



# Corporate Vice-Presidency of Risk and Compliance.

**Grupo Aval Acciones y Valores S.A.**

# Risk and Compliance Management .

**At Grupo Aval, we recognize that risk and compliance management are fundamental to the sustainability of our businesses.**

We have a robust structure that is aligned with the complexity and volume of our operations, ensuring a comprehensive and efficient approach. At the corporate level, we have a team that is independent from the business units and is responsible for establishing guidelines for risk management and monitoring its implementation. In addition, each of our subsidiaries has specialized risk and compliance teams, ensuring that risk management is aligned with the specific characteristics of each entity. Our management seeks to align financial and non-financial risks with risk appetite, ensuring consistency with our strategic objectives. In addition, we continuously monitor the business environment to adjust our risk exposure and anticipate potential impacts on operations.

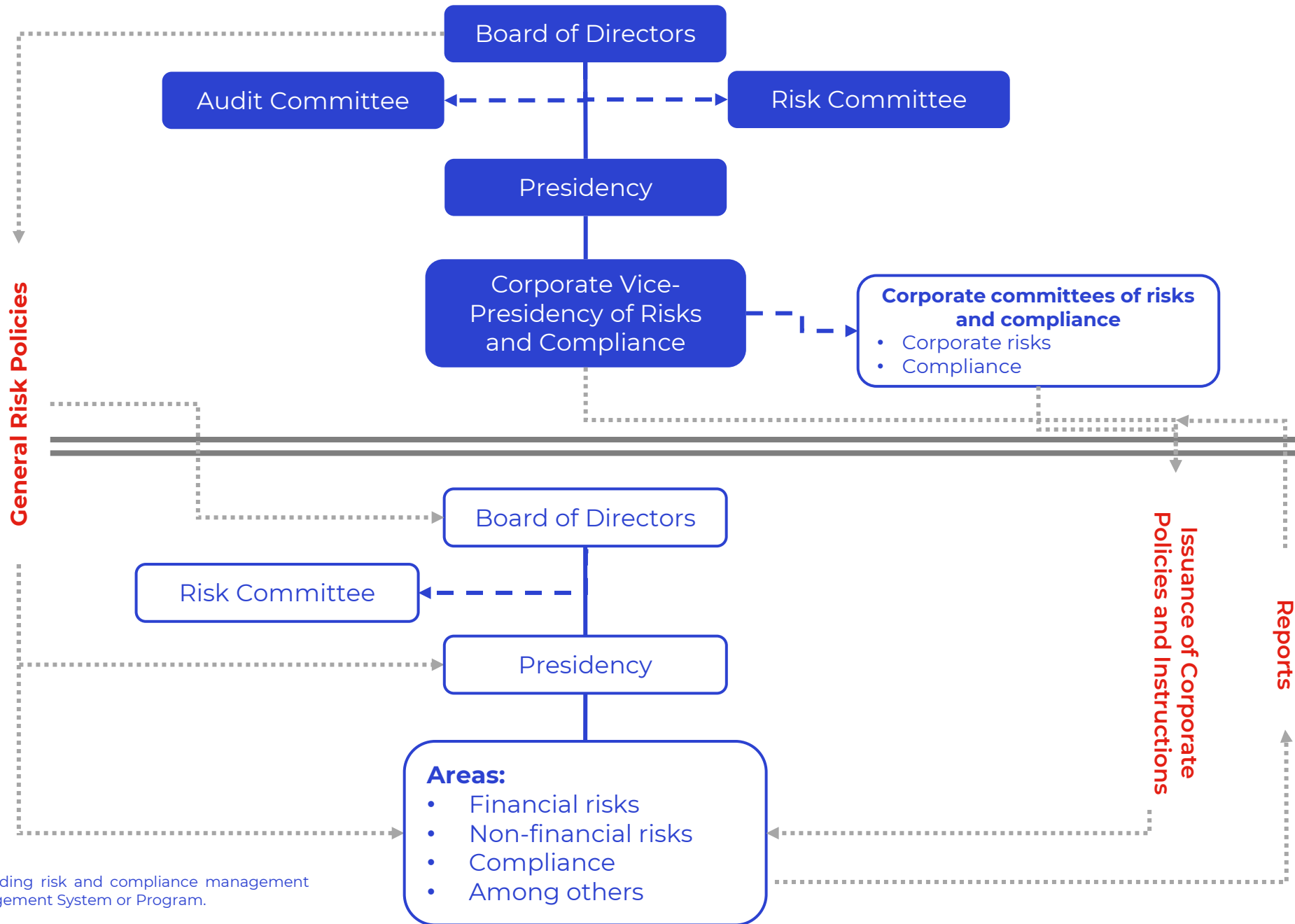
In terms of compliance, at Grupo Aval we promote a corporate culture based on principles of ethics, integrity, and transparency. Through specific programs, we reinforce our commitment to preventing improper practices and promoting responsible standards of conduct among our employees and stakeholders.

# Risk Governance.

Our Board of Directors is the highest authority in risk and compliance management, including matters arising from the regulation of Financial Conglomerates<sup>1</sup>. In addition, it provides guidelines to its subsidiaries on operational risk, money laundering and terrorist financing, information security, cybersecurity, and anti-corruption. The Board of Directors' Risk Committee is responsible for monitoring the conglomerate's own risks, which include contagion, concentration, and strategic risks.

In addition, it monitors the results of corporate risk management, as well as the corporate compliance programs implemented. We periodically present the results of corporate risk management and compliance programs to the Grupo Aval Audit Committee, which issues a statement when it deems it appropriate.

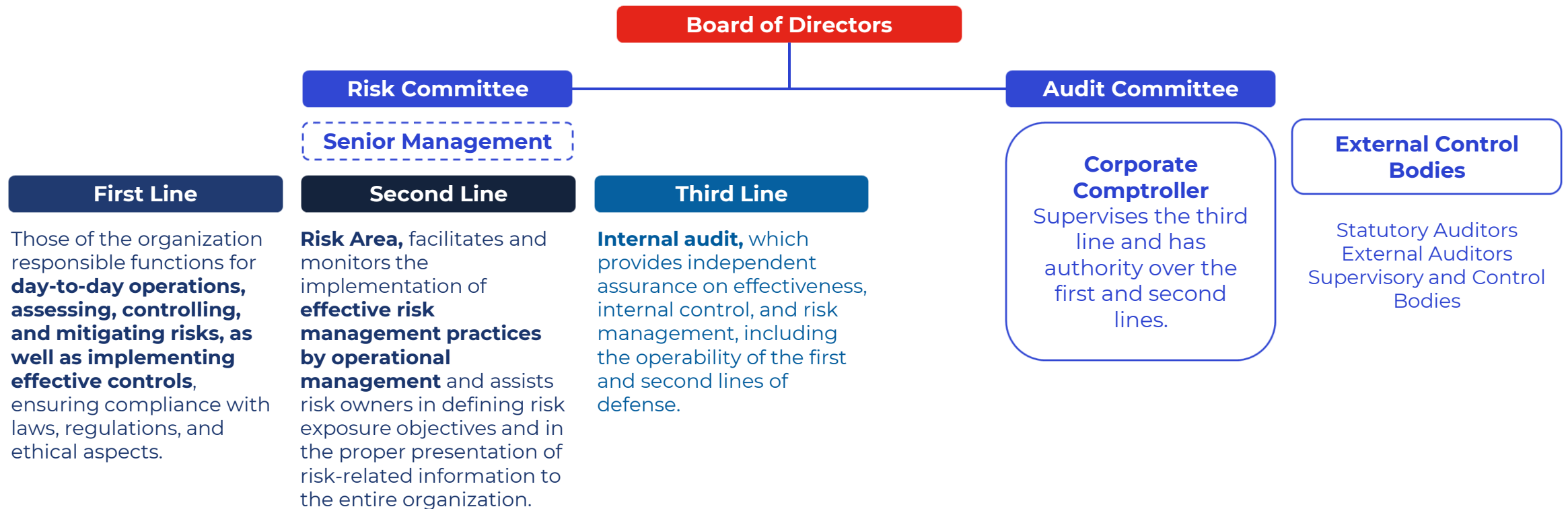




\* The scope of entities regarding risk and compliance management varies according to the Management System or Program.

# Management Model.

Grupo Aval's control environment is based on the three lines model.



At Grupo Aval, the risk area contributes to the creation of a risk and compliance management architecture, seeking to provide an overview of the risks to which the Financial Conglomerate and its member entities are exposed.

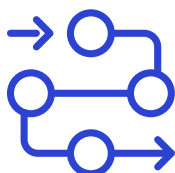
# Risk and Compliance Management Objectives.



Contribute to the proper management of corporate risks at Grupo Aval and its entities, **generating added value to processes**, supporting innovation, and seeking greater productivity.



Strengthen the culture of risk and compliance within entities, adopting best practices and **capitalizing on lessons learned**.



Generate the necessary synergies to align comprehensive risk management with other internal control systems within the entities to achieve **balance in the conduct of our entities' business**.



**Strictly comply** with legal regulations, internal provisions, and Group policies in an efficient and timely manner.

# Risk Appetite Framework.



To have a reference framework that allows us to adequately monitor different risks, we have defined guidelines based on the Comprehensive Risk Management System (SIAR) established by the Finance Superintendence of Colombia. In this way, we seek to ensure that our subsidiaries maintain good risk management practices, as well as quantitative and qualitative metrics that facilitate monitoring.

Additionally, we have defined a risk management framework for the Financial Conglomerate that includes elements of governance, methodologies, monitoring mechanisms, and reporting.

# Risk Management .



We manage risks at different levels of application. To do so, we have established methodologies based on regulatory requirements and best practices for the financial industry (such as those defined by the Basel Committee).

This management seeks to continuously strengthen the risk culture. Our quantitative and qualitative methodologies for managing financial and non-financial risks allow us to identify, measure, and mitigate the potential risks to which Grupo Aval, its subsidiaries, and those that could affect the Financial Conglomerate are exposed.

# Risk Management .

## **GRUPO AVAL HOLDING**

Our holding company faces operational risks, understood as the possibility of losses arising from deficiencies, failures, or inadequate functioning of processes, human resources, infrastructure, technology, and external events. To manage these risks, we maintain an Operational Risk Management System (SARO) developed under the framework of the Basic Accounting and Financial Circular Letter of the Finance Superintendence of Colombia.

## **RISKS OF THE FINANCIAL CONGLOMERATE**

Since 2021, we have implemented the Financial Conglomerate Risk Management Framework (hereinafter MGR), through which we manage concentration, contagion, and strategic risks, and we have a general understanding of the risks to which the entities that make up the Financial Conglomerate (hereinafter conglomerate) are exposed. To this end, we have established methodologies, governance bodies, and reports.

## **CORPORATE RISK MANAGEMENT (FINANCIAL SUBSIDIARIES)**

We provide support for the management of risks to which our subsidiaries are exposed in the course of their business activities. This support is provided through the issuance of policies, guidelines, and corporate committees made up of those responsible for risk management at each subsidiary, the monitoring of tracking indicators, regulatory studies that impact their management, and, when deemed necessary, support in the implementation of regulations.

# Government for Corporate Risk Management and Compliance at Grupo Aval.

01

## Corporate Risk Management

These are the risks inherent in the pursuit of the corporate purpose of the entities that make up the FC. Management of these risks is the direct responsibility of the entities.

The role of the holding company is to support the definition of guidelines and monitor the risk levels defined by the entities' boards of directors.

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## Corporate Compliance and SOX Management

Based on the defined indicators, limits are calibrated and estimated for the management of indicators by risk type.

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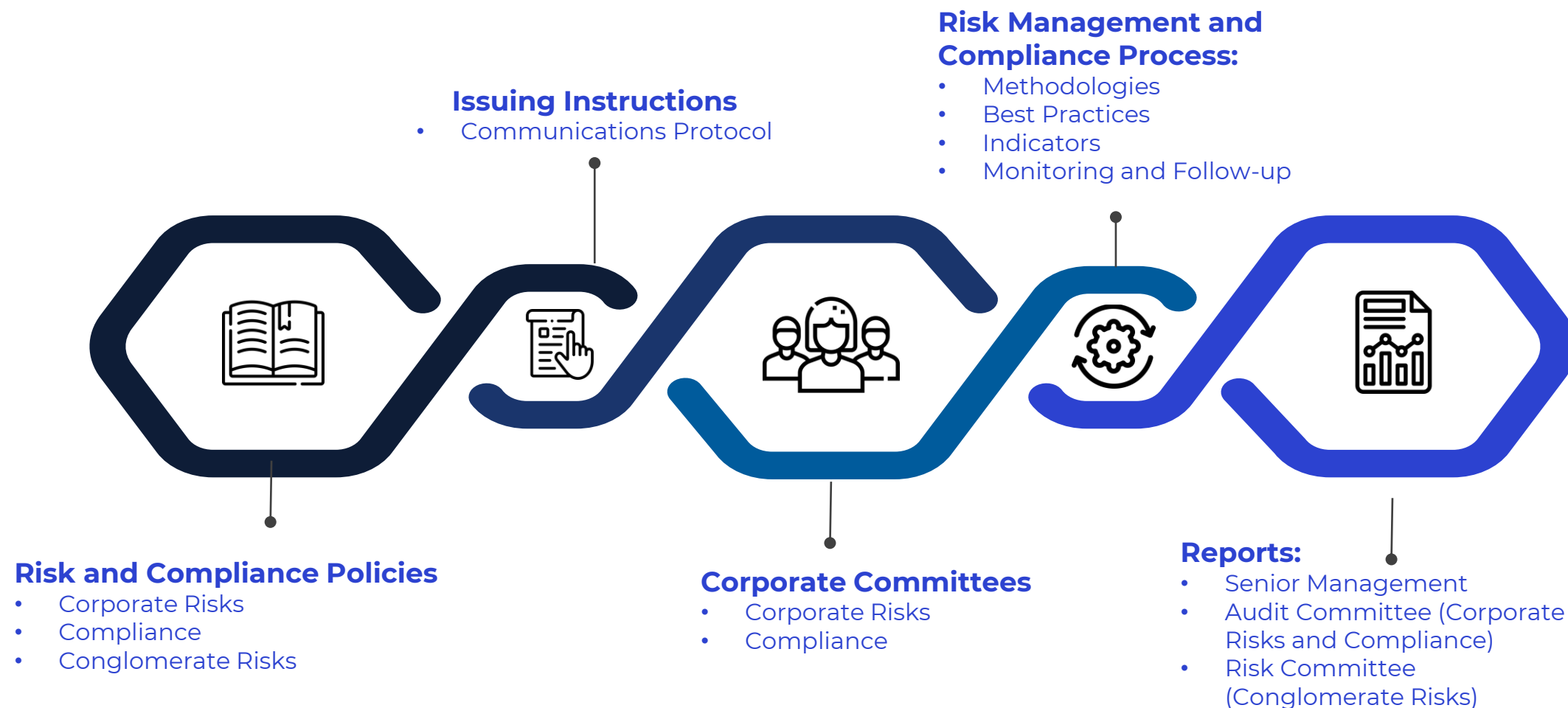
## Financial Conglomerate Risk Management

These are regulatory in scope and mandatory for the Financial Holding Company.



\* Being implemented

# Corporate Risk Management and Compliance.



The scope of entities on risk management and compliance varies according to the Management System or Program.