GRUPO AVAL ACCIONES Y VALORES S.A.
Separate statement of financial position
(Stated in millions of Colombian pesos)

	Note		December 31st 2023		December 31st 2022
Assets					
Current assets					
Cash and cash equivalents	6	Ps.	157,323	Ps.	67,439
Amortized cost investments	7		18,707		-
Trading securities	8		256		764
Accounts receivable from related parties	9		444,964		96,081
Taxes paid in advance	9		5,958		7,577
Other accounts receivable	9		31		161
Other non-financial assets	10		103		52
Total current assets			**627,342**		**172,074**
Non-current Assets					
Investments in subsidiaries and associates	11	Ps.	18,645,247	Ps.	18,361,916
Accounts receivable from related parties	9		1,031,954		1,498,754
Property and equipment, net	12		2,404		4,083
Deferred tax assets, net	13		278		127
Total non-current Assets			**19,679,883**		**19,864,880**
Total assets		**Ps.**	**20,307,225**	**Ps.**	**20,036,954**
Liabilities and shareholders' equity					
Current liabilities					
Financial obligations at amortized cost	14	Ps.	20,923	Ps.	20,255
Outstanding bonds at amortized cost	14		237,172		14,093
Accounts payable	16		363,998		106,101
Employee benefits	15		2,880		2,486
Tax liabilities	16		13,335		11,920
Other non-financial liabilities	16		1,214		1,214
Total current liabilities			**639,522**		**156,069**
Long-term liabilities					
Financial obligations at amortized cost	14	Ps.	1,525,800	Ps.	1,794,089
Outstanding bonds at amortized cost	14		900,000		1,124,520
Total long-term liabilities			**2,425,800**		**2,918,609**
Total liabilities		**Ps.**	**3,065,322**	**Ps.**	**3,074,678**
Equity					
Subscribed and paid capital	17	Ps.	23,743	Ps.	23,743
Additional paid-in capital	17		9,695,243		9,695,243
Retained earnings	17		7,450,394		5,939,430
Net income			723,038		2,541,179
Other comprehensive income	17		(650,515)		(1,237,319)
Total shareholders' equity		**Ps.**	**17,241,903**	**Ps.**	**16,962,276**
Total liabilities and shareholders' equity		**Ps.**	**20,307,225**	**Ps.**	**20,036,954**

The accompanying notes are an integral part of these financial statements

Luis Carlos Sarmiento Gutiérrez
President

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Diana Alexandra Rozo Muñoz
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Member of KPMG S.A.S.
(See my report of february 27th 2024)

GRUPO AVAL ACCIONES Y VALORES S.A.
Separate income statement
(Stated in millions of Colombian pesos, except earnings per share)

	Note		For the accumulated period December 31st 2023		December 31st 2022
Operating revenue					
Equity method income, net	19	Ps.	731,040	Ps.	1,956,438
Other revenue from ordinary activities	19		443,050		307,399
Total operating revenue		**Ps.**	**1,174,090**	**Ps.**	**2,263,837**
Expenses, net					
Administrative expenses	20	Ps.	79,766	Ps.	105,356
Other expenses	20		(467)		4,092
revenue from exchange rate differences	20		1,495		627
Operating income		**Ps.**	**1,093,296**	**Ps.**	**2,153,762**
Financial expenses	20		326,757		191,558
Earnings before taxes		**Ps.**	**766,539**	**Ps.**	**1,962,204**
Income tax expense	13		43,501		17,672
Net income from continuing operations		**Ps.**	**723,038**	**Ps.**	**1,944,532**
Discontinued operations					
Equity method income from discontinued operations	19		-		596,647
Income from discontinued operations		**Ps.**	**-**	**Ps.**	**596,647**
Net income		**Ps.**	**723,038**	**Ps.**	**2,541,179**
Number of shares outstanding	17		**23,743,475,754**		**23,743,475,754**
Net income per share from continuing operations		**Ps.**	**30.45**	**Ps.**	**84.03**
Net income per share from discontinued operations		**Ps.**	**-**	**Ps.**	**25.78**

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GRUPO AVAL ACCIONES Y VALORES S.A.
Separate Other Comprehensive Income Statement
(Stated in millions of Colombian pesos)

		For the accumulated period		
		December 31st 2023		December 31st 2022
Net income	Ps.	723,038	Ps.	2,541,179
Other comprehensive income (OCI), net of taxes				
Participation in other comprehensive income reported using the equity method		586,804		(2,250,919)
Comprehensive income, net	**Ps.**	**1,309,842**	**Ps.**	**290,260**

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GRUPO AVAL ACCIONES Y VALORES S.A.
Separate Statement of Changes in Equity
(Stated in millions of Colombian pesos)

	Subscribed and paid capital	Paid-in Capital	Retained earnings (losses) Legal reserve	Occasional reserve	Retained earnings	Operations with shareholders	Net Income	Other comprehensive income	Total Equity
Balance as of december 31 st. 2021	**Ps. 22,281**	**Ps. 8,612,936**	**Ps. 11,140**	**Ps. 10,706,543**	**Ps. (393,822)**	**Ps. -**	**Ps. 3,502,758**	**Ps. 1,013,600**	**Ps. 23,475,436**
Constitution of reserves for future distributions net income 2021				3,502,758			(3,502,758)		-
Reserve appropriation			732	(188,940)	188,208				-
To distribute a stock dividend of $ 54 per share , over 22,281,017,159 outstanding shares as of december 31st 2021. These dividends w ere be paid at the rate of 1 share for each 13.74233 common or preferred shares as of december 31st, 2021.				(1,203,175)					(1,203,175)
Issuance of shares	1,462	1,082,307							1,083,769
Application of the equity method								(1,532,701)	(1,532,701)
Application of the equity method (Spin-off)						(6,644,277)		(718,218)	(7,362,495)
Deferred tax adjustment (equity method) Decree 2617 /2022					(36,287)				(36,287)
Witholding tax on dividends					(3,450)				(3,450)
Net Income							2,541,179		2,541,179
Balance as of December 31st 2022	**Ps. 23,743**	**Ps. 9,695,243**	**Ps. 11,872**	**Ps. 12,817,186**	**Ps. (245,351)**	**Ps. (6,644,277)**	**Ps. 2,541,179**	**Ps. (1,237,319)**	**Ps. 16,962,276**
Constitution of reserves for future distributions net income 2022				2,541,179			(2,541,179)		-
Reserve appropriation				(7,111,764)	467,487	6,644,277			-
To distribute a cash dividend of $ 3.60 per share per month from April 2023 to March 2024 including those two months, over 23.743.475.754 outstanding shares as of the date of the Shareholder´s meeting.				(1,025,718)					(1,025,718)
Application of the equity method								586,804	586,804
Effect of carrying out Other Comprehensive Income to retained (Equity method)					(759)				(759)
Witholding tax on dividends					(3,738)				(3,738)
Net Income							723,038		723,038
Balance as of December 31st 2023	**Ps. 23,743**	**Ps. 9,695,243**	**Ps. 11,872**	**Ps. 7,220,883**	**Ps. 217,639**	**Ps. -**	**Ps. 723,038**	**Ps. (650,515)**	**Ps. 17,241,903**

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GRUPO AVAL ACCIONES Y VALORES S.A.
Separate Statement of Cash Flows
(Stated in millions of Colombian pesos)

			For the accumulated period		
	Note		December 31st 2023		December 31st 2022
Cash flow from operating activity:					
Net Income		Ps.	723,038	Ps.	2,541,179
Adjustments to reconcile net income with net cash provided (used) by operating activities					
Income tax expense	13	Ps.	43,501	Ps.	17,672
Impairment of property and equipment			4		5
Depreciation and amortization	12		1,735		1,767
Loan Impairment	9		(689)		2,907
Equity method income	19		(731,040)		(1,956,438)
Equity method income from discontinued operations	19		-		(596,647)
Changes in operating assets and liabilities:					
Decrease (Increase) in trading securities		Ps.	508	Ps.	(717)
Increase in receivables			-		(661,710)
Acquisition of permanent investments	11		-		(831,449)
Decrease in receivable interests	9		(9)		(10,058)
Decrease in other assets and liabilities, net: prepaid taxes, prepaid expenses, taxes, accounts payable, employee liabilities, estimated liabilities and provisions			(38,879)		(37,322)
Increase (Derease) in interests payable			(405)		20,114
Interest paid on lease agreements (IFRS 16)	20		(490)		(232)
Dividends received by subsidiaries			879,252		564,575
Income tax paid			-		(3,354)
Net cash provided by operating activities		**Ps.**	**876,526**	**Ps.**	**(949,708)**
Cash flow from investing activities:					
Amortized cost investments	7		(19,146)		-
Acquisition of property and equipment	12		(145)		(164)
Net cash used in investing activities		**Ps.**	**(19,291)**	**Ps.**	**(164)**
Cash flow from financing activities:					
Dividends paid			(766,537)		(414,267)
Acquisition of borrowings at amortized cost	14		-		1,287,144
Payment of other borrowings from banks	14		-		(29,000)
Payment of lease liabilities	14		(1,270)		(1,350)
Net cash used in financing activities		**Ps.**	**(767,807)**	**Ps.**	**842,527**
Effect of exchange rate difference on cash			456		-
Change in cash and cash equivalents			89,884		(107,345)
Cash and cash equivalents as of the beginning of the period			67,439		174,784
Cash and cash equivalents as of the end of the period		**Ps.**	**157,323**	**Ps.**	**67,439**
Additional information:					
Payment of Interest		**Ps.**	327,624	**Ps.**	170,566

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(Stated in millions of Colombian pesos, except earnings per share)

(1) Reporting Entity

Grupo Aval Acciones y Valores S.A. (hereinafter referred to as the 'Company' or 'Grupo Aval') is a Stock Corporation established by Public Deed number 0043 on January 7, 1994; Its registered office is located at Carrera 13 No. 26A – 47, Bogotá, D.C., Colombia.

Its corporate purpose is focused on the to buy and to sell of stocks, bonds, and securities of entities belonging to the financial system and other commercial entities. As part of its activities, the Company is authorized to acquire and trade all kinds of marketable securities and securities in general freely circulating in the market; to promote the creation of all kinds of companies related to or complementary to the corporate purpose; to represent natural or legal persons engaged in similar or complementary activities, as well as those previously indicated; to lend or borrow money, with or without interest; to provide as collateral or for management its movable or immovable assets; to issue, endorse, acquire, accept, collect, protest, cancel, or pay bills of exchange, checks, promissory notes, or any other securities titles, either by accepting or providing them as payment, and generally execute or celebrate the exchange contract in all its manifestations, in all their forms, or related, parallel, and/or complementary activities. The total number of employees as at December 31, 2023, and 2022, was 119 and 118, respectively.

The duration of the Company, as established in its bylaws, is until May 24, 2044, but may be dissolved or extended before that term.

The Law 1870 of 2017 aims to define, supervise, and regulate financial conglomerates to watch over the stability of the financial system. In its Article 3, it defines the scope and responsibility of financial holdings, such as Grupo Aval. This law specifies that these entities will be subject to inspection and supervision by the Financial Superintendent; therefore, all regulatory provisions related to risk management, internal control, information disclosure, conflicts of interest, and corporate governance that they must apply will be applicable.

a. Spin-off BAC Holding International Corp. (BHIC)

On March 25, 2022, Banco de Bogotá, a subsidiary of Grupo Aval, spun-off 75% of BHIC (formerly Leasing Bogotá Panamá) from a total direct ownership of 100%, in favor of Sociedad Beneficiaria Bogotá S.A.S, a subsidiary of Banco de Bogotá. This operation resulted in Banco de Bogotá losing control over BHIC.

On March 28, 2022, Grupo Aval spun off in favor of its shareholders its ownership percentage received from BHIC through Banco de Bogotá, corresponding to 68.74% of the 75% spin off.

The value of the investment spun off by Grupo Aval and the effect on its subsidiaries is detailed below:

Basis for Spin-off calculation		**OCI**		**Retained Earnings**		**Profit for the period**		**Total**
Spin-off Investment (Asset)	Ps.	-	Ps.	(9,658,574)	Ps.	-	Ps.	(9,658,574)
Realization of OCI into Earnings		(1,187,254)		-		1,187,254		-
Realization of OCI into Retained Earnings		7,735		(7,735)		-		-
Effect on Hedge Accounting for Grupo Aval		134,632		-		(134,632)		-
Total	**Ps.**	**(1,044,887)**	**Ps.**	**(9,666,309)**	**Ps.**	**1,052,622**	**Ps.**	**(9,658,574)**
Ownership Percentage		68.74%		68.74%		68.74%		68.74%
Effect of Spin-off on Grupo Aval´s Investments	**Ps.**	**(718,218)**	**Ps.**	**(6,644,277)**	**Ps.**	**723,534**	**Ps.**	**(6,638,961)**

b. Takeover Bid

On December 6, 2022, the Tender Offer made by Esadinco S.A. was accepted, which included the sale of BHIC shares by Banco de Bogotá. On December 14, the selling process concluded, resulting in the sale of 20.9% of BHIC shares. The remaining 4.1% stake was sold by Banco de Bogotá on March 17, 2023.

(2) <u>Basis of presentation of separate financial statements and summary of significant accounting policies.</u>

The annual separate financial statements of Grupo Aval Acciones y Valores S.A. have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (IFRS adopted by Colombia) and established in Law 1314 of 2009, regulated in the annex of Decree 2420 of 2015, and the other amending decrees issued by the National Government.

In accordance with Colombian legislation, the Company must prepare separate and consolidated financial statements. The separate financial statements are those that serve as the basis for the distribution of dividends and other appropriations by the shareholders. The separate and consolidated financial statements are submitted to the Shareholders' Meeting for approval.

The Company applies to these separate financial statements the following exceptions contemplated in Title 4 - Special Regimes of Chapter 1 of Decree 2420 of 2015 and applies the following guidelines in accordance with laws and other regulations in force in Colombia:

- The following exceptions established in External Circular 036 of 2014 of the Financial Superintendency of Colombia, for supervised and controlled entities:
  - The instructions of the Financial Superintendency of Colombia related to the classification, valuation and accounting of investments, as regards their separate financial statements.

- Book 2 of Decree 2420 of 2015, as amended included in Decree 2496 of 2015:
  - Article 7 - Explanatory notes (Addition of Part 2 to Book 2, Article 2.2.1) establishing that for the determination of post-employment benefits for future retirement or disability pensions, the parameters established in Decree 2783 of 2001 are used as the best market approximation, instead of the requirements determined in accordance with IAS 19.
  - Article 11 - Validity (Amendment to Article 2.1.2 of Part 1 of Book 2) establishing that for the application of Article 35 of Law 222 of 1995, participations in subsidiaries must be recognized in the individual (separate) financial statements in accordance with the equity method, as described in IAS 28.

- Decree 1311 of 2021 regulating Article 50 of Decree Law 410 of 1971:
  - Article 1. Alternative for recognition and presentation of the deferred tax arising from the change in the income tax rate. The value of the deferred tax arising from the change in the income tax rate may be recognized in the entity's equity in the retained earnings of previous years.

The main accounting policies applied in the preparation of the separate financial statements presented under IFRS adopted by Colombia as at December 31, 2023 and 2022, are as follows.

2.1. Presentation Basis

The Company's separate financial statements are those unconsolidated financial statements in which investments in subsidiaries are accounted for by the equity method in accordance with IAS

28. Under the equity method, investments in subsidiaries are recorded at acquisition cost and are periodically adjusted for changes in the parent company's equity interest in the net assets of the subsidiaries, less dividends received from them in cash and the effect of adjustments resulting from the homogenization to the parent company's policies, as well as the elimination of related party transactions. The Company's results for the period include its share in the results for the period of the subsidiaries, and Other Comprehensive Income includes its share in the other comprehensive income of the subsidiaries.

At the end of each year-end the Company performs a qualitative and quantitative evaluation for impairment of its investments, in accordance with the parameters established in IAS 36.

2.2. Functional and presentation currency

Most of the Company's operations are conducted in Colombian pesos (Ps.). The Company's performance is measured and reported to its stockholders and the general public in Colombian pesos. Due to the foregoing, the Company's management believes that the Colombian peso is the currency that most faithfully represents the economic effects of the Company's underlying transactions, events and conditions and, for this reason, the accompanying financial statements are presented in millions of Colombian pesos as their functional currency and the figures have been rounded to the nearest whole number.

2.3. Presentation of separate financial statements

The accompanying separate financial statements were prepared to comply with the legal provisions to which the Company is subject as a legal and independent entity; some accounting principles may differ from those applied in the consolidated financial statements and, additionally, do not include the adjustments and eliminations necessary for the interpretation of the consolidated financial position and the consolidated comprehensive income of the Company and its subsidiaries.

a) According to the Company's bylaws, Grupo Aval performed the accounting closing every six months, with the purpose of distributing profits. As of 2017, Grupo Aval performs annual account closing, in accordance with the approval of the General Shareholders' Meeting, in an extraordinary meeting held on October 25, 2016 with minute number 77.

b) The Statement of Financial Position is presented showing current assets and liabilities as categories, a form of presentation that provides reliable information. In addition, in the development of each of the notes of financial assets and liabilities, the expected amount to be recovered or payable within the next twelve months and after twelve months is disclosed.

c) The Statement of Income and the Statement of Other Comprehensive Income are presented separately as permitted by IAS 1; the Statement of Income is presented classified by function of expenses.

d) The Statement of Cash Flows is presented by the indirect method, in which operating activities begin by presenting net profit, which is then modified by the effect of non-cash transactions for all types of deferred payment items and accruals that do not generate cash flows, as well as by the effect of income items that are classified as investment or financing; interest income and expense, as well as movements in investments in subsidiaries, are presented as components of operating activities.

2.4. Transactions in foreign currency

Transactions in foreign currency are translated into Colombian pesos using the representative market exchange rate at the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency using the exchange rate at the reporting date of the statement of financial position. As at December 31, 2023 and 2022, the closing exchange rate was Ps. 3,822.05

and Ps. 4,810.20 per dollar, respectively. Gains or losses resulting from the translation process are included in the separate income statement.

2.5. Cash and cash equivalents

Cash and cash equivalents consist of cash balances, deposits and other liquid investments with original maturities of three months or less that are subject to an insignificant risk of changes in fair value and are used by the Company in the management of its short-term commitments.

2.6. Financial assets

i. Recognition and initial measurement

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
  - a contract that will or may be settled using the entity's own equity instruments.

Regular purchases and sales of investments are recognized on the trade date, on which the Company and its subsidiaries commit to purchase or sell securities. Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed as incurred.

Financial assets classified at amortized cost are recorded at acquisition or grant at their transaction value in the case of investments, or at their nominal value in the case of loans, which, unless there is evidence to the contrary, coincides with their fair value, plus transaction costs directly attributable to their acquisition or grant, less commissions received.

ii. Classification

IFRS 9 (2014 version) contains a classification and measurement approach for financial assets that reflects the business model in which these assets are managed and their cash flow characteristics.

IFRS 9 (2014 version) includes three main classification categories for financial assets: measured at amortized cost (AC), at fair value through other comprehensive income (FVTOCI), and at fair value through profit or loss (FVTPL).

A financial asset is measured at amortized cost and not at fair value through profit or loss if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets in order to obtain contractual cash flows; and
- The contractual terms of the financial asset establish specific dates for cash flows derived solely from payments of principal and interest on the outstanding balance.

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and has not been designated as FVTPL:

- The asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling these financial assets; and;
- The contractual terms of the financial asset establish specific dates for cash flows derived solely from payments of principal and interest on the outstanding balance.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at fair value through profit or loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including interest or dividend income, are recognized in income.
Financial assets at amortized cost (AC)	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments with changes in other comprehensive income (FVOCI)	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

iii. Reclassifications

Financial assets are not reclassified after initial recognition, except in the period after the Company modifies its business model for managing financial assets.

iv. Transfers and derecognition of financial assets

The accounting treatment of transfers of financial assets is conditioned by the manner in which the risks and benefits associated with the assets being transferred are transferred to third parties, such that financial assets are derecognized from the separate statement of financial position when the cash flows they generate have been extinguished or when the risks and benefits implicit in them have been substantially transferred to third parties. In the latter case, the transferred financial asset is derecognized from the separate statement of financial position, recognizing simultaneously any right or obligation retained or created as a result of the transfer.

Substantially all the risks and rewards are deemed to be transferred if the risks and rewards transferred represent the majority of the total risks and rewards of the transferred assets.

If substantially all the risks and/or rewards associated with the transferred financial asset are retained:

- The transferred financial asset is not derecognized from the statement of financial position and continues to be measured using the same criteria used before the transfer.
- An associated financial liability is recorded for an amount equal to the consideration received, which is subsequently measured at amortized cost.
- Both the income associated with the financial asset transferred (but not derecognized) and the expenses associated with the new financial liability continue to be recorded.

Financial assets are derecognized from the statement of financial position only when the rights have been legally extinguished or when substantially all the risks and rewards of the asset have been transferred to third parties.

v. Impairment

IFRS 9 (2014 version) replaced the incurred loss model in IAS 39 with an expected credit loss (ECL) model. This model requires considerable judgment to be applied with respect to how changes in economic factors affect the ECL, which will be determined on a weighted average basis.

The impairment model is applicable to the following financial assets that are not measured at FVTPL:

- Debt instruments
- Leases receivable
- Other receivables
- Loan portfolio
- Financial guarantee issued contracts; and
- Commitments of issued loans

IFRS 9 (2014 version) requires recognizing a provision for impairment of financial assets at fair value through profit or loss in an amount equal to an expected impairment loss over a period of twelve months after the reporting date or over the remaining life of the loan. The expected loss over the remaining life of the loan is the expected loss resulting from all possible impairment events over the expected life of the financial instrument, while the expected loss over the twelve-month period is the portion of the expected loss that will result from impairment events that are possible within twelve months after the reporting date of the financial statements.

2.6.1. Financial assets at fair value

Financial assets at fair value correspond to deposits in collective investment funds on demand, which are recorded at the value of the deposits and are adjusted daily based on the variations in the value of the equity unit reported by the trust company that manages it, with charge or credit to income, as the case may be.

In accordance with IFRS 13 "Fair value measurement", the fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Based on the above, fair value valuations of financial assets are performed as follows:

For collective investment funds, the unit value provided by the fund management company is used, which reflects the fair value of the underlying assets. For the valuation of these assets the management company uses:

a) For highly liquid investments, it uses the price provided by price vendors duly authorized by the Financial Superintendence of Colombia, calculated based on the average prices taken on the last trading day on the cut-off date of the financial statements.

b) The fair value of financial assets that are not quoted in an active market is determined using valuation techniques, mainly information provided by the price vendor authorized by the Superintendency of Finance who, in accordance with the approved methodology, makes assumptions based on market conditions existing at each reporting date. The valuation techniques used include the use of recent comparable and arm's length transactions, reference to other instruments that are substantially similar, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, making maximum use of market data.

2.6.2. Financial assets at amortized cost

These represent rights, investments in TD, accounts receivable such as dividends, fees to entities, advances made to employees, loans granted and suppliers, claims to insurance companies, Health Promoting Entities (EPS) reimbursements and other transactions, which are recorded at amortized cost.

2.7. Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The acquisition cost includes any other costs directly attributable to the process of rendering the asset fit for its intended use.

Depreciation is recognized in income based on the straight-line method over the estimated useful lives of each item of property and equipment.

The Company measures the wear and tear suffered by the assets that are recognized as property and equipment, according to the following estimated useful lives:

Category	Lifetime
Hardware - Technology Infrastructure	
• PCs / Laptops / Mobiles	3 to 7 years
• Servers	3 to 5 years
• Communication	5 to 8 years
Furniture and fixtures	3 to 10 years
Improvements on properties not owned	10 years

2.8. Investments in subsidiaries

Investments in controlled entities are called "Investments in subsidiaries" and are recognized by the equity method, which is a method of accounting whereby the investment is initially recorded at cost, in the separate financial statements, and subsequently adjusted periodically for changes in the investor's interest in the net assets of the investee. The Company's comprehensive income for the period includes its share in the investee's income for the period, and in equity includes its share in the investee's "Other Comprehensive Income" account.

2.9. Investments in associates

Associated companies are those entities where there is no control, but the Group does have significant influence and are accounted for by the equity method. They are presented in the financial statements as "investments in associates". Grupo Aval exercises significant influence in another entity if it owns directly or indirectly 20% or more of the voting power in the investee, unless it can be clearly demonstrated that such influence does not exist. The equity method is a method of accounting whereby the investment is initially recorded at cost, and subsequently adjusted periodically for changes in the net assets of the investee in proportion to the Group's interest. The Company's comprehensive income for the period includes its share in the income for the period of the investee and in the "Other comprehensive income of the investor" account, and in equity includes its share in the "Other comprehensive income" account of the investee.

2.10. Financial liabilities

A financial liability is any contractual obligation of the Company to deliver cash or another financial asset to another entity or person, or to exchange financial assets or liabilities under conditions that are potentially unfavorable to the Company, or a contract that will or may be settled using the entity's own equity instruments. Financial liabilities are initially recorded at their transaction value, which, unless otherwise determined, is similar to their fair value less transaction costs that are directly attributable to their issuance. Subsequently, such financial liabilities are measured at amortized cost and their interest is recognized in accordance with the effective interest rate method determined at the initial moment, and its variations are charged or credited to income as financial expenses. The Company's financial liabilities include short-term and long-term financial obligations, outstanding bonds and accounts payable.

Financial liabilities are only derecognized from the statement of financial position when the obligations they give rise to have been extinguished or when the obligations have been settled. The obligations they generate have been extinguished or when they are exchanged (either with the intention of acquiring them or placing them again).

2.11. Employee benefits

In accordance with International Accounting Standard IAS 19 "Employee Benefits", the accounting recognition includes all forms of consideration granted by the Company in exchange for services rendered by employees.

a) Short-term benefits

In accordance with Colombian labor standards, such benefits correspond to salaries, legal and extra-legal bonuses, vacations, severance, and parafiscal contributions to State entities that are paid in the corresponding period for each of the concepts. These benefits are accrued by the accrual system and charged to income.

b) Post-employment benefits

These are benefits paid by the Company to its employees at the time of retirement or after completing their period of employment, other than severance payments. These benefits, in accordance with Colombian labor regulations, correspond to retirement pensions assumed directly by the Company, severance pay pay payable to employees who continue in the labor regime prior to Law 50 of 1990, and certain extra-legal benefits or benefits agreed in collective bargaining agreements. The Company does not have post-employment benefits.

2.12. Taxes

Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes and therefore accounted for them under IAS 37 Provisions, liabilities and contingent assets.

Current Taxes

The current tax is the amount to be paid or to be recovered for the current income tax and supplementary taxes. It is calculated based on the tax laws enacted on the date of the statement of financial position. Management periodically evaluates the position taken on tax returns, with respect to situations in which tax laws are subject to interpretation and, if necessary, makes provisions on the amounts it expects to be paid to the tax authorities.

The Company only offsets assets and liabilities for current income taxes if there is a legal right before the tax authorities and the Company intends to settle the resulting debts for their net amount, or to realize the assets and settle the debts simultaneously.

Deferred Taxes

Deferred tax is recognized using the liability method, determined on the basis of temporary differences between the tax basis and the carrying amount of the assets and liabilities included in the financial statements.

Deferred tax liabilities are the amounts payable in the future as income tax related to taxable temporary differences, while deferred tax assets are the amounts to be recovered as income tax due to the existence of deductible temporary differences, offsetting negative tax basis or deductions pending application. A temporary difference is defined as the difference between the carrying amount of assets and liabilities and their tax base.

Recognition of taxable temporary differences

Deferred tax liabilities arising from taxable temporary differences are recognized in all cases, except those that:

Arise from the initial recognition of goodwill or an asset or liability in a transaction that is not treated as a business combination for accountability purposes and the date of the transaction does not affect the accounting result or the taxable income;

The differences associated with investments in subsidiaries, associates and joint ventures over which the Company has the ability to control at the time of their reversal and are not likely to occur in the foreseeable future.

Recognition of Deductible Temporary Differences

Deferred tax assets arising from deductible temporary differences are recognized provided that:

It is likely that there will be sufficient future tax gains to offset them, except in cases where the differences arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and at the date of the transaction do not affect the accounting result or the tax base;

It corresponds to temporary differences associated to investments in subsidiaries, associates and joint ventures to the extent that the temporary differences will be reversed in the foreseeable future and are expected to generate positive future tax gains to offset those differences;

Deferred tax assets that do not meet the above conditions are not recognized in the separate statement of financial position. The Company reconsiders at year-end whether the conditions for recognizing deferred tax assets that had not previously been recognized are met.

Tax planning opportunities are only considered in the assessment of the recovery of deferred tax assets if the Company intends to adopt them or is likely to adopt them.

Measurement

Deferred tax assets and liabilities are measured using the tax rates that apply in the years in which the assets are expected to be realized or the liabilities are expected to be paid, based on the regulations approved or about to be approved, and after considering the tax consequences that will arise from the manner in which the Company expects to recover the assets or settle the liabilities.

At the end of the year, the Company reviews the carrying amount of deferred tax assets in order to reduce this value, to the extent that it is unlikely that there will be sufficient future positive tax basis to offset them.

The Company's non-monetary assets and liabilities are measured in terms of its functional currency. If tax gains or losses are calculated in a different currency, the exchange rate changes result in temporary differences and the recognition of a deferred tax liability or asset, and the resulting effect will be charged or credited to profit or loss for the period.

Compensation & Classification

The Company only offsets deferred income tax assets and liabilities if there is a legal right to offset before the tax authorities and such assets and liabilities correspond to the same tax authority, and the same taxpayer, or to different taxpayers who intend to settle or realize current tax assets and liabilities for their net amount or realize the assets and settle the liabilities simultaneously, in each of the future periods in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognized in the separate statement of financial position as non-current assets or liabilities, regardless of the expected realization or settlement date.

Contingent levies

The recognition, measurement and disclosure of contingent levies is made in accordance with IAS 37 and IFRIC 21.

Industry and Commerce tax (ICA)

For the year 2022, in application of Article 76 of Law 1943 of 2018, the Company recognized as an expense for the year the totality of the Industry and Commerce tax (ICA) accrued in the year that can be taken as a tax discount and such amount is treated as a non-deductible expense in the determination of income tax in the year. The tax credit applied decreases the value of the current income tax expense for the period. For the 2023 taxable year, in application of Law 2277 of 2022, the expense for Industry and Commerce tax (ICA) in the determination of net income can only be treated as a deduction and was recognized as an expense for accounting purposes.

2.13. Preferred shares without voting rights

In accordance with IAS 32 "Financial Instruments: Presentation", the issuer of a non-derivative financial instrument must evaluate the terms of the instrument to determine whether it contains liability and equity components. These components are classified separately as financial liabilities or equity instruments for the issuer. Accordingly, the Company has evaluated this requirement in relation to the non-voting preferred shares issued as at December 31, 2023 and has concluded that such shares do not meet the conditions to be recorded as liabilities and therefore are recorded in shareholders' equity.

2.14. Revenue recognition

The Company recognizes revenue mainly from the application of the equity method, interest and rendering of services, when the amount of these can be measured reliably, it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the activities have been met. In accordance with the following:

2.14.1. Equity method income

The Company's main income arises from the recognition of the equity in the profits of subsidiaries in accordance with International Accounting Standard IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures".

2.14.2. Interest Income

Interest income is recognized when it is probable that the economic benefits associated with the financial asset will be received and can be measured reliably.

2.14.3. Revenue from the rendering of services

Revenue from the rendering of services is recognized in the accounting period in which the services are rendered. When services are rendered through an indeterminate number of acts, over a specified period, revenue from ordinary activities is recognized on a straight-line basis over the agreed time interval.

2.15. Net income per share

To determine net income per share, the Company divides net income for the year by the weighted average number of shares outstanding during the period. During the periods ended December 31, 2023 and 2022, net income per share was Ps. 30.45 per share on 23,743,475,754 shares and Ps. 109.81 per share on 23,743,475,754 shares, respectively.

The Company has a simple capital structure and does not grant shares to executives and/or employees.

2.16. New accounting standards pronouncements

Decree 1611 of August 2022, added new standards, modifications or amendments issued or made by the International Accounting Standard Board (IASB) to the International Financial Reporting Standards to be applied in financial years beginning on or after January 1, 2024, although their application could be made earlier.

The following amendments did not have any impact on amounts recognized in prior periods and are not expected to significantly affect current or future periods:

- Technical Annex IFRS 16 Leases.
- Amendments to IAS 1, 8 and 12.

The following is a list of new and amended standards that have been issued by the IASB and are effective for annual periods beginning on or after January 1, 2023. Grupo Aval has not early adopted the new standards in preparing these financial statements.

(Stated in millions of Colombian pesos, except earnings per share)

Other standards

New or updated standard	Title of the standard	Effective for annual periods beginning on or after
Next requirements:		
Disclosure of Accounting Policies	Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2024
Definition of Accounting Estimates	Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors	1 January 2024
Deferred tax related to Assets and Liabilities arising from a single Transaction	Amendments to IAS 12 Income Tax	1 January 2024
Lease Liability in a Sale and Leaseback	Amendments to IFRS 16 Leases	1 January 2024

Grupo Aval has preliminarily assessed the impacts of the adoption of the new or amended standards detailed above, concluding that it is not expected to have a material impact on Grupo Aval’s financial statements.

(3) Critical accounting judgments and estimates in the application of accounting policies

The Company's management makes estimates and assumptions that affect the amounts recognized in the separate financial statements and the carrying amounts of assets and liabilities within the next financial year. Judgments and estimates are continually evaluated and are based on management's experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments other than those involving estimates in the process of applying accounting policies. Judgments that have the most significant effects on the amounts recognized in the separate financial statements and estimates that may cause a material adjustment to the carrying amounts of assets and liabilities in the following year include:

Deferred Income Tax

The Company assesses the realization over time of the deferred income tax asset. Deferred tax asset represents income taxes recoverable through future deductions from taxable profits and it is recorded in the statement of financial position. Deferred tax asset is recoverable to the extent that the realization of the relative tax benefits is likely. Future tax revenues and the amount of tax benefits that are likely in the future are based on medium-term plans prepared by management. The business plan is based on management's expectations that are considered reasonable under the circumstances.

As at December 31, 2023 and 2022, the Company estimates that the deferred tax asset items would be recoverable based on its estimates of future taxable earnings. Deferred tax liability is provided on taxable temporary differences that arise, except for the deferred tax liability on investments, when the opportunity for reversal of the temporary differences is controlled by Grupo Aval and it is likely that the temporary difference will not be reversed in the foreseeable future. Generally, the Company has the ability to control the reversal of temporary differences for investments in its subsidiaries and associates. See note 13.

Initial recognition of related party transactions

In the ordinary course of business the Company has transactions with related parties. Judgment is applied in determining whether transactions are carried out at market values of interest rates when there is no active market for such transactions. The basis of the judgement is a valuation of similar transactions with unrelated parties and an analysis of effective interest rates. The terms and conditions of related party transactions are disclosed in note 21.

Contingency estimate

The Company estimates and records contingencies, in order to cover possible losses from labor cases, civil and commercial lawsuits, and tax or other reliefs according to the circumstances that, based on the opinion of internal and external legal advisors, are considered probable losses and can be reasonably quantified. Due to the nature of many of the claims, cases and/or proceedings, it is sometimes not possible to make an accurate forecast or quantify a reasonable amount of loss, so that the actual amount of disbursements actually made for the claims, cases and/or proceedings is different from the amounts originally estimated and provisioned, and such differences are recognized in the year in which they are identified.

The Company discloses information on claims, litigation or litigation against, probable or prejudicial to the Company's position, of relative importance, which require the establishment of reserves or provisions to meet contingencies arising from the nature or uncertainty of such situations. See paragraph (b), note 18.

(4) <u>Risk management and administration</u>

The Senior Corporate Vice Presidency of Risk and Compliance is responsible for establishing and monitoring the risk management policies of Grupo Aval. These policies are established for the risk management systems to which Grupo Aval or its financial subsidiaries are directly exposed. This Vice Presidency reports periodically to Senior Management and the Audit Committee regarding its management.

The risk management policies of Grupo Aval are established to identify, analyze, and monitor the risks they face and their compliance. Both the policies and the risk management systems are subject to periodic reviews to incorporate regulatory changes according to Grupo Aval's inherent activities and its subsidiaries, or market situations that merit such changes. Through instructions or guidelines, they seek to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Additionally, Internal Audit conducts regular reviews of risk management controls and procedures, with the results reported to the Presidency and the Company's Audit Committee. Regarding risk management in the Grupo Aval Holding, the following considerations are made:

Grupo Aval manages risks considering applicable regulations, its nature, and internal policies.

Grupo Aval is exposed to variations in the prices of financial products acquired, as well as operational risks, money laundering risk, terrorism financing, and legal risks.

Objectives, Policies, and Processes for Risk Management

Considering the positions assumed during its operations, some of the risks faced by the entity include:

• **Interest Rate:** The interest rate risk corresponds to changes in the value of financial assets and liabilities, income, and expenses due to variations in interest rates and their effect on the company's net financial cost.

• **Exchange Rate:** Group Aval is exposed to foreign exchange risk primarily because it guarantees its overseas subsidiary in bond placements in dollars in international markets, aiming to obtain funds to leverage its subsidiaries. To mitigate currency risk exposure, the subsidiary maintains part of these resources invested in foreign currency assets.

• **Price Risk of Investments and Mutual Fund Assets:** As a Financial Holding Company, Group Aval is exposed to price risk in mutual fund assets. Additionally, it holds proprietary investments whose values depend on the application of the participation method, see Note 2.

4.1.1 Market risk

Market risk refers to the possibility of incurring losses in the treasury as a result of changes in the prices of stocks, interest rates, exchange rates, and other indicators whose values are fixed in a public market. Interest rate risk of the bank book refers to the probability of unexpected changes in net interest income and economic value of equity as a result of a change in market interest rates. The risk can be mitigated through hedging or other products (assets/liabilities or derivatives).

In the development of its businesses, Grupo Aval maintains resources in open collective investment funds, which are characterized by allowing the redemption of their shares at any time, without prejudice to agreeing on a permanence; and in money market funds, which are characterized by being open funds of high liquidity with investments in securities in the national currency and registered in the RNVE. The funds in which Grupo Aval maintains in the first quarter of 2023 are characterized by having an investment-grade rating and making investments in products that allow for high liquidity, mostly fixed-income assets.

The portfolio of these investment funds is made up of securities in the national currency or units representing the national currency, registered in the RNVE, of fixed income, such as TES, Certificates of Deposit, securitization bonds, and bonds that must maintain minimum investment-grade ratings.

The valuation of these investment funds is daily in order to reflect the conditions of the financial markets. It is expressed in pesos and units that represent the share of the net asset value of the Fund. This valuation is carried out in accordance with the methodology and instructions established by the Financial Superintendence of Colombia (Basic Accounting and Financial Circular, 1995, Chapter XI) and is the responsibility of the respective fund administrator.

The variations in the value of the unit are an acceptable risk given that the nature of the investment is to guarantee the availability of resources to meet obligations. Through periodic reports, the respective fund administrator informs Grupo Aval about everything relevant to the work performed, including the composition of the portfolio, the balance sheet, the levels of exposure, and the income statement of the fund.

The fund administrator ensures that the quantification of the risks inherent in the management of the fund portfolio is carried out under the standards established in the corresponding regulations, and its results can be corroborated in the reports provided in the accountability of the funds.

The Board of Directors of the fund administrator is the body responsible for guiding decisions, procedures, guidelines, measures, manuals, or policies, as the case may be, on each aspect inherent to the managed funds (Article 3.1.5.1.1 of Decree 2555 of 2010), as well as being responsible for maintaining an organizational structure that allows for the proper functioning of these. The manager or administrator is responsible for observing compliance with the policies and guidelines defined for each fund, identifying the risks inherent in the investments, informing investors of the results of the management, and ensuring compliance with regulatory requirements regarding concentration limits, governance, duty of administration, among others.

During 2023, the international economy slowed down but managed to avoid a recession, presenting a global growth rate close to 3%. Regarding the performance of developed economies, the United States closed the year with a growth rate of 2.1%, where the good performance of its labor market (3.9%) maintains optimism regarding the resilience of its productive apparatus to the upward cycle of interest rates initiated by the Federal Reserve since 2021, which closed the year between 5.25% and 5.50%. In terms of inflation, the level reached in December was 3.4%, which, although slowing down compared to the previous year, prices accumulated an increase of around 18% in three years. During 2023, energy became cheaper (-2%), but food (2.7%) and services continued to rise. Rent, transportation, alcoholic beverages, cable TV, car workshops, and insurance are among the goods and services that have increased significantly in price.

After the rise in risk aversion following the events that led to the bankruptcy of Silicon Valley Bank and First Republic Bank between March and April, with subsequent decline after the timely intervention of the Federal Reserve and the FDIC (Federal Deposit Insurance Corporation), it rebounded again due to the fiscal performance of the US economy and the difficulty in reaching consensus on the approval of the debt ceiling increase. In this scenario, the rating agency Fitch Ratings reduced the sovereign debt rating of this country by one notch to AA+, while other rating agencies that maintained their rating reduced their outlook to Negative.

On the other hand, in Europe, there was a generalized decrease in inflation explained by the correction of energy prices, as a result of the agreements reached in the midst of the war between Ukraine and Russia, which allowed trade to be reactivated through the Black Sea, while there was a decrease in economic activity, as a consequence of the fall in production in the manufacturing and services sectors, accumulating 5 months with a PMI in negative territory.

At the local level, the economy experienced a significant contraction and a contraction in key sectors such as construction, industry, metallurgy, commerce, and services, explained by higher financial costs, input costs, labor market contraction, decreased private consumption, and lower spending on durable and semi-durable goods. The Board of Directors of the Central Bank of Colombia decided by majority, in its last session of the year, to reduce the monetary policy interest rate by 25 basis points (bps) to 13%, which meant the first cut since 2021, the year in which the contractionary monetary policy began.

This reduction in the intervention rate is a response to the reduction in inflation, which would end the year at 9.28%. This is a consequence of the decrease in food prices, but contrasted by the growth in fuel and energy prices. Inflation prospects for 2024 focus on identifying the impact that the decreed increase in the minimum wage (12%) and the El Niño phenomenon and its effects on food and energy prices will have on the economy, the removal of the diesel subsidy, and taxes on ultra-processed foods.

(Stated in millions of Colombian pesos, except earnings per share)

4.1.2 Exchange rate risk

The foreign exchange risk arises mainly from assets and liabilities recognized in investments in subsidiaries and branches abroad, in credit portfolios, in foreign currency obligations, and in future commercial transactions also in foreign currency.

During 2023, the dollar/peso exchange rate accumulated a revaluation of 20.54%, represented by a decrease in the quotation rate of Ps. 988.15. This is explained by i) the rebound in demand for future dollars by different agents in the foreign exchange market at the beginning of the year, ii) new banking regulations, iii) the inflow of foreign currency to pay taxes and distribute dividends from the oil sector, after a 2022 with extraordinary gains due to high international prices and deteriorating tax conditions, and iv) a government budget execution below expectations formed a perfect cocktail that affected liquidity conditions in local currency and contributed to the fall of the USD/COP exchange rate during the first half of 2023.

The exchange rate for the period between December 31, 2023, and December 31, 2022, fluctuated between Ps. 3,822.05 and Ps. 4,989.58 and between Ps. 3,706.95 and Ps. 5,061.21, respectively. As at December 31, 2023, and 2022, the exchange rate was located at Ps. 3,822.05 and Ps. 4,810.20 per US dollar, respectively.

The following is the detail of foreign currency assets and liabilities as at December 31, 2023, and 2022:

		December 31, 2023		
		US dollars		**Colombian pesos**
Assets in foreign currency				
Cash and equivalents	USD	8,776	**Ps.**	34
Investments in equity instruments		1		-
Amortized cost investments		4,894,501		18,707
Accounts receivable from related parties (1) y (2)		271,927,696		1,039,321
Total foreign currency assets	**USD**	**276,830,974**	**Ps.**	**1,058,062**
Foreign currency liabilities				
Long-term loans from third parties		271,361,229		1,037,157
Other liabilities		98,651		377
Total foreign currency liabilities		**271,459,880**		**1,037,534**
Net position (Assets)	**USD**	**5,371,094**	**Ps.**	**20,528**

		December 31, 2022		
		US dollars		**Colombian pesos**
Assets in foreign currency				
Cash and equivalents	USD	981	**Ps.**	5
Investments in equity instruments		1		-
Accounts receivable from related parties (1)		272,090,887		1,308,812
Total foreign currency assets	**USD**	**272,091,869**	**Ps.**	**1,308,817**
Foreign currency liabilities				
Long-term loans from third parties		271,189,160		1,304,474
Other liabilities		7,830		38
Total foreign currency liabilities		**271,196,990**		**1,304,512**
Net position (Assets)	**USD**	**894,879**	**Ps.**	**4,305**

(1) Corresponds to the loan granted by Grupo Aval to its related party Esadinco S.A. for Ps.1,298,754 indexed to US dollars, with a term of 24 months, an interest rate of SOFR 3M + 3.5%, and quarterly interest payments.

(2) On May 24, 2023, the contractual debtor position is assigned to Endor Capital Assets, S.R.L. for the loans granted to Esadinco, and the contract signed between Grupo Aval and Esadinco S.A. is amended.

If the exchange rate in Colombian pesos/US dollars had increased by 50 basis points, the expected effect as at December 31, 2023, would have been an increase of Ps.5,290 in assets and Ps.5,188 in liabilities. In contrast, the results obtained as at December 31, 2022, show that with a 50 basis points increase in the exchange rate, there would have been an increase of Ps.6,544 in assets and Ps.6,523 in liabilities. In both cases, if the exchange rates had decreased by the same magnitude as at December 31, 2023, and 2022, there would have been a decrease in assets and liabilities by the same amounts.

4.1.3 Interest Rate Risk

The Company is exposed to the effects of fluctuations in the interest rate market that impact capital and earnings, as they modify the present value and future cash flows of assets, liabilities, and off-balance-sheet items, thereby affecting the Company's net financial cost.

As at December 31, 2023, the Company had financial assets in Colombian pesos at variable interest rates amounting to Ps. 1,260,709. This includes a foreign currency loan granted at SOFR 3M + 3.5% interest rate, totaling USD 272 million, of which USD 270 million is principal and USD 2 million is interest. Additionally, there is a loan in Colombian pesos amounting to 200 million with an IBR 3M + 4.5% interest rate. Furthermore, a Certificate of Deposit (TD) was established on December 26, 2023, at a fixed rate of 5.60%, totaling USD 4.9 million. This includes USD 4.9 million in principal, of which USD 0.004 million is interest.

As at December 31, 2022, financial assets in Colombian pesos at variable interest rates amounted to Ps. 1,487,144, with Ps. 1,477,086 corresponding to principal and Ps. 10,058 to interest.

If the prevailing interest rates had increased by 50 basis points for financial assets in Colombian pesos as at December 31, 2023, the Company's financial performance would have increased by Ps. 6,309, and as at December 31, 2022, by Ps. 564. Conversely, if these interest rates had decreased by the same basis points for these periods, the financial performance as at December 31, 2023, would have decreased by Ps. 6,330, and as at December 31, 2022, by Ps. 566.

As at December 31, 2023, the Company holds financial liabilities in Colombian pesos at variable interest rates, totaling Ps. 1,644,728, of which Ps. 1,617,926 corresponds to principal and Ps. 26,802 to interest. Additionally, there is a financial liability in US dollars obtained at a SOFR 3M + 2.00% interest rate, with a total value of USD 271 million, of which USD 270 million corresponds to principal and USD 1 million to interest. As at December 31, 2022, financial liabilities in Colombian pesos at variable interest rates amount to Ps. 1,645,106, of which Ps. 1,646,926 corresponds to principal and Ps. 27,180 to interest.

If the prevailing interest rates had increased by 50 basis points for financial liabilities in Colombian pesos as at December 31, 2023, the Company's financial cost would have increased by Ps. 7,245, and as at December 31, 2022, by Ps. 7,599. Conversely, if these interest rates had decreased by the same basis points for these periods, the financial cost as at December 31, 2023, would have decreased by Ps. 7,311, and as at December 31, 2022, by Ps. 7,641.

If the prevailing interest rates for financial liabilities in US dollars had increased by 50 basis points as at December 31, 2023, the Company's financial cost would have increased by Ps. 5,482, and as at December 31, 2022, by Ps. 498 in its equivalent in pesos. On the other hand, if these interest rates had been agreed to decrease by the same basis points for these periods, the financial cost as at December 31, 2023, would have decreased by Ps. 5,502, and as at December 31, 2022, by Ps. 500.

(Stated in millions of Colombian pesos, except earnings per share)

4.1.4 Liquidity risk

Liquidity risk is understood as the inability to fully and timely meet payment obligations on their due dates due to insufficient liquid resources and/or the need to assume excessive funding costs. Liquidity management has always been a fundamental pillar of Grupo Aval's business strategy, along with capital, to support the solidity of its balance sheet.

Grupo Aval's management has established policies, procedures, and authority limits that govern the Treasury function. The Company's Treasury is responsible for ensuring liquidity and managing working capital to guarantee debt service and fund operating costs and expenses. The Treasury prepares and reviews an annual cash budget, a monthly cash projection, and payment projections at different time intervals to maintain the necessary cash level available and plan the investment of surpluses.

As at December 31, 2023, similar to December 31, 2022, the Company reports negative working capital (current assets minus current liabilities). The Company has conducted an analysis of maturities for financial assets and liabilities, illustrating the remaining undiscounted contractual cash flows as shown below:

	December 31, 2023					
	Less than 1 month	1-6 months	6-12 months	More than 1 year	Total	Book Value
Financial assets						
Cash and cash equivalents	Ps. 157,323	Ps. -	Ps. -	Ps. -	Ps. 157,323	Ps. 157,323
Trading securities	256	-	-	-	256	256
Amortized cost investments	-	-	18,707	-	18,707	18,707
Accounts receivable from related parties	-	31,349	293,989	1,219,583	1,544,921	1,239,785
Accounts receivable	79,044	158,120	-	-	237,164	237,164
Financial assets	**Ps. 236,623**	**Ps. 189,469**	**Ps. 312,696**	**Ps. 1,219,583**	**Ps. 1,958,371**	**Ps. 1,653,235**
Financial liabilities						
Borrowings at amortized cost	19,558	Ps. 52,323	Ps. 71,517	Ps. 1,669,740	Ps. 1,813,138	Ps. 1,544,712
Bonds	-	70,060	295,048	2,505,117	2,870,225	1,137,172
Other accounts payable	41,219	217,315	120,013	-	378,547	378,547
Total Financial liabilities	**Ps. 60,777**	**Ps. 339,698**	**Ps. 486,578**	**Ps. 4,174,857**	**Ps. 5,061,910**	**Ps. 3,060,431**

	December 31, 2022					
	Less than 1 month	1-6 months	6-12 months	More than 1 year	Total	Book Value
Financial assets						
Cash and cash equivalents	Ps. 67,439	Ps. -	Ps. -	Ps. -	Ps. 67,439	Ps. 67,439
Trading securities	764	-	-	-	764	764
Accounts receivable from related parties	-	31,213	87,032	1,701,020	1,819,265	1,508,812
Accounts receivable	31,311	57,780	-	-	89,091	89,091
Financial assets	**Ps. 99,514**	**Ps. 88,993**	**Ps. 87,032**	**Ps. 1,701,020**	**Ps. 1,976,559**	**Ps. 1,666,106**
Financial liabilities						
Borrowings at amortized cost	16,932	Ps. 17,752	Ps. 33,328	Ps. 1,938,354	Ps. 2,006,366	Ps. 1,810,967
Bonds	-	87,918	88,993	3,352,127	3,529,038	1,138,613
Other accounts payable	104,633	14,602	-	-	119,235	119,235
Total Financial liabilities	**Ps. 121,565**	**Ps. 120,272**	**Ps. 122,321**	**Ps. 5,290,481**	**Ps. 5,654,639**	**Ps. 3,068,815**

(Stated in millions of Colombian pesos, except earnings per share)

4.1.5 Credit risk

Grupo Aval is exposed to credit risk, which is the risk of financial loss resulting from the debtor's failure to fulfill its contractual obligations in financial transactions in a timely and complete manner.

The exposure to credit risk for Grupo Aval is reflected in the financial assets in the Grupo Aval financial statements as at December 31, 2023, and 2022, as follows:

		December 31, 2023						
Credit		**Capital**		**Interest**		**Impairment**		**Total**
Promissory note 1 – Endor Capital [3]	Ps.	1,031,954	Ps.	7,368	Ps.	(1,856)	Ps.	1,037,466
Promissory note 2 – Endor Capital [3]		200,000		2,681		(362)		202,319
Total	**Ps.**	**1,231,954**	**Ps.**	**10,049**	**Ps.**	**(2,218)**	**Ps.**	**1,239,785**

		December 31, 2022						
Credit		**Capital**		**Interest**		**Impairment**		**Total**
Promissory note 1 – Esadinco S.A. [1]	Ps.	1,298,754	Ps.	7,718	Ps.	(2,517)	Ps.	1,303,955
Promissory note 2 – Esadinco S.A. [2]		200,000		2,340		(390)		201,950
Total	**Ps.**	**1,498,754**	**Ps.**	**10,058**	**Ps.**	**(2,907)**	**Ps.**	**1,505,905**

(1) On December 2, 2022, Grupo Aval subscribed to a loan granted to Esadinco S.A. (Promissory note 1) in Colombian pesos equivalent to USD 270 million, with a term of 36 months, a rate of SOFR 3M + 3.5%, and quarterly interest payments.

(2) On December 2, 2022, Grupo Aval subscribed to a loan granted to Esadinco S.A. (Promissory note 2) for Ps.200,000, with a term of 24 months, a rate of IBR 3M + 4.5%, and quarterly interest payments.

(3) On May 24, 2023, the contractual debtor position for the loans granted to Esadinco was transferred to Endor Capital Assets, S.R.L., and the contract between Grupo Aval and Esadinco S.A. was amended.

The maximum exposure to credit risk with respect to guarantees and commitments is the amount of the commitment.

The maximum authority for this operation is the Shareholders' Assembly, in accordance with the Conflict of Interest policy of the Aval Financial Conglomerate.

In approving the operation, certain considerations were taken into account, including but not limited to, the probability of default, the percentage of recovery of the received guarantees, exposure, term, and analysis of compliance with the Exposure and Concentration policy of risk among the entities that make up the Aval Financial Conglomerate and its Related Parties. These considerations are important to ensure that the operation is in line with the risk management policies and procedures of the Aval Financial Conglomerate and that it does not pose a significant risk to the financial stability of the company. By taking these factors into account, the company can make informed decisions about extending credit and managing its overall credit risk exposure

4.1.6 Operational risk

The Operational Risk is the risk of losses derived from deficiencies, failures, or inadequate functioning of processes, human resources, infrastructure, technology, and external events.

Grupo Aval maintains an Operational Risk Management System (SARO) developing its management under the framework of the Basic Accounting and Financial Circular of the Financial Superintendence of Colombia. This system develops its stages of identification, measurement, control, and monitoring on the relevant business processes.

The annual review ensures the appropriate updating of the manual that includes policies, standards, responsibilities and procedures aimed at keeping business management within defined risk levels according to its nature. This document is disseminated among all company personnel to strengthen their basic understanding of operational risk management models.

In Group Aval's System for Operational Risk Management (SORM), the cycle of risk assessment and controls has been carried out resulting in maps of inherent risks and residual risks within acceptable profiles without exceeding the established limits by the Company. An incident reporting channel is also available to employees, enabling them to identify potential risks and anomalous situations threatening the operation of core activities.

As at December 31, 2023, there were no reported operational risk events that impacted the Company's financial results.

Grupo Aval possesses an adequate level of maturity in the Business Continuity Management System, reflective of administration's commitment towards its stakeholders. As part of the resilience culture, critical processes feature contingency measures that enable, at acceptable levels, the continued delivery of services, thereby reinforcing investor and stakeholder trust amidst events disrupting regular operations of the Company.

Grupo Aval carried out its continuity tests according to the defined schedules, which presented satisfactory results that demonstrate the effectiveness of the strategies and the preparation of both technological and process teams. This indicates that the Company has taken proactive measures to ensure that its critical operations can continue in the event of any disruptions, thereby minimizing the impact on its stakeholders.

4.1.7 Management of Money Laundering Risk

Grupo Aval Acciones y Valores S.A., acting as a securities issuer, adheres to the provisions of the Baseline Legal Framework of the Colombian Superintendence of Finance regarding prevention and control of money laundering and terrorist financing, called SIPLAFT (Sistema Integral para la Prevención de Lavado de Activos y la Financiación del Terrorismo). In this regard, the Board of Directors of Grupo Aval approved anti-money laundering and counter-financing of terrorism policies that align with current regulations.

These policies involve, among others:

- Appointing a Compliance Officer for purposes of SIPLA (Sistema Integral para la Prevención de Lavado de Activos).
- Strictly complying with all legal regulations established in Colombia for controlling and preventing this type of crimes.
- Prohibiting conducting commercial transactions with any natural or legal person involved in illicit activities.
- Continuous improvement, along with training all Grupo Aval collaborators concerning laws, regulations, policies, procedures, and guidelines contributing to the prevention and control of criminal activities.
- Adhering to identifying unusual and suspicious operations establishing respective procedures while timely reporting them to the UIAF when necessary, ensuring always confidentiality of the reported information.

- Following up reports submitted by internal and external audit entities to address recommendations aiming at optimizing the system.

The policy is periodically reviewed to incorporate regulatory changes and is disseminated to all Company personnel. Likewise, each year, the evaluation of risks and controls is carried out to update the map of inherent and residual risks, and, as defined, crosses of suppliers and collaborators with restrictive lists are performed, alerts are monitored, and other established activities are executed.

The Company has contracted with the Central Securities Depository of Colombia - DECEVAL, as a service provider, for the comprehensive administration of the Company's shares, the shareholders' registry, and the issuance of fixed-income securities. In accordance with its contractual obligations, this entity has policies, controls, and procedures for the prevention and control of money laundering, including the verification of the Company's shareholders and investors against restrictive lists. The Securities Depository informs Grupo Aval monthly about the effective, efficient, and timely functioning of the measures adopted for the prevention and control of money laundering and terrorist financing, as well as the existence or non-existence of unusual and/or suspicious transactions by Grupo Aval's investors during the month and the corresponding reports to the UIAF.

4.1.8 Management of Risks within Financial Conglomerates

As part of the regulation of Law 1870 of 2017 - Financial Conglomerates Law, which came into effect on February 6, 2019, and its regulatory decrees, significant changes were introduced in the structure of the Colombian financial system, particularly regarding companies that act as financial holdings of their conglomerates.

The aforementioned law defined Financial Conglomerates as a set of local and foreign entities with a common controller that includes two or more entities, exercising activities of entities supervised by the SFC (Superintendencia financiera de Colombia) and/or vehicles through which it exercises control, and Financial Holding as a legal entity or investment vehicle that exercises the first level of control or significant influence over the entities that make up the Financial Conglomerate.

Through Resolution No. 0155 of February 6, 2019, the Financial Superintendence identified Grupo Aval Acciones as the Financial Holding and the entities that make up the AVAL Financial Conglomerate.

Likewise, the Colombian Financial Superintendence, through Chapter XXX of the Basic Accounting and Financial Circular, External Circular 100 of 1995, ordered Financial Holdings to design and implement a Risk Management Framework (RMF) that allows them to manage the risks specific to the Financial Conglomerate, i.e., Concentration Risk, Contagion Risk, and Strategic Risk.

a) **Concentration Risk:** Corresponds to the risk that an exposure to the same counterparty has the ability to: (i) generate losses that compromise the financial stability and solidity of the financial conglomerate or the normal development of its businesses; or (ii) generate a material change in the risk profile of the financial conglomerate. For these purposes, possible concentration in service providers or other contractual counterparties must be taken into account.
Concentration risk must be evaluated at least by lines of business, geographical location, economic sector, and counterparties. It must also consider the existence of service providers and shared service centers and the eventual occurrence of natural disasters, among other aspects.

b) **Contagion Risk:** Corresponds to the probability of being compromised by the deterioration of conditions of one or several of the entities that constitute the financial conglomerate, thus affecting its own stability or that of some of its members. To evaluate this risk, factors such as relationships and exposures between the entities that constitute the financial conglomerate and those linked to it, as well as the impact caused by the realization of reputation risk should be considered. Reputation risk refers to the possibility of loss experienced by an entity due to discredit, negative image, unfavorable publicity, certain or not, regarding the institution and its business practices, causing customer loss, reduction of income or legal processes.

c) **Strategic Risk:** Arises from the insufficient consideration of risks in the process of strategic planning of the financial holding and its implementation, as well as the inability to adapt to changes or evolution of economies and markets where the financial conglomerate operates. This risk can also appear when the financial conglomerate enters new markets. The identification of risks derived from acquisitions or creation of new entities should be done prior to.

Among other duties and responsibilities, Grupo Aval, as the Holding of the AVAL Financial Conglomerate, is responsible for complying with Chapter 2 of Decree 1486 of 2018, which establishes that the financial holding, through its Board of Directors, will "define a policy for exposures between the entities that make it up and a policy for exposures between these and their related parties."

4.1.8.1 Risk Management Framework

In compliance with the regulation of Law 1870 of 2017, in 2021 Group Aval implemented the Financial Conglomerate Risk Management Framework called MGR (Marco de gestión de riesgos), which enables managing the risks of concentration, contagion, and strategic nature and provides a general understanding of the risks faced by the entities that make up the Financial Conglomerate.

To achieve this, methodologies, governance structures, and reporting mechanisms have been established to meet regulatory requirements adequately. With regard to concentration risk, components that could threaten the stability and financial soundness of the conglomerate and/or lead to a substantial change in its risk profile were analyzed. Monitored risk factors included portfolio, investments, fundraising, service providers, and shared service centers, among others.

As for contagion risk, relevant factors considered include performance indicators, relations and exposures between the entities that comprise the financial conglomerate, reputational factors such as image and perception that may lead to discredit, bad image, negative publicity, loss of customers, etc.

Regarding strategic risk, factors that could derail corporate planning, considering the main business lines operated by the conglomerate and the strategies of the constituent entities, were considered. Within these risk factors, potential impacts resulting from emerging risks were analyzed, which are difficult to quantify but have high potential for loss and whose importance and materialization are uncertain.

As part of the management of these risks, during 2023, the Risk Committee of the Board of Directors of Grupo Aval held seven meetings in which, among other topics, the results of the methodology for managing risks of the MGR were discussed. This included monitoring the dashboards of the risks specific to the conglomerate and understanding the results of the main entities that make up the conglomerate, evaluating the effectiveness of the MGR, and reviewing the MGR policies for submission to the Board of Directors' approval.

(Stated in millions of Colombian pesos, except earnings per share)

As a result of monitoring the risks specific to the conglomerate, it was evident that they remained within the levels approved by the Board of Directors. Training and development programs were carried out for the employees of the Financial Holding to strengthen the risk management culture.

4.1.8.2 Policy for exposures between the entities that make up the Financial Conglomerate and between these and their related parties

In accordance with the provisions of Decree 1486 dated August 6, 2018, the Board of Directors of Grupo Aval approved the Policy for exposures between the entities that make up the Financial Conglomerate and between these and their related parties, which includes identifying material risks, transactions between entities of the financial conglomerate and between these and their related parties, responsibilities and obligations of managers and governing bodies, setting quantitative limits and early warning schemes, as well as revealing mechanisms.

Group Aval established mechanisms for interaction through which exposures between the entities that make up the Financial Conglomerate AVAL and between these and their Related Parties are measured, controlled, and monitored using procedures, risk management guidelines, and communication schemes applicable both to the entities that make up the Financial Conglomerate AVAL and to the Financial Holding.

Through the reports established inside Grupo Aval, quarterly follow-up was made on the compliance of consumption levels and during the year 2023, no exposures that attracted attention or found themselves near the alert thresholds defined were identified. Each follow-up presentation took place before the Board of Directors of Grupo Aval.

Below are the principal levels of exposure identified during the year 2023:

Type of Exposure	Date (end of month)	Limit consumption level	Limit
Financial Conglomerate Entities	March	1.38%	30%
	June	1.40%	
	September	1.51%	
	December	1.54%	
Linked to the Financial Conglomerate	March	3.79%	10% (1)
	June	3.53%	
	September	3.42%	
	December	3.29%	

(1) Corresponds to the lower limit established for unsecured transactions, according to the risk concentration limit scheme provided in Titles 2 and 3 of Book 1 of Part 2 of Decree 2555 of 2010.

Additionally, in compliance with Circular Externa 041 of 2020 issued by the Colombian Financial Superintendence, the Financial Holding made quarterly transmissions of the corresponding Formats 406 - "Report of Related Parties to the Financial Conglomerate and Operations for the control of aggregate exposure limits" and 403 - "Report of exposure limits and risk concentration between entities of the financial conglomerate and their related parties" within the deadlines established by the regulatory entity.

Likewise, a review of the material risks associated with exposures between entities of the Financial Conglomerate and exposures with their related parties was carried out, and it was identified that these are mainly mitigated through compliance with investment policies, internal procedures, and credit granting protocols established within the entities and applicable to all entities of the Financial Conglomerate.

Training plans were designed and carried out aimed at the Financial Holding regarding the generalities and control of the Policy.

(5) Fair Value Estimation

The fair value of financial assets and liabilities traded in active markets (such as financial assets in debt and equity securities and actively traded derivatives on stock exchanges or interbank markets) is based on 'dirty' prices provided by an official price provider authorized by the called SFC (Superintendencia Financiera de Colombia). These prices are determined through weighted averages of transactions occurring during the trading day.

An active market is a market in which transactions for assets or liabilities take place with sufficient frequency and volume to provide continuous price information. A "dirty" price is one that includes accrued and pending interest on the security from the issuance date or the last interest payment until the settlement date of the purchase or sale transaction. The fair value of financial assets and liabilities not traded in an active market is determined using valuation techniques established by the price provider or Grupo Aval entities' management. Valuation techniques for non-standardized financial instruments, such as options, currency swaps, and over-the-counter derivatives, include the use of interest rate or currency valuation curves constructed by price providers from market data and extrapolated to the specific conditions of the instrument being valued. Other valuation methods involve discounted cash flow analysis, option pricing models, and commonly used techniques by market participants. These techniques emphasize maximizing the use of market data and minimizing reliance on entity-specific data.

The Company may use internally developed models for financial instruments that do not have active markets. These models are generally based on methods and valuation techniques that are commonly standardized in the financial sector. Some inputs for these models may not be observable in the market, and therefore, they are estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques employed may not fully reflect all factors relevant to the Company's positions. Therefore, valuations are adjusted, where necessary, to allow for additional factors, including country risk, liquidity risks and counterparty risks.

The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is classified in its entirety is determined based on the lowest-level input that is significant for the fair value measurement as a whole. The importance of an input is assessed in relation to the fair value measurement as a whole. Financial instruments quoted in markets that are not considered active but are valued based on quoted market prices, quotes from price providers, or alternative pricing sources supported by observable inputs, are classified in Level 2

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If a fair value measurement uses observables inputs that require significant adjustments based on unobservable inputs, it is categorized as a Level 3 measurement. The assessment of the significance of a particular input to the fair value measurement as a whole requires judgment, considering specific factors related to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Company. Observable data refers to market data that is already available, regularly distributed or updated by the price provider, reliable and verifiable, without proprietary rights, and provided by independent sources actively participating in the relevant market.

Fair value measurements on a recurring basis

Fair value measurements on a recurring basis are those required or allowed by IFRS accounting standards in the financial statements at the end of each accounting period.

Tradable investments are carried at fair value using the unit value provided by the fund's management company, which reflects the fair value of the underlying assets, incorporating all the risks to which the assets are exposed, in accordance with IFRS 13. The management company, based on observable market data, accounts for the credit risk associated with the asset; therefore, the Company does not analyze or monitor impairment indicators.

The fair value of underlying assets is calculated based on inputs observable by the market, either directly or indirectly, which can be substantially corroborated with observable market data. For this reason, these investments have been classified as Level 2.

The fair value of investments primarily reflects changes in market conditions, primarily due to changes in interest rates and other economic conditions in the country where the investment is held. As at December 31, 2023, and 2022, the Company believes that there have been no significant losses in the fair value of investments due to impairment of credit risk conditions for these assets.

The following table analyzes, within the fair value hierarchy, the Company's financial assets and liabilities (by class) measured at fair value as at December 31, 2023 and 2022, on a recurring basis:

	December 31, 2023							
		Level 1		**Level 2**		**Level 3**		**Total**
Assets								
Amortized cost investments	Ps.	-	Ps.	-	Ps.	18,707	Ps.	18,707
Trading securities at fair value		-		256		-		256
Total recurring fair value assets	**Ps.**	**-**	**Ps.**	**256**	**Ps.**	**18,707**	**Ps.**	**18,963**

	December 31, 2022							
		Level 1		**Level 2**		**Level 3**		**Total**
Assets								
Trading securities at fair value	Ps.	-	Ps.	764	Ps.	-	Ps.	764
Total recurring fair value assets	**Ps.**	**-**	**Ps.**	**764**	**Ps.**	**-**	**Ps.**	**764**

Fair value information for financial assets and liabilities recorded at amortized cost determined solely for disclosure purposes.

(Stated in millions of Colombian pesos, except earnings per share)

The following is the breakdown of how financial assets and liabilities recorded at amortized cost and valued at fair value solely for the purpose of this disclosure were assessed.

Financial assets

The following table analyzes, within the fair value hierarchy, the financial assets, investments at amortized cost and loans granted by Grupo Aval Acciones y Valores S.A. to Endor Capital Assets S.R.L. as at December 31, 2023, measured on a recurring basis:

		Book Value				Fair Value		
		December 31, 2023		**December 31, 2022**		**December 31, 2023**		**December 31, 2022**
Amortized cost investments								
TD Banco de Occidente Panamá [1]	Ps.	18,707		-	Ps.	18,506		-
Subtotal Investments to maturity		**18,707**		**-**		**18,506**		**-**
Credit Portfolio								
Promissory note 1 – Endor Capital [2] y [3]	Ps.	1,037,466	Ps.	1,306,472	Ps.	1,320,719	Ps.	1,169,991
Promissory note 2 – Endor Capital [2] y [3]		202,319		202,340		213,091		192,427
Subtotal Credit portfolio		**1,239,785**		**1,508,812**		**1,533,810**		**1,362,418**
Total	**Ps.**	**1,258,492**	**Ps.**	**1,508,812**	**Ps.**	**1,552,316**	**Ps.**	**1,362,418**

(1) The fair value of investments was calculated using the risk curves provided by Banco de Occidente Panamá with a discount rate as at December 2023 of 8.1066%, converted to the closing exchange rate of Ps. 3,822.05.

(2) The fair value of Promissory note 1 was calculated using the Credit Default Swap (CDS) curve for Colombia, along with the Interest Rate Swap (IRS) curve in dollars. Credit spreads (margin) for AA-rated issuers were added, calculated in the market of papers issued in DTF + SWAP DTF minus the zero-coupon curve of TES.For Promissory note 2, the fair value was calculated by taking the credit spread (margin), calculated in the market for rates of papers indexed to DTF and IBR. The implicit rate in the SWAP DTF - Fixed Rate curve, quoted in Precia, was added. As at December 31, 2023, and December 31, 2022, the average discount rate used was 10.9693% and 11.5893%, and 17.6996% and 17.6718%, respectively. Both promissory notes are classified in Level 2 of the hierarchy.

(3) On May 24, 2023, a contract was signed transferring the contractual debtor position to Endor Capital Assets, S.R.L. for the loans granted to Esadinco. An amendment was made to the contract between Grupo Aval Acciones y Valores and Esadinco S.A.

Financial liabilities

For financial obligations and other liabilities, their fair value was determined using discounted cash flow models by risk-free interest rates adjusted for entity-specific risk premiums. For outstanding bonds, their fair value was determined based on their quotations on stock exchanges.

The following table provides a summary of the Company's financial liabilities as at December 31, 2023, and 2022, not measured at fair value on a recurring basis, compared with their fair value for those for which fair value is viable to calculate:

		Book Value				Fair Value		
Capital balance and interest		**December 31, 2023**		**December 31, 2022**		**December 31, 2023**		**December 31, 2022**
Bank loans [1]	Ps.	507,556	Ps.	506,493	Ps.	532,678	Ps.	490,406
Third party loans [2]		1,037,157		1,304,474		1,064,408		1,197,042
Bonds outstanding [3]		1,137,172		1,138,613		1,088,765		936,906
Total	**Ps.**	**2,681,885**	**Ps.**	**2,949,580**	**Ps.**	**2,685,851**	**Ps.**	**2,624,354**

(1) The fair values of bank loans are calculated by taking the credit spread (margin); in turn, the market-calculated rates of papers indexed to DTF and IBR are used, and to these rates, the implicit rate in the SWAP DTF - Fixed Rate curve quoted in Precia is added. As at December 31, 2023, and December 31, 2022, the average discount rates used were 11.2265% and 17.5450%, respectively, and they are classified in Level 2 of the hierarchy.

(Stated in millions of Colombian pesos, except earnings per share)

(2) For the valuation of dollar-denominated credits, the fair value was calculated by taking the CDS (Credit Default Swap) curve for Colombia, plus the IRS (Interest Rate Swap) curve in dollars, adding the credit spreads (margin) of AA issuers calculated in the market for papers issued in DTF + the SWAP DTF rate minus the zero coupon curve of TES. As at December 31, 2023, and December 31, 2022, the average discount rates used were 10.6001% and 17.5199%, respectively, and they are classified in Level 2 of the hierarchy.

(3) For the calculation of the fair value of bonds outstanding, the prices from Precia (formerly Infovalmer) were used for each of the cuts, calculated with an estimated price, which corresponds to the "dirty" price, obtained as the result of the present value of the cash flows of a security, discounted with the reference rate and the corresponding margin; likewise, they are classified in Level 2 of the hierarchy.

(6) Cash and cash equivalents

Balances comprise the following as at December 31, 2023 and 2022:

		December 31, 2023		December 31, 2022
In Colombian Pesos				
Cash	Ps.	3	Ps.	3
Bank and other financial institutions on demand		157,286		67,431
		157,289		**67,434**
In foreign currency				
Bank and other financial institutions on demand [1]		34		5
	Ps.	**157,323**	**Ps.**	**67,439**

(1) It includes a balance in US dollars in a current account at Banco de Bogotá Miami Agency for USD 8,775.90 as at December 31, 2023, converted at the closing exchange rate of Ps. 3,822.05 per dollar.

From the total cash, the Company has earmarked specific resources amounting to Ps.1,214 as at December 31, 2023, and 2022, to cover the repayment of undistributed contributions in shares from the 2011 issuance.

Below is the breakdown of the credit quality determined by independent credit rating agencies for the main financial institutions where the Company holds cash funds:

Credit quality		December 31, 2023		December 31, 2022
Investment grade	Ps.	157,289	Ps.	67,434
Not rated or not available		34		5
Total	**Ps.**	**157,323**	**Ps.**	**67,439**

(7) Amortized cost investments

The balance of investments at amortized cost comprises the following as at December 31, 2023 and 2022:

		December 31, 2023		December 31, 2022
TD in foreign currency				
Capital [1]	Ps.	18,690	Ps.	-
Interest [2]		17		-
Total	**Ps.**	**18,707**	**Ps.**	**-**

(1) Includes a balance in U.S. dollars in Banco de Occidente Panama for USD4,890,000.00 as at December 31, 2023 converted at the closing exchange rate of Ps. 3,822.05 per dollar.

(2) Includes a balance in U.S. dollars at Banco de Occidente Panama for USD4,501.48 as at December 31, 2023 translated at the closing exchange rate of Ps. 3,822.05 per dollar.

(Stated in millions of Colombian pesos, except earnings per share)

On December 2023, a TD was opened with Banco de Occidente Panama in U.S. dollars for a term of 181 days and a rate of 5.6%.

The credit quality of the Company's main investment counterparties, as rated by independent risk rating agencies, is as follows:

		December 31, 2023		December 31, 2022
Credit quality				
Stable outlook	Ps.	18,707	Ps.	-

The book value and fair value of investments at amortized cost (calculation methodology included in note 5 - Fair value estimation in the Financial Assets section) are as follows:

		Book Value				**Fair Value**		
		December 31, 2023		**December 31, 2022**		**December 31, 2023**		**December 31, 2022**
Investments to maturity								
TD Banco Occidente Panamá [1]	Ps.	18,707	Ps.	-	Ps.	18,506	Ps.	-
Total Financial Assets	**Ps.**	**18,707**	**Ps.**	**-**	**Ps.**	**18,506**	**Ps.**	**-**

(1) For the calculation of the fair value of the investments, the risk curves provided by Banco de Occidente Panama were used, with a discount rate as at December 2023 of 8.1066%, converted at the closing exchange rate of Ps. 3,822.05 per dollar.

(8) Trading securities

As of December 31, 2023 and 2022, the balance of marketable securities consists of the following:

		December 31, 2023		December 31, 2022
Collective investment funds	Ps.	256	Ps.	764

Investments are measured at fair value using the unit value provided by the fund management company, which reflects the fair value of the underlying assets, incorporating all risks to which the assets are exposed, in accordance with IFRS 13 “Fair Value Measurement” based on observable market data, which also reflects the credit risk associated with the asset and, therefore, the Company does not analyse or monitor indicators of impairment.

The Company's marketable investments can be corroborated by observable data from the reports provided in the fund accounting.

The fair value of investments mainly reflects changes in market conditions, mainly due to changes in interest rates and other economic conditions in the country where the investment is held. As at December 31, 2023 and 2022, the Company considers that there have been no significant losses in the fair value of the investments due to conditions of impairment of credit risk of these assets.
The following is a breakdown of the credit quality determined by independent risk rating agents, of the main investment counterparties in which the Company has investments:

(Stated in millions of Colombian pesos, except earnings per share)

Credit quality		**December 31, 2023**		**December 31, 2022**
Investment grade	Ps.	256	Ps.	764

Fair value includes credit risk, so no further impairment assessments are required.

(9) Accounts receivable

The following is the detail of accounts receivable as at December 31, 2023 and 2022:

		December 31, 2023		**December 31, 2022**
Dividends receivable from subsidiaries (1)	Ps.	237,133	Ps.	88,930
Accounts receivable from related parties (2)		207,831		7,151
Subtotal accounts receivable from related parties		**444,964**		**96,081**
Tax assets (3)	Ps.	5,958	Ps.	7,577
Subtotal advance tax payments		**5,958**		**7,577**
Miscellaneous	Ps.	30	Ps.	156
Incapacities		1		5
Subtotal other accounts receivable		**31**		**161**
Subtotal accounts receivable - current portion	**Ps.**	**450,953**	**Ps.**	**103,819**
Accounts receivable from related parties (2)		1,031,954		1,498,754
Subtotal accounts receivable - non-current portion	**Ps.**	**1,031,954**	**Ps.**	**1,498,754**
Total accounts receivable	**Ps.**	**1,482,907**	**Ps.**	**1,602,573**

(1) In March 2023 the companies in which Grupo Aval has direct investment declared dividends of Ps.1,032,225.

(2) In December 2022, Grupo Aval granted two loans to the entity Esadinco S.A. explained in section Accounts receivable from related parties, of this note.

In May 2023, the contractual position of Esadinco as debtor was transferred to Endor Capital Assets S.R.L..The contract signed between Grupo Aval and Esadinco S.A. was amended, maintaining the same conditions of the loans originally agreed with Esadinco, S.A.

(3) As at December 31, 2023, the tax asset is composed of the net result between the balance in favor of the previous period, plus the withholdings and self-withholdings of the period minus the income tax liability, whose net balance in favor of the period is Ps 5,958, which is transferred to assets for presentation purposes in each period.

Accounts receivable from related parties

		December 31, 2023		**December 31, 2022**
Current				
Capital (iii)	Ps.	200,000	Ps.	-
Interest		10,049		10,058
Impairment (1)		(2,218)		(2,907)
Subtotal current		**207,831**		**7,151**
Capital (ii)	Ps.	1,031,954	Ps.	1,498,754
Subtotal Non-current		**1,031,954**		**1,498,754**
Total Accounts receivable from related parties	**Ps.**	**1,239,785**	**Ps.**	**1,505,905**

(1) A financial rating model was used for the calculation of the institution's existing credit impairment, which consists of statistical models based on customer financial information. With the Probability of Default (PI Perdida por incumplimiento in Spanish) and the Loss Given Default (PDI Perdida dada el incumplimiento) of clients of the same rating, same segment and with the information of the models at the end at December 2023 and 2022, as a result, the percentage of provision was 0.17855% and 0.19260% respectively at one (1) year given that this is an undisturbed credit and there is no evidence of a significant increase in risk, generating a decrease in the deterioration by Ps. 689.

(Stated in millions of Colombian pesos, except earnings per share)

Loans granted to Endor Capital Assets S.R.L. (i) for two and three years, with a single final principal payment:

Accounts receivable from related parties - agreed interest rates		
Credits to:	SOFR 3M + 3.5% T.V.	IBR 3M + 4.5% T.V.
Amount:	USD 270,000,000 ((ii)	Ps. 200,000 (iii)

i) On May 24, 2023, the contractual position of Esadinco as debtor was transferred to Endor Capital Assets S.R.L..The contract signed between Grupo Aval and Esadinco S.A. was amended, maintaining the same conditions of the loans originally agreed with Esadinco, S.A.

ii) On December 2, 2022, Grupo Aval subscribed a loan granted to its related party Esadinco S.A. (Promissory note 1) in Colombian pesos equivalent to USD 270 million U.S. dollars, for a term of 36 months with a rate of SOFR 3M + 3.5% and quarterly interest payments.

iii) On December 2, 2022, Grupo Aval subscribed a loan granted to its related party Esadinco S.A. (Promissory note 2) for Ps.200,000, for a term of 24 months with a rate of IBR 3M + 4.5% and quarterly interest payments.

The credits granted by Grupo Aval to Endor Capital Assets S.R.L. are secured with share guarantee contracts as follows:

Guarantees on accounts receivable from related parties as at December 31, 2023

	Loan value	Number of shares under guarantee	Company issuing the shares
Ps.	**200,000**	**1,167,513**	Femisal S.R.L
USD	89,293,306	3,263,511,681	Femisal S.R.L
	180,706,694	6,604,508,624	Femisal S.R.L
USD	**270,000,000**	**9,868,020,305**	

The breakdown of the principal and interest components of accounts receivable from related parties is as follows:

		December 31, 2023						
Credit		**Capital**		**Interest**		**Impairment**		**Total**
Promissory note 1 – Endor Capital (1)	Ps.	1,031,954	Ps.	7,368	Ps.	(1,856)	Ps.	1,037,466
Promissory note 2 – Endor Capital (1)		200,000		2,681		(362)		202,319
Total	**Ps.**	**1,231,954**	**Ps.**	**10,049**	**Ps.**	**(2,218)**	**Ps.**	**1,239,785**

		December 31, 2022						
Credit		**Capital**		**Interest**		**Impairment**		**Total**
Promissory note 1 – Esadinco S.A.	Ps.	1,298,754	Ps.	7,718	Ps.	(2,517)	Ps.	1,303,955
Promissory note 2 – Esadinco S.A.		200,000		2,340		(390)		201,950
Total	**Ps.**	**1,498,754**	**Ps.**	**10,058**	**Ps.**	**(2,907)**	**Ps.**	**1,505,905**

The book value and fair value of accounts receivable from related parties at amortized cost (calculation methodology included in Note 5 - Estimation of fair values in its Financial Assets section) are as follows:

		Book Value				Fair Value		
Capital balance and interest		**December 31, 2023**		**December 31, 2022**		**December 31, 2023**		**December 31, 2022**
Promissory note 1 – Endor Capital (2)	Ps.	1,037,466	Ps.	1,303,955	Ps.	1,320,719	Ps.	1,169,991
Promissory note 2 – Endor Capital (2)		202,319		201,950		213,091		192,427
Total	**Ps.**	**1,239,785**	**Ps.**	**1,505,905**	**Ps.**	**1,533,810**	**Ps.**	**1,362,418**

(Stated in millions of Colombian pesos, except earnings per share)

(1) The fair value of Promissory note 1 was calculated by taking the CDS (Credit Default Swap) curve for Colombia, plus the IRS curve in dollars, adding the credit spreads (margin) of the AA issuers, calculated in the market of papers issued in DTF + the SWAP DTF rate minus the zero coupon curve of the TES. In the case of Promissory note 2, the fair value was calculated by taking the credit spread (margin), the rates of papers indexed to the DTF and IBR are calculated in the market and to these the implicit rate in the SWAP DTF - Fixed Rate curve, quoted in Precia, is added. As at December 31, 2023 and 2022, the average discount rate used for promissory note 1 was 10.9693% and 17.6996% and for promissory note 2 was 11.5893% and 17.6718%, respectively. Both promissory notes are classified in hierarchy level 2.

(2) On May 24, 2023, it was signed cession of the contractual position of debtor to Endor Capital Assets, S. R. L. for the loans granted to Esadinco and the contract signed between Grupo Aval and Esadinco S. A. was amended, maintaining the same conditions as the loans initially agreed with Esadinco S. A.

Maturities of loans granted as at December 31, 2023

Credit		2024		2025		Total
Promissory note 1 – Endor Capital [1]	Ps.	7,368	Ps.	1,031,954	Ps.	1,039,322
Promissory note 2 – Endor Capital [1]		202,681		-		202,681
Total	**Ps.**	**210,049**	**Ps.**	**1,031,954**	**Ps.**	**1,242,003**

(1) Include principal and interest.
Contractual maturities are presented in accordance with the provisions of Appendix B11C of IFRS 7.

Type of currency of accounts receivable from related parties

		December 31, 2023		December 31, 2022
Colombian pesos	Ps.	202,681	Ps.	202,340
Colombian pesos per loan in U.S. dollars		1,039,322		1,306,472
Total	**Ps.**	**1,242,003**	**Ps.**	**1,508,812**

Annual interest rates on accounts receivable from related parties

	December 31, 2023	
	In Colombian pesos	
	Minimum rate	Maximum rate
Promissory note 1 – Endor Capital	8,17%	9,19%
Promissory note 2 – Endor Capital	16,55%	18,08%

	December 31, 2022	
	In Colombian pesos	
	Minimum rate	Maximum rate
Promissory note 1 – Esadinco S.A.	8,17%	8,17%
Promissory note 2 – Esadinco S.A.	16,55%	16,55%

(10) Other non-financial assets

Include items primarily composed of licenses, maintenance, updates, and software support that are amortized using the straight-line method based on a useful life ranging from 1 to 5 years.

(Stated in millions of Colombian pesos, except earnings per share)

The following is the breakdown of other non-financial assets as at December 31, 2023 and 2022:

Description		December 31, 2023 Cost		Amortization		Book Values
Licenses [2]	Ps.	395	Ps.	(395)	Ps.	-
Software and computer applications [1]		113		(10)		103
Total	**Ps.**	**508**	**Ps.**	**(405)**	**Ps.**	**103**

Description		December 31, 2022 Cost		Amortization		Book Values
Licenses	Ps.	422	Ps.	(420)	Ps.	2
Software and computer applications		50		-		50
Total	**Ps.**	**472**	**Ps.**	**(420)**	**Ps.**	**52**

(1) The book balance corresponds to the acquisition of the Human Resources modules (Software applications), which will be transitioned from the development and implementation stage. Amortization will be began once modules being production at 100%.

(2) On October 26, 2023, Grupo Aval wrote off intangible assets corresponding to licenses for Ps. 26 million of which the amortization in the period corresponds to Ps. 1.

(11) Investments in subsidiaries and associates

The value of investments in subsidiaries and associates as at December 31, 2023 and 2022 is as follows:

	Percent of Participation		Number of shares		Book value			
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022		December 31, 2023		December 31, 2022
Subsidiaries								
Banco de Bogotá S.A. [1]	68.93%	68.93%	244,858,322	244,858,322	Ps.	9,005,759	Ps.	9,075,832
Banco de Occidente S.A.	72.27%	72.27%	112,671,465	112,671,465		4,026,825		3,669,647
Banco Comercial AV Villas S.A.	79.86%	79.86%	179,459,557	179,459,557		1,322,954		1,406,948
Banco Popular S.A.	93.74%	93.74%	7,241,936,738	7,241,936,738		2,938,542		3,211,057
Corporación Financiera Colombiana S.A. [2] y [3]	8.71%	8.71%	31,833,029	31,833,029		1,235,453		1,190,871
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. [4]	20.00%	20.00%	21,842,531	21,842,531		609,657		528,774
Grupo Aval Limited	100.00%	100.00%	1	1		(506,174)		(729,652)
Subtotal Subsidiaries					**Ps.**	**18,633,016**	**Ps.**	**18,353,477**
Associates								
ADL Digital Lab S.A.S	34.00%	34.00%	408	408		12,231		8,439
Subtotal Associates					**Ps.**	**12,231**	**Ps.**	**8,439**
Total investments in subsidiaries an associates					**Ps.**	**18,645,247**	**Ps.**	**18,361,916**

(1) In June 2022, 17,147,835 shares were received from Banco de Bogotá S.A. for Ps.758,480 (Ps.759,642 Dividend - Ps.1,162 Withholding tax) corresponding to the payment of dividends in shares, increasing the shareholding by 0.188981%, thus changing the total shareholding from 68.736448% to 68.925429%.

(Stated in millions of Colombian pesos, except earnings per share)

- In March 2022, the spin-off of 75% of Banco de Bogotá S.A.'s interest in BHIC to the Bank's shareholders, through Sociedad Beneficiaria Bogotá S.A.S., was completed:

Investment movement of Banco de Bogotá S.A.		**Book value**
Beginning Balance December 31, 2021	Ps.	15,558,215
Movement during the period		156,578
Effect of spin-off BHIC		(6,638,961)
Investment balance as at December 31, 2022	**Ps.**	**9,075,832**

- On September 30, 2021, Deed No. 5469 signed the minutes of the Extraordinary Meeting of Shareholders of BHIC. (The transferor), which approved the spin-off of MULTI FINANCIAL HOLDING, INC. to Banco de Bogotá S. A., the beneficiary company. The signing of the said agreement does not imply for Grupo Aval any change in its current shareholding.
- On September 16, 2021, by deed 5202, Leasing Bogotá S. A. Panama changed its corporate name to "BAC Holding International CORP" (hereinafter BHIC).
- The effect of the spin-off of BHIC by Banco de Bogotá on the retained earnings of Grupo Aval. See Note 1-Reporting Entity, paragraph a.

(2) On November 22, 2023 a shareholders' agreement was signed by Grupo Aval, Banco de Bogotá S.A., Banco de Occidente S.A. and Banco Popular S.A., whereby Banco Popular S.A. became the controlling company of Corporación Financiera Colombiana S.A. ("Corficolombiana") under the terms of articles 260 and 261 of the Commercial Code.

(3) In November and December 2022, 476,700 shares of Corporación Financiera Colombiana were acquired in the secondary market for Ps. 7,852, increasing the interest shareholding by 0.130377%, from 8.575953% to 8.706330%.
In May 2022, 2,325,619 shares were received from Corporación Financiera Colombiana S.A. for Ps.65,117 (Ps.65,609 Dividend - Ps.492 Withholding tax) corresponding to the payment of dividends in shares, increasing the participation by 0.075011%, whereby total shareholding went from 8.500942% to 8.575953%

(4) In July 2021, a shareholders' agreement was subscribed between Grupo Aval, Banco de Bogotá, Banco de Occidente, Fiduciaria Bogotá and Fiduciaria de Occidente in which Grupo Aval acquires the quality of direct controller of Sociedad Administradora de Fondos de Pensiones Porvenir SA, under the terms of articles 260 and 261 of the Code of Commerce. The subscription of the referred agreement does not imply for Grupo Aval any variation in the shareholding it currently holds.

Restriction on investments

As at December 31, 2023 and 2022, there was a restriction on 15,589,972 and 13,296,785 shares of Banco de Occidente S.A. respectively, pledged as collateral to guarantee financial obligations with Banco de Bogotá S.A.

As at December 31, 2023 and 2022, there was a restriction on 772,532,650 shares of Banco Popular, granted as pledge to guarantee financial obligations with Banco de Bogotá S.A.

As at December 31, 2023 and 2022, there was a restriction on 6,537,470 and 1,593,570 shares of Corficolombiana, respectively, pledged as collateral to secure financial obligations with Banco de Bogotá S.A.

As at December 31, 2023, there was a restriction on 3,427,867 shares of Banco de Bogotá, pledged as collateral to guarantee financial obligations with Banco de Occidente S.A.

The aforementioned guarantees cover loans for Ps.493,406. Included in Note 14 - Financial obligations at amortized cost.

(Stated in millions of Colombian pesos, except earnings per share)

Subsidiaries and associates

The following is a detail of the assets, liabilities and equity of subsidiaries and associates accounted for by the equity method as at December 31, 2023 and 2022**:**

	December 31, 2023							
	Asset	Liability	Equity					
Subsidiaries			Subscribed and paid capital	Reserves	Aditional paid-in capital	Retained earnings	Net income	Total Equity
Banco de Bogotá S.A.	Ps. 119,073,307	Ps. 106,646,131	Ps. 3,553	Ps. 18,184,023	Ps. 4,751,487	Ps. (11,468,029)	Ps. 956,142	Ps. 12,427,176
Banco de Occidente S.A.	64,240,155	58,789,565	4,677	4,201,825	587,683	191,124	465,281	5,450,590
Banco Comercial AV Villas S.A.	18,827,212	17,170,549	22,473	1,401,862	66,984	381,656	(216,312)	1,656,663
Banco Popular S.A.	29,439,247	26,687,013	77,253	2,824,491	(47,515)	296,829	(398,824)	2,752,234
Corporación Financiera Colombiana S.A.	26,982,474	14,862,408	3,656	5,221,997	5,816,008	184,027	894,378	12,120,066
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.	3,530,284	674,432	109,211	1,095,712	1,152,304	(59,985)	558,610	2,855,852
Grupo Aval Limited	3,360,047	3,866,222	-	-	(201,716)	(393,429)	88,970	(506,175)
Subtotal Subsidiaries	**Ps. 265,452,726**	**Ps. 228,696,320**	**Ps. 220,823**	**Ps. 32,929,910**	**Ps. 12,125,235**	**Ps. (10,867,807)**	**Ps. 2,348,245**	**Ps. 36,756,406**
Associates								
ADL Digital Lab S.A.S	71,577	35,602	1,200	1,182	-	22,440	11,153	35,975
Subtotal Associates	**Ps. 71,577**	**Ps. 35,602**	**Ps. 1,200**	**Ps. 1,182**	**Ps. -**	**Ps. 22,440**	**Ps. 11,153**	**Ps. 35,975**
Total	**Ps. 265,524,303**	**Ps. 228,731,922**	**Ps. 222,023**	**Ps. 32,931,092**	**Ps. 12,125,235**	**Ps. (10,845,367)**	**Ps. 2,359,398**	**Ps. 36,792,381**

	December 31, 2022							
	Asset	Liability	Equity					
Subsidiaries			Subscribed and paid capital	Reserves	Aditional paid-in capital	Retained earnings	Net income	Total Equity
Banco de Bogotá S.A.	Ps. 112,396,528	Ps. 99,867,687	Ps. 3,553	Ps. 17,044,973	Ps. 4,696,647	Ps. (11,920,206)	Ps. 2,703,874	Ps. 12,528,841
Banco de Occidente S.A.	54,762,333	49,805,959	4,677	3,949,845	307,425	234,702	459,725	4,956,374
Banco Comercial AV Villas S.A.	19,563,260	17,801,416	22,473	1,290,243	(44,200)	376,117	117,211	1,761,844
Banco Popular S.A.	32,450,622	29,407,682	77,253	2,735,729	(155,633)	300,256	85,335	3,042,940
Corporación Financiera Colombiana S.A.	23,678,879	12,070,869	3,656	4,014,391	5,698,146	95,812	1,796,005	11,608,010
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.	3,483,782	1,032,337	109,211	1,142,256	1,105,996	(60,080)	154,062	2,451,445
Grupo Aval Limited	4,133,969	4,863,621	-	-	(336,224)	(393,282)	(146)	(729,652)
Subtotal Subsidiaries	**Ps. 250,469,373**	**Ps. 214,849,571**	**Ps. 220,823**	**Ps. 30,177,437**	**Ps. 11,272,157**	**Ps. (11,366,681)**	**Ps. 5,316,066**	**Ps. 35,619,802**
Associates								
ADL Digital Lab S.A.S	63,442	38,620	1,200	531	-	10,075	13,016	24,822
Subtotal Associates	**Ps. 63,442**	**Ps. 38,620**	**Ps. 1,200**	**Ps. 531**	**Ps. -**	**Ps. 10,075**	**Ps. 13,016**	**Ps. 24,822**
Total	**Ps. 250,532,815**	**Ps. 214,888,191**	**Ps. 222,023**	**Ps. 30,177,968**	**Ps. 11,272,157**	**Ps. (11,356,606)**	**Ps. 5,329,082**	**Ps. 35,644,624**

As a result of the impairment test performed as at December 31, 2023 and 2022, taking into account the market value of these investments or the financial results of the subsidiaries, the Company's management does not consider it necessary to establish an impairment provision for these investments.

(Stated in millions of Colombian pesos, except earnings per share)

(12) Property and Equipment

The following is the movement of the book value of property and equipment during the periods ended December 31, 2023 and 2022:

		For own use		Right of use		Total
Cost or Fair Value:						
Balance at 31 December 2021	**Ps.**	**5,771**	**Ps.**	**5,940**	**Ps.**	**11,711**
Capitalized purchases or expenses (net)		164		124		288
Withdrawals / Sales (Net)		(25)		-		(25)
Loss on disposal of assets		(5)		-		(5)
Balance at 31 December 2022	**Ps.**	**5,905**	**Ps.**	**6,064**	**Ps.**	**11,969**
Capitalized purchases or expenses (net)		145		(98)		47
Withdrawals / Sales (Net)		(180)		-		(180)
Loss on disposal of assets		(4)		-		(4)
Balance at December 31, 2023	**Ps.**	**5,866**	**Ps.**	**5,966**	**Ps.**	**11,832**
Accumulated depreciation:						
Balance at December 31, 2021	**Ps.**	**4,446**	**Ps.**	**1,700**	**Ps.**	**6,146**
Depreciation for the period charged to the income statement		435		1,330		1,765
Withdrawals / Sales (Net)		(25)		-		(25)
Balance at December 31, 2022	**Ps.**	**4,856**	**Ps.**	**3,030**	**Ps.**	**7,886**
Depreciation for the period charged to the income statement		443		1,281		1,724
Withdrawals / Sales (Net)		(178)		-		(178)
Loss on disposal of assets		(4)		-		(4)
Balance at December 31, 2023	**Ps.**	**5,117**	**Ps.**	**4,311**	**Ps.**	**9,428**
Tangible assets, net:						
Balance at December 31, 2022	**Ps.**	**1,049**	**Ps.**	**3,034**	**Ps.**	**4,083**
Balance at December 31, 2023	**Ps.**	**749**	**Ps.**	**1,655**	**Ps.**	**2,404**

(Stated in millions of Colombian pesos, except earnings per share)

a. Property and Equipment for own use

The following is the detail of the balance as at December 31, 2023 and 2022, by type of property and equipment for own use:

Description		Cost		Accumulated depreciation		Book value
Office equipment, furniture, and fixtures	Ps.	921	Ps.	(847)	Ps.	74
Computer equipment		2,410		(2,023)		387
Improvements on properties not owned [1]		2,535		(2,247)		288
Balance at December 31, 2023	**Ps.**	**5,866**	**Ps.**	**(5,117)**	**Ps.**	**749**

Description		Cost		Accumulated depreciation		Book value
Office equipment, furniture, and fixtures	Ps.	922	Ps.	(793)	Ps.	129
Computer equipment		2,448		(2,070)		378
Improvements on properties not owned [1]		2,535		(1,993)		542
Balance at December 31, 2022	**Ps.**	**5,905**	**Ps.**	**(4,856)**	**Ps.**	**1,049**

(1) This item corresponds to adjustments made in the Grupo Aval offices.

b. Property and equipment under right of use

The company adopted IFRS 16 from January 1, 2019. Leases are recognized as an asset for the right of use and a liability on the date the asset is leased and is available for use by the company. Right-of-use assets are depreciated on a straight-line basis until the end of the lease term.

The following is the breakdown of the balance as at December 31, 2023 and 2022, by type of property and equipment under right of use:

Right of use		Cost		Accumulated depreciation		Book value
Banco de Occidente Floor 22 y 23 [1]	Ps.	5,966	Ps.	(4,311)	Ps.	1,655
Balance at 31 December 2023	**Ps.**	**5,966**	**Ps.**	**(4,311)**	**Ps.**	**1,655**

Right of use		Cost		Accumulated depreciation		Book value
Banco de Occidente Floor 22 y 23 [1]	Ps.	6,064	Ps.	(3,030)	Ps.	3,034
Balance at 31 December 2022	**Ps.**	**6,064**	**Ps.**	**(3,030)**	**Ps.**	**3,034**

(1) The nominal interest rate to determine interest and depreciation on the right of use at the adoption date of IFRS 16 was set at 0.48% per month during the year 2022. On January 2, 2023, a quotation and validation of rates were carried out, setting the rate for 2023 at 1.55% per month, resulting in a variation in the right of use due to an adjustment in the rate of (Ps.446).

On January 3, 2022, a quotation and validation of rates were conducted, setting the rate for 2022 at 0.48% per month, resulting in a variation in the right of use due to a rate adjustment of Ps.110.

On April 1, 2023, and 2022, the lease payment for the 22nd and 23rd floors of the Banco de Occidente Building was increased due to an adjustment based on the 2022 CPI of 13.12% and the 2021 CPI of 5.62%, resulting in a variation in the right of use due to an increase in the lease payment of Ps.348 and Ps.234, respectively.

(Stated in millions of Colombian pesos, except earnings per share)

(13) Income Taxes

Current income tax expense for the periods ended at December 31, 2023 and 2022 comprises the following:

a. Components of Income Tax Expense:

		December 31, 2023		December 31, 2022
Income tax for the current period	Ps.	43,652	Ps.	29,246
Adjustment of Previous Periods [1]		-		(11,571)
Additional Income Tax (Minimum Tax Rate) [2]		-		-
Net deferred taxes for the period		(151)		(3)
Total Income Tax	**Ps.**	**43,501**	**Ps.**	**17,672**

[1] Adjustment to the previous year's income tax return: (Ps.11,571) as at December 2022 due to the application of the Unification Ruling of the Council of State, which is the Supreme Tax Court of Colombia (File 21329 of Nov/2020).

[2] Grupo Aval, being a company whose financial statements are subject to consolidation in Colombia, in compliance with the provisions of paragraph 6 of article 240 of the Colombian Tax Code (CTC) has the obligation to determine a Group's Adjusted Tax Rate (TTDG Tasa de tributación depurada de grupo in spanish) of minimum 15% and for such, it is confirmed that for the year 2023 the result of such computation is higher than the 15% established by the Law as the minimum tax base, therefore, it does not give rise any obligation for adding the Group's income tax for the current year.

b. Reconciliation of the tax rate in accordance with the tax regulations and effective rate

Below, we highlight the main tax regulations in force in Colombia, in terms of Income Tax and its complementary:

i. In accordance with current tax regulations, the Company is subject to income tax and its complementary. The applicable statutory tax rate for 2023 and 2022 is 35%.

ii. Capital Gains are taxed at the rate of 15% in 2023 and 10% in 2022.

iii. As of 2021 taxable year, the presumptive income tax rate is zero percent (0%).

iv. Article 22 of Law 1819 of 2016 established for 2017 and following years that taxpayers obliged to keep accounting should determine the value of the assets, liabilities, equity, income, costs and expenses, for income tax purposes, in accordance with the technical accounting regulatory frameworks in force in Colombia, when the tax law expressly refers to them and in cases where it does not regulate the matter. In any case, the tax law may expressly provide for a different tax treatment, in accordance with Article 4 of Law 1314 of 2009.

v. Tax losses accumulated up to 2016 may be offset against future ordinary tax income, at any time, without any kind of time limit. Tax losses from 2017 up to now may be offset against net income for the twelve (12) years following of their occurrence.

vi. The excesses of the presumptive income over the ordinary income may be offset against the ordinary income obtained within five (5) years following the occurrence of such income. This is an stand by rule considering that currently the presumptive tax rate is 0%.

vii. The general term of finality of income tax returns was unified in three (3) years.

viii. From the 2019 income tax returns, in the returns that are settled and/or offset tax losses or that are subject to the transfer pricing regime, the finality will be five (5) years

(Stated in millions of Colombian pesos, except earnings per share)

ix. Income tax returns for taxable years 2017 to 2022 are open for tax review by the National Tax Authority; no additional taxes are foreseen if an assessment takes place.

In accordance with paragraph 81(c) of IAS 12, the following is the detail of the reconciliation between the Company's total income tax expense calculated at the tax rates currently applicable and the tax expense recorded in the results applicable for periods ended at December 31, 2023 and 2022:

		December 31, 2023		December 31, 2022
Earnings before income tax from continuing operations	**Ps.**	**766,539**	**Ps.**	**1,962,204**
Statutory Income Tax Rate		35%		35%
Theoretical tax expense calculated in accordance with current tax rates	Ps.	268,289	Ps.	686,771
Non-income for equity method		(255,864)		(684,753)
Non-deductible expenses		30,898		28,614
Untaxed income		-		(3)
Differential effect of Industry and Comerce local Tax (ICA Impuesto de Industria y Comercio in spanish) rate		-		(1,481)
Current tax adjustment for previous years		-		(11,571)
Other		178		95
Total Tax Expense for the Period	**Ps.**	**43,501**	**Ps.**	**17,672**
Effective tax rate		***5.67%***		***0.90%***

c. Deferred taxes by type of temporary difference

The differences between the carrying amount of assets and liabilities and their tax basis, give rise to the following temporary differences that generate deferred taxes, calculated and recorded in the periods ended at December 31, 2023 and 2022, based on the tax rates in force as references for the years in which such temporary differences will be reversed.

	December 31, 2023							
		January 1, 2023		**Credited (Registered) to results**		**Reclassifications**		**December 31, 2023**
Acitve Deferred Tax								
Financial lease agreement	Ps.	119	Ps.	(479)	Ps.	483	Ps.	123
Other (Foreign exchange)		8		85,406		(85,259)		155
Subtotal	**Ps.**	**127**	**Ps.**	**84,927**	**Ps.**	**(84,776)**	**Ps.**	**278**
Deferred Tax Liabilities								
Right of use	Ps.	-	Ps.	483	Ps.	(483)	Ps.	-
Other (Foreign exchange)		-		(85,259)		85,259		-
Subtotal	**Ps.**	**-**	**Ps.**	**(84,776)**	**Ps.**	**84,776**	**Ps.**	**-**
Total	**Ps.**	**127**	**Ps.**	**151**	**Ps.**	**-**	**Ps.**	**278**

(Stated in millions of Colombian pesos, except earnings per share)

	December 31, 2022							
		January 1, 2023		Credited (Registered) to results		Reclassifications		December 31, 2023
Acitve Deferred Tax								
Financial lease agreement	Ps.	126	Ps.	348	Ps.	(355)	Ps.	119
Other (Foreign exchange)		-		(140)		148		8
Subtotal	**Ps.**	**126**	**Ps.**	**208**	**Ps.**	**(207)**	**Ps.**	**127**
Deferred Tax Liabilities								
Right of use	Ps.	-	Ps.	(355)	Ps.	355	Ps.	-
Other (Foreign exchange)		(2)		150		(148)		-
Subtotal	**Ps.**	**(2)**	**Ps.**	**(205)**	**Ps.**	**207**	**Ps.**	**-**
Total	**Ps.**	**124**	**Ps.**	**3**	**Ps.**	**-**	**Ps.**	**127**

According to current tax legislation in Colombia, neither the distribution of dividends nor the withholding of profits has an effect on the income tax rate.

d. Deferred taxes with respect to investments in subsidiaries and associates

In compliance with IAS 12, the Company did not record deferred tax liabilities related to temporary differences for investments in subsidiaries, mainly for items corresponding to undistributed earnings and tax adjustments on investments. This is because: i) The Company has control of the subsidiaries and, therefore, may decide on the reversal of such temporary differences; and ii) the Company does not plan to realize it in the medium term; therefore, it is likely that such temporary differences will not be reversed in the foreseeable future.

The temporary differences for the items indicated, as at December 31, 2023 and 2022, amounted to 9,038,787 and 8,981,905, respectively.

e. Balance of assets (liabilities) for income tax and supplementary tax rate

For purposes of presentation in the separate Statement of Financial Position, the Company offsets deferred tax assets and liabilities in accordance with the provisions of paragraph 74 of IAS 12, considering the application of the tax provisions in force in Colombia on the legal right to offset assets and liabilities for current taxes:

Balance as at December 31, 2023		**Gross current tax amounts**		**Compensation Reclassifications**		**Balances in statements of financial position**
Current Income Tax Asset	Ps.	49,610	Ps.	(43,652)	Ps.	5,958
Current Income Tax Liability		(43,652)		43,652		-
Net	**Ps.**	**5,958**	**Ps.**	**-**	**Ps.**	**5,958**

Balance as at December 31, 2022		**Gross current tax amounts**		**Compensation Reclassifications**		**Balances in statements of financial position**
Current Income Tax Asset	Ps.	36,823	Ps.	(29,246)	Ps.	7,577
Current Income Tax Liability		(29,246)		29,246		-
Net	**Ps.**	**7,577**	**Ps.**	**-**	**Ps.**	**7,577**

f. Tax uncertainties

As at December 31, 2023 and 2022, the Company does not reflect tax uncertainties that would generate a provision for this item. Consequently, no additional taxes are foreseen if there is a review by the National Tax Authority or due to the existence of uncertainties related to tax positions adopted by the Company.

g. Transfer Pricing

In accordance with the provisions of Laws 788 of 2002 and 863 of 2003, the Company prepared a transfer pricing study on transactions carried out with companies under common control during 2022. The study did not result in adjustments that would affect the Company's revenues, costs, and tax expenses.

Although the 2023 transfer pricing study is in the process of being prepared, no significant changes are anticipated versus previous years.

h. Tax Reform for Equality and Social Justice (Law 2277 of 2022)

Some modifications to the income tax were introduced in the Law 2277 at December 13, 2022, the latest tax reform approved by the Congress. Below, the main modifications introduced:

i. The general income tax rate remains at 35% for domestic companies and equivalents, permanent establishments of foreign entities and foreign legal entities with or without residence in the country obliged to file the annual income tax return.

ii. For financial institutions, insurance companies, reinsurers, stock exchange brokerage firms, agricultural brokerage firms, agricultural, agro-industrial or other commodity exchange and suppliers of infrastructure of the stock market companies, a surcharge of 5 additional points of the general income tax rate is established for fiscal years 2023 to 2027, with the total rate being 40% if they have a taxable income equal to or greater than 120,000 UVT (Ps. 5,089 year 2023). The surcharge will be subject to a 100% down payment.

iii. A minimum income tax is established for residents in Colombia, setting an additional tax in the event that the adjusted income tax is less than 15% of the accounting profit before taxes with certain adjustments. Thus, taxpayers must: (i) Determine the corporate income tax of the Colombian taxpayer, or the corporate income tax of the group in the event that it becomes part of a business group. (ii) Determine the adjusted profit of the Colombian taxpayer or the group in the event that it becomes part of a business group, and (iii) Determine the adjusted tax rate of the Colombian taxpayer or the group in the event that it becomes part of a business group. If the effective rate (Adjusted Tax/Adjusted Profit) is less than 15%, the tax to be added must be calculated to reach the rate of fifteen percent (15%).

iv. An exempt from this rule is applicable to taxpayers who are at the Economic and Social Zones - ZESE during the period that their income rate is zero (0%), taxpayers whose adjusted profit is equal to or less than zero, taxpayers comprehended by the provisions of Section 32 of Colombian Tax Code. (Concessions), state-owned industrial and commercial enterprises or mixed economy companies exercising monopolies ofgames of chance or liquor; and hotels and theme parks as long as they are not required to submit a country-by-country report.

v. Some tax benefits, treated as tax discounts, non-taxable revenues for income tax purposes, special deductions and exempt income are limited to 3% per year of the net income.

vi. Section 158-1 of Colombian Tax Code is repealed, eliminating the possibility of deducting the costs and expenses associated with investments in Science, Technology and Innovation (CTeI Ciencia, Tecnología e Innovación in spanish), i.e. these investments will only give the right to a tax discount. The possibility of taking 30% of investments in Science, Technology and Innovation (CTeI Ciencia, Tecnología e Innovación in spanish) that have the approval of the National Council of Tax Benefits (CNBT) as a tax discount is maintained; the previous rule established a 25% discount.

vii. The possibility of deducting the royalty for extractive activities and which is ruled by Articles 360 and 361 of the National Constitution is still in force. The Constitutional Court, in Judgment C-489 of 2023, declared unconstitutional of paragraph 1 of Article 19 of Law 2277 of 2022, which prohibited the deduction of royalties from the taxable base of income tax of companies engaged in the exploration and exploitation of non-renewable natural resources.

viii. The possibility of taking 50% of the Industry and Commerce tax (ICA) effectively paid before filing the return as a tax discount is eliminated. 100% accrued and paid Industry and Commerce tax (ICA), prior to the filing of the income tax return, will be deductible from income tax.

ix. 100% of the taxes, fees and contributions currently paid in the fiscal year, which have connection with the generation of income (except income tax), continues to be deductible; 50% of the tax on financial transactions – debit tax (GMF) will be deductible, regardless of whether or not it has a causal relation with the income-generating activity.

x. Payments for affiliations to social clubs, labor expenses of housing support staff or other activities unrelated to the income-generated activity, personal expenses of members, participants, shareholders, clients and/or their families, all of which will be considered an indirect income for their beneficiaries, and it will not be deductible.

xi. It is established that the values that are not deductible from settlements and judgments, correspond to the values that are punitive (i.e. penalties) or compensatory in nature. (Paragraph 3 of Section 105 of the CTC).

xii. Capital Tax Gains rate is set at 15%.

xiii. A withholding tax rate of 10% is established for dividends received by domestic companies (previously 7.5%), which will be transferable to the resident individual or the foreign investor. Withholding will be no applied if the dividends are distributed within an enterprise group of companies. The exceptions established in the current regulations are maintained. Dividends and shares received by permanent establishments of foreign domestic companies will be taxed at the special rate of 20%.

xiv. It was established that the tax on dividends will be determined by: (i) applying the income tax rate corresponding to the year in which they are declared (35%) and (ii) the rate corresponding to the non-taxed dividend will be applied to the remainder, depending on the beneficiary (if it is a resident individual or illiquid estate of a resident deceased, the table of Section 241 of the CTC will be applicable).

xv. Dividends declared from profits of 2016 and previous years, will conserve the tax treatment in force at that time; and those corresponding to profits obtained from 2017 onwards that are declared from 2023 onwards, will be governed by the rates set forth in Law 2277 at December 2022

(Stated in millions of Colombian pesos, except earnings per share)

(14) Financial Obligations at Amortized Cost

The balances of financial obligations as at December 31, 2023 and 2022 are:

		December 31, 2023		December 31, 2022
Short-term				
Banks loans	Ps.	14,150	Ps.	13,087
Third-party loans (2)		5,203		5,720
Finance leases (3)		1,570		1,448
		20,923		**20,255**
Outstanding Bonds		237,172		14,093
Total Short-term	**Ps.**	**258,095**	**Ps.**	**34,348**
Long-term				
Banks loans (1) y (4)	Ps.	493,406	Ps.	493,406
Third-party loans (2)		1,031,954		1,298,754
Finance leases (3)		440		1,929
		1,525,800		**1,794,089**
Outstanding Bonds		900,000		1,124,520
Total Long-term		**2,425,800**		**2,918,609**
Total Financial Obligations	**Ps.**	**2,683,895**	**Ps.**	**2,952,957**

(1) Obligations acquired with Banco Bogotá S.A., including both short and long-term principal and interest, initially agreed for a term of two years with a single final principal payment:

Financial Obligations - Agreed interest rates						
Loans at:	IBR + 2.75 % T.V.	IBR + 2.8 % T.V.	IBR + 3.25 % T.V.	IBR + 3.2 % T.V.	IBR + 3.3 % T.V.	IBR + 4.25 % T.V.
Amounts:	Ps. 34,400	Ps. 161,199	Ps. 177,755	Ps. 40,000	Ps. 53,000	Ps. 27,052

- On October 31, 2023, Banco de Bogotá S.A. and Grupo Aval Acciones y Valores S.A. agreed to debt novation for loans of Ps.48,255, Ps.24,500, and Ps.5,000. Instead, a debt with Banco de Occidente S.A. for Ps.77,755 is established, with a maturity date on October 31, 2024, and a spread of 3.25%.

- On August 3, 2023, Banco de Bogotá S.A. and Grupo Aval Acciones y Valores S.A. agreed to extend the term to one year for the loans of Ps.5,000 and Ps.24,500. Instead, a new maturity date of August 4, 2024, is established, with a spread of 4.13%.

- On July 7, 2023, Banco de Bogotá S.A. and Grupo Aval Acciones y Valores S.A. agreed to extend the term to one year for the loan of Ps.100,000. Instead, a new maturity date of July 7, 2024, is established, with a spread of 3.25%.

- On June 24, 2023, Banco de Bogotá S.A. and Grupo Aval Acciones y Valores S.A. agreed to extend the term to one year for the loan of Ps.48,255. Instead, a new maturity date of July 8, 2024, is established, with a spread of 3.65%.

- On June 24, 2023, Banco de Bogotá S.A. and Grupo Aval Acciones y Valores S.A. agreed to extend the term to one year for the loan of Ps.40,000. Instead, a new maturity date of June 24, 2024, is established, with a spread of 3.2%.

- On May 24, 2023, Banco de Bogotá S.A. and Grupo Aval Acciones y Valores S.A. agreed to extend the term to one year for the loan of Ps.34,400. Instead, a new maturity date of May 24, 2024, is established, with a spread of 2.75%.

- On April 26, 2023, Banco de Bogotá S.A. and Grupo Aval Acciones y Valores S.A. agreed to extend the term to one year for the loans of Ps.161,199. Instead, a new maturity date of April 26, 2024, is established, with a spread of 2.8%.

(Stated in millions of Colombian pesos, except earnings per share)

- On December 29, 2022, Grupo Aval made a payment to Banco de Bogotá S.A. of the principal amount corresponding to obligation 356267503 for Ps.29,000.

- For presentation purposes at the close at December 2023, and in accordance with paragraph 73 of IAS 1, long-term loans amounting to Ps.493,406 are included, maintaining the initially agreed interest rates and/or spreads.

(2) Corresponds to the obligation acquired on December 2, 2022, where Grupo Aval Limited grants a loan to Grupo Aval Acciones y Valores S.A. for USD 270 million, equivalent in Colombian pesos, with a agreed term of 18 months, SOFR 3M + 2.00% TV interest rate, and quarterly interest payments.

(3) Corresponds to the balance of the financial lease liability generated in the adoption of IFRS 16, amounting to Ps.3,280, minus the right-of-use amortization for the period of Ps.1,270.

- The nominal interest rate for determining interest and the depreciation of the right-of-use at the adoption date of IFRS 16 was set at 0.48% per month during the year 2022. On January 2, 2023, a rate quotation and validation were conducted, fixing the rate for the year 2023 at 1.55% per month, resulting in a variation in the right-of-use due to the rate adjustment (Ps.446).
  On January 3, 2022, a rate quotation and validation were conducted, fixing the rate for the year 2022 at 0.48% per month, resulting in a variation in the right-of-use due to the rate adjustment of Ps.110.

  On April 1, 2022, and 2023, the lease payment for the 22rd and 23rd floors of the Banco de Occidente Building was increased by adjusting for the 2021 and 2022 CPI, by 5.62% and 13.12%, generating a variation in the right-of-use due to the increased rent of Ps.234 and Ps.348, respectively.

The loans obtained by Grupo Aval from its subsidiaries Banco de Bogotá S.A. and Banco de Occidente are secured with share guarantee contracts covering the total amount of the loans:

Guarantees on obligations as at December 31, 2023

	Loan amount	Number of shares as collateral	Company issuing the shares
		772,532,650	Banco Popular
Ps.	415,651	15,589,972	Banco de Occidente (1), (2) y (3)
		6,537,470	Corficolombiana (2)
	415,651	**794,660,092**	
	77,755	3,427,867	Banco Bogotá (1)
	77,755	**3,427,867**	
Ps.	**493,406**	**798,087,959**	

(1) On November 2, 2023, a pledge contract is executed for shares of Banco de Bogotá S.A. and Banco de Occidente S.A., totaling 3,427,867 shares respectively, to cover all obligations acquired up to that date.

(2) In May 2023, a pledge contract is executed for shares of Banco de Occidente S.A. and Corficolombiana, totaling 2,293,187 and 4,943,900 shares respectively, to cover all obligations acquired with Banco de Bogotá S.A.

(3) On April 4, June 29, and November 8, 2022, a pledge contract is executed for shares of Banco de Occidente S.A., totaling 2,657,000, 1,686,000, and 1,453,000 shares, to cover all obligations acquired with Banco de Bogotá S.A.

(Stated in millions of Colombian pesos, except earnings per share)

The breakdown of principal and interest for the financial obligations is as follows:

		December 31, 2023						December 31, 2022				
Obligations		**Capital**		**Interest**		**Total**		**Capital**		**Interest**		**Total**
Bank loans	Ps.	493,406	Ps.	14,150	Ps.	507,556	Ps.	493,406	Ps.	13,087	Ps.	506,493
Third-party loans		1,031,954		5,203		1,037,157		1,298,754		5,720		1,304,474
Outstanding bonds		1,124,520		12,652		1,137,172		1,124,520		14,093		1,138,613
Total	**Ps.**	**2,649,880**	**Ps.**	**32,005**	**Ps.**	**2,681,885**	**Ps.**	**2,916,680**	**Ps.**	**32,900**	**Ps.**	**2,949,580**

The book value and fair value of financial liabilities at amortized cost (calculation methodology included in note 4 - Fair value estimation in its Financial Liabilities and Other Liabilities section) are as follows:

		Book Value				Fair Value		
Balance capital e Interest		**December 31, 2023**		**December 31, 2022**		**December 31, 2023**		**December 31, 2022**
Bank loans [1]	Ps.	507,556	Ps.	506,493	Ps.	532,678	Ps.	490,406
Third-party loans [2]		1,037,157		1,304,474		1,064,408		1,197,042
Outstanding bonds [3]		1,137,172		1,138,613		1,088,765		936,906
Total	**Ps.**	**2,681,885**	**Ps.**	**2,949,580**	**Ps.**	**2,685,851**	**Ps.**	**2,624,354**

(1) The fair values of bank loans are calculated by taking the credit spread (margin); in turn, market rates for papers indexed to DTF and IBR are calculated, and the implicit rate in the SWAP DTF - Fixed Rate curve, quoted in Precia, is added to them. As at December 31, 2023, and 2022, the average discount rates used were 11.2265% and 17.5450%, respectively, and they are classified in level 2 of the hierarchy.

(2) For the valuation of loans in dollars, the fair value was calculated using the Credit Default Swap (CDS) curve for Colombia, plus the IRS curve in dollars, adding the credit spreads (margin) of AA-rated issuers, calculated in the market for papers issued in DTF + the SWAP rate DTF minus the zero-coupon curve of the TES. As at December 31, 2023, and 2022, the average discount rates used were 10.6001% and 17.5199%, respectively, and they are classified at level 2 of the hierarchy.

(3) For the calculation of the fair value of the outstanding bonds, Precia (formerly Infovalmer) prices were used for each of the periods, calculated with the estimated price, which corresponds to the 'dirty' price. This is obtained as the present value of the expected future cash flows of a security.

Maturities of obligations as at December 31, 2023

Obligation		**2024**		**2025**		**2026**		**2036**		**2039**		**2042**		**Total**
Bank loans [1]	Ps.	14,150	Ps.	493,406	Ps.	-	Ps.	-	Ps.	-	Ps.	-	Ps.	507,556
Loans from third parties [1]		5,203		-		1,031,954		-		-		-		1,037,157
Outstanding bonds [1]		237,172		93,000		-		207,000		300,000		300,000		1,137,172
Total	**Ps.**	**256,525**	**Ps.**	**586,406**	**Ps.**	**1,031,954**	**Ps.**	**207,000**	**Ps.**	**300,000**	**Ps.**	**300,000**	**Ps.**	**2,681,885**

(1) Includes principal and interest

The contractual maturities are presented in accordance with the provisions of Appendix B11C of IFRS 7.

IFRS 16 Maturities as at December 31, 2023

		Short-term		**Between 1 and 3 years**		**Total**
Leasing	Ps.	1,570	Ps.	440	Ps.	2,010
Total	**Ps.**	**1,570**	**Ps.**	**440**	**Ps.**	**2,010**

(Stated in millions of Colombian pesos, except earnings per share)

Currency of financial liabilities

		December 31, 2023		December 31, 2022
Colombian pesos	Ps.	1,646,738	Ps.	1,648,483
US Dollars [1] (Peso's equivalent)		1,037,157		1,304,474
Total	**Ps.**	**2,683,895**	**Ps.**	**2,952,957**

[1] This corresponds to the obligation acquired on December 2, 2022, where Grupo Aval Limited grants a loan to Grupo Aval Acciones y Valores S.A. for the Colombian pesos equivalent to USD 270 millions, with a term of 18 months, SOFR 3M + 2.00%TV interest rate, and quarterly interest payments.

Annual interest rates for financial liabilities

	December 31, 2023			
	In Colombian pesos		In a foreign currency	
	Minimum Rate	Maximum Rate	Minimum Rate	Maximum Rate
Bank loans	13.49%	17.74%	-	-
Third-party loans	-	-	6.59%	7.60%
Outstanding bonds	6.42%	19.17%	-	-

	December 31, 2022			
	In Colombian pesos		In a foreign currency	
	Minimum Rate	Maximum Rate	Minimum Rate	Maximum Rate
Bank loans	4.58%	15.99%	-	-
Third-party loans	-	-	6.59%	6.59%
Outstanding bonds	6.42%	18.38%	-	-

The breakdown of the bond debt liability as at December 31, 2023 and 2022, by issuance date and maturity date is as follows:

Issuer	Issue date		December 31, 2023		December 31, 2022	Maturity date	Interest rate
Grupo Aval Acciones y Valores S.A [1]	Dec-09	Ps.	124,520	Ps.	124,520	Dec-24	CPI + 5.20%
	Nov-16		93,000		93,000	Nov-26	CPI + 3.86%
			207,000		207,000	Nov-36	CPI + 4.15%
	Jun-17		300,000		300,000	Jun-42	CPI + 3.99%
	Nov-19		100,000		100,000	Nov-24	FIJA 6.42%
			300,000		300,000	Nov-39	CPI + 3.69%
		Ps.	**1,124,520**	**Ps.**	**1,124,520**		

[1] Principal value of the issuance.

(Stated in millions of Colombian pesos, except earnings per share)

(15) Employee Benefits

Under Colombian labor law, the contracts signed with the company's employees grant them rights to short-term benefits such as salaries, vacation pay, legal bonuses, severance pay, and severance interest. Long-term benefits are not included in these contracts.

Similarly, in accordance with Colombian regulations, companies and their employees are required to make pension contributions to defined contribution funds established by the general pension and social security system, as per Law 100 of 1993. Therefore, the Company is not responsible for long-term pension benefits

The following is the breakdown of employee benefits balances as at December 31, 2023 and 2022:

		December 31, 2023		December 31, 2022
Short-Term Benefits	**Ps.**	**2,880**	**Ps.**	**2,486**

(16) Accounts Payable and Other Liabilities

The balances of accounts payable and other liabilities comprise the following items as at December 31, 2023 and 2022:

		December 31, 2023		December 31, 2022
Dividends Payable	Ps.	360,039	Ps.	103,419
Accounts Payable		419		304
Withholdings and other labor-related contributions		1,224		1,040
Commissions and Fees		1,893		946
Other Accounts Payable		423		392
Total Accounts Payable	**Ps.**	**363,998**	**Ps.**	**106,101**
Taxes [1]		13,335		11,920
Other Non-Financial Liabilities		1,214		1,214
Total Other Liabilities	**Ps.**	**14,549**	**Ps.**	**13,134**
Total	**Ps.**	**378,547**	**Ps.**	**119,235**

[1] Taxes Payable

		December 31, 2023		December 31, 2022
Industry and Commerce Tax		2,941		1,825
VAT Payable		7,449		8,201
Withholding Tax		2,829		1,621
VAT Withholdings		101		116
Withholdings on Industry and Commerce Tax		15		157
Total Taxes	**Ps.**	**13,335**	**Ps.**	**11,920**

(Stated in millions of Colombian pesos, except earnings per share)

(17) Shareholders' equity

Issued capital

As at December 31, 2023 and 2022, the authorized capital was Ps.120,000, represented in 120,000,000,000 shares, with a nominal value of one peso each.

At the Shareholders' meeting held on December 7, 2010, a modification to the statues was approved, allowing the possibility of converting common shares into shares with preferential dividend. This modification of the statues was approved by the Superintendencia Financiera de Colombia through Resolution No. 2443 of December 23, 2010. The defined exchange ratio was 1 common share for 1 share with a non-voting preferred dividend. Shares may only be converted when approved or authorized, as the case may be, by the Shareholders' General Meeting.

Subscribed and paid capital

The subscribed and paid capital as at December 31, 2023 and 2022 is as follows:

		December 31, 2023		December 31, 2022
Total number of authorized shares		120,000,000,000		120,000,000,000
Total subscribed and paid shares [(1)]		23,743,475,754		23,743,475,754
Subscribed and paid-up capital	**Ps.**	**23,743**	**Ps.**	**23,743**

The preferred shares issued entitle the holder to receive a minimum preferential dividend on the profits of the year, after wiping out the losses that affect the capital, deducting the contribution that must be legally allocated for legal reserve, and before creating or increasing any other reserve. The minimum preferred dividend is one peso (1.00) semi-annual per share, provided that preferred dividend exceeds the dividend declared for ordinary shares; otherwise, if the minimum preferred dividend is not higher than that corresponding to the ordinary shares, only the value of the dividend declared for each ordinary share will be recognized for each preferred share. Taking into account the above, the minimum preferred dividend and the minimum dividend that is declared for ordinary shares will not be cumulative. As at December 2023 and 2022, the right to convert ordinary shares into preferred shares has been exercised for a total of 2,433,481 shares and 2,515,570 shares, respectively.

The shareholding composition after conversion is as follows:

	December 31, 2023	December 31, 2022
Ordinary Shares	16,201,712,499	16,204,145,980
Preferred Shares	7,541,763,255	7,539,329,774
	23,743,475,754	**23,743,475,754**

(Stated in millions of Colombian pesos, except earnings per share)

Capital surplus

The capital surplus as at December 31, 2023 and 2022 is as follows:

		December 31, 2023		December 31, 2022
Capital Surplus	Ps.	9,695,243	Ps.	9,695,243

Retained earnings (losses)

Legal reserve

According to legal provisions, every company must establish a legal reserve by allocating 10% of the net profits of each year until reaching 50% of the subscribed capital. As at December 31, 2023 and 2022, Grupo Aval complies with 50% of the subscribed capital for the appropriation of the Legal Reserve. The reserve may be reduced to less than fifty per cent 50% of the subscribed capital, when it is intended to cover losses in excess of undistributed profits.

Mandatory and voluntary reserves

Mandatory and voluntary reserves are determined during the Shareholders' Meetings. Below is a breakdown of retained earnings (losses) as at December 31, 2023 and 2022:

Retained Earnings		**December 31, 2023**		**December 31, 2022**
Legal Reserve	Ps.	11,872	Ps.	11,872
Occasional reserve at the disposal of the highest corporate organ		7,220,883		12,817,186
	Ps.	**7,232,755**	**Ps.**	**12,829,058**
Earning in first-time adoption		256,878		256,878
Effect of changes in accounting policies (1)		-		(431,200)
Subsidiary deferred tax (rate change) (2)		-		(36,287)
Withholding tax on dividends (3)		(38,480)		(34,742)
Shareholder operations (4)		-		(6,644,277)
Realization of OCI on entities		(759)		-
	Ps.	**7,450,394**	**Ps.**	**5,939,430**

(1) Grupo Aval adopted IFRS 16 on 1 January 2019 and IFRS 9 and IFRS 15 on 1 January 2018. In March 2023, it was approved by the Shareholders' Meeting to appropriate the earning without tax benefit of the year 2021.

(2) Through Decrees 2617 of 2022 and 1311 of 2021 of the Ministry of Industry and Commerce, which established the option for accounting treatment of the deferred tax due to changes in income tax rates, some entities of the group chose to recognize the change in deferred income tax as a charge against accumulated gains on the equity and as a result of the calculation equity method, in the Separate Financial Statements of Grupo Aval were recognized (Ps. 36,287) and (Ps. 188,208) as at December 31, 2022 and 20221 respectively. Likewise, in March 2022 it was approved by the Shareholders' Meeting to appropriate (Ps. 188,208) the year 2021 of the earning without tax benefit of 2016 and earlier years.

(3) In accordance with paragraph 65A of IAS 12, which states that the value of the withholding tax on dividends has been recognised in equity by (Ps. 38,480), of which (Ps. 32,856) corresponds to the participation (Equity method) in the withholding tax recognised by the entities over which Grupo Aval has control and (Ps. 5,624) corresponds to the net of

(Stated in millions of Colombian pesos, except earnings per share)

the withholding tax transferred by its subsidiaries to Grupo Aval by (Ps. 15,738) and that transferred by Grupo Aval to its shareholders by Ps. 10,114, in accordance with the provisions Art. 242-1 ET, as amended by Act 1943 of 2018.

(4) Effect on retained earnings of Grupo Aval due to the spin-off of BHIC from Banco de Bogotá. See note 1-Reporting entity, paragraph a. Likewise, in March 2023 it was approved by the Shareholders' Meeting to appropriate the non-profit reserves from 2016 to 2020 and part of 2021.

Decreed dividends

Dividends are decreed and paid to shareholders based on the occasional reserves available to the highest corporate organ. As of 2017, the Company has been cutting accounts on an annual basis. The declared dividends were as follows for the results of the years ended December 31, 2022 and 2021:

		December 31, 2022		December 31, 2021
Unconsolidated earnings for the year	Ps.	2,541,179	Ps.	3,502,758
Dividends paid in cash		At the meeting held in March 2023, 43.20 pesos per share were declared, payable in twelve installments of 3.60 pesos per share, from April 2023 to March 2024.		At the meeting held in March 2022, 54.00 pesos per share were declared, payable in shares in a single installment on May 31, 2022.
Outstanding Common Shares		16,203,440,659		15,122,739,992
Outstanding preferred shares		7,540,035,095		7,158,277,167
Total shares outstanding		**23,743,475,754**		**22,281,017,159**
Total declared dividends	**Ps.**	**1,025,718**	**Ps.**	**1,203,175**

Adjustments to the application of IFRS for the first time

The Company recognized in equity the positive net differences resulting from the application of IFRS for the first time. Positive net differences generated in the application of IFRS for the first time may not be distributed to cover losses, carry out capitalization processes, distribute profits and/or dividends, or be recognized as reserves; and they may only be disposed of when they have been effectively made with third parties, other than those who are related parties. Positive net differences generated in the application of IFRS for the first time will not be counted in compliance with the prudential requirements of technical equity, the minimum capital required to operate, according to the nature of each entity. In the event that the application of IFRS for the first time results in negative net differences, these must be deducted from technical equity.

(Stated in millions of Colombian pesos, except earnings per share)

Other comprehensive results

The method of participation as at December 31, 2023 and 2022 is detailed below:

		December 31, 2023		December 31, 2022
Surplus equity method				
Banco de Bogotá S.A. [(1)]	Ps.	(153,292)	Ps.	(193,477)
Banco de Occidente S.A.		(124,422)		(327,211)
Banco Popular S.A.		(57,898)		(160,601)
Banco Comercial AV Villas S.A.		(98,452)		(187,576)
Corporación Financiera Colombiana S.A.		8,674		440
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.		(12,281)		(21,542)
Grupo Aval Limited		(212,844)		(347,352)
Total other equity holdings	**Ps.**	**(650,515)**	**Ps.**	**(1,237,319)**

(1) In March 2022, the spin-off of 75% of Banco de Bogotá S.A.S., stake in BHIC was completed in favor of the Bank's shareholders, through Sociedad Beneficiaria Bogotá SAS. This transaction had an effect on Grupo Aval's equity as follows:

OCI Banco de Bogotá S.A.		**Book Value**
Opening Balance December 31, 2021	Ps.	1,484,118
Period Movement		(959,377)
BHIC spin off Effect		(718,218)
OCI Balance as at December 31, 2022	**Ps.**	**(193,477)**

Proper capital management

The Company at the individual level is not subject to any minimum equity requirement for the development of its operations; therefore, the management of the Company's capital is aimed at satisfying the minimum capital requirements of the subsidiary financial institutions in accordance with the parameters established in Colombian legislation, so that the Company can maintain and even increase its participation in the equity of such entities.

(18) <u>Contingencies</u>

a. Commitments

1. As at December 31, 2023, the loans obtained by the Company with its subsidiary Banco de Bogota S.A. and Banco de Occidente S.A., are guaranteed with; 15,589,972 shares of Banco de Occidente S.A., 772,532,650 shares of Banco Popular, 6,537,470 shares of Corficolombiana, and 3,427,867 of Banco de Bogota.

2. The Company is a guarantor of the bonds issued on the international capital market by its subsidiary Aval Group Limited in the Cayman Islands, pursuant to Regulation S of the Securities Act of 1933 of the United States of America and under Rule 144A, for USD 1 billion as follows:

   - In February 2020, USD 1 billion was issued, maturing in February 2030, with a deduction of 56.8 basis points, price of 99.43% and coupon of 4.375%.

3. In September 2022, Grupo Aval Limited made the payment of the September 2012 bond issue for USD 1 billion, for which Grupo Aval was the guarantor.

b. Other matters

The following is a summary of the processes that, although they have been resolved to date, were reported during 2023, and therefore a summary of these processes and their conclusions is provided.

Popular Action before the Administrative Tribune of Cundinamarca in connection with the Ruta del Sol Sector 2 Project

On January 26 2017, the Office of the Attorney General of the Nation brought an action against CRDS, (a company formed by Constructora Norberto Odebrecht S. A. , Odebrecht Investimentos em Infraestructura Ltda. , CSS Constructores S. A. and Episol), the National Infrastructure Agency ("ANI") and its members, seeking a declaration of infringement of the collective rights of administrative morality, defence of public property and access to public services, in connection with the project Ruta del Sol Sector 2.

On 6 December 2018, the Administrative Court of Cundinamarca ("TAC"), the authority that heard the popular action, issued a first instance judgment against CRDS and its shareholders, including Episol and other natural and legal persons. In its judgment, the TAC held the defendants jointly and severally liable for the damage caused to the collective interests invoked and ordered the payment of Ps.800,156 in favour of the Nation-Ministry of Transport. It also declared them unfit for ten years to propose and conclude contracts with Colombian state entities and to hold public office. Subsequently, by order of 8 February 2019, alleging arithmetical errors in its judgment, the TAC corrected the amount of the sentence by reducing it to an amount of Ps.715,656.

This judgment was appealed by Episol and the other defendants. In Episol's case, the appeal brought a number of substantive and procedural defects, according to which it argued that the decisions against it should be reversed.

On July 27, 2023, the Council of State issued a second instance ruling confirming the violation of certain collective rights, but revoking certain decisions such as that of the inability to contract with the state, the declaration of joint responsibility of the defendants, including Episol for damages in the sum of Ps. 715,656 and orders relating to precautionary measures. With this ruling, the instances of the process were exhausted and the contingency for Episol ceased without generating any financial impact.

Investigations by United States authorities

At the end of 2018, the United States Department of Justice ("DOJ") and the United States Securities and Exchange Commission ("SEC") informed Grupo Aval that they had opened an investigation into matters related to the Ruta del Sol II project. Grupo Aval cooperated with the DOJ and the SEC in these investigations.

On August 10, 2023, Grupo Aval and its subsidiary Corficolombiana announced resolutions of the investigations carried out by the DOJ and the SEC. The rulings were based on information gathered by the United States authorities, including testimonial evidence from third parties, related to actions carried out by a former executive of Corficolombiana in connection with a bribery scheme led by Odebrecht related to Ruta del Sol II.

Corficolombiana entered into a resolution with the DOJ, and Grupo Aval and Corficolombiana entered into civil administrative resolutions with the SEC, which concluded U. S. agencies' investigations of the companies. The DOJ did not press charges against Aval Group, and the SEC did not press charges for bribery against Aval Group. As part of the resolutions, Corficolombiana and Grupo Aval agreed to pay a total of USD 60.6 million to the U.S. authorities, after applicable discounts. This effect was recorded in the Consolidated Financial Statements of Corficolombiana

(Stated in millions of Colombian pesos, except earnings per share)

(19) Operating revenue

A breakdown of income for the periods ended at December 31, 2023 and 2022:

		Accumulate to December 31, 2023		Accumulate to December 31, 2022
Operating revenue				
Equity method income from subsidiary companies [1]	Ps.	727,248	Ps.	1,952,013
Equity method income from associated companies [2]		3,792		4,425
Total equity method income	**Ps.**	**731,040**	**Ps.**	**1,956,438**
Other income from regular activities				
Interest	Ps.	17,751	Ps.	13,102
Financial returns		132,391		11,016
Commissions and/or fees		292,641		282,924
Miscellaneous – Remuneration		267		350
Compensation		-		7
Total other income		**443,050**		**307,399**
Total operating revenue	**Ps.**	**1,174,090**	**Ps.**	**2,263,837**
Equity method income from discontinued [3]		-		596,647
Total Income discontinued operations	**Ps.**	**-**	**Ps.**	**596,647**
Net income per share from continuing operations		**30.45**		**84.03**
Net income per share from discontinued operations	**Ps.**	**-**	**Ps.**	**25.78**

(1) Investments in entities over which the Company has control are Banco de Bogotá S. A., Banco de Occidente S. A., Banco Comercial AV Villas S. A., Banco Popular S. A., Corporación Financiera Colombiana S. A., Grupo Aval Limited and Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S. A., these are referred to as "Investments in Subsidiiaries" and are accounted for using the equity method in accordance with IAS 28.

(2) Corresponds to the associated company ADL Digital Lab S.A.S., and is accounted for using the equity method in accordance with IAS 28.

(3) Effect on Banco de Bogotá's profit-sharing method resulting from the spin-off of the subsidiary BHIC, see note 1-Reporting Entity, paragraph a.
On December 6, the public tender offer made by Esadinco S.A. was accepted, which contemplated the sale of BHIC shares by the Banco de Bogotá. On December 14, the sale process was completed resulting in the sale of 20.9% of BHIC shares, leaving Banco de Bogotá with a 4.1% stake.

Calculation of the equity method income

The basis for calculating the equity method income for the periods ending 31 December 2023 and 2022 is set out below:

	Percentage of Participation December 31, 2023	Percentage of Participation December 31, 2022		Income Basis for the Equity method December 31, 2023		Income Basis for the Equity method December 31, 2022		Equity method income December 31, 2023		Equity method income December 31, 2022
Subsidiaries										
Banco de Bogotá S.A.	68.93%	68.93%	Ps.	956,142	Ps.	2,703,874	Ps.	659,025	Ps.	1,858,770
Banco de Occidente S.A.	72.27%	72.27%		465,280		459,725		336,267		332,252
Banco Comercial AV Villas S.A.	79.86%	79.86%		(216,312)		117,211		(172,736)		93,599
Banco Popular S.A.	93.74%	93.74%		(398,824)		85,335		(373,869)		79,995
Corporación Financiera Colombiana S.A.	8.71%	8.71%		894,378		1,796,005		77,867		153,377
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.	20.00%	20.00%		558,610		154,062		111,724		30,813
Grupo Aval Limited	100.00%	100.00%		88,970		(146)		88,970		(146)
Total subsidiaries			**Ps.**	**2,348,244**	**Ps.**	**5,316,066**	**Ps.**	**727,248**	**Ps.**	**2,548,660**
Associates										
ADL Digital LAB S.A.S.	34.00%	34.00%		11,153		13,016		3,792		4,425
Total associcates			**Ps.**	**11,153**	**Ps.**	**13,016**	**Ps.**	**3,792**	**Ps.**	**4,425**
Total permanent investments			**Ps.**	**2,359,397**	**Ps.**	**5,329,082**	**Ps.**	**731,040**	**Ps.**	**2,553,085**

(Stated in millions of Colombian pesos, except earnings per share)

(20) General overhead and financial expenses

A detail of expenses for the periods ended December 31, 2023 and 2022 is as follows:

		Accumulated as of		
		December 31, 2023		**December 31, 2022**
Administrative expenses				
Personnel expenses	Ps.	39,779	Ps.	48,933
Fees		13,885		19,589
Taxes:				
Industry and commerce Tax		15,419		9,872
Financial transaction tax		3,940		8,526
Selling expenses		1,160		891
Contributions and affiliations		1,155		999
Leases		9		10
Services		1,374		1,555
Property and equipment depreciation		1,724		1,765
Amortization		11		2
Maintenance and repairs		237		215
Travel expenses		115		127
Other administrative expenses		958		12,872
Total administrative expenses	**Ps.**	**79,766**	**Ps.**	**105,356**
Other expenses				
Impairment of accounts receivable from related parties	Ps.	(689)	Ps.	2,907
Miscellaneous		222		1,185
Total other expenses	**Ps.**	**(467)**	**Ps.**	**4,092**
Foreign exchange gain (loss)				
Foreign exchange gain	Ps.	(246,312)	Ps.	(12,054)
Foreign exchange loss		247,807		12,681
Net foreign exchange gain (loss)	**Ps.**	**1,495**	**Ps.**	**627**
Financial expenses				
Banking expenses	Ps.	5	Ps.	2
Commissions		23		48
	Ps.	**28**	**Ps.**	**50**
Interest:				
Outstanding bonds		168,901	Ps.	135,030
Interest on bank loans and other financial obligations		157,338		56,246
Interest on lease liabilities (IFRS 16)		490		232
Total interest		**326,729**	**Ps.**	**191,508**
Total financial expenses		**326,757**	**Ps.**	**191,558**

(21) Related parties:

In accordance with IAS 24, a related party is a person or entity that is related to the entity that prepares its financial statements, which may exercise control or joint control over the reporting entity, exercise significant influence over the reporting entity or be considered a member of key management personnel of the reporting entity or of a controlling entity of the reporting entity. The definition of related party includes persons and/or relatives related to the entity, entities that are members of the same group (" controller" and "subsidiary"), associates or joint ventures of the entity or group entities, and post-employment benefit plans for the benefit of employees of the reporting entity or a related entity.

The related parties that currently apply to the Company are as follows:

1. Natural persons who exercise control or joint control, who own more than 50% of Grupo Aval; additionally includes close relatives who could be expected to influence or be influenced by that person.

2. Natural persons, who are members of key management personnel and have authority and responsibility for planning, directing and controlling the activities of the entity, members of the Board of Directors, President and Vice Presidents and senior management personnel of Grupo Aval; additionally includes close relatives who could be expected to influence or be influenced by that person.

3. Juridical persons that are members of the same group; this category includes the controlling company, subsidiaries or other subsidiaries of the same controlling company of Grupo Aval.

4. Associated companies and joint ventures are entities over which the Company has significant influence, generally defined as an ownership between 20% and 50% of its capital.

5. This category includes entities that are controlled by the natural persons included in numbers 1 and 2.

6. This item includes entities in which the persons referred over items 1 and 2 exercise significant influence.

(Stated in millions of Colombian pesos, except earnings per share)

a. Balances ended December 31, 2023 and 2022 with related parties are included in the following accounts:

December 31, 2023

Categories		1 Individuals exercising control or joint control		2 Core management personnel		3 Companies members of the same group		4 Associates and joint ventures		5 Entities controlled by the persons included in categories 1 and 2		6 Entities in which the persons included in categories 1 and 2 exercise significant influence
Assets												
Cash and cash equivalents	Ps.	-	Ps.	-	Ps.	157,320	Ps.	-	Ps.	-	Ps.	-
Financial assets in investments		-		-		18,651,723		12,231		-		-
Accounts receivable		-		-		237,163		-		1,242,002		-
Liabilities												
Accounts payable		15		108		48		-		256,318		2
Financial obligations at amortized cost		-		20		1,545,688		-		30,045		-

December 31, 2022

Categories		1 Individuals exercising control or joint control		2 Core management personnel		3 Companies members of the same group		4 Associates and joint ventures		5 Entities controlled by the persons included in categories 1 and 2		6 Entities in which the persons included in categories 1 and 2 exercise significant influence
Assets												
Cash and cash equivalents	Ps.	-	Ps.	-	Ps.	67,436	Ps.	-	Ps.	-	Ps.	-
Financial assets in investments		-		-		18,353,477		8,439		-		-
Accounts receivable		-		-		89,086		-		1,508,812		-
Liabilities												
Accounts payable		-		72		13		-		48,941		21
Financial obligations at amortized cost		-		20		1,811,438		-		30,053		-

(Stated in millions of Colombian pesos, except earnings per share)

Transactions with related parties during the cumulative periods as at December 31, 2023 and 2022, comprise:

a. Sales, services and transfers

December 31, 2023

Categories		1 Individuals exercising control or joint control		2 Core management personnel		3 Companies members of the same group		4 Associates and joint ventures		5 Entities controlled by the persons included in categories 1 and 2		6 Entities in which the persons included in categories 1 and 2 exercise significant influence
Interest income	Ps.	-	Ps.	-	Ps.	17,768	Ps.	-	Ps.	132,278	Ps.	-
Interest expense		-		1		157,452		-		685		-
Fee and commission income		-		-		292,641		-		-		-
Fees and commissions expense		-		1,207		75		-		-		90
Operating expenses - administrative		-		-		-		-		1,761		-
Other expenses		-		-		20		-		31		-

December 31, 2022

Categories		1 Individuals exercising control or joint control		2 Core management personnel		3 Companies members of the same group		4 Associates and joint ventures		5 Entities controlled by the persons included in categories 1 and 2		6 Entities in which the persons included in categories 1 and 2 exercise significant influence
Interest income	Ps.	-	Ps.	-	Ps.	13,102	Ps.	-	Ps.	10,815	Ps.	-
Interest expense		-		1		56,243		-		685		-
Fee and commission income		-		-		282,924		-		-		-
Fees and commissions expense		-		1,111		59		-		-		120
Operating expenses - administrative		-		-		-		-		1,582		-
Other expenses		-		-		7		-		62		-

(Stated in millions of Colombian pesos, except earnings per share)

b. Compensation of core management personnel:

Compensation received by Core Management Personnel is comprised of the following:

		December 31, 2023		December 31, 2022
Salaries	Ps.	15,829	Ps.	13,549
Short-term employee benefits		3,070		15,581
Total	**Ps.**	**18,899**	**Ps.**	**29,130**

Compensation of core management personnel includes salaries, vacation allowance and the company's expenses in Health Promoting Entities (EPS Entidad Promotora de Salud in spanish), Pension Fund Administrators (AFP Administradora de Fondo de Pensiones in spanish), Labor Risk Administrators (ARL Administradora de riesgos Laborales in spanish), (CCF Caja de Compensación Familiar in spanish), (ICBF Instituto Colombiano de Bienestar Familiar in spanish) y (SENA Servicio Nacional de Aprendizaje in spanish).

The Company has not granted any long-term benefits to its employees.

(22) Subsequent events

The Company did not record events between December 31, 2023 and the date of approval of the financial statements for publication that would be disclosed in the notes.

(23) Approval for the presentation of the financial statements

The Board of Directors of Grupo Aval, in a meeting held on February 27, 2024, approved the presentation of the separate financial statements as at December 31, 2023 and the accompanying notes, for consideration by the Company's General Shareholders' Meeting.