NIT. 860.035.827-5

Good Governance Code

**Board of Directors No.
1145 July 14, 2025**

Please note that this is a convenience translation. Only the Spanish version of this document is decisive. This translation is provided for convenience purposes only. No representation is made as to the accuracy of this document and the company does not assume any liability based upon it.

This document, approved by the Board of Directors, compiles normative, regulatory and statutory references, as well as certain internal policies and best practices which shall govern the development of Banco AV Villas in the field of good governance.

CHAPTER ONE

SHAREHOLDERS AND CONTROL OF THE BANK

The Bank is a private law corporation called Banco Comercial AV Villas S.A., which may operate under the name of Banco de Ahorro y Vivienda AV Villas, Banco AV Villas or AV Villas.

In a private document dated December 22, 1998, registered in the Chamber of Commerce of Bogota, the situation of control by the parent company Grupo Aval Acciones y Valores S.A. over the Bank was communicated, which, when necessary, implements the instructions of the parent company. This is how it has adopted the principles established by Grupo Aval in the document called Framework of Reference for Institutional Relations, which was duly approved by the Board of Directors.

In December 2018, the situation of business group was configured in which Doctor LUIS CARLOS SARMIENTO ANGULO in his capacity as controller, determined the existence of unity and purpose and direction over the companies that make up the business group, within which Banco AV Villas is included.

Through Resolution 155 of February 6, 2019, the Colombian Superintendency of Finance declared the conformation of the Aval Financial Conglomerate, of which Banco AV Villas is part.

The information on the Bank's shareholder composition is provided to the market by filling out the corresponding reports established by the Superintendency of Finance, as well as through its website.

The Bank's authorized capital is divided into common shares and shares with preferred dividend and non-voting rights. All common shares confer to their holder equal rights in the corporate assets and in the profits to be distributed, and each of them has the right to one vote in the deliberations of the General Shareholders' Meeting, with the legal limitations, and they also grant the other rights recognized by law for this class of shares. Therefore, all common shares grant equal rights and impose equal obligations. The acquisition of a common share implies full adherence to the bylaws and to the decisions of the General Meeting of Shareholders.

Preferred dividend shares without voting rights entitle the holder to receive a minimum dividend fixed in the subscription regulations, to be paid in preference to that of common shares, to preferential reimbursement of contributions after payment of external liabilities in the event of dissolution of the company, to the other rights provided for common shares except for the right to participate in and vote at the shareholders' meeting, and to any other rights provided for by law or in the subscription regulations.

Shareholders representing at least five percent (5%) of the outstanding shares of the Bank, which percentage is considered sufficiently significant, may request the Board of Directors, at their cost and under their responsibility, to perform specialized audits. Such right shall be exercised within the following parameters:

- In no case may the Audit cover the following: (i) methods of operation of the corporation's services; (ii) marketing procedures; (iii) potential business of the corporation; (iv) ongoing alliances; (v) industrial secrets; (vi) industrial or intellectual property rights; (vii) commercial strategies, and (viii) in general, all those documents that are considered privileged or reserved or of third parties in accordance with legal norms.

- The request for specialized audits must be submitted in writing, indicating in detail the reasons and facts on which it is based, the specific matters to be audited, which must be congruent with the motivation invoked, and the duration of the audit.

- The audits must be carried out by firms or professionals hired to perform them, who must accredit, at least, the qualities of the Statutory Auditor appointed by the General Shareholders' Meeting for the corresponding period.

- The working papers of the special auditor shall be subject to confidentiality.

- The Board of Directors shall have the power to authorize or not the performance of the specialized audit.

- Specialized audits may be requested in the following cases:

  - When the company has at end of the half-yearly fiscal year losses that reduce the company's equity by more than 30%.

  - When the Statutory Auditor states in its reports or opinions that there are relevant findings that substantially affect the company or that there have been serious irregularities in the handling of the accounting or in the administration of the corporate assets.

  - When there are serious indications of negligent or fraudulent behavior in the management, direction and administration of the company, susceptible of generating a serious injury to the economic interests of investors or shareholders.

The shareholders may also obtain the summoning of the General Shareholders' Meeting, in all those cases that are legally contemplated.

All shareholders have the right to be provided with the same information, in the same detail and at the same time and opportunity in order to protect their rights.

Without prejudice to the right of inspection, to the extent available, the Company shall make available to its shareholders through its website, the documents and information associated with the items on the agenda of its General Shareholders' Meeting.

Likewise, if available, simultaneously with the call to its ordinary meetings, the Company shall make available to the shareholders, through its website, the proposals that the Board of Directors must submit to the consideration of the General Shareholders' Meeting in relation to the items on the agenda.

Without prejudice to the provisions of Articles 182 and 425 of the Code of Commerce, regarding the matters that may be dealt with by the Meeting, any shareholder, regardless of the size of its shareholding, may propose the introduction of additional items to those for which the Meeting was convened or submit new proposals on matters already previously included in the agenda, provided that the following requirements are met:

- Submit a written request, within five common days following the publication of the Notice of Call, correctly identifying the shareholder(s) and the number of shares they represent.

- Describe with sufficient clarity and detail the subject proposed to be introduced or the new proposal, as well as the reasons justifying the request, as the case may be, as part of the matters to be discussed at the Meeting.

- Correspond to reasonable matters, in the best interest of the Company, which are pertinent to be discussed at the Meeting, related to the development of the Bank's corporate purpose, and whose consideration and approval corresponds to the Meeting within its legal and statutory powers.

Once the request has been received and compliance with the aforementioned conditions has been verified, depending on its content, the Company's management shall decide whether the request is admissible or whether it is necessary to inform the Board of Directors thereof. Notwithstanding the foregoing, in the events in which the request is supported by shareholders representing five (5) percent or more of the capital stock, the Board of Directors shall be informed of such request and shall respond to the applicant in the event that the request is rejected. The response of the Board of Directors may be given in writing prior to the Meeting or during the course thereof, without this implying any alteration to the agenda.

If deemed convenient, it may be included in the Agenda of the Meeting, for which purpose the Agenda shall be updated on the Web Page.

In the event of transactions that may result in the dilution of shareholders' capital (such as mergers, spin-offs, issuance of shares without preemptive rights), the Company shall explain in detail their characteristics, subject to the conditions and terms set forth in the applicable regulations. The information related to such transactions, which is available prior to the General Shareholders' Meeting, shall be made available to the shareholders for the exercise of their right of inspection.

CHAPTER TWO

GOVERNANCE OF THE BANK

It shall be exercised by the General Assembly of Shareholders, the Board of Directors, the President, the Senior Management and the General Secretary.

GENERAL SHAREHOLDERS' MEETING

The highest governing body is the General Assembly of Shareholders, which is composed of the shareholders or their representatives, meeting with the quorum and under the conditions established in the Bylaws and the law.

The Assembly has two types of meetings: Ordinary and Extraordinary. It ordinarily meets once a year on the date indicated in the call, within the months of January to March. If after said months it has not been called, it meets ex officio, on the first working day of April at 10:00 a.m., at the offices of the Presidency. Extraordinary meetings of the Assembly are held whenever called by the Board of Directors, by the President or by the Statutory Auditor.

The Improper Spin-off may only be analyzed and approved by the General Stockholders' Meeting when this item has been expressly included in the notice of the respective meeting.

The Bank has a regulation of the Shareholders' Meeting which provides for different aspects of its operation. Likewise, its functions are contemplated in the Bank's Bylaws.

BOARD OF DIRECTORS

The Board of Directors is composed of nine (9) members, elected by the General Assembly of Shareholders for periods of one (1) year, and may be reelected indefinitely. The Directors shall remain in office until their successors are elected and declared qualified, unless they have been removed or disqualified prior to this.

The election of the members of the Board of Directors is made by the General Shareholders' Meeting for periods of one year. In addition, it establishes their remuneration, taking into account the market parameters for this type of company, as well as the conditions and qualities of the members, in accordance with the Appointment and Remuneration Policy of the Board of Directors adopted by the Bank.

The factor of the fixed fees approved by the Assembly for the total number of meetings of the Board of Directors or support committees attended by each member, constitutes the maximum cost of the Board of Directors and the only compensation component approved for said body.

The Equity and Independent Members of the Board of Directors are expressly excluded from compensation systems that incorporate stock options or variable compensation linked to the absolute variation of the share price.

According to their origin, the different members of the Board of Directors are classified as follows:

i. **Independent Members:** Corresponds to those members of the Board who meet the requirements established in the applicable legislation and regulation to be considered independent.

ii. **Non-Independent Members**: Corresponds to those members of the Board who do not meet the requirements established in the applicable legislation and regulations to be considered as Independent. In turn, these members of the Board of Directors may also be classified as:

a. **Patrimonial Members:** Corresponds to those Non-Independent Members who are shareholders of the Company or who have been expressly nominated by a legal entity or natural person shareholder or group of shareholders to be members of the Board of Directors.

b. **Executive Members**: Corresponds to those Non-Independent Members who hold the status of legal representatives of the Company or are part of its senior management.

In the event that the Board of Directors should have the participation of Executive Members, their number shall be the minimum necessary to meet the needs of information and coordination between the Board of Directors and the Company's senior management, but in no case may it be greater than the sum of the Independent and Equity Members that comprise it.

For purposes of the composition of the Board of Directors, the policies and procedures established by the Company shall be observed.

The President attends the meetings of the Board of Directors and has voice, but no vote; any other officer of the institution may also attend at the invitation of the Board or the President.

The Board of Directors has a President and a Vice-President elected from among its members by the directors and has a Secretary who is elected in accordance with the provisions of the by-laws. The deliberations and decisions of each meeting are recorded in minutes, which must comply with all the requirements imposed by law and the bylaws for such purpose.

The Board of Directors meets ordinarily at least once a month, when called by the Chairman, and extraordinarily when called by its Chairman, the President of the Bank, the Statutory Auditor or two of its members.

The functions of the Board of Directors are those that correspond to it in accordance with the legislation in force, the Board of Directors Internal Regulations and the Bylaws.

The Board of Directors shall always act independently from the Management and in accordance with the general principles and instructions given by the General Shareholders' Meeting.

Among the duties of the members of the Board of Directors are the duty of diligence or care; the duty of loyalty; the duty of non-competition; the duty of secrecy and the duty of non-use of corporate assets.

Likewise, among the rights of the members of the Board of Directors are the right to information; the right to have the assistance of experts; the right to remuneration and the right to permanent induction and training.

AUDIT COMMITTEE

Body created by provision of the regulations in force and whose main responsibility is to evaluate the Internal Control System - ICS - of the Bank, supporting the design, definition of policies and continuous improvement of the same.

The committee is formed by three (3) members of the Board of Directors, who may be independent or proprietary.

The meetings of the Committee are attended by the President of the Bank or whoever is acting on his or her behalf, and by the Comptroller General. The Financial Vice President, the Legal Vice President and the Statutory Auditor may also attend, as well as any other officer that the Committee deems convenient or necessary.

The members of the Board of Directors elected to form the audit committee shall remain in office for a minimum period of one year, in such a way that it coincides with the statutory period of the members of the Board of Directors. Members may be re-elected successively.

The functions of the Audit Committee are set forth in its Internal Regulations. Among the main ones are those related to the presentation to the Board of Directors of the structure, procedures and methodology for the operation of the Internal Control System, as well as the proposals related to the responsibilities, attributions and limits assigned to the different positions and areas with respect to the administration of the Internal Control System.

For the correct and timely performance of their duties, the members of the Audit Committee may obtain the support, on an occasional or permanent basis, of members of Senior Management, other officers of the Bank and/or external experts.

The Committee shall meet at least four (4) times a year. It may also meet at any time, extraordinarily, at the discretion of the Chairman of the Committee, any of its members, or the President of AV Villas, or whoever is acting in his stead.

The observations presented by the Committee and the reports recorded in the minutes of each session must be submitted to the Board of Directors whenever this body so requests or whenever the Committee deems it appropriate.

The Board of Directors shall submit to the General Shareholders' Meeting at the close of each fiscal year a report on the work performed by the Committee during said period. Likewise, at the request of the Chairman of the Assembly, if he deems it necessary, the Chairman of the Audit Committee shall report to the General Assembly of Shareholders on specific aspects of the work performed by the Committee.

CORPORATE GOVERNANCE COMMITTEE.

The purpose of the Committee is to assist the Bank's Board of Directors in its functions of proposing and supervising the Corporate Governance measures adopted by the Bank. It also supports the Board of Directors in the exercise of its decision-making or advisory functions, associated with appointments and remuneration of the members of Senior Management (President and Vice Presidents). Likewise, it proposes to the Board of Directors the modifications to the Appointment and Remuneration Policy of its members, so that they may be analyzed by the Board of Directors and, if found appropriate, submitted to the General Shareholders' Meeting for approval. The functions of the Committee are set forth in its Internal Regulations.

The Committee is made up of three (3) members of the Board of Directors and at least one of them must be independent.

The election of the members of the Committee corresponds to the Board of Directors and their appointment must consider that the nominees have knowledge and experience in matters related to the functions assigned. It shall be chaired by one of the independent members, who shall be elected by the Committee itself.

The election of the members of the Committee shall be for periods of one (1) year, in such a way that it coincides with the statutory period of the members of the Board of Directors. The members may be re-elected successively.

The Committee shall ordinarily meet twice a year, subject to prior notice being given by its Chairman, which may be given through the Secretary of the Committee with sufficient notice.

The meetings of the Committee shall be attended by the President of the Bank or whoever is acting in his stead and by different officers of the Bank whose presence is deemed convenient, in order for them to provide the necessary and relevant information on matters within their competence and so that the Committee may provide the appropriate support to the Board of Directors.

RISK COMMITTEE

The Risk Committee's primary function is to assist the Board of Directors in making decisions that lead to a material exposure to risks in order to comply with the Bank's business plan and strategic planning, fulfilling its responsibilities as a member of the Committee.

Bank's business plan and strategic planning, fulfilling its oversight responsibilities in relation to risk management. The functions of the Committee are set forth in its Rules of Procedure.

The scope of this committee contemplates at least credit, market, liquidity, banking book interest rate, operational, security and cybersecurity, fraud and business continuity risks.

This Committee is comprised of three (3) members of the Board of Directors with voice and vote, of which at least one (1) shall be independent and shall be the chairperson.

The Committee and its members shall be appointed by the Board of Directors and shall report directly to it. Likewise, the members must have knowledge and experience in risk management.

The meetings of the Committee must be permanently attended by the President, the Risk Vice President, the Vice President of Operations and Technology and the Financial Vice President or their delegates in case of absence. Likewise, other areas and/or officers of the Entity may attend as guests, in accordance with the call made. The Risk Vice President, or the position that replaces him/her according to the Bank's structure, must support the committee.

The Committee shall meet on an ordinary basis at least every three months to attend to matters within its scope. Notwithstanding the foregoing, the Committee may meet extraordinarily at any other time, at the call of any of its members, the President or the three (3) Vice Presidents in permanent attendance, to deal with matters within the scope of its functions.

PRESIDENT, SENIOR MANAGEMENT AND GENERAL SECRETARY

The President is the legal representative of the Entity in accordance with the provisions of the bylaws. He/she is appointed by the Board of Directors and may be freely removed.

The Board of Directors may, if in its judgment it is required for the proper operation of the institution, also confer the legal representation of the Bank to the Vice Presidents it may determine in each case.

The Bank shall have the legal representatives for judicial and extrajudicial matters as determined by the bylaws, and the President shall have the alternates indicated in the bylaws or by the Board of Directors, as the case may be.

For the purpose of electing the legal representatives and the President, the Board of Directors shall use the candidate's managerial ability, technical knowledge, negotiation skills, and human values and virtues as selection criteria.

The functions of the President are set forth in the bylaws, without prejudice to those that correspond to him/her by law.

Since AV Villas is a subordinate entity of Grupo Aval Acciones y Valores S.A., the remuneration policies of the President and other members of Senior Management are issued by the parent company, identifying all the remuneration components that can be effectively satisfied, tied to the fulfillment of long-term objectives and risk levels.

The annual salary increase of the members of Senior Management will be approved by the Bank's Presidency, after consulting the Presidency of Grupo Aval and informing the Board of Directors.

As a good corporate governance practice, the President shall inform the Board of Directors about the salary increase of the Bank's other employees.

Before the legal representatives take office, the corresponding curriculum vitae must be sent to the Superintendency of Finance, which will carry out the prior scrutiny on the professional suitability and moral solvency of the appointed person, in accordance with the parameters and competencies assigned by law for such purpose.

The Vice Presidents and main executives are in charge of the ordinary course of business and are responsible for conceiving, executing and following up on the Bank's objectives and strategies, supporting the management of the President.

GENERAL SECRETARY

AV Villas will have a secretary freely appointed and removed by the Board of Directors upon proposal of the Bank's President, who will also be the secretary of the General Assembly, the Board of Directors and the Presidency. As part of his duties, the Secretary shall:

a) To call the meetings of the Board of Directors, in accordance with the annual plan.
b) Provided that the same has been supplied sufficiently in advance and is available, the Secretary shall send to the members of the Board of Directors the material related to the respective meeting within five calendar days prior to each meeting.
c) To keep the corporate documentation, duly reflect in the minute books the development of the meetings, and attest to the resolutions of the corporate bodies.
d) To ensure the formal legality of the actions of the Board of Directors and guarantee that its procedures and rules of governance are respected and regularly reviewed, in accordance with the provisions of the Bylaws and other internal regulations of the Company.

MANAGEMENT COMMITTEES

In order to achieve an adequate risk management, as well as for the governance of other administrative and other aspects, the management may create Committees, such as the following:

ABAC Committee
Business Continuity Risk Committee Conduct
Risk Committee
Steering Committee

Financial Reporting Risk Committee Credit
Risk Committee Market Risk Committee ALCO
Committee
Market Risk Committee ALCO
Committee
Operational Risk Committee
SARLAFT Committee
Security and Cybersecurity Committee
Purchasing Committee
Ethics and Conflicts of Interest Committee

IPT Committee (Investment, Pricing and Tariffs Committee)

CHAPTER THREE

CONTROL MECHANISMS

GENERAL SHAREHOLDERS' MEETING

The General Assembly of Shareholders is the highest governing body of the Entity, and to that extent, it is responsible for determining the mechanisms for the evaluation and control of the activities of the administrators, the main executives and the directors. Likewise, the General Assembly of Shareholders has the power to exercise direct control over such activities and to examine the situation of the Entity, within the limits imposed by law.

The General Assembly of Shareholders examines, approves or disapproves the year-end balance sheets and the accounts to be rendered by the entity's Legal Representative and the Board of Directors.

Likewise, the General Shareholders' Meeting considers and approves the reports of the administrators on the state of the corporate business and the Statutory Auditor's report as required by law.

At the end of each accounting period, at the time provided by law or in the Bylaws, the legal representative must submit to the Meeting for approval or disapproval: a management report; the financial statements, together with their notes, cut at the end of the respective period and the opinions on the financial statements issued by the Statutory Auditor.

The report must be previously approved by the majority of the votes of those attending the Board of Directors meeting at which it was submitted for consideration, and the explanations or qualifications of those who do not agree with it, if applicable, must be attached to the report.

Except in cases of legal representation, the directors and employees of the Entity may not represent at the meetings of the Assembly, shares other than their own, while they are in office, nor may they substitute the powers of attorney conferred upon them. Neither may they vote on the balance sheets, year-end accounts or liquidation accounts.

The directors of the Entity may not, either by themselves or through an intermediary, dispose of or acquire shares of the Entity, while they are in office, except in the case of operations unrelated to speculative motives, and with the authorization of the Board of Directors, granted with the favorable vote of two thirds of its members. This restriction does not apply when the administrator acquires shares in exercise of preemptive rights.

INTERNAL CONTROL.

It is the responsibility of the Board of Directors to define the policies and design the internal control procedures to be implemented, as well as to order and supervise that they are adjusted to the needs of the entity.

It is the responsibility of the entity's managers and officers to implement and faithfully comply with the internal control measures and procedures adopted.

Internal control should promote the efficiency of the entity, so as to reduce the risks of loss of operational and financial assets, and to promote the preparation and dissemination of reliable financial statements, as well as compliance with legal and statutory provisions.

Internal control corresponds to a process carried out by the Board of Directors, managers and other officers of the entity, designed to provide reasonable assurance in the pursuit of compliance with the objectives in the following categories, based on the principles of self-control, self-regulation and self-management:

- Effectiveness and efficiency of operations and compliance with the entity's basic objectives, safeguarding the entity's resources, including its own assets, and the property of third parties held by the Bank.
- Adequacy and reliability of financial information, as well as the preparation of all financial statements; and
- Compliance with applicable regulations: laws, statutes, bylaws, regulations and internal instructions.

The Board of Directors shall be responsible for defining policies and ordering the design of the structure of the internal control system. The foregoing shall be in writing, shall be motivated and disclosed to the organization's management level.

Internal Control System SCI is understood as the set of policies, principles, standards, procedures and verification and evaluation mechanisms implemented by the Bank, established by the board of directors, senior management and other officers of an organization to provide a reasonable degree of assurance as to the achievement of the following objectives:

i. To improve efficiency and effectiveness in the operations of entities subject to inspection and surveillance. For this purpose, effectiveness is understood as the ability to achieve the proposed goals and/or results; and efficiency as the ability to produce the maximum results with the minimum of resources, energy and time.
ii. To carry out an adequate risk management.
iii. Increase the reliability and timeliness of the information generated by the organization.
iv. Adequate compliance with the norms and regulations applicable to the organization.
v. To comply with the general guidelines issued by the parent company in matters related to internal control, including the possibility of ordering special audits by its corporate comptroller or independent auditing firms to validate compliance with the Internal Control System and other systems that constitute it. The cost of these audits shall be assumed by the Bank, taking into account that the purpose of such audits is related to its Internal Control System, with respect to which the Bank must comply with the guidelines issued by the Superintendency of Finance.

Each of the Bank's officers must ensure compliance with the objectives set forth by the Board of Directors, in the performance of their duties and by applying the appropriate operating procedures.

Likewise, the internal and external auditors, as well as the Statutory Auditor, constitute a harmonious complement within the internal control policy of the entity, for which reason the officers and management shall provide them with all the necessary collaboration.

For the adequate fulfillment of the work that corresponds to the Board of Directors in the definition of policies and in the design of internal control procedures, as well as in the supervision of the operation of said systems, the Board of Directors has an Audit Committee that reports to that body, whose composition and functions are indicated in Chapter Two of this Code.

RISK MANAGEMENT SYSTEMS

The Bank's Board of Directors adopts the Risk Appetite Mandate and Framework, under which the management of each of the following risks must be governed:

- Credit Risk
- Market and liquidity risk
- Operational Risk.
- Business Continuity
- SARLAFT Risk
- Security and Cybersecurity Risk
- Regulatory Compliance Risk

Likewise, the Board of Directors establishes the High Impact Inherent Risks for the Bank.

Risk Management in the Bank focuses on the fulfillment of the following objectives:

- To perform an adequate management so that material risks are identified, measured, controlled and monitored.
- Maintain and monitor a risk appetite framework in accordance with the Bank's reality and corporate objectives.

In order to comply with the objectives, the Bank adopted a Governance Structure in which each of those responsible for the management of the entity's risks, established within the framework of the risk management structure, assumes the following guidelines for the development of their function with respect to the risk they manage:

AUTHORITY

- The person responsible for the management of each type of risk has the hierarchy and sufficient authority for the effective performance of his functions.

- He/she has the authority to access the Board of Directors and the respective Risk Committee or Senior Management without any impediment.
- Has the authority to meet with the Board of Directors and the respective Risk Committee without the presence of the entity's Senior Management.
- Has access to the Bank's records, information and personnel.
- Has the resources, determines the scope of risk management to achieve the expected objectives.
- Has the authority to follow up on actions taken by management in response to identified problems and recommendations.

RESPONSIBILITIES

a) Ensures compliance with the regulatory provisions established for each type of risk.
b) It issues opinions on the adequacy and effectiveness of the risk management processes under its responsibility and of its exposures to the approved limits.
c) Monitors risk exposure and the adequacy of risk management for new products, business lines and/or markets.
d) Periodically reviews and updates limits, policies and processes for risk management, taking into account changes.
e) Determines the adequacy of limits, practices and policies for risk management.
f) Monitors how risk management is aligned with strategy and with capital and liquidity management policies and practices, as appropriate.
g) Maintains up-to-date risk management policies and practices.
h) Monitors positions against the approved risk appetite framework and follows up on material variations in a timely manner.
i) Monitors trends and identifies emerging risks and responds effectively to unexpected events. [Emerging risks are understood as those resulting from increased exposure or susceptibility to a previously unknown factor, or those associated with increased exposure to an already identified hazard, whether arising from technological or industry changes].
j) Performs stress testing and scenario analysis to understand potential risk exposures under a variety of adverse scenarios*.
k) Knows the assumptions and methodologies that support risk measurement and control models*.

l) Has a model management policy for quantifiable risks*, assumptions, databases, computer applications and reports to ensure their understanding and transparency.
m) It models and measures the entity's quantifiable risks* and performs regular back testing on the models and processes used for this purpose.
n) It has a policy for the technical review of quantifiable risk models* in order to validate their effectiveness and relevance with respect to institutional policies and market conditions.
o) Determines the unity of language and understanding in the dialogue between the business areas and the risk management function.
p) Reports in a timely, accurate and understandable manner to the Board of Directors, Senior Management and business unit managers the problems identified along with recommendations to enable informed decision making.
q) Reports in a timely, accurate and understandable manner to the Board of Directors and Senior Management the results of the analysis of the entity's risk exposures.
r) Evaluates the conditions of the economic environment, identifying market conditions and trends that may affect the current and future risk profile of the entity.
s) Monitors and follows up on the solution of identified problems.

* Quantifiable risks: credit, market and liquidity risk

INDEPENDENCE

The person responsible for the management of each type of risk has the authority to carry out his/her responsibilities independently.

The person in charge of each type of risk must demonstrate independence of judgment with respect to any interest that could be considered incompatible. The collegiate bodies for the administration of each type of risk, whether the defined Committees or the Board of Directors, are in charge of approving the policies and procedures for their management.

GENERAL COMPTROLLER'S OFFICE

In charge of developing the internal audit activity in Banco AV Villas, whose mission is to provide an independent opinion on the effectiveness of the corporate governance, risk management and risk management processes, promoting a culture of self- control.

The scope of its work, assignment of duties, independence, responsibility and authority are set forth in the Internal Audit Activity Statute, approved by the Audit

Committee.

STATUTORY AUDITOR'S OFFICE

The Entity has a Statutory Auditor, with its corresponding Alternate, appointed by the General Shareholders' Meeting for a period of one (1) year, from the number of alternatives presented for consideration at the corresponding session. The Statutory Auditor may be freely re-elected or removed by the General Shareholders' Meeting, which shall determine his remuneration taking into account the human and technical resources necessary for the performance of his duties.

Without prejudice to the right of all shareholders to submit to the consideration of the General Shareholders' Meeting candidates to be elected as Statutory Auditors, the Board of Directors, through the Audit Committee, shall be responsible for submitting to the consideration of the General Shareholders' Meeting the curriculum vitae of the possible candidates to occupy the position of Statutory Auditor.

The Statutory Auditor may not be a shareholder of the Entity, nor be subject to the incompatibilities and disqualifications set forth in the law and in the Legal Circular of the Superintendency of Finance. The duties of Statutory Auditor are incompatible with the performance of any other position or employment within the entity or its subordinates.

The selection of the Statutory Auditor is based on criteria of professionalism, experience and honorability, which contemplate that the Board may not propose to the Assembly as candidates to occupy the office of Statutory Auditor, firms that have been subject to disqualification, suspension or any other type of firm sanction for the exercise of financial auditing services imposed by a competent authority.

The functions of the Statutory Auditor and the reports to be issued by him/her are set forth in the law, the regulations of the Superintendency of Finance and in the Bylaws.

When an association or firm of accountants is appointed as Statutory Auditor, it must appoint a public accountant to personally perform the position.

The Superintendency of Finance shall be responsible for the appointment the Statutory Auditor of the Entity. The Superintendency shall only take office once it is satisfied as to the character, suitability and experience of the Statutory Auditor elected by the General Assembly of Shareholders.

CHAPTER FOUR

DISCLOSURE OF INFORMATION

The Bank discloses, through the mechanisms provided by regulation, clear and accurate information on the relevant facts established by law, as well as any other information on the material aspects of the Bank.

The main disclosure mechanism is the Bank's website, which is publicly accessible.

The Bank, as a credit institution and as an issuer of securities in the public market, is subject to the control and surveillance of the Colombian Superintendency of Finance, to which it must send information as well as provide it to the market. The means of supplying information are mainly:

MANAGEMENT REPORT.

At the closing of each accounting period, the President and the Board of Directors of the Bank present to the Shareholders' Meeting, in their Management Report, the evolution of the entity together with the documents and other information legally established.

Shareholders and investors, as well as the market in general, may access the Management Report through the Bank's website together with the financial statements and other Corporate Governance documents.

FINANCIAL STATEMENTS AND THEIR NOTES.

The financial statements at the close of each fiscal year, together with their notes, approved by the Shareholders' Meeting, are also available on the Bank's website.

OPINION OF THE STATUTORY AUDITOR.

The Statutory Auditor issues an opinion on the year-end financial statements. These documents are published together with the financial statements on the Bank's website.

RELEVANT INFORMATION.

Through this mechanism, the Bank communicates to the Superintendency of Finance, and through it to the entire market, any relevant fact or transaction or extraordinary or significant act of importance for the Bank, in the terms set forth in Decree 2555 of 2010 and the rules that modify, add or replace it.

Such information may be consulted on the web page of the Superintendency of Finance and on the Bank's web page.

The Bank presents its quarterly and year-end financial results through its website, as well as publishes the Management Report which includes information on the progress and performance of its business.

In securities issuance events, according to their characteristics, direct contact is established with investors in which the Bank's figures and strategy are presented. Likewise, the Bank publishes the corresponding reports on its web page.

INFORMATION TO THE COLOMBIAN SUPERINTENDENCY OF FINANCE.

The information requested by the latter, the periodic or eventual reports established by it, as well as the legally established documentation prior and subsequent to the holding of the Shareholders' Meetings, among others, is sent to the control and oversight entity.

CHAPTER FIVE

STAKEHOLDERS

EMPLOYEES

The main aspects of the relationship with employees are set forth in the document "POLICIES FOR MANAGING OUR PEOPLE", in which, as its name indicates, the policies of: Structure Management; Salary; Personnel Selection; Recruitment; Training and Development; Performance Management; Salaries and Benefits as well as Benefits and Labor Risks.

FINANCIAL CONSUMERS

The Bank is committed to a customer-focused culture and therefore offers products and services with security and quality standards, making available transparent, clear, truthful, timely and verifiable advertising and information on the characteristics of the products or services offered.

AV Villas has the SAC Manual which contemplates, among other aspects, the General Policies of the Financial Consumer Service System (SAC), one of its axes being the due attention and protection of the financial consumer, as well as the promotion in the Bank of an environment of attention and respect towards its clients and users.

SUPPLIERS

The Bank has a Purchasing and Services Manual which contains a chapter dedicated to Supplier Management. It establishes the rules and procedures related to their connection and registration.

The Board of Directors will be the one to establish the scale of attributions for the purpose of approving contracts.

In the negotiation process, criteria of opportunity, quality and price will be analyzed before making the award decision. All contracts must have the prior approval, of a general or specific nature, issued by the Entity's legal department.

Any employee, director or administrator who is involved in a conflict of interest with respect to a negotiation must inform his or her immediate superior and refrain from participating in the negotiation. In the event of failure to comply with this provision, the person shall be subject to the corresponding civil, criminal and labor actions and penalties.

SIXTH CHAPTER

SELF-REGULATION OF CORPORATE GOVERNANCE

This Code contains standards that Banco AV Villas has set forth in different documents and internal regulations constituting good governance practices that govern its activities.

Likewise, the Bank's Board of Directors has adopted a Code of Ethics, Behavior and Conflicts of Interest, which establishes the principles, rules and policies that will guide the behavior and activity of all members of Banco AV Villas, in the performance of their duties, particularly promoting ethical conduct. It is the duty of all the Bank's collaborators to read the Code upon joining the Bank, as well as to carry out self-training sessions when the Code needs to be updated.

Among the topics covered in the Code of Ethics are the Fraud and Corruption Prevention Policy, as well as those related to Conflicts of Interest, with the understanding that all directors, administrators and officers of the Bank must avoid any situation that may involve a conflict between their personal interests and those of the Bank.

All directors, administrators and officers who are faced with a conflict of interest or consider that they may be faced with one, must promptly inform the Entity, under the terms of the Code of Ethics, of any situation that may involve a conflict of interest, including family or personal relationships.

Depending on their nature, situations of conflict or potential conflict of interest may be of a sporadic or permanent nature. When the situation that gives rise to the generation of a conflict of interest event or potential conflict of interest event is of a permanent nature and affects the Bank's operations as a whole, it shall be evaluated by the Board of Directors, which shall determine the actions to be taken.

If any of the members of the Board of Directors find themselves in a situation of conflict of interest, such conflict or conflicts shall be known, evaluated and resolved by the other members of the Board of Directors.

Shareholders, directors, administrators or employees who engage in practices that constitute a conflict of interest shall be subject to the actions and sanctions that the law, the Code of Ethics, the Board of Directors and the Board of Directors may impose on them.

the law, the Code of Ethics, Behavior and Conflicts of Interest and the internal work regulations contemplated for this purpose.

MECHANISMS FOR DEMANDING COMPLIANCE WITH THE PROVISIONS OF THE CODE OF GOOD GOVERNANCE.

The legal representative of the Entity shall ensure compliance with the bylaws and the rules and internal regulations of the General Assembly and the Board of Directors.

The shareholders and investors of the Entity may make respectful requests to the entity, when they believe that there has been non-compliance with the provisions of the Good Governance Code, and in these cases, the management of the Entity will give clear and sufficient response to the applicant, with the utmost diligence and timeliness.

The shareholders and investors of the Entity may file complaints or claims before the Statutory Auditor for non-compliance with the provisions of the Good Governance Code. For these purposes, the Entity shall give a full and timely response to the requirements made by the Statutory Auditor on the occasion of the complaint, and shall attend to the observations made by the Statutory Auditor on the matter, when the existence of the aforementioned non-compliance is established.

The Entity shall assign an office for the attention of shareholders and investors, under the direction of an officer of the Entity. Said office will serve as a liaison between investors and the Entity's governing bodies and will take care of the necessary management to timely meet the needs and requirements formulated by investors.

RECOMMENDATIONS ON BEST CORPORATE PRACTICES.

The adoption of the recommendations on corporate and good governance practices being merely voluntary, when the Bank decides to adopt them, they shall be mandatory for the entity, its managers and officers.

PUBLICITY OF THE CODE.

This Code is available to interested parties at the Bank's General Secretary's Office and may also be consulted on the Bank's website.