

# Regulation of the Board of Directors

BBVA Colombia



## REGULATION OF THE BOARD OF DIRECTORS OF BBVA COLOMBIA AND ITS MEMBERS

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## Chapter I REGULATION OF THE BOARD OF DIRECTORS

### 1. QUALITIES OF MEMBERS

Members of the Board of Directors must comply with requirements of professional and academic background, good reputation and experience to fulfil their functions, which must be informed by the Bank's administration to the shareholders within the term of the call to the General Assembly.

### 2. ELECTION

The election of members of the Board of Directors will be held in a single vote, provided that the lists presented have the minimum number of independent members required by law. Otherwise there will be two voting procedures, one to choose the independent members legally required and another for the remaining members.

The shareholders will have, with enough anticipation, sufficient information on the proposed candidates (personal qualities, suitability, background, experience, integrity, etc.) to make easier the decision making process when voting for the proposed candidates.

Electoral quotient shall apply for the election of the members of the Board of Directors, determined by dividing the total number of votes of the shareholders validly issued by the members to be chosen. The scrutiny will begin with the list which has obtained the greatest number of votes and continue in descending order. From each list shall be declared elected as many members as the quotient fit in the number of votes obtained by such list, and the positions remaining after this procedure should be filled by reviewing the quotients in descending order. In case of a tie the surplus will decide. Blank votes may only be counted to determine the electoral quotient. The chosen members cannot be replaced by partial elections or without a new process using the mentioned system, unless the vacancies are filled unanimously.

### 3. COMPOSITION

The Board of Directors is composed of seven (7) members, who shall have a specific origin based on the following scheme:

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- a) **Executive members:** They are the legal or senior-management representatives who take part in the corporation's day-to-day operations.
- b) **Independent members** are those who, at least, meet the independence requirements set forth by the Law 964 of 2005, or the norms that modify or substitute it, and any other corporate internal regulations to consider them as such, regardless of the shareholder(s) who nominated them and/or elected them by voting.
- c) **Proprietary members** are those who are not independent members. They are shareholders (whether legal or natural persons), or individuals explicitly appointed by such shareholders, or by a group of them, to be members of the Board of Directors.

FIRST PARAGRAPH: Regulation of the Board of Directors provides that the independent and proprietary members are always a majority with respect to the executive members whose number, if they are included in the Board of Directors, will be the minimum necessary to meet the information and coordination requirements that exist between the Board of Directors and the Senior Management of the Bank.

SECOND PARAGRAPH: The remuneration of the members of the Board of Directors will be linked to the responsibility, dedication and inherent incompatibilities for the position they play in the Board and its Committees.

#### 4. TERM

The serving period of the members of the Board of Directors is two (2) years, from election.

PARAGRAPH- Remuneration: The remuneration of the members of the Board of Directors is made up of fixed remuneration for attendance and membership of the Board and Committees. In any case, the General Assembly of Shareholders will approve the Remuneration Policy of the Board and the amount of their compensation.

#### 5. RESPONSIBILITIES

The Administrators will be liable for any damages caused to the Bank, its partners or third parties, resulting from willful misconduct or negligence.

#### 6. INDEPENDENCE

The Board of Directors may not be formed by such a number of employees of the Bank that allows them to form the necessary majority for decision making.

The Board of Directors shall include the number of independent members stated by law. Notwithstanding the provisions of the law, the society if deemed appropriate, may adjust upward the number of independent members, taking into account, inter alia, that the number of independent members relates to the Floating Capital.

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The election of the independent members must be in accordance with legal regulations, resulting in charge of the administration of the Bank the duty to verify the requirements to categorize a member as independent.

Besides the independence requirements set forth by the article 44 of Law 964 of 2005 (or the norms that modify or substitute it), the relations or links of any kind between a candidate to become an independent member and any controlling or significant shareholders or their related parties, either domestically or abroad, shall be evaluated. To this purpose it is required a double declaration of independence: (i) that from the candidate to the Bank corporation, its shareholders, and Senior Management, expressed in his letter of acceptance, and (ii) that from the Board of Directors with respect to the candidate's independence.

## **7. INDUCTION**

Before taking office, the members of the Board of Directors must be appointed as is regulated by the control entity.

In case of members appointed for the first time, the Bank shall make available to them enough information regarding the company, the banking sector and their responsibilities and obligations, as well as deliver copies of the statutes and of the code of corporate governance and its annexes.

## **8. CONTINUANCE**

Members of the Board of Directors shall remain in office until the new members are elected by the general Assembly and duly appointed, except when they are removed or disqualified.

If a member has been absent from the meetings of Board of Directors for a period longer than three continuous months, the Assembly will proceed to its replacement.

## **9. IMPEDIMENTS**

The Board of Directors may not be composed of a majority either formed by marriage or kinship within the fourth degree of consanguinity, second degree of affinity or civil partnership. Any Board elected in contradiction of this condition may not be taken into account and the previous Board will continue to exercise its functions and immediately convene the General Assembly for a new election. Decisions taken with a majority vote that contravenes the provisions of this article will not be valid.

## **10. BOARD MEETINGS**

### **10.1. TYPES OF MEETINGS:**

- a) Regular meetings: The Board shall meet ordinarily at least one (1) time per month.
- b) Extraordinary meetings: Will be held whenever the Bank requires it.

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- c) Own right meetings: The Board may meet in any place and at any time, without
- d) Being previously summoned, when all its principal members are present.
- e) Virtual meetings: May take place in the terms established by law.

#### **10.2. ISSUES TO BE ADDRESSED**

At the beginning of each fiscal year the Board must prepare the annual schedule in order to comply with its legal functions and comply with the Bank's bylaws.

At the same time the Chairman of the Board of Directors, together with the General Secretary and the Chief Executive Officer, shall review the work plan for the Board, which will include a schedule of regular meetings of the Board, estimated duration and topics. The topics covered will include the definition and monitoring of the strategy of the Bank.

#### **10.3. MEETING CALL**

The Board may be convened by itself, by its Chairman, the CEO, the Statutory Auditor, or by two (2) of its members, directly or through the Secretary of the Board of Directors. The Board must be convened at least eight (8) days in advance for regular meetings, and at least two (2) days in advance for extraordinary meetings, through email or post mail.

The meeting call should include the agenda, which is defined in coordination with the Chairman of the Board of Directors, who shall ensure that the agenda of the meetings is prepared following parameters established by the law and the internal regulation, including the verification of the quorum, approval of the agenda, giving a logical order of the presentation of issues and debates.

#### **10.4. INFORMATION FOR MEMBERS OF THE BOARD**

For the proper performance of their duties, members of the Board of Directors must have a minimum of five (5) days of advanced access to relevant information for decision making, except in emergency situations, in accordance with the agenda contained in the meeting call.

Such information will be available at the offices of the Secretariat General of the Bank, without prejudice of the additional information required by members of the Board, which shall be processed through the same Secretariat.

#### **10.5. CONSULTANCY**

Board members may appoint an external consultant when complex issues require it.

For this purpose the member (s) of the board shall request the appointment of the consultant either in the respective Board meeting or by means of a written communication to the

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Secretariat General, who will decide on the matter in accordance with the prepared list for such purposes and having obtained at least two quotes.

The budget should include a line item for this occurrence.

#### **10.6. LOCATION**

Meetings of the Board of Directors may be held both in Colombia and overseas.

#### **10.7. INSTALLATION**

Once a sufficient number of members for deliberating are duly appointed before the *Superintendencia Financiera of Colombia* (Colombian Banking Authority), the Board of Directors will be installed during the next meeting, appointing the Chairman and the Vice-Presidents of the Board, as well as the CEO and Secretary of the Bank.

#### **10.8. QUORUM**

The Board will deliberate and decide with the presence and votes of the majority of its members.

#### **10.9. ATTENDEES**

The meetings of the Board of Directors will be attended by the CEO and the Secretary-General with voice but without vote, unless they are members of the Board of Directors; executives, bank officials and the Fiscal Auditor may also assist when invited.

#### **10.10. MINUTES**

The decisions of the Board of Directors shall be recorded into minutes and must be approved by the Board or by the persons it designates for this purpose. Minutes shall be signed by the Chairman and the Secretary of the Board, and shall indicate the attendees and votes in each point of the agenda.

The minutes must also include the studies and other sources of information that served as the basis for decision making, as well as the conforming or non-conforming reasons taken into account for these decisions.

### **11. FUNCTIONS OF THE BOARD OF DIRECTORS**

Non-delegable functions of the Board of Directors are:

1. Approve and regularly oversee the Bank's strategic plan, business plan, strategic technology plan, expansion projects, management objectives, and annual budgets, along with those of its affiliates, subsidiaries, as well as their financial and operational performance.
2. To define the structure and governance model of the Bank.

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3. To approve guidelines or financial and investment policies of the Bank.
4. Approve investments, divestitures, or operations that, due to their magnitude and/or characteristics, may be classified as strategic or that affect strategic assets or liabilities of the Bank, unless the approval of such operations has been reserved to the General Shareholders' Meeting, in which case, the Board of Directors' function is limited to proposing and justifying the operation.
5. To approve the policy of information and communication with shareholders, markets, stakeholders and public opinion in general.
6. Approve the general human resources policies and guidelines, including the selection, succession, remuneration, compensation, indemnity, bonus, retention and evaluation policy for Senior Management and other employees, as well as the training programs, including the training of the team that is part of the Bank's risk governance structure, on issues related to the SIAR. Likewise, establish the mechanisms for evaluating the management of the Administrators, main executives and other employees. The management of Senior Management must be evaluated once a year.
7. Approve the Corporate Governance policy, monitor and update it, as well as approve the Corporate Governance Report.
8. Approve the policies of the Risk Management System - SIAR, the reports and guidelines presented by Management in relation to risk management, as well as follow up, at least every six months, on the effectiveness and adequacy of risk management and the measures or action plans adopted for its control and mitigation, in the event of increases in risk exposure and weaknesses in the SIAR.
9. To approve the policies related to whistleblower systems.
10. To define the general structure for the proper management of the Bank and its subsidiaries, including the creation or suppression of positions, which by law or by the statutes have to be created, suppressed or their functions settled by the Board of Directors.
11. To indicate policies, adopt the Code of Conduct and approve the Procedures Manual for the Prevention of Money Laundering and periodically evaluate its performance.



12. To authorize the opening and closing of branches and agencies as it deems appropriate, and authorize its conversion, either in Colombia or abroad, subject to compliance with legal requirements and corporate and local policies.
13. Approve, modify, update and repeal all codes, policies, internal regulations, company manuals, among others, including the following: I) information security policy; II) Audit Statute; III) Information and Communication Policy.
14. Approve policies for the evaluation and self-evaluation of the Internal Control System (ICS), and establish actions and mechanisms to address identified deficiencies.
15. To approve the induction and training policy for the members of the Board of Directors, ensuring a comprehensive training that promotes their efficiency and contributes to the fulfillment of the institutional objectives.
16. To ensure that the process of proposing and electing the members of the Board of Directors is carried out in compliance with the provisions of the current legal regulations, the bylaws and the Internal Regulations of the General Shareholders' Meeting.
17. To act as liaison between the Bank and its shareholders, creating appropriate mechanisms to provide accurate and timely information.
18. Approve the following proposals to be submitted to the General Shareholders' Meeting: i) succession and remuneration of the Board of Directors; ii) repurchase of own shares; iii) hiring of the Statutory Auditor, after analyzing his experience and availability of time, human and technical resources necessary to carry out his work; iv) other proposals within the competence of the General Shareholders' Meeting.
19. To organize the annual evaluation process of the Board of Directors, as a collegiate management body, regarding each of its members, in accordance with generally accepted methodologies of self-assessment or evaluation, while also considering the involvement of external advisors.
20. Appoint the President and the two Vice Presidents of the Board, to regulate their designation and period.
21. Establish the Support Committees for the Board of Directors as determined by law or deemed appropriate, as well as approve the internal operating regulations of these committees, which include: Audit Committee, Comprehensive Risk Committee, Diversity Committee, Nominations and Remuneration Committee, and Corporate Governance, Sustainability, and Social Responsibility Committee.

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22. To call the Assembly to its ordinary meetings when the Executive Chairman does not do it on time and to extraordinary meetings when deemed necessary.
23. To control and guarantee that the rights of shareholders and investors are respected and given equal treatment.
24. Propose to the General Shareholders' Meetings of the Bank's subsidiaries or affiliates the names of the candidates to be members of their collegiate bodies.
25. To appoint the Chief Executive Officer of the Bank for a term of 2 years and determine who acts as their substitute in case of permanent, temporary, or accidental absences when necessary; establish their compensation, define their duties, ensure a succession plan, decide on their resignation, and freely dismiss them.
26. Appoint the Vice Presidents, the Chief Auditor, and other executives granted with the Legal Representation of the Bank.
27. To set the maximum amounts within which Bank employees will have authority to enter into contracts and perform acts in the ordinary course of business of the Bank without prior authorization from the same Board or the bodies it points out.
28. To take necessary measures to ensure the independence of the Internal Auditor and monitor their compliance.
29. Conduct a periodic monitoring of the Bank's business performance.
30. To analyze the reports submitted by the Compliance Officer regarding the work done to prevent the entity being used as an instrument to carry out criminal activities, evaluate the effectiveness of implemented controls and recommendations for improvement.
31. To supervise among other topics, the following: i) the integrity and reliability of the accounting systems and internal information based, among others, on the reports of internal audit and legal representatives; ii) financial and non-financial information that is ought to be made public periodically by the condition of the Issuer Bank; iii) the effectiveness of corporate governance practices implemented, and the level of compliance with ethical and conduct standards adopted by the Bank.
32. To define and approve the general policies and guidelines of the Internal Control System (ICS) as well as its structure and procedures, seeking a Control

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Architecture with a consolidated scope and a clear line of transversal and inclusive report to assess the effectiveness of controls implemented, all on the basis of the recommendations of the Audit Committee.

33. To appoint the managers or person in charge for the respective areas in charge of Internal Control System (ICS) and risk management, and approve adequate resources for its operation.
34. Request and receive relevant reports regarding the SIC submitted by the different control or supervisory bodies and issue the orders and recommendations they deem necessary for Senior Management to establish processes, adopt corrective measures aimed at mitigating risks, meet objectives and evaluate changes that may have a significant impact on the ICS.
35. To know the relevant reports on the internal control systems (ICS) that are presented by the different organs of control or supervision and to give the necessary orders for recommendations or corrective measures to meet the objectives of the ICS and monitor its compliance adopted.
36. Review the results of stress tests and approve measures or plans to be implemented to mitigate risks based on their outcomes.
37. Review the hedging strategy implemented by the Bank and approve the reclassification of positions in the treasury book or banking book.
38. To approve the rules of issuance and placement of ordinary shares and shares with preferential dividend and no voting rights in reserve, if regarding these latter there is delegation in this sense by the General Shareholders Meeting.
39. Evaluate and submit to the General Shareholders' Meeting, the Financial Statements and accounts for each fiscal year, along with a reasoned report on the economic and financial situation of the Bank, as well as explanatory reports mandated by the Law and the corresponding profit distribution proposal.
40. To approve the bond issuance and to regulate their placement under the terms established in the current regulation.
41. To interpret the bylaws of the Bank following the guidelines of the Financial Superintendence of Colombia.
42. To know and manage conflicts of interest between the Bank and shareholders, Board of Directors and Senior Management.

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43. To be aware of and approve the material impact operations that the Bank plans to carry out with its economic related parties, in all cases in compliance with the provisions of numeral 1 of Article 122 of the E.O.S.F.
44. To comply with the decisions of the General Shareholders' Meeting.
45. To exercise acts related to the Bank's management that are not expressly attributed by law or statute to another social organ.
46. Other functions assigned under the law and these bylaws.

PARAGRAPH.- The Board of Directors may delegate to the president of the Board of Directors, when considering appropriate and to special cases or for a limited time, one or more of the functions listed above, only if because of the nature of the function, it can be delegated.

#### **11. A. MAIN FUNCTIONS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS:**

- a) Ensure that the Board of Directors sets forth and implements the corporation's strategic direction effectively.
- b) Encourage the Bank's governance actions, being a liaison between the shareholders and the Board.
- c) Coordinate and plan the operation of the Board of Directors through an annual work program based on assigned functions.
- d) Call for meetings, either directly or through the Secretary of the Board of Directors.
- e) Prepare the Agenda for the meetings in coordination with the Chief Executive Officer, the Secretary of the Board of Directors, and the rest of members.
- f) Ensure an adequate and timely information delivery to the members of the Board of Directors, either directly or through the Board's Secretary.
- g) Chair the meetings and moderate the debates.
- h) Ensure the implementation of the agreements of the Board of Directors and monitor their respective requests and decisions.
- i) Monitor the active participation of the Board members.
- j) Lead the annual assessment process of the Board of Directors and its Committees, except for his own evaluation.

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## 11. B. FUNCTIONS OF THE SECRETARY OF THE BOARD OF DIRECTORS:

In addition to those assigned by the law and the Bank's bylaws, the Secretary of the Board shall have the following functions:

- a) Call for meetings, based on the annual plan.
- b) Perform an adequate and timely delivery of information to the members of the Board of Directors.
- c) Keep the Bank's documentation, register in the books of records the development of the sessions, and attest the agreements of the corporate bodies.
- d) Ensure that the acts of the Board of Directors abide by the law, and that its procedures and governance rules are respected and revised regularly, based on the bylaws and other corporate internal regulations.

## 12. REPORTS

The Board shall submit to the General Assembly the financial statements and accounts of each financial year, a reasoned report on the economic and financial situation of the Bank and the respective projection for the distribution of profits.

On the other hand, the decisions of the Board of Directors that are Relevant Information will be made known to the market and to the general public according to the applicable regulation on the subject.

## 13. COMMITTEES

The Board of Directors has established the following committees for support and study, composed by non-executive members. Each of them has its own Regulation in which it specifies its purpose, composition, functions and responsibilities, which are part of this Regulation of the Board.

Additionally, except if the applicable legal or regulatory framework demands their creation, the Board of Directors of the subsidiaries of BBVA Colombia may not decide not to create specific committees to deal with certain matters, and those matters may be assumed by the committees of the Board of Directors of BBVA Colombia. This will not imply a transfer of the responsibilities of the Boards of Directors of the subordinate companies to the holding company.

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The Committees shall elaborate the minutes of their meetings, which will be available to all the Directors through an online resource on the Bank's servers.

### **13.1. AUDIT AND COMPLIANCE COMMITTEE**

The Audit and Compliance Committee is a body of study and support dependent of the Board in its function of reviewing the Architecture of Control of the Society, a concept that includes everything related to the environment of control, risk management and internal control systems.

The Audit and Compliance Committee has its own regulation that is part of this document and it establishes its structure, topics and functions on which the Committee should work.

### **13.2. NOMINATION AND COMPENSATION COMMITTEE**

The Nomination and Compensation Committee is responsible for reviewing and monitoring the performance of senior management and support the Board in the exercise of their decisional or advising functions related to matters of appointment and remuneration of members of the Senior Management.

The Nomination and Compensation Committee has its own regulation that is part of this document and it establishes its structure, topics and functions on which the Committee should work.

### **13.3. CORPORATE GOVERNANCE COMMITTEE**

The Corporate Governance Committee will have to support the Board in its duties of proposing and overseeing the Corporate Governance measures taken by the Bank. Also it will have to support the Board in the exercise of its functions of advisory or decision-making nature related to the appointment and remuneration of the members of the Board of Directors.

The Corporate Governance Committee has its own regulation that is part of this document and it establishes its structure, topics and functions on which the Committee should work.

### **13.4. RISK COMMITTEE**

The Risk Committee's main function will be to assist the Board in fulfilling its over-viewing responsibilities regarding risk management.

The Risk Committee has its own regulation that is part of this document and it establishes its structure, topics and functions on which the Committee should work.

#### **14. MECHANISMS FOR THE IMPLEMENTATION OF THE ARCHITECTURE OF CONTROL**

Among the functions of the Board is that of making policies and procedures of the Architecture of Control and effectiveness of each of its components, as well as that of monitoring that these meet the needs of the bank and update or modify them if necessary.

#### **15. MECHANISMS FOR SHAREHOLDERS AND OTHER INVESTORS TO IDENTIFY AND DISCLOSE MAIN RISKS**

The Board of Directors, within the principles of transparency that must govern the actions of institutions at financial markets, must monitor that appropriate means are used to ensure that shareholders and investors have access to relevant, correct and truthful information of the Bank.

#### **16. CORPORATE RESPONSIBILITY**

The Board of Directors is committed in guaranteeing that its activity is developed according to a set of values, principles, criteria and attitudes that create sustained values for shareholders, employees, customers, and for the Bank in general.

Hence, the Board shall monitor that business activity is carried out in compliance with the law in every instance, good faith and best commercial practices. The ethical principles on which the entity is based and which are founded on integrity, transparency and commitment are framed within the corporate culture of BBVA and apply to all activities and business, as well as their administrators, directors and employees.

#### **17. SCOPE AND VALIDITY**

The provisions contained in this regulation apply to and shall be observed by all the members of the Board of Directors.

The Board will monitor the compliance with measures to make the regulations known in a timely and proper manner to shareholders and investors.

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## 18. INTERPRETATION

The Board of Directors shall interpret and resolve any doubts arising from the implementation of this regulation in accordance with legal standards.

## 19. AMMENDMENTS

This regulation may be amended by agreement of the Board of Directors, amendments that must be subsequently ratified by the General Assembly of Shareholders.

# CHAPTER II REGULATION OF THE EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

## 1. EVALUATION OF THE BOARD OF DIRECTORS

The Board of Directors of the Bank and the Board of Directors of the subsidiaries will assess annually the effectiveness of their work as a body, the effectiveness of its committees and the members as individuals, including peer evaluation. Proposals for improvement will be done when it deems appropriate.

For the evaluation of the Committees, the Board of Directors of BBVA Colombia also has as a reference, the Annual Report of the Committees. If deemed appropriate, the Board may alternate the internal self-assessment with the external assessment done by an independent consultant hired for this purpose.

The annual assessment will also aim to identify the most appropriate personal and professional profiles for the composition of the Board and evaluate the time and dedication that are necessary to allow members to perform their duties.

## 2. OBLIGATIONS OF DIRECTORS AND ADMINISTRATORS

- a) Conduct the necessary arrangements for the compliance with the social objective;
- b) Attend the meetings of the Board of Directors and actively participate in its deliberations;
- c) Ensure strict compliance with legal and statutory provisions, as well as those which integrate the system of good governance;

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- d) Provide equal treatment for all shareholders and other investors in securities issued by the company and respect their right of inspection, in accordance with legal and statutory provisions;
- e) Prevent any situation that may lead to a conflict of interest;
- f) Maintain confidentiality regarding the Bank's information which should be kept in reserve, in accordance with the law;
- g) Refrain from improper use of privileged information;
- h) Be aware of and prepare the meetings of the Board of Directors.

## **2.1. DUTY OF CONFIDENTIALITY**

The deliberations of the company bodies, including those of the Board, are secret and must be kept in reserve, as well as any information to which such bodies have had access to in the exercise of their offices.

The confidentiality obligation shall continue even once the members of the Board have left the Bank.

## **2.2. DUTY OF CARE OR DILIGENCE**

The directors shall serve with the diligence of a good businessman, taking into account the nature of the position and the tasks assigned, putting all their knowledge, foresight and diligence in their own work over the activity as if it was their own. The decisions taken by the Directors must be taken with the full knowledge and study of the implications of these.

## **2.3. DUTY OF LOYALTY**

The obligation to be "loyal" requires the Directors acknowledge loyalty to the Bank and put institutional interests above their own. This duty entails the following obligations: avoid acts that create conflicts of interest; dealing with confidential the information received regarding their positions; not to use improperly the privileged information for profit for themselves or for others; protect the secrets of the Bank, among others.

## **2.4. DUTY OF NON-COMPETITION**

Directors must refrain from participating directly or through third parties in their interest or that of others, in activities that involve competition with the Bank, unless there is express authorization of the Board or the General Assembly of Shareholders.

## 2.5. DUTY OF NON-USE OF CORPORATE ASSETS.

The assets of the entity should be used for the benefit of itself and all its shareholders. Directors should refrain from making use of corporate assets for personal gain or for the benefit of a third party to the detriment of the Bank and or shareholders.

## 3. RULES OF CONDUCT

The Directors must act in an ethical manner, in accordance with the regulatory requirements applicable to those who carry out administrative functions, particularly in financial institutions. Therefore, they should act not only within the framework of the constitution and the law, but under the principle of good faith, accepting also the principles that constitute the values of BBVA.

As a result, Directors have a legal obligation to refrain from:

- a) Concentrating assets' risks above the legal limits;
- b) Violating the legal provisions or carry out operations with shareholders or persons related or linked to them, beyond the legal limits;
- c) Use or facilitate public resources to carry out unauthorized operations to acquire control over other entities or associations;
- d) Invest in other entities or associations in amounts or percentages not authorized by law;
- e) Facilitate, promote or implement any practice for tax evasion;
- f) Not supplying reasonable and adequate information which in the opinion of the *Superintendencia Financiera of Colombia* should be surrendered to the public or users and clients for informed decision making, including information related to their rights and obligations in contractual relations that are or may be linked to them.
- g) Carry out activities or take positions without having been duly appointed in before the *Superintendencia Financiera of Colombia*, when required by law;
- h) Obstruct the actions of inspection monitoring and control of the *Superintendencia Financiera of Colombia*.
- i) Improperly use or disclose information held in reserve;
- j) Breach or delay compliance with instructions, requirements or orders designated by the *Superintendencia Financiera of Colombia* on matters that are within their competence in

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accordance with the law, or be in general breach of the obligations and functions imposed by law, or carry out prohibited activities, impediments or restrictions relating to the exercise of activities.

#### 4. CONFLICTS OF INTEREST

Members must notify the Board of any situation of direct or indirect conflict they may hold against the Bank's interests, any participation in a society that had the same, similar or complementary activity in relation to the Bank's corporate purpose and positions or functions exercised therein, as well as the realization by or self operating of the same, similar or complementary activities that constitutes the corporate objective.

In relation to conflicts of interest the following rules are established for Board members:

- a) Refrain from attending and intervening in cases where a conflict of interest might arise.
- b) Do not participate in the deliberations relating to topics that may be of their personal interest directly or indirectly, or those which may affect their relatives within the fourth degree of consanguinity or affinity or civil relationship, or related to companies in which they have more than 5% ownership.
- c) Do not make direct or indirect, personal, professional or commercial transactions with the entity or its group of companies, other than within the usual banking relationships, except when subject to a procurement procedure that ensures transparency with offers in concurrency and market prices.
- d) If not authorized by the Board, refrain from having direct or indirect participation in business or companies owned by the Bank or its group of companies, except where they assumed this participation prior to their incorporation to the Board or the participation by the group in that entity or in companies listed in the national or international securities markets.
- e) Do not use their position to obtain a financial advantage or benefit, for their own or for related persons, from a business opportunity which became known as a result of his activities as member of the Board, unless previously offered declined by the Bank and the exploitation is authorized by the Board of Directors.
- f) Act under the provisions of the code of conduct of the BBVA group in the securities markets, as well as the legal provisions and internal instructions applicable for the requesting of credits, warranties and bonds offered by financial institutions within the BBVA group, and refrain from making or suggesting to any person carrying out an operation on shares of the Bank or its subsidiaries where they have, by reason of his office, information which is privileged or reserved.

- g) When an answer provided to a shareholder may grant him/her some advantage, the Bank guarantees the access to that answer to the other shareholders by posting on the Bank's Website, in such case the economical conditions shall be given to every shareholder.

In any case, directors should report to the Board of Directors direct and indirect relationships that remain between them, or with the bank or suppliers, or with any other group of interest in which may arise situations of conflict of interest, resulting in a duty to disclose to the compliance department those situations generating potential conflicts of interest, instance which must conceptualize and resolve the potential conflict based on the provisions of the codes of conduct.

When treating conflicts of interest it must be distinguish whether they are sporadic or permanent. Management of sporadic conflicts follows the procedure established in the preceding paragraphs. If the conflict in which the Director is involved is permanent, and the Board considers that the situation affects all Bank operations, it shall be understood as grounds for mandatory waiver by the affected since it makes it impossible to exercise his position, unless that the situation that generates the conflict of interest listed as permanent, is over.

## 5. APPLICABLE STANDARDS TO ECONOMIC RELATIONS WITH RELATED PARTIES

With respect to lending operations concluded with shareholders, directors and senior executives, the Bank shall abide by all the legal and statutory provisions especial authorizations concerning fees and limits of indebtedness. . It will also apply the provisions to the effect on the Regulation of Shareholders, in which is described the process of approval of transactions with related parties.

These operations cannot be agreed when they involve different conditions to those that are generally used by the Bank towards the public, according to the type of operation, except for those held with administrators to address their needs for health, education, housing and transport in accordance with the regulations for this purpose previously determined by the Board of Directors.

When required by law, it is up to the Board of Directors to grant permission to administrators to sale or acquire shares of the Bank, in cases or operations unrelated to grounds for speculation, and, in any case, subject to the Code of Conduct of the BBVA group in the securities markets.

In addition to compliance with the code of conduct of the BBVA group in the securities markets and the one for the prevention of money laundering, the director should follow strict

adherence to legal provisions and internal instructions applicable for the application of credits, bonds and warranties to financial institutions that comprise the BBVA group.

Potential conflicts of interest situations must be submitted to the compliance department, which will conceptualize and resolve the potential conflict of interest based on the provisions of the Code of Conduct.

Credit operations held between the Bank and its shareholders, Directors and Senior Management will be disclosed in the financial statements.

## 6. INCOMPATIBILITIES AND INELIGIBILITIES

The members of the Board of Directors cannot belong to the Board of other banking institutions. Similarly, the members should pay attention to the regime of incompatibilities and ineligibilities as designated in the legal regulations.

Members must inform any change in their professional status which affects the involvement of their status as independent, if applicable, by notice filed to the CEO or to the first meeting of the Board of Directors convened subsequent to the change of circumstances.

In the event that any member incurs a breach of obligation established by law, the statutes or this regulation, or when their conduct could cause serious damage to the equity or the reputation of the Bank, they must submit their corresponding resignation to the Board of Directors.

## 7. SANCTIONING REGIME

The sanctions imposed on members of the Board for offences, crimes, misdemeanours or other actions performed in a guilty manner will not incur any action against the Bank.

Legal regulations establish administrative, civil or criminal penalties to members who engage in any of the following behaviours:

- a) Breach of duties or legal obligations in the performance of their functions;
- b) Execute acts which violate laws, norms, the statutes or any legal rule.
- c) Breaking rules, orders, requirements or instructions issued by the *Superintendencia Financiera of Colombia*, where such a failure constitutes a breach of the law;
- d) Authorize or not avoidance of acts that are in violation of the law, the governmental regulations in relation to its powers of intervention, the statutes or rules or instructions issued by the *Superintendencia Financiera of Colombia*.

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## 8. INTERPRETATION AND AMMENDMENTS

This regulation implements the provisions of the statutes regarding the Board of Directors and must be interpreted within them and the laws that may apply.

The General Assembly of Shareholders delegates to the Board of Directors the opportunity to interpret and make additions, modifications or adjustments to this regulation, which will subsequently be made known to the General Assembly.