

Report of the Statutory Auditor on the Consolidated Financial Statements

To the Shareholders of Banco GNB Sudameris S.A

Opinion

I have audited the accompanying Consolidated Financial Statements of Banco GNB Sudameris S.A. and its Subsidiaries that comprise the Consolidated Statement of Financial Position as of December 31, 2019, and the Consolidated Statement of Income, of Other Comprehensive Income, of Changes in the Shareholders' Equity, and of Cash Flows for the year ended on that date and the summary of the main accounting policies and other explanatory notes.

In my opinion, the accompanying Consolidated Financial Statements, faithfully taken from the consolidation records, present reasonably, in all significant aspects, the financial position of Banco GNB Sudameris S.A. and its Subsidiaries as of December 31, 2019, and the results of its operations and its cash flows for the year ended on that date, in conformity with the Accounting and Financial Information Standards accepted in Colombia issued by the National Government and with special character by the Superintendency of Finance for the preparation of the Consolidated Financial Statements of financial entities. Such Financial Statements do adequately reflect the impact of the various risks the Entity is exposed to in the performance of its activity, measured in accordance with the management systems implemented for the financial entities that conform the Group.

Bases for the Opinion

I have done my audit in accordance with the Audit and Financial Information Standards accepted in Colombia. In accordance with said standards my responsibility is described in the section of the Responsibility of the Statutory Auditor in regard to the audit of financial statements in this report.

I am an independent party from Banco GNB Sudameris S.A., in conformity with the Code of Ethics for Accounting Professionals of International Ethics Standards Board for Accountants (IESBA),

together with ethics requirements that apply to my audit of financial statements in Colombia, and I have complied with all other responsibilities of Otica in conformity with these requirements and with IESBA Code of Ethics.

I believe that the audit evidence I found is sufficient and adequate basis to give a basis to my audit opinion.

Key Audit Issues

The key audit issues are those matters that, according to my professional judgment, have had the highest significance in my audit to the financial statements of this period. This matters have been treated in the context of my audit to the financial statements altogether, and to build my opinion on them and I do not express a separate opinion on them.

Key Audit Issues	How the key was treated
<p>Impairment Losses of the Credit Portfolio under IFRS 9</p> <p>According to the description in Notes 3-c) and 11 to the Consolidated Financial Statements, the Bank's provision on loans loss represent the management's estimate on losses inherent of the loans portfolio, that comprises most of the consumer and mortgage commercial loans. At December 31, 2019, the total portfolio amounted to COP\$16,720,208 and the provision on loans losses was COP\$525,034.</p> <p>Such provision is determined for each loans portfolio using an estimated based on statistical model per credit loss expected for loans collectively evaluated loans, and using the difference between the asset's carrying value and the current value of cash flows discounted t the original effective interest rate of the financial asset for loans individually evaluated. The statistic estimates per credit loss are calculated using the statistical factors per credit loss, especially the default probability and the loss given default. Management applies here its judgment to assess the statistical loss estimates considering the different scenario, external factors and economic events that have occurred, but do not appear in the loss factors, yet. On the other hand, the individual provision calculation is based on the</p>	<p>My procedures included effectiveness tests to the controls in regard to the Bank's estimation processes. My procedures did also include, among others, the evaluation of the pertinence of the models and methodologies used to generate the statistical credit loss estimates of the credit portfolios. I did also test the key entries and evaluated the assumptions and judgments applied to the statistical estimate of credit loss, in addition to evaluating any adjustment to the credit loss estimates and the estimate of the future cash flows individually evaluated. All this included tests, as they may correspond, to the default probability, the Default resulting loss, the amount and time of the cash flows and the collateral fair value. In order to assess the scenarios applied by management to estimate the credit loss, I evaluated the impact reasonability of the external factors and economic events that may have occurred, but do not appears in the credit loss estimate, yet. Specialized personnel did not take part to assist me in the evaluation of the models pertinence and of certain statistic model of credit loss.</p>

<p>estimates of the loan cash flows, including the future credit losses and the realization of guarantees. By preparing the cash flows analysis, management applies its judgment, mainly in respect to the expectations on the amount and time of the cash flows and when the loan will be recovered through the guarantees and the cash flows that may result from the execution, discounting the costs to obtain and sell the guarantee which implies modeling various probable scenarios.</p> <p>The main considerations I had on the procedures related to the provision on credit loss to be considered as a key audit issue, are: (i) the need for an important judgment level by management to determine the modeling techniques used in its statistical estimates for credit loss, which in turn results in a high level of subjectivity for the Statutory Auditor; (ii) the subjectivity in the assessment of the audit evidence in respect to the relevance of the various scenarios assessed; (iii) the judgment to determine the future cash flows expectations and the fair value of the guarantees; and (iv) that specialized resources were involved to support the assessment of such audit evidence.</p>	
<p>Impairment Analysis of Mercantile Loans</p> <p>As indicated by Note 16 to the Consolidated Financial Statements, the consolidated balance of the Bank's mercantile loan was COP\$344,526 as of December 31, 2019. Management did n impairment test as of December 31 of each year, or more frequently if the events or circumstances indicated the mercantile loan book value may be impaired. The impairment is determined by comparing the recoverable value of a Cash Generating Unit with its book value, including the mercantile loan. Management estimates the recoverable amount using a discounted cash flows model. Management projections for the Cash Generating Unit included important judgment and assumptions in regard to the perpetuity growth rate, the inflation rate, the discount rate, and the growth and solvency index of the loans.</p>	<p>My procedures included, among others, management's process tests to develop the recoverable amount estimate, the pertinence evaluation of the discounted cash flows model, tests on completion, precision and relevance of the underlying data used in the model, and the evaluation of the significant assumptions used by management, including the perpetuity growth rate, inflation projection, discount rate, and the growth and solvency index of the loans. The evaluation of management assumptions on the perpetuity growth rate, the inflation projection, the discount rate, and the growth and solvency index, involved the evaluation of whether such assumptions were reasonable considering (i) the current and past performance of the Cash Generating Unit; (ii) the consistency with the external market and the industry data; and (iii) if such assumptions were consistent with the evidence obtained in other audit areas. I supported my self on professionals with</p>

<p>The main consideration I had for my determination that the procedures related to the impairment evaluation of the mercantile loan in the Cash Generating Unit are a critical audit issue, is the significant judgment applied by management to carry out the measurement of the recoverable amount in such units. This in turn takes to a higher level of judgment and subjectivity of the Statutory Auditor, and to a bigger effect in the performance of procedures to assess management's projections for the cash flows and its significant assumptions, including the perpetuity growth rate, the inflation projection, the discount rate, and the growth and solvency index of loans. Additionally, the audit effect implied the use of professionals with specialized skills and the knowledge to support the execution of such procedures and the evaluation of the audit evidence obtained.</p>	<p>specialized skills and knowledge to evaluate the discounted cash flows model and certain important assumptions, including the discount rate.</p>
<p>Properties and equipment at revaluated cost</p> <p>As indicated by Note 14 to the Consolidated Financial Statements, the Bank has real estate properties for COP\$724,748 as of December 31, 2019. Such assets are at revaluated cost and a valuation of such properties is made on an annual basis to adjust the fair value. These valuations are made by expert independent appraisers contracted by management.</p> <p>The main consideration I had for my determination that the procedures related to the evaluation of the revaluated cost of the Bank's properties is a critical audit issue, is the involvement of management experts, since specialized knowledge is required in order to define the properties fair value. In turn, this made the audit team experts carry out the validation of the reports issued by the appraisers, verifying from the management's experts suitability to the reasonability of the figures indicated for the real estate properties.</p>	<p>The procedures made and the evaluation of the audit evidence in regard to them, included, among others:</p> <ul style="list-style-type: none"> - Verification of the technical and professional suitability of the appraiser to do this type of activities. - Validation of the valuation method selected per asset considering its physical and legal nature. - Verification of the valuation report content. - Validation of the reasonability of the valuation final figure. <p>I supported myself on professionals with specialized skills and knowledge to evaluate the revaluated cost of the real estate properties that are recorded as properties and equipment in the Bank's Consolidated Financial Statements.</p>

Responsibilities of Management and of the Individuals Responsible for the Entity's Direction over the Consolidated Financial Statements

Management is responsible for the adequate preparation and reasonable presentation of these Consolidated Financial Statements, in accordance with the Accounting and Financial Information Standards accepted in Colombia issued by the National Government and of special character by the Superintendency of Finance to prepare the Consolidated Financial Statements of financial entities, and the management of risks that management considers necessary in order for the preparation of the Consolidated Financial Statements to be free of material misstatements due to fraud or error.

In the preparation of the Consolidated Financial Statements, management is responsible for the evaluation of the Entity's ability to continue as a going concern, disclosing, as it may correspond, the matters related to the going concern principle and using the going concern accounting principle, except if management intends to liquidate the Entity or to cease its operations, or that there is no other more realistic alternative than to do so.

The individuals responsible for the Entity's direction are responsible for the supervision of the Entity's financial information process.

Responsibility of the Statutory Auditor in regard to the Audit of the Consolidated Financial Statements.

My objective is to obtain reasonable assurance that the Financial Statements, altogether, are free of material misstatements due to fraud or error, and to issue an audit report that contains my opinion. Reasonable assurance is a high level of assurance, but does not guarantee that an audit made in conformity with the Audit and Financial Information Standards accepted in Colombia does always detect a material misstatement when it exists. Misstatements may occur due to fraud or error and are considered material if, individually or in aggregate, it is possible to reasonably foresee that they have an influence over the economic decisions made by the users based on the Financial Statements.

As part of an audit, in conformity with the Audit and Financial Information Standards accepted in Colombia. I apply my professional judgment and keep professional skepticism attitude during the entire audit. In addition:

- I identify and value the risks of material misstatements in the Financial Statements due to fraud or error, design and apply audit procedures to respond to such risks, and obtain audit evidence that is sufficient and adequate to provide a basis for my opinion. The risk of not detecting a material misstatements due to fraud is higher than in the case of a material error due to an error, since fraud may imply collusion, forgery, deliberate omissions,

intentionally erroneous statements or the elusion of internal control.

- I obtain an understanding of the pertinent internal control for the audit, in order to design audit procedures that are appropriate under the circumstances.
- I evaluate the suitability of the accounting policies applied and the reasonability of the accounting estimates and the corresponding disclosures made by management.
- I conclude on the suitability of management use of the going concern accounting principle, conclude of whether there is material uncertainty related to facts or conditions that may generate significant doubt on the Entity's ability to continue as a going concern. If I were to conclude that there is material uncertainty, I would be required to call the attention in my audit report on the corresponding information disclosed in the Financial Statements, or if such disclosures were not adequate, to express a modified opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Entity to cease being a going concern.
- I evaluate the global presentation, the structure and the content of the Financial Statements, including the information disclosed, and whether the Financial Statements represent the underlying transactions and facts in a way they reach a reasonable presentation.

Among other matters, I communicate to the individuals responsible for the Entity's direction the scope and the moment to carry out the planned audit and the significant audit findings, as well as any significant deficiency in the internal control I may identify in the course of the audit.

I do also provide to the individuals responsible for the Entity's direction a statement that I have complied with the applicable ethical requirements related to independence and communicate about all the relationships that may reasonably be expected to affect my independence and, if any, the corresponding safeguards.

Among the matters that have been communicated to the individuals responsible for the Entity's direction, I determined with then highest significance to the audit of the Financial Statements for the current period and that, consequently, are the key audit issues. I describe such issues in my audit report, except that the legal or regulatory provisions forbid me from publicly disclosing the issue or that, in extremely rare circumstances, I determine that an issue should not be communicated in my report because it is worth reasonably expecting that the adverse consequences of doing so would overcome the benefits of its public interest.

(Appears signature)

Edgar Augusto Pedraza Pulido

Statutory Auditor

Professional Card No. 19555-T

Designated by PwC Contadores y Auditores Ltda.

February 10, 2020.