



GOOD GOVERNANCE CODE

GRUPO AVAL ACCIONES Y VALORES S.A.

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The Board of Directors of Grupo Aval Acciones y Valores S.A. (hereinafter, "Grupo Aval" or the "Corporation") in compliance of its duty to direct and define the general policies of good governance of the Corporation has compiled in the present Good Governance Code some normative, regulatory and statutory references, as well as certain internal policies and best practices which shall govern the development of Grupo Aval in the field of good governance.

This document is intended to serve as a complement to legal and statutory provisions applicable to Grupo Aval and to documents available from the Corporation regarding Corporate Governance.

FIRST. IDENTIFICATION AND FRAMEWORK OF BUSINESS CONDUCT OF THE CORPORATION

1.1. Legal Nature and Corporate Purpose

Grupo Aval is a commercial corporation with registered office in Bogota, incorporated through Public Deed Number 43 granted with Notary 23 of the Circle of Bogota on January 7, 1994.

The main purpose of the Corporation comprises the purchase and sale of shares, bonds and securities of entities belonging to the financial system, and the purchase and sale of shares, bonds and securities of other commercial entities. During the development of its corporate purpose, the Corporation may develop those activities allowed in accordance with applicable regulations and its articles of incorporation (hereinafter, "By-laws").

SECOND. THE CORPORATION AND ITS GOVERNANCE

2.1. Steering Bodies

Grupo Aval has management and administrative bodies which set forth the guidelines of its corporate accountability which develop and perform all acts oriented towards complying with its corporate purpose, in accordance with the law and its By-laws.

2.1.1. General Shareholders Meeting

The highest management body of the Corporation is the General Shareholders Meeting, comprised by the shareholders registered in the book denominated "Shareholders Registry", or their representatives or principals, assembled pursuant to the provisions of the law and the By-laws.

The Corporation will have Internal Functioning Regulations for the General Shareholders Meeting, which purpose is to complement the By-laws of Grupo Aval in aspects relating to the summoning and development of its General Shareholders Meetings, pursuant to what is foreseen under the By-laws, in other corporate governance documents of the Corporation and in the legal provisions in force.

The functions of the General Meeting are those set forth in the law or in the By-laws and which do not correspond to other bodies.

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2.2. Management Bodies

The management of Grupo Aval is integrated by the Board of Directors, the President of the Corporation and its senior management.

2.2.1. Board of Directors

The Board of Directors is the highest administrative body of the Corporation, whose main function is to determine development and management policies of the Corporation, as well as overseeing that the President, the senior management and the employees of the Corporation comply with and observe the abovementioned policies.

The Board of Directors will have Internal Functioning Regulations whose purpose is to complement the By-laws of Grupo Aval on aspects regarding to functions of such body, in accordance with what is foreseen in such By-laws, in other corporate governance documents of the Corporation and in the legal provisions in force. Likewise, the Corporation shall establish a policy of appointment and retribution of its Board of Directors. The General Shareholders Meeting shall determine the remuneration of the Board of Directors members pursuant to their legal and statutory powers, and with what is established in the appointment and retribution policy of the Board of Directors.

The functions of the Board of Directors shall be those set forth in the law or in the By-laws and in the other corporate governance documents of the Corporation.

The General Shareholders Meeting shall assess the management of the Board of Directors of the Corporation through the review and approval of the management report submitted to its consideration at the closing of each financial period.

2.2.2. President of the Corporation

The President shall be the legal representative of the Corporation, judicially and extra-judicially, and it shall be the person in charge of leading the management of the Corporation.

The President shall be appointed by the Board of Directors for a term of one year counted as from its election, and may be reelected indefinitely or freely removed before the expiration of its term. The President shall have two alternates.

When the Board of Directors does not elect the President and its alternates having to do so, the President and its alternates in the former shall continue in their positions until the new appointment is carried out. In the event of permanent or temporary absences of the President, it shall be replaced by its alternates.

The Board of Directors shall carry out the election of the President and its alternates based on the following criteria: managerial skills, negotiating skills, technical knowledge, values and human virtues and remuneration conditions.

The remuneration of the President shall be established by the Board of Directors or by the relevant support committee and the duties of the President shall be those set forth within

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the limits of the corporate purpose and the By-laws, in accordance with the nature of its position.

The President shall submit a performance and accountability proven report at the end of each financial year and within the month following the date wherein it withdraws from his office or when as required by the Board of Directors. For such purpose, it shall submit the financial statements of the Corporation to the Board of Directors, along with the accompanying notes with cut-off date of the end of the respective period and along with a management report containing an accurate statement regarding the evolution of business and the economic, administrative and legal situation of the Corporation, including a description of major risks, as well as information about internal control activities and relevant findings, if any, as well as a foreseeable evolution of the Corporation, operations entered into with shareholders and administrators, the compliance status of intellectual property and copyright regulations set forth in this Code.

The report submitted, after being assessed and approved by the Board of Directors, shall be presented for consideration of the General Shareholders Meeting.

2.2.3. Senior management

In furtherance to their Board of Directors and the President, the main executives form part of the governing bodies of Grupo Aval as staff in charge of the ordinary course of business and responsible for conceiving, performing and tracking the objectives and strategies of the Corporation.

The Senior Management of Grupo Aval shall have a fundamental role within the governance and control architecture of the Corporation, oriented towards complying with the strategic plans defined by its steering bodies within the framework of corporate policies and guidelines.

2.3. Controls of the Corporation

The controls of the Corporation are external and internal.

2.3.1. External controls

External controls are those performed by different surveillance, regulation and control bodies: Statutory Auditor and the Financial Superintendence of Colombia.

2.3.1.1. Statutory Auditor

As part of its duties, General Shareholders Meeting is in charge of freely electing and removing the Statutory Auditor and its alternate. Similarly, a function of the Audit Committee of the Corporation is to recommend the appointment and compensation of the Statutory Auditor to the General Shareholders Meeting.

Likewise, as a guarantee of transparency in the election of the Statutory Auditor at the General Shareholders Meeting, the shareholders may submit alternatives for consideration along with the quotation and the general and specific conditions under which the service

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would be performed, all the foregoing in order to carry out an informed election and with awareness of the existing alternatives.

The Statutory Auditor and its alternate shall be elected by the General Shareholders Meeting through the vote of a plural number of shareholders representing at least half plus one of the shares represented at the meeting and taking into consideration their professionalism, experience and worthiness, as well as of their work teams and, as the case may be, the firm for which they work for.

In no event it shall propose or elect as Statutory Auditor or its alternate those liable of any type of ineligibility, incompatibility, sanctions or suspensions constituting a legal impediment to exercise its duties as Statutory Auditor of the Corporation and, if applicable, when the firm for which its works is subject to the same type of ineligibilities, incompatibilities, sanctions or suspensions constituting a legal impediment for offering its services.

The Statutory Auditor shall be elected for the same term as the Board of Directors; for which the incompatibilities foreseen under the law shall be accounted for. The Statutory Auditor may be indefinitely reelected or freely removed before the expiration of its term.

The Statutory Auditor shall have an Alternate who shall replace him/her in its absolute, temporary or accidental absences.

2.3.1.1.1. Remuneration

The General Shareholders Meeting shall determine the remuneration of the Statutory Auditor, taking into account the human and technical resources required for the proper performance of its duties.

2.3.1.1.2. Duties

The duties of the Statutory Auditor are those set forth in the law or under the By-laws and other corporate governance documents of the Corporation.

2.3.1.1.3. Ineligibilities and Incompatibilities

In addition to the ineligibilities and incompatibilities set forth in the law and the By-laws, the Statutory Auditor and, when applicable, the firm for which it works cannot not be a shareholder or have a marital bond or kinship within the fourth degree of consanguinity or first degree of affinity, nor can it be a co-partner of the Legal Representative or of any member of the Board of Directors, of the treasurer, the accountant nor the internal auditor of the Corporation. The Statutory Auditor's duties are incompatible with the performance of any other job or employment within the entity or its subordinates.

2.3.1.1.4 Procedure in the event of Exception in the Opinion of the Statutory Auditor

In the event of any exceptions, paragraphs of emphasis and/or any other type of observations or significant comments in the Statutory Auditor's opinion regarding the financial statements of the Corporation, such observations as well as the actions proposed

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by the Corporation for resolving the situation shall be subject to a pronouncement of the President or whoever the same it may designates before the shareholders in the General Meeting. The aforementioned pronouncement shall be subject to prior consideration and approval by the Audit Committee.

Regarding the exceptions, paragraphs of emphasis and any other type of observation or significant comment by the Statutory Auditor in its opinion about the financial statements of the Corporation, if the Board of Directors deems that it maintain its criteria, its position shall be adequately explained and justified through a written report addressed to the General Shareholders Meeting, specifying the contents and scope of the discrepancy.

2.3.1.2. Finance Superintendence of Colombia

Pursuant to what is provided for under the regulations applicable to the stock market, the Financial Superintendence of Colombia exercises control upon issuers of securities. By such virtue, the Corporation is obliged to keep the Financial Superintendence of Colombia, the Stock Exchange of Colombia and the market in general, permanently updated, submitting relevant information at the end of the fiscal year and quarterly, under the terms established in the applicable regulations.

2.3.2. Internal Control

The President of the Corporation with the support of the members of the Senior Management is in charge of defining policies and designing the internal control procedures to be implemented, as well as ordering and overseeing that the same adjust to the needs of the entity. The employees of the entity, on their part, are in charge of implementing and properly complying with internal control measures and procedures adopted.

The internal control shall promote the efficiency of the entity, in order to reduce the risks of losses of operational and financial assets, and to promote the drafting and disclosure of reliable financial statements, as well as compliance with legal and statutory provisions.

In consideration of all the foregoing some of the general parameters of the internal control system of Grupo Aval are described, as follows.

2.3.2.1. Concept of Internal Control

Internal control is a process carried out by the President and employees of the Corporation appointed for such end; internal control is designed for providing reasonable assurance regarding the fulfillment of objectives in the following categories:

- Effectiveness and efficiency of operations and fulfillment of the core objectives of the Corporation, safeguarding its resources, including its own assets and goods of third parties held by the entity;
- Sufficiency and reliability of financial information, as well as of all the financial statements;
- Compliance with applicable regulations: laws, By-laws, regulations and internal instructions;

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- Respect and timely and legal assistance to the Corporation's shareholders and investors.

2.3.2.2. Responsibility

The President of the Corporation with the support of the members of the Senior Management shall be responsible of defining policies and designing the structure of the internal control system.

The Corporation shall have an Internal Auditor, who shall be responsible of carrying out the internal control tasks of the Corporation, under the terms of the Good Governance Code.

Each of the Corporation employees shall ensure the fulfillment of internal control goals set forth during the performance of their duties and applying the appropriate operating procedures.

Likewise, the Statutory Auditor is a harmonious complement within the internal control policy of the Corporation, reason for which the employees and the management shall provide all the cooperation necessary.

2.3.2.3. Internal Control Objectives

The main objective of internal control is to provide the management and administration a reasonable assurance about the manner in which the following aspects are developed:

- The degree of compliance with the budgetary execution during the course of the operations of the entity;
- The reliability in drafting financial and accounting information;
- The compliance with applicable laws and regulations;
- The operational procedures designed;
- The proper attention to shareholders and investors of debt securities issued by the Corporation.

Grupo Aval shall draft policies on internal control oriented towards generating an architecture of control with the objective of managing the risks inherent to its entrepreneurial and its environment.

2.3.3 Internal Audit

To guarantee its independence, the Internal Audit reports directly to the President of the Corporation. The appointment, as well as the removal of the Internal Auditor shall be responsibility of the Board of Directors based on a proposal of the Audit Committee, in accordance with the selection criteria for the staff of the Corporation. The Corporation shall inform the appointment of the Internal Auditor of the Corporation, as well as the news arising in such position, through its web page.

The Internal Audit's mission is carrying out a systematic and permanent assessment of the Corporation in order to identify the main risks, assessing if the existing controls have been complied with and if they are sufficient and adequate, to produce recommendations tending

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to strengthen the internal control system. The Internal Audit shall report these matters to the President, who shall include these topics in the report prepared for the consideration of the Board of Directors and of the General Shareholders Meeting, at the end of each period. Similarly, it shall report to the Audit Committee about the results and findings identified during the performance of its management and work plan.

2.3.4. Audit Committee

It shall be comprised by three principal directors appointed by the Board of Directors for such purpose under applicable regulations. The Chairman of the Committee shall be an independent member. The Statutory Auditor of the Corporation shall form part of the Committee, and will attend with right to speak but without the right to vote. Any employee of the Corporation may be summoned to attend the meetings of the Committee.

The Audit Committee shall meet at least every three months. The decisions of the Committee shall be attested to in the minutes, for which the provisions under article 189 of the Code of Commerce shall apply.

The duties of the Audit Committee are those set forth in the law or under the By-laws and the other corporate governance documents of the Corporation.

THIRD. SHARES AND SHAREHOLDERS

3.1. Classes of Shares, Administration and Trading

3.1.1. Shares into which the capital stock is divided

The shares of the Corporation shall be registered shares and capital shares and they may be: (a) common shares, and (b) with preferential dividend and without the right to vote. The shares with preferential dividend and without the right to vote may be placed through a subscription of shares or the conversion of outstanding common shares. The shares are indivisible and therefore if shares are owned *pro indiviso* by several people, they shall designate whoever shall exercise the rights inherent thereto, but compliance of the obligations with the Corporation shall correspond to all owners jointly and severally.

Each share shall confer the following rights to its owner:

- To participate in the deliberations in the General Meeting and vote thereon;
- To receive a proportional portion of the corporate benefits distributed by the Meeting based on the balances at the end of the period;
- Freely negotiate their shares subject to the law and the By-laws;
- To review the corporate books and documents, within the fifteen business days prior to the General Meeting wherein the balance sheets of the end of the period are reviewed;
- In case of liquidation of the Corporation, to receive a proportional part of the corporate assets, upon payment of external liabilities.



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Each share with preferential dividend without a right to vote shall confer its owner the following rights and, additionally, those determined in the rules of subscription:

- To negotiate freely their shares subject to the law and the By-laws;
- To receive a minimum dividend provided for in the rules of subscription, which shall be paid with preference with respect to that corresponding to common shares, always provided that the dividend has been decreed with charge to the resources legally available for such purpose. The dividend corresponding to common shares shall not be greater than that decreed in favor of the shares with preferential dividend and without the right to vote. There will be no place to accumulation of dividends;
- To receive with the same proportion of common shares distributable profits remaining after deducting the minimum dividend and the dividend corresponding to common shares which is equal to the minimum dividend. In such case, namely when a dividend greater than minimum dividend is decreed, the shares with preferential dividend and without the right to vote shall not be entitled to receive the dividend decreed for common shares plus the minimum dividend but solely the same dividend decreed for common shares;
- - The preferential reimbursement of the contributions upon payment of external liabilities in the event of dissolution of the Corporation;
- To other rights provided for common shares under article 379 of Code of Commerce, except the right to participate in the General Shareholders Meeting and voting thereon. However, shares with preferential dividend and without the right to vote shall be entitled to vote in those cases provided for in the law.

3.1.2. Administration of Shares, of the Book of Shareholders and Outstanding Shares

Outstanding shares of the Corporation are dematerialized and the transfer of ownership shall be carried out through annotations in deposit accounts or sub-accounts of the holders in the Centralized Deposit of Securities of Colombia Deceval S.A. ("Deceval").

Deceval is in charge of the custody and acts as Administrator of the shares and of the Shares Registry Book of Grupo Aval. As part of its services, Deceval performs all operational activities deriving from such administration, including the verification of the deliberative and decision-making quorum of the Meeting, prior verification of proxies, the counting of the shares present or represented in the respective meeting and the voting results on matters submitted for consideration of the General Meeting.

The entry and registry of shares in the corresponding Shares Registry Book shall be sufficient to ensure that the new owner exercises its rights, through a certification issued by Deceval.

3.1.3. Preferential Subscription

Common shares shall be entitled to preferential subscription, in any new issue of shares, an amount proportional to the number of shares that shareholders own on the date when the shares subscription regulations is approved, unless the General Meeting decides to place them without being subject to the preferential right; for which what is provided in the law and in the By-laws shall be complied with. Such preferential right shall apply to the sale of

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shares repurchased by the Corporation when the Board of Directors decides to put them in circulation again.

In the case of shares with preferential dividends and without the right to vote, the General Shareholders Meeting shall define at the time of issuance whether the shares shall or shall not be placed subject to preferential right. Such decision shall be taken with the vote of the majority of the votes present at the meeting.

3.1.4. Shares negotiation

The shares of the Corporation are listed on the Stock Exchange of Colombia ("BVC"). Consequently their owners may trade them in the secondary market through the BVC's transaction systems as from the moment when they have been fully paid and Deceval has registered the respective account annotation. Sales and transfers of individual rights to be made through records and electronic data systems following the procedure set forth under Deceval operation regulations.

Since the shares of the Corporation are outstanding in a dematerialized manner, instead of physical securities, as per request of the interested party, Deceval acting as the administrator of the shares and of the Shares Registry Book of Grupo Aval, shall provide a certificate of deposit of the representative securities of the shares of the Corporation.

3.1.5. Prohibition of purchasing or alienating shares of the Corporation

The managers of the Corporation cannot, by themselves or through a third party, sale or purchase shares of the same Corporation while they are exercising their offices, except for operations effected with nospeculative purposes and with authorization from the Board of Directors, granted with the favorable vote of two-thirds of its members, excluding the vote of who makes the request, or authorized by the General Shareholders Meeting with the favorable vote of the majority of the shares represented at the meeting, excluding the vote of the interested party.

3.1.6. Prohibition to represent shares in the General Shareholders Meeting

Except in cases of legal representation, the managers and generally the Corporation employees cannot not represent shares different than their own at General Shareholders Meeting, while exercising their offices, nor may they substitute the proxies conferred. They shall neither be allowed to vote on financial statements and accounts as of the end of the periods or on liquidation accounts.

3.1.7. Shareholders rights

3.1.7.1. Equitable treatment

Regarding requests, claims or information, the Corporation shall give its shareholders an equitable treatment regardless the number of shares they held as well as their investors without considering their investment amounts.

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3.1.7.2. Summons to Shareholders Meeting

Shareholders are entitled to summons to a shareholders meeting subject to what is foreseen in the law and in the By-laws.

3.1.7.3. To be assisted and informed

All shareholders are entitled to receive the same information, with the same details and at the same period and time, in order to protect their rights.

The information to be submitted corresponds, in one hand, to that relating to the reports for the Meeting pursuant to the provisions contained under the law, the By-laws and this Code, to such information that is periodically and eventually submitted to the Finance Superintendence of Colombia and which is detailed in this Code.

Notwithstanding the right of inspection, to the extent possible, 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 the information is available, simultaneously with the summons to its ordinary meetings, the Company will make available to its shareholders through its website the proposals that the Board of Directors will submit for consideration of the General Shareholders Meeting related to the items on the agenda.

In the event that an operation considers transactions that may result in the dilution of shareholders' capital (such as mergers, spin-offs, issuance of shares not subject to preemptive rights), the Company will explain the transaction details, subject to the conditions and terms established in the applicable regulations. The information related to such operations, available prior to the General Shareholders Meeting will be at shareholder's disposal for the exercise of their right of inspection.

Several mechanisms for providing assistance and information to the shareholders and investors of debt securities issued by the Corporation are available through its webpage.

3.1.7.4. To demand compliance of the Good Governance Code

The Legal Representative of the Corporation shall oversee the compliance of the By-laws, the rules and provisions of the General Meeting and of the Board of Directors.

Shareholders and investors of debt securities issued by the Corporation may submit respectful requests with the entity when they believe that the Good Governance Code has been breached, and in such cases the management, through the Investors Relation Office of the Corporation shall provide a clear and satisfactory response to the request, with the greatest diligence and timeliness.

3.1.7.5. Right to Withdraw

Whenever the transformation, merger or spin-off of the Corporation may impose a greater

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responsibility upon the shareholders or may imply an impairment of equity rights, the absent or dissident shareholders shall be entitled to withdraw from the Corporation.

Also, the exercise of right to withdraw shall apply in cases of voluntary cancellation of the entry the National Securities and Issuers Registry or in the BVC.

It shall be understood that there is impairment in the equity rights of the shareholders, among others, in the following cases:

- When the percentage of participation of the shareholders in the capital stock of the Corporation is reduced;
- When the equity value or the face value of the shares is reduced, always provided that in such case there is a decrease of capital;
- When the tradability of the shares becomes limited or decreases.

3.2. Situation of Control of the Corporation

Mr. Luis Carlos Sarmiento Angulo exercises a situation of control over Grupo Aval, as attested to in the mercantile registry of the Corporation, under the terms informed to the Chamber of Commerce of Bogota, registration No. 00865815 of February 11, 2003. Likewise, the institution periodically submits a report to the Financial Superintendence of Colombia, with the list of shareholders with the largest participation in the Corporation's capital.

3.3. Shares Repurchases Policy

Whenever the Corporation intends to acquire its own shares, it shall comply with the following requirements:

- The decision will be made by the Meeting with the favorable vote of the majority of votes present;
- In order to carry out the operation, it shall use funds taken from the liquid profits;
- The shares shall be fully paid; while such shares are owned by the Corporation, the rights inherent of the same shall suspended;
- The repurchasing shall be performed through mechanisms guaranteeing equal conditions for all shareholders and the reacquisition price shall be fixed based on a study performed according to the technically acknowledged procedures.

The subsequent transfer of shares repurchased by the Corporation shall be done through mechanisms guaranteeing equal conditions to all shareholders, without the need of drafting a regulation for the subscription of shares.

For the shares acquired in such a manner, the entity may take the following measures:

- Sale them and distribute their price as a profit, if a special reserve for the acquisition of shares has not been agreed in the contract or ordered by the Meeting, since in this case the amount shall be carried to such reserve;
- Distribute them among the shareholders as a dividend;
- Cancel them and increase proportionally the value of the remaining shares, through an amendment of the By-laws;
- Cancel them and reduce the capital until concurrence of their face value;

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- Destine them for purposes of charity, rewards or special prizes.

3.4. Applicable Criteria for the Economic Affairs between the Corporation and its Majority Shareholders or other Controlling Parties, its Directors, Managers and Senior Executives.

3.4.1. Relationship of the Shareholders with the Corporation

Grupo Aval guarantees equal treatment to all its shareholders regardless of the percentage of interest they have in the capital stock of the Corporation. All shareholders entitled to vote are allowed to participate and vote in the ordinary or extraordinary General Shareholders Meetings in all matters addressed therein.

3.4.2. Economic relations with Shareholders, Directors, Managers and Senior Executives

During the ordinary course of business the Corporation may perform operations with its shareholders, directors, managers and senior executives. Operations entered into with the main shareholders and directors, managers and senior executive officers shall be included in the notes to the financial statements of each period, under the terms established in this Good Governance Code and in applicable regulations.

The Corporation shall inform the market the economic relations with its majority shareholders in accordance with the information required by the regulations in force.

The aforementioned information shall be delivered to the market, by processing the corresponding reports with the Financial Superintendence of Colombia. Such information shall remain in the public archives of the said Superintendence and anybody may have access to the same directly in person or by electronic means according to the mechanisms established by such authority for the purpose.

3.5. Specific Mechanisms Allowing Shareholders and other Investors to Order Specialized Audits from the Issuer

Shareholders representing at least fifteen percent of the outstanding shares of the company, as well as investors of debt securities owning at least twenty-five percent of the total of commercial securities issued by the Corporation, may order at their own expense and responsibility, a specialized audit regarding a specific issue of the Corporation, for which they shall hire an auditing firm with sufficient and acknowledged prestige, complying with the same conditions required for the Statutory Auditor of the Corporation.

The audit referred to hereunder shall take place when the shareholders or the investors of debt securities issued by the Corporation have grounded doubts regarding quality, reliability and legality of the financial statements disclosed by the company to the authorities and the general public, or regarding the internal control of the company or the control exercised by the Statutory Auditor. The purpose of the audit shall be to confirm the existence of inconsistencies in any of the issues mentioned above.

It shall be understood that there are grounded doubts for requesting the specialized audits in the following cases:

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- When at the end of the semester period the Corporation has losses reducing the net worth of the Corporation in more than 30%;
- When the Statutory Auditor states in its reports or opinions that there are relevant findings substantially affecting the Corporation or that serious inconsistencies are present in the handling of the accounting or the management of the corporate net worth;
- When there are serious indications of negligent or willful misconduct acts with regards to the management, direction and administration of the company, liable of generating gross harm to the economic interests of the shareholders or investors of debt securities issued by the Corporation.

For purposes of performing the audit, the shareholders and/or investors that meet the stated requirements shall submit a written request in such sense with the Legal Representative of the Corporation. The request shall contain the following as a minimum: (i) Evidence of the requesting party in the sense of representing the minimum number required of shareholders and/or investors of debt securities issued by the Corporation; (ii) Purposes intended with the audit ; (iii) Indication of the facts or elements on which the doubts about the Corporation are grounded; (iv) Information about the auditor that will carry out the audit; (v) Mechanisms guaranteeing that the information provided to perform the audit shall not be disclosed or utilized for the benefit of third parties and causing detriment to the company; the foregoing, without prejudice to the guarantees required by the company with regards to confidentiality and handling of the information; and (vi) Commitment in the sense that solely the facts or elements determined by the audit as irregular regarding quality, reliability and legality of the financial statements shall be disclosed to the public and to the authorities; such information shall be provided together with the corresponding explanations given by the management.

Upon filing of the request, the Legal Representative of the Corporation shall have fifteen business days counted as from the receipt of the same, to validate whether the request complies with the herein Code. In the event that the request were rejected, and the shareholders or investors would insist on the same, the Board of Directors shall be in charge of finally resolving the request, for which they shall have a term of fifteen business days counted as from the date of receipt the new communication. In the written answer accepting the independent audit, the Legal Representative or the Board of Directors, as the case may be, shall establish the manner, conditions and dates wherein the independent auditor may perform the audit. The Legal Representative and the Board of Directors should take all the appropriate measures leading to assure the nondisclosure of, among others, industrial secrets, advantages over competition, customers and other elements that in its judgment should be treated as confidential information of the Corporation for a good and normal development of the company's operations.

In no event the audit may cover the following: (i) operational methods of the services of the Corporation; (ii) marketing procedures; (iii) potential businesses of the Corporation; (iv) alliances underway; (v) industrial secrets; (vi) industrial or intellectual property rights; and (vii) commercial strategies.

In all cases the working papers of the Auditor shall be subject to reserve.

FOURTH. SUPPLIERS

4.1. Selection of the Main Suppliers

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Grupo Aval shall have a registry of suppliers wherein those seeking to establish contractual relationships with the Corporation shall be registered including the CVs of the suppliers, their expertise, specialties and generally all relevant aspects to carry out the processes of awarding and contracting.

A process for rating the suppliers shall be established, whose results shall be taken into account for future contracting and for the permanence of the supplier within the registry of suppliers of the entity.

The Corporation shall not contract with suppliers of goods or technical services that are not registered within the aforementioned registry.

The President of the entity shall establish a scale of powers for purposes of approval of the contracting and the rating of the suppliers.

The negotiation process shall include criteria of timeliness, quality and pricing before making the decision of the award.

Depending on the amounts, the contracts shall be covered by insurance policies covering the risks assumed in each case, issued by an insurance company legally organized in Colombia, wherein the entity is the beneficiary.

All contracts shall have the prior approval of general or specific nature, issued by the legal department of the entity.

Every employee, director or manager that has a conflict of interest with respect to a negotiation shall forthwith report so to its immediate boss and abstain from participating therein. In the event of breach of this provision, the individual shall be subject to the corresponding civil, criminal and labor actions and sanctions.

The administrative area of the Corporation shall establish internal policies and procedures required so that each of the areas is capable of keeping control of expenses such as travel expenses, management of petty cash, transportation expenses, etc.

4.2. Procurement Committee

With the aim of facilitating the follow-up of budgets and optimizing the utilization of resources, the selection of suppliers shall normally be carried out through a Procurement Committee of Goods and Services that shall perform the process of awarding and contracting.

Contracting may be carried out directly with the limitations based on amounts included in the By-laws. In the event that such contracting exceeds the limits stated in the Bylaws, the approval of the Board of Directors shall be required.

FIFTH. RISKS

In its business activity, the Corporation is subject to the occurrence of risks inherent to its activities or its environment. In such sense the Corporation shall favor the existence of a control architecture oriented towards the generation of policies and guidelines for managing such risks.

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The Corporation shall inform the control entities in a clear, integral and objective manner regarding, the acts or facts, including decisions, that potentially could affect the issuer and its businesses or influence the determination of the price or the market circulation of securities listed in the National Registry of Securities and Issuers.

Likewise, the management report submitted to the Shareholders General Meeting at the end of each financial period by that the Board of Directors and the Management of the Corporation shall include a description of the main risks of the Corporation.

SIXTH. INTERNAL RULES ON ETHICS AND CONFLICTS OF INTEREST

6.1. Internal Rules of Ethics

Upon joining the Corporation every employee shall sign a document stating that he/she is familiar with the Code of Good Governance, the Code of Ethics and Conduct of the Corporation as well as its express commitment to comply therewith.

6.2. Conflicts of interest

6.2.1. Specific mechanisms for preventing, managing and disclosing conflicts of interest

6.2.1.1. Definition

A conflict of interest is understood as a situation by virtue of which a person (natural or legal) faces different alternatives of conduct, due to the fact that its personal interests may prevail before its legal or contractual obligations (labor or economic activity).

A conflict of interests also occurs when an individual seeks to obtain a material or moral advantage, or of any other nature, having the option of deciding between the duty and the interests created, or when a person seeks to abandon its duties as consideration for a benefit.

6.2.1.2. Resolution of conflicts of interests

The policy of the Corporation is to eliminate and overcome every conflict of interests that may take place during the performance of its corporate purpose.

All directors, managers and employees shall avoid any situation which may involve a conflict between their personal interests and those of the Corporation, reason for which they should refrain from:

- Granting rebates, discounts, reductions or exemptions of any nature based on reasons of friendship or kinship;
- For employees, performing or offering their services or professional expertise to third parties without the written authorization of the area of Human Resources, who shall assess whether a conflict of interests exists;
- Unduly benefit from the advantages that the entity provides in an exclusive manner in favor of its employees, for the benefit of third parties;
- Giving preference to personal benefit regarding the treatment with current or potential customers, suppliers, contractors and competitors.



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All employees or administrators facing a conflict of interests or deeming they may face shall timely inform the Corporation about any situation that may involve any conflict of interests, including family or personal relationships.

According to their nature, situations of conflict or potential conflict of interests may be of sporadic or permanent nature. When a situation giving rise to an event or potential event of conflict of interests becomes permanent and affects the operations of the Corporation as a whole, it shall constitute cause for obligatory resignation of the affected party, since it shall make it impossible for him/her to perform its duties.

The directors, managers and other employees of the Corporation shall periodically inform the Corporation on the forms established, regarding the family and business relationships that could derive in situations of conflict of interests or influence the direction of their opinion or vote. Such information shall be utilized by the Corporation for identifying operations with related parties and disclosing the same under the terms established by applicable regulations.

The shareholders, directors, managers or employees incurring in practices constituting conflict of interests, shall be subject to civil, criminal and labor actions and sanctions established by law and by the internal regulations set forth by the Corporation for such purpose.

The Board of Directors of the Corporation shall have the duty of solving possible conflicts of interests that may arise between managers and employees with the Corporation. In the event of dealing with conflict of interests between the members of this governing body, the decision shall be made pursuant to the majorities established in the law and in the By-laws, without the vote of the affected party.

Differences arising between shareholders, or between them and the Corporation, deriving from the development of the By-laws or its liquidation shall be decided upon by an Arbitration Panel, pursuant to what is set forth for such end under the By-laws of the Corporation.

6.3. Solution of Conflict of Interests between a Senior Executive and the Corporation

When a director or manager is in a situation that implies a conflict of interests with the Corporation, it shall request the summons to a General Shareholders Meeting for exposing the case to this governing body and shall provide all relevant information for making the decision. The vote of the director or administrator should be excluded from the decision if it were a shareholder. In any case, the authorization of the General Shareholders Meeting may only be granted when the act does not impair the interests of the Corporation.

6.4. Solution of Conflicts of Interests between a Director or Administrator and a Shareholder

The directors or administrators shall not disregard, limit or restrict in any way the rights of any shareholder, who shall have all the powers conferred that the law and the By-laws for exercising the same.

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When a conflict of interests arises between a director or administrator and a shareholder, compliance of the regulations in force and the interests of the Corporation shall prevail.

6.5. Conflicts of Interests between Controlling Shareholders and Minority Shareholders

Whenever a transformation, merger or spin-off of the Corporation imposes greater responsibility of shareholders or imply an impairment of their proprietary rights, absent or dissident shareholders shall be entitled to withdraw from the Corporation. The right to withdraw shall also proceed in cases voluntary cancellation of the registration with the National Registry of Securities or with the stock exchange. It shall be understood that there is impairment of proprietary rights of shareholders in the following cases, among others:

- When there is a reduction of the percentage of participation of the shareholder in the capital stock of the Corporation.
- When the equity of face value of the stock is reduced, always provided that in such case, there is a decrease of capital.
- Tradability of the shares becomes limited or decreases.

SEVENTH. REGARDING INFORMATION

In its condition as issuer of securities, the Corporation must report the periodic and eventual information of interest to its investors, supervisors and the market in general (hereinafter, "Interest Groups").

Accordingly to the aforementioned, the Company discloses as relevant information, periodic reports such as calls with investors, interim and year-end financial statements, management reports and other recurring financial information, among others. Likewise, the Company discloses as relevant information, additional events in accordance with the criteria established in the applicable regulation.

In consideration of the foregoing, Grupo Aval officials in charge of preparing and disclosing relevant information about the Company to its Stakeholders must apply the following guidelines:

7.1. Duty of Disclosure

It is the responsibility of the areas of Grupo Aval to know the events that generate the reports of relevant information to the different Stakeholders of the Company. In this regard, the Company must carry out the necessary training programs for each area to be the responsible of the information reporting processes in its charge.

The foregoing, without prejudice to the information to be disclosed, the reports are centralized in officials in charge of publishing it to the Stakeholders.

7.2. Timeliness and Quality of the information.

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Each area must report the information in its charge in the times indicated in the applicable regulations to attend in a timely manner the correct disclosure to the market. Likewise, the area responsible for producing the information must prepare the same, verifying that its content is clear and sufficient and keep the necessary documentary supports that allow corroborating the veracity of the information disclosed.

7.3. Dissemination channels

Due the relevance of the information disclosed by the Company, it must be revealed at the same time opportunity and through appropriate channels, so the Stakeholders have equal conditions to access it.

EIGHTH. COMPLIANCE OF THE GOOD GOVERNANCE CODE

The Legal Representative of the entity shall oversee the compliance of the By-laws and regulations and provisions established by the General Meeting and the Board of Directors.

Shareholders and investors of debt securities issued by the Corporation may submit respectful requests with the entity, when they believe that the Code of Good Governance has been breached, and in such cases, the management of the entity shall provide a clear and satisfactory response to the request with the greatest diligence timeliness.

Shareholders and investors of debt securities issued by the entity may file complaints or claims with the Statutory Auditor regarding any breach of what is foreseen under Good Governance Code. For such purpose, the entity shall provide a satisfactory and timely answer to the requirement submitted by the Statutory Auditor, and shall address the observations set forth by said Statutory Auditor regarding the matter, whenever the existence of the aforementioned breach is established.

The President of the entity shall take the precautions to provide information to the market, shareholders and investors of debt securities issued by the Corporation with regards to their rights and obligations, as well as of the existence and contents of this Code. Likewise, the text of this Code shall remain available to the shareholders and other investors at the main offices of the entity or through any other means of electronic nature allowing access to anybody interested in its contents.

The entity shall destine an office for the attention of shareholders and investors of debt securities issued by the Corporation. Such office shall operate as liaison between investors and the governance bodies of the entity and shall address the necessary procedures for timely attending the needs and requirements submitted by the shareholders and investors of debt securities issued by the Corporation.

| CONTROL OF APPROVALS AND MODIFICATIONS | | |
|--|-------------|---------------------|
| Minute | Date | Subject |
| N° 41 | 31-Oct-2001 | Initial Approval |
| N°57 | 14-Nov-2003 | First Modification |
| N° 86 | 07-Feb-2007 | Second Modification |
| N° 243 | 09-Dec-2015 | Third Modification |



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