

**BEST CORPORATE PRACTICES IMPLEMENTATION
REPORT**

ISSUER'S CORPORATE NAME: BANCO DE OCCIDENTE

**PRINCIPAL LEGAL REPRESENTATIVE: CESAR PRADO
VILLEGAS**

**LEGAL REPRESENTATIVE APPOINTED FOR DELIVERING
THE IMPLEMENTATION REPORT: DOUGLAS BERRIO
ZAPATA**

REPORTING PERIOD 2019

DATE OF THE REPORT JANUARY 31, 2020

INTRODUCTION

The implementation of the recommendations of Colombia's new Code of Best Corporate Practices, shall be reported by issuers to the Colombian Financial Superintendence (SFC) through the herein Best Corporate Practices Implementation Report.

The purpose of this report is to inform the stock market about the implementation or not of the Code recommendations by each issuer. For such purpose, three boxes for each recommendation are available (YES, NO, N/A.) as well as a space to supplement the response as follows:

For an affirmative response, the issuer shall briefly describe the way in which it case carried out the implementation. If negative, the issuer shall explain the reasons for which the same was not embraced.

The N/A response can only be provided by the issuer in cases where for legal reasons it is not possible to adopt the recommendation. In such case it shall state precisely the regulation that prevents it to do so.

Since some recommendations are comprised by a number of specific aspects, it is important to note that these will only be understood as implemented if all aspects comprising the same are met, unless the reason for not adopting some of them has a legal nature, which must be stated.

Each recommendation has a box to indicate the date when the issuer first implemented it. In addition, there will be a box where the dates on which modifications are made shall be recorded.

Finally, when due to their nature the issuer does not have a specific body to which the recommendation refers, it shall be deemed to refer to the body which within the entity is equivalent or replaces the same.

FINANCIAL SUPERINTENDENCE OF COLOMBIA

I. RIGHTS AND EQUITABLE TREATMENT OF SHAREHOLDERS

Measure No. 1: Principle of equitable treatment.

1.1 The Corporation provides an equal treatment to all shareholders which being within a same class of shares are under the same conditions, without implying Access to privileged information of certain shareholders with respect to others.

1.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Bank's by-laws acknowledge (Article 7) that the corporation shall provide the same treatment to its shareholders.</p> <p>In addition, the Internal Procedure established for the Attention and Response to Shareholders' requirements sets forth under item 3.9.1 the Principles regulating the Treatment of Shareholders: Equality, Equity, Loyalty and Good Faith.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2004
Modification Dates	

1.2 The Board of Directors has approved a concrete procedure to define corporate practices **for relating to shareholders having different conditions**, in matters such as Access to information, resolution of information requests, communication channels, ways of interacting among shareholders and the corporation, its Board of Directors and other Managers.

1.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: The procedures and attention channels for shareholders is found in the Regulations of the Board of Directors (Article 11.04)</p> <p>In addition, a specific Internal Regulation exists, establishing a concrete procedure of the Bank for relating with different types of shareholders</p>
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NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2017
Modification Dates	

Measure No. 2: Information about shares.

2.1. Through its web page, **the corporation informs the public** with clarity, accuracy and integrity **the different classes of shares issued** by the corporation, the number of shares issued for each class and the number of shares in reserve, as well as the rights and obligations inherent to each class of shares..

2.1 Implements the Measure YES NO N/A

YES. Briefly state: Such information is found at www.bancodeoccidente.com.co Who are We? – Information to the Shareholders and + Shareholding Interest. The rights inherent to shares are established under the Corporate By-Laws Articles 7, 8, 9, 10, 11, 13.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

Measure No. 3: No capital dilution.

3.1. Regarding **operations that could derive in capital dilution** of minority shareholders (case of an increase in capital with waiver of the right of preference for subscribing shares, a merger, spin-off or segregation, among others), **the corporation explains in detail the same to the shareholders** in a prior report of the Board of Directors including the opinion about the terms of the transaction, by an independent external advisor with recognized solvency (*fairness opinion*), appointed by the Board of Directors. Such reports are available to the

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Implementation Date	
Modification Dates	

4.2 The corporation has mechanisms of permanent access and use aimed exclusively for shareholders, such as a link on the website for exclusive access of shareholders, or a service office or relationships with shareholders and investors, regular informative meetings, among others, so that the same can express their opinions or raise concerns or suggestions about the development of the corporation or those associated with their condition as shareholders.

4.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: The shareholder has a contact channel, located on the page as access for shareholders and investors, addressed to the same for communicating with the entity. The Bank also provides shareholder information for particular areas of the Bank, in accordance with the Code of Commerce, Decree 2555 of 2010 and Basic Accounting Circular Letter in the form of relevant information. The Bank's website includes information for access to shareholders attention.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

4.3 The corporation organizes events for presenting quarterly results, directed towards its **shareholders and market analysts**, which could be in person or through remote communication media (conference, videoconference, etc.).

4.3 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p>
<p>NO. Explain: The Bank provides shareholders with information corresponding to the Quarterly Financial Statements pursuant to the Code of Commerce, Decree 2555 of 2010 and Basic Accounting Circular Letter and Regulations of the BVC (Colombian Stock Market) as relevant information and information for the investor.</p>

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NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

4.4 The corporation organizes or participates in presentations, events or fixed income fora, mainly destined to **investors of debt instruments and market analysts**, wherein the issuer's business indexes are stated, as well as its liabilities management, financial policy, ratings, issuer's behavior regarding *covenants*, etc.

4.4 Implements the Measure YES NO N/A

YES. Briefly state:
 Banco de Occidente carries out presentations not only for debt investors, export and import clients and market analysts, analyzing the different economic variables, as well as participating in fora of the Colombian Banking Association - *Asobancaria*.

 Some may be consulted at the Web Page. Information for shareholders and investors.

NO. Explain:

NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2000
Modification Dates	

4.5 The Corporation's By-Laws foresee that a shareholder or group of shareholders representing at least five per cent (5%) of the capital may request Specialized Audits regarding matters different than those audited by the Statutory Auditor of the Corporation. As a function of its capital structure, the Corporation may determine a percentage less than five per cent (5%).

4.5 Implements the Measure YES NO N/A

YES. Briefly state:

NO. Explain:
 In Banco de Occidente Specialized Audits may be requested by shareholders representing at least ten per cent (10%) of the outstanding shares of the Bank, and/or investors who own at least twenty per cent (20%) of the total outstanding commercial securities issued by the Bank, at the time of the request.

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Carried out pursuant to items 1.8.17, 8.6, Chapter Twelfth and 17.1.1 of the Bank's Good Governance Code and Article 2.02 – Duties of the Board of Directors item 17, of the Board of Directors? Regulations, Article 36, item r) of the By-laws.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

4.6 For exercising this right, the corporation has a written procedure including the clarifications included in recommendation 4.6.

4.6 Implements the Measure YES NO N/A

<p>YES. Briefly state: The procedure is published in the Web Page, at Who we are – Shareholding Participation and General Shareholders' Meeting Information – Procedure for Requesting Audits.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

Measure No. 5: Acts of the Managers regarding exchange operations or control takeover by the Corporation.

5.1. Members of the Board of Directors and Senior Management have expressly accepted in their Letters of Acceptance or contracts that from the knowledge of the presentation of an Take-Over Bid (OPA) or other relevant operations, such as mergers or spin-offs, there shall be periods during which they bind themselves not to negotiate, directly or indirectly through a third party, shares of the Corporation.

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5.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Directors have signed the commitment letter included in the Regulations of the Board of Directors as Annex D, published at the Bank's Web Page.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

Measure No. 6: Listing of corporations integrated in Conglomerates.

6.1 Without prejudice to the independence of each particular company integrated within the Conglomerate and the responsibilities of its management bodies, **there is an organizational structure** of the Conglomerate defined for the three (3) governance levels – Shareholders' Meeting, Board of Directors and Senior Management – bodies and key individual positions, as well as the relationships between the same, which is public, clear and transparent, and enables to determine clear lines of responsibility and communication and facilitates the strategic orientation, supervision, control and effective management of the Conglomerate.

6.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: The parent company of Banco de Occidente drafted a Reference Framework for Institutional Relationships, approved by the Board of Directors of the Bank. The Reference Framework is published in the Bank's web page – Who we are – Information of Interest of Shareholders and Investors – Corporate Governance - Reference Framework for Institutional Relationships.</p>

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NO. Explain:	
NA. Mention the regulations that prevent the adoption of the recommendation:	
Implementation Date	2015
Modification Dates	

6.2 The **Parent Corporation and its most important Subordinates have defined a framework of reference for institutional relationships** through a signed public agreement, approved by the Board of Directors of each of the companies, regulating the issues mentioned under recommendation 6.2.

6.2 Implements the Measure YES NO N/A

YES. Briefly state:	
<p>The parent company of Banco de Occidente drafted a Reference Framework for Institutional Relationships, approved by the Board of Directors of the Bank. The Reference Framework is published in the Bank's web page – Who we are – Information of Interest of Shareholders and Investors – Corporate Governance + Reference Framework for Institutional Relationships.</p>	
NO. Explain:	
NA. Mention the regulations that prevent the adoption of the recommendation:	
Implementation Date	
Modification Dates	

Measure No. 7: Resolution of Controversies

Except for those disputes between shareholders, or between shareholders of the corporation and the Board of Directors, which according to law shall be solved by the ordinary jurisdiction, **the By-laws of the Corporation include mechanisms for solving controversies such as direct agreement, amicable composition or conciliation through arbitration.**

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7.1 Implements the Measure

YES

NO

N/A

YES. Briefly state:

In the By-laws Title Eleven, Article 50. Arbitration is agreed as dispute solving mechanism.

NO. Explain:

NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2011
Modification Dates	

I. GENERAL SHAREHOLDERS' MEETING

Measure No. 8: Duties and Competence

8.1. In addition to other functions assigned to the General Shareholders' Meeting by the legal framework, **the By-laws expressly set forth the functions of the General Shareholders' Meeting stated under recommendation 8.1.**, with emphasis in its character of exclusive and not liable of delegation.

8.1 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p> <p>The Bank, under article 28 expressly states the recommendations 8.1 as follows:</p> <ul style="list-style-type: none"> (i) This recommendation is found in item (b) of Article 28 (ii) This recommendation is found in item (a) of Article 28 (iii) This recommendation is found in item (j) of Article 28 <p>With respect to item (iii) the General Shareholders Meeting has the express duty of approving the acquisition, sale or encumbrance of assets which amount exceeds twenty five per cent (25%) of the total assets of the corporation, calculated with respect to its separate financial statements of the previous period.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

Measure No. 9: Regulations of the General Shareholders' Meeting.

9.1. The Corporation has a Regulation for the General Shareholders' Meeting which regulates those matters regarding the same, as from the summoning, preparation of information to be received by shareholders, attendance, development and exercise of political rights of shareholders, in such a manner that the same are informed of the while development of sessions of the Meeting.

9.1 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p> <p>The regulations of the General Shareholders' Meeting may found on the Web Page of the Bank at the following link: Who are we – Information for Shareholders and Investors– Corporate Governance – General Shareholders' Meeting Regulations.</p>

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NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2011
Modification Dates	2017

Measure No. 10: General Shareholders Meeting Summoning.

In order to facilitate the exercise of the right to information of shareholders, **the By-laws establish that the ordinary General Shareholders' Meeting shall be summoned at least thirty (30) calendar days in advance and extraordinary meetings shall be summoned at least fifteen (15) calendar days in advance.** The aforementioned, without prejudice to the legal terms established for entrepreneurial restructurings (for example, merger, spin-off or transformation).

10.1 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: The Bank adjusts to the Law and to its By-Laws regarding the summoning of ordinary and extraordinary Meetings. For Extraordinary Meetings the summoning is carried out 5 calendar days in advance and ordinary Meetings are summoned 15 business days in advance. Article 424 Code of Commerce. Occasionally the summoning for General Meetings is carried out with more anticipation than that required by law.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

10.2 Besides the traditional and mandatory means foreseen within the legal framework, **the corporation assures the maximum diffusion and publicity to the summoning** utilizing electronic media, such as the corporate Web, alert messages through individualizes electronic mail and even, if deemed pertinent, social media.

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10.2 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p> <p>Banco de Occidente publishes for the knowledge of its shareholders, the summons to the General Shareholders' Meeting through its Web Page, newspaper and as relevant information, in the page of the Financial Superintendence.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

10.3 In order to increase the transparency of the decision-making process during the General Meeting, in addition to the Agenda with the point-by-point statement of the issues to be discussed, **the corporation has foreseen that simultaneously with the summoning or at least fifteen (15) days in advance of the meeting, the Proposals for Agreement which for each item of the Agenda shall be made available** to shareholders by the Board of Directors to the General Shareholders' Meeting.

10.3 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p>
<p>NO. Explain:</p> <p>Banco de Occidente publishes the summoning of the General Shareholders' Meeting for informing its shareholders through the Bank's webpage, newspaper and relevant information, through the webpage of the Financial Superintendence.</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

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Implementation Date	
Modification Dates	

10.4 The Partial Spin-off can only be analyzed and approved by the General Shareholders' Meeting when such issue has been expressly included in the summoning of the respective meeting.

10.4 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p> <p>The By-laws expressly state the duty of the General Shareholders' Meeting (Art. 28 (J)). Likewise, a duty of the Board of Directors was included in Article 2.02 (23) of the Board of director's Regulations.</p>
<p>NO. Explain:</p> <p>This case has not been present as of the present date.</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

10.5 The Agenda proposed by the Board of Directors contains the precise content of the issues to be dealt with, avoiding that the issues having transcendence are concealed or masked under imprecise, generic, general or broad expressions such as "other" or "miscellaneous proposals".

10.5 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p> <p>The agenda Proposed by the Board of Directors contains the precise content of the topics to be addressed. As a general rule, even though "Proposals and Miscellaneous" are included in the agenda, transcendental issues are not treated, nor are they used for concealing information.</p>
<p>NO. Explain:</p>

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NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

106 In the event of modifications to the By-laws, each article or group of articles that is substantially independent is voted on separately. In any case an article is voted separately if any shareholder or group of shareholders, representing at least five per cent (5%) of the share capital, requests so during the Meeting, right which has been previously disclosed to shareholders.

10.6 Implements the Measure YES NO N/A

YES. Briefly state:

Expressly included in the Bank's By-law (Art. 52) as from March, 2018, date in which it was approved by the Shareholders' Meeting as statutory amendment.

NO. Explain:

NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

10.7 Without prejudice to what is set forth under Article 182 of the Code of Commerce, with the aim of strengthening and guaranteeing the right of inspection and information of shareholders in advance of the Shareholders' Meeting, the By-laws recognize the right of shareholders, regardless of the size of their shareholding, to propose the introduction of one or more items to be discussed on the Agenda of the General Shareholders' Meeting, within a reasonable limit and provided that the request for the new issues is accompanied by a Justification. The request by the shareholders must be submitted within five (5) calendar days of the publication of the summoning.

10.7 Implements the Measure YES NO N/A

YES. Briefly state:

The Bank's by-laws recognize the shareholders' rights regardless of their share participation, to propose the introduction of one or more issued for discussion in the agenda. The aforementioned is established under paragraph of article 21 thereof.

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NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

10.8 If the request is rejected by the Board of Directors, **the same binds itself to respond in writing** those requests, supported at least by a percentage of five per cent (5%) of the share capital, or a lower percentage established by the Corporation regarding the degree of concentration of ownership, **explaining the reasons motivating its decision** and informing the shareholders of the right to submit their proposals during the Meeting in accordance with Article 182 of the Code of Commerce.

10.8 Implements the Measure YES NO N/A

YES. Briefly state: The Board of Director's Regulation in Article 2.02 (22) includes the procedure for responding to proposals that have been dismissed.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

10.9 In the event that the Board of Directors accepts the request, having exhausted the term during which the shareholders can propose issues pursuant to the aforementioned recommendations, **a supplement to the summoning to the Shareholders' Meeting is published, at least** fifteen (15) calendar days in advance to such meeting.

10.9 Implements the Measure YES NO N/A

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YES. Briefly state: The Board of Director's Regulation in Article 2.02 (22) includes the procedure for publishing the supplement on the Web Page.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

10.10 Within the same term set forth under item 10.7 **shareholders may also submit new Agreement Proposals, duly supported** regarding matters already included in the Agenda. For such proposals, the Board of Directors acts in a similar way than that foreseen under items 10.8 and 10.9 above.

10.10 Implements the Measure YES NO N/A

YES. Briefly state: The Board of Director's Regulation in Article 2.02 (22) includes the procedure for the Board of Directors to act regarding proposals or new items in the agenda.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

10.11 The Corporation binds itself to utilize electronic communication media, mainly the corporate web with exclusive access to shareholders, for disclosing the documents and information relating to each of the issues included in the Agenda of the Meeting.

10.11 Implements the Measure YES NO N/A

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<p>YES. Briefly state:</p> <p>There is an exclusive access <i>we? – Information for S</i> Shareholding Interest and Inf information of summoning, others.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

10.12 The By-laws of the Corporation recognize the shareholders' entitlement to request with sufficient anticipation the information regarding clarifications deemed pertinent, through traditional channels and/or new technologies, as the case may be, or to submit in writing those questions deemed necessary in connection with the matters included in the Agenda, the documentation received or public information provided by the corporation. As a function of the timeframe chosen by the corporation for summoning the General Shareholders' Meeting, the corporation determines the term within which the shareholders may exercise such right.

10.12 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p> <p>The Corporate By-laws set forth (Article 21) the right of inspecting, having available and reviewing the books and documents of the Corporation during the fifteen business days prior to the General Shareholders' Meeting, wherein the balance sheets of the end of the period shall be examined. Likewise, the statutory mechanisms (Article 7) include an equitable treatment to shareholders, establishing an equal treatment regarding requests, claims and information of the shareholders, regardless of the amount of their shares.</p> <p>The specific mechanisms for assuring an equitable treatment to shareholders include: (i) To request the summoning of the Shareholders' Meeting pursuant to the herein By-laws and the Good Governance Code (ii) demand compliance of the Good Governance Code, (iii) receive attention and information with the same detail and timeliness in order to protect their rights. The questions may be addressed to the e-mails published in the Web page.</p>
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NO. Explain:	
NA. Mention the regulations that prevent the adoption of the recommendation:	
Implementation Date	
Modification Dates	

10.13 The Corporation has foreseen that the information requested may be denied if, in accordance with internal procedures it may be rated as: i) unreasonable; ii) irrelevant for knowing about the progress or interests of the corporation; iii) confidential, including privileged information within the environment of the stock market, industrial secrets, ongoing operations whose purpose for the company depends substantially on the secrecy of its negotiation; and iv) other whose disclosure may represent an imminent jeopardy for the competitiveness of the same.

10.13 Implements the Measure YES NO N/A

YES. Briefly state: In accordance with the respective internal Manual, the Bank has an internal procedure indicating those cases when information requested may be denied, because of being classified as i) unreasonable, ii) irrelevant or iii) confidential.	
NO. Explain:	
NA. Mention the regulations that prevent the adoption of the recommendation:	
Implementation Date	
Modification Dates	

10.14 When the answer given to a shareholder may provide an advantage, the **corporation guarantees access to such response for the other shareholders** in a concurring manner in accordance with the mechanism established for such purpose, and under the same conditions.

10.14 Implements the Measure YES NO N/A

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<p>YES. Briefly state:</p> <p>The Corporation complies with the information mechanisms for its shareholders and investors within the framework of periodic and relevant information disclosure regulations established under Decree 2555 of 2010 and by virtue of which all information of the corporation and its outstanding securities, relevant in connection with such securities or with the exercise of the political rights inherent to the same, is published through the SIMEV. Likewise regarding the exclusive access for shareholders, it has Relevant Information, reported to the Financial Superintendence.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

Measure No. 11: Representation Regulation.

11.1 Without prejudice to the limits foreseen under article 185 of the Code of Commerce, External Circular Letter 24 of 2010 and those regulations modifying, supplementing or replacing the same, **the corporation does not limit the shareholders' right to be represented at the General Shareholders' Meeting**, allowing the delegation of the vote in any person, whether shareholder or not.

11.1 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p> <p>Shareholders may be represented at the General Shareholders' Meeting through proxies, who shall accredit their authority through a Public Deed or written communication addressed to the President of the Bank (article 15 Corporate By-laws)</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

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11.2 The Corporation minimizes the use of blank vote delegations, without voting instructions, actively promoting the use of a standard template of representation letter submitted by the Corporation to the shareholders or published in its Web Page. The template includes de issues of the Agenda and the corresponding Proposals of Agreement determined pursuant to the procedure previously established, which shall be subject to consideration by the shareholders, with the purpose of allowing the shareholders to state, if deemed convenient, in each case, the sense of the vote of its representative.

11.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: There is a template of Proxy published a in the Web Page, Likewise, the Agenda and Agreement Proposals are published at the same link: Who are we? – Information for shareholders and investors – Shareholding Interest and Meeting’s information.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

Measure No. 12: Attendance of other people other than shareholders.

12.1. In order to revitalize the role of the General Meeting for reaching the corporate will, and to make it a much more participating body, the Rules of the Meeting of the **Corporation require that the members of the Board of Directors and, especially, the chairmen of the Board of Directors' Committees, as well as the President of the Corporation, attend the Meeting** to respond to shareholders' concerns.

12.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Regulations of the Corporation, under article 12(j) granted the capacity of attendance to the Directors and to the President of the Corporation.</p>
<p>NO. Explain:</p>

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NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

II. BOARD OF DIRECTORS

Measure No. 13: Duties of the Board of Directors.

13.1 The By-laws expressly point out those **duties not liable of being delegated to the Senior Management**, including those mentioned under recommendation 13.1.

13.1 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: The duties of the Senior Management are included mainly in the By-laws. This recommendation states the need of a by-laws reform expressly including the 33 duties included therein. The Bank does not deem necessary to carry out a reform of the by-laws to detail the 33 duties of the recommendation.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

13.2 Without prejudice to the autonomy of the government bodies of Subordinate Companies **when the Corporation acts as the parent of a Conglomerate**, these duties of the Board of Directors have a group approach and **are developed through general policies, guidelines or information requests which respect the balance between the interests of the parent company and the Subordinates, as well as of the Conglomerate as a whole.**

13.2 Implements the Measure YES NO N/A

Yes. Briefly explain:
NO. Explain:

FINANCIAL SUPERINTENDENCE OF COLOMBIA

NA. Mention the regulations that prevent the adoption of the recommendation:
 Pursuant to the law of Financial Conglomerates, the financial holding company is Grupo Aval. Nevertheless, guidelines and corporate policies have been implemented currently, such as the regulations and manuals in such sense.

Implementation Date	
Modification Dates	

Measure No. 14: Regulations of the Board of Directors.

14.1. The Board of Directors has approved the internal regulations which regulate its organization and operation, as well as the duties and responsibilities of its members, the Chairman and the Secretary of the Board of Directors, their duties and rights. It is disclosed among the shareholders, and it has a binding character for the members of the Board of Directors.

14.1 Implements the Measure YES NO N/A

YES. Briefly state:
 The regulations of the Board of Directors may be found in the Bank's web page in the following link: Who are we – Corporate Governance – Regulations of the Board of Directors, as well as the exclusive access link for Shareholders and Investors in the Bank's web page..

NO. Explain:

NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

Measure No. 15: Dimension of the Board of Directors.

15.1. The Corporation has chosen not to appoint Alternate Members of the Board of Directors.

15.1 Implements the Measure YES NO N/A

YES. Briefly state:

FINANCIAL SUPERINTENDENCE OF COLOMBIA

<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p> <p>Pursuant with Article 73 item 4 of the Structural Regime of the Financial System (EOSF) in the case of Banks for each principal member an alternate shall be appointed.</p> <p>"4. Substitutions and procedure in case of vacancy. <Item modified by article 105 of Law 510 of 1999 The new text is as follows:> In banking establishments, financial corporations, savings and housing corporations*1 , commercial financing companies*2 , capitalization companies and financial services companies, at the time of electing directors, for each member of the board of directors an alternate of such member shall be elected for the same period. Alternates shall be personal and shall take the place of the principal in the event of the principal's temporary or permanent absence. The absence of a member of the board of directors for a period longer than three (3) months shall result in the vacancy of the position of director and the alternate shall take the position for the rest of the period for which he was elected.</p>

Implementation Date	
Modification Dates	

Measure No. 16: Structure of the Board of Directors.

16.1 Based on the premise that once all the members of the Board of Directors have been elected they shall act for the benefit of the corporation, exercising the maximum transparency, **the corporation identifies the origin of the different members of the Board of Directors** in accordance with the scheme defined under recommendation 16.1.

16.1 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p> <p>The Bank has a regime of incapacities and incompatibilities for the managers (regulation Board of Directors art. 3.02 and 3.03), an appointment process led by the Committee of Retributions and Appointments, which assesses qualified candidates to be appointed. (Included in the regulations of the Board of Directors).</p> <p>In addition, Annex A is processed by the members of the Board of directors, specifying the capacity in which the form part of the Board (independent members).</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

FINANCIAL SUPERINTENDENCE OF COLOMBIA

Implementation Date	
Modification Dates	

16.2 The Corporation has a procedure, articulated through the Committee of Retributions and Appointments or another that performs such functions, allowing the Board of Directors through its own dynamics and through the conclusions of annual assessments, reach the objectives pointed out in recommendation 16.2.

16.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Regulation of the Board of Directors (Art. 3.05), included a procedure through which the Committee of Appointments and Retribution, within its functions, shall assess the objectives</p> <p>i) Identify the tentative structure of functional profiles (associated with aspects such as knowledge and professional experience) needed in each circumstance in the Board of Directors.</p> <p>ii. Identify the personal profiles (linked to career, recognition, prestige, availability, leadership, group dynamics, etc.) most suitable for the Board of Directors.</p> <p>iii. Assess the time and dedication necessary to adequately carry out their duties.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

16.3 The professional profiles identified as necessary are informed by the Board of Directors to the shareholders, in such a manner that the different actors, mainly controlling shareholders and institutional shareholders, if any, and the Board of Directors itself, shall be in conditions of identifying the most qualified candidates.

16.3 Implements the Measure YES NO N/A

FINANCIAL SUPERINTENDENCE OF COLOMBIA

YES. Briefly state: In the Regulations of the Board of Directors (Art. 3.01 Par.) the recommendation was expressly included.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

16.4 The Corporation deems that the sole Assessment of the resumes by the shareholders is an insufficient resource for determining the suitability of the candidates, for which it **has an internal procedure for assessing the incompatibilities and incapacities of a legal nature and the suitability of the candidate regarding the needs of the Board of Directors**, through the Assessment of a set of criteria to be complied by the functional and personal profiles of the candidates as well as the verification of compliance of certain objective requirements for being a member of the Board of Directors and other additional requirements for being an Independent Member.

16.4 Implements the Measure YES NO N/A

YES. Briefly state: The Bank has the regulations of the Board of Directors which includes a procedure for assessments and proposals, so that the CRN reviews and confirms that candidates for directors adjust to what is established under articles 3.02 and 3.03. (Article 3.04, items 1 and 2 of the Regulations of the Board of Directors)
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NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

FINANCIAL SUPERINTENDENCE OF COLOMBIA

16.5 Besides the requirements of Independence foreseen in Law 964 of 2005, **the corporation voluntarily has adopted a definition of independence more rigorous** than that established in such Law. This definition has been adopted as a reference framework through the Regulations of the Board of Directors, and includes, among other requirements to be assessed, the relationships or links of any nature between the candidate to be an independent Member with controlling or significant shareholders and their Related Parties, national and foreign, and requires a double statement of independence: (i) by the candidate with the Corporation, its shareholders and members of the Senior Management, through its Letter of Acceptance and, (ii) by the Board of Directors, with respect to the independence of the candidate.

16.5 Implements the Measure YES NO N/A

<p>YES. Briefly state: A declaration of Independence exists, contained in Annex A of the Regulations of the Board of Directors, as well as the Form of Request of Information of Linked and Related Parties, included as annexes to the regulations published in the Bank's web page.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

16.6 The Corporation, through its internal rules, considers that the **Board of Directors, through its Chairman and with the support of the Appointments and Remuneration Committee or the body that may replace it, is the most appropriate body to centralize and coordinate prior to the General Meeting, the process of forming the administrative body.** Thus, shareholders who, based on their shareholding interest, wish to form part of the Board of Directors, can know the needs of the Board of Directors and submit their proposals, negotiate the stock balances and the distribution between the different members, present their candidates and accept that the suitability of their candidates be assessed by the Appointments and Remuneration Committee prior to the vote at the General Shareholders' Meeting.

16.6 Implements the Measure YES NO N/A

<p>YES. Briefly state: As from the reform of the Board of Directors' Regulations of November 2015 they have a President of the CNR who centralizes the information before the General Shareholders' Meeting is held (Article 3.04 (2) (a).)</p>

FINANCIAL SUPERINTENDENCE OF COLOMBIA

NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	11-9-2015
Modification Dates	

16.7 The Regulation of the Board of Directors foresees that the suitability assessment of the candidates is an activity whose execution precedes the General Shareholders' Meeting, in such a manner that the shareholders may have sufficient information (personal qualities, suitability, expertise, experience, integrity, etc.) regarding the candidates proposed, with anticipation to allow its adequate assessment.

16.7 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Bank has the Regulations of the Board of Directors which complies with the recommendation of assessing the resumes of the candidates to members of the Board of Directors (Article 3.04 items 1, 5 and 6).</p>
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

FINANCIAL SUPERINTENDENCE OF COLOMBIA

Implementation Date	
Modification Dates	

Measure No. 17: Functional Structure of the Board of Directors.

17.1 The Regulations of the Board of Directors provides that **Independent and Proprietary Members are always a majority with respect to Executive Members**, whose number, in an eventual integration within the Board of Directors, is the minimum necessary for attending information needs and the coordination between the Board of Directors and the Senior Management of the Corporation.

17.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: As from 2015 the Board of Directors is comprised mainly by independent members (Article 3.01 and 3.04). The By-laws, in article 34, second paragraph state that there cannot be Senior Management members holding offices in the Board of Directors, for which the Independent Members shall always be a majority.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

17.2 As from the minimum percentage of twenty five per cent (25%) of Independent members set forth under Law 964 of 2005, **the corporation analyzes and voluntarily adjusts upward, the number of Independent Members.**, taking into account, among others, the number of independent members in connection with the Floating Capital.

17.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: As from 2015 the Board of Directors is comprised mainly by independent members, exceeding the minimum 25% required by Law 964 / 2005. (Article 3.01 item 6 of the Regulations of the Board of Directors)</p>
<p>NO. Explain:</p>

FINANCIAL SUPERINTENDENCE OF COLOMBIA

NA. Mention the regulations that prevent the adoption of the recommendation:
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Implementation Date	
Modification Dates	

Measure No. 18: Structure of the Board of Directors.

18.1 The duties of the Chairman of the Board of Directors are set forth in the By-laws and its main responsibilities are those established under recommendation 18.1

18.1 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: The duties of the Chairman of the Board are those established in the Regulations of the Board of Directors.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

18.2 The internal regulations of the Corporation foresee the possibility that the Chairman of the Board of Directors may have a different treatment with respect to the other members both regarding its obligations and its remuneration, as a consequence of the scope of its specific duties and its greater time dedication.

18.2 Implements the Measure YES NO N/A

YES. Briefly state: Item K is included under article 3.04, (11) (k), through which within the duties of the Committee of Appointments and Retributions (CNR) a different treatment may be given to the Chairman and other members due to different duties. Without prejudice to the duties of the Meeting, such remuneration is submitted as a recommendation.

FINANCIAL SUPERINTENDENCE OF COLOMBIA

NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

18.3 The By-laws include the rules for the appointment of the Secretary of the Board of Directors among which those set forth under recommendation 18.3 are highlighted.

Implements the Measure YES NO N/A

<p>YES. Briefly state:</p> <p>The By-laws expressly state (Arts. 33 and 42) that the secretary of the Board of Directors shall be the General Secretary of the Bank, being able to act as such the Vice Presidents determined by the Meeting or those appointed by the Board of Directors for such purpose.</p> <p>Thus the assumption of fact established under item II of the recommendation applies, in which regard the Bank complies with such procedure, in accordance with what is expressly provided for under article 42 of the By-laws, as from the reform approved in March, 2018.</p>
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

FINANCIAL SUPERINTENDENCE OF COLOMBIA

18.4 The **Regulations of the Board of Directors establish the duties of the Secretary**, among which those pointed out under recommendation 18.4 are included.

18.4 Implements the Measure YES NO N/A

<p>YES. Briefly state: The By-laws and the Good Governance Code contain the duties of the Secretary of the Board of Directors. Likewise, the Regulations of the Board of Directors are included in the recommendations, in article 5.03.</p>
<p>NO. Explain: ..</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

18.5 The **Board of Directors has formed a Committee of Appointments and Remuneration**

18.5 Implements the Measure YES NO N/A

<p>YES. Briefly state: As from 2015 there the Committee of Appointments and Retributions (CNR) exist, the particular provisions are included in the Regulations of the Board of Directors (Article 3.04 and 8.02 Item 2).</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

FINANCIAL SUPERINTENDENCE OF COLOMBIA

18.6 The Board of Directors has formed a Risk Committee.

18.6 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: The committee for reviewing Risks exists within the Bank but it has not been formally constituted under the conditions specified in the Best Corporate Practices - Country Code.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

18.7 The Board of Directors has constituted a Corporate Governance Committee.

18.7 Implements the Measure YES NO N/A

YES. Briefly state: In 2016 the Bank implemented a Good Governance Committee approved by the Board of Directors and established under article 8.01 (3), which has an Internal Manual for its operation.
NO. Explain:
A. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

FINANCIAL SUPERINTENDENCE OF COLOMBIA

18.8 If the Corporation has considered that it is not necessary to implement all of these Committees, their duties have been distributed among the existing committees or have been fully assumed by the Board of Directors.

18.8 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: The Bank has a Corporate Government Committee and a Committee of Appointments and Retributions. The Risk Committee belongs to the Bank but not to the Senior Management (Board of Directors).
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

18.9 Each of the Committees of the Board of Directors has its Internal Regulations which rule the details of their structure, the matters, duties over which the Committee shall work as well as its operation, with special attention to the communication channels between the Committees and the Board of Directors and, for the case of Conglomerates, to the relationships and coordination mechanisms between the Committees of the Board of Directors of the Parent Company and those of the Subordinate companies, if any.

18.9 Implements the Measure YES NO N/A

YES. Briefly state: Without prejudice to the response to recommendation 18.6, at the time of forming a Committee within the Bank, its corresponding regulations are foreseen to be drafted.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

FINANCIAL SUPERINTENDENCE OF COLOMBIA

18.10 The Committees of the Board of Directors are comprised exclusively by Independent or Proprietary Members, with a minimum of three (3) members chaired by an Independent Member. In the case of the Appointments and Remunerations Committee, the Independent Members shall always be a majority.

18.10 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: The committees are not formed exclusively by regular independent board members.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

18.11 The Board of Directors' Committees may obtain specific or permanent support from the members of the Senior Management with experience on those matters of their competence and from external experts.

18.11 Implements the Measure YES NO N/A

YES. Briefly state: As from the Board of Directors' regulations reform dated December 11, 2015, it was expressly established (Article 8.01) that the Board members may request support from the Senior Management.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	12-11-2015
Modification Dates	

FINANCIAL SUPERINTENDENCE OF COLOMBIA

18.12 For integrating its Committees, the Board of Directors takes into consideration the profiles, knowledge and professional experience of the members in connection with the subject matter of the Committee.

18.12 Implements the Measure YES NO N/A

YES. Briefly state: Pursuant to the Board of Director’s Regulations (Article 8.01) the structuring of the Support Committees takes into account profiles, knowledge and professional experience.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	12-11-2015
Modification Dates	

18.13 Minutes of the Committees’ meetings are drafted, whose copy is sent to all members of the Board of Directors of the Corporation. If the Committees have delegated capacities for the decision-making, the minutes shall adjust to the requirements set forth under articles 189 and 431 of the Code of Commerce.

18.13 Implements the Measure YES NO N/A

YES. Briefly state: The recommendation is expressly contained under the regulations of the Board of Directors (Article 7.01) of the corporation.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	12 – 11 - 2015
Modification Dates	

FINANCIAL SUPERINTENDENCE OF COLOMBIA

18.14 Except if the legal or regulatory framework applicable requires its formation, in the case of Conglomerates the internal regulations foresee that the **Boards of Directors of Subordinate Companies may choose to not form Committees** specifically for dealing with certain matters and such tasks shall be assumed by the Committees of the Board of Directors of the Parent Company, the same without implying a transfer of responsibility towards the Parent Company by the Boards of Directors of subordinate companies.

18.14 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: Subordinate companies may form the committees they may deem necessary.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

18.15 The main task of the Audit Committee is to assist the Board of Directors in its **supervisory duty** through the Assessment of the accounting procedures, the relationship with the Statutory Auditor, and generally, the revision of the Control Architecture of the Corporation, including the audit of the risk management system implemented for the corporation.

18.15 Implements the Measure YES NO N/A

YES. Briefly state: The Audit Committee has clear functions and regulations which specify the duties (CE 038 2009).
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	09-29-2009
Modification Dates	

FINANCIAL SUPERINTENDENCE OF COLOMBIA

18.16 The members of the Audit Committee have accounting, financial knowledge as well as of other related matters, which allows them to rigorously state their opinions about the topics of which the Committee is in charge with a sufficient level of understanding of its complexity and scope.

18.16 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Bank has an Audit Committee created by law, which complies with the regulations and the recommendation. Particularly, its members have accounting and financial knowledge.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

18.17 As per request of the Chairman of the Meeting, the **Chairman of the Audit Committee informs the General Shareholders' Meeting** about the concrete aspects of the work carried out by the Committee, as for example the analysis of the scope and content of the Statutory Auditor's Report.

18.17 Implements the Measure YES NO N/A

<p>Yes. Briefly State: Circular External Letter 029 of 2014 of the FSC points out that the Audit Committee shall Draft the report to be submitted by the Board of Directors to the highest corporate body regarding the operation of the SCI which shall include among other aspects what is included in (Part I, Title I, Chapter IV, item 6.1.2.1.15), Likewise, the Regulations of the Audit Committee in Title II Item 16.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

FINANCIAL SUPERINTENDENCE OF COLOMBIA

Implementation Date	
Modification Dates	

18.18 The Internal Regulations of the Audit Committee grant the functions set forth under recommendation 18.18.

18.18 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: There are activities which are complied with almost fully, but the Bank does not develop 100% of the functions recommended by the Survey.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

18.19 The main objective of the Committee of Appointments and Retributions is to support the Board of Directors during the exercise of its decision-making or advisory functions associated with appointments and remuneration of the members of the Board of Directors and the senior Management and oversee the observance of the Good Governance rules, periodically reviewing its compliance, recommendations and principles (in those cases where such duty is not expressly attributed to another committee of the Corporation).

18.19 Implements the Measure YES NO N/A

YES. Briefly state: It is a duty in accordance with Board of Directors' regulation of the CNR, to support the Board of Directors during the exercise of the functions regarding decisions or relating to advisory associated with matters regarding appointments and remuneration of the Board of Directors' members (Article 3.04).
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

FINANCIAL SUPERINTENDENCE OF COLOMBIA

Implementation Date	
Modification Dates	

18.20 Some members of the Committees of Appointment and Retributions have knowledge in strategy, human resources, (recruitment and selection, hiring, training, personnel administration or management), wages policy and similar matters, with a level sufficient for understanding the scope and complexity of such matters for the Corporation.

18.20 Implements the Measure YES NO N/A

<p>YES. Briefly state: It is regulated by the Regulations of the Board of Directors (Article 3.04 (2)). The same is comprised, among others, by the senior management expert in such matters.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

18.21 As per request of the Chairman of the Meeting, the Chairman of the Committee of Appointments and Retributions may inform the General Shareholders' Meeting about concrete aspects of the work performed by a Committee, as for instance the monitoring of the remuneration policies of the Board of Directors and the Senior Management.

18.21 Implements the Measure YES NO N/A

<p>YES. Briefly state: It is regulated under the regulations of the Board of Directors (Article 3.04 item 11 (a)).</p>
<p>NO. Explain:</p>

FINANCIAL SUPERINTENDENCE OF COLOMBIA

NA. Mention the regulations that prevent the adoption of the recommendation:
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Implementation Date	2015
Modification Dates	

18.22 The Internal Regulations of the Appointments and Retributions Committee set forth the duties pointed out under recommendation 18.22.

8.22 Implements the Measure YES NO N/A

<p>YES. Briefly state: It is regulated under the Regulations of the Board of Directors (Article 3.04 (11)).</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

18.23 The main objective of the Risk Committee is to assist the Board of Directors for its compliance with its supervision responsibilities in connection with risk management.

18.23 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p>
<p>NO. Explain: Pursuant to the response to measure 18.6 the Bank does not have a Risk Committee.</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

FINANCIAL SUPERINTENDENCE OF COLOMBIA

Implementation Date	
Modification Dates	

18.24 As per request of Chairman of the Meeting, **the Chairman of the Risks Committee may inform the General Shareholders’ Meeting** about specific aspects of the work carried out by such Committee.

18.23 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: Pursuant to the response to measure 18.6 the Bank does not have a Risk Committee. The Board of Directors and the Senior Management may provide the explanations requested.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

18.25 With the adjustments necessary for distinguishing corporations belonging to the financial or real sector of the economy, and without prejudice to the duties assigned to this committee by the regulations in force, **the Internal Regulations of the Risks Committee established the duties set forth under recommendation 18.25.**

18.25 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: Pursuant to the response of measure 18.6 the Bank does not have a Risk Committee.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

FINANCIAL SUPERINTENDENCE OF COLOMBIA

18.26 The main objective of the Corporate Governance Committee is **to assist the Board of Directors in its functions of proposals and supervision of Corporate Governance measures** adopted by the Corporation.

18.26 Implements the Measure YES NO N/A

<p>YES. Briefly state: The recommendation is expressly established in the functions of the Corporate Governance Manual (Title II Article 2.02 (v) of the Bank.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

18.27 The Internal Regulations of the Corporate Governance Committee established the duties pointed out in recommendation 18.27.

18.27 Implements the Measure YES NO N/A

<p>YES. Briefly state: The duties mentioned in the recommendation are expressly established in the functions of the Corporate Governance Manual (Title II Article 2.02.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2016
Modification Dates	

Measure No. 19: Operation of the Board of Directors

19.1 The Chairman of the Board of Directors with the assistance of the Secretary and the President of the Corporation **prepares a work plan for the Board of Directors** for the period assessed, a tool for facilitating the determination of a reasonable number of ordinary meetings per year and their estimated duration.

19.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: The regulation of the Board of Directors published in the web page contains what relates to this issue (Article 6.02), as well as Annex E, which establishes the timeline for the meetings scheduled during the year.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2011
Modification Dates	

19.2 Except for the entities subject to surveillance that due to their regime are obliged to hold at least one (1) meeting per month, the **Board of Directors of the Corporation holds between eight (8) and twelve (12) ordinary meetings per year.**

19.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Bank holds Board of Directors meetings periodically exceeding the number mentioned in accordance with the By-laws of the Bank (Article 32). The Board of Directors holds two ordinary sessions every month, without prejudice to extraordinary meetings that could be scheduled.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

FINANCIAL SUPERINTENDENCE OF COLOMBIA

Implementation Date	2012
Modification Dates	

19.3 One (1) or two (2) meetings per year of the Board of Directors **are focused clearly on the definition and follow-up of the corporation's strategy.**

19.3 Implements the Measure YES NO N/A

<p>YES. Briefly state: The regulations of the Board of Directors published in the web page contains what relates to this issue. (Article 2.02) First Paragraph</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2011
Modification Dates	

19.4 The Board of Directors approves a specific calendar of ordinary meetings, without prejudice to the fact that it could meet in an extraordinary manner, as many times as it deems so necessary.

19.4 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Bank holds Board of Directors meetings periodically and establishes an agenda of meetings annually. It may be found as Annex E of the Regulations of the Board of Directors.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2012
Modification Dates	2017

FINANCIAL SUPERINTENDENCE OF COLOMBIA

19.5 Along with the summoning of the meeting and, as a minimum, five (5) calendar days in advance, the members of the Board of Directors shall receive the documents or the information associated to each item in the Agenda, so that the members may actively participate and make the decisions in a reasoned manner.

19.5 Implements the Measure YES NO N/A

YES. Briefly state: The regulations of the Board of Directors published in the web page contains the issues concerning to this item (Article 11.02).
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2015
Modification Dates	

19.6 The chairman of the Board of Directors assumes, along with the Secretary of the Board of Directors, the ultimate responsibility that the members receive the information sufficiently in advance and that the information is useful, such that regarding the documents delivered (dashboard of the Board of Directors) quality shall prevail over quantity.

19.6 Implements the Measure YES NO N/A

YES. Briefly state: The regulations of the Board of Directors published in the web page contains what related to this issue (Article 11.02).
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

FINANCIAL SUPERINTENDENCE OF COLOMBIA

19.7 The final responsibility of preparing the Agenda of the Board of Directors meetings corresponds to the Chairman of the Board of Directors and not to the President of the Corporation, and it shall be structured in accordance with certain parameters for allowing a logical order for presenting the issued and the debates.

19.7 Implements the Measure YES NO N/A

<p>YES. Briefly state: According to what was established in the Regulation of the Board of Directors Article 5.01 (3), the Agenda is structured in accordance with the parameters that allow a logical order for presenting an debating the issues, however, in some occasions, the Chairman of the Board of Directors may request support from other members of the Senior Management for drafting the Agenda.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

19.8 The Corporation publishes the attendance of the members to the Board of Directors' meetings and their committees in the Annual Report of Corporate Governance and in the corporate web page.

19.8 Implements the Measure YES NO N/A

<p>YES. Briefly state: The percentage of attendance and the total number of meetings during the year is published.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

FINANCIAL SUPERINTENDENCE OF COLOMBIA

19.9 Annually the Board of Directors assesses the effectiveness of its work as a plural body, of its Committees and its members considered individually, including peer Assessment, as well as the reasonability of its internal regulations and the dedication and performance of its members, proposing in each case, modifications to the organization and operation, as deemed pertinent. In the case of Conglomerates, the Board of Directors of the parent company requires that the assessment process is carried also within the Boards of Directors of Subordinate companies.

19.9 Implements the Measure YES X NO N/A

YES. Briefly state: Such possibility was established in the Regulation of the Board of Directors Article 11.03
NO. Explain: .
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

19.10 The Board of Directors alternates the technique of internal self-assessment with external assessment carried out by independent advisors..

19.10 Implements the Measure YES NO N/A

YES. Briefly state: Such alternate possibility was included in the Regulations of the Board of Directors Article 11.03.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

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Measure No.20: Duties and Rights of the members of the Board of Directors.

20.1 The Regulations of the Board of Directors complements what is provided for under the regulating framework, in connection with the duties and rights of the members of the Board of Directors.

20.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: The regulations of the Board of Directors complies with what is established by the recommendation and provides a greater scope to the applicable regulations (Article 2.04). The code may be reviewed at the following link: Who are we – Information for Shareholders and Investors + Corporate Governance + Regulation of the Board of Directors</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2015
Modification Dates	

20.2 The Regulation of the Board of Directors develops the understanding of the corporation with respect to the duties of the members of the Board of Directors referred to under recommendation 20.2.

20.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: It is regulated under the Regulations of the Board of Directors (Article 2.04).</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2015
Modification Dates	

20.3 The Regulations of the Board of Directors develops the content of the rights of the members of the Board of Directors established under recommendation 20.3.

20.3 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Regulation of the Board of Directors published in the web page contains what relates to this issue (Article 2.04).</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2015
Modification Dates	

Measure No. 21: Conflicts of Interest.

21.1 The Corporation has a policy and a procedure defined and formalized within the internal regulations **for the knowledge, management and resolution of conflicts of interest situations**, whether direct or indirect through Related parties, which could affect the members of the Board of Directors and other Managers.

21.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Bank has policies and manuals for conflicts of interest for purposes of handling such conflicts that could originate in connection with its parent company, affiliate or related party. The Conflicts of Interest Manual is found on the web page of the Bank, following the link Who are we – Information for shareholders and investors + Corporate Governance + Conflicts of Interest Manual and Conglomerate Risk.</p>
<p>NO. Explain:</p>

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NA. Mention the regulations that prevent the adoption of the recommendation:
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Implementation Date	
Modification Dates	

21.2 The procedure for managing conflicts of interest distinguishes the nature of the same, differentiating between sporadic or permanent conflicts of interest. If the conflict of interest is sporadic, the applicable procedure indicates the rules and steps to be taken, which should be relatively easy to manage and difficult to circumvent for the affected person. In the case of permanent conflicts of interest, the procedure considers that if this situation affects all of the company's operations, it shall be understood as a ground for compulsory resignation by the person concerned as it makes it impossible for holding the office..

21.2 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: A Conflict of Interest Manual exists but it does not differentiate between sporadic or permanent conflicts of interest.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

21.3 The members of the Board of Directors, Legal Representatives, members of the Senior Management and other Managers of the corporation **inform the Board of Directors periodically about the relationships**, direct or indirect, held between them, or with other entities or structures belonging to the Conglomerate of which the issuer forms part, or with the issuer, or with other suppliers, or with clients or with any other Group of Interest, of which conflict of interest situations could derive or influence the sense of their vote or opinion, thus building a “*map of Related Parties*” by the Managers.

21.3 Implements the Measure YES NO N/A

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<p>YES. Briefly state: The members of the Board of Directors, Legal Representatives, members of Senior Management and other Managers process a form of related parties, stating the detail of each commercial and family relationship present.</p> <p>Such information is included in a data base which contains the linked and related parties; such information, Analysis and Budget, Treasury and Control is cross checked to know which business are held with the Bank and are presented to the board by the Financial Vice President, Treasurer and Credit Risk, some on a monthly basis, some quarterly.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

21.4 Situations of relevant conflicts of interest, understood as those that would oblige the affected party to refrain from attending to meetings and/or voting sessions where members of the Board of Directors or other Managers will attend, **are compiled within the public information** annually published by the Corporation in its Web page.

21.4 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p>
<p>NO. Explain: The situations referred to the recommendations are not made public, without prejudice to compliance of the regulations in force for such situations, except for those that should be informed, such as relevant information.</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

21.5 For such purposes, the **definition of Related Party** applied to the Corporation is **consistent with the International Accounting Standards N° 24 (IAS 24)**.

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21.5 Implements the Measure YES NO N/A

YES. Briefly state: IAS 24 is applied in Note 30. Regarding reports of Related Parties of the Bank
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2017
Modification Dates	

Measure No. 22: Operations with Related Parties.

22.1 The corporation has a policy for defining a specific procedure for valuating, approving and disclosing operations with Related Parties, including outstanding balances and relationships between the same, except for those operations under a specific regulation,

22.1 Implements the Measure YES NO N/A

YES. Briefly state: The recommendation is included in the Conglomerate risk manual and the operations described have a specific regulation. The manual can be consulted on the Bank's website on the following link: Who Are We – Information for Shareholders and Investors + Corporate Governance + Manual of Conflicts of Interest and Risk of Conglomerates.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2011
Modification Dates	

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22.2 The policy of the corporation regarding operations with linked parties addresses aspects referred to under recommendation 22.2.

22.2 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p>
<p>NO. Explain: No Bank's Policy regarding related financial parties addresses the aspects under recommendation No. 22.2. However, it does not contemplate that the assessment of the amount of the transaction with related parties corresponds to the Audit Committee but to the Committee of Conflicts of Interest.</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

22.3 The policy foresees that no express authorization is required from the Board of Directors, for recurring related transactions inherent to the ordinary course of business carried out under adhesion contracts, or general master contracts, whose conditions are perfectly standardized, the same are applied massively, and are carried out at market prices, generally established by the person acting as the supplier of the good or service concerned, and whose individual amount is not relevant to the corporation.

22.3 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p> <p>The Conflict of Interest Policy of the Banco de Occidente Financial Conglomerate expressly provides under item 6.3.1 that if the operation has a recurrent and proprietary nature</p> <p>i. If the Committee of Conflicts of interest (CCI) establishes that the transaction is has a recurrent nature and inherent to the ordinary course of business, carried out by virtue of adhesion contracts, general framework contracts, or whose conditions are perfectly standardized, it is carried out under market conditions, and its amount is not material for the respective entity (see 7.2 Materiality), the Committee may approve the respective transaction</p>
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NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

Measure No. 23: Retribution to the members of the Board of Directors.

23.1 The corporation has a remuneration policy of the Board of Directors, approved by the General Shareholders' Meeting and revised each year, which identifies all the remuneration components that can actually be met. These components can be fixed or variable. They may include fixed fees for being a member of the Board of Directors, fees for attendance at meetings of the Board and/or its Committees and other sums of any kind accrued during the financial year, for whatever cause, in money or in kind, as well as the obligations of the corporation regarding matters of pensions or payment of life insurance premiums, or other concepts, with respect to both former and current members, as well as those liability insurance premiums (D&O policies) contracted by the company in favor of the members of the Board of Directors.

23.1 Implements the Measure YES NO N/A

YES. Briefly state:
<p>NO. Explain: A General Remunerations Policy exists within the Good Governance Code of the Bank and the Committee of Appointments and Retributions for such purposes, but it a policy regarding the matter approved by the General Shareholders' Meeting has not been established.</p> <p>However, the Meeting is who authorizes the remuneration of the Board of Directors' Members.</p>
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

23.2 If the corporation adopts remuneration systems through the acknowledgement of a variable component associate with the good performance of the corporation on the long term, **the remuneration policy includes limits to the amount** to be distributed to the Board of Directors and, if the variable component is related to the benefits of the corporation or other

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management indexes at the closing of the period assessed, the eventual exemptions appearing on the Statutory Auditor’s report shall be accounted for, which could decrease the results of the period.

23.2 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: A General Remuneration Policy exists within the Bank’s Good Governance Code and the Committee of Appointments and Remuneration for such purposes but a variable remuneration component has not been established.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

23.3 Proprietary and Independent Members of the Board of Directors are expressly excluded from the retribution systems which include options on shares or a variable retribution variable linked to the absolute variation of the price of the shares.

23.3 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: A General Remuneration Policy exists within the Bank’s Good Governance Code and the Committee of Appointments and Remuneration for such purposes but a variable remuneration component has not been established.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

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23.4 For each period assessed, within the framework of the remuneration policy, the General Shareholders' Meeting approves a maximum cost of the Board of Directors for all the retribution components approved.

23.4 Implements the Measure YES NO N/A

<p>YES. Briefly state: The General Shareholders' Meeting establishes a fixed amount for remuneration for each session and for the committee in which the Directors attend. For such reason there is a fixed cost of the Board of Directors approved by the Meeting and there are no variable components.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2017
Modification Dates	

23.5 The effective cost of the Board of Directors during the period assessed, including all the retribution components paid to members of the Board of Directors as well as the reimbursement of expenses known by the shareholders and published in the web page of the corporation, with the level of detail approved by the Board of Directors.

23.5 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p>
<p>NO. Explain: The By-laws establish that a duty of the General Shareholders' Meeting is to fix the remuneration of the Members of the Board of Directors. Nevertheless, the information is not published in the Bank's web page.</p>

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NA. Mention the regulations that prevent the adoption of the recommendation:
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Implementation Date	
Modification Dates	

Measure No. 24: The President of the Corporation and the Senior Management.

24.1 The Governance model of the corporation establishes an effective separation between the management and government of the corporation (represented by the Board of Directors) and the Ordinary course of business (in charge of the Senior Management with the leadership of the President of the corporation).

24.1 Implements the Measure YES NO N/A

YES. Briefly state: The Bank, in its By-laws, Good Governance Code and the Regulations of the Board of Directors and General Shareholders' Meeting determine the duties of the President of the entity, of the Board of Directors and the Senior Management.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

24.2 Generally, the policy of the Board of Directors consists in delegating the Ordinary course of business in the Senior Management team, concentrating its activity in general duties of strategy, supervision and control.

24.2 Implements the Measure YES NO N/A

YES. Briefly state: The Bank's policy is within the duties of the Board of Directors. On its part, the President is in charge of the general direction of the bank's businesses. The foregoing pursuant to the By-laws.
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NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
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Modification Dates	
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24.3 As a general rule the members of the Senior Management are identified, assessed and directly appointed by the President of the corporation since the same are its direct collaborators. Alternately, **the corporation may decide that the Board of Directors appoints the Senior Management members as per the proposal of the President of the Corporation.** Regardless of who makes the final appointment, the candidates for holding key executive offices of the corporation are known and assessed by the Committee of Appointments and Remunerations of the Board of Directors, who shall issue its opinion.

24.3 Implements the Measure YES NO N/A

YES. Briefly state: The regulation of the Board of Directors, the Committee of Appointments and Retributions and the Board of Directors, can assess and give an opinion about the candidates to the Senior Management. Article 3.04 Literal q.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

24.4 The Corporation has a clear policy for delegating functions approved by the Board of Directors and/or a scheme of powers that allows knowing the level of empowerment of the President of the Corporation and other members of the Senior Management.

24.4 Implements the Measure YES NO N/A

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YES. Briefly state:
NO. Explain: Within its By-laws the Good Governance Code, and the Regulations of the Board of Directors the Bank establishes the duties of the President. In addition the Bank has an organizational structure duly established.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

24.5 The Board of Directors, through the Committee of Appointments and Retributions, or whoever performs such duties, **annually leads the performance Assessment of the President of the Corporation** and knows the assessments of the other members of the Senior Management.

24.5 Implements the Measure YES NO N/A

YES. Briefly state: This recommendation is included in the Regulations of the Board of Directors Article 3.04 Item 11 (r).
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

24.6 The Corporation has a remuneration policy for the President of the corporation and other members of the Senior Management, approved by the Board of Directors, which identifies the retribution components that may be effectively satisfied, linked to compliance of the long term objectives and risk levels.

24.6 Implements the Measure YES NO N/A

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YES. Briefly state:
NO. Explain: As of this date a remuneration policy for the President of the corporation and the members of the Senior Management does not exist.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

24.7 If the retribution of the President of the Corporation **includes a fixed and a variable component, its technical design and calculation prevents that the variable component may exceed the upper limit established by the Board of Directors.**

24.7 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: In accordance with the response to measure 24.6, as of this date there is no remuneration policy for the President of the corporation and the members of the Senior Management.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

III. CONTROL ARCHITECTURE

Measure No. 25: Control Environment.

25.1 The Board of Directors is the ultimate responsible of the existence of a sound control environment within the corporation, adapted to its nature, size, complexity and risks, such that it complies with the assumptions set forth under recommendation 25.1.

25.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: Through its By-laws and the different Regulations the control environment is established within the Bank. In addition, committees were defined for assuming different roles regarding the recommendations submitted for supporting the directors. (Article 36 (e) of the By-laws)</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2004
Modification Dates	

25.2 For the case of Conglomerates, the Board of Directors of the Parent Company shall promote the existence of a Control Architecture with a consolidated scope, formal, and including all Subordinate companies, establishing responsibilities with respect to the policies and guidelines regarding this matter at a conglomerate level and defining clear reporting lines to allow a consolidated vision of the risks to which the Conglomerate is exposed and of the control decision making.

25.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: Grupo Aval, parent corporation of the Entity, has implemented an Institutional References Framework for all its affiliates, document adopted by the Bank, and published in the Bank's web page at the following link: Who are we – Information for Shareholders and Investors, Corporate Governance, Institutional Relationships Reference Framework.</p>
<p>NO. Explain:</p>

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NA. Mention the regulations that prevent the adoption of the recommendation:
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Implementation Date	2015
Modification Dates	

Measure No. 26: Risk Management.

26.1 The **risk management objectives** within the corporation are those established under recommendation 26.1.

26.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Bank focuses on avoiding, controlling, mitigating, and transferring risks. The case of Treasury Risk is governed by the guidelines of the regulations of the Financial Superintendence.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

26.2 The Corporation has a **risk map** understood as a tool for the identification and follow-up of financial and non-financial risks to which it is exposed.

26.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: A risk matrix exists within the Bank for such purpose, administered directly by the Risk Vice Presidency and the Bank's Collection Department.</p>
<p>NO. Explain:</p>

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NA. Mention the regulations that prevent the adoption of the recommendation:
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Implementation Date	2009
Modification Dates	

26.3 The Board of Directors is responsible of defining a risk management policy, as well as of fixing the maximum exposure limits of each risk identified.

26.3 Implements the Measure YES NO N/A

<p>YES. Briefly state: It is included as a duty of the Board of Directors within its Regulations of the Board (Article 2.02 item 4).</p>
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2015
Modification Dates	

26.4 The Board of Directors knows and supervises periodically the effective exposure of the corporation to the maximum risk limits defined, and submits correction and follow-up actions in case of differences.

26.4 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Senior Management shall monthly submit to the Board of Directors the risk levels informed by those who assess the operation conditions and breaches to the risk limits.</p>
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

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Implementation Date	2009
Modification Dates	

26.5 Within the framework of the risk management policy, the **Senior Management is the owner of the processes and responsible of risk management**, namely of identifying, assessing, measuring, controlling, monitoring and reporting the risks, defining methodologies, and assuring that risk management is consistent with the strategy, the risk policy defined, and the maximum limits approved.

26.5 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Senior Management of the Bank creates a management and control structure assigning functions and responsibilities in such a manner that the Bank as a whole manages its processes identifying and managing the risks. Clear examples include the approval of the Board of the Framework-Policy for an Integral Risk Management in the Board of Directors.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2011
Modification Dates	

26.6 The Corporation has a policy for delegating risks, approved by the Board of Directors, establishing the risk limits that can be administered directly at each level in the corporation.

26.6 Implements the Measure YES NO N/A

<p>YES. Briefly state: Within the Bank there is a scheme of attribution and structuring levels for risk management and for each case of Operational Risk the roles and responsibilities have been defined: Risk Manager, Operational Risk Unit, SARO Committee and Board of Directors.</p>
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FINANCIAL SUPERINTENDENCE OF COLOMBIA

NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2009
Modification Dates	

26.7 In Conglomerates, risk management shall be carried out at a consolidated level in such a manner that it contributes to the cohesion and control of the companies comprising the same.

26.7 Implements the Measure YES NO N/A

<p>YES. Briefly state: The parent company of the Bank, through the Risk Vice Presidency issues general guidelines, among others, regarding credit risk, operational risk, asset laundering and terrorism financing risk, and monitors the situation of subordinates with respect to market and liquidity. The foregoing, without prejudice to the duty of the subordinate entities of implementing its own processes and of fixing the limits and other specific conditions in accordance with its own characteristics and governance.</p>
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2015
Modification Dates	

26.8 If the Corporation has a complex and diverse business and operations structure, there is the **Chief Risk Officer (CRO) position** with competence at a Conglomerate level regarding integrated companies in situations of control and/or entrepreneurial group.

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26.8 Implements the Measure YES NO N/A

YES. Briefly state: The Bank has appointed a Vice President of Control and Collection
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

Measure No. 27: Control Activities.

27.1 The Board of Directors is responsible for overseeing the existence of an adequate internal control system, adapted to the Corporation and its complexity, and consistent with the risk management in force.

27.1 Implements the Measure YES X NO N/A

YES. Briefly state: The Board of Directors, as well as the Audit Committee jointly with the legal representative and other officers of the Internal Audit shall be in charge of the management of the Internal Control System.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2011
Modification Dates	

27.2 The Board of Directors is responsible of supervising the effectiveness and suitability of the internal control, which can be delegated in the Audit Committee, without affecting the supervision responsibility of the Board.

27.2 Implements the Measure YES NO N/A

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YES. Briefly state: The Board of Directors, as well as its Audit Committee along with the legal representative and other Internal Audit Officers are in charge of the Internal Control System Management.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

27.3 The principle of self-control is applied and required within the Corporation, understood as the “*capacity of those participating in the different processes of considering control as an inherent part of its responsibilities, fields of action and decision-making*”.

27.3 Implements the Measure YES NO N/A

YES. Briefly state: The Bank has an internal regulation regarding the matter in its regulatory circular letters and training in the Eureka platform.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2010
Modification Dates	

Measure No. 28: Information and communication.

28.1 The culture, philosophy and risk policies are informed horizontally and vertically within the organization, as well as the exposure limits approved, in such a manner that the organization as a whole considers the risks and control activities within its tasks.

28.1 Implements the Measure YES NO N/A

FINANCIAL SUPERINTENDENCE OF COLOMBIA

<p>YES. Briefly state: Banco de Occidente complies with the matters relating to risk policy culture of the Financial Superintendence with periodical updates on the topic for all the Bank's officers, including the ISOLUCION platform, which operates as a deposit of all documents, manuals and instructions published internally and the EUREKA platform for training activities and manuals.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

28.2 There is a **mechanism for reporting information upwards** (to the Board of Directors and Senior Management), which is trustworthy, understandable and complete, such that it supports and allows an informed decision-making as well as risk management and control.

28.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: Certain decisions are informed, depending on their relevance to the Board of Directors and the Senior Management. For example, there are different Committees within the Bank, including the Audit Committee, which submits its reports horizontally and vertically and the Corporate Governance Committee, which reports progress to the Board of Directors regarding issues relating to its duties.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2009
Modification Dates	

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28.3 The **communication and information reporting mechanism** of the Corporation allows that (i) the Senior Management involves the corporation as a whole, highlighting its responsibility regarding risk management as well as the definition of controls and (ii) the corporation's staff understands its role within risk management and in identifying the controls, as well as its individual contribution in connection with the work of others.

28.3 Implements the Measure YES NO N/A

<p>YES. Briefly state: Banco de Occidente complies with issues relating to the risk policy culture of the Financial Superintendence, carrying out periodical updates with respect to the matter for all officers of the Bank, who know their duties within risk management. For such purpose, we have updating platforms such as Eureka and other platforms that include our processes "ISolución".</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2009
Modification Dates	

28.4 There are internal lines for anonymous complaints or "**whistleblowers**", which allow employees to communicate in an anonymous manner illegal or unethical behaviors or those that could contravene the risk management and control culture in the Corporation. A report regarding such complaints is known by the Board of Directors of the Corporation.

28.4 Implements the Measure YES NO N/A

<p>YES. Briefly state: Within the Bank, the employees have the Ethical Line, which guarantees the anonymity of the employee who submits the report, and they also have the Ethical Line GRUPO AVAL. The results of the investigations carried out are reported directly to the Board of Directors, as part of the audit reports.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

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Implementation Date	2010
Modification Dates	

Measure No. 29: Control Architecture Control.

29.1 Within the Corporation, the Board of Directors, through the Audit Committee is responsible of supervising the effectiveness of the different components of the Control Architecture.

29.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: The regulations of the Board of Directors (Art. 2.02 First Parag.) expressly includes within the functions of this Body, autonomously and through the Audit Committee and with the support of other areas, everything relating to the supervision, governance and control of the control Environment, risk management, internal control systems, which is informed to the Officers Regulations of the Board of Directors.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2011
Modification Dates	

29.2 The Corporation the monitoring task directed towards providing assurance regarding the effectiveness of Control Architecture within the Corporation, involves the main form of internal audit in collaboration with the Statutory Auditor regarding those matters inherent to its competence and in particular to what refers to financial information generated by the corporation.

29.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Bank, through its Audit Committee and Internal Audit officers centralize the control Environment processes, risk management and control systems (CE 038 2009).</p>

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NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

29.3 The internal audit duty of the corporation has an Internal Audit Regulation, approved by the Audit Committee, including expressly the scope of its duties regarding such matter, which should include the topics mentioned under recommendation 29.3.

29.3 Implements the Measure YES NO N/A

YES. Briefly state: The Bank has Internal Audit policies approved, in Minutes of Committee No. 55 as well as by the Board of Directors Minutes 1350
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

29.4 The highest responsible officer of internal audit maintains an independent professional relationship with respect to the Senior Management of the Corporation or Conglomerate which hires the same, through its exclusive functional dependence of the Audit Committee.

29.4 Implements the Measure YES NO N/A

YES. Briefly state: The highest responsible officer is the Auditor, who is an independent professional regarding the Senior Management and depends exclusively on the Audit Committee.
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NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

29.5 The **Board of Directors shall be in charge of the appointment and removal of the officer responsible for internal audit**, as per a proposal of the Audit Committee, and its removal or resignation shall be informed to the market.

29.5 Implements the Measure YES NO N/A

YES. Briefly state: The Board of Directors appointed the officers responsible for the Internal Audit pursuant to the regulations in force and there has been neither removal, nor resignation of the officer responsible of the Internal Audit.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2009
Modification Dates	

29.6 The **Statutory Auditor of the Corporation or Conglomerate maintains a clear Independence with respect to the same**, capacity that shall be declared in the respective audit report.

29.6 Implements the Measure YES NO N/A

YES. Briefly state: The Statutory Auditor is an entity independent of the Bank with full autonomy for developing its task.
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NO. Explain:	
NA. Mention the regulations that prevent the adoption of the recommendation:	
Implementation Date	
Modification Dates	

29.7 If the Corporation acts as the Parent Company of a Conglomerate, the **Statutory Auditor is the same for all companies, including off-shore companies.**

29.7 Implements the Measure YES NO N/A

YES. Briefly state: The Bank and its affiliates utilize the same firm as Statutory Auditor.	
NO. Explain:	
NA. Mention the regulations that prevent the adoption of the recommendation:	
Implementation Date	
Modification Dates	

29.8 **The Corporation has a policy for appointing the Statutory Auditor**, approved by the Board of Directors and disclosed to the Shareholders, including the provisions set forth under recommendation 29.8.

29.8 Implements the Measure YES NO N/A

YES. Briefly state: There is an appointment policy approved by the Board of Directors and published in the Bank's web page at the following link. Who we are – Information for shareholders and investors, Corporate Governance, Statutory Auditor's appointment.	
NO. Explain	

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NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

29.9 In order to avoid an excess engagement between the corporation and the Statutory Auditor and/or its teams and to maintain its independence, **the corporation establishes a maximum term for contracting between five (5) and ten (10) years.** For the case of the Statutory Auditor, **natural person not engaged with a firm, the maximum contracting term is five (5) years**

29.9 Implements the Measure YES NO N/A

<p>YES. Briefly state: The contract of the Bank with the Statutory Auditor company is one year and a change is promoted for its team after a maximum of five (5) years</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2014
Modification Dates	

29.10 Within the maximum term for contracting, the corporation **promotes the rotation of the partner of the Statutory Auditor assigned to the corporation** and its work teams to one half of the period, and at completion, the rotation of the firm shall be mandatory.

29.10 Implements the Measure YES NO N/A

<p>YES. Briefly state:</p>
<p>NO. Explain: The rotation of the team is promoted as well as the rotation of the partner of the Statutory Audit firm assigned to the Bank, but not according to the recommendation.</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

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Implementation Date	
Modification Dates	

29.11 In addition to the prohibition in force of not hiring with the **Statutory Auditor professional services** different than those of the financial audit itself and other duties recognized in the provisions in force, the Corporation extends such limitation to persons or entities linked with the Statutory Auditors Firm, including the companies of its group, as well as companies having an ample coincidence of its partners and/or managers with those of the Statutory Auditors Firm.

29.11 Implements the Measure YES NO N/A

<p>YES. Briefly state: Yes, firstly, pursuant to Circular Letter 054 of 2008. Likewise, the Bank has a policy for contracting additional services issued by the Parent company and annually it requires a certificate from the Statutory Auditors firm regarding such recommendations, which is published in the Bank's web page at: Who are we, Information for Shareholders and Investors, Corporate Governance, Certificate of Non- Professional Service in Addition to the Statutory Auditor.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2008
Modification Dates	

29.12 In its public information, **the corporation reveals the total amount of the contract with the Statutory Auditor** as well as the proportion represented by the fees paid by the Corporation with respect to the total income of the firm, relating to its statutory audit activity.

29.12 Implements the Measure YES NO N/A

<p>YES. Briefly state: A certificate is published on the web page issued by the Statutory Auditor of the Corporation, revealing the total amount of the contract with the Statutory Auditor as well as the proportion represented by the fees paid by the Corporation with respect to the total income of the firm, relating with its statutory audit activity.</p>

FINANCIAL SUPERINTENDENCE OF COLOMBIA

NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

IV. TRANSPARENCY AND FINANCIAL AND NON-FINANCIAL INFORMATION

Measure No. 30: Policy for information disclosure.

30.1 The Board of Directors has approved a policy for disclosing information, wherein as a minimum, the information relating to the recommendation is identified,.

30.1 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: The Corporation has officers responsible and internal procedures for purposes of monitoring financial and non-financial information that should be disclosed pursuant to its legal obligations and/or as a result of its capacity as Issuer of Securities in Colombia. The quality, trustworthiness and sufficiency of the content to be disclosed is verified by one or more areas of the company as the case may be.
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

30.2 For the case of Conglomerates, the disclosure of information to third parties is integral and transversal, regarding the set of companies, allowing external third parties to have a founded opinion regarding the reality, organization, complexity, activity, size and governance model of the Conglomerate.

30.2 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: Through the web page, the Bank periodically reveals its consolidated financial situation as well as of its subordinate entities, offers general access to the Relevant financial and non-financial information published in the web page, through the site of the Financial Superintendence. Likewise an Occidente Conglomerate map is published in our web page. Without prejudice to the aforementioned, the information is not published under the terms proposed by the recommendation.

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NA. Mention the regulations that prevent the adoption of the recommendation:
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Implementation Date	
Modification Dates	

Measure No. 31: Financial Statements.

31.1 If there are any qualified opinions within the Statutory Auditor’s report the same and the actions proposed by the corporation for solving the situation shall be subject to pronouncement **with the shareholders** having met at the General Shareholders’ Meeting, by the chairman of the Audit Committee.

31.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: Such capacity is included within the regulations of the Audit Committee Title II item 16.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

31.2 Regarding any unqualified opinion *and/or paragraphs emphasized* by the Statutory Auditor, if the Board of Directors deems that it shall maintain its criteria, such position is adequately explained and justified through a written report submitted to the General Shareholders’ Meeting, including the concrete content and scope of the difference.

31.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: The procedure established in the recommendation is expressly included in the Regulations of the Board of Directors (Article 2.02 Parag. Two), which may be verified at the Bank’s web.</p>
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NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2015
Modification Dates	

31.3 Operations with or between Related Parties, including operations between companies of the Conglomerate which, through objective parameters such as operation volume, percentage over assets, sales or other indexes, are rated as material for the Corporation, **are included in detail within the public financial information as a reference to the development of off-shore operations.**

31.3 Implements the Measure YES NO N/A

<p>YES. Briefly state: For preparing the financial statements and its disclosure notes regarding operations with related parties, IAS 24 is applied, which is included in note 30 of the Entity's report.</p>
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

Measure No. 32: Information for the markets.

32.1 Within the framework of information disclosure policy, the Board of Directors (or the Audit Committee), **adopts the measures necessary for guaranteeing the transmission to the financial and capital markets of all the financial and non-financial information about the corporation** required by the legislation in force, in furtherance of the information deemed relevant for investors and clients.

32.1 Implements the Measure YES NO N/A

YES. Briefly state:

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<p>NO. Explain: The Bank duly informs the relevant information to third parties in compliance of the regulations in force through the Senior Management and the areas in charge..</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

32.2 The web page of the Corporation is organized in an amicable manner, such that it is simple for the user to access information associated or relating to the Corporate Governance.

32.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Bank's web page contains what relates to Corporate Governance and other institutional information in a clear and accessible manner.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	2000
Modification Dates	

32.3 The Corporation's web page includes, at least, the links referred to under recommendation 32.3.

32.3 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Bank's web page contains what is referred to under the recommendation Country Code, which may be verified in the information banner of the shareholder and investor.</p>

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NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2017
Modification Dates	

32.4 The supports for communicating information to the markets utilized by the Corporation generally, **are documents that may be printed, downloaded and shared.**

32.4 Implements the Measure YES NO N/A

YES. Briefly state: The forms used in the documents of the Bank's web page are suitable for printing, sharing and downloading.
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

32.5 If the Corporation is a company with a great size and complexity, annually publishes in the web page an **explanatory report about organization, methods and procedures for the Control Architecture** implemented with the purpose of providing correct and safe financial and non-financial information, safeguarding the assets of the entity and the efficiency and safety of its operations. The information regarding Control Architecture is complemented with a risk management report.

32.5 Implements the Measure YES NO N/A

YES. Briefly state:
NO. Explain: The Control Architecture of the organization is described in the web page but not under the terms required under the measure.

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NA. Mention the regulations that prevent the adoption of the recommendation:
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Implementation Date	
Modification Dates	

Measure No. 33: Corporate Governance Annual Report.

33.1 The Corporation annually prepares a Corporate Governance Report, whose content the Board of Directors, subject to prior review and favorable report by the Audit Committee, is submitted along with the rest of the documents of the period closing.

33.1 Implements the Measure YES NO N/A

<p>YES. Briefly state: The report was implemented during 2017 and is published in the Web page every year.</p>
<p>NO. Explain:</p>
<p>NA. Mention the regulations that prevent the adoption of the recommendation:</p>

Implementation Date	
Modification Dates	

33.2 The Corporate Governance Annual Report of the Corporation, **is not a mere transcription of the Corporate Governance regulations**, included in the By-laws, internal regulations, good governance codes and other corporate documents. Its objective is not to describe the governance model of the corporation, but to explain the reality of its operation and the relevant changes during the exercise.

33.2 Implements the Measure YES NO N/A

<p>YES. Briefly state: The Corporate Governance issues of interest of the Meetings are explained in the report, as well as the attendance of Directors, Committees, among others.</p>
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NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	
Modification Dates	

33.3 The Corporate Governance Annual Report of the Corporation contains information of the period closing which **describes the manner in which the recommendations of the Corporate Governance were complied during the year, adopted by the Corporation as well as the main changes implemented.**

The structure of the Corporate Government Annual Report of the corporation is aligned with the scheme contemplated under recommendation 33.3.

33.3 Implements the Measure YES NO N/A

YES. Briefly state: The Corporate Governance Annual Report of the Corporation included relevant matters of the recommendation and the same is published on the Bank's web page
NO. Explain:
NA. Mention the regulations that prevent the adoption of the recommendation:

Implementation Date	2017
Modification Dates	