

## **MANAGEMENT REPORT ON THE INTERNAL CONTROL SYSTEM (2021-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 2021, 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 February 11<sup>th</sup> and 25<sup>th</sup>, April 15<sup>th</sup>, May 6<sup>th</sup> and 13<sup>th</sup>, June 10<sup>th</sup>, July 1<sup>st</sup>, August 12<sup>th</sup>, September 16<sup>th</sup> and 21<sup>st</sup>, November 11<sup>th</sup> and 18<sup>th</sup>, and December 16<sup>th</sup>, 2021, as per the meeting minutes numbered from 187 to 199, respectively, in order to support the Board of Directors in its responsibilities to supervise internal control and implemented 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, based on regulation and best practices regarding control designed and disclosed by Grupo Aval's Corporate Comptroller, through the definition of an audit plan based on risks and in line with international standards related to professional auditing practices; and, as third line of defense, it is independent 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 been able to put together 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 2021. It considered adjustments on key procedures and controls.
5. During 2021, 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 2021 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. The Committee was informed that, during 2021, Banco de Bogotá carried out a corporate reorganization process to simplify its corporate structure, in compliance with regulation from supervisory and control bodies. Internal audit has evaluated said compliance.
  - a. On September 30<sup>th</sup> / 2021, a process took place, spinning-off BAC Holding International Corp.'s (formerly, Leasing Bogotá Panamá) investment in Multi Financial Group (MFG) in favor of Banco de Bogotá, by establishing Mullti Financial Holding (MFH). After the spin-off, BAC Holding and MFH will become independent subsidiaries to Banco de Bogotá.
  - b. Likewise, the Committee learned that on July 28<sup>th</sup> / 2021, a shareholders' agreement was signed in order to cede direct control over Porvenir, to Grupo Aval Acciones y Valores S.A.
9. 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<sup>st</sup> / 2021.
10. 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.

11. 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 strict use of disciplinary or administrative sanctions imposed on employees involved in regulatory infringement or in actions contrary to an ethical behavior.
12. The Committee was also notified about the results of the reports from the inspection visits performed by the Financial Superintendency and other control bodies to some of Banco de Bogotá's subsidiaries in Colombia, Central America and the United States, along with observations and action plans for their mitigation.
13. 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.

14. 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 (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>, / 2021, 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, and 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 24<sup>th</sup>, 2022