# Code of Good Governance

**Board of Directors No. 1165**
**May 25, 2026**

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This document, approved by the Board of Directors, compiles some legal, regulatory and statutory rules, as well as internal policies and best practices in good governance, which govern Banco AV Villas.

## CHAPTER ONE

## SHAREHOLDERS AND CONTROL OF THE BANK

The Bank is a public limited company under private law called Banco Comercial AV Villas S.A. and which can 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 with the Bogotá Chamber of Commerce, the situation of control by the parent company Grupo Aval Acciones y Valores S.A. over the Bank was communicated, which, when appropriate, implements the instructions of the parent company. Thus, 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 a business group was configured in which Dr. LUIS CARLOS SARMIENTO ANGULO, as controller, determined the existence of unity and purpose and direction over the companies that make up the business group, among which is Banco AV Villas.

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

The information on the Bank's shareholding composition is delivered to the market, through the completion of the corresponding reports established by the Colombian Superintendency of Finance, as well as through its website.

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

Shares with preferential dividends and without voting rights confer on their holder the right to receive a minimum dividend set out in the subscription regulations and which will be paid in preference to that corresponding to ordinary shares, to the preferential reimbursement of contributions once the external liabilities have been paid in the event of the dissolution of the company, to the other rights provided for ordinary shares except the right to participate in the shareholders' meeting and vote therein, and to the others enshrined in the law or in the subscription regulations.

Shareholders representing at least five percent (5%) of the Bank's outstanding shares, a percentage that is considered sufficiently significant, may request the Board of Directors, at their own expense and under their responsibility, to carry out 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 company's services; (ii) marketing procedures; (iii) potential business of the company; (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 regulations.

- The request to carry out specialized audits must be submitted in writing, indicating in detail the reasons and facts on which it is based to carry it out, the specific matters subject to audit, which must be consistent with the reasons invoked, and the duration of the audit.

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

- The special auditor's working papers shall be subject to confidentiality.

- The Board of Directors will 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 losses at the end of the six-month financial year that reduce the company's assets by more than 30%.

- When the Statutory Auditor states in his reports or opinions that there are relevant findings that substantially affect the company or that there have been serious irregularities in the management of accounting or in the administration of the company's assets.

- When there are serious indications of negligent or willful misconduct in the management, direction and administration of the company, likely to generate a serious injury to the economic interests of investors or shareholders.

Shareholders may also obtain the call to 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 at the same time in order to protect their rights.

Without prejudice to the right of inspection, to the extent available, the Company will 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 will make available to shareholders, through its website, the proposals that the Board of Directors must submit to the General Shareholders' Meeting for consideration in relation to the items on the agenda.

Without prejudice to the provisions of Articles 182 and 425 of the Commercial Code, referring to the matters that the Meeting may deal with, any shareholder, regardless of the size of their shareholding, may propose the introduction of additional topics to those for which the Meeting was convened or present new proposals on matters already included in the agenda, provided that the following requirements are met:

- Submit a written request, within five calendar days following the publication of the Notice of Call, in which the shareholder(s) and the number of shares they represent are correctly identified.

- Describe with sufficient clarity and detail the topic whose introduction is proposed or the new proposal, as well as the reasons that justify the request as the case may be, as part of the matters to be discussed in the Assembly.

- To correspond to reasonable matters, in the best interest of the Company, which it is pertinent to deal with within 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 will decide on the admissibility of the application or the need to inform the Board of Directors thereof. Notwithstanding the foregoing, in the events in which the application is supported by shareholders representing five (5) percent or more of the capital stock, the Board of Directors will be aware of said request and will respond to the applicant in the event that it is rejected. The response of the Board of Directors may be given in writing prior to the Meeting or during the Meeting, without implying any alteration to the agenda.

If you deem it appropriate, you may include it in the Agenda of the Assembly, for which the Agenda will be updated on the Website.

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

## CHAPTER TWO

## GOVERNANCE OF THE BANK

It will be exercised by the General Shareholders' Meeting, the Board of Directors, the President, the Senior Management and the General Secretariat.

### GENERAL SHAREHOLDERS' MEETING

The highest governing body is the General Shareholders' Meeting, which is made up of the shareholders or their representatives, meeting with a quorum and under the conditions established in the Bylaws and in the law.

The Assembly has two types of meetings: Ordinary and Extraordinary. It meets ordinarily once a year on the date indicated in the call, within the months of January to March. If after these months it has not been convened, it meets in its own right, on the first working day of April at 10 a.m., in the offices of the Presidency. Extraordinary meetings of the Assembly are held whenever it is convened as such 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 Shareholders' Meeting when this point has been expressly included in the notice of the respective meeting.

The Bank has regulations for the Shareholders' Meeting that provide 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 Meeting of Shareholders for periods of one (1) year, and may be re-elected indefinitely. The Directors shall remain in office until their successors are elected and declared qualified, unless they have been removed or disqualified before this.

The election of the members of the Board of Directors is carried out by the General Shareholders' Meeting for periods of one year. In addition, it indicates 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 approved remuneration component for that body.

The Equity and Independent Members of the Board of Directors are expressly excluded from remuneration systems that incorporate stock options or variable remuneration 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 as 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. **Equity Members:** Corresponds to those Non-Independent Members who are shareholders of the Company or have been expressly nominated by a shareholder, legal or natural person or group of shareholders to be part 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 has the participation of Executive Members, their number shall be the minimum necessary to meet the information and coordination needs between the Board of Directors and the Company's senior management, but in no case may it exceed the sum of the Independent and Equity Members that comprise it.

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

The President attends the meetings of the Board of Directors and has the right to speak, but not to vote; any other official 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 the directors and has a Secretary who is elected in accordance with the provisions of the bylaws. The deliberations and decisions of each meeting are recorded in minutes, which must comply with all the requirements imposed by law and regulations for this purpose.

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

The functions of the Board of Directors are those that correspond to it in accordance with current legislation, the regulations of the Board of Directors and the Statutes.

The Board of Directors will always act with criteria of independence from the Administration and in development of the general principles and instructions given to it 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 induction and permanent training.

## AUDIT COMMITTEE

A body created by provision of current regulations and whose main responsibility is to evaluate the Bank's Internal Control System (ICS), supporting its design, policy definition, and continuous improvement.

The committee is made up of three (3) members of the Board of Directors, who may be independent or patrimonial.

The meetings of the Committee are attended by the President of the Bank or whoever takes his or her place and the Comptroller General. The Financial Vice President, the Legal Vice President, and the Stale Auditor, as well as any other official that the Committee deems appropriate or necessary, may also attend.

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 manner as to coincide with the statutory term of the members of the Board of Directors. The members may be re-elected successively.

The functions of the Audit Committee are provided for in its 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 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 exercise of their functions, the members of the Audit Committee may obtain the support, on a one-off or permanent basis, of members of Senior Management, other officials of the Bank and/or external experts.

The Committee must meet a minimum of four (4) times a year. Likewise, it may meet at any time, in an extraordinary manner, at the discretion of the President of the Committee, any of its members, or the President of AV Villas, or whoever takes his place.

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

The Board of Directors shall submit to the General Shareholders' Meeting at the end of each financial year a report on the work carried out by the Committee during that period. Likewise, at the request of the Chairman of the Meeting, if the latter deems it necessary, the Chairman of the Audit Committee shall report to the General Shareholders' Meeting on specific aspects of the work carried out 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 the appointment and remuneration of members of Senior Management (Chairman and Vice-Chairmen).

In the same way, it proposes to the Board of Directors the modifications to the Appointment and Remuneration Policy of its members, in order that they be analyzed by it and, if they are found appropriate, submit them to the General Shareholders' Meeting for approval. The functions of the Committee are provided for in its Regulations.

The Committee is made up of four (4) 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 in their appointment it must be considered that the postulates have knowledge and experience in the issues related to the assigned functions. It must be chaired by one of the independent members, who will be elected by the Committee itself.

The election of the members of the Committee shall be held for periods of one (1) year, in such a manner as to coincide with the statutory term of the members of the Board of Directors. The members may be successively re-elected.

The Committee will ordinarily meet twice a year, after being convened by its Chairman, which may be done through the Secretary of the Committee sufficiently in advance.

The meetings of the Committee shall be attended by the President of the Bank or whoever takes his place and by various officials of the Bank whose presence is deemed appropriate, in order to provide the necessary and relevant information on matters within their competence and so that the Committee may provide adequate support to the Board of Directors.

## COMPREHENSIVE RISK MANAGEMENT COMMITTEE

The primary function of the Comprehensive Risk Management Committee is to assist the Board of Directors in making decisions that lead to material exposure to risks in order to comply with the Bank's business plan and strategic planning, complying with its supervisory responsibilities in relation to risk management. The functions of the Committee are provided for in its Regulations.

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

This Committee is made up of three (3) members of the Board of Directors with voice and vote, of which at least one (1) must be independent and will be the one who chairs it.

The Committee and its members shall be appointed by and report directly to the Board of Directors. Members shall also have knowledge and experience in risk management.

The meetings of the Committee must be attended permanently by the President, Vice President of Risks, the Vice President of Operations and Technology and the Vice President of Finance or their delegates in case of absence. Likewise, other areas and/or officials of the Entity may attend as guests in accordance with the call made. The Vice

President of Risk or the position that replaces him, depending on the structure of the Bank, must support the committee.

The Committee shall meet in an ordinary manner at least every three months to attend to matters of its subject. Notwithstanding the foregoing, the Committee may meet in an extraordinary manner at any other time, at the call of any of its members, the President or the three (3) permanent assistance vice-presidents, 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 is appointed by the Board of Directors and may be removed freely.

The Board of Directors may, if in its opinion it is required for the proper functioning of the institution, also confer the legal representation of the Bank on the Vice-Presidents it determines in each case.

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

For the purposes of electing the legal representatives and the President, the Board of Directors will use as selection criteria the managerial ability of the candidate, his technical knowledge, the negotiation skills, and his values and human virtues.

The functions of the President are enshrined in the statutes, without prejudice to those that correspond to him by law.

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

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

As a practice of good corporate governance, the Chairman shall inform the Board of Directors of the salary increase of the other employees of the Bank.

Prior to the possession of the legal representatives, 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 appointee, in accordance with the parameters and competencies assigned to it for this purpose by law.

The Vice Presidents and Chief Executive Officers are in charge of the day-to-day course of business and are responsible for conceiving, executing and monitoring the Bank's objectives and strategies, supporting the President's management.

## GENERAL SECRETARIAT

AV Villas will have a secretary who will be freely appointed and removed from the Board of Directors at the proposal of the President of the Bank, who will be at the same time secretary of the General Assembly, the Board of Directors and the Presidency. As part of his functions, the Secretary must:

a) To convene the meetings of the Board of Directors, in accordance with the annual plan.
b) Provided that it has been provided sufficiently in advance and is available, the secretary will send the members of the Board of Directors the material associated with the respective meeting within five calendar days prior to each meeting.
c) To keep the corporate documentation, duly reflect in the minutes books the development of the sessions, and attest to the agreements of the corporate bodies.
d) To ensure the formal legality of the actions of the Board of Directors and to ensure that its procedures and rules of governance are respected and regularly reviewed, in accordance with the provisions of the Articles of Association and other internal regulations of the company.

## MANAGEMENT COMMITTEES

In order to achieve adequate risk management, as well as for the governance of other administrative and various aspects, the administration 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
Operational Risk Committee
SARLAFT Committee
Security and Cybersecurity Committee
Purchasing Committee
Ethics and Conflicts of Interest Committee
IPT Committee (Investment, Pricing and Tariff Committee)

## CHAPTER THREE

## CONTROL MECHANISMS

### GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting is the highest governing body of the Entity, 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 Shareholders' Meeting has the power to exercise direct control of such activities and to examine the situation of the Entity, within the limits imposed by law.

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

Likewise, the General Shareholders' Meeting considers and approves the directors' reports on the state of the company's business and the report of the Statutory Auditor as mandated by law.

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

The report must be previously approved by a majority of the votes of those attending the Board of Directors in which it has been submitted for consideration and the explanations or qualifications of those who do not share it, if applicable, are attached to it.

Except in cases of legal representation, the directors and employees of the Entity may not represent at the meetings of the Shareholders' Meeting shares other than their own, while they are in office, nor substitute the powers conferred on them. Nor 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 same Entity, while they are in the exercise of their duties, except in the case of transactions unrelated to speculation, 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 the exercise of the right of pre-emption.

## INTERNAL CONTROL.

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

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

Internal control must promote the efficiency of the entity, so as to reduce the risks of losses 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, the administrators and other officers of the entity, designed in order 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 basic objectives of the entity, safeguarding its resources, including its own assets, and the assets of third parties held by the Bank.
- Sufficiency and reliability of financial information, as well as of the preparation of all financial statements, and
- Compliance with applicable regulations: laws, statutes, regulations and internal instructions.

The Board of Directors will be responsible for defining policies and organizing the design of the structure of the internal control system. The foregoing must be in writing, be motivated and disclosed to the management level of the organization.

The ICS Internal Control System is understood to be 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 officials of an organization to provide a reasonable degree of assurance regarding the achievement of the following objectives:

i. To improve the efficiency and effectiveness in the operations of the 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 is the ability to produce the maximum results with the minimum of resources, energy and time.
ii. Carry out adequate risk management.
iii. Increase the reliability and timeliness of the information generated by the organization.
iv. To provide adequate compliance with the rules and regulations applicable to the organization.
v. Comply with the general guidelines issued by the parent company on issues 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 the other systems that constitute it. The cost of these audits will be borne by the Bank, taking into account that the purpose of the audits is related to its Internal Control System, with respect to which the Bank must comply with the guidelines issued by the Colombian Superintendency of Finance

Each of the Entity's officials shall seek to comply with the objectives set by the Board of Directors, in the performance of their functions and applying the appropriate operating procedures.

Likewise, the internal and external auditors, as well as the Statutory Auditor, constitute a harmonious complement within the Entity's internal control policy, so that the officials and management will provide them with all the necessary collaboration.

In order to properly carry out the work of the Board of Directors in defining policies and organizing the design of internal control procedures, as well as in supervising the operation of such systems, the Board of Directors has an Audit Committee under that body, whose composition and functions were indicated in Chapter Two of this Code.

**RISK MANAGEMENT SYSTEMS**

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

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

The Board of Directors also establishes the Inherent High Impact Risks for the Bank.

Risk Management at the Bank focuses on meeting the following objectives:

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

In order to meet the objectives, the Bank adopted a Governance Structure in which each of those responsible for managing 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 of the types of risk has sufficient hierarchy and authority for the effective performance of his or her functions
- It has the authority to access the Board of Directors and the respective Risk Committee or Senior Management without any impediment.
- It has the authority to meet with the Board of Directors and the respective Risk Committee without the presence of the entity's Senior Management.
- You have access to the Bank's records, information, and personnel.
- It has the resources, determines the scope of risk management to achieve the expected objectives.
- It has the authority to follow up on actions taken by management in response to problems identified and recommendations made

RESPONSIBILITIES

a) Ensures compliance with the regulatory provisions established for each type of risk.
b) It gives opinions on the adequacy and effectiveness of the risk management processes under its responsibility and on its exposures to the approved limits.
c) Monitors risk exposure and the suitability of your management for new products, lines of business and/or markets.
d) Regularly reviews and updates risk management boundaries, policies, and processes, taking into account changes as they arise.
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) Keeps risk management practices and policies up to date.
h) It monitors positions against the approved risk appetite framework and follows up on material changes that arise.

i) Monitors trends and identifies emerging risks and responds effectively to unexpected events. [Emerging risk is understood as those resulting from increased exposure or susceptibility to a hitherto unknown factor, or associated with increased exposure to an already identified hazard, may be derived from technological or industry changes.]
j) Performs stress testing and scenario analysis to understand potential risk exposures under a variety of adverse scenarios*.
k) Learn about the assumptions and methodologies that support risk measurement and control models*.
l) It has a policy for managing the models for those quantifiable risks*, their assumptions, databases, computer applications and reports that guarantee their understanding and transparency.
m) It models and measures the quantifiable risks* of the Entity and regularly backtests 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 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 those responsible for the business units the problems identified along with the recommendations in a way that allows 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) Assesses the conditions of the economic environment, identifying market conditions and trends that may affect the entity's current and future risk profile.
s) Monitors and follows up on the solution of the problems identified.

* Quantifiable risks: Credit, market and liquidity risk

INDEPENDENCE

The person responsible for managing each of the types of risk has the authority to carry out their responsibilities independently.

The person responsible for each type of risk must demonstrate independence of criteria with respect to any interest that could be considered incompatible. The collegiate bodies for the management of each of the types of risk, whether the defined

Committees or the Board of Directors, are responsible for approving the policies and procedures for their management.

## OFFICE OF THE COMPTROLLER GENERAL

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

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

## TAX AUDIT

The Entity has a Statutory Auditor, with his/her corresponding Alternate, appointed by the General Shareholders' Meeting for a period of one (1) year, from the number of alternatives that are presented to be considered in the corresponding session. The Statutory Auditor may be freely re-elected or removed by the General Shareholders' Meeting, which indicates his/her remuneration taking into account the human and technical resources necessary for the performance of his/her functions.

Without prejudice to the right of all shareholders to submit to the consideration of the Shareholders' Meeting candidates to be elected as Statutory Auditors, it shall be the responsibility of the Board of Directors, through the Audit Committee, to submit to the consideration of the General Shareholders' Meeting the resumes 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 provided for in the law and in the Basic Legal Circular of the Superintendency of Finance The functions of the 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 that contemplate that the Board may not propose to the Assembly as candidates to occupy the Auditor's Office, firms that have been subject to disqualification, suspension or any other type of firm sanction for the exercise of financial audit services imposed by the competent authority.

The functions of the Statutory Auditor and the reports that he or she must issue are enshrined in the law, the regulation 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.

It shall be the responsibility of the Superintendency of Finance to give possession to the Entity's Statutory Auditor. Possession shall only be effected once the Superintendency ascertains the character, suitability and experience of the Statutory Auditor elected by the General Shareholders' Meeting.

## CHAPTER FOUR

## DISCLOSURE OF INFORMATION

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

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

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

MANAGEMENT REPORT.

At the end of each accounting year, the Chairman 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 established by law.

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

FINANCIAL STATEMENTS AND THEIR NOTES.

The financial statements at the end of each financial year together with their notes, approved by the Shareholders' Meeting, can also be consulted through the Bank's website.

OPINION OF THE TAX AUDITOR.

The Statutory Auditor reviews the financial statements at the end of the financial year. These documents are published together with the financial statements on the Bank's website.

RELEVANT INFORMATION.

Through this mechanism, the Bank communicates to the Colombian Superintendency of Finance, and through it to the entire market, any relevant event or extraordinary or significant operation or act of importance to the Bank, under the terms provided for in Decree 2555 of 2010 and the regulations that modify, add or replace it.

Such information can be consulted on the website of the Superintendency of Finance

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

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

INFORMATION TO THE COLOMBIAN SUPERINTENDENCY OF FINANCE

The control and surveillance entity is sent the information it requests, the periodic or eventual reports that it establishes, as well as the legally established documentation before and after the holding of the Shareholders' Meetings, among others.

## CHAPTER FIVE

## STAKEHOLDERS

COLLABORATORS

The main aspects of the relationship with employees are enshrined in the document "POLICIES TO MANAGE OUR PEOPLE", in which, as its name indicates, the following policies are reflected: Structure Administration; Salary; Personnel Selection; Liaison; Training and Development; Performance Management; Salaries and Benefits as well as Benefits and Occupational Risks.

FINANCIAL CONSUMERS

The Bank strives for a customer-centric culture, which is why it provides products and services with safety 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 for its customers and users.

SUPPLIERS

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

The Board of Directors will be the one who establishes the scale of attributions for the purposes of approving the 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 particular nature, issued by the legal area of the Entity.

Any employee, director or administrator who is involved in a conflict of interest with respect to a negotiation must inform his immediate superior, and refrain from participating in it. In case of not complying with this provision, the person will be subject to the corresponding civil, criminal and labor actions and sanctions.

## CHAPTER SIX

## SELF-REGULATION OF CORPORATE GOVERNANCE

This Code includes standards that Banco AV Villas has set out in different documents and regulations, constituting good governance practices that govern its activities.

In the same way, the Bank's Board of Directors has adopted a Code of Ethics, Conduct and Resolution of 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 functions, promoting in particular ethical conduct. It is the duty of all Bank employees to read the Code when they join the Bank, as well as to carry out self-training sessions in cases where the Code is updated.

Among the topics addressed in said Code of Ethics are the Fraud and Corruption Prevention Policy, as well as those related to Conflicts of Interest, 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 Entity.

All directors, administrators and officers who are facing a conflict of interest or consider that they may be facing one, must inform the Entity in a timely manner, under the terms of the Code of Ethics, about 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 sporadic or permanent. When the situation that gives rise to the generation of an event or potential conflict of interest event is of a permanent nature and affects all the Bank's operations, it will be evaluated by the Board of Directors, which will determine the actions to be taken.

If any of the members of the Board of Directors are faced with a situation of conflict of interest, this or these will be known, evaluated and settled 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, Conduct, and Resolution of Conflicts of Interest and the internal work regulations contemplate for this purpose.

MECHANISMS THAT ALLOW COMPLIANCE WITH THE PROVISIONS OF THE CODE OF GOOD GOVERNANCE TO BE CLAIMED.

The legal representative of the Entity shall ensure compliance with the statutes and the rules and provisions 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 Code of Good Governance, and in these cases, the management of the Entity will give a clear and sufficient response to the applicant, with the greatest diligence and opportunity.

The shareholders and investors of the Entity may file complaints or claims with the Statutory Auditor for non-compliance with the provisions of the Code of Good Governance. To this end, the Entity shall provide 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 in this regard, when the existence of the aforementioned non-compliance is established.

The Entity will allocate an office for the attention of shareholders and investors, under the direction of an official of the same. This office will serve as a liaison between investors and the governing bodies of the Entity, and will be responsible for the necessary management to timely meet the needs and requirements formulated by investors.

RECOMMENDATIONS ON BEST CORPORATE PRACTICES.

Since the adoption of recommendations on corporate practices and good governance is merely voluntary, when the Bank decides to adopt them, they will be binding on the institution, its administrators and officers.

PUBLICITY OF THE CODE.

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