

EMERGING RISKS GRUPO AVAL

As part of its corporate risk management, Grupo Aval identifies emerging risks that could in the long term affect the normal operation of Grupo Aval and its Entities.

In line with the above, this document presents the potential impacts that, transversally, could affect the business lines in the long term and includes the mitigating actions to prevent Grupo Aval and its entities from incurring in these risks and their materialization.

- **Regulatory uncertainty impacting the business financially and operationally**

The countries in the region where Grupo Aval operates have been displaying a tendency towards social and political instability that generates distrust in the institutions, legislations and governments in power, which could translate into regulations that go against sound market practices, as well as the establishment of measures that restrict free competition and the development of the markets in which Grupo Aval and its entities operate.

Potential Impact on the Business

In a diverse group with presence in different financial sectors of the economy such as Grupo Aval, the impact that may be caused by the enactment of new regulations that impose restrictions, limitations and/or impediments on products and/or services may have a significant impact on the sustainability, financial indicators and profits in the business lines of our entities and therefore of Grupo Aval.

Mitigating Actions

As a joint exercise between Holding Company Grupo Aval and the entities belonging to the group, headed by the legal departments and with the participation of the different departments involved, a rigorous follow-up of the different regulatory initiatives that apply to the businesses in which we operate is carried out. In addition to the above, and as a good practice, we actively participate in the roundtables, forums, discussions and reviews of regulatory issues convened by the oversight bodies that supervise and regulate us and the different trade associations to which we belong. The purpose of this is to alert us to changes that may affect the proper development of our activities and to be able to propose the adjustments, duly supported, that are considered pertinent.

- **Increase in the frequency and severity of cyberattacks against financial institutions as a result of the incursion into digital products**

Incursion in new digital products confronts us with vulnerabilities originated by the greater interconnection in the network in developing these products.

Potential Impact on the Business

Considering the innovation strategies aimed at strengthening digital products through the integration of innovative and technological services, the materialization of this risk would have a significant impact, not only from an economic standpoint but also from a reputational and legal point of view. In addition, risks of channel and service unavailability, loss of information and increased external fraud could occur, exacerbating the impacts.

Mitigating Actions

Grupo Aval has implemented an Information Security and Cybersecurity System that allows it to anticipate the identification of channels and services that could be impacted by cyberattacks:

- Strengthen assurance standards in technological platforms.
- Security tests on transactional portals.
- Establish information security and cybersecurity agreements with the cloud technology provider.
- Increase the monitoring of warning signals that could lead to possible cybersecurity incidents.

In addition, the company has allocated human, technological and financial resources that allow for continuous improvement of the process due to the constant change and evolution of these risks.