

DAVIVIENDA

**SHAREHOLDERS  
RIGHTS & OBLIGATIONS GUIDE  
BANCO DAVIVIENDA S.A.**



## TITLE I. GENERAL ASPECTS

Banco Davivienda S.A. has prepared this Guide in order to inform its shareholders clearly, accurately and integrally, their rights and obligations<sup>1</sup>, as well as court and out of court<sup>2</sup> mechanisms that it has to enforce the protection of their rights and settle possible conflicts or controversies that may generate.

This document compiles therefore, the main rights and obligations established in the legal provisions that regulate the matter, the corporate bylaws and the Corporate Governance Code of the Bank, as well as the court and out of court mechanisms that shareholders have to enforce their rights.

In addition, for the purposes of Corporate Governance and this Guide, Banco Davivienda S. A. recognizes Shareholders as one of the Bank's main stakeholders.

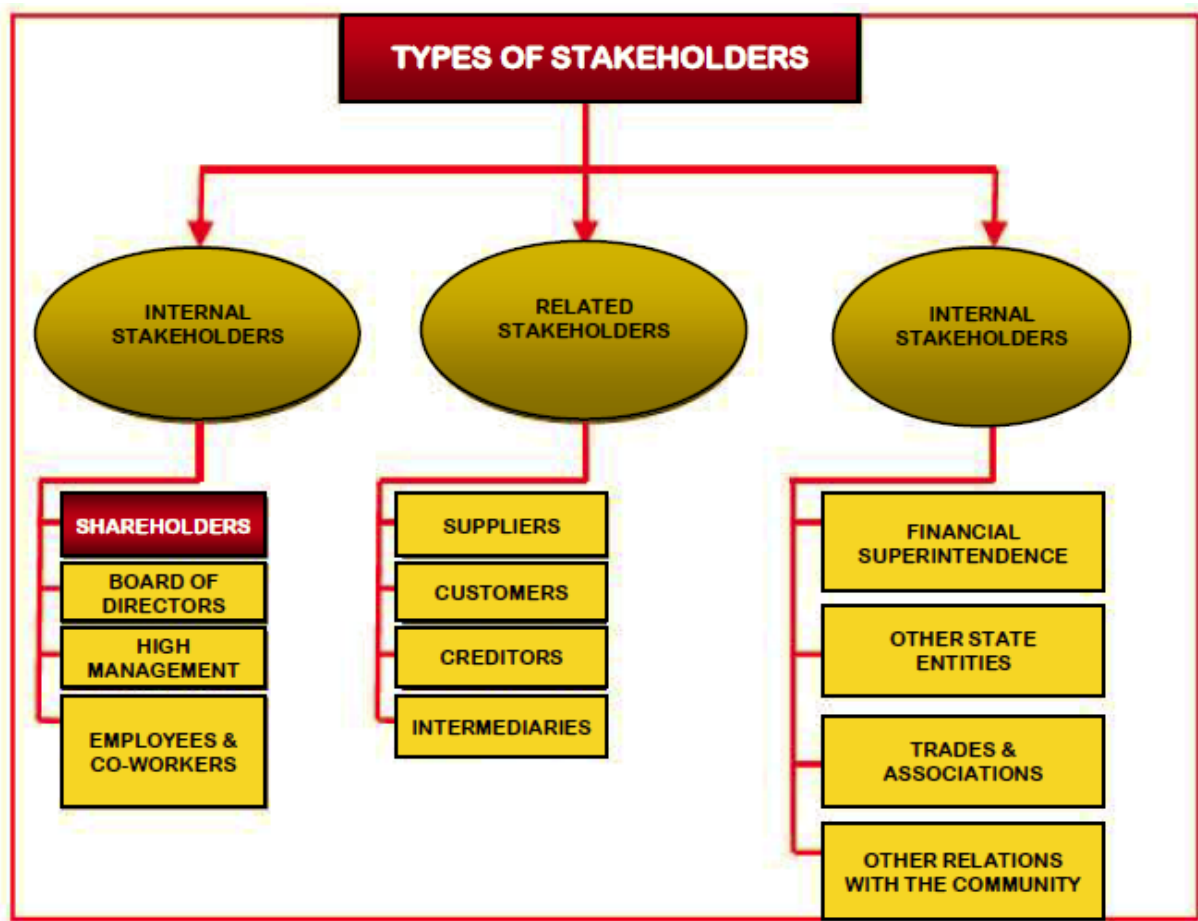
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<sup>1</sup> This guide is in conformity with Measure No. 9 of the Corporate Governance Country Code which provides: "It is recommended that corporations inform the public clearly, accurately and integrally the rights and obligations inherent to the capacity as shareholder"

<sup>2</sup> Part of the court and out of court mechanisms that are incorporated into this Guide are in conformity with the recommendation established in the Corporate Governance Country Code which in its Measure No. 40 suggest to issuers, the adoption of mechanisms intended to inform to shareholders the jurisdictional procedure that they have to enforce the protection of their rights with the Financial Superintendence of Colombia.



**Chart No. I. LOCATION OF SHAREHOLDERS  
AMONG ITS STAKEHOLDERS**



## TITLE II. RIGHTS OF SHAREHOLDERS

**Article 1 - General Framework.** The rights of shareholders of Banco Davivienda S.A. are established in the legal provisions that regulate the subject, in the corporate bylaws and Corporate Governance Code.

**Article 2 – Types of Rights.** The rights of shareholders of Banco Davivienda S.A. may be political and economic. For the purposes of this Guide, as political rights



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are understood those that permit to make decisions on the management, administration, supervision and operation of the Company, through the participation in general stockholders' meetings with right to speak and vote. Economic rights are, in turn, those that permit the shareholders to receive financial returns based on the Company's profits.

**Article 3 – Equitable treatment of shareholders.** Banco Davivienda S.A. shall see that all the shareholders of the Company receive a fair and equitable treatment, and therefore, will seek that each of the shareholders will obtain a timely, prompt and complete answer to his inquiries and requests submitted in respect to the information related to those matters of mandatory disclosure.

**Article 4 – Right to participate in the General Stockholders' Meeting.** The General Stockholders' Meeting of Banco Davivienda S.A. represents the maximum corporate body of same, and is made up by all individuals and legal persons that are holders of the shares subscribed, either present in person or by proxy, in ordinary or extraordinary meetings.

Shareholders of ordinary shares who at the time of an ordinary and/or extraordinary meeting are registered in the stockholders' ledger can attend those meetings.

**Article 5 – Notice to Meetings.** The notice to ordinary General Stockholders' Meetings shall be made at least fifteen (15) business days in advance, through a notice to be published in a newspaper of national circulation, or by means a personal and written communication addressed to each shareholder by certified mail to the address registered in the Bank. Additionally, the notice will be published in the Bank's web page.

For extraordinary meetings, the notice will be given in the same manner at least five (5) calendar days in advance.

For the sake of facilitating to the shareholders the making of informed decisions at the Meetings, within the term of the notice and in the main domicile of Banco Davivienda S.A. will make available to the shareholders the necessary documentation for proper information and making of decisions on the subjects to be discussed in the meeting.



**Article 6 – Agenda.** The agenda must be clear and adequately separated in such a way that the shareholders will have full knowledge of the subjects to be discussed. The above, notwithstanding the power by the Meeting to discuss additional subjects.

The notice to the extraordinary meetings shall specify the matters for discussion and decision, and no other subjects can be discussed, unless so decided by the majority of the shares represented, upon discussion of all items on the agenda.

Whenever spin-off operations, change of corporate object, waiver to preemptive rights, change of corporate address and advance dissolution are going to be discussed in the Meeting for their decision, the agenda must expressly include those situations.

**Article 7 – Right of inspection.** Banco Davivienda S.A. in order to facilitate the making of decisions to its shareholders, shall make available to them, within the term of the notice and in the corporate domicile, the information required by legal regulations for the exercise of the right of inspection.

In no case this right will be extended to the documents that deal on industrial secrets, confidential information, or in the case of data that if disclosed may be used in detriment of the Bank.

**Article 8 – Proxies.** Every shareholder may be represented at the General Stockholders' Meetings by means of a proxy issued in writing, indicating the name of the proxy, the person who may substitute the latter and the date of the meeting(s) for which it is granted. It is understood that the proxy issued for a meeting is valid for the various adjournments of same. The principals and the proxies shall identify themselves pursuant to legal provisions.

Each shareholder whether an individual or a legal person, shall designate only a single representative at the General Stockholders' Meeting, whatever the number of shares he owns. The representative or proxy of a shareholder, shall not fraction the vote of his principal, which means that the vote is indivisible, but this indivisibility does not prevent the representative of several shareholders to vote in each case separately following the instructions of each person or group of shareholders represented.



The shares belonging to a community will designate a single proxy to represent them.

The Bank administrators and employee cannot represent the shares of others, unless the law would allow it.

**Article 9 – Information of the Meeting’s proceedings.** In order keep informed the shareholders who cannot attend the General Stockholders’ Meeting, Banco Davivienda S.A. will publish in the Company’s web page, during the course of the meeting, a summary of the main aspects as they are decided by the Meeting, such as the time of initiation of same, place where meeting is held, quorum for deliberation and major subjects to be decided during the meeting, among others.

**Article 10 – Participation by Shareholders in the Meetings.** Shareholders participate in the General Stockholders’ Meeting in the different aspects related to the agenda. The method to participate and the answers to the different questions are regulated in the Regulations of the General Stockholders’ Meeting.

**Article 11 – Transitory Suspension of Meetings.** Exceptionally, if any event occurs that alters substantially the good order of the General Stockholders’ Meeting, or any other extraordinary circumstances occur that prevent its normal development, the shareholders may request the suspension during the time that may be necessary to reestablish the conditions that will allow its continuation, or request the adjournment of the Meeting as many times as decided by a plural number of attendees holding at least fifty-one percent of the shares represented in the meeting. In any event, the deliberations cannot be extended for over three days, if the total of the shares subscribed are not represented. The mechanism of transitory suspension of Meetings is regulated in the Regulations of the General Stockholders’ Meeting.

**Article 12 – Contesting of Minutes of the General Stockholders’ Meeting.** Of all meetings of the General Stockholders’ Meeting minutes will be drafted that will bear the signature of the Chairman of the Meeting and the Secretary of same, and will be kept in a Book of Minutes duly registered, upon their approval.



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Shareholders absent or dissident may contest the decision of the General Stockholders' Meeting whenever such decisions are not in conformity with the bylaws or legal provisions.

Nevertheless, shareholders can only attempt the contesting of the minutes before a Judge of the Republic, within two months following the date of the meeting in which the decisions were made, save the acts and agreements of the General Stockholders' Meeting that require a commercial registration, in which case that term will be counted as of the date of said registration.

**Article 13 – Specialized Audits.** A number of shareholders representing at least 10% of the shares subscribed at the time of submitting the petition, may submit a request to the Board of Directors, which will be recorded and presented at the shareholders service office of Banco Davivienda S.A., for the performance of specialized audit, under its cost and responsibility.

The request to perform a specialized audit must be submitted in writing, indicating the reasons that motivate its performance, the facts and operations to be audited, the length of time and indicating three firms of recognized international reputation and expertise that have as a minimum the qualities and experience of the Statutory Audit designated by the General Stockholders' Meeting for the corresponding period. In any event the request must refer to specific issues and cannot be carried out on industrial secrets or regarding subjects covered by the legislation on intellectual property.

If the request is filed at least 5 days prior to the Board of Directors meeting, it will be disclosed in that meeting, otherwise it will be submitted in the following meeting of that body.

The Board, through the Secretary, will answer the request in accordance with the decision made by the Board; if the answer is affirmative, it will indicate the firm selected to carry out the audit and the date of initiation of same; if the answer is negative, it will indicate the reasons for its decision.

In the event that the hiring of external audits is appropriate, both the party that hires it and the firm that carries it out shall enter into a confidentiality agreement with the Bank.



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The results of the specialized audit must be disclosed first to the Bank's President, who will have thirty business days counted from the date on which he receives them, to make a pronouncement.

The results of the audit and the pronouncement by the Bank President will be disclosed to the Board of Directors in the meeting following the receipt of the documents indicated by the Legal Vice Presidency of the Bank. The Board will, in turn, issue its opinion on this matter intended to the shareholders who requested the authorized audit.

The Bank make available to the shareholders the main aspects of the audit and the Board's opinion.

The auditor will deliver to the shareholder who contracted the audit, a report with the answer to the request without the documentation source of the information.

For absolutely no reason, under the pretext of the specialized audits, the infringement of the Company's rights, of its information, of the contracts that constitute competitive advantages and, in general, of all those documents that are considered proprietary information, or reserved, or of third parties will be permitted.

No more than an audit referred to by this article may be performed simultaneously.

**Article 14 – Right of Information.** Shareholders are entitled to have access to public information of Banco Davivienda S.A., at the proper time and integrally in accordance with legal provisions that regulate the subject.

**Article 15 – Right to receive dividends.** Shareholders are entitled to receive dividends that have been approved by the General Stockholders' Meeting in accordance with the profits received by Banco Davivienda S.A. justified in the balance sheets and after making the legal, bylaw and occasional reserves.

The payment of dividends will be made in cash, at the time indicated by the General Stockholders' Meeting when decreeing same. Banco Davivienda S.A. may pay the dividend through shares paid by the Company itself, if so provided by the General Stockholders' Meeting by the vote of eighty percent of the shares





represented in same. In lieu of this majority such shares can only be delivered as dividend to the shareholders that so accept it.

**Article 16 – Dividend of shares pledged.** When shares are pledged and the contracting parties do not stipulate otherwise, dividends will be paid to the shareholder, who will keep the right to deliberate and vote at the General Stockholders' Meeting.

**Article 17 – Presentation of requests to the Board of Directors.** A plural number of shareholders, representing at least five percent (5%) of the subscribed shares may submit proposal to the Bank's Board of Director, in which case the Board shall consider the request submitted and give a written answer to those who have made it, indicating clearly the reasons that motivated its decision.

**Article 18 – Preemptive Right.** Shareholders will have a preemptive right to subscribe, in every new issue of shares, an amount proportional to the shares owned by them on the date that the respective regulations are approved.

In the corresponding placement regulations the shareholders will be granted a term of at least fifteen (15) business days, counted from the date of the notice to be given to them by the Company. Upon expiration of this term, the shares that remain unsubscribed, shall be offered again to the shareholders who wish to subscribe them proportionately to the number of shares owned by them, for which they will have a term not over fifteen (15) business days. If upon expiration of this term there are still any shares remaining, these shall be offered again to the shareholders who express their wish to subscribe them, within the term to be established by the Board of Directors. The remaining shares may be freely placed in the market.

The placement of shares made be done not subject to the preemptive right, provided that it is so approved by the General Stockholders' Meeting with the favorable vote of at least seventy percent (70%) of the shares present in the meeting.

The notices referred to by this article shall be given to the shareholders in the same manner provided by the notices to the General Stockholders' Meeting.



**Article 19 – Protection to minority stockholders.** Any number of shareholders of Banco Davivienda S.A. representing an amount of shares not exceeding ten percent (10%) of the shares outstanding and without representation within the Bank's administration, may turn to the Financial Superintendence whenever they consider that their rights have been violated either directly or indirectly by the decision of the General Stockholders' Meeting or the Board of Directors or the legal representatives of the Company.

### **Title III. OBLIGATIONS OF SHAREHOLDERS**

**Article 20 – General framework.** The obligations of the shareholders of Banco Davivienda S.A. are set forth in the legal provisions that rule the subject, in the corporate bylaws and in the Corporate Governance Code.

**Article 21 – Types of Obligations.** Every shareholder of the Bank has some obligations proper that derive from the exercise of his political and economic rights with the Company.

**Article 22 – Obligation by shareholders to inform their address .** Every shareholder has the obligation to register with Banco Davivienda S.A. his address or that of his legal representative or attorney, as the case may be, in order that all notices or communications applicable be sent to the registered address. Communications or notices sent by the Bank to the shareholders to their registered address by certified mail or by any other means that permits the proof of receipt, will be understood receipt by them.

**Article 23 – Refund of the contributions given by the shareholders to the company.** Shareholders shall not ask the refund of their contributions, but in the following cases:

- a) During the term of the company, in the case of things contributed only in usufruct, if said refund has been stipulated and regulated in the bylaws.
- b) During the liquidation of the Bank, when the external liabilities of the Company have been paid, if the refund in kind has been provided in the bylaws.
- c) When the bylaws are declared void in respect to the stockholder who requests the refund, if the nullity does not result from illegal object or cause.



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**Article 24 – Reimbursement of contributions.** Shareholders cannot ask the total or partial reimbursement of their shares, upon dissolution of the company, before the external liabilities have been paid. The reimbursement will be made then, proportionately to the face value of the interest held by each shareholder, if the bylaws it has not been stipulated otherwise.

**Article 25 – Loss or Misplacement of Certificates.** In case of loss or misplacement of a certificate of shares, the shareholder shall request Banco Davivienda S.A. the replacement of the certificate, attaching for this purpose the corresponding report of the loss or misplacement and posting, in addition, the guarantees required by the Bank.

The certificate will be replaced at the cost of the interested party. The new certificate will bear evidence of being a duplicate and will refer to the number that the same is substituting. If the lost certificate is found, the shareholder must return to the Bank the duplicate in order that it will be voided or destroyed by the officers authorized by the Board of Directors for this purpose, who shall prepare minutes evidencing the events occurred, which they sign jointly with the Secretary of Banco Davivienda S.A. The same course of action should be followed in case of deterioration or when the destruction of the certificate is satisfactorily proven.

**Article 26 – Transfer of Shares –** The transfer of shares may be made by simple agreement between the parties, but in order that it will produce effects in respect to Banco Davivienda S.A. and third parties, it will be necessary that the seller will send a notice to that effect to the Company, indicating the number of shares transferred and the full name and identification of the buyer, in order that the operation will be registered in the corresponding book. The notice signed by the seller will bring about the cancellation of the certificate(s) and record(s) existing in the name of the seller and the registration and issuance of new ones.

When Banco Davivienda S.A. considers it necessary may require that the transfers will be duly authenticated and, in the case of legal persons, that their legal entity status will be evidenced as well as the powers of the person signed the corresponding notice.



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Save as otherwise agreed, expressed in the respective letter of transfer, pending dividends belong to the buyer of the shares as of the date of the letter of transfer. Whoever acquires the shares of the Bank, but the sole registration made in his favor, assumes the obligations and rights set forth by the law and the Bank's bylaws.

**Article 27 – Payments of installments of the shares.** When a shareholder is late in the payment of the installments of the shares subscribed by him, he will not be able to exercise the pending rights inherent to them. For this purpose, the Bank will record the payments made and the pending balances.

If Banco Davivienda S.A. had any obligations past due payable by the shareholders corresponding to shares subscribed, it will resort, at the discretion of the Board of Directors, to legal collection, or to sell for account and risk of the delinquent shareholder through a broker, the shares that he had subscribed, or to attribute the sums received to the release of the number of shares that correspond to the installments paid, prior deduction of twenty percent as indemnification for damages, which will assumed to be caused.

The shares that the company will recover from the delinquent shareholder will be immediately place.

**Article 28 – Internal Regulations of the General Stockholders Meeting.** The shareholders of Banco Davivienda S.A. shall approve the Internal Regulations of the General Stockholders' Meeting and adopt the provisions contained in same.

**Article 29 – Mandatory nature of General Stockholders' Meeting.** The decisions of the General Stockholders' Meeting made in accordance with the bylaws and the Law, must be adopted by all shareholders, even those absent or dissidents.

**Article 30 – Adoption of Corporate Governance rules.** The shareholders must adopt the Corporate Governance rules indicated by the Banco Davivienda that are applicable as relevant.



## **Title IV. COURT AND OUT OF COURT MECHANISMS THAT SHAREHOLDERS HAVE**

**A. Out of court mechanisms:** The out of court mechanisms are those which a shareholder or group of shareholders of Banco Davivienda S.A. may use, without the participation by a Judge, in order to protect his or their rights or solve possible conflicts or controversies that they may have with the Company, with the Administrators or with other shareholders.

**Article 31 – Direct settlement phase.** The differences that arise between the shareholders and the Company, or among the shareholders because of their nature as such or, between them and the administrators, during the corporate agreement or at the time of dissolution and in the liquidation period, will be initially settled at the directly settlement phase. In addition, when a shareholder or a group of shareholders consider that their rights have been violated they can resort also to the direct settlement phase.

The direct settlement phase will have a term of maximum two months counted from the date when the request is filed by the shareholder with the Legal Vice Presidency of the Bank.

**Article 31 – Financial Superintendence of Colombia.** Prior evaluation of the events that support the petition presented by minority shareholders and the determination of the circumstances, the Financial Superintendence may adopt the measures intended to avoid the violation of the rights and the reestablishment of the equilibrium and the principle of equality of treatment in the relations among shareholders.

In turn, minority shareholders may turn to the Financial Superintendence in order that the latter will adopt the necessary measures, whenever they believes that there are events or circumstances that jeopardize the protection of their rights, or give rise to assume the eventuality of causing harm to the Bank.

**B. Court Mechanisms:** The court mechanisms permit shareholders the participation by judges or by an arbitration court in order to solve possible conflicts or controversies that shareholders may have with the Company, with the Administrators or with other shareholders because of their capacity as such. In



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addition, a shareholder or group of shareholders may turn to court mechanisms whenever they consider that their rights have been violated.

**Article 33 – Arbitration Court.** The differences that arise among shareholders because of their capacity as such, or between them and the Bank as a result of the corporate agreement will be submitted to an arbitration decision. For this purpose, the parties shall designate by mutual agreement two arbitrators and the latter will, in turn, designation by mutual agreement a third arbitrator. In case that there is no agreement between the parties for the designation of the arbitrators, or among the latter for the designation of a third arbitrator, the designation will correspond to the Bankers' Association at the request of any of the parties. The arbitrators shall meet the qualities required by the law, will issue a decision in law, without prejudice of the possibility of settlement of the opposing claims. The Court will meet in the city where the Bank has its main domicile.

**Article 34 – Ordinary Judges.** The differences that arise between shareholders and the Company, or among the shareholders for reason of their capacity as such, or between the latter and the administrators, and which according to the law, the bylaws or contractually cannot be settled through an Arbitration Court and after the direct settlement phase has been exhausted, may be settled through a court process.

**Article 35 – Jurisdictional Duties of the Financial Superintendence of Colombia.** The Financial Superintendence has jurisdictional duties the same as a judge for the matters indicated in Article 19 of this Guide.

For instance, when a number of shareholders of Banco Davivienda S.A. representing a number of shares not exceeding ten percent (10%) of the shares outstanding and that do not have representation within the Bank's administration, consider that their rights have been violated either directly or indirectly by the decisions of the General Stockholders' Meeting or the Board of Directors or the legal representatives of the Corporation.

Notwithstanding the foregoing, in order that the Financial Superintendence may have competence to decide those matters, the minority shareholders referred to by the second paragraph of this article must prove within two (2) months following the



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date of the General Stockholders' Meeting where the measures not intended to the development and protection of the corporate interests were made, that the Board of Directors and the President or the legal representatives of the Bank were previously informed about those events and that thirty (30) days have elapsed from the date when the administrators were informed, and the latter have not carried out any actions intended to verify the irregularities reported, or to correct them or offset them, as the case may be.

In the cases in which the decisions or actoins are by the Board of Directors or the President of the Bank, or the legal representatives of same, the above mentioned process must be performed with the General Stockholders' Meeting and the two (2) months referred to by the preceding paragraph will be counted from the date of the Board meeting or from the date of the action taken by the President or Representative, as the case may be.

The acts issued by the Superintendence will have no recourse, save in the event of a decision whereby the entity will declare itself incompetent or that of a final ruling of the case, which can be appealed before competent court authorities<sup>3</sup>

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<sup>3</sup> The jurisdictional powers and the process before the Financial Superintendence are regulated by Law 446 of 1998.

