

Audit Committee Rules of Operation

1. General

The Internal Control System is a process performed by the Board of Directors, the management team and other officers in Titularizadora Colombiana S.A. (Titularizadora) with the purpose of reasonably ensuring at all times that the company complies with the following objectives:

- a. Operation efficacy and efficiency
- b. Financial data sufficiency and reliability
- c. Abidance by regulations and laws

In compliance with this responsibility, the Board of Directors must define the policies and design internal control procedures and the supervision of those systems' operation. With this aim, the Board will set an Audit Committee aimed at supporting the Board of Directors in making decisions about control and improvement of Titularizadora's internal control procedures. The Audit Committee does not replace at any time the Board of Directors' responsibility as to the internal control supervision and implementation in the organization.

The conditions of Audit Committee's composition and operation abide by the provisions of Law 964/2005 and article 32 in the Titularizadora's Articles of Association. Committee's operation and its members' obligations will obey these rules.

2. Objectives

The Audit Committee is responsible for examining and supervising the internal control and audit procedures implemented by Titularizadora, ensuring that they take into account all the risks arising out of the operation in each of its different processes. Also, Audit Committee should ensure the integrity and reliability, the due disclosure, and in general the preparation and divulgation under the applicable law and regulations of the financial information prepared by the company.

Titularizadora's Management is in charge of maintaining, updating, and thoroughly complying with the control system's measures and procedures internally so their performance contributes to corporate goals achievement and an adequate risk management. Designed, determined, and applied controls must address the promotion of efficiency, the reduction of asset loss risk, the fostering of the preparation of reliable financial statements and the compliance with applicable laws and regulations.

Statutory Audit (*Revisoría Fiscal*), in abidance by the applicable laws and regulations, will report its independent opinion on how good it is and the attributes of the internal control system of the company with the purpose of its continued improvement.

3. Composition

Audit Committee will be comprised of at least three members of the Board of Directors elected by the same Board for one-year terms. The Committee shall include all of the independent Directors as provided in Law 964/2005 as amended and implemented.

Committee members will report if they hold any relationship that may interfere with their independent judgment so the Committee may decide how to proceed.

The members of this Committee must be extensively experienced in the business; knowledgeable of company's operations, finance, accounting and audit; available and skilled in order to establish an effective work team. Committee member reelection or designation will consider that the committee performs long term activities and thus there must be mechanisms to prevent that all of its members be replaced at the same time.

4. Committee meetings and operation

Audit Committee will be chaired by one of its members that are an independent member of the Board of Directors and elected by the Committee itself.

The Committee may meet on a quarterly basis but it may hold meetings more frequently at the Committee's discretion or extraordinarily as required by the company's needs. These may arise from circumstances such as shortcomings in the internal control system which deserves urgent review and action plans or changes to company policy or to the regulations that govern Titularizadora operations. The Committee will adopt decisions on the simple majority of the members present at the meeting.

As approved by the Board of Directors at their meeting of May 23, 2006 the Audit Committee members will receive remuneration for attending each meeting, which will be set by the Board of Directors on an annual basis.

The President of the Company will attend the Audit Committee's meetings. Vice Presidents, Secretary General, executives and external auditors may also attend the Audit Committee meetings as well as any other officer the Committee deems convenient in order to provide any relevant explanations about internal control matters. The company statutory auditor (*Revisor Fiscal*) will also attend meetings of the Committee with a voice-right but no voting-right.

Any recommendations, opinions, comments and reports produced by the Committee will be recorded on minutes of the meetings that will be presented to the Board of Directors. Without prejudice to the foregoing, the Committee is responsible for presenting special reports to the Board of Directors and company's Management when situations of significant importance at the Committee's judgment occur.

The Committee will have a secretary in the person of the Internal Control Director of Titularizadora. The secretary will be in charge of scheduling meetings, coordinating the agenda and preparing the minutes of each meeting of the Committee as well as carrying the corresponding book of record, as per the applicable regulations. The documentation and information handled in the Committee will be an integral part of Titularizadora's operations and controls and as such the Committee's secretary will be responsible for them and ensure that they are correctly preserved, used, and published.

5. Roles and responsibilities

The Audit Committee will:

- a. Support the Board of Directors in making decisions related to control and improvement of the internal control activities.
- b. Submit to the Board of Directors for approval the structure, procedures and methodologies required for the Internal Control System (SCI) operation.
- c. Present to the Board of Directors the proposals related to responsibilities, attributions, and limits allocated to each different job and department with respect to SCI management including risk management.
- d. Assess Titularizadora's internal control structure to verify that the designed procedures reasonably protect the company's assets and third parties' assets managed or in custody by the company, and whether there are controls which allow the transactions to be checked for proper authorization and recording.
- e. Supervise internal audit roles and activities with the aim to specify their independence with respect to the activities that they audit and to verify that the scope of their tasks meets the needs of the company.
- f. Follow up at least every six (6) months the levels of risk exposure, their implications for Titularizadora and any actions taken to control or monitor them. Present the Board of Directors with a report of the most important aspects of the related activities.
- g. Ensure the transparency of the financial data prepared by the company (entity) and its appropriate disclosure. Ensure that the necessary controls and appropriate instruments are in place to verify that the financial statements reflect the financial position of Titularizadora, its assets, and the independence with respect to accounting data of the *universalidades* managed by it.
- h. Report to the Board of Directors any noncompliance by managers of their obligation to supply data required by control bodies for their performance of their obligations.

i. Propose to the Board of Directors programs and controls to prevent, detect, and appropriately respond to fraud and wrongful conduct risks.

j. See to it that procedures and instruments are in place to prevent that Titularizadora is used as a means to commit criminal activities, especially asset laundering, by reviewing for any and all purposes the activities and reports of the Compliance Officer to the Board of Directors.

k. Assess and recommend on the selection of a firm to be in charge of the statutory audit (*Revisoria Fiscal*).

l. Evaluate internal control reports prepared by internal auditor, external auditors, and statutory auditor, verifying that Management paid attention to their suggestions and recommendations.

m. Confirm or reject the statutory auditors' opinion as to the sufficiency and adequacy of the internal control actions of the company that it must present to the Shareholders' Meeting in accordance with the Code of Commerce.

n. Request any reports it deems convenient for the proper performance of its duties.

o. Know the internal auditor and statutory auditor (*Revisor fiscal*) annual audit plan.

p. Identify and assess the following information:

Risks and controls associated with Financial Statements preparation.

- Parameters used in the preparation of partial and fiscal period-end financial statements.

- Opinion on financial statements prepared by the statutory auditor.

- Official letters or recommendations sent by the *Superintendencia Financiera* due to shortcomings found in the internal control system.

- Any other data deemed relevant for the achievement of the Committee's goals.

q. Examine the operation, reliability, and integrity of information systems for decision making.

r. Examine the financial statements as of the end of the fiscal year and prepare the corresponding report to be submitted to the Board of Directors for consideration.

s. Prepare the report that the Board of Directors will present to the Shareholders' Meeting with respect to the SCI operation, which will include amongst others:

- General policies established to maintain an adequate Internal Control System.

- Process used to review the Internal Control System efficacy, expressly mentioning the aspects related to risk management.
 - Most relevant activities that the Audit Committee carried out.
 - Any material shortcomings identified, recommendations formulated and actions adopted, including topics that may affect the financial statements and the management report, amongst others.
 - Comments issued by the supervisory bodies and sanctions imposed, if any.
 - Evaluation of Internal Audit activities, including scope of work carried out, role independence, and resources allocated.
- t. Monitor the compliance with the instructions given by the Board of Directors in respect of the Internal Control System.
- u. Any other assigned by the Board of Directors.

6. Scope

The provisions contained in these Audit Committee Rules of Operation concern to all the committee members and are deemed mandatory for them.

In accordance with External Circular 038/2009 §7.7.1.2 of the *Superintendencia Financiera de Colombia*, Titularizadora's Board of Directors hereby approves these rules of operation of the Audit Committee, which substitute in full the rules issued on June 27, 2006.

The undersigned Secretary General of Titularizadora Colombiana S.A. hereby certifies that the above rules of operation of the Audit Committee were unanimously approved at the meeting of the Board of Directors No. 094 held on January 21, 2010.

Ricardo Molano León
General Secretary