

## MANAGEMENT REPORT ON THE INTERNAL CONTROL SYSTEM

(2020-Prepared by the Audit Committee)

Board of Directors  
Banco de Bogotá S.A.  
Bogotá

The Basic Legal Circular (“Circular Básica Jurídica”) issued by the Colombian Financial Superintendency defines and specifies some general and special requirements related to the Internal Control System, over which the Bank maintains a process of permanent monitoring and continuous improvement, which adjusts itself to new risk circumstances that arise, under an integral and strategic control outlook.

In compliance with sections 6.1.2.1 and 6.1.2.5, Chapter IV, Title I, Part I of the Basic Legal Circular (C.E. 029 / 14) issued by the Financial Superintendency, we present a report on the tasks undertaken by the Audit Committee during 2020, as well as the monitoring conducted on risk exposure levels at Banco de Bogotá S.A. and its subsidiaries:

1. Committee members are, Sergio Uribe Arboleda, Alfonso de la Espriella Ossio and Álvaro Velásquez Cock.

The committee held sessions on January 30<sup>th</sup>, February 13<sup>th</sup> and 24<sup>th</sup>, May 14<sup>th</sup> and 28<sup>th</sup>, June 25<sup>th</sup>, August 13<sup>th</sup> and 27<sup>th</sup>, September 3<sup>rd</sup>, October 1<sup>st</sup>, November 12<sup>th</sup> and 26<sup>th</sup>, and December 16<sup>th</sup>, 2020, as per the meeting minutes numbered from 174 to 186, respectively, in order to support the Board of Directors in its responsibilities to supervise internal control and risk management systems, as well as to assess accounting procedures, to follow-up on reports from the Statutory Auditor and the Comptroller's Office, and to analyze the events that, given their nature, are to be studied by this committee.

2. The internal audit function, at the Bank and its subsidiaries, is performed by the Bank's Comptroller's Office and has evolved due to the mentoring and ample dedication from Grupo Aval's Corporate Comptroller who, in addition to providing corporate guidelines and directions, has led these entities to adopt international auditing practices, through risk-based audit evaluations and, as third line of defense, acting independently from the other two. Accordingly, main conclusions drawn from the audits were presented and duly analyzed by the Audit Committee.

Furthermore, the Comptroller's Office has accomplished to have an interdisciplinary and sufficient team, in the capacity to have reach over processes and systems of all the Financial Group's companies (including outsourced activities).

3. The Audit Committee ensured that Management provided control bodies with all information needed to perform their duties. It also monitored independence and effectiveness of the internal audit function, that it had the necessary human and material resources to perform its duties and that there were no limitations that prevented its adequate performance.

Consequently, the Audit Committee considers that the Bank has provided the Comptroller's Office with the necessary resources and that the latter has independence to adequately perform its tasks.

4. Likewise, the Committee was informed about the Statutory Auditor's Work Plan, as well as the Internal Audit Work Plan which was prepared based on a self-assessment of existing risks for 2020. It considered adjustments on key procedures and controls, as well as on working standards for employee protection, implemented due to Covid-19 in order to assure business continuity.

It was also informed about the performance of the internal audit function during the contingency, allowing it to follow up on changes to critical areas and processes.

5. During 2020, the Audit Committee was informed on the progression of those work plans, through periodic reports on evaluation results and on other matters related to the internal audit function, as well as follow-up on action plans implemented by Management in order to attend suggestions and recommendations.

Additionally, the Audit Committee had the opportunity to request and know the reports it deemed appropriate for the proper performance of its functions.

6. Also, it ensured that preparation, presentation and disclosure of financial information as of March, June and September 2020 was made in accordance with the provisions of applicable regulations. Furthermore, it had knowledge of the reports from the Statutory Auditor on these financial statements, which did not include any findings and/or notes to highlight, as stated in the minutes.
7. No relevant conflict of interest' situations were known, that fell outside established corporate governance practices and that might have involved the Bank, its subsidiaries and other related parties, either directly or indirectly.
8. Furthermore, a report on the Bank's Comptroller's actions was submitted to the Audit Committee, including the result of the evaluation of the effectiveness and proper functioning of components of the internal control system, including key controls on main information and risk management systems. No weaknesses were observed that would compromise their effectiveness and risk-mitigation capacity, as of December 31, 2020.
9. From the findings reported by the control bodies to the Bank's Management, improvement actions were carried out, such as: redesign of processes; adjustments or implementation of controls; systems development; reinforcement of control monitoring; promotion of training activities; relevant instructions to achieve compliance with current regulation and correction of breaches.

The Bank continues strengthening its control culture, in such a way that internal control has become part of day-to-day activities at all levels of the organization, thus reflecting results in customer service and value generation, both strategic pillars of the Bank.

10. The Committee was informed on complaints received through the *Línea Ética*, as well as on the actions taken, conclusions of the most relevant investigations and the use of disciplinary or administrative sanctions imposed on employees involved in regulatory infringement or in actions contrary to an ethical behavior.
11. The Committee was also notified about the results of the report from the inspection visit performed by the Financial Superintendency to the Bank and some of its Central American subsidiaries (Costa Rica and Nicaragua), along with observations and action plans for their mitigation.
12. It was informed by the Comptroller's Office, the Statutory Auditor and by Management, that Banco de Bogotá and its subsidiaries have a management model for those risks to which they are exposed while carrying out their activities (Credit, Market, Liquidity, Money Laundering and Operational risks, including aspects on Information Security, cybersecurity and business continuity, among others), which are reasonably mitigated and adequately managed, defining key controls for those risks considered of greater impact. These are permanently monitored through control dashboards.

Risk models are adjusted in response to the evolution and dynamics demanded by the company's strategic objectives, within reasonable risk levels and in compliance with the current regulation framework.

13. Likewise, the Comptroller's Office and Management expressed that internal control structure and procedures reasonably protect the Entity's assets, as well as those of third parties that it manages through its subsidiaries (pensions, severance payments, trust funds, investment funds, etc) and that

there are sufficient controls to verify that transactions are being adequately authorized and registered.

Finally, the Audit Committee was informed by the Statutory Auditor, through its opinion, that Financial Statements, both separate and consolidated, as well as Notes and other Annexes as of December 31<sup>st</sup>, 2020, reasonably present the Bank's financial situation, in accordance with accounting and financial reporting standards accepted in Colombia, which is why the Committee approved their presentation to the Board of Directors and recommended their subsequent presentation to the Shareholders' Meeting.

Therefore, the Audit Committee finds that the Bank and its subsidiaries maintain an adequate internal control structure, which has been reviewed to the extent that regulation has required it, or deficiencies and new risk situations have been identified.

No material deficiencies were detected. Consequently, designed procedures and established controls provide reasonable assurance to obtain operational objectives, to rely on financial information and to comply with regulation applicable to the Bank.

Kindly,  
Audit Committee  
Banco de Bogotá S.A.  
Date: February 25<sup>th</sup>, 2021