



INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

GRUPO AVAL ACCIONES Y VALORES S.A.

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INTERNAL REGULATIONS F OF THE BOARD OF DIRECTORS

The purpose of this document is to serve as complement to the corporate by-laws (the “Corporate By-laws” or “By-laws”) of Grupo Aval Acciones y Valores S.A. (“Grupo Aval” or the “Corporation”), in aspects relating to the operation of the board of directors (the “Board of Directors” or the “Board”), pursuant to the provisions under the By-laws, the corporate governance documents of the Corporation and under the legal provision in force.

ARTICLE 1 – OBJECTIVE OF THE BOARD OF DIRECTORS

Conc. Code of Commerce Art. 434, Law 222 of 1995 Arts. 22 y 23, Corporate By-laws Art. 25

The Board of Directors of Grupo Aval, as the highest administrative body, in the development of its legal and statutory duties is responsible of orienting the strategic policy of the Corporation, monitoring and assessing the tasks performed by the senior management, determining the government and control architecture as well as the main policies for risk management and organizational development, overseeing compliance of the same by the senior management and the overall organization, acting as a liaison between the senior management and the General Shareholders Meeting as required.

In those events deemed as applicable and necessary, the Board of Directors of Grupo Aval, in its capacity as Parent Corporation of other corporations, shall perform its duties through general policies, guidelines or information requests, promoting balance between the interest of the Corporation and that of its subordinate entities as a whole. The foregoing, without prejudice of the autonomy of the governance bodies of subordinate entities of the Corporation and of the responsibility of the members of the senior management and administrators regarding the ordinary course of its business.

ARTICLE 2 - STRUCTURE

Conc. Code of Commerce Art. 436, Law 964 de 2005 Arts. 39 and 44, Corporate By-laws Art. 21

Pursuant to the Corporate By-laws, the Board of Directors of Grupo Aval shall be comprised by seven principal members and their respective personal alternates, who shall be duly qualified, having experience, prestige, knowledge, competence and the availability necessary for performing the responsibilities inherent to their positions as well as the strategic objectives of the Corporation.

Depending on their origin, different members of the Board of Directors shall be classified as follows:

- i. **Independent Members:** Corresponds to those Board members complying with the requirements set forth under the applicable legislation and regulations to be deemed as independent.

- ii. **Non-independent Members:** Corresponds to those Board members not complying with the requirements set forth under the applicable legislation and regulations to be deemed as independent. In turn, these members of the Board of Directors may be further classified as:
- a. **Equity Members:** Correspond to those Non-independent members who are shareholders of the Corporation or would have been expressly nominated by a shareholder, legal or natural person or by a group of shareholders for forming part of the Board of Directors.
 - b. **Executive Members:** Correspond to those Non-independent Members acting in the capacity as legal representatives of the Corporation or forming part of the senior management.

At least twenty five per cent of the Board members shall be independent. In the event that the Board of Directors would include the participation of Executive Members, its number shall be the minimum necessary for attending information and coordination needs between the Board of Directors and the senior management of the Corporation, but in no event can it be greater than the sum of Independent and Equity Members comprising the same.

For purposes of structuring the Board of Directors the policies and procedures established by the Corporation shall be observed.

ARTICLE 3 - SUMMONS, QUORUM AND MEETINGS

Conc. Code of Commerce Art. 437, Law 222 of 1995 Arts. 19 y 20, Corporate By-laws Art. 24. and Art. 27 # 3

Summons to meetings of the Board of Directors shall be carried out under the terms foreseen in legal provisions and in the By-laws, through communication given to each of its members, through any qualified means.

The Board of Directors shall deliberate validly with the presence of the majority of its members and the decisions shall be adopted with the majority of votes present at the meeting.

The Board of Directors may meet validly not in person and make decisions when there is the possibility of deliberating and deciding through simultaneous or successive communication, through any means evidencing the total number of the members the Board of Directors or when they express the sense of their vote in writing, observing for such purpose what is provided for under the regulations applicable to this type of meeting.

Employees of the Corporation may attend the meetings of the Board of Directors as guests, when their presence is deemed necessary or convenient in connection with the issues to be addressed.

ARTICLE 4 – DUTIES OF THE MEMBERS

Conc. Code of Commerce Art. 200, Law 222 of 1995 Art. 23, Corporate By-laws Arts. 25, 44 and 45

All acts of the Board of Directors shall be performed in the best interest of the Corporation and its shareholders, always acting with respect towards the legal framework applicable and the corporate governance documents of the Corporation. The Board of Directors shall respond collectively regarding its decisions before the General Shareholders Meeting.

Members of the Board of Directors of the Corporation shall have the time availability necessary for performing their duties and for meeting in an ordinary manner with enough periodicity to carry out an adequate follow-up of the development of strategic objectives of Grupo Aval.

For performing their duties, all the directors shall be obliged to know, comply with and enforce these Regulations, the By-laws, the policies and other corporate governance documents of the Corporation, acting diligently and with care, overseeing the confidentiality and adequate handling of the information known through the exercise of their duties, seeking the best use of corporate assets.

Members of the Board of Directors shall inform any circumstance from which a conflict of interest situation may derive and, as the case may be, provide all the relevant information to the instance appointed by the Corporation, so the same may make a decision regarding the authorization for the activity generating the potential conflict.

As part of the foregoing, the directors shall inform the Board of Directors about the relationships, direct or indirect, which they have among themselves or with the Corporation, its suppliers or any other group of stakeholders, from which conflict of interest situation may derive or that could influence the direction of their vote or opinion.

ARTICLE 5 – RIGHTS OF THE MEMBERS

The General Shareholders Meeting shall set the remuneration of directors for attending the Board of Directors meetings and those of its support committees. Alternate members attending the meetings of the Board of Directors, although they do not act as replacement of their respective principal member, shall be entitled to earn the same remuneration as the principal directors.

The members of the Board of Directors may propose retaining external advisors and training in those matters subject to their consideration that due to their special complexity or transcendence, at their judgment, may require so.

Likewise the Board of Directors shall have the capacity of requesting any information deemed as necessary with regards to issues subject to consideration. Such information, without prejudice of who was appointed for preparing the same, shall be provided through the Secretary of the Board.

Upon elected and having accepted their designation, members of the Board of Directors shall receive from the management of the Corporation, the information and training necessary for obtaining a specific knowledge of the Corporation, its organizational structure, strategic plans, industry issues and, generally, the documentation required for an adequate performance of their duties.

ARTICLE 6 – CHAIR OF THE BOARD OF DIRECTORS AND DUTIES

Conc. Corporate By-laws Art. 22

The Board of Directors shall elect a chairman within its members. As part of its duties the Chairman of the Board of Directors shall:

- i. Coordinating and planning, with the assistance of the Secretary, the operation of the Board of Directors establishing an annual plan of meetings of the Board of Directors, which shall be submitted to consideration of the members.
- ii. Promoting that the calls of meetings are carried out pursuant to the terms foreseen under the legal provisions and the By-laws.
- iii. Coordinating with the President of the Corporation and the Secretary of the Board of Directors the agenda of the meetings, overseeing the adequate presentation of the issues forming part thereof.
- iv. Promoting timely and sufficient information delivery to the Members of the Board of Directors through its Secretary.
- v. Preside the meetings and conduct the debates.
- vi. Assure that the Board of Directors establishes and implements the strategic direction of the Corporation efficiently.
- vii. Drive the governance actions of the Corporation, acting as liaison between the shareholders and the Board of Directors or between the Board of Directors and senior management, as necessary.
- viii. Follow up the issues decided by the Board of Directors and their assignments as required.
- ix. Monitor active participation of the members of the Board of Directors.

- x. Other duties established by the Law, Corporate By-laws, these Regulations and other corporate governance documents of the Corporation.

ARTICLE 7 – SECRETARY OF THE BOARD OF DIRECTORS AND DUTIES

Conc. Corporate By-laws Art. 22

The Board of Directors shall appoint a Secretary which may be one of the directors or another person whose removal shall correspond to the Board of Directors. As part of its duties the Secretary of the Board of Directors shall:

- i. Provide assistance to the Chairman of the Board of Directors and the President of the Corporation for drafting the annual plan of meetings of the Board of Directors.
- ii. Promote that the calls to meetings of the Board of Directors are carried out pursuant to the annual plan, or that their modifications are in accordance with the terms set forth under legal provisions and the By-laws.
- iii. Provide assistance to the Chairman of the Board of Directors and the President of the Corporation in drafting the agenda of the meetings of the Board of Directors, overseeing an adequate presentation of the items forming part thereof.
- iv. Provide the availability for the members of the Board of Directors of the pertinent material subject matter of the respective meetings. Always provided that the same is furnished timely in advance, the Secretary shall submit to the Board of Directors the material relating to the respective meeting within five calendar days prior to each meeting.
- v. Verify the quorum for deliberating and deciding at each meeting.
- vi. Draft the minutes of the meetings of the Board of Directors, which shall be subject to consideration and approval of such body, for their inclusion in the book of minutes upon verifying that the same duly reflect the development of the sessions.
- vii. Attest to the agreements and decisions made by the Board of Directors.
- viii. Duly maintain the documentation received during the performance of its duties and overseeing the formal legality of the acts of the Board of Directors, guaranteeing that the same are carried out pursuant to what is provided for under the Corporate By-laws, these Regulations and other corporate governance documents of the Corporation.
- ix. Other duties established under the Law, Corporate By-laws, these Regulations and other corporate governance documents of the Corporation.

ARTICLE 8 – SUPPORT COMMITTEES

Conc. Corporate By-laws Articles 17 and 19

The Board of Directors may establish the Committees deemed convenient for supporting its duties, regulating the number of members comprising the same as well as their responsibilities.

The Committees of the Board of Directors may require the support of senior management members and/or external advisors when deemed necessary or convenient for performing the tasks under their competence.

For integrating the Committees, the Board of Directors shall consider, among other factors, the profiles, knowledge and professional experience of the members appointed to form part of the same, in connection with the subject matter of the respective Committee.

ARTICLE 9 – PERFORMANCE ASSESSMENT

Conc. Code of Commerce Art. 446, Law 222 of 1995 Arts. 45, 46 y 47, Corporate By-laws Art. 25, Item 9.

The Shareholders Meeting shall assess the performance of the Board of Directors with the review and approval of the performance report submitted for consideration at the end of each accounting period.

ARTICLE 10 – MEETINGS MINUTES

Conc. Corporate By-laws, Art. 24, Law 222 of 1995 Arts. 19, 20 and 21

After each meeting, the Secretary shall draft the minutes for attesting to the deliberations and decisions of the Board of Directors. The draft of such minutes shall be submitted to the members of the Board of Directors for consideration and observations. As the case may be, the studies, grounds and other information sources constituting the basis for decision making shall be identified, as well as the reasons in favor and against taken into account for adopting the same.

The text of the minutes, duly adjusted, shall be subject to approval by the Board of Directors. The respective minutes duly approved and signed by the President and Secretary shall be registered in the corresponding book.

In the event of meetings and/or decisions made not in person by the Board of Directors, the corresponding minutes shall be drafted and registered pursuant to Law.

ARTICLE 11 - INTERPRETATION

Conc. Corporate By-laws, Arts. 21 to 25, Code of Commerce, Arts. 434 y ss.

These Regulations shall be understood as a complement to what is foreseen under the applicable legislation, the By-laws and other corporate governance documents of the Corporation in connection with the operation of its Board of Directors. In the

event of any contradiction between these Regulations and the By-laws, the latter shall prevail.

ARTICLE 12 – APPROVAL, ENFORCEABILITY AND DISCLOSURE

These Internal Regulations for the operation of the Board of Directors of Grupo Aval and any subsequent modification thereof shall be approved by such body and shall be enforceable as from its approval date.

The Corporation shall proceed to disclose these Regulations through its web page so that the same is known by all shareholders, investors, employees and generally its stakeholders of the Corporation.

CONTROL OF APPROVALS AND MODIFICATIONS		
Minutes	Date	Subject
<i>N° 240</i>	<i>November 11, 2015</i>	<i>Initial Approval</i>