MANAGEMENT REPORT
THE BOARD OF DIRECTORS AND PRESIDENT
BANCO GNB SUDAMERIS S.A.
2015

Contenido

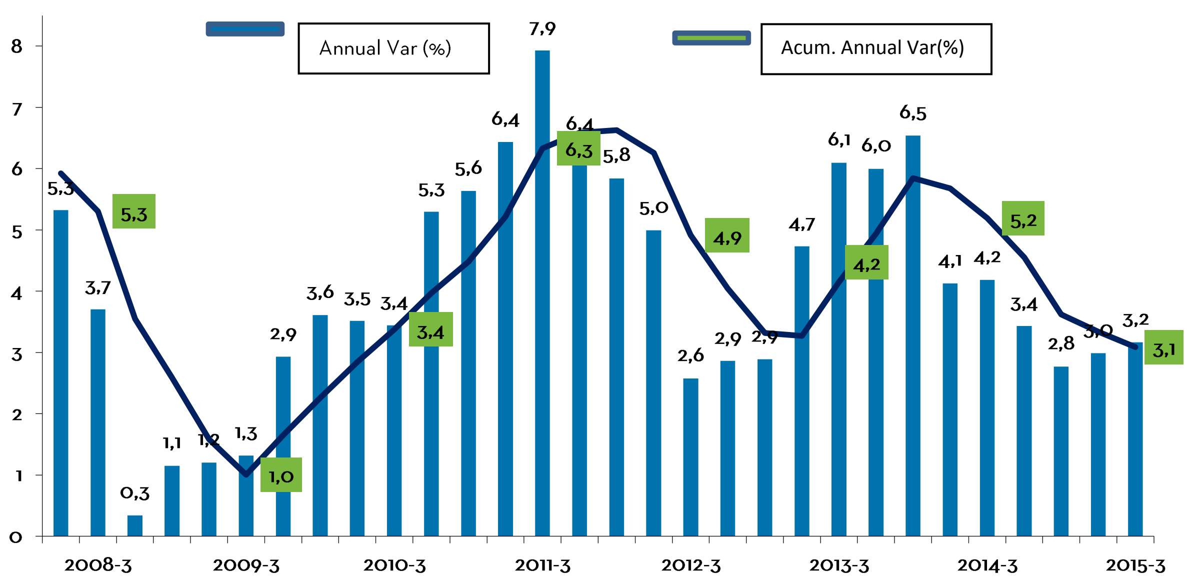
The Board of Directors and President of the Bank, present the 2015 Management Report, with comments on the macroeconomic environment, business evolution, economic, legal and administrative situation of Banco GNB Sudameris, and other issues indicated in regulations.

1. MACROECONOMIC ENVIRONMENT

1.1. ECONOMIC PERFORMANCE

In 2015, the Colombian economy presented a positive dynamic, with a 2.8% annual growth for the first quarter, 3.0% for the second and 3.2% for the third one. These outperform the main Latin American economies stand out among the strongest in the region. Third-quarter results surprised the market, which expected 3.0%, also driving fourth-quarter estimates to 2.9% and 2015 growth expectations 3.0% as the most likely result. In 2015 the economy was driven by household consumption, financial sector, and retail sector. Nonetheless, the external sector and the industry continued to hold back growth (although, in the third quarter the industry showed important signs of recovery, with 2.5% annual growth, after five consecutive quarters of contraction). Despite the country's strong growth compared to the region, the economy has slowed down (the year-on-year accumulated variation fell from 5.2% in 2014-3 to 3.1% in 2015-3), in line with the rest of the region. The last due to a reduction in international commodity demand as well as investment return to the United States after strong signals of recovery of its economy, the dollar strengthening and higher probabilities of interest rate increase by the Federal Reserve towards the end of 2015. In fact, te FED increased it 25 bp in December, from 0.25% to 0.50%.

GDP Annual and YTD % variation



*Source: DANE

Inflation ended 2015 in 6.77%, its highest level in the last seven years, and considerably above the Central Bank's target range ceiling (2%-4%). This result was derived from the two important risks materialization which will place pressure on inflation: -the exchange-rate devaluation pass-through to national prices, and El Niño climate phenomenon on food and energy scarcity. This increased food prices to a 10.84% annual pace, and increased housing prices on 5.38%. With the strong acceleration of inflation in 2015, the Central Bank increased its intervention rate by 125 bps to 5.75%, with 25 bps monthly increases since August, except for September, when the rate was raised by 50 bps. The upward risk's continues for 2016, as a result of the El Niño phenomenon and its intensified effects on goods and services supply; and exchange-rate pass-through. As a consequence, it is estimated that in 2016 the monetary policy rate increases around 125 bp, to 7.00%, underpinned on positive expectations for 2016 economic growth.

Unemployment rate continued falling, reaching during the third quarter the lowest level in history, finalizing the year in 7.3%. This allowed the country to keep its favorable image within the international scene, particularly given the constant struggle of developing countries to reduce unemployment rates.

In 2015 Colombian peso continued to devalue, in line with other emerging and Latin American currencies performance. This trend has been generated by two main reasons: stronger dollar and falling commodities international demand.

The stronger dollar was the result of successive liquidity injections by the Federal Reserve in 2014, but also was the result of American economy recovery signs, the continuous fall in unemployment, inflation and an increasing interest rate rising expectations in 2015.

The fall in international commodity prices had a strong effect on emerging and Latin American exporting countries, given revenue reductions and the heavy weight commodities carry on within trade balances. This implied a negative shock on dollar inflows and Colombia was no exception, on the contrary, it registered the region highest devaluation after Brazil's (37.3% annual, with COP $2,770.17 average exchange rate (TRM)). The peso usually have a strong correlation with oil prices (of the order of 0.94 since 2013), which in turn recorded a -47.5% fall on WTI and -46.1% on Brent. This strong correlation is due to Colombia's economy oil importance, since it represents around 40% of exports, and the oil and gas sector have been target of around 40% of foreign direct investment. As a result, during 2015, there was a negative impact on current account and on foreign investment, due to falling revenues and less investment incentives in the oil sector. Despite this, it is important to remember that elevated devaluation has offset negative effects on trade balance and investment.

The fall in oil prices during 2015 was a result of the structural shock's effects, generated in the market by: the increase of United States' oil production (now reaching 9.5 mbpd); OPEC continuous production; Iran's oil supply increasing expectations. Iran has the fourth largest world's oil reserves; as a result of the nuclear agreement achieved in mid-2015, which included trade barriers elimination imposed by the United Nations since 2006, the country is allowed to resume oil's exports since October 2015. Therefore, it's estimated that production may rise from 1.3 mbpd, to 2.3 mbpd during the first six months after sanctions are lifted.

As a result of energy's cycle widening, given the fall in oil prices, fiscal deficit is expected to increase from -3.0% in 2015 to -3.6% in 2016, still complying with the fiscal rule. The deficit increase obey higher government spending related to projects to be implemented in the next few years, in particular, the peace process and 4G infrastructure projects, (even though the project is structured as a Public Private Partnerships or PPP). But there are also health, education and housing projects. Despite this, it is expected to be able to cover additional spending with additional income resultant from 2014 tax reform, ISAGEN alienation, and increased control over tax evasion, as well as over foundations and cooperatives tax payments.

The Colombian economy is projected to grow 3.0% in 2015 and 3.2% in 2016. Construction and consumption will be driving forces, while the external sector could still present downturn risks. Some risks for 2016 are: oil price performance; a global economy's weak recovery, emerging countries slowdown, international commodities demand reduction and market reactions to Federal Funds rates increase.

At the national level, main risks are related to: the effects on production and inflation caused by the El Niño phenomenon; exchange rate performance and its pass-through to local prices and terms of trade; the fall in foreign investment, the trade balance performance; and reaction of economy and prices to the uptrend in the Central Bank's reference rate.

1.2. BANKING SYSTEM

As of December 2015 banks in Colombia reported good results, maintaining a profit growth of 22.4% in relation to the same period of the previous year, which by the end of the month stood at COP $9.63 trillion.

Financial sector's assets were COP $504.6 trillion, 14.1% up from the previous year, while equity grew 8.6%, from COP $62,0 to COP $67.3 trillion. The average equity return was 15.14%, up from 11.3% the previous year. The system maintained adequate capital ratios, at 15.06%, slightly lower than the 15.11% obtained the previous year. Risk levels were controlled; loan quality indicator decreased to 2.83%, and a coverage indicator was 155.92%.
Considering certain aspects of the economy, particularly inflation, falling oil prices, and accentuated peso's devaluation, the Central Bank increased its monetary policy rate four times over the year, by 125 bps to 5.75% by year -end.

In accordance with Central Bank´s policy measures, system deposits increased by 11.5% at December 2015, ending in COP $316.99 trillion.

System loans grew 15.67%, from COP $303.9 trillion in December 2014 to COP $351.6 trillion in December 2015. Commercial loans continued to be the strongest item in terms of volume, with 58.1% of total loans at December 2015 and growing almost 11.6%, while consumer loans grew 12.43%.

2. RELEVANT TOPICS

2.1. RATING

In September 2015 the Bank obtained an improvement on its credit rating by Value and Risk Rating, which gave a short-term risk rating of VrR 1+ and a long-term rating of AAA. Value and Risk Rating emphasized, amongst other things for this rating, the defined strategic direction to achieve greater positioning at local and international levels, as well as positive growth indicators, appropriate levels of efficiency and increased profitability, given synergies derived from optimization processes with the subsidiaries.

2.2. MERGER OF SUBSIDIARIES

In 2014 Banco GNB Sudameris acquired HSBC Colombia, which owned the share majority of HSBC Fiduciaria S.A and the trust company then changed its name to Fiduciaria GNB S.A. With the subsequent merger of the two banks, the Bank became the outright owner of the trust company, with 99.62% of the shares. The Bank also owns 94.88% of SERVITRUST GNB SUDAMERIS S.A's shares.

In order to bring together the experience of the trust companies in the management of the business, since they were in the same market segment, and to obtain better position within the trust industry, an advance notice of “fast track” merger was sent to the Superintendency by which SERVITRUST GNB SUDAMERIS would absorb Fiduciaria GNB. This process received a "no objection" reply from the Superintendency, and the companies merged on November 20, 2015.

With the merger, SERVISTRUT GNB SUDAMERIS acquired all the assets and rights, including those related to intellectual property, ensigns, trade names, patents, trademarks, movable and real property, investments, and all kinds of rights and obligations of Fiduciaria GNB S.A.

2.3. MARKET MAKER

During 2015 the bank played an active role in public debt auctions as market-maker candidate. Through resolution 1439 of December 29 2015, the Ministry of Finance appointed the Bank as a market-maker for 2016.

2.4. LOANS PORTFOLIO

The bank continued with its strategy of replacing payroll loans purchases to originators by direct placements, thus reducing the originators loan balances by some 40% between December 2014 and 2015. At the end of 2014 the Bank engaged its sales force and gave greater encouragement in 2015 to direct sales, achieving a growth in direct placements of more than 17%.

2.5 MINORITY SHAREHOLDER CHANGE

In October 2015 Gleanoaks Investments S.A. sold all of its shares on Banco GNB Sudameris to Banco de Sabadell S.A., which was left with a total participation of 4.99%.

2.6. IFRS ADOPTION

As of January 1, 2015 the Bank began preparing financial statements in accordance with IFRS, with exceptions of investments in financial instruments and loans, which continued handled in accordance with previous regulations (Basic Accountable Circular 100, 1995).

Likewise, through External Circular 038, 2015, the Financial Superintendency established the retransmission obligation under FULL – NIIF international standard and XBRL structure (Extensible Business Reporting Language) for interim quarterly financial statements, granting term until September 30, 2016.

During 2015, the Bank worked intensively on both, XBRL taxonomy implementation, as well as in FULL – IFRS financial statements preparation, for which it was necessary to design a deterioration model for the Colombian system loans portfolio, as well as Peru and Paraguay's loans portfolios model.

3. 2015 RESULTS

3.1. FINANCIAL MANAGEMENT

In 2015, despite a complex economic panorama and given the economic slowdown in Colombia, the Bank continued to grow and obtain a positive final result.

By 2015 year end, the Bank's net profit was COP $150,061 million, generating a 12.7% ROE, which is higher than the previous year.

Assets grew by COP $2.1 trillion, ending the year with COP $19.6 trillion, in which loans accounted for COP $7.3 trillion, growing 7.7% compared to previous year, maintaining good quality and coverage loans levels of 1.63% and 163,1%, in comparison to banking sector average, which in November marked 3.01% and 145.8%, respectively.

The Bank ended the year with deposits and liabilities at similar levels to those of the previous year, $11.23 trillion compared to COP $11.26 trillion in 2014. Equity closed at COP $1.25 trillion, compared to COP $1.14 trillion previous year, explained by the withholding of 100% 2014 and accumulated 2015 profits, which kept capital ratio at 17.5%.

3.2. STRATEGIC PROJECTS

As part of its business plan, the Bank projected targets and strategic plans to allow the organization a gradual and sustained grow in the short and medium term. The Board of Directors followed up the progress on a regular bases throughout the year. In 2015, some of the indices, such as administrative efficiency and loan quality, continued to be among the top within the banking system. Furthermore the good solvency level, due to financial results and the shareholders support, underpinned investment and loans growth, which allow the Bank to maintain its current position within banking market.

During 2016, coordinated work will continue to be done with the three-year business plan, its strategic objectives and projects.

4. SUBSIDIARIES

As one of the Bank's strategic objectives, during 2015 there was constant follow-up of the complementarity and deepening relations process between the Bank and its subsidiaries, as well as a constant follow-up to the main management indicators.

Banco GNB Peru. Assets ended 2015 at USD $1,443 million; final result was USD $11.8 million, showing a 12.4% increase compared to December 2014, when it was USD $10.5 million. Equity was USD $155.6 million.

Banco GNB Paraguay. Reported positive accumulated results, USD $15.1 million and growing 21.0% compared to previous year. Assets ended at USD $822.5 million, while loans summarized USD $586.6 million and equity USD $84.3 million.

Servitrust GNB Sudameris. With its merger process, absorbing Fiduciaria GNB on November 20, 2015, the two entities' technology and operations were successfully integrated, and incorporated into Servitrust GNB structure, with functions, posts, processes and business from Fiduciaria GNB. Two funds were incorporated into Servitrust GNB (the Open FIC and the Public Debt FIC). In addition, there was the Voluntary Pension FIC. The Cash FIC ended with COP $173,918 million; Open FIC reported COP $270,861 million; the Public Debt FIC reported COP $11,124 million; and the Voluntary Pension FIC ended with COP $50,489 million. Final result was a profit of $5,602 million; with at COP $46,727 million; assets of COP $59,418 million, and a ROE of 9.81%.

Servibanca continued to grow stronger, broadened and updated its ATM network, in more than 682 cities and towns and 2282 machines installed, 72 more than preceding year. The level of transactions in Colombia and abroad flourished, and generated important revenues for this subsidiary. By December, it has an outstanding profits growth in of 25.3% or COP $17,814 million more compared to COP $14,217 million the previous year. Assets closed the year at COP $124,118 million compared to COP $107,913 million the previous year. Equity grew from COP $15,162 million, to COP $84,456 million, up 23.25%.

Servivalores GNB Sudameris, the securities broker, made a profit of COP $1,785 million in the year, and continued to be positioned among the top ten firms in the sector. The total assets closed at COP $43,435 million, equity at COP $31,036 million and ROE of 5.88%. Funds volumes, Poder and Rentaval, close at COP $9,420 million and COP $21,953 million respectively.

Servitotal GNB Sudameris. This subsidiary, created to provide technology services, is actually at strategic technology planning stage for 2016.

5. RISK MANAGEMENT

During 2015, the Bank maintained permanent control and risks monitoring, through a number of different bodies, particularly the Board of Directors, the Bank's President the Risk Management Department, and other areas involved in control functions. They reviewed regulations, policies and procedures, ensuring that there were no excesses and assuring limits compliance, recommending any necessary measures to mitigate the occurrence of any possible event.

It should be noted that during the period, there were no events which affecting results.

The following are the most important associated risks issues.

5.1. CREDIT RISK - SARC

Defined credit risk management stages (measurement, identification, monitoring and control) continued being developed internally, following guidelines provided in Chapter II and related Annexes of Superintendency Circular 100/1995.

Reference models.

Regarding to reference models functionality for commercial (MRC) and consumer loans (MRCO), they continue to operate in accordance with parameters set by the Superintendency (Circular 35/2010, Annexes 1-5, Chapter II, Circular 100), where are mentioned issues related to provisions calculation and customers' risk classification for both portfolios. These models have been reviewed by the Statutory Auditor, who certified that they are in accordance with regulations.

Loan provisions' rating homologation and calculation equivalences model for abroad subsidiaries

In order to comply with Superintendency's regulations related to conglomerate financial statements' consolidation and based on Colombian regulations, the Bank designed and implemented a model for classification and calculation equivalence of abroad subsidiaries' (Peru and Paraguay) loan provisions, which is operating in these two countries since October and November 2013.

Loan provisions establishment model under IFRS

The Bank has designed and implemented an internal credit risk model to calculate incurred losses (loan provisions), in order to comply with IFRS. This model for loan provisions under IFRS was reviewed by the Statutory Audit, who certified that it was in accordance with regulations.

Conferment and tracking qualification models, and rating model

Conferment and tracking qualification models, and rating model have been operating normally. Updating and calibration of these tools began in November 2015 to strengthen predictability and to have a more robust methodology.

Internal regulations

In order to comply with Superintendency's instructions in Circular 100/1995, Chapter X, "Consolidated Financial Statements", which regulates the consolidated financial statements presentation for parent and abroad subsidiaries, the Bank issued the circular titled "Equivalent classifications of loans and provisions calculation for subsidiaries outside Colombia", in order to pursue the process of obtaining equivalent classifications of risk, and loan provisions calculation for the conglomerate, attending "Credit risk management" guidelines on Chapter II , within Superintendency's Circular and its Annexes 1-5, related to international subsidiaries (Peru and Paraguay) regulators. This process has been followed monthly, since October 31, 2013.

Credit Risk Management System's Manual - SARC, and Credit Risk Unit's Procedure Manual are duly updated.

External regulations

The Ministry of Finance issued Regulatory Singular Decree 1068 on May 26, 2015, to regulate the public-private sector, which regulates the Bank's operations with Public Credit

5.2. MARKET RISK –SARM

The Bank has implemented the Market Risk Management System to comply with current regulations, contained in Superintendency's Circular 100/1995, Chapter XXI and its Annexes.

The System contains risk management policies and procedures, and defines limits and attributes for various types of operations, fundamentally supported by the National Risk Management Division and the Risks Committee, as an organ of control and compliance.

Related to market risk VaR limits were approved in accordance with portfolio structure and managed business, as well as financial and real sectors' counterpart limits and operating and trading privileges.

The Bank uses the Superintendency´s standard method to measure market risk, as defined in Annex one, Chapter XXI of the Basic Circular. It also has an internal VaR model (EMWA), which uses historical data with declining time-weighting.

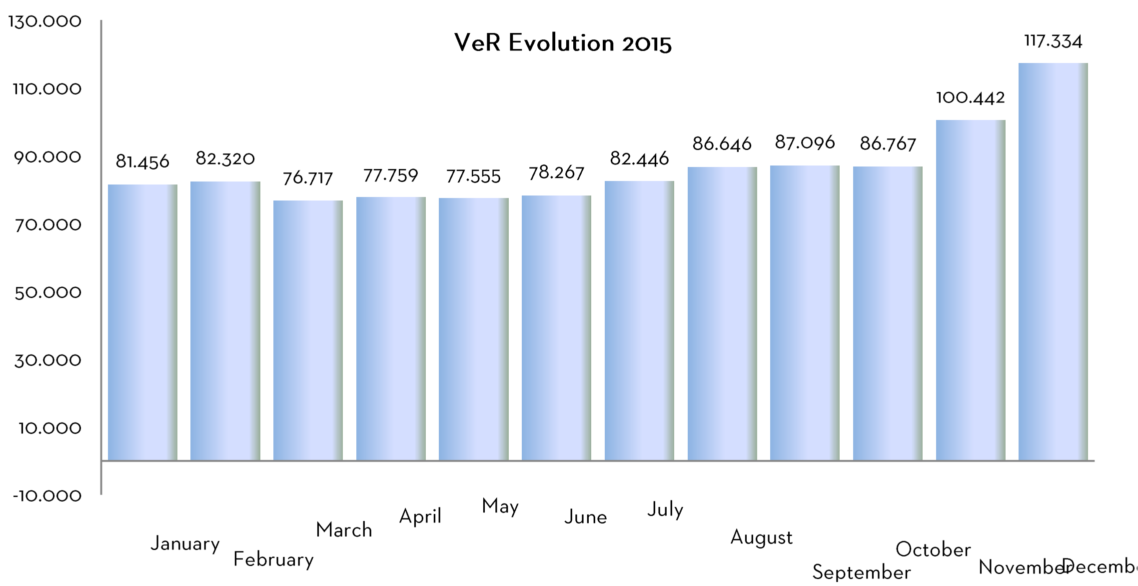
In 2015, the Bank followed its regional strengthening strategy, and related to Peru and Paraguay subsidiaries' acquisition, developed hedging mechanisms through subordinated bonds and a multilateral lender loan. The Bank expects to mitigate exchange risk using hedging accountable tools.

Hedging accounting treatment is subject to methodological requirements compliance which guarantee efficacy. The Bank carries out quarterly tests to ensure this compliance.

VeR Evolution

As of December 31, 2015 regulatory VeR ended at COP $117,334.36 million, compared to COP $27,964.09 million the previous year. Growth was mainly due to COP $33,382.29 million increase in interest rate's VeR.

The maximum VeR in December was COP $117,454.78 million and the minimum COP $102,038.59 million. Throughout the year the maximum was COP $117.454,78 million and the minimum COP $72,712.87 million. The monthly maximum VeR during the year was COP $117,334.36 million and the minimum was COP $76,717.06 million.



As of December 31, 2015 the risk factors' measurement (Form 386), showed the following:

2015 VALUE AT RISK MODULES	
RISK	**VALUE**
Interest Rate	116,634
Exchange Rate	37
Share Price	522

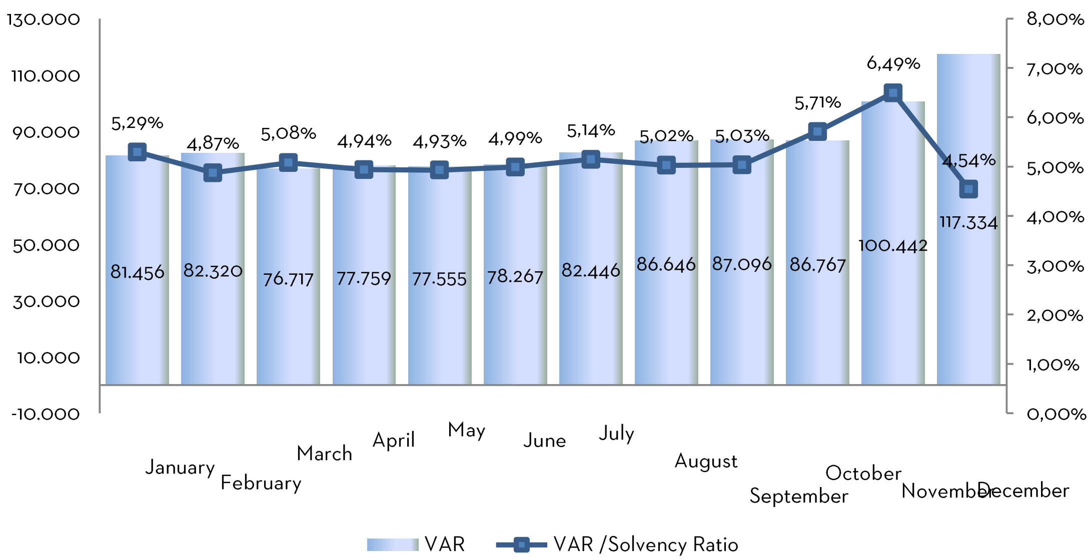
Funds	142
TOTAL VALUE AT RISK	117,334

Million COP

Effect of VeR on Computable Capital

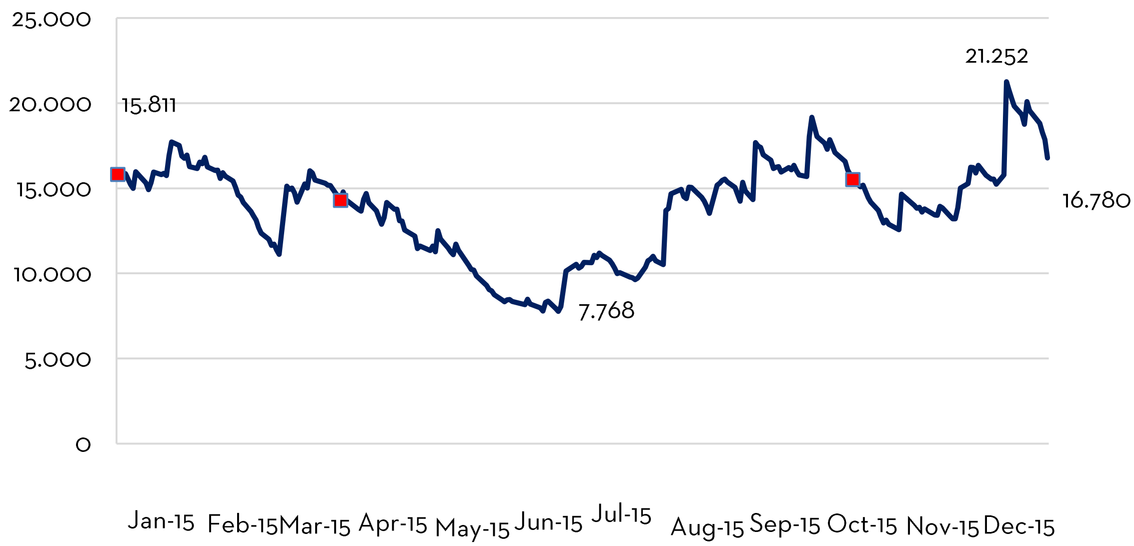
Investment capital represented 6.47% of computable capital. Its highest level was recorded in May 2009, with 14.8%. By December 2014 it was 5.67%.

VeR Relation/ Solvency Ratio



VaR Evolution

According to results obtained through the internal VaR model, which employs historical series waited towards more recent data, with a confidence level of 95%, standard deviation of 1.65, and a Lambda decay factor of 94%, the performance of 10-day VaR during 2015 was as follows:



	Investment Portfolio	Var	Var 10 days	Duration
Average	$ 5.863.011,51	$ 4.408,61	$ 13.941,24	1,25
Maximum	$ 6.361.367,26	$ 6.720,63	$ 21.252,49	1,45
Minimum	$ 5.107.445,66	$ 2.456,47	$ 7.768,03	1,07

5.3 LIQUIDITY RISK - SARL

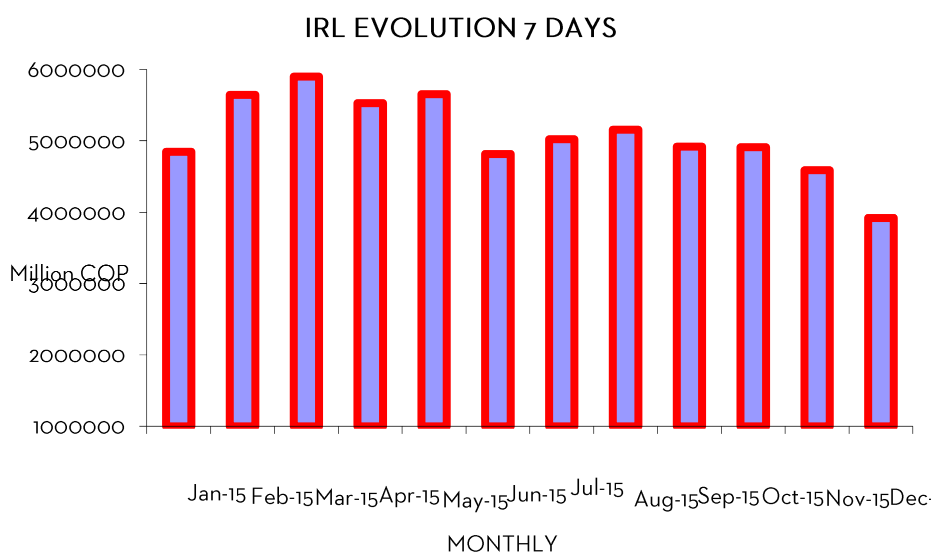
During 2015, the Bank complied with Superintendency's Circular 100/1995, Chapter VI, related to liquidity risk.

On October 30, 2015 the Central Bank issued Resolution 15/2015, setting rules on exchange risk indicators and short-term exposure indicators, which exchange market intermediaries must comply. This was amended by Circular DODM 361, to make some changes on calculations. The first of these resolutions refers to both individual and consolidated spot position, and the second to consolidated liquidity risk indicators by currency, and individually by country.

The Superintendency added positive and negative limits to the exchange risk, and added short term individual and consolidated indicators. These reports are sent monthly to the Central Bank.

The Bank maintained a positive and favorable liquidity indicator (IRL) during the period, as a result of an appropriate strategy related to a high liquidity structural portfolio, in order to cover any eventuality.

In 2015, the 7-day liquidity risk indicator performed as follows:



LIQUIDITY RISK INDICATOR	
(Million COP) Last 12 months	
RISK	**LRI 7 Days**
Maximum	5.900.514
Minimum	3.918.399
Average	5.006.778
Last	3.918.399

Liquidity risk management internal indicators

Liquidity coverage indicator (ICL)

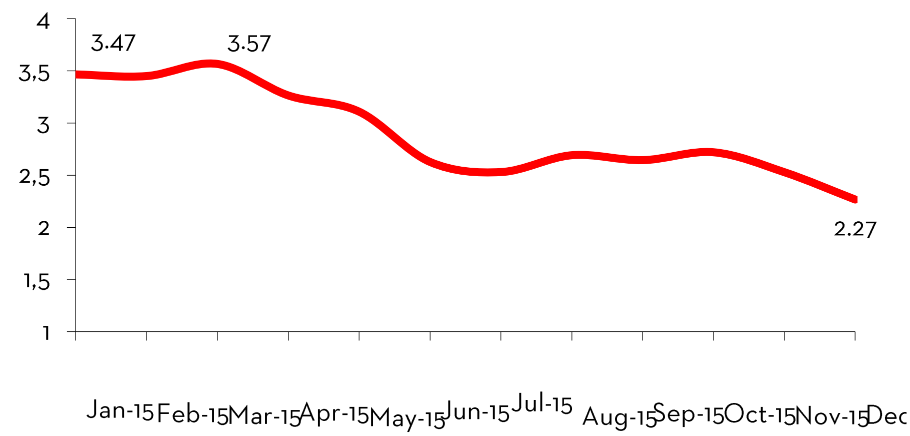
This indicator measures, in normal conditions, the ratio between high-quality liquid funds (level I, 2A and 2B) assets, and deposit outflows on a 30-day horizon.

To determine the impact, it is assumed that sight deposits balances are reduced in the calculation of 30-day volatility, and that no term deposit is renewed during the analyzed horizon, which is the maximum probable normal withdrawal in seven days (MRPN 30). The indicator must remain above 100% or greater than 1 and is defined as follows:

$$ICL = (ALM + ACM) / MRPN\ 30$$

The indicator's evolution during 2015 was held above the limit, with an average of 2.91 (or 291%), a

3.57 (or 357%) maximum and a minimum of 2.27 (or 227%), finally closing at 2.27 (or 227%), as follows:



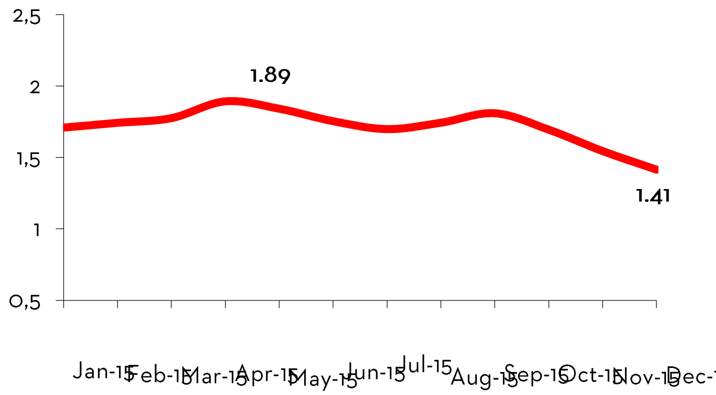
Stress liquidity coverage indicator (ICL)

This indicator measures the ratio between high-quality funds (level I, 2A and 2B assets) and net deposit outflows over a 30-day horizon, in a stressed scenario. This time is assumed to be the necessary so that the bank or its supervisor could take the necessary actions to execute liquidity contingency plans in an orderly fashion.

In order to determine the impact of the stress situation, it is assumed that sight deposits' volatility are under stress, and that no term deposit is renewed during the horizon analyzed, which is the maximum probable withdrawal in 30 days (MRPN30). This indicator must be held above 100% and is defined as follows:

$$ICL = (ALM + ACM) / MRPN30.$$

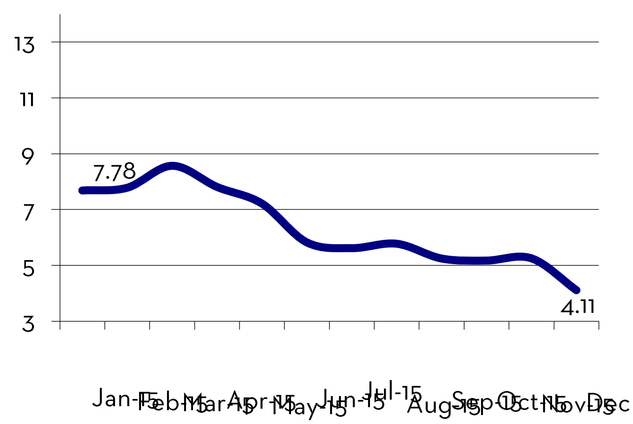
During 2015, the indicator held above the requirement, averaging 1.72 (or 172%), and between a maximum of 1.89 (or 189%) and a minimum of 1.41 (or 141%), finally closing at 1.41 (or 141%).



Excess Deposits Indicator (EDD)

This indicator measures the banks capacity to maintain liquid assets. It's the result of the excess amount of deposits after funding loans with own resources, divided by the total value of these liabilities. The indicator must remain above the 30 day net liquidity requirement.

During 2015, the indicator was above the 30 days' RLN, averaging 6.34 (or 634%), a 8.57 (or 857%) maximum and a minimum of 4.11 (or 411%), finally ending at 4.11 (or 411%).



5.4. OPERATIONAL RISK - SARO

The Bank and subsidiaries' Operational Risk Management System comprises operational and business continuity risks, and is supported on policies definition, procedures and management methods its, through risks' identification and classification, recording the follow-up of operational risk events, evaluation of controls, and development of action plans and strategies for mitigation.

In compliance with Superintendency's regulations, operational risk management process continued in 2015, concentrated on measures to help reduce losses in this area, and to help maintain exposure levels within tolerable limits, through appropriate management and control schemes. Beyond regulatory compliance, Operational Risk Management has proposed it as a Bank's and subsidiaries objective, the processes evaluation from the risk analysis standpoint; based on that analysis, proceed to differentiate causes, events, effects and the impact of Operational Risk (RO), defining adequate strategies for the full risks treatment, with a preventive approach.

In accordance with the most recent evaluation, the Bank's operational risk profile was classified as low.

During 2015, the Board of Directors, the Bank's President, the Operational Risk Department and control organs continued with the culture strengthening, within the Bank and its subsidiaries, to control operational risks, action plans definitions and opportunities identification for internal control system's improvement processes . Amongst others, the following activities were undertaken:

- As for the Bank and its subsidiaries in Colombia and abroad, in the first quarter of the year the team continued to emphasize in risks classification by business process, causes and risk factors. Events continue to be recorded following the organization's business lines, as well as procedures were consolidated to extract and classify materialized risks from the system.

- The Bank continued making risks calculations and evaluating the impact based on occurred operational risk events, as well as conducting quantitative evaluations and performance analysis through operational risk indicators. The Bank and its subsidiaries in Colombia and abroad, continued to manage operational risk, incorporating best risks practices into the SARO model, a scheme based on risk management by process and cause, identifying key business risks, and allow setting up the effect of existing controls over them.

- A detailed review was made with various areas of the organization, about the reporting events processes, matrices, and materialized risks evaluation in 2014, consolidating the tracking measures and plans' procedures for treatment based on the model and risks, controls and reported events. At the same time, operational risk indicators review and occurred events comparison were set up, to improve risks knowledge to which the Bank is exposed.

- The Bank continued doing emphasis on tracking, focusing, actions and treatment plans business processes over those which presented operational risk events, mainly due to fraud effects in transactions realized through electronic means and channels, with a significant reduction due to controls and improvements implemented. That was possible thanks to the mitigation of the probability of occurrence, the impact of the customer training program in certain security measures, the "EMV chip" technology implementation in ATMs, security strengthening and adaptation in systems and transaction channels, and transactional monitoring.

- Aware of the fraud prevention importance, which is a part of SARO, the Bank consolidated transactional monitoring as a key control. The main objective is to prevent internal and external fraud through the application of procedures focused on verification of the timely and appropriate controls activation required by the Bank and its subsidiaries for each financial transaction, according to variable parameters which include unusual or atypical transactions, which do not correspond to transactional habits of each client.

- During 2015, there was a special emphasis on work related to the project for the merger of the trust companies, and their interrelation with the Bank´s systems, unifying SARO administration, which included consolidation and certification of balances, reporting of events, unification of procedures, tools, and users required by new workers, areas, products and associated services. The risk matrices were prepared for the merger project, and the systems and operations' stabilization process for the Bank and the merged subsidiary was followed up.

- In the first half of 2015 the Bank began working on updating potential risk matrices and controls, as well as on updating the business impact analysis or critical processes matrices (BIA-APC), through meetings with the Banking Operations Department attached to the Bank and subsidiaries' Operations and Technology Division.

- The Bank continued with the permanent training process addressed to Bank and subsidiary workers under different approaches, including virtual and face-to-face training, with reinforcement in operational risk for staff pending qualification, or those who have not qualified as required in the general operational risk training, and in risk formation in induction processes for new workers, processes and training sessions for specific areas and third parties through reinforcement and consolidation of the methodology, procedures and systems used in reporting events and risk assessment. As a member of the Banking Association´s Operational Risk Committee, the Bank took part in in training, preparing and updating documents used on reporting and recording operational risk events.

- Work continued in 2015 on strengthening the business continuity plan, through infrastructure and procedures to operate in the Contingency Operation Center and the Alternate Computer Center, designed to enable the Bank to attend critical business processes in the face of significant failure or damage to installations were the main computer center operates. The consolidation of that plan and infrastructure considered the development of functional testing and contingency operation. The Bank continued to play an active role in tests with service suppliers, mainly those of financial services and telecommunications.

The following were among the activities developed during 2015 in the Bank and its Colombian subsidiaries:

- The update of contingency plans, designed to minimize the impact which could cause an event of services interruption for the Bank and its subsidiaries.

- The update of the contingency plan in the scenario of inability to access the administrative offices.

- Test to certify the Contingency Operation Center (COC) functionality and productivity, in terms of internal services and financial services.

- Tests to suppliers which are critical to the Bank and its subsidiaries; active participation in business areas and passive for the supplier to make his testing scheme.

- Contingency operations and internal tests for the Bank and subsidiaries. With regard to third parties - outsourcing contracts - visits were made to critical suppliers, with follow-up action on industry basis (Asobancaria) and contingency plans.

5.5. MONEY-LAUNDERING AND TERRORIST FINANCING RISKS – SARLAFT

The Bank is aware that money-laundering and the financing of terrorism may be present to some extent in the business environment, and that they represent a major threat to the stability of the financial system. The Bank strictly complies with the terms of Article 102 of the Financial System Statute; Part I, Title IV, Chapter IV of the Basic Legal Circular (29/2014); the recommendations of FATF (Financial Action Task Force on Money Laundering); and all complementary rules and recommendations related to the risk of money-laundering and terrorist financing.

As an entity subject to the Superintendency's control, the Bank has adopted appropriate control measures designed to prevent it from being used to give the appearance of legality to assets which proceeds from criminal activities, or for the channeling of funds towards terrorist activities.

The Board of Directors, the President and the Compliance Officer, have consequently defined appropriate policies and procedures to manage money laundering and terrorist financing risks, making it possible to identify, measure, evaluate, control and monitor these risks.

Implemented SARLAFT covers all Bank activities in the course of its principal business, and covers procedures and methodologies which protect the Bank from being used directly, that is, through its shareholders, managers and other stakeholders, as an instrument for money-laundering and / or channeling funds towards terrorist activities, or concealing assets which proceed from those activities.

The Bank has a number of different instances that make part of the process of money-laundering and terrorist financing's control and management such as: the Compliance Unit led by the Compliance Officer, the Financial Auditing and the Statutory Audit, all of whom are responsible for ensuring SARLAFT proper functioning, in accordance with Bank policies' compliance evaluation, and promoting the corrective measures adoption which may be necessary to its improvement.

The Bank has an annual training program addressed to all staff and managed by the Compliance Officer, whose purpose is to promote the SARLAFT culture. The mechanisms and control instruments for money-laundering and terrorist financing prevention are found within the SARLAFT Procedure Manual and the Code of Conduct, both approved by the Board of Directors.

The Bank complies with Financial Information and Analysis Unit (UIAF)'s requirements, making the required reports for cash, foreign currency, exempted customers and suspect operations. Regarding this last report, after the analysis of customer transactions identified as unusual during 2015, no operations were found to be considered suspicious.

Through Circulars 109/2015 and 110/2015, the Superintendency reinforced the obligation to keep confidentiality of suspect operations reported to UIAF, and presented matters related to the administrative agreement between the Ministry of Foreign Affairs, the Attorney-General's Office, the Financial Superintendency and UIAF. As a result, the Bank continues to handle information at the highest level of management, and with total confidentiality.

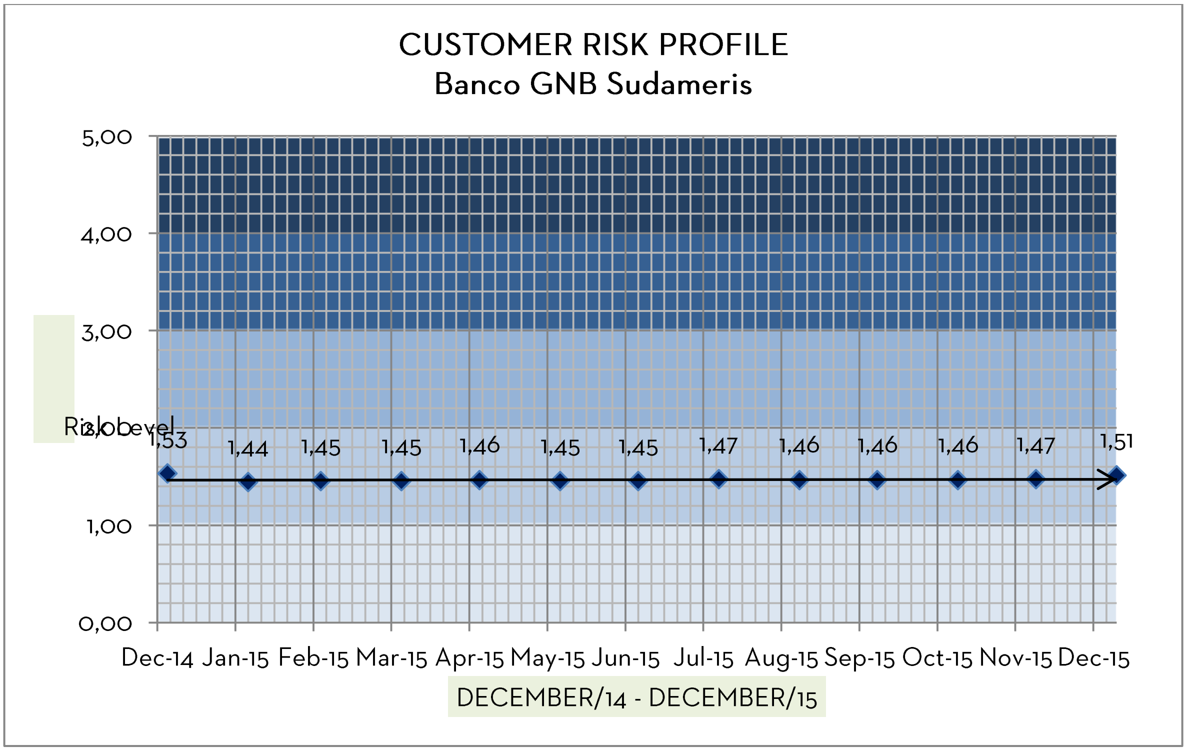
Regarding to the economic effects of SARLAFT policies' application, the Bank has not suffered any adverse patrimonial effects due to events involving such activities.

Risk profile Evolution

According to the Bank's risk management, which includes a risks evolution review depending on identified risk factors, and associated risks and controls assessed in an evaluation made at December 31, 2015, it was determined that 100% of risks have been classified as low probability and low impact.

Regarding to Risk Factors segmentation, for which the criteria of section 4.2.2.3.2 of Circular 029/2014 must be taken into account, in which the individual profile of a customer is defined, it is noted that the average consolidated risk level for 2015 was 1.46. Since risk levels are rated between 1 and 5, five being highest level of risk, it is evidenced that the Bank's level is generally low.

The following is the detailed evolution of the comparative monthly risk between January First and December 31, 2015.



5.5.1. FATCA

Along 2015 the Bank fulfilled all the legal FATCA requirements, including the registration with the Internal Revenue Service (IRS); the GIIN (Global Intermediary Identification Number) for the purposes of the Foreign Account Tax Compliance Act of the United States of America (Foreign Account Tax Compliance Act - FATCA); registration and sending the required information for individuals identified as FATCA clients. In accordance with the above, the Bank complied with all FATCA legal requirements.

6. CORPORATE GOVERNMENT

Through the Financial Superintendency's Circular 028/2014, the Bank presented the New Country Code, the Best Corporate Practices Report adoption and terms for transmission were established. The Bank completed its first processing and transmission for the implementation report, under January 29, 2016's instructions informing the Bank´s 2015's situation (Annex 1). Following Superintendency's instruction, the Bank's General Shareholders Assembly, in an extraordinary meeting held in September 2015, approved the corporate bylaws amendment, by adding a new article that establishes that all Bank's administrators, managers and staff must comply with adopted recommendations related to corporate practices and control measures to guarantee compliance. It also approved for a better understanding the bylaws compilation.

7. SYSTEMS AND ORGANIZATION

The Bank has constantly worked on the strengthening of its levels of review and supervision, information systems with general controls and application to secure the integrity and information timeliness, considering security, the processes quality and confidentiality, amongst other factors.

The internal updating of regulatory documentation continues to make progress, ensuring that all processes are properly documented. Work has also continued with the implementation of improvement and control proposals, with support activities that improve quality and facilitate the areas' processes management. The following are particularly important:

- Manual of policies for the credit risk management system - SARC
- Code of Ethics and Conduct for treasury activities, and other securities market activities
- Good Corporate Governance Code.

In order to enhance transactions security, to continue with the strategy of strengthening security mechanisms and good practices for fraud management, and to reduce customers' complaints and claims, transactions controls over the Bank's presence and non-presence channels were optimized.
Customer information updating is a current and permanent policy of the Bank.

Tests were made to the business continuity plans, to evaluate and secure the processes execution undertaken in each area of the Bank.

It was provided the support required to complete the merger between Fiduciaria GNB and Servitrust GNB Sudameris.

Likewise, in order to generate greater effectiveness, quality and integrity in the Bank's processes, support was given to development, implementation and/or formalization of the following improvements and assurances:

- Controls optimization for transfer operations, cashier's checks issuance, Internet Banking activation, data updating and Debit Card advances for individual and corporate customers, in order to increase security in transactions.
- Operational processes optimization and regulatory adjustments related to payroll loan operations.
- Assurance, restructuring and optimization of card operational processes.
- Restructuring, optimization and adjustment of the processes involved in attention to petitions, complaints and claims in the Customer Attention Center.
- Optimization of the administrative collection management process.
- Security adjustments on PSE channel.
- Strengthening of business continuity processes.

8. FINANCIAL CONSUMER ATTENTION SYSTEM EVALUATION – SAC

During 2015, all of the Customer Attention System (SAC) aspects were pursued and completed, based on policies, procedures, structure and infrastructure defined by the Bank, to offer and guarantee due attention, protection and respect for financial consumers, through a range of attention channels provided by the Bank, following this activities:

Assurance and optimization

- Implementation of email dispatch statements process for credit cards and revolving credits to customers migrated in the merger process.
- Customer Service Guide implementation and publication, with clear and timely answers to facilitate inquiries about procedures from National Office Network and Call Center advisers.
- Consultation tools publication like the following instructives: credit cards data sheet, functionalities' specification for personal internet banking and interest settlement brochure.
- Emergency plans establishment addressed to stabilize opportunity levels in attention to financial consumers' requests, complaints and claims.
- Identification and implementation of an activity plan designed to optimize internet banking activations.
- Identification and implementation of an activity plan designed to control the timely delivery of statements to customers through the means offered by the Bank.
- New methodology implementation to measure the probability of occurrence and impact of situations which might affect due attention to financial consumers.
- Implementation of an activity plan designed to update customers' emails and to guarantee the statements' timely delivery.
- Implementation of an activity plan to identify and establish a new service strategy called "Express Service".
- Stabilization of opportunity indicators in the attention to financial consumers' petitions, complaints and claims.
- APB tool adaptation in order to optimize the setting down of cases presented by financial consumers (typologies debugging, revision and modification of parameterization).
- An activity plan related to the service strategy called "Express Service" was introduced, identifying and implementing a service protocol for typologies such as request copies of extracts, Credit Card payment-extensions requests and not dispensed by ATMs, among others.
- Implementation of new activities designed to stabilize the opportunity indicators in attention to financial consumers' petitions, complaints and claims such as: update and implementation of informative guides, and enabling of emails as a mean for the timeless reply to complaints and claims, amongst others.

Training plan

During 2015, a virtual training plan was addressed to all staff on the following issues:

- Internal control system
- Consumer banking products and services
- Customer segmentation
- Banking-insurance
- Service to financial consumers
- Products and services for consumer banking, and services for financial consumers
- Reception of tax payments
- Financial consumer service system -education for the financial consumer

Financial Education Program

During 2015, the Bank continued working on the Financial Consumer Education Program, designing permanent plans and programs and using its website as principal channel. Some highlighted matters are:

- Recommendations to facilitate Internet banking transactions
- Revolving loans
- Charging of administration fees on credit cards
- Annual cost report
- Recommendations for easy and quick consultation of financial movements in electronic statements.

Customer Service System's management stages - SAC

As part of the work during 2015 on the Customer Service System's stages the Bank followed-up and monitored management indicators statistics' performance related to attended complaints and claims. It also developed new activities and strategies addressed to the Bank's objectives achievement, such as:

- Identification of new treatment plans addressed to reduce events or situations' occurrence probability which could affect financial consumer suitable attention, such as activities to clarify information registered on income tax annual certificates.

- Review and delivery of SAC's controls to responsible areas for its execution, updating and assurance, in order to minimize grounds for claims.

9. IMPORTANT EVENTS AFTER FINANCIAL YEAR CLOSURE

After the close of fiscal year 2015, there are no relevant facts to mention in this report.

10. BANK'S FORESEEABLE EVOLUTION

For 2016, the Bank expects a challenging economic situation. Nevertheless it will continue with the general lines of growth, maintaining its market niches and strengthening current business lines, all framed within adequate profitability margins with low risk exposure, in order to keep up with appropriate capital levels, assuring the Bank's long term permanence and growth.

11. SPECIAL REPORT: OPERATIONS BETWEEN RELATED PARTIES

As of December 2015, the Bank carried out operations with its related parties, all within the legal framework that regulates its activities and whose supports rest in financial statements and corresponding notes.

12. OPERATIONS WITH SHAREHOLDERS AND ADMINISTRATORS

Under Article 47 of Law 222/1995, amended by Law 603/2000, the Bank certifies that as of December 2015 Banco GNB Sudameris registered credit operations with whoever was its shareholder until October 2015, GLENOAKS INVESTMENTS S.A., with a USD $57 million balance. Operations with Administrators were also conducted as staff loans, realized in accordance with the Bank's policies and procedures and whose details are available to the Superintendency.

It is pointed out that with regard to related parties transactions, directly or indirectly, the contractual conditions were approved under normal trading and risk criteria, and at market rates, or eventually, with similar operations' conditions carried out with other clients, following for the purpose, legal rules and exceptions and under appropriate authorizations.

13. DISCLOSURE AND CONTROL SYSTEMS PERFORMANCE EVALUATION

Following Article 47 of Law 964/25 2005, Banco GNB Sudameris has an appropriate disclosure and control financial information system, which enables it to following-up results permanently, and monitor the various risks to which the Bank is exposed. The Bank uses this system to control efficiently established plans and budgets compliance, allowing it to take timely decisions in the face of any eventuality. The Bank verifies permanently the controls functionality, and reviews processes to consolidate, construct and delivery its financial information reports following structure and schedule established by internal and external supervision and control organs, as well as management reports related to own position, balance sheet, profit and loss statement and treasury operations results, in order to keep the Board informed with regard to the Bank´s operations and to facilitate analysis and decision-making.

14. INTERNAL CONTROL SYSTEM EVALUATION – SCI

With regard to the evaluation of the Internal Control System (SCI), there is an independent section which informs about the SCI performance evaluation on each element stipulated in Circular 029/2014, including an efficacy evaluation of internal controls for subordinated companies (affiliates or subsidiaries) (Annex 2).

15. INFORMATION REQUIRED BY ART. 446.3 OF THE COMMERCIAL CODE

All the information indicated in Section 446.3 of the Colombian Commercial Code, will be presented to the Annual General Meeting of Shareholders, and is available in the General Secretary's office.

16. INTELLECTUAL PROPERTY AND COPYRIGHT LEGAL COMPLIANCE

Banco GNB Sudameris has legally acquired the software it uses, with correspondent licenses, according to the Law 603/2000 terms (Intellectual Property and Copyright). The Bank also designed, regulated and documented control mechanism for its acquisition, development and maintenance. In addition, there is documentation to show that software installed and used has the required licenses.

In compliance with Superintendency Circular 16/2011, we attach to this report (Annex 3), the Bank´s Auditor certificate, as a proof that the software used by the Bank has been legally acquired and has the correspondent licenses as required by Intellectual Property and Copyright 603/2000 Law.

17. FREE CIRCULATION OF INVOICES' LEGAL COMPLIANCE

In compliance with the law in force, and in particular Law 1676 of August 20, 2013, which added Article 7 of Law 1231/2008, the Bank has not withheld any invoice and has not performed any act to impede the free circulation of invoices issued by its suppliers or vendors.

18. ASSERTIONS VERIFICATION

The Board of Directors and the President of Banco GNB Sudameris, as required by Sections 2.3.7 of Chapter IX of Circular 100/1995, expressly certifies that the Administration is complying with all the terms of Article 57 of Decree 2649/1993, on the verification of assertions.

19. LEGAL SITUATION

The Bank complies with all provisions of law that regulate its activities as well as with its own bylaws. During 2015 the Bank was not aware of any material importance process or action of administrative or judicial nature that might have affected the course of its activities in the period.

20. FINAL CONSIDERATIONS

There were no legal situations affecting the normal course of the Bank's operations, and there were no circumstances constituting a real and objectively determinable threat to the Bank´s continuity.

21. RECOGNITIONS

The Board of Directors and the Bank's President express their thanks for the decided support and highly committed teamwork of our staff to achieve 2015 objectives.

THE BOARD

CAMILO VERÁSTAGUI CARVAJAL
President.

The subscribed General Secretary of Banco GNB Sudameris S. A. certifies that the above Management Report corresponds to that presented by the President and the Board of Directors at the meeting held on February 29, 2016. The report was accepted as its own by the Board of Directors for joint presentation to the next Annual General Meeting of Shareholders, together with the documents required by Commercial Code's Numeral 3rd of Article 446.

LUZ ELENA NOVOA SEPULVEDA
General Secretary
February, 2016