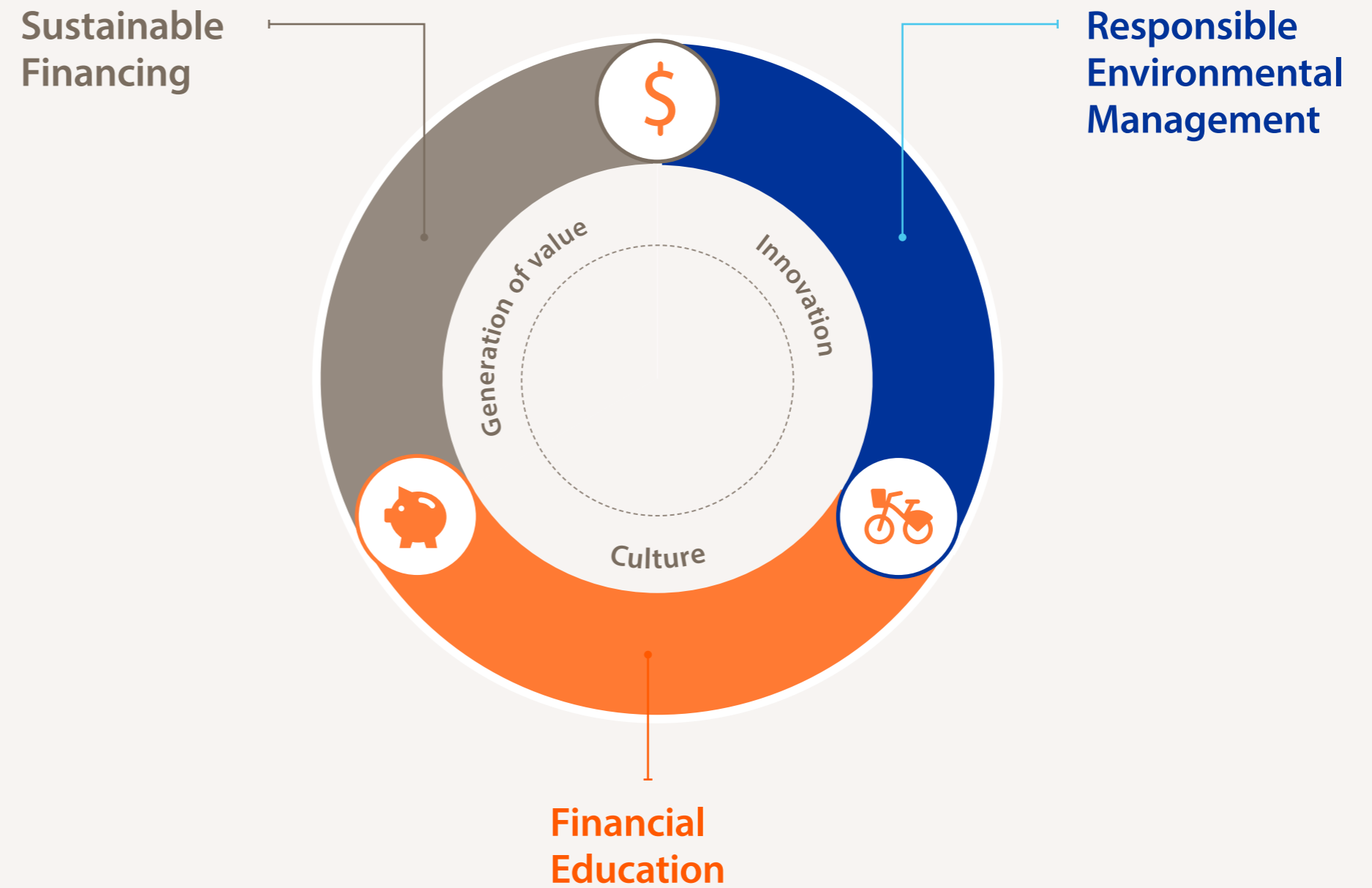
- Corporate governance
- Solvency
- Business model



Sustainability Strategy

At Itaú Colombia, we have a sustainability strategy in place, with the objective of generating value, culture and innovation, with efforts focused on three working fronts: sustainable financing, responsible environmental management and financial education.

We also participate in national and international initiatives to align our strategy with global trends that contribute to sustainable development.



Sustainable Management Report - Volunteer Work

We also participate in national and international initiatives to align our strategy with global trends that contribute to sustainable development.

Partner	How do we engage?
	We offset our CO ₂ emissions through a Fundación Natura project certified by Gold Standard.
	We are members of the Climate Change Tools Management Committee, which is led by ICONTEC and chaired by the Ministry of the Environment and Sustainable Development.
	Through ICONTEC, we certified our Company's Carbon Footprint under ISO 14064 and the Greenhouse Gas (GHG) Protocol.
	We are members of the Local Global Compact Network, in which we participate in the Environmental Task Group and the Climate Change Committee.
	We implement the IFC's Socio-Environmental Performance Standards in our social and environmental risk assessments.

Partner	How do we engage?
	We apply the Equator Principles to our social and environmental risk assessments.
	We carry out Corporate volunteer work in three Colombian cities (Bogotá, Medellín and Cali), performing repairs at schools and donating funds and Christmas gifts.
	Our Sustainable Management Report is prepared in accordance with the Global Reporting Initiative, version 4.0.
	We are members of the Green Protocol, Sustainability and Financial Education committees, and we participate in the Financial Innovation Pilots of Asobancaria.
	We are members of UNEPFI

Sustainable Financing

Our aim is to explore new markets, to consolidate clients and to strengthen the country's sustainable development through specific lines for projects with high environmental and social impact. The return on investment and its impact include dimensions that go beyond economic matters, and for this reason we include socio-environmental aspects in our risk assessments.

Socio-environmental risk:

Through the Social and Environmental Management System (SEMS), we identify, prevent and mitigate risks in financial transactions that may affect business performance and that have a negative impact on the environment.

The system is based on the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability, the Ecuador Principles and Colombian environmental and social regulations. We include environmental and social clauses before entering into and disbursing loans that are subject to evaluation.



Through the Social and Environmental Management System (SEMS)

we identify, prevent and mitigate risks in financial transactions that may affect business performance and that have a negative impact on the environment.



24%
of our commercial loan portfolio is concentrated

in sectors that are vulnerable to impacts from climate change. This implies that further analysis is required for these clients in order to define actions to mitigate such impact.

Loans subject to social or environmental assessment



1. The percentage of companies in the institution's portfolio with which the reporting organization has interacted regarding environmental or social issues was 1%.

Also, in the case of the loans we evaluate, we verify the commitments agreed upon with the client after granting the loan. We also train our employees on environmental and social topics that apply to their business lines to enable them to develop adequate skills.

Close to 29% of our loan portfolio has been evaluated through SEMS. Also, in our environmental and social risk assessment, we included aspects related to climate change, and have found that 24% of our commercial loan portfolio is concentrated in sectors that are vulnerable to impacts from climate change. This implies that further analysis is required for these clients in order to define actions to mitigate such impact.

The IFC performs annual visits to validate the implementation of the Environmental and Social Management System. Additionally, in 2017 the process was submitted to internal audit.

Sustainable operations

We focus on issuing sustainable loans in order to promote the country's development. We actively participate in working groups on financial innovation and pilot programs led by Asobancaria.

During 2017, we strengthened customer evaluation to identify opportunities to consolidate sustainable businesses and we offered products associated with sustainable construction, clean energy, products for students, hospitals and public utilities.

In 2017, we received USD 105 million through an IFC credit, aimed at financing mitigation of and adaptation to climate change at financing SMEs.

Loans disbursed for projects that contribute to the mitigation of risks and to take advantage of opportunities derived from climate change (sustainable loan portfolio)

COP billion
313.1
billion

Monetary value of products with social benefits

COP billion
85.6
billion

Monetary value of products with environmental benefits

COP
436.0
billion

Product	Value of disbursed loans (2016)	Value of disbursed loans (2017)
Sustainable construction		COP billion 12.9
Others	COP billion 160.7	COP billion 423.1

Figures in billions of COP

Note: "Others" includes financing of small hydroelectric power plants.

Product	Value of loans disbursed (2016)	Value of disbursed loans (2017)
Products for students	COP billion 107.4	COP billion 61.6
Others	COP billion 24.1	COP billion 23.9

Figures in billions of COP

Note: "Others" includes loans disbursed to organizations that produce social benefits because of their nature.

Responsible Environmental Management

We identify opportunities for improvement regarding that impact that our operations may have on the environment, and we focus on developing activities that enable optimal performance in protecting natural resources and promoting good practices in our value chain.

Environmental management system and eco-efficiency

The system's objective is to improve our environmental performance through compliance with applicable regulations and by generating actions to mitigate environmental impacts. We have developed a matrix of environmental aspects and impacts, and a matrix on environmental legal aspects to guide our actions. In addition, we have implemented the measurement and management of various key indicators.

Water consumption

The only water we consume is the water we receive from the public utility companies.

Water consumption	2016	2017
Total volume in m ³ at the four main facilities in Bogotá	14,899.8*	14,069.2*

Energy and fuel consumption

Energy consumption	2016	2017
Total capacity in KWh at the four main facilities in Bogotá	5,966,387.6*	5,662,786.2*

*Figures as at October

In 2017 we implemented efficiency initiatives such as switching lighting to LED technology in central areas, achieving a 5.08% reduction in electric power consumption. In terms of fuel consumption, we recorded an increase from 1,050 gallons of diesel fuel in 2016 to 2,697 gallons in 2017, due to strengthening of generators at the computer center.

Comprehensive waste management - Recycling with social impact:

We worked with several associations of recyclers in the country that collect recyclable materials (previously classified by employees) at our headquarters and offices to reincorporate them in the production chain. In 2017, we handed over 53,008 kg of recyclable waste to over 10 associations of recyclers throughout the country. This figure represents an 89% increase compared to the previous year (28,277 kg). We have reduced our paper consumption from 28,372 reams in 2016 to 27,841 in 2017.



Electrical and electronic devices

3,213 kg



Lead-acid batteries

101 units



Used tires

45 units

Waste delivered to post-consumption programs of the Ministry of Environment



Recycling

53,008 kg

Delivered to associations of recyclers



In 2017 we handed over

53,008 kg

of recyclable waste to over 10 associations of recyclers throughout the country. This figure represents an

89%

increase compared to the previous year

28,277 kg

due to the disposal of materials from the rebranding process.



Climate change

Climate change has become a highly strategic issue for governments and companies because of the high relevance of its impacts. At Itaú, we are aware of this issue and we are working on its mitigation on several fronts, starting with measuring our own carbon footprint.

Carbon footprint measurement

In 2015, we began taking measurements, using 2014 as our baseline, through the application of internationally recognized methodologies such as ISO 14064 and the GHG Protocol. This is our third measurement:

Greenhouse gases in tCO₂e

2014 (baseline)

2,124.91

2015

2,212.32

2016

2,878.05

(Our consolidated data for 2017 will be published in March 2018; for this reason we report our full results up to December 2016).

In 2016, we defined the operations limits and sources of emissions that were to be included in the calculation, as well as the scope of measurement.

Sources of emission

Scope 1
Fire extinguishers, air conditioning, backup electricity plants

1,096.58 tCO₂e
38.1%

Scope 2
Electricity

1,413.32 tCO₂e
49.1%

Scope 3
Airplane flights (national and international), paper consumption

368.15 tCO₂e
12.8%

We were the first financial institution in Colombia to obtain ICONTEC's carbon footprint certification. We strengthened our training on the issue by participating in the NAMA project through an alliance with the Local Global Compact Network and Corporación Ambiental Empresarial (CAEM).

Mitigation and offsetting actions: We undertook activities to reduce our environmental impact, such as turning off our lighted signs late at night, reorganizing our offices to optimize sunlight and replacing the air conditioning in order to improve our energy performance. We implemented the multi-functional equipment project (printing, scanning and copying).

We offset **100% of our emissions by participating in the voluntary carbon market** and we were the first entity to perform a transaction through this platform. We implemented the Fundación Natura's Efficient Stoves Project, which has been certified by Gold Standard.



Financial Education

For us, it is essential that our stakeholders be informed and develop capabilities to improve their financial management, because we believe it is an essential topic that provides well-being and contributes to the improvement of their quality of life. To this end, we have developed a financial education program that was launched in November 2016 and which currently has 30 facilitators from different areas certified as experts in financial education.

Since the launch of the program, 59 workshops have been held, benefiting 849 persons in Bogotá: 73 in 2016 and 776 during 2017.

During 2017, Itaú handed out 546 copies of Guardians of the Galaxy to teach children to save and realize their dreams, in the framework of the Global Money Week, an initiative promoted by Child & Youth Finance International, a global movement of finance for children and youth that aims to increase economic citizenship.



59
Workshops



849
People Benefited

2016

70

2017

779



During 2017, Itaú handed out

546 copies
of Guardians of the Galaxy
to teach children to save and realize their dreams.



Our Relations with Stakeholders

Our employees

Our employees are one of the key foundations for our company's development, and consequently, we provide multiple benefits to ensure they achieve a balance between their personal and professional lives. We strictly comply with all applicable labor laws and rights. We do not allow any acts of discrimination and we value fairness, diversity and inclusion as elements of our labor policy. In this regard, no type of claims have been filed regarding labor issues or cases of discrimination.

Our employees By gender and type of position

Category	2016						2017					
	Men		Women		TOTAL		Men		Women		TOTAL	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
President and Vice Presidents	3	0%	6	0%	9	0%	5	0%	7	0%	12	0%
Second level executives (Managers and directors)	46	1%	44	1%	90	2%	46	1%	47	1%	93	3%
Third and fourth level executives (middle management: area managers, coordinators)	290	8%	350	10%	640	17%	280	8%	344	10%	624	17%
Professionals and analysts	669	18%	770	21%	1439	39%	647	18%	758	21%	1405	39%
Assistants, cashiers, secretaries and another direct employees	583	16%	914	25%	1497	41%	574	16%	886	25%	1460	41%
Total by gender	1591	43%	2084	57%	3675	100%	1552	43%	2042	57%	3594	100%
TOTAL	3675		100%				3594		100%			

In our executive positions, we have achieved a high level of gender equality: nearly 50% of our executives are men and 50% women. At Itaú Colombia, there are 12 executive positions (Presidents and Vice-Presidents), of which 7 (58%) belong to the local community, i.e. they are Colombian. We have 12 foreign employees, 5 of whom are executives of the Organization.

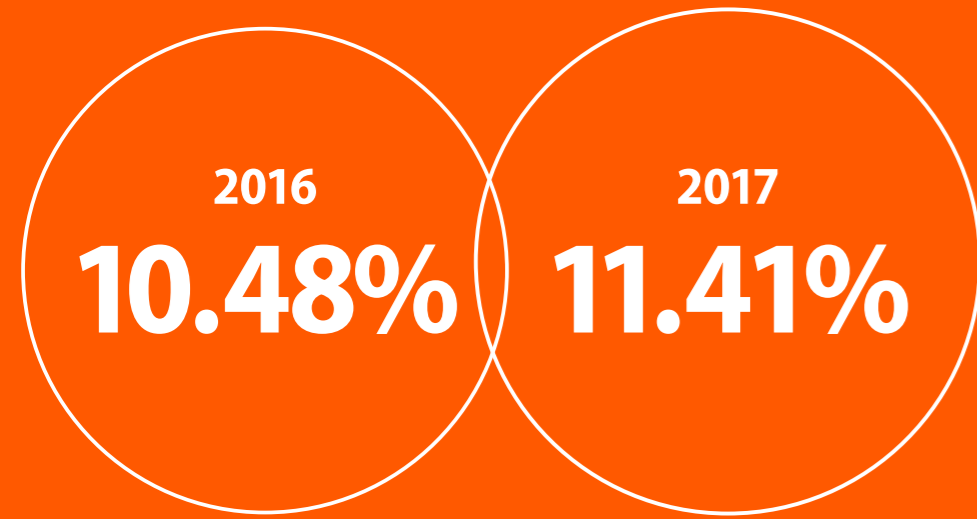


Distribution of employees by contract type	2016	2017
Full-time employees with direct permanent contracts	3,675	3,594
Outsourced employees	316	321
Employees with temporary contracts	47	137
Employees on internship contracts through SENA (national training service)	67	62
Employees with student internship contracts	19	15
Total	4,124	4,129

Distribution of employees by age range

	2016								2017							
	Below 30 years		Between 30 - 50		Above 50 years		TOTAL		Below 30 years		Between 30 - 50		Above 50 years		TOTAL	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
President and Vice Presidents	0	0%	7	0%	2	0%	9	0%	0	0%	8	0%	4	0%	12	0%
Second level executives (Managers and directors)	1	0%	69	2%	20	1%	90	2%	1	0%	73	2%	19	1%	93	3%
Third and fourth level executives (middle management: area managers, coordinators)	50	1%	524	14%	66	2%	640	17%	59	2%	499	14%	66	2%	624	17%
Professionals and analysts	373	10%	968	26%	98	3%	1439	39%	333	9%	954	27%	118	3%	1405	39%
Assistants, cashiers, secretaries and other direct employees	648	18%	724	20%	125	3%	1497	41%	575	16%	740	21%	145	4%	1460	41%
Total by age	1072	29%	2292	62%	311	8%	3675	100%	968	27%	2274	63%	352	10%	3594	100%
Total general	3675		100%						3594		100%					

Recruitment and turnover rates



Our recruitment rate was 9.15%

and it remained stable year-to-year, resulting primarily from covering vacancies.



Recruitment and turnover rates

Our turnover rate increased by 0.93% compared to the previous year due to normal adjustments in payroll, and it remains within the market average.

	2016	2017
Total income	353	329
Total staffing	3,675	3,594
Recruitment rate %	9.61%	9.15%

Parental leaves

All our employees who were entitled to a paternity/maternity leave made use of it; the return-to-work rate was 100%, and the retention rate (1 year after having taken the leave) was 98.4%.

Performance management

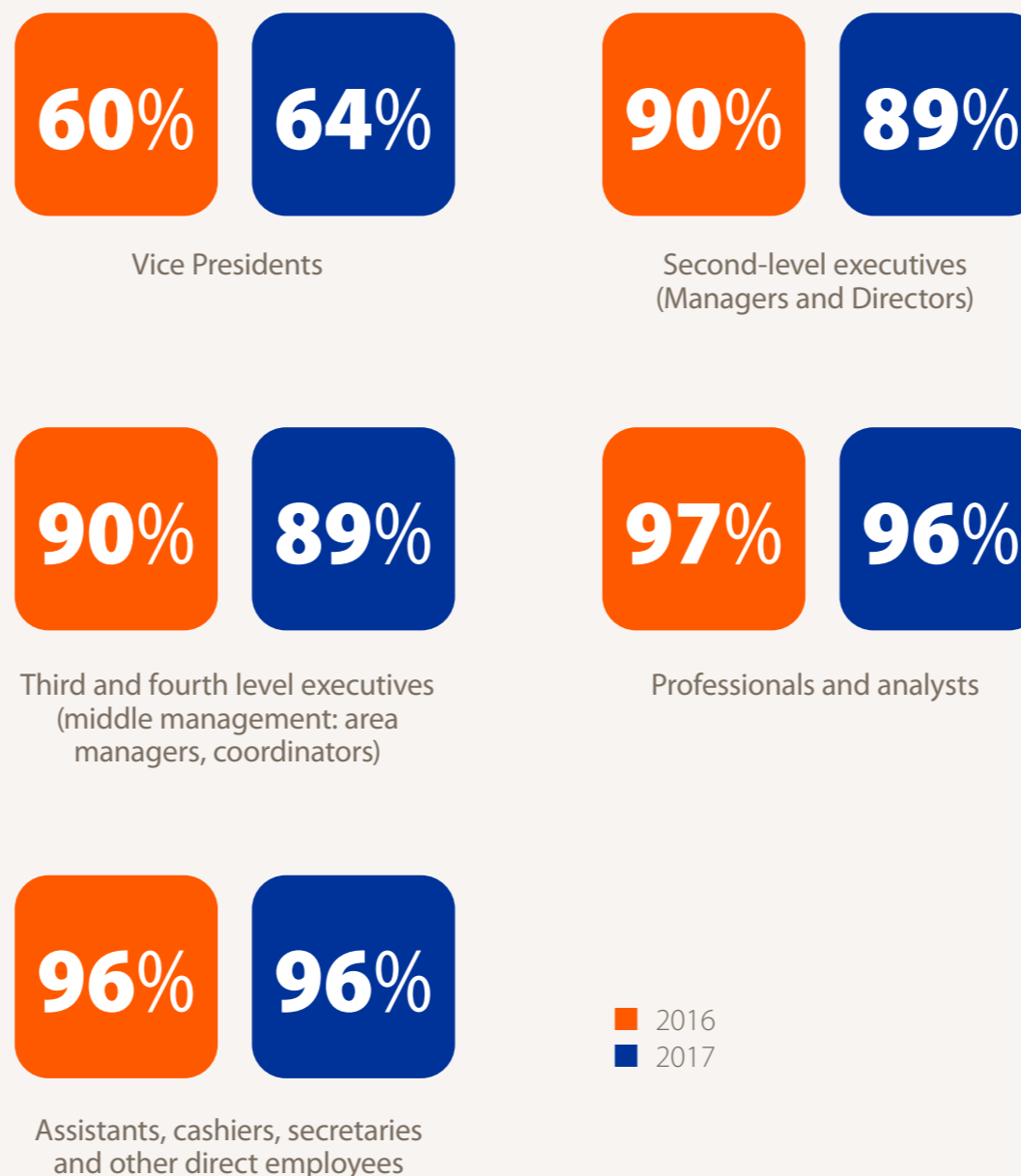
This is a high-value process because it leverages many decisions regarding the organization's talent management. This process involves all employees in Colombia, from Vice Presidents to the positions at the base of the structure. Its consistent application over time has generated a culture of individual measurements of results, covering 90% of our population.

Remuneration policy

Our remuneration system enables the Organization to remain aligned with best market practices, always aiming for fair salaries, based on an analysis that correctly links the position's contribution to our results. Our remuneration policies make no distinction in salary assignments by gender, race or religion; what they do define is the position's contribution to results.

Total remuneration for our employees includes a fixed amount, a variable component and a portfolio of benefits. These include a mandatory bonus, extra-legal bonus, vacations bonus, seniority bonus, life insurance, pension bonus, paid maternity/paternity leave, paid leave for death of family members, wedding gift, education subsidies for employees and their children, subsidy for dental, optic and transportation expenses, and housing loans at preferential rates.

Ratio of women/men salaries



The Legal Minimum Wage did not apply in hiring any of our new team members.

In the case of the bank, as a result of the Collective Bargaining Agreement, we hire at

30%

above the legal minimum wage.

Ratio of current vs starting salary

	Men	Woman
Position Type 1 Advisor/Assistant	1.31	1.30
Position Type 2 Professionals	1.88	1.88
Position Type 3 Manager / Managing Assistant	3.98	4.07
Position Type 4 Manager 1	15.39	15.33



In November, we measured our 2017 work environment through Great Place to Work Institute.

Organizational climate

Our organizational climate measurements are taken through Great Place to Work Institute. The process is carried out in several stages. In 2017, we completed the survey and in 2018 the survey results will be published, based on which action plans will be designed and implemented.

Separately, as part of the internal launch of the Itaú brand in March 2017, we worked with organization leaders on the communication and deployment of the Itaú Culture, through face-to-face workshops aimed at disseminating the seven attitudes that form part of Our Way.

Training

Having employees who are technically and professionally up-to-date and well prepared is basic for our Organization, which is why we permanently invest in training, providing tools to strengthen their knowledge, skills and competencies, contributing in this way to improved performance and their future career development.

Our procedures on training establish guidelines for regulatory, educational and learning activities for all our employees. Our annual training plan covers needs that are detected in three fronts: Our Way at Itaú, detection of development needs and requirements for leaders.

Types of training



Internal training

It includes orientation training, on-the-job training, culture workshops, a cycle of internal conferences "Let's learn from ourselves", regulatory courses, financial education workshops and on-line courses.



External training

Certificate courses on leadership and new trends, agreements with universities for graduate studies and language courses, customized courses designed jointly with consulting firms and congresses and seminars.



Career break

Unpaid leaves of absence for employees who wish to take a break in their careers to take an educational program that requires them to suspend work at the Group, for up to three months.



Online courses

Regulatory courses and digital strategy on knowledge management: Library by vice-presidency.

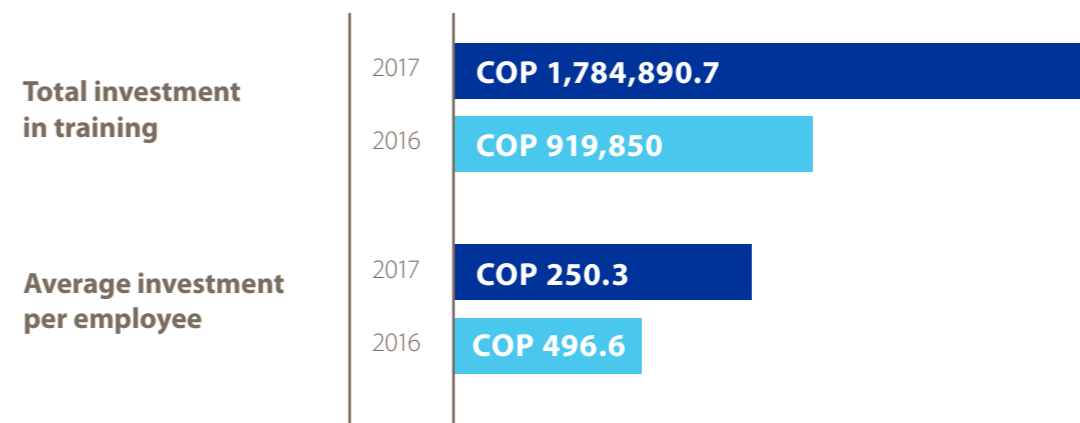
Training hours

	2016		Total	2017		Total
	Men	Women		Men	Women	
Total training hours:	12,638	17,462	30,100	25,553	29,769	55,322
Average hours of training by employee	7.9	8.4	8.2	16.5	14.6	15.4

Category	2016			2017		
	Number of employees	Total training hours	Average number of hours by category	Number of employees	Total training hours	Average number of hours by category
First and Second-level executives (President, Vice President, Managers and Directors)	99	4,716.5	47.16	105	2,762	26.304
Third and fourth level executives (middle management: area managers, coordinators)	640	7,284.5	11.38	624	14,593	23.38
Professionals and analysts	1,439	9,033	6.27	1,405	25,354	18.04
Assistants, cashiers, secretaries and other direct employees	1,497	9,066	6.05	1,460	12,613	8.63
TOTAL	3,675	30,100	8.19	3,594	55,322	15.39



Investment in training
Amounts in thousands of Colombian pesos



Course certificate on ‘Leadership and New Trends’

This program was launched in 2012 through an alliance with Colegio de Estudios Superiores de Administración (CESA), with the objective of granting recognition and promoting the most outstanding persons in the different areas of the organization, who over a four-month period receive training on strategy, innovation and leadership. Since the launch of the program, 250 people have participated, and at the end of the course they submit innovative projects that are implemented in their corresponding areas.

Anti-corruption, an essential element in Itaú management

At Itaú, we understand the importance of developing knowledge of anti-corruption policies and procedures, so as to promote internal dialogue regarding these aspects in order to avoid the risks related to Company management.

The transparency, the reporting of information and constant conversation with the various stakeholders are pillars for Itaú's good performance and the prevention of risks at all levels..

Board members, CEO and employees by job category and region

who have been informed of the organization's anti-corruption policies and procedures and, in turn, have received training in this regard.

Content	Board of Directors	CEO
	Only in the Central Region	Only in the Central Region
Employees informed of anti-corruption policies and procedures	3	1
Total employees at this level	9	1
% of employees informed and trained in anti-corruption policies and procedures	33%	100%

Content	Second-level executives (Vice Presidents, Managers and Directors)					
	Antioquia	Central Region	Northern Region	Western Region	Eastern Region	Total
Employees informed of anti-corruption policies and procedures	3	93	3	3	1	103
Total employees at this level	3	94	3	3	1	104
% of employees informed and trained in anti-corruption policies and procedures	100%	99%	100%	100%	100%	99%

Content	Third and fourth-level executives (middle management: area managers, coordinators)					
	Antioquia	Central Region	Northern Region	Western Region	Eastern Region	Total
Employees informed of anti-corruption policies and procedures	65	452	38	38	26	619
Total employees at this level	65	455	39	38	27	624
% of employees informed and trained in anti-corruption policies and procedures	100%	99%	97%	100%	96%	99%

Content	Professionals and analysts					
	Antioquia	Central Region	Northern Region	Western Region	Eastern Region	Total
Employees informed of anti-corruption policies and procedures	127	1058	72	72	52	1381
Total employees at this level	128	1068	80	76	53	1405
% of employees informed and trained in anti-corruption policies and procedures	99%	99%	90%	95%	98%	98%

Content	Assistants, Cashiers, Secretaries and other direct employees					
	Antioquia	Central Region	Northern Region	Western Region	Eastern Region	Total
Employees informed of anti-corruption policies and procedures	141	925	112	122	83	1383
Total employees at this level	158	956	128	128	90	1460
% of employees informed and trained in anti-corruption policies and procedures	89%	97%	88%	95%	92%	95%

Occupational health and safety

Occupational Safety and Health Management System (SG-SST)

We have a system in place aimed at managing and controlling unsafe actions on an ongoing basis, with a focus on the protection of the safety and health of our employees by reducing the risk of occupational accidents and illnesses. Through the implementation of this system we aim to enhance the effectiveness of all our processes while achieving a high level of performance in occupational safety and health and promoting the well-being of our employees.

Committees

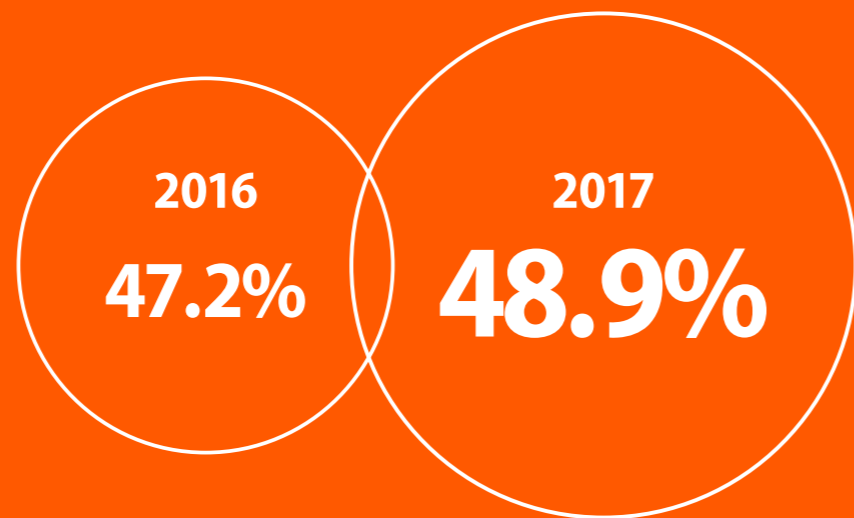
Occupational safety and health are an integral component of our human resources management system, and for this reason, we abide by labor laws and have established the Committee for Work Coexistence and the Joint Committee on Occupational Safety and Health (COPASST for the Spanish original). The employer and employees have equal participation based on the number of employees. At Itaú, eight persons have been assigned to each committee, with the objective of helping to monitor and guide programs and of gathering impressions on coexistence, health and safety matters.



	2016	2017
No. of employees who participate in committees	16	16
Total no. of employees	3,676	3,594
% of participating employees	0.43	0.44



Employees are covered by the collective labor agreement



In 2017 the collective bargaining negotiations were carried out with the main trade unions that are present at the Bank.



Collective labor agreement

We value and respect the different forms of labor organization and collective bargaining. For this reason, 48.9% of our employees are covered by the collective labor agreement in 2017, compared to 47.2% in 2016. In 2017 the collective bargaining negotiations were carried out with the main trade unions that are present at the Bank, resulting in a new collective bargaining agreement that will be in effect during the next two years, from September 1, 2017 to August 31, 2019.

The key focus of the new collective labor agreement is on health, housing and education for the employees and their beneficiaries. The consolidation of this agreement establishes harmonic and respectful labor relationships and sets a benchmark for the industry.

Some of the agreements reached with the union in connection with health and safety include performance of specialized exams related to bone-muscle diagnostics, eyesight testing, and laboratory and cytology testing for the beneficiary population of the agreement, as well as preparation of a bi-monthly report on the evolution and maintenance of the Occupational Safety and Health Management System.

Supplier development

At Itaú Colombia, we wish to build trustful and long-term relationships with our suppliers in a manner that enables us all to grow and win by aligning sustainable activities, mitigating risks and working together on global problems in order to remain a step ahead of new trends or regulations and to therefore gain access to new markets.

Value creation and relationships with our suppliers

At Itaú Colombia, we have 2,671 local and international suppliers who provide us services as consultants, contractors, distributors, manufacturers, independent contractors and intermediaries. This number does not include records of outside vendors who are paid through petty cash funds, employees, travel expenses, curators and acceptance agents.

Supplier type

Foreign - occasional

52

Foreign - recurring

22

National - occasional

622

National - recurring

930

Leasing commissions

871

National Optirent

174

TOTAL

2,671

Payments to suppliers	2016	2017	Variation
Total procurement budget	COP 561.37	COP 421.86	-25%
Budget allocated to Colombian suppliers	COP 419.87	COP 385.58	-8%
% of total budget assigned to Colombian suppliers	75%	91%	22%

Amounts in billions of COP



Procurement management

Our procurement and contracting processes and policies are contained in different documents, such as purchase requests and approvals; supplier contracts; supplier selection, updating, blocking and unblocking; comprehensive expense cycle, and procurement management committees and authorized limits.

Contractual clause for suppliers

We included 529 new suppliers in our system in 2017, and with each we agreed on a clause named "Sustainability Protocol", which is incorporated into each contract. The clause requires our suppliers to abide by our Sustainability Strategy and the commitments we have acquired under the Global Compact. We currently receive feedback from suppliers through the supplier application, and no suppliers have been identified with significant, potential or actual, negative social impacts.

Acquisitions process



Sustainable procurement

Itaú's Sustainability Manager is a voting member of the purchasing and investments committee, and performs visits to suppliers to assess their social and environmental behavior.

Supplier development program

This program was launched in 2017 with the objective of strengthening sustainability in our supply chain, identifying opportunities to grow together, mitigate risks, and voluntarily work on global and competitiveness issues.

The Supplier Development Program performed a diagnosis of four suppliers in terms of their sustainability management, taking into consideration their strategy and economic, social and environmental dimensions.



Community Relations

It is vitally important for us to remain closely in touch with our communities and to develop with them, and all our stakeholders, long-term relationships based on trust. In this regard, we carry out various activities to move forward on this objective.

Corporate Volunteer Programs

We entered into an alliance with Fundación Dividendo por Colombia and the City Education Department of Bogotá with the objective of involving our Itaú volunteers in different initiatives with a social impact. We worked on improving the physical facilities at three schools in Bogotá, Medellín and Cali, on building a Bunko (reading area) and a workshop to promote reading in the city of Bogotá.

During 2017, our employees contributed COP 54 million in cash to the benefit of children in all regions of Colombia, to ensure their permanence in school and to improve education in the country. The

bank made a matching contribution for this activity in the amount of COP 50 million. In December, a campaign was deployed to benefit families from Mocoa affected by a landslide on April 1st. Over 1,000 food baskets were donated by Itaú employees and the Bank.

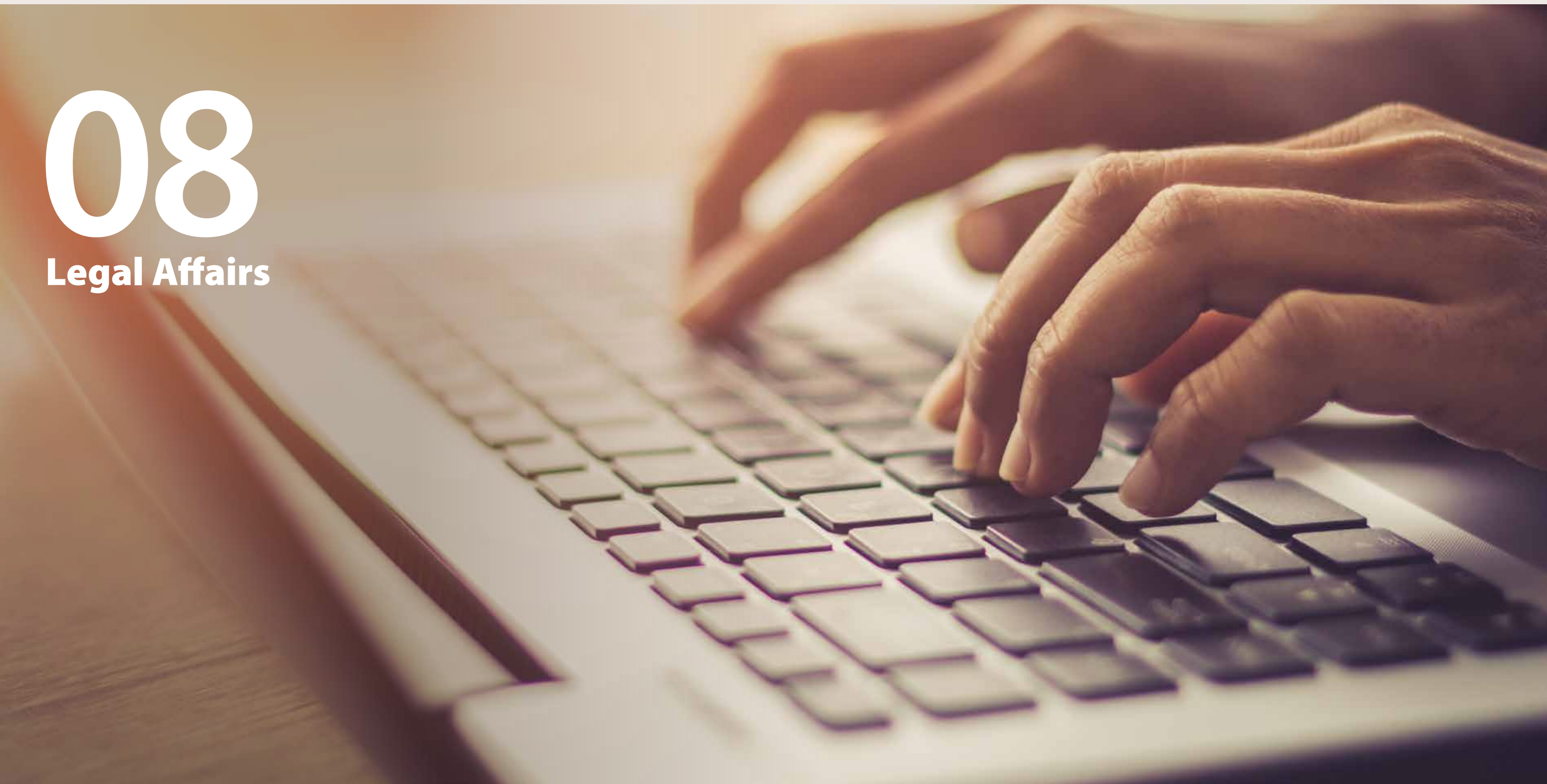
The Medellín Book and Culture Festival

We joined the Medellín Book and Culture Festival with the first sponsorship made by Itaú in Colombia, through the “Castle for Reading”, where we hosted 5,500 children and their parents and handed out 4,000 books by well-known authors.



08

Legal Affairs



Legal Affairs

During 2017, all amendments to the by-laws required by the change in the company names of the Bank and all its affiliates were performed in a centralized manner.

Also, on June 1, based on prior approval by the Financial Superintendence of Colombia, by means of Resolution number 0545 of April 7, 2017, the contract assigning the assets, liabilities and contracts of Itaú BBA Colombia S.A. Corporación Financiera to Banco Itaú CorpBanca Colombia S.A. was formalized.

On June 16, as provided for in the contract, the process of serving notice of the assignment to the contracting parties was completed, as prescribed in Section 3 of Article 68 of the Financial System Organic Statute, and the assignment of the assets, liabilities and contracts was thereby completed, and consequently Itaú CorpBanca Colombia S.A. paid the price of the assignment to Itaú BBA Colombia S.A. Corporación Financiera.

Regulatory changes that affect the industry

Law 1793 / 2016

Whereby provisions are issued related to financial costs and services for savings accounts. It eliminates the requirement of a permanent minimum balance; it establishes that no financial or transaction charges shall apply when an account remains inactive for more than 60 days, and it establishes the obligation of paying as remuneration a minimum interest rate.

Law 1836 / 2017

It establishes that in the case of cash deposit contracts, financial institutions must offer account holders a means to withdraw funds that is free of charge. The Financial Superintendence of Colombia (SFC for the Spanish original) shall supervise this matter, and shall assign top priority to complaints filed as a result of any breach related to this provision.

Law 1870 / 2017

Its objective is to ensure transparency in conglomerate transactions and to facilitate supervision by the Financial Superintendence of Colombia (SFC). A financial conglomerate is comprised by (i) a financial holding company and (ii) its subsidiaries.

It includes new instruments for intervention by the national government: (i) to establish capital adequacy requirements for conglomerates, taking into consideration the business activities they engage in and their associated risks. (ii) to establish criteria that allow the exclusion of a part of the conglomerate from SFC supervision. (iii) to set criteria to determine whether an entity has the status of affiliate of a conglomerate and the financial holding company, and to establish criteria for entities to identify, manage and disclose any conflicts of interest between the conglomerate and its affiliates; and (iv) to establish mandatory limits on exposure and concentration risks that conglomerates must abide by.

It also grants additional powers to the SFC: (i) to issue instructions regarding risk management and handling of conflicts of interest; (ii) to require information and perform on site visits; (iii) to request changes in the structure of a conglomerate; and (iv) to cancel authorizations.

The above national government instruments and SFC powers shall not apply when the foreign financial holding company certifies to



SFC satisfaction that it is subject to a prudential regulation regime and to consolidated supervision that is equivalent to that of SFC.

Law 1882 / 2018

It establishes a formula for settling public-private association contracts and transportation infrastructure concession contracts, so that in the event the contract is declared void, the government entity will accept payment of the costs, investments and expenses incurred by the contractor. Such recognition is subject to the following requirements: (i) they must have been incurred, totally or in part, to satisfy the public interest; (ii) they must be related to the purpose of the contract; (iii) they must be as a maximum equal to market prices or terms at the time they were incurred, in accordance with the modality of the contract; and (iv) they must not include any costs or penalties, agreed to or not, that third parties have imposed on the contractor due to early termination of non-labor contractual relationships, with the exception of those related to loan or financial lease contracts, or the termination of financial hedging derivative contracts linked to the project.

This provision assumes that the resources paid in such event will be used to pay creditors, including providers of project finance, and it indicates that once such debts have been paid, the concession holder shall not receive as remainder any amount that is greater than the capital contribution of its partners minus any dividends paid, adjusted by the CPI.

Meeting of shareholders

In 2017, the following General Meetings of Shareholders were held, having being called pursuant to the terms established

Law 1882 / 2018 is subject to the following requirements:



They must have been incurred, totally or in part, to satisfy the public interest.



They must be related to the purpose of the contract.



They must be as a maximum equal to market prices or terms at the time they were incurred, in accordance with the modality of the contract.



They must not include any costs or penalties, agreed to or not, that third parties have imposed on the contractor due to early termination of non-labor contractual relationships, with the exception of those related to loan or financial lease contracts.

by law, in Company By-laws and in the Corporate Governance Code, and which approved the following main decisions:

- Extraordinary General Meeting of Shareholders held on March 1, 2017 (minutes 194), which discussed the possibility of registering the Bank's common shares in the National Registry of Securities and Issuers and listing them to trade on the Colombian Securities Exchange. The proposal was not approved by the majority required according to article 28 of the By-laws.
- Ordinary General Meeting of Shareholders held on March 28, 2017 (minutes 195), which approved the separate and consolidated financial statements for 2016, an irrevocable commitment on 2017 earnings, and the Management and Business Group reports, among others. The meeting also approved transactions with related parties, the report on the operation of the Internal Control System, and the election of the Board of Directors and the Statutory Auditing Firm.
- Additionally, it approved an amendment to article 1 of the Bank's By-laws, with the objective of changing the Bank's name to Itaú CorpBanca Colombia S.A., and the deletion of article 66 - provisional.
- Extraordinary General Meeting of Shareholders held on September 17, 2017 (minutes 196), which in accordance with what is set forth in the paragraph of article 28 of the Corporate By-laws of Itaú CorpBanca Colombia S.A., and without prejudice for the rights of Helm LLC as set forth in the Shareholder Agreement, delegated to the Board of Directors the approval of the activities set forth in sub-paragraphs (f); (h); (i); (k); (n); (p); (r); (s) and (w) of article 28 and sub-paragraph (e) of

article 29 of the Corporate Bylaws. It also approved appointments and resignations of Vice-Presidents and Legal Representatives.

- Extraordinary General Meeting of Shareholders held on December 7, 2017 (minutes 197), which approved the transfer of Occasional Reserves (fiscal and other occasional reserves) to the Legal Reserve, in order to optimize the use of reserves from the standpoint of regulatory solvency by increasing the level of basic common equity (Tier I).

Legal Proceedings

The Bank and its affiliates face a number of civil, labor and administrative legal proceedings. Of the existing 167 civil and administrative processes, 93 are associated with banking operations and 74 are derived from the status of asset owners under lease agreements. The total number of claims is up to COP 66.80 billion. Of the above group of proceedings, 138 are considered to have a remote probability of loss, 13 are rated as possible, and 16 are rated as probable. Provisions on the proceedings that have been rated as probable, based on the requirements of IAS 37, have been established in the amount of COP 3.9 billion.

In 2017, no fines were imposed in connection with non-compliance with regulations or voluntary codes related to information or labeling of products and services. Also, no cases were recorded of non-compliance with regulations and voluntary codes related to marketing communications, such as advertising, promotion and sponsorship, involving any fine, penalty or reprimand.



Of the existing 167 civil and administrative processes,

93
are associated with banking operations and

74
are derived from the status of asset owners under lease agreements



At year-end 2017, a balance of COP

5.0

**billion was recorded
in accounts of entity-
owned resources**

Transactions with Related Parties, Partners and Managers

Transactions with Itaú Comisionista de Bolsa S.A.

- The Bank recorded normal banking transactions consisting in handling of deposits. At year-end 2017, a balance of COP 5.0 billion was recorded in accounts of entity-owned resources.
- The Bank paid Itaú Comisionista COP 311 million in commissions and interest on savings accounts.
- Payments were received in the amount of COP 661 million for the contract to use the Bank's office network, rental contracts and banking fees.

Transactions with Itaú Securities Services Colombia S.A. Sociedad Fiduciaria

- The Bank recorded normal banking transactions consisting in handling of deposits. As at year-end, a balance of COP 5.8 billion was recorded in said accounts.
- Payments were received in the amount of COP 293 million for banking fees and rental contracts.
- The Bank paid Sociedad Fiduciaria COP 108 million for commissions and interest.

Transactions with Itaú Asset Management S.A.

- The Bank recorded normal banking transactions consisting in handling of deposits. As at year-end, a balance of COP 47.82 billion was recorded in said accounts.
- Payments were received in the amount of COP 671 million for rental contracts, for use of the office network and interest.
- The Bank paid Itaú Asset Management COP 277 million in leases and COP 1.18 billion in financial earnings, for a total of COP 1.46 billion as at December 2017.

Payments were received in the amount of COP

293

million for banking fees and rental contracts





Transactions with Itaú (Panamá) S.A.

- Itaú CorpBanca Colombia holds funds in foreign currency at this affiliate in the amount of USD 1,978,551.85
- Itaú CorpBanca Colombia also mains a treasury credit line as follows:

 **USD 70 million**
Revocable line of credit

 **USD 0**
Amount used as at December 31, 2017

Transactions with Itaú Casa de Valores S.A.

Itaú CorpBanca Colombia did not record any transactions with Itaú Casa de Valores S.A. during 2017.

Transactions with Itaú Corredor de Seguros Colombia S.A.

- The Bank recorded normal banking transactions consisting in handling of deposits. At year-end 2017, a balance of COP 717 million was recorded in said accounts.
- The Bank paid COP 79 million in commissions and interest.
- Payments were received in the amount of COP 641 million for rental contracts.

- Additionally, the following contracts with Itaú Corredor de Seguros continue to be valid:
 - A contract with Itaú Corredor de Seguros Colombia S.A., the objective of which is to provide professional services to promote the acquisition of new policyholders in collective "CREDIT RELATED" debtor policies, that includes debtor life insurance, fire insurance, and cover for automobile, ordinary, payroll and mortgage loans and leases; as well as consulting services in connection with brokerage activities to manage and improve the program. This contract was signed in 2013 and remains valid to date.
 - A contract with Itaú Corredor de Seguros Colombia S.A., the objective of which is to provide professional services to promote the acquisition of new policyholders for collective policies related to "OPEN MARKET" voluntary insurance, as well as consulting services in connection with brokerage activities to manage and improve the program. This contract was signed in 2014 and remains valid to date.



Transactions with majority shareholders

	Sunday, December 31, 2017	Sunday, December 31, 2017
Assets		
Loan Portfolio	COP 0	COP 0
Treasury Operations	COP 0	COP 0
Liabilities		
Deposits and On-Demand Liabilities	COP 0	



Real estate rental contracts

The following rental contracts **have been signed or remain valid:**



Other transactions

- As at December 31, 2017 the Bank had granted loans net of provisions to its managers and executives in the amount of COP 13.5 billion, in terms of unrestricted personal loans, housing loans and credit cards. As at December 31, 2016 such loans totaled COP 20.2 billion. As at December 31, 2017 and 2016, the Bank's shareholders had no transactions equal to or greater than 5% of technical equity, i.e. COP 156.9 billion and COP 165.0 billion, respectively.
- During 2017, professional fees were paid for attendance to meetings of the Board of Directors and supporting committees in the amount of COP 597 million, compared to COP 792 million in 2016.
- Additionally, the following contracts were signed with affiliated companies and/or related parties:

- **Trademark License Agreement**

Entered into by CorpBanca Investment Ltd. and Banco CorpBanca Colombia S.A. (currently Itaú CorpBanca Colombia S.A.)

Purpose: This license allows Itaú CorpBanca Colombia S.A. to use certain brands and domain names defined in the contract.

Term: The contract was signed on August 6, 2013, and may be terminated in the manner set forth in the contract.

Price: Itaú CorpBanca Colombia S.A. pays CorpBanca Investments Ltd. USD 164,179 per month.

- **Trademark License Agreement**

Entered into by Helm LLC and Banco CorpBanca Colombia S.A. (currently Itaú CorpBanca Colombia S.A.)

Purpose: This license allows Itaú CorpBanca Colombia S.A. to use certain brands and domain names defined in the contract.

Price: Itaú CorpBanca Colombia S.A. shall pay Helm LLC USD 164,179 per month. The contract remained in effect up to the month of July 2017.

- **Corporate Licenses:** Contracts have been signed with Itaú CorpBanca Chile for corporate licenses and their maintenance, in connection with: IBM-ELA, Oracle OFSA, Pivotal. On the latter, the maintenance contract was signed directly with the supplier.

In addition to the above contracts, during 2017 the General Meeting of Shareholders and/or the Board of Directors of Itaú CorpBanca Colombia S.A. approved the following, among others:

- The Board of Directors approved a correspondent agreement between Itaú Comisionista de Bolsa S.A. and Itaú BBA Securities.
- The Board of Directors approved intra-group credit lines between the Bank and its affiliates, its parent company, its controlling shareholder and certain related parties.





Subsequent Events

The separate financial statements for the year ended December 31, 2017 were approved by the Board of Directors in February 2018.

Final Declarations

In accordance with the provisions of Law 1314/2009, Decree 2784/2012 and their amendments, we confirm that the information and assertions related to the financial statements have been duly verified and obtained from the Bank's financial records, prepared according to IFRS, starting on January 1, 2015, in accordance with the technical regulatory framework.

Decreases 2420 and 2496 of 2015, Decree 2131/2016 and Decree 2170/2017 establish a new regulatory framework for preparers of financial information belonging to Group I. IFRS 9 "Financial Instruments" becomes effective starting on January 1, 2018, and introduces new accounting rules for recording hedging operations and a new impairment model for financial assets. IFRS 16 "Leases" establishes



standards for the recognition, measurement, presentation and disclosure of leases and becomes effective starting on January 1, 2019.

On September 29, 2017, the Financial Superintendence of Colombia issued Public Notice 026 with instructions related to the standardization of policies on handling loans whose initial conditions have been changed due to potential or real impairment in repayment capacity, which amends Chapter II of the Basic Accounting and Financial Public Notice, Public Notice 100 of 1995. It issues guidelines on handling such transactions under the label of either change or restructuring, and provides specifications for each in terms of application, rating and cure. Also, starting in December 2016 and during 2017, the instructions set forth in Public Notice 047 of 2016 were followed regarding calculation of expected losses adjusted by term according to the model of reference for consumer loans.

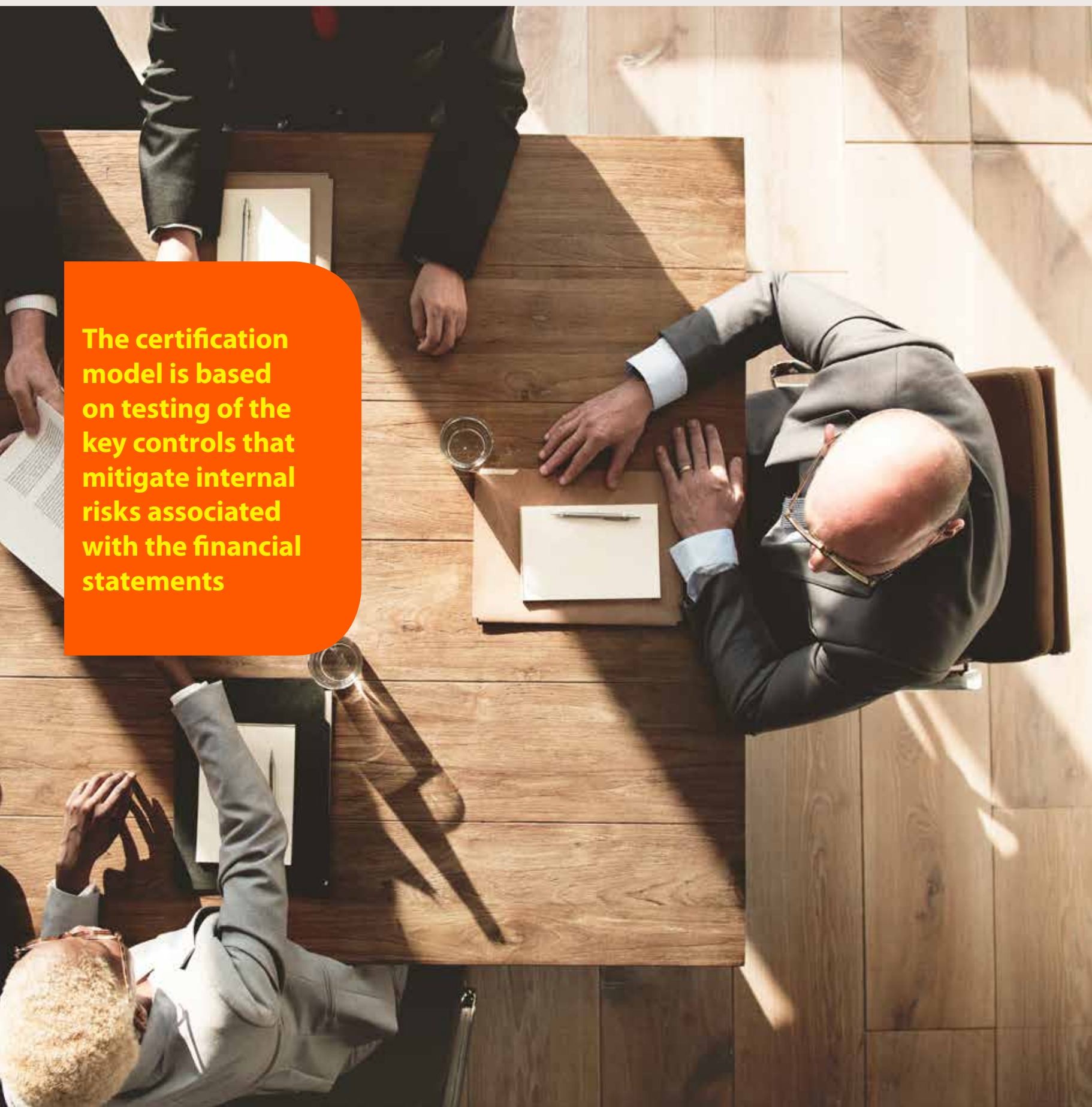
Similarly, in compliance with Article 47 of Law 964 of July 2005, the Bank's management reported to the Board of Directors and the General Meeting of Shareholders that the information disclosed in the financial statements has been faithfully copied from the official accounting books and that all internal controls are in place to enable timely and clear disclosure, with no material misstatements that would affect the Bank's financial position.

Additionally, controls are in place to assure and maintain adequate systems of disclosure and control over financial information, in conditions of security, accuracy and reliability and in abidance of legal requirements.

No frauds or accounting incidents have occurred that may have affected the quality of the financial information.



**Controls
are in place to assure
and maintain
adequate systems
of disclosure and control over
financial information**



The certification model is based on testing of the key controls that mitigate internal risks associated with the financial statements

Similarly, the internal control model on financial reporting adopted by Itaú CorpBanca Colombia is the SOX system, which is based on a system of certification of controls, the scope of which covers Itaú CorpBanca Colombia and Itaú (Panamá). The model consists of the internal control framework (entity-level controls) and the specific processes, where the objective of the former is to complement the controls included in the latter, in such a manner that the five components of the internal control model (COSO for the Spanish original) are documented in both environments: control environment, risk assessment, control activities, information and communication and monitoring activities.

The certification model is based on testing of the key controls that mitigate internal risks associated with the financial statements. Incidents that arise are reported to senior management. The Internal Comptroller and the External Auditor also issue opinions on the effectiveness of the entity's Financial Reporting Internal Control System and aspects that require improvement.

The frame of reference that is used for compliance with the SOX Law is COSO 2013, which includes improvements and clarifications that enable organizations to develop and maintain, in an efficient and effective manner, an internal control system that is more likely to fulfill its objectives and to adapt to changes in the operating and business environment.

In compliance with Article 1 of Law 603/2000, we hereby attest that the Company has fully complied with applicable regulations regarding copyrights and intellectual property. Consequently, the Management of Itaú CorpBanca Colombia S.A. confirms that the software that has been installed, in use or held by the entity has the appropriate licenses and that we are in compliance with legal requirements regarding copyrights, privacy and e-commerce.

In compliance with Articles 86 and 87 of Law 1676/2013, the latter of which adds a second paragraph to Article 7 of Law 1231/2008, we hereby attest that the entity has not hindered the free circulation of invoices issued by its vendors or suppliers.

In accordance with what is set forth in Section 2.3.3.1.19 of Part I, Title II, Chapter I of the Basic Legal Notice on minimum requirements of security and quality for performing transactions, we report that both Management and Internal Control and the Statutory Auditing firm have performed a review on fulfillment of the security and quality obligations set forth in said regulation, and have reported their findings to the entity's Audit Committee. Based on the above, we conclude that the information security model incorporates the principles of confidentiality, integrity and availability for the protection of information. The policy is based on the Standards, Policies and Procedures on information security, which are published on the intranet and have been disseminated throughout the organization. The Continuity Management Model of Itaú CorpBanca Colombia has been designed based on guidelines on the best global practices and standards on Business Continuity aimed at organizational strengthening.

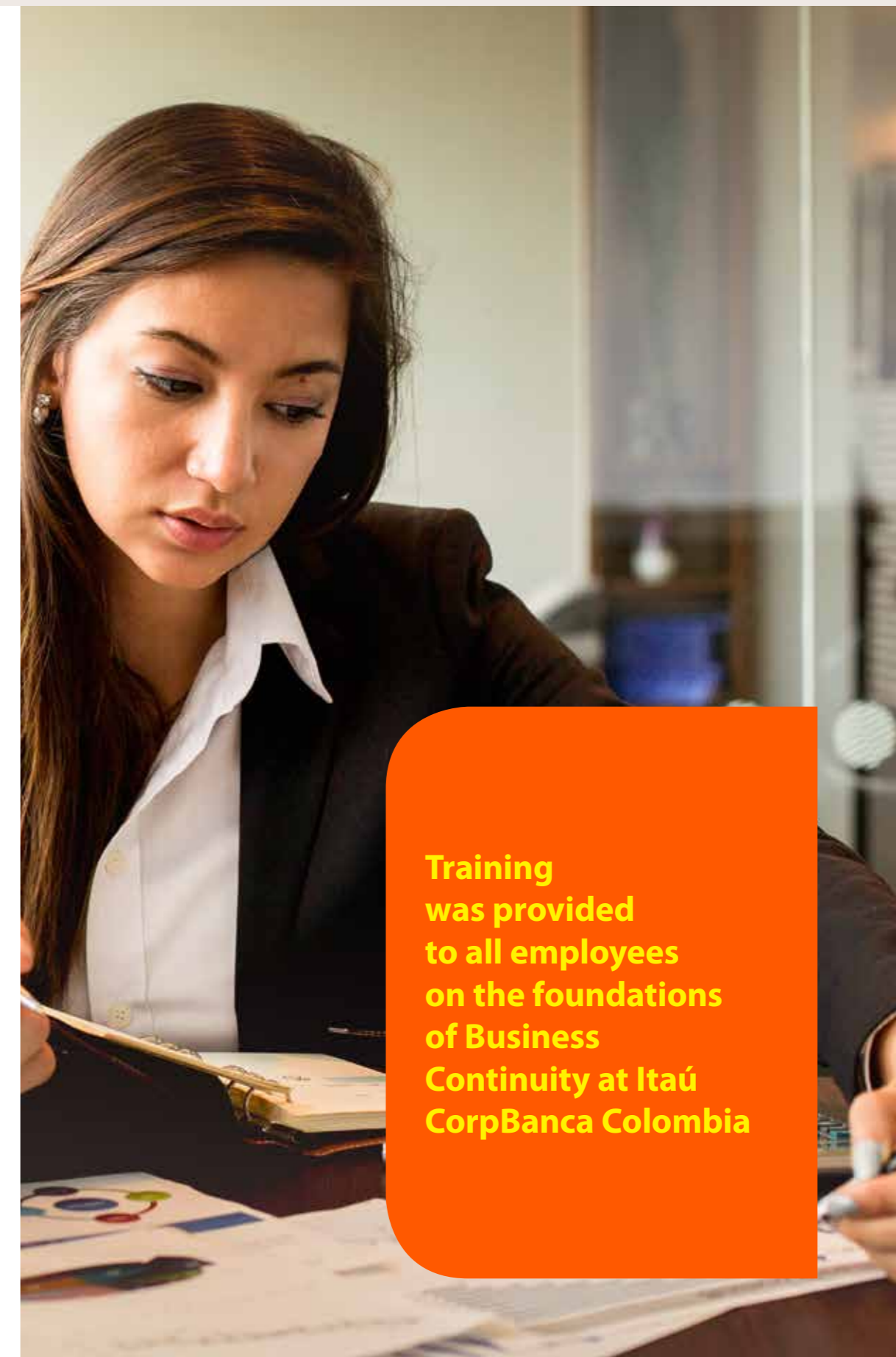
The Continuity Management Model of Itaú CorpBanca Colombia follows the methodological framework established by the parent company, Itaú

Chile, based on guidelines on the best global practices and standards on Business Continuity aimed at organizational strengthening.

During 2017, our Business Continuity strategies were strengthened by performing tests on the Continuity and Contingency Plans of the processes defined as critical, with satisfactory results.

As part of our continuous improvement drive, our Business Impact Analysis (BIA) and our Business Continuity Risk Analysis were updated, with adjustments made to the Business Continuity Management Manual and our Plans for Recovery of critical processes; assessments and tests were performed jointly with Asobancaria on the Continuity Plans of suppliers defined as critical. Additionally, training was provided to all employees on the foundations of Business Continuity at Itaú CorpBanca Colombia.

Lastly, our Crisis Management Model was updated, implemented and disseminated, which enables the Organization to address any incident that may arise in daily operations and that poses a threat to the continuity of our services to our clients, in a controlled and coordinated manner with cross-disciplinary involvement, with the objective of minimizing any impact on the Itaú brand and its counterparties.



**Training
was provided
to all employees
on the foundations
of Business
Continuity at Itaú
CorpBanca Colombia**

Foreseeable evolution of the company (Art. 47, Law 222/1955, amended by Art. 1, Law 603/2000)

Following the arrival of the Itaú brand in Colombia in 2017, in 2018 we will face substantial challenges, primarily related to the consolidation of the parent company's model, adjusted to the features of the local market, always keeping in mind that our objective is to build a Colombian bank made for Colombians.

In 2018 we will complete our technological integration, and we will have all our clients migrated to the Itaú platform. At the same time we will continue to review our value proposition for retail banking, to lay the foundations for our digital strategy and strengthen our risk model.

Internally, our work will focus on promoting our Itaú culture, based on principles of transparency and ethics, and the purpose of our entity of stimulating the power of transformation in people, which involves all our stakeholders, particularly our clients and employees.

We will work towards these objectives in an economic context in which we expect a gradual recovery of the Latin American economy in 2018, a year during which elections will be on the top of the agenda in much of the region. Colombia is part of these trends, and in the context of congressional and presidential elections, our forecast at Itaú is that the country's GDP will grow by 2.5%.



Our forecast at Itaú is that
the country's GDP will
grow by

2.5%

Sincerely,

Álvaro Pimentel
CEO of Itaú CorpBanca
Colombia S.A.

February 2018



09

Appendices



GRI Table

Standard used		Content	Related material topics	Content title	Page	Verified content
GRI 102: GENERAL CONTENT 2016	1. ORGANIZATION PROFILE	102-1		Name of the organization	15	
		102-2		Activities, brands, products and services	25	
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		102-4		Location of operations	16	
		102-5		Ownership and legal form	16	
		102-6		Markets served	18,25	
		102-7		Size of the organization	18-19	
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		102-9		Supply chain	82-83	
		102-10		Significant changes to the organization and its supply chain	2-3, 22-23	
		102-12		External initiatives	62	
		102-13		Membership of associations	62	
		2. STRATEGY		102-14	Statement from senior decision-makers	2-3
	3. ETHICS AND INTEGRITY	102-16		Values, principles, standards and norms of behavior	21,33-36,79	
	4. GOVERNANCE	102-18		Governance structure	31-33	
	5. STAKEHOLDER ENGAGEMENT	102-40		List of stakeholders	58	
		102-41		Collective bargaining agreements	81	
		102-42		Identifying and selecting stakeholders	58	

Standard used		Content	Related material topics	Content title	Page	Verified content
GRI 102: GENERAL CONTENT 2016	5. STAKEHOLDER ENGAGEMENT	102-43		Approach to stakeholder engagement	58	
	6. REPORTING PRACTICES	102-45		Entities included in the consolidated financial statements	52-56	
		102-46		Defining report content and topic Boundaries	59-60	
		102-47		List of material topics	59-60	
		102-48		Restatements of information	4	
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		102-50		Reporting period	4	
		102-51		Date of most recent report	4	
		102-52		Reporting cycle	4	
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		102-54		Claims of reporting in accordance with the GRI Standards	4	
		102-55		GRI content index	103	
		102-56		External assurance	108	

Standard used		Content	Related material topics	Content title	Page	Verified content
GRI 200 ECONOMIC STANDARDS	GRI 201 - ECONOMIC PERFORMANCE - 2016	201-1	Economic Dimension / Solvency / Business Model	Direct economic value generated and distributed	20	X
		201-2	Economic Dimension / Solvency / Business Model	Financial implications and other risks and opportunities due to climate change	64	
	GRI 202 - MARKET PRESENCE - 2016	202-1		Ratios of standard entry level wage by gender compared to local minimum wage	75	
		202-2		Proportion of senior management hired from the local community	71	
	GRI 204 - PROCUREMENT PRACTICES - 2016	204-1		Economic Dimension / Business Model	Proportion of spending on local suppliers	82
	GRI 205 - ANTI-CORRUPTION - 2016	205-2	Economic Dimension / Corporate Governance	Communication and training about anti-corruption policies and procedures	79	X
GRI 300 ENVIRONMENTAL STANDARDS	GRI 301 - MATERIALS - 2016	301-2	Environmental Dimension / Business Strategy	Recycled input	67	
	GRI 302 - ENERGY - 2016	302-1		Energy consumption within the organization	66	X
		302-4		Reduction of energy consumption	66	
	GRI 303 - WATER - 2016	303-1		Water withdrawal by source	66	X
	GRI 305 - EMISSIONS- 2016	305-1		Direct GHG emissions (Scope 1)	68	X
		305-2		Energy indirect GHG emissions (Scope 2)	68	X
		305-3		Other indirect GHG emissions (Scope 3)	68	X
		305-5		Reduction of GHG emissions	69	
	GRI 306 - EFFLUENTS AND WASTE - 2016	306-2		Waste by type and disposal method	67	X
	GRI 308 – SUPPLIER ENVIRONMENTAL ASSESSMENT - 2016	308-1		New suppliers that were screened using environmental criteria	83	
308-2		Negative environmental impacts in the supply chain and actions taken	83			

Standard used	Content	Related material topics	Content title	Page	Verified content	
GRI 400 SOCIAL STANDARDS	GRI 401 - EMPLOYMENT- 2016	401-1	Social Dimension / Working Conditions	New employee hires and employee turnover	74	X
		401-2	Social Dimension / Remuneration and Benefits	Benefits provided to full-time employees that are not provided to temporary or part-time employees	75	
		401-3		Parental leave	74	
	GRI 403- OCCUPATIONAL HEALTH AND SAFETY - 2016	403-1	Social Dimension / Working Conditions	Workers representation in formal joint management-worker health and safety committees	80	
		403-4	Social Dimension / Employee Practices	Health and safety topics covered in formal agreements with trade unions	81	
	GRI 404 - TRAINING AND EDUCATION - 2016	404-1	Social Dimension/ Working Conditions / Employee Development and Education	Average hours of training per year per employee	77	X
		404-2		Programs for upgrading employee skills and transition assistance programs	76-78	
		404-3	Social Dimension / Employee Practices	Percentage of employees receiving regular performance and career development reviews	75	
	GRI 405- DIVERSITY AND EQUAL OPPORTUNITY - 2016	405-1	Economic Dimension / Corporate Governance	Diversity of governance bodies and employees	32, 71, 73	X
		405-2	Social Dimension / Remuneration and Benefits	Ratio of basic salary and remuneration of women to men	75	
	GRI 406 - NON-DISCRIMINATION - 2016	406-1	Economic Dimension / Corporate Governance	Incidents of discrimination and corrective actions taken	71	
	GRI 413-LOCAL COMMUNITIES - 2016	413-1	Economic Dimension / Business Model	Operations with local community engagement, impact assessments and development programs	84	
	GRI 414 - SUPPLIER SOCIAL ASSESSMENT - 2016	414-1		New suppliers that were screened using social criteria	83	
		414-2		Negative social impacts in the supply chain and actions taken	83	
	GRI 417 - MARKETING AND LABELING - 2016	417-3	Social dimension/ Customer Information about Products and Services	Incidents of non-compliance concerning marketing communications	36	X
GRI 418 - CUSTOMER PRIVACY - 2016	418-1	Social Dimension/ Customer Relations Management	Substantiated complaints concerning breaches of customer privacy and losses of customer data	29	X	

Standard used		Content	Related material topics	Content title	Page	Verified content
GRI G4 SECTOR CONTENT	FINANCIAL SERVICES	FS1	Economic Dimension / Business Model	Policies with specific environmental and social components applied to business lines	63	
		FS2	Social Dimension/ Customer Relations Management	Procedures for assessing and selecting environmental and social risks in business lines	63	
		FS3	Social Dimension/ Customer Relations Management	Processes for monitoring customers' implementation of and compliance with environmental and social requirements included in agreements or transactions	63-64	
		FS4	Social Dimension / Employee Development and Education	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	64	
		FS5	Social Dimension/ Customer Relations Management	Interactions with customers / related parties / business partners regarding environmental and social risks and opportunities	64	
		FS6	Economic Dimension / Solvency / Business Model	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	64	
		FS7		Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	64-65	X
		FS8		Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	64-65	
		FS9		Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	64	
		FS10		Percentage and number of companies in the institution's portfolio with which the reporting organization has interacted regarding environmental or social issues	64	X
		FS14		Social Dimension / Financial Inclusion and Accessibility	Initiatives to improve access to financial services for disadvantaged people	27
		FS15	Economic Dimension / Corporate Governance	Fair policies for the design and sale of financial products and services	33-34, 38-41	
		FS16	Social Dimension / Financial Education	Initiatives to enhance financial education by type of beneficiary	70	
		Propio		Programs developed by the Company to build on the topic of Financial Education	70	X

Deloitte verification letter (Deloitte will issue its opinion on March 20)

Deloitte.

Memorando de revisión independiente



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Verificación Independiente del Reporte de Sostenibilidad Itaú 2017

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Verificación Independiente del Reporte de Sostenibilidad 2017 de Itaú

Alcance de nuestro trabajo

Hemos realizado la revisión de la adaptación de los contenidos del Reporte de Gestión del año 2017 de Itaú a la Guía para la elaboración de Memorias de Sostenibilidad del Global Reporting Initiative (Estándares GRI).

Estándares y procesos de verificación

Hemos llevado a cabo nuestro trabajo de acuerdo con la norma ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information emitida por el International Auditing and Assurance Standard Board (IAASB) de la International Federation of Accountants (IFAC). Nuestro trabajo de revisión ha consistido en la formulación de preguntas a la Administración, así como a las diversas áreas de Itaú que han participado en la elaboración del Reporte de Sostenibilidad 2017 y en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:


- Entrevistas con los colaboradores de Itaú para conocer los principios, sistemas y enfoques de gestión aplicados para elaborar el Reporte.
- Análisis de cómo, a partir del ejercicio de materialidad, se definen los contenidos, la estructura y los indicadores del reporte, de acuerdo a lo sugerido por el Estándar GRI.
- Análisis de los procesos para recopilar y validar los datos presentados en el Reporte.
- Comprobación, mediante pruebas de revisión con base en la selección de una muestra de la información cuantitativa y cualitativa correspondiente a los contenidos GRI e indicadores propios incluidos en el Reporte de Sostenibilidad 2017 y su adecuada compilación a partir de los datos suministrados por las fuentes de información de Itaú.

Confirmación que el Reporte de Gestión 2017 de Itaú es preparado de acuerdo con el Estándar GRI en su opción Esencial "de conformidad" con la Guía.

Contenidos básicos generales:
Se confirmó que el Reporte se ajusta a los requisitos del Estándar GRI para la opción esencial "de conformidad", en cuanto a los contenidos básicos generales.

Responsabilidades de la Dirección de Itaú y de Deloitte

- La preparación del Reporte de Sostenibilidad 2017 de Itaú, así como el contenido del mismo, es responsabilidad de la organización la cual también es responsable de definir, adaptar y mantener los sistemas de gestión y control interno de los que se obtiene la información.
- Nuestra responsabilidad es emitir un informe independiente basado en los procedimientos aplicados en nuestra revisión.
- Este Informe ha sido preparado exclusivamente en interés de la organización de acuerdo con los términos de nuestra propuesta de servicios. No asumimos responsabilidad alguna frente a terceros diferentes a la Dirección de la empresa.
- Hemos realizado nuestro trabajo de acuerdo con las normas de independencia requeridas por el Código Ético de la International Federation of Accountants (IFAC).
- El alcance de una revisión limitada es substancialmente inferior al de una auditoría. Por lo tanto, no proporcionamos opinión de auditoría sobre el Reporte Integrado.


Deloitte & Touche Ltda.
Jorge Enrique Múnera D.
 Socio
 Bogotá, Marzo 2018

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Contenidos básicos específicos:

Revisamos el enfoque de gestión y contenidos GRI de los siguientes asuntos materiales:

Asuntos materiales	Contenido GRI y/o Propio de Itaú
Gobierno Corporativo	205-2. Comunicación y formación sobre políticas y procedimientos anticorrupción
Condiciones laborales / Desarrollo y educación de los empleados	404-1. Media de horas de formación al año por empleado
	401-1. Nuevas contrataciones de empleados y rotación de personal
	405-1 Diversidad en órganos de gobierno y empleados
Solvencia	201-1. Valor económico directo generado y distribuido
Gestión de relación con el cliente	418-1. Reclamaciones fundamentadas relativas a violaciones de la privacidad del cliente y pérdida de datos del cliente
Estrategia del negocio	302-1. Consumo energético dentro de la organización
	303-1. Extracción de agua por fuente
	306-2. Residuos por tipo y método de eliminación
	305-1. Emisiones directas de GEI (alcance 1)
	305-2. Emisiones indirectas de GEI al generar energía (alcance 2)
	305-3. Otras emisiones indirectas de GEI (alcance 3)
Modelo de negocio	FS10. Porcentaje y número de empresas en cartera de la institución con las que la organización informante ha interactuado en temas ambientales o sociales.
Educación financiera	Propio. Programas desarrollados por la Compañía para promover la Educación Financiera.
Inclusión financiera, accesibilidad y educación financiera	FS7. Valor monetario de los productos y servicios diseñados para entregar un beneficio social específico para cada línea comercial desglosado por finalidad.
Información al cliente sobre productos y servicios	417-3. Casos de incumplimiento relacionados con comunicaciones de marketing

Conclusiones

Como consecuencia de nuestra revisión no se ha puesto de manifiesto ningún aspecto que nos haga creer que el Reporte de Sostenibilidad 2017 de Itaú contiene errores significativos o no ha sido preparado de acuerdo con el Estándar para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative, en su opción Esencial "de conformidad".

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Observaciones principales & recomendaciones frente a principios GRI y WBCSD¹

Contexto de sostenibilidad/ Materialidad

Observaciones Generales

Se resalta la apropiación e integración de los temas de económicos, sociales y ambientales como parte estratégica de la gestión de la compañía. De igual manera, se destaca el análisis de estos temas en el contexto internacional, nacional y local en términos de sostenibilidad, lo que permite a los grupos de interés tener una visión integral de la gestión y la realidad de Itaú.

Recomendaciones

Se sugiere seguir fortalecimiento esta buena práctica a través de la gestión de indicadores propios que potencialmente podría estar asociados a los asuntos materiales previamente identificados y que podrían completar la gestión que ya se viene realizando. Esto permitirá evidenciar aún más la gestión de la compañía, así como la mejora continua en el día a día. De igual manera, se sugiere el establecimiento de metas a medio y largo plazo alrededor de la gestión de sus asuntos materiales, que permitan medir el desempeño y avance de la organización respecto a la gestión de sostenibilidad.

Proceso de recolección de la información sobre la gestión

Observaciones generales

Para la gran mayoría de los indicadores se evidenció un proceso de recolección de la información robusto, así como la apropiación de los responsables de la información, lo que permite realizar una trazabilidad sobre las diferentes cifras y las evidencias entregadas durante el proceso de verificación. Para algunos indicadores, las fuentes para la consolidación de la información provienen de varios responsables, por lo cual puede generar una dificultad a la hora de la recolección de la información.

Recomendaciones

Para aquellos indicadores que tienen un proceso de recolección de la información que proviene de varias fuentes, se sugiere fortalecer el proceso entre los diferentes equipos, de manera que la información se asegure llegue completa y a tiempo, logrando así realizar una recolección y trazabilidad más sencilla.

ANEXO 1 Declaración de independencia

Deloitte es una de las mayores empresas en la prestación de servicios profesionales en auditoría, impuestos, consultoría y asesoramiento financiero y de sostenibilidad a organizaciones públicas y privadas de diversas industrias. Con una red global de Firmas miembro en más de 185 países, Deloitte brinda sus capacidades de clase mundial y servicio de alta calidad a sus clientes. Aproximadamente 250.000 profesionales se comprometen a ser estándar de excelencia.

Confirmamos nuestra independencia de Itaú. Todos nuestros empleados realizan actualizaciones anuales a la Política de Ética donde puntualmente declaramos que no tenemos conflictos de interés con Itaú, sus subsidiarias y sus grupos de interés.

Deloitte se refiere a una o más de las firmas miembro de Deloitte Touche Tohmatsu Limited ("DTTL"), una compañía privada del Reino Unido limitada por garantía ("DTL"), su red de firmas miembro, y a sus entidades relacionadas. DTL y cada una de sus firmas miembro son entidades legalmente separadas e independientes. DTTL (también denominada "Deloitte Global") no presta servicios a clientes. Una

¹ Del inglés: "World Business Council for Sustainable Development" (Consejo Empresarial Mundial para el Desarrollo Sostenible).

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descripción detallada de la estructura legal de Deloitte Touche Tohmatsu Limited y de sus firmas miembro puede verse en el sitio web www.deloitte.com/about.

Deloitte presta servicios de auditoría, consultoría, asesoramiento financiero, gestión de riesgos, impuestos, legal, y servicios relacionados a organizaciones públicas y privadas de diversas industrias. Deloitte presta sus servicios a cuatro de cada cinco de las empresas listadas en el ranking Fortune Global 500®, a través de una red global de firmas miembro en más de 150 países, brindando sus capacidades de clase mundial y servicios de alta calidad a clientes, suministrando el conocimiento necesario para que los mismos puedan hacer frente a sus más complejos retos de negocios. Para conocer más acerca de cómo los más de 244.000 profesionales generan un impacto que trasciende, conéctese con nosotros a través de Facebook, LinkedIn o Twitter.

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2017 social investment

Name	Date	Program implemented	Activity - Beneficiary Group
Fundación Dividendo Por Colombia	Jan-17	Balance of 2016 volunteer activity contributions	Based on a co-responsibility model, Dividendo Por Colombia coordinates efforts between civil society, the public sector and the private sector to provide educational programs for children and youth who are not in school and are above the required age, to enable them to complete their primary education and successfully continue their formal education processes.
	Jan-17	Volunteer activity at school in late 2016	
	Nov-17	2017 corporate volunteer activities in Bogotá, Cali and Medellín	
	Nov-17	50% matching contribution for employee contributions during 2017	
Medellín Book Festival	Sep-17	The Medellín Book and Culture Festival	The Medellín Book and Culture Festival
	Sep-17	2017 corporate volunteer activities in Bogotá, Cali and Medellín	2017 corporate volunteer activities in Bogotá, Cali and Medellín
Volunteer for a day	Dec-17	In December a campaign was launched to assist families from Mocoa affected by a landslide on April 1st. Over 1,000 food baskets were donated by Itaú employees and the Bank.	Assistance for families from Mocoa who were directly or indirectly affected by river floods on April 1st.
Christmas Campaign (Mocoa)	Jul-17	Donation	Universidad de los Andes is an autonomous, independent and innovative institution that promotes pluralism, tolerance and respect for ideas. It strives for academic excellence and provides its students a critical and ethical education to instill in them awareness of their social and civil responsibilities, and a commitment to the environment.
Universidad de los Andes	Nov-17	Balance of 2017 volunteer activities in Bogotá, Cali and Medellín	Based on a co-responsibility model, Dividendo Por Colombia coordinates efforts between civil society, the public sector and the private sector to provide educational programs for children and youth who are not in school and are above the required age, to enable them to complete their primary education and successfully continue their formal education processes.
Fundación Dividendo Por Colombia	Nov-17	Sponsored ecological day trip to the Codensa Emgesa Natural Reserve for the Documentation Management team, for their contribution to recycling at the Organization.	
Fundación Dividendo Por Colombia	Dec-17	50% matching contribution for employee contributions during 2017	
Total investment			COP 586,105,561