

2021

MANAGEMENT AND
SUSTAINABILITY REPORT

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Bogotá D.C.

Dear Shareholders,

I am pleased to present the results of Grupo Aval Acciones y Valores S.A. for the year 2021, during which, I am proud to report, we achieved the highest profits in the company's history. Our priorities remained focused on protecting our employees and supporting our customers, incorporating an adjusted risk management framework in accordance with the economic environment. We maintained a remote work scheme in all positions where this was possible, and have migrated to a hybrid face-to-face-remote work scheme that will be our standard going forward. As for our customers, during the year, we continued to grant

structural reliefs, seeking long-term sustainable conditions within the framework of the Debtor Assistance Program (PAD, for the Spanish original) in Colombia and policies in each country in Central America. Along with our subsidiaries, during 2021 we continued to strengthen our policies of environmental protection, contribution to the development of the societies where we operate and transparent corporate governance (known as ESG). The sustainability of our performance is one of the pillars that will guide our actions in the next decade.

I will specifically refer to two relevant events. First, as we had done with Corporación Financiera Colombiana a few years ago, in July 2021 we assumed direct control at Grupo Aval S.A. over Porvenir, our pension fund administrator, thus

strengthening the conglomerate's corporate governance scheme. As a result of this event, Porvenir is no longer consolidated in Banco de Bogotá's financial statements, but continued doing so in the financial statements of this holding company.

Second, in September 2021, Banco de Bogotá informed the market of its intention to spin-off, in favor of its shareholders -including Grupo Aval S.A. - 75% of its subsidiary BAC Holding International Corp. (BHI; formerly Leasing Bogotá S.A. Panama), owner of BAC Credomatic, the Central American banking group. At the same time, Grupo Aval informed the market of its intention to spin off, in favor of its own shareholders, the shares it receives from BHI as a result of the announced spin-off of Banco de Bogotá.

There are several reasons for this transaction. On one hand, as a consequence of BAC Credomatic's excellent results since it was acquired at the end of 2010, accentuated by the natural devaluation of the Colombian peso against the US dollar, this subsidiary is now almost the same size as Banco de Bogotá. In this sense, it is impractical for the bank to own another bank of the same size. In addition, the transaction will strengthen the strategic focus of Aval and Banco de Bogotá in Colombia, as a result, we will be able to simplify our corporate structure, eliminating multi-jurisdictional complexities and improving our capacity to respond to local market dynamics. We also expect a smoother management of regulatory capital as we finish adapting to the Basel 3 philosophy which will in turn improve our strategic position to capture future growth. Finally, as a result of the spin-offs, BHI shares will be traded on the securities exchange, in addition to the

shares of Banco de Bogotá and Grupo Aval, which we expect will contribute to the fulfillment of our mandate of generating value for our shareholders and other stakeholders.

This transaction has already received most of the necessary approvals and is expected to be successfully completed by the end of March 2022. It is important to mention that the financial statements of Banco de Bogotá and Grupo Aval presented in this report still consolidate BHI, and will cease to be once the spin-off is completed.

As usual, before talking about our entities' performance, I will start by describing the global macroeconomic scenario and that of the regions where we operate.

Around the world, 2021 was a year of economic transition, with countries experiencing a rebound in business activity, domestic consumption and a marked acceleration in inflation indicators. According to the International Monetary Fund, global GDP in 2021 would have grown by 2.6% vs. 2019, following the 3.1% contraction registered in 2020. Colombia was no stranger to global trends and benefited from a marked reactivation of its economy.

At year-end, most of our assets (63%) were in Colombia, while the rest (37%) were located in other countries, mostly in Central America. For this reason, I will refer first to the Colombian scenario.

Colombia:

The vaccination campaigns that started in February 2021 and their subsequent progress

throughout the country contributed significantly to the improvement of the public health situation in the country and reduced uncertainty regarding the future. In this context, business and consumers' confidence in the country's future economic performance improved. By the end of the year, progress in vaccination had become more tangible, covering 55.7% of the population with a full vaccination schedule. At the same date, 50% of the world's population was fully vaccinated and 58.6% had at least 1 dose.

At the beginning of the year, GDP was expected to recover the value reached in 2019 by mid-2022. However, the strong rebound of the Colombian economy far exceeded market expectations. The National Bureau of Statistics (DANE, for the Spanish original) revealed that during 2021 the economy's growth was 10.6%, the highest rate on record. In fact, this placed the 2021 GDP 2.8% above that recorded in 2019.

From the production standpoint, ten of the twelve sectors that make up GDP recorded growth compared to 2019. One of them is the financial sector, where the majority of our business is concentrated, with a growth of 5.8% compared to 2019. Domestic demand grew 4.9% vs. 2019, resulting from a 9.3% increase in final consumption, driven by an 11.4% increase in government spending and an 8.9% increase in household consumption. The main factors driving this result were progress in vaccination, the recovery of the trade conditions, the expansionary monetary policy, the fiscal policy and the strong growth of domestic consumption. Given the sound foundations of the Colombian economy, we expect the path to recovery to remain dynamic.

The average total unemployment rate at the national level reached 13.7% in 2021, a reduction of 2.2 percentage points compared to the figure recorded in 2020, when the rate stood at 16.1%. Even with this substantial improvement, the unemployment rate remains well above the 10.5% average achieved in 2019. The average unemployment rate for the thirteen metropolitan areas dropped from 18.4% in 2020 to 15.3% in 2021, which compares to 11.2% in 2019.

In terms of monetary policy, after keeping its reference rate stable during the first nine months of the year, between September and December 2021, the Central Bank of Colombia increased its intervention rate by 125 basis points, from 1.75% to 3.00%. These decisions mark the beginning of the monetary normalization cycle after a year of expansionary and stable rates, driven by the strengthening of domestic demand that has generated inflationary pressures. Inflation at year-end was 5.62%, 4 percentage points above 2020's 1.61%, the highest price increase since 2016. Inflationary pressure has continued throughout 2022, which makes it likely there will be an accelerated cycle of intervention rate increases.

The exchange rate recorded episodes of volatility during the year, recording a low of COP 3,420.78 per USD 1, and a high of COP 4,023.68 per USD 1, closing at COP 3,981.16. On average, the exchange rate depreciated 15.98% during the year, as a result of: i) the global strengthening of the US dollar due to the expectation of an early reduction in monetary stimulus by the US Fed; and ii) the increase in the local country risk premium, amidst the socio-political uncertainty caused by the public order situation in the first half of

the year, the fiscal deficit and the consequent loss of the investment grade rating.

On the external front, oil and coal prices showed a positive trend during the year, improving government royalty revenues and contributing to the recovery of trade relations. However, due to the high level of imports, the trade balance deficit deteriorated, reaching 4.9% of the GDP. Imports recorded an expansion of 27.5%, in line with the performance of domestic demand, while exports increased by 14.2%. Compared to 2019, imports increased by 1.4% and exports decreased by 11.7%. The latter were severely affected by the road blockades during the national protests.

In 2021, an improvement in the fiscal deficit was observed, which dropped to 7.1% from 8.9% in 2020 and 1 percentage point below the government's estimate in the Medium-Term Fiscal Framework. This was favored by a combination of higher economic growth, better tax collection and the government spending less than budgeted. Even though the government managed to push through a tax reform in the midst of a complex political environment, Colombia's

credit rating was downgraded by the rating agencies.

Central America:

During 2021, the Central American region benefited primarily from the recovery of growth in its trading partners (United States/China), lower commodity prices and favorable external conditions. Significant remittance growth combined with solid export growth to the United States will continue to fuel GDP growth. However, during 2021 there were several movements in the long-term debt ratings of countries in the region, as a result of impaired public finances and debt metrics as a result of the increase in public spending and indebtedness, all as a consequence of measures implemented to mitigate the COVID-19 pandemic.

In this environment, the IMF forecasts a real GDP growth of 6.8% in the region by 2021. Additionally, the IMF expects the highest growth in Panama (12.0%) and El Salvador (9.0%), followed by Guatemala (5.5%), Nicaragua (5.0%), Honduras (4.9%) and Costa Rica (3.9%).



Grupo Aval's results in 2021:

Finally, a summary of what I consider to be the main drivers of the year's results.

Thanks to the economic recovery, we achieved a separate net income of COP 3.5 trillion, 46% higher than the COP 2.4 trillion obtained in 2020. This makes 2021 the year with the highest earnings in our history. At year-end, we had consolidated assets amounting to

COP 366.9 trillion and total consolidated equity of COP 39.5 trillion.

The widespread reopening in several economic sectors, which had been affected during 2020, provided better conditions for the development of our subsidiaries' businesses. In particular, our banking subsidiaries benefited from a rebound in the growth of the different types of loans, a favorable evolution of the past-due loans, which resulted in lower loan provisioning requirements and higher recoveries of written-off loans.

In 2022, we expect the favorable trends that began in 2021 to be consolidated and the economies of the countries where we are operating to continue on this path to recovery. In Colombia, business activity in the first few months of 2022 has been positive, despite the wariness that usually accompanies pre-election periods in the country. Finally, the cost of risk continues to evolve favorably towards pre-pandemic levels. These elements combined with disciplined spending make us optimistic about this year's performance, despite the negative impact of the 4% (four percentage points) increase in the income tax rate applicable to financial institutions.

In terms of our digital strategy, we will continue to prioritize our efforts to renew ourselves in order to serve our customers in an agile, timely manner, tailored to their needs. In turn, I would like to reaffirm that we will continue to strengthen our sustainability model in order to enhance our positive social and environmental impact, as well as our long-term value generation for all our stakeholders.

Finally, I would like to ask you to review the management report, and I have nothing but gratitude to each and every one of our direct and temporary employees, to our excellent management team and to our boards of directors, for their efforts and dedication during 2021. I am confident that together we will achieve our goals for the coming year.

We look forward to continuing to fulfill our mandate!

Sincerely,

Luis Carlos Sarmiento Gutiérrez
CEO of Grupo Aval S.A.

2.

About this Report

GRI 102-50,
102-52, 102-54



Introduction to the Management Report

This management report is part of the requirements of the Code of Commerce, the recommendations of the Best Corporate Practices – *Código País* survey issued by the Superintendency of Finance of Colombia, as well as the Global Reporting Initiative (GRI) standards.

Below, we present our Management Report 2021, which is annually reported to our General Shareholders Meeting, held in March every year. In this report we will disclose the main activities, initiatives, challenges and achievements in social, environmental and economic matters in the best interest of our shareholders and investors.

Additionally, our commitment to our investors and stakeholders, as part of our values of transparency and integrity, also motivates us to communicate the main achievements and progress in the management of these issues during 2021.

We have prepared the sustainability report in accordance with the **Core** option of the GRI Standards. Throughout the text, you will find indicators related to the management of material sustainability issues that have been compiled in the GRI table of contents at the end of this report.

Below are some definitions and clarifications that may facilitate the understanding of this report:

» **Holding, Grupo Aval or the Company:** refers to Grupo Aval Acciones y Valores S.A. on a separate basis.

» **Grupo Aval consolidated or on a consolidated basis:** refers to Grupo Aval Acciones y Valores S.A. and its subsidiaries.

» **Aval Financial Conglomerate or Aval FC:** refers to the set of companies in Colombia and abroad that exercise a financial, insurance or stock market activity over which Grupo Aval acts as a financial holding company within the terms of Law 1870 of 2017 (hereinafter “Law of Financial Conglomerates”). As of December 31, 2021, Aval FC is comprised of 68 entities, including Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, Porvenir, Corficolombiana, BAC Credomatic, Inc. and Multibank, Inc.

» **Aval banks:** refers to Grupo Aval’s four banking subsidiaries in Colombia, specifically Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas.

» **Red Aval:** refers to the Aval ATM network, which have a fully integrated platform and enable our customers to make transactions from any of the four banks. This network is fully managed by A Toda Hora S.A.S. (ATH). Similarly, it refers to the Aval banks’ branches, which are integrated so that customers can make regular transactions (withdrawals, deposits, balance inquiries and debt payments, etc.) at any branch.

» **BAC:** refers to BAC Credomatic Inc., the holding company of our operations in six countries of Central America.

» **BHI or BAC Holding:** refers to BAC Holding International Corp., the holding company of BAC and a wholly owned subsidiary of Banco de Bogotá. Formerly Leasing Bogotá S.A., Panama.

» **MFG:** refers to Multi Financial Group, Inc., the holding company of Multibank Inc. and other subsidiaries located mainly in Panama.

» **MFH:** refers to Multi Financial Holding, Inc., the holding company of MFG and a wholly owned subsidiary of Banco de Bogotá.

All the financial information is published in accordance with the Colombian Financial Reporting Standards (NCIF, for the Spanish original).

The accounting and financial information of this report and its attachments was audited by the firm KPMG S.A.S (KPMG Colombia).

The figures are stated in Colombian pesos (COP) and US dollars (USD), under the US numerical system (commas for thousands and points for decimals). We present one thousand million as one billion and one million million as one trillion.

All figures in US dollars converted to Colombian pesos were expressed using the official exchange rate (TRM, for the Spanish original) certified by the Superintendency of Finance of Colombia (hereinafter “SFC”) as of December 31, 2021 of COP 3,981.16.



3.

Grupo Aval and its Subsidiaries

GRI 102-1, 102-2, 102-5



This chapter provides a brief description of Grupo Aval and its structure.

Grupo Aval Acciones y Valores S.A. is the Holding Company of the Aval Financial Conglomerate, one of the main financial groups in Latin America, operating in 12 countries. We have positioned ourselves as the largest financial group in Colombia and the leading banking group in Central America by level of assets through the continuous evolution of our businesses which, accompanied by a successful history of mergers and acquisitions, has enabled us to expand in Colombia and Central America.

Our mission is to provide our customers with socially responsible, safe and easy-to-access,

understand and manage financial solutions in any place and at any time. With this in mind, we have designed a profitable and sustainable growth strategy that enables us to create value in our subsidiaries and for our shareholders through comprehensive risk management, innovation and the pursuit of corporate efficiency; have the best talent; and ensure the sustainability of our businesses.

Our portfolio of investments in subsidiaries consists mainly of six entities in Colombia, engaged in the provision of financial and pension services and in the investment and management of companies in the non-financial sector.

» Banco de Bogotá: Founded in Bogotá in 1870, it is the oldest financial institution of Colombia. Operating in 11 countries, it provides global banking services to individuals, companies and SMEs in Colombia and Central America, through MFH and BHI and its most representative subsidiaries, MFG and BAC. The bank is undergoing a transformation process to become a benchmark in digital banking, leading the innovation of financial services that benefit our customers' lives and make our services more efficient and timely.

» Banco de Occidente: Founded in Cali in 1965, its main focus is commercial business banking and banking for affluent segments, also providing different retail banking services. The bank has a particularly strong presence in southwest Colombia, from where it originates.

» Banco Popular: Founded in Bogotá in 1950, it established itself as a government banking institution par excellence, and it was subsequently privatized in the 1990s. The bank has managed to maintain a good relationship with the country's public entities and it remains a leader in the country's payroll loan market with its "Prestayá" product.

» Banco AV Villas: Founded in Bogotá in 1972 as Corporación de Ahorro y Vivienda Las Villas, the bank started its activities as a mortgage credit institution focusing on the low and middle income population. Currently, the bank provides all the services of a commercial bank, focusing on consumer services, complemented by its traditional line of mortgage products.

» Corporación Financiera Colombiana (Corficolombiana): Founded in Bogotá in 1959, as an affiliate of Banco de Bogotá,

Corficolombiana is the result of the merger of seven financial corporations between 1997 and 1999. In 2005, Corficolombiana merged with Corfivalle and consolidated as the largest financial corporation in the country, with a directly managed investment portfolio and in different sectors of the Colombian economy.

» Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir (Porvenir): Founded in Bogotá in 1991 by Banco de Bogotá and Banco de Occidente as a severance fund administrator. With the creation of the private mandatory pension system (Individual Savings Regime with Solidarity, RAIS for the Spanish original) in Colombia in 1993, Porvenir entered this business in 1994 and over time, established itself as the largest pension and severance fund in the country, measured by number of clients and assets under management. Porvenir also provides voluntary pension and third-party management services. On July 28, 2021, Banco de Bogotá deconsolidated Porvenir, handing over control to Grupo Aval.

Through our subsidiaries and their subsidiaries, we consolidate more than 150 companies that operate in the financial services, pension and severance fund, electricity and gas, infrastructure, hotel and agribusiness sectors, among others.

Our origin as Grupo Aval dates back to 1994, when Mr. Luis Carlos Sarmiento Angulo, our controlling shareholder, founded this company to manage his investments. In 1999, we carried out our first common share issuance on the Colombian Securities Exchange (BVC, for the Spanish original) under the name GRUPOAVAL, for a gross value of COP 65.2 billion.

Subsequently, in 2007, we carried out a second issuance of common shares on the BVC for a gross value of COP 372.0 billion.

Our internationalization began in 2010 with the acquisition of BAC Credomatic from GE Consumer Finance Central Holdings Corp. and General Electrical Capital Corporation. In 2013, we extended our presence in Central America through the acquisition of BBVA Panama (merged with BAC International Bank, Inc.) and Grupo Reformador (merged with Banco de América Central S.A. Guatemala).

In 2011 we filed our registration with the **Securities and Exchange Commission (SEC)** and made the first issuance of preferred shares on the BVC under the name PFAVAL, for a gross value of COP 2.1 trillion. In December 2013, we made the third issuance of common shares on the BVC for a gross value of COP 2.4 trillion, and on September 23, 2014, we carried out our initial public offering (IPO) through the issuance of American Depositary Receipts (ADRs, each representing 20 preferred shares) under the name AVAL on the New York Stock Exchange (NYSE) for a gross value of USD 1.3 billion.

The situation of business group was registered on December 31, 2018, because Mr. Luis Carlos Sarmiento Angulo established the existence of unity of purpose and management over Grupo Aval and other companies that comprise Grupo Empresarial Sarmiento Angulo.

As of February 6, 2019, the Financial Conglomerates Law came into effect and thus, we established ourselves as the Financial Holding Company of Aval FC; so, we are now subject to the supervision and oversight of the

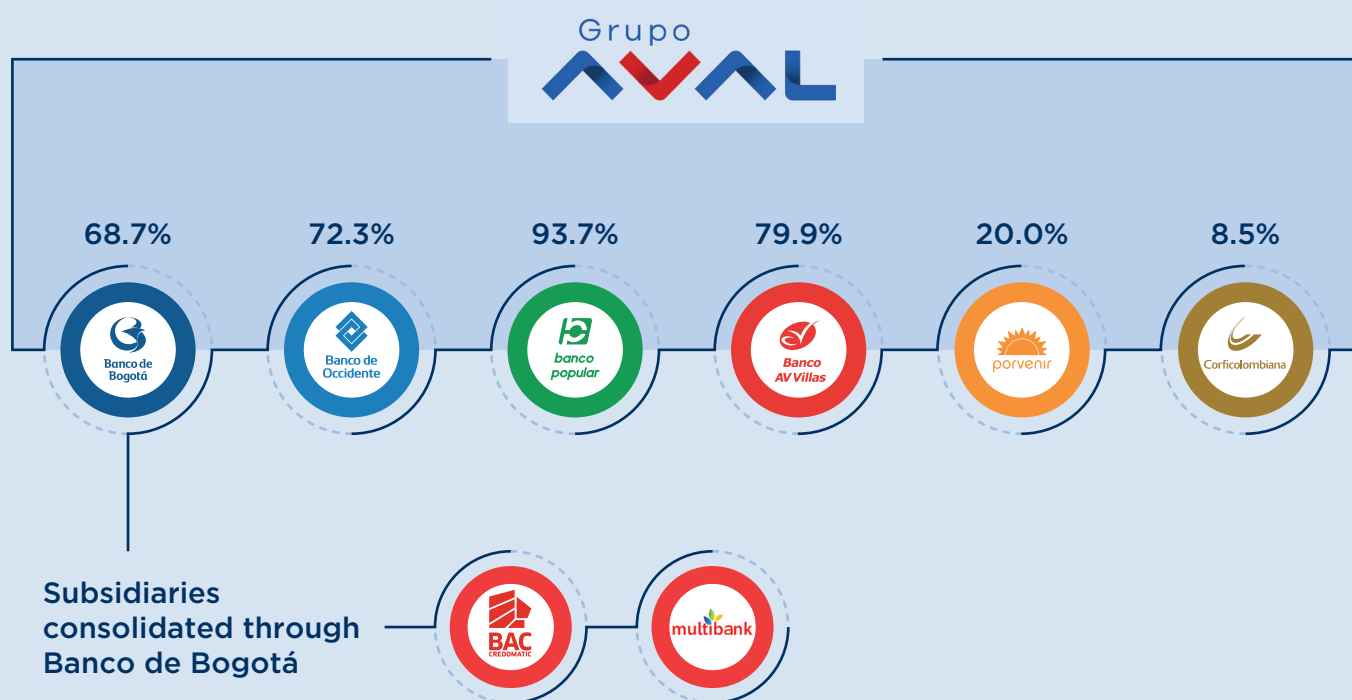
SFC only as a Financial Holding Company and we must meet certain requirements, which we will describe in this document.

On May 22, 2020, LB Panama completed the acquisition of Multi Financial Group Inc. (MFG), the holding company of Multibank Inc. for a final adjusted value of USD 432.2 million. On September 15, 2021, Banco de Bogotá informed the market of its intention to spin off, in favor of its shareholders - including Grupo Aval Acciones y Valores S.A. - 75% of its subsidiary BAC Holding International Corp (BHI) formerly known as Leasing Bogotá S.A. Panama. At the same time, Grupo Aval informed the market of its intention to spin off, in favor of its own shareholders, the shares it receives from BHI as a result of the announced spin-off of Banco de Bogotá. Finally, as a result of the spin-offs, the BHI shares will be traded on the securities exchange, in addition to the shares of Banco de Bogotá and Grupo Aval.

This transaction has already received most of the necessary approvals and is expected to be successfully completed by the end of March 2022. It is important to mention that the financial statements of Banco de Bogotá and Grupo Aval presented in this report still consolidate BHI, and will cease to be once the spin-off is completed. As of December 31, 2021, BHI controlled 100% of BAC's shares, and MFH controlled 99.6% of MFG's shares.

3.1. DIRECT AND INDIRECT SHAREHOLDING OF GRUPO AVAL IN ITS SUBSIDIARIES

Our business model is focused on growing profitably and sustainably, organically and inorganically. The structure of our investment portfolio enables us to take advantage of a multi-brand strategy in which we capitalize all the strengths, specific knowledge and best practices of each one of our subsidiaries. Our investment portfolio is based in Colombia with the following ownership structure in our subsidiaries' capital:



Shareholding				Shares with voting rights	Total shares
Grupo Aval	-	-	20%	9.0%	8.5%
Banco de Bogotá	100%	99.6%	46.9%	36.3%	34.4%
Banco de Occidente	-	-	33.1%	4.4%	4.1%
Banco Popular	-	-	-	5.4%	5.2%
Total	100%	99.6%	100%	55.1%	52.2%
% consolidated by Aval	68.7%	68.4%	75.7%	42.2%	40.0%

Grupo Aval is part of Grupo Empresarial Sarmiento Angulo, which was established on December 31, 2018, and registered on January 31, 2019.





Source: Grupo Aval at December 31, 2021. We are referring to the percentage consolidated by Aval as our controlling interest in these subsidiaries.

We work in coordination with our subsidiaries through procedures and policies that align their specific objectives with a corporate strategy. We acknowledge the experience and history of each one of our management teams. Therefore, we encourage the individual development of each one of our subsidiaries, all as part of the corporate strategy.

This way of operating promotes free competition, enables us to gain new market opportunities, to transform and to innovate in the range of products and services for our customers, and to generate efficiency through the materialization of corporate synergies. Similarly, it maximizes the benefit that we generate for our stakeholders and helps us to lead the markets and segments in which we develop our activities.







Market share

Market position

Complete set of banking products offered through our four banks:		
	25.5% in assets	#1 in assets
	24.4% in net loans	#2 in net loans
	25.1% in deposits	#1 in deposits
	29.9% in corporate loans	#1 in corporate loans
	27.9% in consumer loans	#1 in consumer loans
	44.9% in payroll loans	#1 in payroll loans
	19.8% in credit cards	#2 in credit cards
	24.1% in vehicle loans	#2 in vehicle loans
	46.3% in net income	#1 in net income
Leading Central American banking group that operates in Panama, Costa Rica, Guatemala, Honduras, El Salvador, and Nicaragua:		
	11.5% in assets	#1 in assets
	13.1% in net loans	#1 in net loans
	12.0% in deposits	#1 in deposits
	37.9% in credit card plastics	#1 in credit card plastics
	54.5% in credit card merchant acquiring	#1 in credit card merchant acquiring
	14.7% in net income	#1 in net income
Leading pension and severance fund manager in Colombia		
	44.6% in assets under management	#1 in assets under management
	56.0% in net income	#1 in net income
	56.9% in clients	#1 in clients
	Largest highway operator in Colombia	
	Second largest gas transport and distribution company in Colombia	
	Largest corporate hotel chain in Colombia	
	26,000 hectares owned by the company and more than 5,000 hectares owned by third parties	

Source: Calculations by Grupo Aval with information from the SFC, the Superintendency of Finances of each country in Central America and corporate information at September 2021 (last data available at the same date).

The strength and sustainability of our business and of each one of our subsidiaries enables us to have high-quality credit ratings that enable our financing at competitive rates, leveraging our growth and profitability.

ISSUER	CLASS	MOODY'S RATING	FITCH RATING	S&P RATING	NATIONAL FITCH RATING	BRC S&P RATING	MOODY'S OUTLOOK	FITCH OUTLOOK	S&P OUTLOOK
	Foreign currency - LT	Ba2	BB+				Negative	Stable	
	Local currency - LT	Ba2	BB+			AAA			
	Foreign currency - LT	Baa2	BB+	BB+			Stable	Stable	Stable
	Foreign currency - ST	P2	B	B					
	Local currency - LT	Baa2	BB+	BB+		AAA			
	Local currency - ST	P2	B	B		BRC1+			
	Foreign currency - LT		BB+					Stable	
	Foreign currency - ST		B						
	Local currency - LT		BB+		AAA	AAA			
	Local currency - ST		B		F1+	BRC1+			
	Local currency - LT					AAA			
	Local currency - ST					BRC1+			
	Local currency - LT					AA+			
	Local currency - ST					BRC1+			
	Foreign currency - LT		BB+					Stable	

Source: Moody's, Fitch Ratings, Standard & Poor's (S&P) and BRC Standard & Poor's.

Successful implementation of our strategy and those of our subsidiaries has enabled us to receive important local and international awards and acknowledgments.

> Grupo Aval

	Best CEO	The International Finance Awards committee has awarded Mr. Luis Carlos Sarmiento Gutiérrez, CEO of Grupo Aval since 2000. This award recognizes the industry talent, leadership skills and results of the companies that make up the international financial sector.
	Best Management Team Latam	Grupo Aval received the award for Best Management Team Latam, highlighting innovation, achievements, strategy, and progressive and inspiring changes in the financial sector in Latam.
	Best Investor Relations Bank Latam	Global Banking & Finance recognized Grupo Aval as the Best Entity in Investor Relations, which awards the entity's commitment to its investors.
<hr/>		
OXFORD	International Register TOP-100 in the economy and business category	Oxford Achievements Awards recognized Grupo Aval among the top 100 in the category of excellence in economics and business.
<hr/>		
	Banking Group Of The Year Central American and Caribbean, Financial Group Of The Year Colombia	The European recognized Grupo Aval as the Banking Group of the Year at the Global Business, Banking Finance Awards, which highlights the excellence, achievements, and innovation of the global business community whose strategies are advancing their industries.
<hr/>		
	CEO of the Year	The PAN Finance Awards honored Mr. Luis Carlos Sarmiento Gutiérrez, CEO of Grupo Aval, as the banking CEO of the year, highlighting his management, talent, and active leadership as head of the Group, as well as what he represents in the financial sector.
<hr/>		
	Forbes 2021 Global 2000 world largest public companies – 815 in ranking	Grupo Aval ranked 815th place in the 2021 version of Forbes' ranking of the 2000 largest private companies in the world, where four indicators are evaluated: sales, earnings, assets, and market value.

> Banco de Bogotá



**Colombia's
Best Bank 2021**

This awards program, which celebrated its 28th anniversary, recognized Banco de Bogotá for the sixth consecutive year as the Best Bank in Colombia, highlighting its role in the economic recovery and its leadership in returning to a path of growth.

**Best Digital Bank
in Colombia
in Consumer Banking
Best Bank in
Digital Loans
in Latin America 2021**

The digital strategy to attract and serve customers, the variety and ease of adoption of online products, as well as the design and functionality of the website, were highlighted by the publication Global Finance, when it honored Banco de Bogotá as Best Digital Bank in Colombia in Consumer Banking and Best Bank in Digital Loans in Latin America.

**Best Foreign Exchange
Provider in Colombia
2022**

For the ninth consecutive year, Global Finance recognized the Bank as the Best Foreign Exchange Provider in Colombia, honoring its efforts to support and advise its customers through the turbulent and unprecedented times recently experienced on a global scale.

**Best Foreign Trade
Supplier 2022**

The Global Finance program recognized the Best Supplier in a Foreign Trade, earning the distinction as the financial institution that has best responded to the challenges posed by the pandemic and has served its customers in an outstanding manner in Colombia.

**Outstanding Leadership
in Green Bonds in Latin
America 2021**

The Bank's contribution to the construction of a more sustainable future was highlighted by the magazine, due to the Outstanding Leadership in Green Bonds award in Latin America, as a result of the first issuance of green bonds held in September of 2020.



**Colombia's
Best Bank 2021**

For the eighth time in the last decade, the British publication awarded Banco de Bogotá the prize for Best Bank in Colombia, highlighting its management amidst the pandemic, digital strategy, and sustainable business model.



**Colombia's
Bank of the Year 2021**

English magazine The Banker, part of the Financial Times Group, once again recognized it as the Bank of the Year in Colombia, praising its digitalization strategy as a tool to generate a better customer experience, its sustainability strategy, and its capacity to adapt amidst the crisis.

Top 1000

The Banker also ranked the Bank as the Best Performing Bank in Colombia in its annual Top 1000 World Banks ranking exercise.

LATINFINANCE

Colombia's Bank of the Year 2021

LatinFinance recognized it as Bank of the Year in Colombia. The main criteria used by the magazine to select the Bank were the development of the digital strategy and the relief measures designed amidst the situation generated by COVID-19.



Great Place to Work

For the second consecutive year, we were certified as "a great place to work", demonstrating our commitment to the well-being and development of our employees and their families.



Dow Jones Sustainability Index

For the second consecutive year, it consolidated its position among the top positions in the ranking of the world's most sustainable banks, moving up to the TOP 8%. Because of this result, it continued to be recognized in the S&P Global Sustainability Yearbook as an international benchmark.

compassbranding

Compass Branding

Compassbranding recognized Banco de Bogotá as the most valuable service brand of the year, highlighting its role as a financial institution amidst the pandemic, the boom in banking penetration and the strengthening of the digitalization strategy.

> Banco de Occidente



Great Place to Work

Recognition: Great Place to Work certification awarded to Banco de Occidente for the third consecutive year, as a great place to work with a very outstanding work environment, recognizing it as an attractive employer in the country.

> Banco AV Villas

FINAGRO

Finagro

Top placement agent and growth. Winner of the Factoring Category January - October 2021.



Bank of America 1st BSBY

First Latin American Bank to borrow at the new BSBY international funding rate. Banco AV Villas was the first bank in the world to receive recognition from Bank of America for requesting and obtaining a Bloomberg Rate disbursement to finance operations in foreign currency, which is essential in foreign trade, and which replaced the Libor Rate references that ceased to operate on December 31, 2021.



Top Donor of Bottle Caps to the Sanar Cancer Foundation

By delivering 15.5 tons of plastic bottle caps in 2021, Banco AV Villas became for the fourth consecutive year the top donor of caps to the Foundation that serves children with cancer and their families. Since 2014, it has delivered approximately 130 tons of caps to support programs for children and the operation of the Foundation.

> Corficolombiana



Central Bank of Colombia

The economic research team won the Central Bank's award for best inflation forecast.



BVC Best Economic Research Area Awards (AIE, for the Spanish original)

The economic research team at the AIE awards of the Colombian Securities Exchange received 3 bronze awards in the categories of Non-Financial and Institutional Sector, Macroeconomic Aggregates and Spot Forecasts (Official Exchange Rate (TRM for the Spanish original) and Macroeconomic Aggregates).

IR recognition for the sixth consecutive year

This recognition makes Corficolombiana one of the 32 companies in the country to adopt the best practices required by the Colombian Securities Exchange in terms of disclosure and good practices in investor relations.



Dow Jones Sustainability MILA - Pacific Alliance Index

In 2021 we were included for the second consecutive year in the Dow Jones - MILA Sustainability Index, ratifying the leadership in the management of economic, social, and environmental issues in the region. This year was particularly important due to the increasing participation of new companies in the ranking. In addition, Corficolombiana acquired a score 19% higher than in 2020 and was placed in rank 33 among the most committed companies in the world ranking with sustainability in the sector. In Colombia, only 10 companies are part of the DJSI.



CECODES

The Corporation became a member of CECODES (Colombian Business Council for Sustainable Development).



Asobancaria's Green Protocol

The Corporation became part of the Green Protocol of the Colombian Banking Association (Asobancaria, for the Spanish original).

> Porvenir



Best Place to Work in Colombia GPTW

Porvenir was selected as the best company to work for in Colombia by GPTW, in the category of companies with more than 1,500 employees, achieving a rating of 99.3 and obtaining a certification with Icontec.



Ibero-American Quality Award

For the second time (winner in 2016), Porvenir received the award in the Gold category, the highest recognition in management, quality and excellence in the region.



Andicom

As part of the 4th edition of the Digital Business Transformation Award 2021 organized by CINTEL and PwC, Porvenir received first place in the Large Companies category, which is an award that recognizes the best digital initiatives and strategies in the country.



Latam Digital

Porvenir received 4 awards (three first places and one second place), consolidating its position as the most awarded company in the Latam Digital Awards, which is the most important Digital recognition scenario in Latin America.

> BAC



Best Bank, Central America Best Bank, Costa Rica Best Bank, Honduras Excellence in Leadership, Central America

For the seventh consecutive year, Euromoney awarded the BAC Credomatic Financial Group as the "Best Financial Institution in Central America and the Caribbean", best bank in Costa Rica and best bank in Honduras, for its sustained growth and its position as the most important bank in the region. In addition, BAC Credomatic received the award in the new category of Excellence in Leadership, thanks to its management during the pandemic throughout 2021.



Bank of the Year, Central America Bank of the Year, Panamá Bank of the Year, SMEs

For the fourth consecutive year, BAC Credomatic is one of the Best Banks in the region and the best bank in Panamá. The acknowledgment was granted to the institution for its outstanding performance in the provision of retail, commercial and investment services in the region. In addition, for the first time, BAC Credomatic was recognized as the best bank for SMEs in Latin America.



World Finance

Best Consumer Digital Bank -

Panamá, Costa Rica, Nicaragua, El Salvador, Honduras, Guatemala.

Best Mobile Banking Application - Panamá, Costa Rica, Nicaragua, El Salvador, Honduras, Guatemala.

For the third consecutive year, World Finance awarded BAC Credomatic in each of its six countries in the categories of best digital bank and best mobile application. World Finance acknowledges the bank's innovative culture and awarded BAC Credomatic's commitment to its customers to offer increasingly more personalized and digital experiences through the opening of new branches in the region with a "customer-centric" model.



Best Bank - Central America and Caribbean

Best Bank - Costa Rica

Best Bank - Honduras

Best Bank - Panamá

At the 28th annual awards ceremony in which the magazine recognizes the best banks in the world, Global Finance recognized BAC Credomatic as the best bank in Central America and the Caribbean, best bank in Costa Rica (for the second consecutive year), best bank in Honduras and best bank in Panama



Banking Brand of the Year - Central America

Best Bank for Digital Banking Services - Central America

Most Innovative Retail Banking App - Central America

Most Innovative Retail Banking App - Central America
BAC Credomatic was recognized as the best banking brand in Central America, best digital banking in Central America and best mobile banking app in Central America. The awards recognize the bank for its innovation in marketing initiatives and branding principles, for its digital transformation and for the digital experience offered to customers.



Best Bank of the Year - Costa Rica

Best Bank for Financial Inclusion - Costa Rica

Innovative Digital Bank of the Year - Central America & Caribbean

BAC Credomatic was awarded by The European magazine as bank of the year in Costa Rica, best bank for inclusion in Costa Rica, and bank of the year in innovation in digital banking in Central America and the Caribbean. The institution was nominated in these categories by the magazine's global subscribers for being an outstanding entity in its management and for being a pillar of the local and regional economy.



Bank of the Year - LATAM

Best Covid-19 Relief & Support Program - Costa Rica

As part of its Spring 2021 awards, the British magazine International Investor recognized BAC Credomatic in the categories: Bank of the Year in Latin America and Best Support Program for COVID-19 in Costa Rica. The prestigious magazine gives awards to companies that remain consistent in providing first-class service, performance, and innovation.



Best CSR Bank –
Costa Rica

Best CSR Bank –
Honduras

Best Digital Bank –
Central America

Best Digital Bank –
El Salvador

Best SME Bank –
Guatemala

Best SME Bank –
Panamá

Best Corporate Bank –
Nicaragua

For the first time, World Economic Magazine recognizes BAC Credomatic as the best digital bank in Central America. In addition, at the local level, the magazine awarded the bank in several dimensions including best bank in Corporate Social Responsibility in Costa Rica and Honduras, best digital bank in El Salvador, best bank for SMEs in Guatemala and Panama, and best corporate bank in Nicaragua.

> MFG



Best Structuring Long-Term Debt Issuance 2021

Best Placing Long-Term Debt Issuance 2021

Local participant with the highest traded volume in Integrated Markets

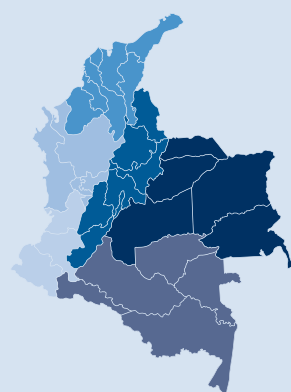
The Latin American Securities Exchange recognized Multisecurities as the winner of the category Best Structuring Long-Term Debt Issuance, referring to the structuring of perpetual bonds for USD 700 million. Additionally, at the 2021 Investors Forum, also organized by Latinex, Multisecurities (a subsidiary of MFG) was recognized as the best Long-Term Debt Issuer and Local Participant with the highest Volume Traded in Integrated Markets, which reflect MFG's relevance in the securities markets.

3.2. GEOGRAPHICAL PRESENCE AND MARKETS SERVED

GRI 102-4, 102-6, 102-7

Through our subsidiaries, we have a broad geographical presence that enables us to serve close to 18 million banking customers and 15.8 million customers in mandatory pension, severance and voluntary pension funds. As of December 31, we had COP 368.0 trillion in total assets, and shareholders' equity amounting to COP 23.0 trillion at the consolidated level. As of November 30, 2021, we had COP 341.1 trillion in assets under management.

> Colombia



14.0
Million bank customers



15.8
Million affiliates to pension and severance funds



231.4*
COP trillion in consolidated assets
(* Does not include BHI-MFH)

> Central America



4.3
Million clients

4.2 BAC
0.1 MFG

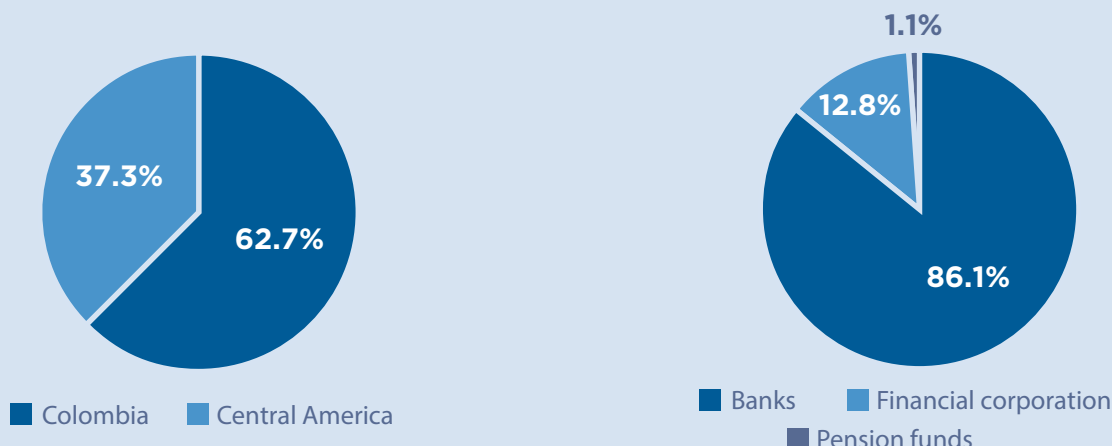


136.7
COP trillion in assets

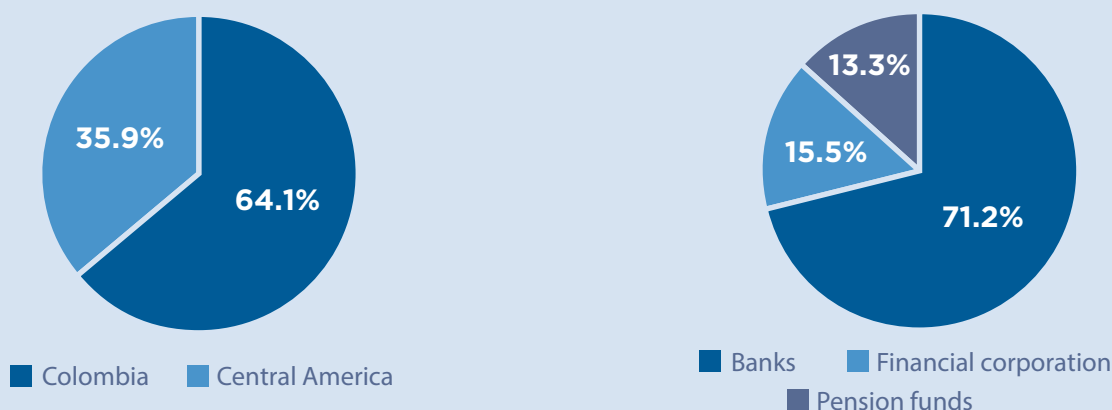
116.9 BAC
19.8 MFG

Balance (COP trillions)		Key Indicators		Clients (Millions)	
Total assets	366.9	ROAA	1.6%	Bank customers	18.2
Net loans	220.3	ROAE	15.3%	Pension fund customers	15.8
Deposits	234.5	Tangible equity	8.2%	Points of service (thousands)	63.2
Attributable net income	3.3	Efficiency	47.6%		
AUM	341.1	Deposits / Net loans	106.4%		

Assets



Net income

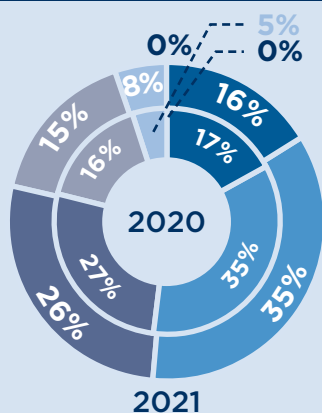


Source: Grupo Aval. AUM refers to third-party assets under management that include AUMs in Colombia through Porvenir, Fiduciaria Bogotá, Fiduciaria de Occidente, Fiduciaria Popular and Fiduciaria Corficolombiana and AUMs in Central America through BAC and MFG (information as of November 2021). ROAE is calculated as attributable net income divided by the five-quarter average attributable shareholder equity between December 2021 and December 2020. ROAA is calculated as net income divided by the five-quarter average equity between December 2021 and December 2020. Tangible equity is calculated as equity less intangible assets (different from intangible assets related to concession rights) divided by assets less intangible assets. Efficiency defined as other expenses, divided by the sum of net interest income, net income from contracts for commissions and fees, gross income from contracts for the sale of goods and services, net trading income, net income from financial instruments at fair value other than tradable instruments, and other income.

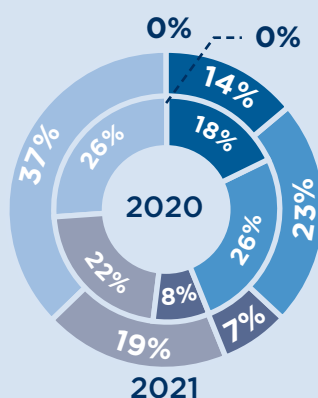
GRI 102-10

In 2021, we sought to continue ensuring access to our digital channels to allow our customers to continue to carry out their transactions and requests quickly and securely. Our customers' transactional habits have changed as a result of the pandemic, significantly increasing their use of digital channels. As a result, the number of successful monetary transactions through digital channels (web and mobile banking) increased by 35% compared to 2020, gaining 6 percentage points of relative share in the total. Thus, close to 38% of successful monetary transactions were carried out through our digital channels, increasing by 83% in our mobile banking compared to the previous year.

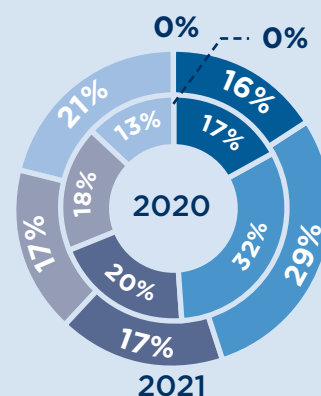
Colombia



Central America



Grupo Aval

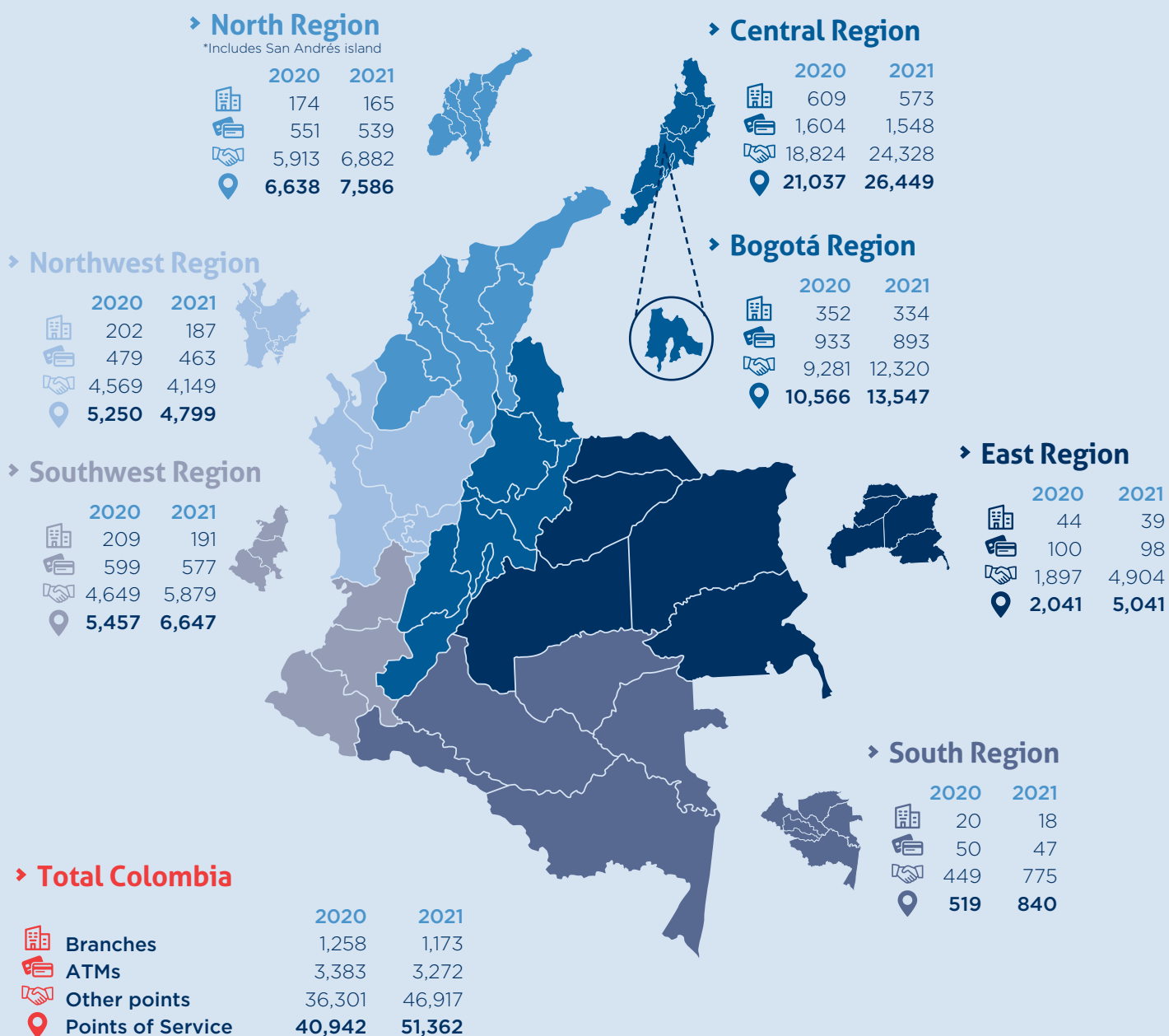


- Branches
- ATMs
- Bank correspondents and others
- Online
- Mobile
- Telephone

Source: Grupo Aval. In 2021 the total number of successful monetary transactions reached 733 million and 656 million in 2020.

During the year, we continued our efforts to optimize our distribution network by closing, relocating or adapting offices and ATMs in Colombia and Central America in order to increase their effectiveness.

Below is the Red Aval distribution by region at the end of 2021 and 2020:

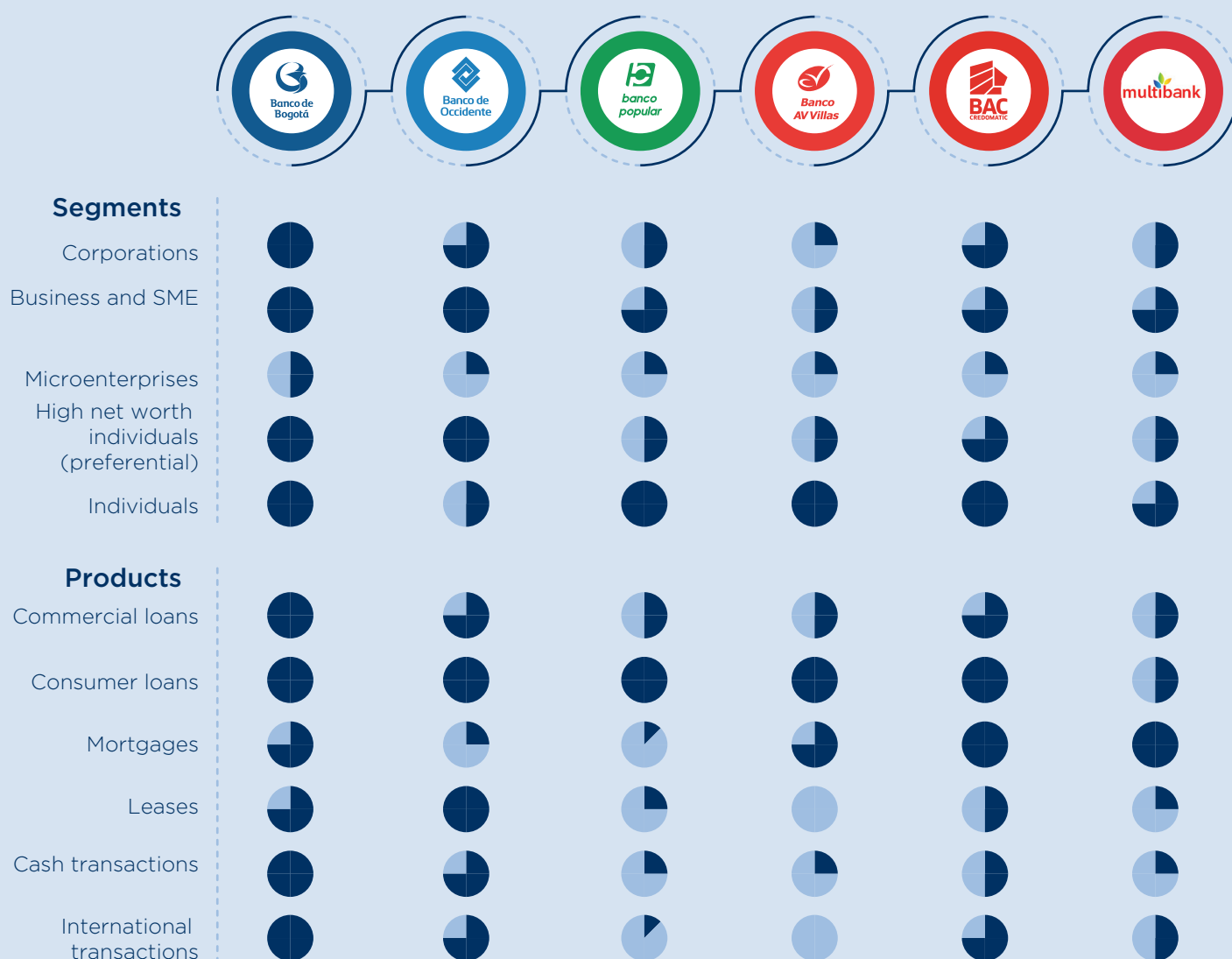


Below is the distribution of our network in Central America by country at the end of 2021 and 2020:



Source: BAC. Branches in Central America include 324 full-service branches plus 9 in-store branches, 300 in-situ branches, 7 digital branches and 43 drive-through branches. The other points in Colombia and Central America are mainly correspondent banks. In Central America, they also include self-service points.

Each of our subsidiaries has developed its own commercial model and a specific appetite for the different segments and products that comprise universal banking. Below, we present the commercial approach of our banks in Colombia and Central America, which enables us to be leaders in the market segments presented below:



Source: Grupo Aval.

Our subsidiaries are governed by strict origination standards and pricing discipline, which enable us to generate long-term value.

Aval Banks have been characterized for having loan portfolios with a diversified product offering that have not only made us leaders in market share in the countries where we operate, but also allow us to maintain a proper risk management, with a large portion of products exposed to lower credit risk. The economic reactivation, together with the efforts and measures implemented by the Government at the economic and financial level, helped individuals and companies to overcome the crisis, which was reflected in a decrease of two trillion pesos in consolidated impairment losses. This is in line with the recovery of the entities' quality indicators.



At the consolidated level, our commercial loans accounted for 54.1% of the gross loan portfolio as of December 31, 2021, down 1.9% from 2020, with significant emphasis on corporations, large and medium-sized companies. The consumer loan portfolio accounted for 33.2% of the gross loan portfolio, up 1.3% from 2020, where payroll loans were the product with the largest share at 46.4%, presenting a growth of 16.5% compared to December 2020; the personal loan and credit card products had shares of 16.1% and 25.9%, growing 10.2% and 21.8% respectively compared to 2020. The mortgage portfolio, which by nature has real estate collateral, accounted for 12.6% of the gross loan portfolio and increased its relative share of the total portfolio by 0.7% during the year. In turn, microcredits accounted for only 0.1% of the total loans at the end of 2021.



3.3. EMPLOYEES (GENERAL APPROACH)

GRI 102-7, 102-8, 102-9, 102-41

At Grupo Aval we created around 107 thousand jobs. We have 70 thousand direct employees, employ approximately 11 thousand temporary employees and generate 26 thousand jobs in companies that provide services to us through outsourcing. In addition, Banco de Bogotá, Banco de Occidente and Porvenir were certified as Great Place to Work.

<  **Grand total of 107,076 jobs**  >

Grupo Aval	Banco de Bogotá ¹	Banco de Occidente ²	Banco Popular ³	Banco AV Villas ⁴	BAC Credomatic	Multibank	Porvenir ⁵	Corficolombiana ⁶
126	16,267	18,475	7,467	6,832	22,711	1,219	3,010	30,969

83,146
total jobs
in Colombian subsidiaries

23,930
total jobs
in Central American subsidiaries

(1) Does not include the employees of BHI, MFH and their respective subsidiaries. A total of 50.7% (4,971) of the direct employees (9,804) of Banco de Bogotá (separate) are represented by unions and 56.0% (5,490) of them are covered by the collective bargaining agreement, which expires in August 2024.

(2) A total of 44.3% (3,010) of the direct employees (6,800) of Banco de Occidente (separate) are represented by unions and are covered by the collective bargaining agreement, which expires in December 2026.

(3) A total of 60.6% (2,195) of the direct employees (3,624) of Banco Popular (separate) are represented

by unions and 94.6% (3,429) of them are covered by the collective bargaining agreement, which expires in December 2023.

(4) A total of 15.1% (632) of the direct employees (4,183) of Banco AV Villas (separate) are represented by unions and 84.3% (3,526) of them are covered by the collective bargaining agreement, which expires in December 2023.

(5) A total of 0.04% (1) of Porvenir's (separate) direct employees (2,574) are represented by unions.

(6) The total jobs created include 29,851 in non-financial subsidiaries and 1,118 in financial institutions.

Source: Grupo Aval at December 31, 2021. Includes direct employees, temporary jobs and jobs through outsourcing companies.

3.4. CHANGES IN THE ORGANIZATION

GRI 102-10

On July 28, 2021, we attained direct control, through Grupo Aval S.A., of AFP Porvenir (Pension Fund Administrator), thus strengthening the conglomerate's corporate governance scheme. As a result of this event, Porvenir is no longer consolidated in Banco de Bogotá's financial statements, but continued doing so in the financial statements of this holding company.

In turn, on September 15, 2021, Banco de Bogotá informed the market of its intention to spin-off, in favor of its shareholders -including Grupo Aval S.A. - 75% of its subsidiary BAC Holding International Corp. (BHI; formerly Leasing Bogotá S.A. Panama), owner of BAC Credomatic, the Central American banking group. In turn, Grupo Aval informed the market of its intention to spin off, in favor of its own shareholders, the shares it receives from BHI as a result of the announced spin-off of Banco de Bogotá.

There are several reasons for this transaction. On one hand, as a consequence of BAC Credomatic's excellent results since it was acquired at the end of 2010, accentuated by

the natural devaluation of the Colombian peso against the US dollar, this subsidiary is now almost the same size as Banco de Bogotá. In this sense, it is impractical for the bank to own another bank of the same size. In addition, the transaction will strengthen the strategic focus of Aval and Banco de Bogotá in Colombia, as a result, we will be able to simplify our corporate structure, eliminating multi-jurisdictional complexities and improving our capacity to respond to local market dynamics. We also expect a smoother management of regulatory capital as we finish adapting to the Basel 3 philosophy which will in turn improve our strategic position to capture future growth. Finally, as a result of the spin-offs, BHI shares will be traded on the securities exchange, in addition to the shares of Banco de Bogotá and Grupo Aval, which we expect will contribute to the fulfillment of our mandate of generating value for our shareholders and other stakeholders.

This transaction has already received most of the necessary approvals and is expected to be successfully completed by the end of March 2022. It is important to mention that the financial statements of Banco de Bogotá and Grupo Aval presented in this report still consolidate BHI, and will cease to be once the spin-off is completed.

3.5. SUMMARY OF OUR OPERATIONS' PERFORMANCE

In this section of the report, we will present the general context of our subsidiaries, as well as the most relevant information about their financial performance.

In 2021 separate net income stood at COP 3,502.8 billion, up 46.0% from

COP 2,399.0 billion in 2020, while consolidated net income increased by 40.4%, ending the year at COP 3,297.7 billion. The increase in earnings in 2021 compared to 2020 is primarily related to the following factors:

1. The economic recovery experienced in the countries where we operate allowed the recovery of the GDP to pre-pandemic levels, largely driven by household consumption. In Colombia, the GDP grew by 10.6%, the highest rate on record, up 2.8% from 2019.
2. As a result, the improvement in expected credit loss (ECL), delinquency indicators and loan composition by stage (IFRS 9) led to a 32.9% or COP 2.0 trillion decrease in the impairment loss, given the normalization in customer payment and a better economic outlook compared to a year ago. Thus, the net cost of risk stood at 1.9%, similar to recurrent pre-pandemic levels.
3. The loan portfolio's net interest income remained at levels similar to those of 2020. This was possible in an environment where the decrease in rates of the loan portfolio was offset by a decrease in the cost of funding. The decrease in lending and deposit rates was driven by a 95 bps reduction in the average rate of the Central Bank of Colombia.
4. Net fee and commission income increased by 10.2% compared to 2020, due to the recovery of transactional activity and the increase in the level of originations, which was accompanied by additional bancassurance income.
5. The sound results of our companies in the non-financial sector and in the pension business complemented the recovery in the results of the banking business, despite the negative impact of the tax reform on entities of the non-financial sector.
6. We maintained our cost savings capture initiatives implemented in 2020. As a result, expenses grew by 5.6% in our Colombian operation, in line with inflation, and by 6.9% in our Central American operation.
7. The volatility evidenced in the international fixed and variable income markets throughout the year, in addition to the devaluation of local fixed income due to the loss of Colombia's investment grade rating, led to lower than expected returns in the investment portfolios of our financial subsidiaries.
8. Finally, we maintained the soundness of our balance sheet. As of December 31, 2021, in consolidation, the ratio of deposits to net loans was 106%, our liquidity position (measured as cash and cash equivalents to total deposits) was 16% and the tangible equity indicator stood at 8.2%.

3.6. PERFORMANCE ANALYSIS OF OUR OPERATIONS IN COLOMBIA

Below is a complete report of the macroeconomic performance and evolution of the banking system in the regions where we operate, accompanied by an analysis of our results and those of our main subsidiaries.



	GDP	Inflation	Closing exchange rate	Average exchange rate	Expected fiscal deficit
2020	-6.8%	1.61%	COP 3,432.50	COP 3,691	6.9%
2021	10.6%	5.62%	COP 3,981.16 (+16.0%)	COP 3,743 (+1.41%)	7.6%

3.6.A. Colombian economic environment

International context

After registering a deep and synchronized contraction in 2020, the global economy rebounded strongly in 2021, exhibiting a V-shaped recovery to the crisis caused by the pandemic. The return of productive activity to pre-COVID levels happened faster than expected, although diversely among countries, in a context of:

- » Uneven progress in the vaccination process, which led countries to lift mobility restrictions in an unsynchronized manner;
- » The rise of inflation, mainly as a result of the increase in input and transportation prices. This was mainly due to supply shocks that were expected to be transitory, but became more widespread and led central banks to start withdrawing monetary stimulus as of this year;
- » Expansionary fiscal and monetary policies, despite the fact that central banks in emerging countries began to raise their interest rates during the second half of the year;

» Lagging progress in the job market, where constraints in the supply of labor in several countries pose an additional risk to inflation;

» High levels of public debt, one of the main legacies of the pandemic, and rising financing costs, especially in emerging countries;

» High volatility in global financial markets, with strong devaluations in fixed income assets and strengthening of the US dollar, especially against currencies of developing countries.

The desynchronized recovery is possibly related to limitations in access and distribution of COVID-19 vaccines. In contrast, the fiscal policy response to the crisis does not appear to have been a decisive factor in the recovery, as we found no evidence that countries that implemented more aggressive public spending had higher economic growth.

TABLE 1. IMF ECONOMIC GROWTH FORECASTS

	2020	2021(P)	2022(P)
GLOBAL GDP	-3.1	5.9	4.4
ADVANCED ECONOMIES	-4.5	5.0	3.9
United States	-3.4	5.6	4.0
Eurozone	-6.3	5.2	3.9
Japan	-4.6	1.6	3.3
United Kingdom	-9.8	7.2	4.7
EMERGING AND DEVELOPING MARKET ECONOMIES	-2.1	6.5	4.8
Emerging and developing economies in Asia	-0.8	7.2	5.9
China	2.3	8.1	4.8
India	-7.3	9.0	9.0
Emerging and developing economies in Europe	-2.0	6.5	3.5
Russia	-3.0	4.5	2.8
Latin America and the Caribbean	-7.0	6.8	2.4
Brazil	-4.1	4.7	0.3
Mexico	-8.3	5.3	2.8

Source: IMF, January 2022.

In this context, the IMF estimates a global GDP growth of 5.9% in 2021, warning that the uneven distribution of vaccinations, the persistence of the pandemic and the emergence of new variants, disruption in the supply chain and bottlenecks are downside risk factors. If these projections are met, the global economy would have surpassed pre-pandemic levels, driven mainly by emerging economies, which would experience a growth of 6.5% (Table 1).

Colombian economic environment: V-shaped recovery

After contracting by 7.0% in 2020 as a result of the double shock of the shutdowns implemented in response to the pandemic and the decrease in oil prices, in 2021 the Colombian economy recovered earlier than expected, evidencing the remarkable resilience of the productive apparatus to the obstacles related to the second and third waves of the pandemic, and to the disruption caused by the national protests.

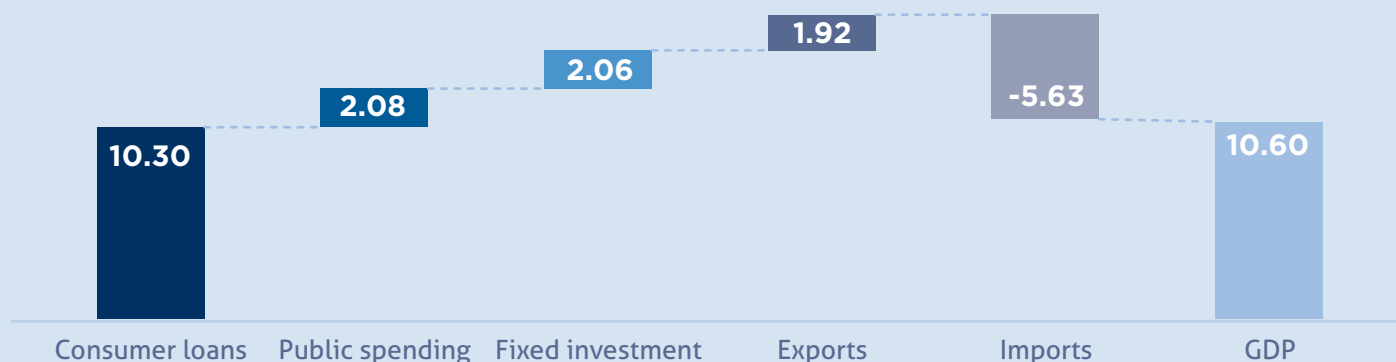
In 2021, the economy recorded an annual growth of 10.6%, of which 10.3 percentage points (pp) were from private consumption, 2.1 pp from government spending and another 2.1 pp from fixed investment. In turn, the trade balance subtracted 3.9 pp from GDP growth in that period, as a result of a positive contribution of 1.9 pp from exports, compared to a contribution of -5.6 pp from imports, which reflected the performance of domestic demand (Figure 1).

Household consumption registered an increase of 14.6% in 2021 and, in the last quarter, exceeded its pre-pandemic level (4Q19) by 12.9%, amid relatively positive progress in vaccination, return to face-to-face activities, gradual recovery of the job market, low interest rates, decumulation of savings and growing indebtedness. Indeed, net household savings dropped from a positive level of COP 25 trillion at the end of 2020 to a negative COP 0.5 trillion in 3Q21.

Meanwhile, investment grew by 11.2% in 2021, although at the end of the year it remained 12.0% below the pre-pandemic level. Gross capital formation was affected by the national protests, which caused a substantial break in the recovery process. This negative shock was compounded by pressure from higher production costs and difficulties in the supply of inputs.

In a context of countercyclical fiscal policy, government spending recorded outstanding dynamics in 2021, with a growth of 12.1% and 13.0% compared to 2020 and 2019, respectively.

FIGURE 1. CONTRIBUTION TO GDP GROWTH IN 2021 (PERCENTAGE POINTS)



Source: DANE. Calculations: Corficolombiana.

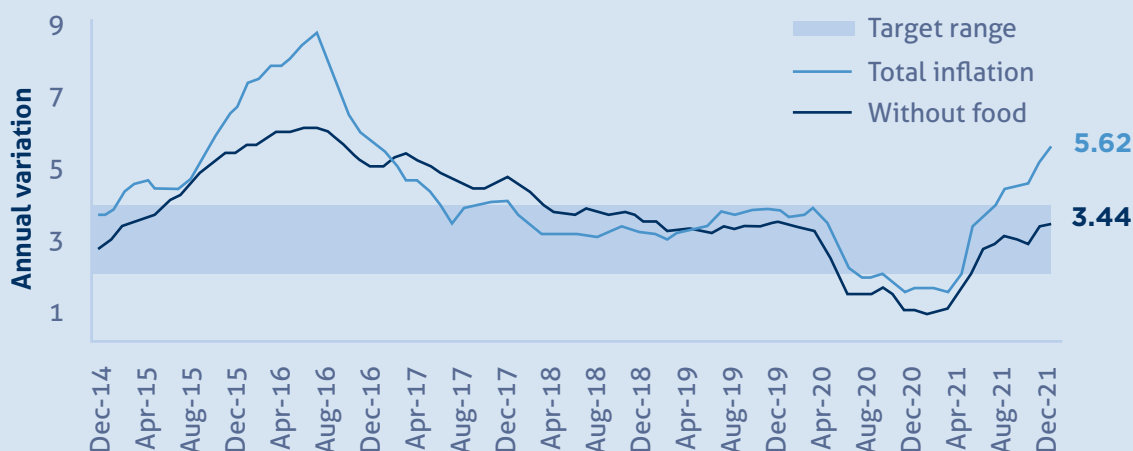
In turn, imports recorded an expansion of 27.5%, in line with the performance of domestic demand, while exports increased by 14.2%. The latter were severely affected by the road blockades during the national protests, especially those in the mining and energy sector, whose production interrupted the recovery trend in May.

The good performance of economic activity was not reflected in a proportional recovery of the job market. Although productive activity has already gone back to the pre-pandemic level, employment remains below its February 2020 level, showing the inherent vulnerability of the Colombian labor structure. This shows that productivity increased significantly in 2021, to the extent that companies are managing to produce more with fewer workers, which is confirmed by the fact that hours worked increased faster than the employed population.

Inflation and Monetary Policy in Colombia: New Cycle

After hitting an all-time low of 1.50% in March, annual inflation rebounded faster than expected, driven mainly by the notable increase in food prices following the national protests. This was compounded by the reversal of the deflationary effect on regulated sectors and, to a lesser extent, the contribution from the recovery in demand, especially during the second half of the year. Thus, inflation increased to 5.62% by the end of 2021, 4.0 pp above the level at the end of 2020 (Figure 3). Food prices were affected by the national protests, which caused a record monthly increase in May (5.37%), concentrated in perishables.

FIGURE 2. TOTAL AND NON-FOOD INFLATION



Source: DANE.

During the second half of the year, the rising costs of inputs, transportation and rainfall contributed to the persistence of food inflation, mainly in the processed food segment. Thus, food prices account for nearly 50% of inflation in 2021.

In turn, the regulated goods and services segment accounted for around 30% of the inflation increase, in line with the low statistical base of 2020 as a result of the relief measures implemented by the Colombian Government. Indeed, the normalization of utility tariffs, along with the gradual increase in fuel prices, were the main determinants during the year.

Meanwhile, the inflation of goods accumulated a 2.0 pp increase driven by vehicle prices. This item was particularly affected by the disruption in the supply chain, which, together with the increase in the willingness to purchase durable goods and the lagging effect of the Colombian peso depreciation against the US dollar, led to a greater pass-through on final prices. Certain items that drove this item down during 2020, such as apparel and footwear, as well as mobile phone equipment, had not normalized and continued to mitigate price increases.

In addition, there were moderate pressures from services, from the normalization of restaurant activity, in line with growing demand and higher food costs, and from the leasing subcomponent. In this regard, although the adjustment of royalties was gradual, the annual inflation of this component amounted to 2.1%, exceeding by 0.5 pp the regulatory limit that defines the inflation caused the previous year (1.6%). It is important to mention that inflation in services showed the smallest increase among all expense groups, mainly due to persistent

discounts in telephone services and a still lagging normalization in higher education fees.

In this context, and due to the accelerated closing of the output gap, the Board of Directors of the Central Bank of Colombia started the monetary policy normalization cycle in September with a 125 bps increase in the repo rate to 3.0% by the end of 2021.

Exchange rate: incorporating risks

The exchange rate in Colombia registered high volatility in 2021 and confirmed that it is the variable that best captures local and external risk events. At the end of December 2021, the Colombian peso recorded a year-to-date devaluation of 16.0% against the US dollar, making it one of the currencies of emerging countries that lost the most value during 2021.

The performance of the exchange rate during this year was mainly explained by three factors: i) the global strengthening of the US dollar due to the expectation of an anticipated reduction in monetary stimulus by the US Fed; ii) the increase in the local country risk premium amidst the socio-political uncertainty generated by the protests, violence and hostilities during the national protests of 2Q21, the fiscal deficit and the consequent loss of the investment grade rating; and iii) the strengthening of the Government's cash in US dollars in the second half of the year, associated with the sale of its share in ISA and the operation with the Special Drawing Rights (SDR) carried out in coordination with the Central Bank.

All of the above occurred in a favorable international context in terms of oil prices. The Brent

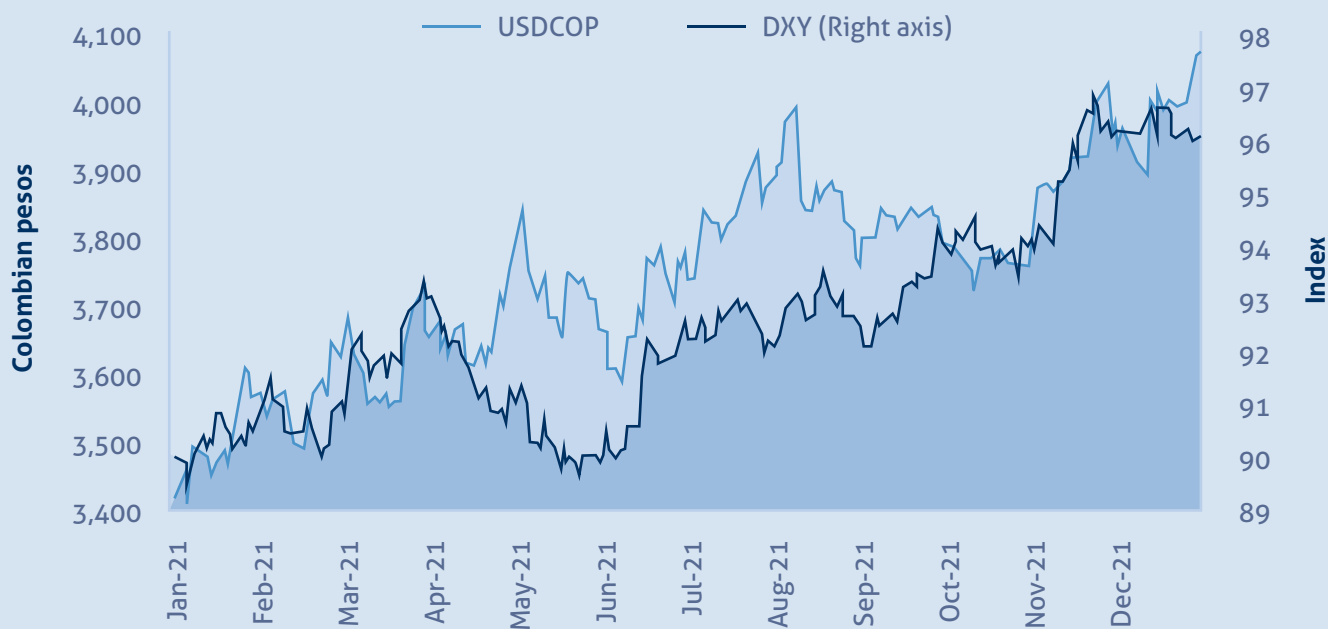
benchmark ended the year at around USD 85 per barrel, its highest level in the last three years. However, this factor had a much lower influence in 2021 compared to previous years, as uncertainty predominated both globally, reflected in the higher levels of the DXY index, and locally, reflected in the higher sovereign risk premium.

External sector: recovery upon opening

The current account deficit increased to 5.7% of GDP in 2021, driven by a larger trade imbalance in goods and an increase in net factor outflows. First, the trade imbalance during the year amounted to USD 20,501 million, an increase that is 68% due to the higher deficit in goods and 32% to a higher imbalance in services. Accordingly, imports increased faster as the economy recovered, while exports were affected by the slow recovery of oil production.

Meanwhile, factor outflows increased by USD 3.215 million and put pressure on the

FIGURE 3. COLOMBIAN PESO AND DXY



Source: Eikon.

current account deficit. This was in line with the increase in FDI-related company earnings, which generated net outflows of US 3.473 million. Finally, net income from transfers increased by US 1,935 million and limited the increase in the current account deficit. Remittances from the US recovered very quickly and fiscal stimulus in the world's largest economy generated a sustained increase in transfers from abroad.

Finally, the opening imbalance was 53% financed by Gross Foreign Direct Investment, which meant about 3.0% of GDP in the financial account. In particular, Foreign Direct Investment (FDI) recovered moderately and portfolio investment inflows continue to be significant due to government issuances in international markets and purchases of Colombian treasury bonds (TES, for the Spanish original) by foreigners in the local market.

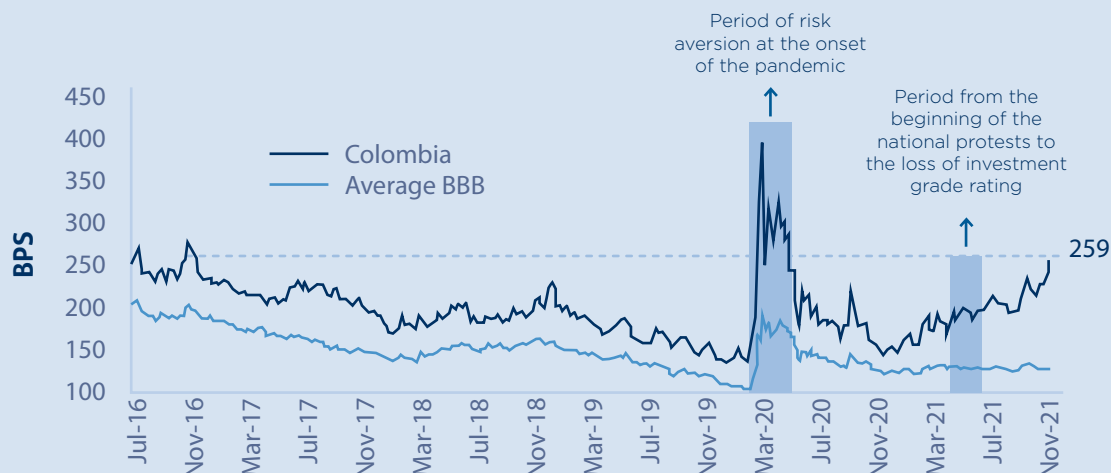


Fiscal accounts

In 2021, an adverse fiscal scenario emerged and, although the Government managed to push through a fiscal reform amidst an unfavorable political environment, the adjustment will be only 1.2% of GDP (it was initially intended to be 1.5% of GDP) and will not occur next year, but from 2023 onwards. In effect, the country experienced protests that prevented structural changes to the tax system. The national protests called by labor and trade unions on April 28 (a date set several months earlier) used the radical rejection of the tax reform bill that had just been presented by the Government as its banner. The escalation of violence and hostilities, such as road blockades that caused shortages of basic products, especially in the southwest of the country, forced the retraction of the initiative a few days later and Finance Minister Alberto Carrasquilla to tender his resignation.

What followed was an increase in risk premiums to levels not seen since the beginning of the pandemic, accompanied by the loss of investment grade rating. The 10-year CDS went from 165 bps in mid-April (when the reform bill was unveiled) to 203 bps at the end of May, that is 72 bps above the average of BBB rated countries. Since then, the risk premium continued to rise to the point that at the end of November 10-year CDS were at 259 bps, their highest level since the end of 2016, excluding the panic episode at the beginning of the pandemic (Figure 4).

FIGURE 4. COLOMBIA'S 10-YEAR CDS AND BBB* COUNTRY AVERAGE



* S&P ratings for Croatia, Hungary, India, Indonesia, Mexico, Morocco, Peru, Philippines, Romania, Russia, Thailand and Uruguay.

Source: Eikon.

The 10-year benchmark TES rate increased more than 130 bps, from 6.05% in mid-April to 7.36% at the end of May. Thus, for the first time since the end of 2016, the Colombian Government's local currency funding cost exceeded that of Mexico, a country that did maintain investment grade. In the following months, the devaluation of TES continued to drive the 10-year benchmark to a rate above 8.3% at the end of the year. It is important to mention that the deterioration of the local debt market was also due to the start of monetary normalization in Colombia and the US in the face of growing fears about the rise of inflation.

Amidst the socio-political crisis, Colombia's credit rating was downgraded from BBB- to BB+, with a stable outlook, by Standard & Poor's (S&P) and Fitch Ratings, which meant that the country lost the investment grade category achieved 10 years earlier. The decision of the rating agencies, S&P in the third week of May and Fitch in early July, came before the government presented a new tax reform, at the beginning of the second half of the year.

Congress approved Law 2155/2021 or the Social Investment Law (the name given to the reform) in a relatively expeditious manner, because before filing it, the Ministry of Finance led by Jose Manuel Restrepo reached consensus with different social and political sectors. However, the approved reform is less ambitious than the one that had to be revoked and will achieve a fiscal adjustment of 1.2% of GDP only as of 2023. The Social Investment Law included several of the social spending measures raised in the initially proposed reform and included others that arose in the Government's negotiations with the Protest committee.

According to the 2022 Financial Plan update, the fiscal deficit of the Central Government (GNC, for the Spanish original) decreased from 7.8% of the GDP in 2020 to 7.1% of the GDP in 2021, which is lower than the 8.6% initially projected thanks to a combination of higher economic growth and tax collections, and lower GNC spending budget execution.

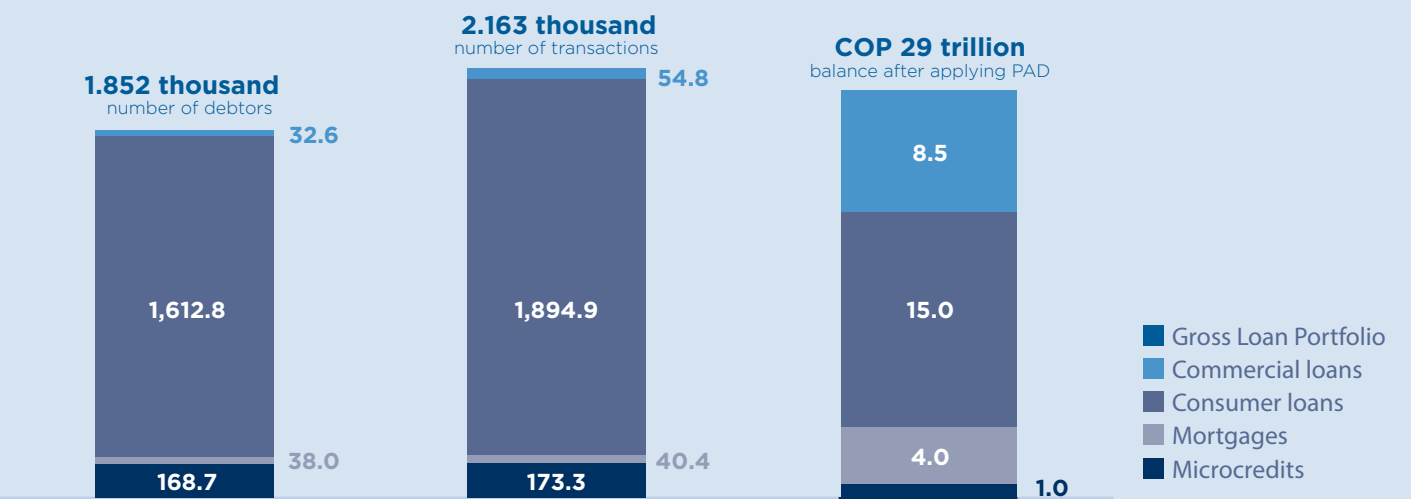
3.6.B. Measures to mitigate the impact of COVID-19: Colombian Government and Superintendency of Finance of Colombia

In response to the crisis caused by the pandemic and the measures taken by the National and local governments, the SFC issued five external circulars¹ aimed at mitigating the negative impacts of the economic crisis on financial consumers and regulating the actions to be taken by financial institutions in this regard.

By means of External Circular 022/June 30, 2020, the Superintendence issued a set of measures complementary to those issued in External Circulars 007 and 014/2020, for the purpose of providing entities and debtors with tools so that, in accordance with their new economic reality, they could redefine the

conditions of their loans through the Debtor Assistance Program (PAD, for the Spanish original), which was in effect from August 1, 2020 to August 31, 2021, given the extension of the program in accordance with the provisions of External Circular 012/May 31, 2021.

The main characteristic of this program was the possibility of redefining the terms and conditions of the loans according to debtors' new economic reality. By December 31, 2021, a total of 1,852,162 debtors² were reported to have redefined their loans for a total of COP 28.6 trillion.



1. Superintendency of Finance of Colombia. (2021). Taken from <https://www.superfinanciera.gov.co/inicio/sala-de-prensa/publicaciones-/medidas-de-la-superfinanciera-ante-coyuntura-por-covid--10103761>

2. These debtors are not single debtors, since a natural/legal person can register reliefs in various credit products with the same entity or with two or more financial entities.

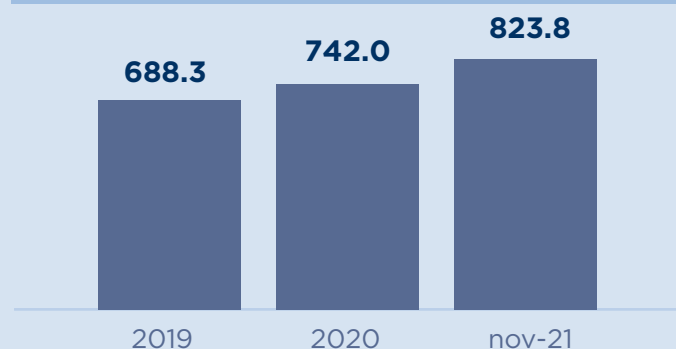
3.6.C. Recent results of the Colombian banking system^{3,4}

Main line items of the statement of financial position

Assets:

As of November 2021, the assets of the banking system amounted to COP 823.8 trillion, recording an 11% increase compared to the end of 2020.

Total assets (COP trillion)



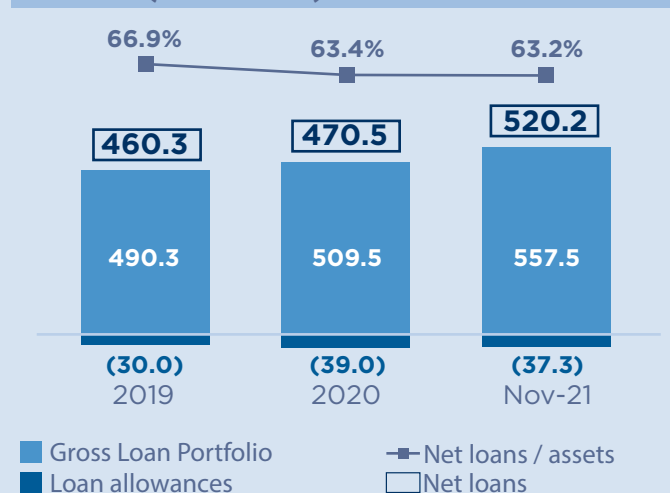
The increase in assets was leveraged mainly by cash and the growth of the net loans, which accounted for 63.2% of total assets as of November 2021.

Net loan and lease portfolio⁵

At the end of November 2021, the system's net loan portfolio amounted to COP 520.2 trillion and recorded a 10.6% increase from December 2020. For the first time since the beginning of

the pandemic, an acceleration was observed in all types of loans simultaneously, especially in consumption. Gross portfolio growth was 9.4% compared to December 2020, amounting to COP 557.5 trillion as of November 2021. As a result of the economic reactivation and in line with an improvement in the doubtful debt and past-due loan indicators, loan provisions were 4.4% lower than in December 2020, with a balance of COP 37.3 trillion as of November 2021.

Net loans (COP trillion)



Net commercial loans closed at COP 266.7 trillion in November 2021, recording a growth of 7.9% compared to the end of 2020.

3. The banking system is defined as commercial financing companies and banks overseen by the SFC at the cut-off date of each period.
4. Figures in trillions, unless otherwise indicated.
5. Defined as loan capital less loan capital allowances (account 14 of the Single Financial Reporting Catalog, CUIF, for the Spanish original, as established by the SFC).

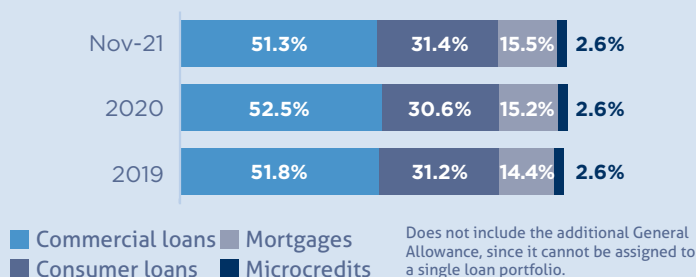
Meanwhile, net consumer loans amounted to COP 163.2 trillion at the end of November 2021, recording a growth of 13.5% compared to the end of 2020. The reactivation of this loan portfolio occurred mainly in the second half of the year, explained by a change in banks' risk appetite due to the improved economic environment.

The net mortgage portfolio amounted to COP 80.4 trillion at the end of November 2021, growing 12.8% compared to 2020, driven by low interest rates and government programs to acquire housing. The microcredit loan portfolio also grew 10.9% to COP 13.3 trillion as of November 2021.

Finally, the additional general provision amounted to COP 3.4 trillion at the end of November 2021, decreasing by 6.0% compared to 2020.

The loan portfolio composition showed a higher concentration in consumer loans at the end of November 2021 compared to 2020, explained by the decrease in the share of commercial loans.

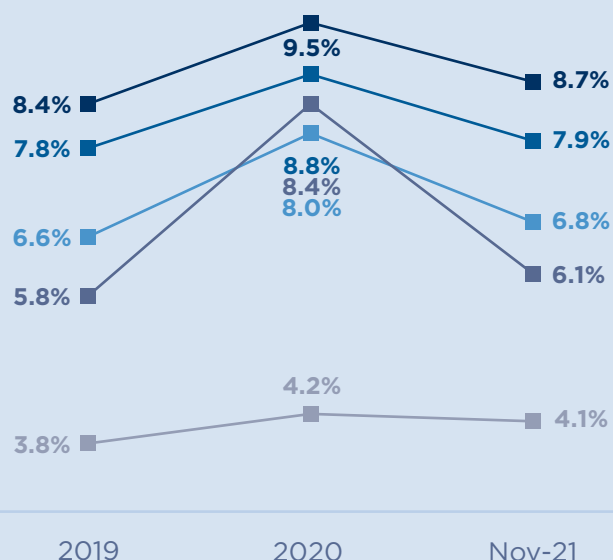
Net loan portfolio composition



Loan portfolio quality⁶

At the end of November 2021, the quality of the system's loan portfolio showed a marked recovery from the end of 2020, returning to levels similar to those recorded prior to the pandemic. The CDE loan ratio (measured as CDE loans/total gross loans) increased to 6.8% in November 2021, down from 8.0% in December 2020, accounting for an improvement of 124 bps.

CDE loans / total loans



Meanwhile, the capital hedging of gross loans (measured as the balance of loan allowances / CDE loans) closed at 98.9% in November 2021, compared to 95.6% in December 2020.

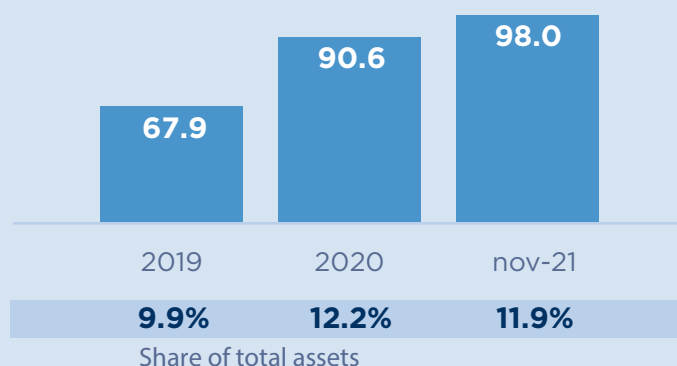
6. Calculated as the balance of loan capital, with C, D or E ratings, divided by the balance of gross loan capital.

Fixed income investments

Fixed income investments closed at COP 98.0 trillion in November 2021, showing an increase of 8.1% from 2020. The percentage of fixed income investments over total assets dropped as of November 2021, closing at 11.9%, compared to 12.2% in December 2020.

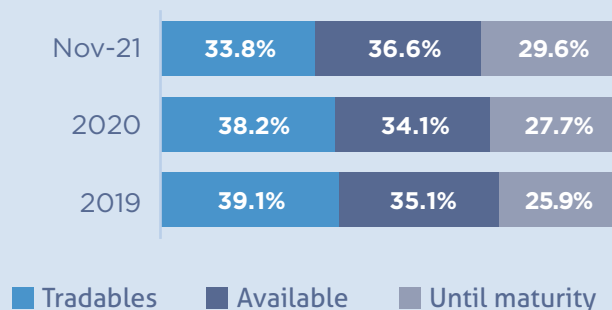
The following figure presents the evolution in fixed income investments at the annual cut-off dates of 2019, 2020 and 2021.

Fixed income investments (COP trillions)



The distribution of fixed income investments at the end of November 2021 showed a higher concentration in investments available for sale and held to maturity compared to 2020.

Fixed income composition

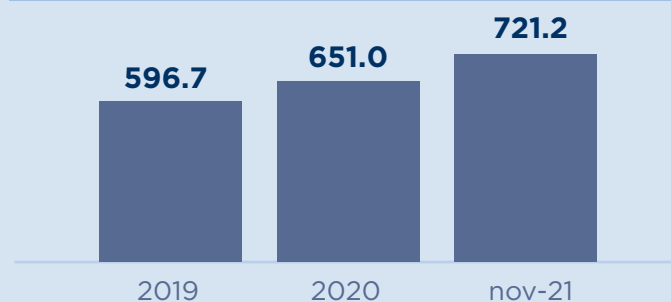


As well as the net loan portfolio and fixed income investments, the banking system's assets are comprised of cash (7.9% of total assets), equity investments and investments in controlled companies, associates and joint ventures (8.9% of total assets) and other tangible and intangible assets (8.2% of total assets).

Liabilities:

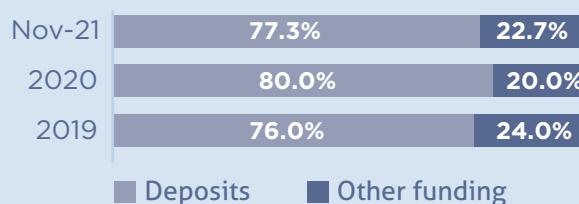
As of November 2021, the system's total liabilities amounted to COP 721.2 trillion, accounting for a growth of 10.8% from December 2020.

Total liabilities (COP trillions)



At the end of November 2021, total funding (deposits, bonds, borrowings, loans from government financing entities and interbank funds) amounted to COP 682.8 trillion, showing an 11.1% increase from December 2020. Out of total funding, deposits accounted for 77.3% and other funding, 22.7%.

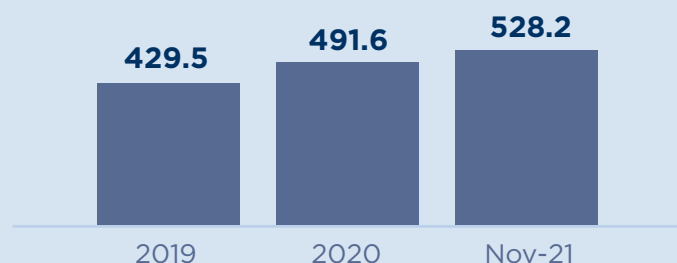
Total funding composition



Deposits

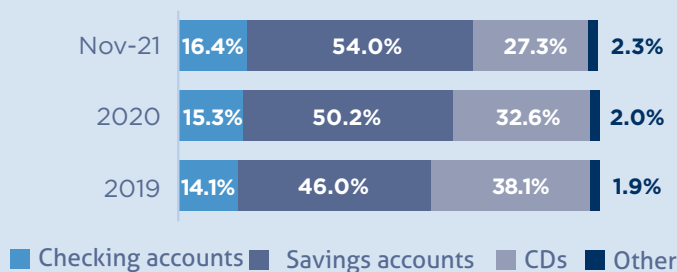
As of November 2021, deposits amounted to COP 528.2 trillion, growing 7.4% from the end of December 2020. When analyzing the performance by deposit type, it can be seen that deposits in savings accounts were the most dynamic product, growing 15.5% or COP 38.2 trillion from December 2020, followed by deposits in checking accounts, which increased 15.3% or COP 11.5 trillion in the same period. In contrast, CD deposits decreased 9.8%, or COP 15.7 trillion compared to December 2020.

Deposits (COP trillions)



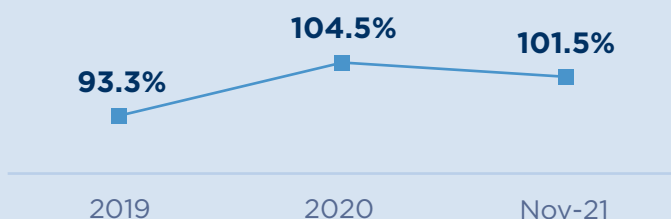
Due to the higher growth of deposits in savings accounts, their relative share in total deposits increased compared to the previous year, while CDs were the type of deposit that lost the most relative share of total deposits in the last year.

Composition of deposits



The system's ratio of deposits to net loans amounted to levels of 101.5% in November 2021, down from 104.5% in December 2020. This indicator reflects the higher growth of loans compared to that of deposits in 2021.

Deposits / Net loans



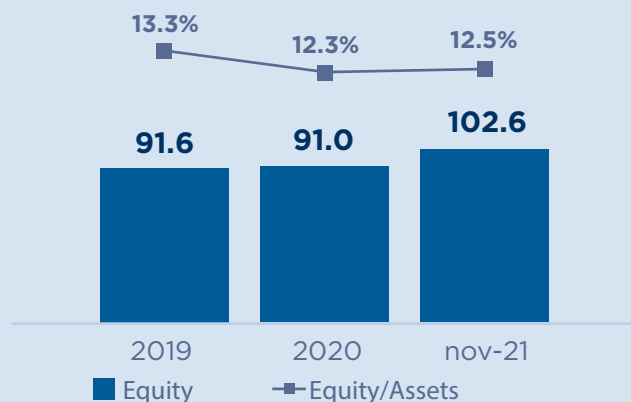
Other funding

Other funding is comprised of bonds, borrowings, loans from government financing entities and interbank funds. Total other funding of the banking system stood at COP 154.7 trillion at the end of November 2021, accounting for a growth of 25.6% compared to 2020.

Equity

At the end of November 2021, the balance of the banking system's equity amounted to COP 102.6 trillion, up 12.7% from December 2020. The growth of the system's equity during the year is primarily related to the recovery of the year's net income, which grew 112.6% compared to December 2020 (114.4% compared to the year-to-date in November 2020). At the end of December 2021, the ratio of book equity to total assets of the banking system stood at 12.5%.

Equity (COP trillions)



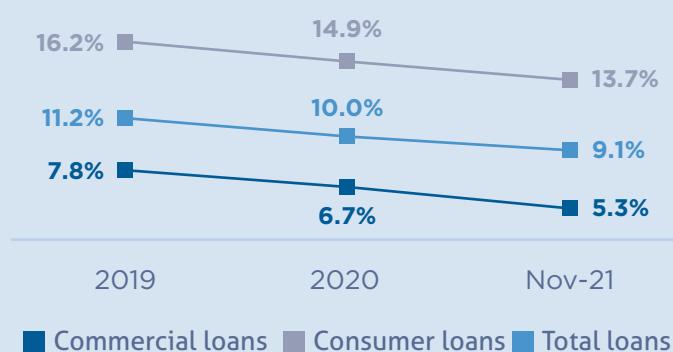
Main line items of the profit and loss statement and management indicators

Interest income

The banking system's interest income amounted to COP 46.4 trillion between January and November 2021, showing a 10.3% decrease compared to the same period of 2020. The 2021 income includes interest on loan, lease and repo portfolios of COP 43.7 trillion and investment income and changes in fair value of fixed income and equity of COP 2.7 trillion.

Portfolio revenues decreased by 7.3% between January and November 2021 compared to the same period of the previous year. The implicit loan interest rate as of November 2021, excluding default, repo and interbank interest, was 9.1%, decreasing 90 bps compared to the 2020 rate. The following figure presents the implicit rates for each period for commercial, consumer and total loans.

Implicit loan rates



The 96 bps decrease in the average portfolio placement rate⁷ compares to a 149 bps drop in the average DTF, which was 2.0% in November

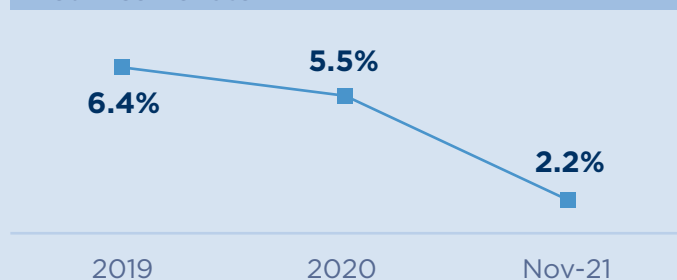


7. Calculated as the interest income from loans divided by the average at the 12 points of the average monthly balance of gross loans.

2021 and 3.5% in 2020. When analyzing the movements of the commercial and consumer loan rates, contractions higher than the total rate are observed due to a combination effect within the total average loans, where the balance of the average consumer loans increased more than the average commercial loans.

In turn, the performance of the fixed income rate shows a decrease as of November 2021, standing at 2.2%, compared to 5.5% in 2020.

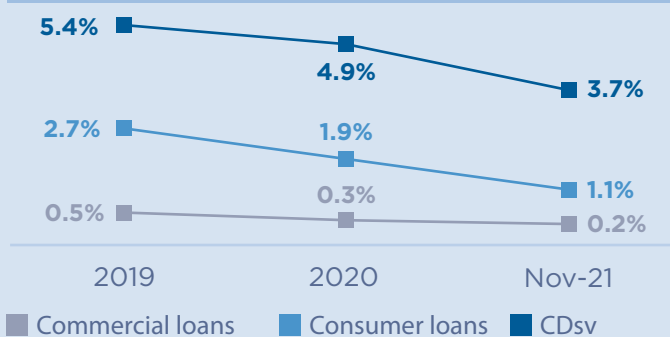
Fixed income rate



Interest expenses

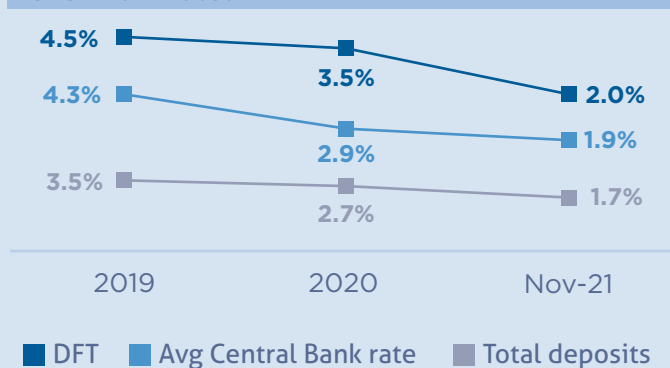
Between January and November 2021, the banking system's interest expense was COP 12.6, which is a reduction of 29.0% compared to the same period of the previous year. The lower interest expense is related to the 35.5% or COP 4.3 trillion decrease in interest expense on deposits. An analysis of the average cost of deposits⁸ shows a decrease of 101 bps to an average cost of 1.7% in November 2021, compared to an average cost of 2.7% in 2020. The evolution of the average cost by deposit type is shown below.

Average cost by deposit type



This is in line with the 95 bps decrease in the average intervention rate of the Central Bank of Colombia. The CD rate had the largest decrease of 116 bps to 3.7%, followed by savings accounts of 89 bps to 1.1%, and checking accounts of 12 bps to 0.2%. The average intervention rate of the Central Bank of Colombia, the average DTF and the total average cost of deposits are compared below.

Benchmark rates*



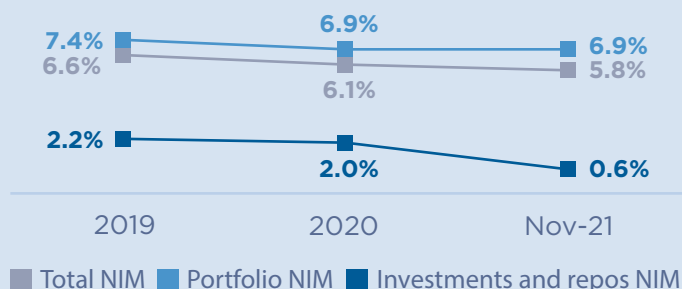
For the Fixed Term Deposit (DTF for the Spanish original), the monthly average was taken for 2019, 2020 and 2021, and for the Central Bank's intervention rate, the daily average for 2019, 2020 and 2021 was taken

8. Calculated as the interest expenses of deposits divided by the average at the 12 points of the average monthly balance of deposits.

Net interest margin

The net interest margin, calculated as net interest income on average productive assets (understood as average gross loans plus average investments⁹ and average repos and interbank funds) showed a significant decrease of 71 bps to 5.4%. The net interest margin of loans (loan NIM) showed a 52 bps decrease to 6.4%, in line with the decrease of loan rates analyzed above, while the net interest margin of investments (investment and repo NIM) decreased by 145 bps to 0.5%.

Net interest margin



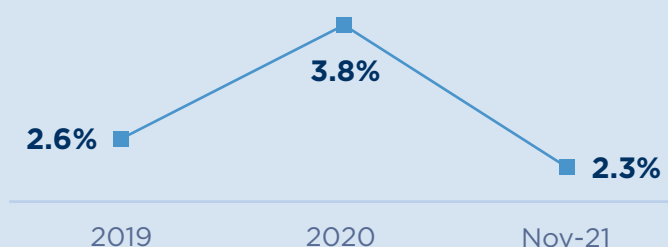
Net expenses of loan allowances

The net loan provision expense (measured as the provision for loan portfolio and interest receivable minus recoveries of written-off loans) reached COP 11.0 trillion between January and November 2021, showing a decrease of 31.5% compared to the same period of the previous year. The decrease in the net provision expense

is primarily due to the lower growth of the risk portfolio, higher provision reimbursements and recoveries of loans during 2021.

As a consequence, the cost of risk¹⁰ decreased by 153 bps to 2.3% between January and November 2021 from 3.8% in 2020. The evolution of the cost of risk is shown below.

Cost of risk



Net fee and commission income

Net fee and commission income reached COP 4.9 trillion between January and November 2021, accounting for a growth of 12.8% compared to the COP 4.4 trillion recorded in the same period of the previous year. The higher net fee and commission income is primarily due to the reactivation of customers at branches, ATMs and other points of service.

As a percentage of revenue¹¹, net fees and commissions accounted for 10.9% as of November

9. Includes equity and tradable fixed income available for sale and fixed income held until maturity.

10. Calculated as the net expenses of loan allowances divided by the average at the 12 points of the average monthly balance of the loan portfolio.

11. Defined as the sum of net interest income, net fee and commissions and other income, excluding the equity method (MPU, for the Spanish original) and dividends as they are related to the net income of controlled companies, associates and joint ventures.

2021 compared to 10.3% as of December 2020 and 11.7% as of December 2019. As a percentage of average assets, net fees and commissions reached 0.7% as of November 2021, compared to 0.6% as of December 2020 and 0.8% as of December 2019.

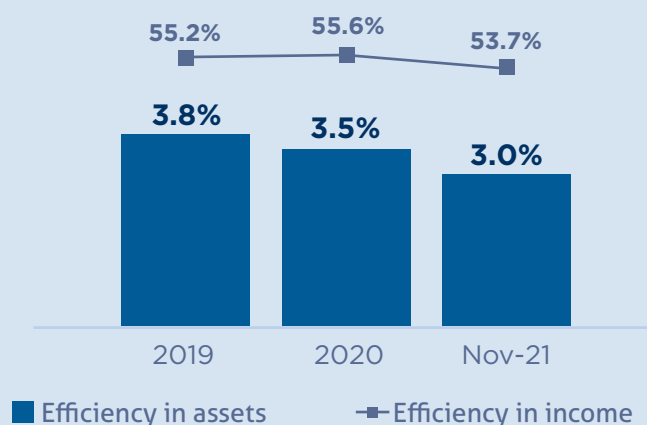
Operating expenses

The efficiency metrics and the analysis of operating expenses include all system expenses, other than interest, provisions and fees and commissions, which are included in the analysis of net interest margin, cost of risk and net fee and commission income.

Between January and November 2021, operating expenses reached COP 24.4 trillion, increasing by 3.0% compared to the COP 23.7 trillion recorded in the same period of 2020.

The ratio of operating expenses to revenue was 53.7% as of November 2021, showing a decrease of 188 bps compared to 2020, when this ratio was 55.6%. The ratio of operating expenses to average assets was 3.48% as of November 2021 compared to 3.52% recorded in 2020, accounting for a 4 bps reduction. The efficiency indicators are presented below.

Efficiency indicators



Implicit tax rate

Since the equity method has already paid taxes on the entities on which it is calculated, the implicit tax rate (income tax expense on pre-tax income excluding MPU) dropped to 36.1% in November 2021 from 202.9% at the end of December 2020 (atypical year due to the effect of net losses of some financial entities) and 40.8% in 2019. The implicit tax rate, including MPU, was 22.7% for November 2021 and 25.0% for 2020.

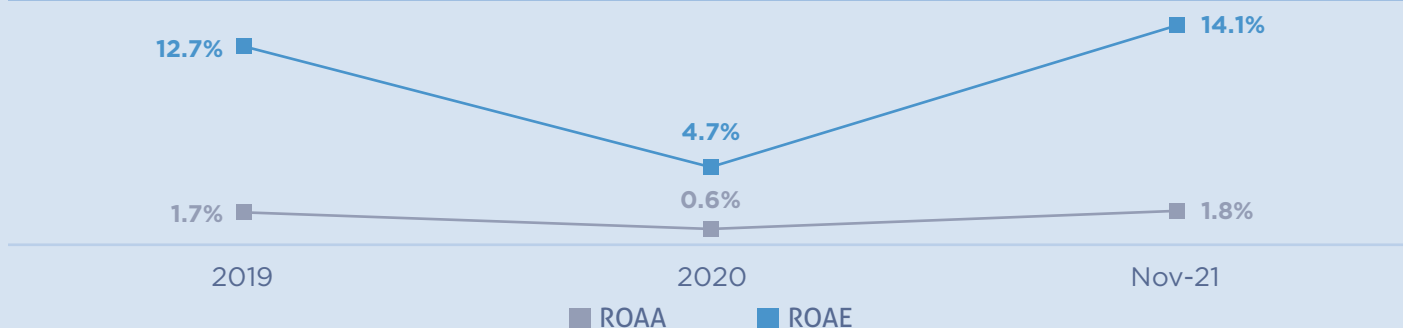
Net income

Finally, the net income of the financial sector was COP 11.9 trillion between January and November 2021, showing an increase of 178% from the COP 4.3 trillion recorded in the same period of the previous year. The profitability indicators of ROAE¹² and ROAA¹³ are shown below.

12. Calculated as the net income divided by the average at the 12 points of the average monthly balance of equity.

13. Calculated as the net income divided by the average at the 12 points of the average monthly balance of assets.

Profitability indicators



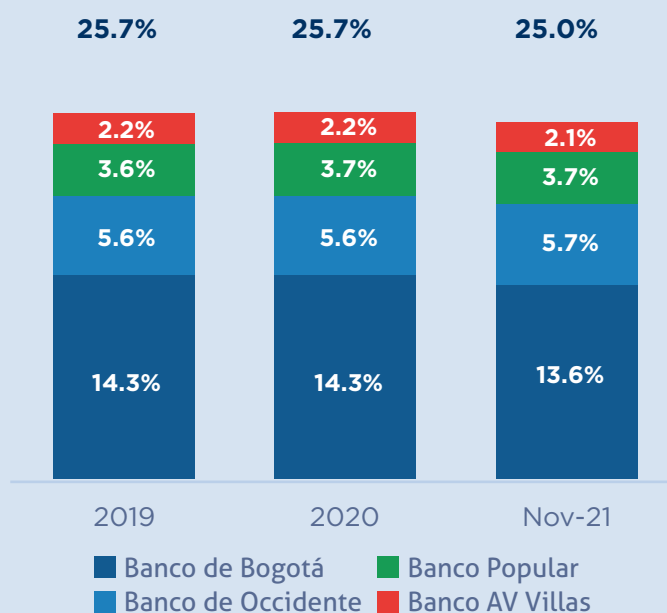
3.6.D. Grupo Aval in the Colombian banking system

The Aval banks' market shares are presented below. These figures were calculated with information from the separate financial statements reported to the SFC based on the International Financial Reporting Standards applicable in Colombia (NCIF).

Through the Aval banks, we are leaders in the local market share in total assets (25.0%), net loans (24.1%), deposits (24.3%), equity (33.0%) and net income (42.1%) at November 2021.

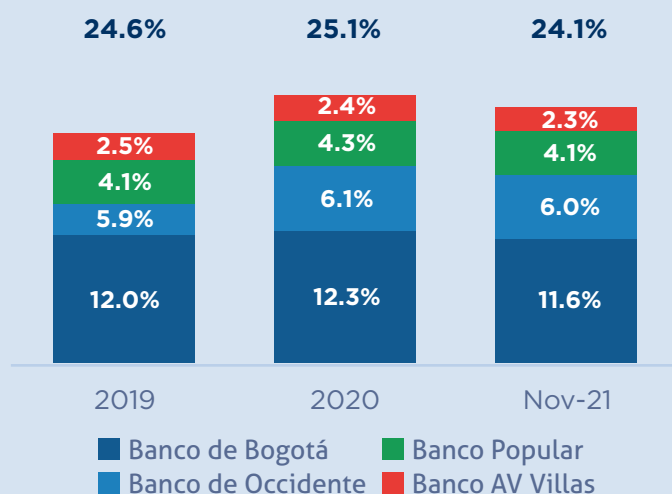
Assets

As of November 2021, the Aval banks continue to be leaders in the Colombian financial market, with a combined asset share of 25.0%. As of this date, the assets of Aval Banks amounted to COP 206.2 trillion, which accounted for a growth of 8.1% compared to December 2020. The system grew 11.0% during 2021, reaching total assets of COP 823.7 trillion. The evolution of our market shares over total assets is shown below.



Net loans

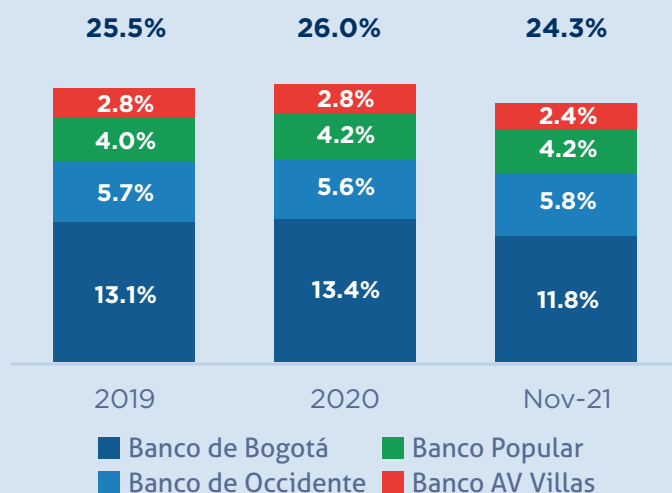
Our market share in net loans as of December 2021 closed at 24.1%. As of November 2021, the sum of the net loan balance of the Aval Banks amounted to COP 125.2 trillion and grew 6.0% compared to December 2020, while the system's net loans amounted to COP 520.2 trillion and presented a growth of 10.6% compared to the previous year.



Deposits:

Aval Banks' market share in the deposits balance as of November 2021 closed at 24.3%. The deposits balance as of November 2021 for Aval Banks amounted to COP 128.1 trillion, up 0.1% compared to December 2020. The system's total deposits amounted to COP 528.2 trillion as of November 2021, up 7.4% from December 2020.

The evolution of the market shares in deposits is shown below.

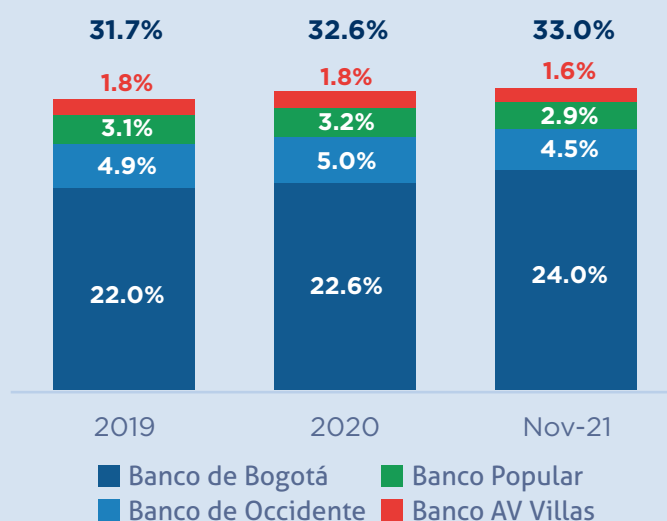


Equity:

As of November 2021, the market share of our banks' equity was 33.0%. The sum of Aval Banks' equity closed at COP 33.8 trillion as of November 2021, growing 13.9% compared to December 2020. The system's equity at the end of November 2021 was COP 102.6 trillion, up 12.7% from December 2020.

As has historically been the case, our banks have a higher market share in equity than in loans.

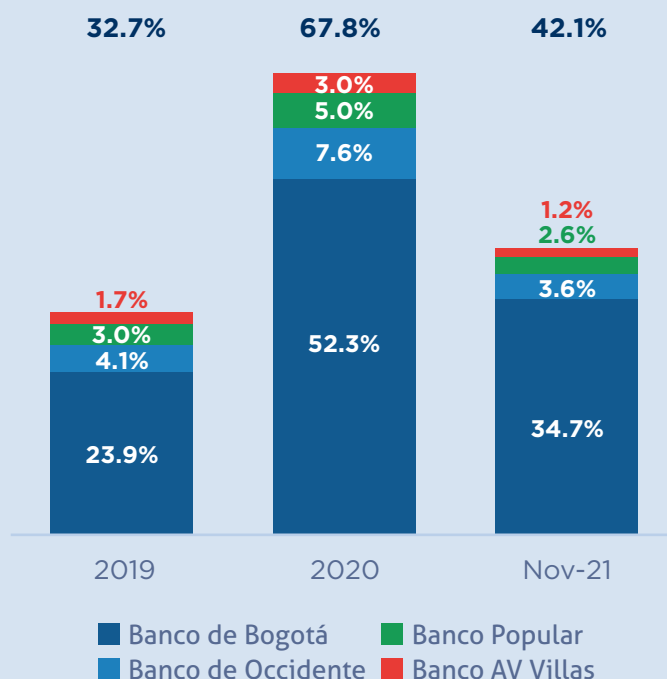
The evolution of the market share in equity is shown below.



Net income:

As of November 2021, the market share in net income of all the Aval Banks stood at 42.1%, compared to 67.8% as of December 2020. The evolution of the market share in net income is shown below.

During 2020, Aval Banks showed a lower contraction than the system thanks to their business diversification and focus on lower risk products, while their net income decreased 20.7%, and the banking system without Aval Banks decreased 81.7%. Aval Banks' net income grew 4.6% during 2021, reaching a market share of 42.1%.



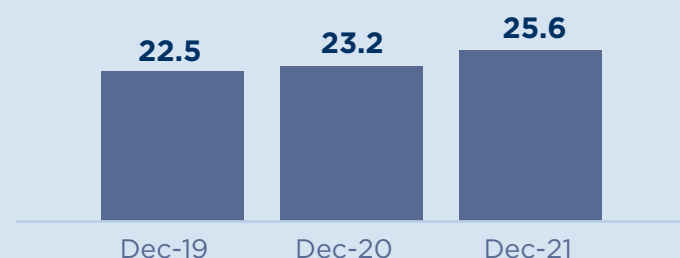
3.6.E. Results of the Holding Company's separate financial statements

Below is a summary of the main figures of our separate financial statements at the end of 2021. The results presented are in accordance with the NCIF.

Assets

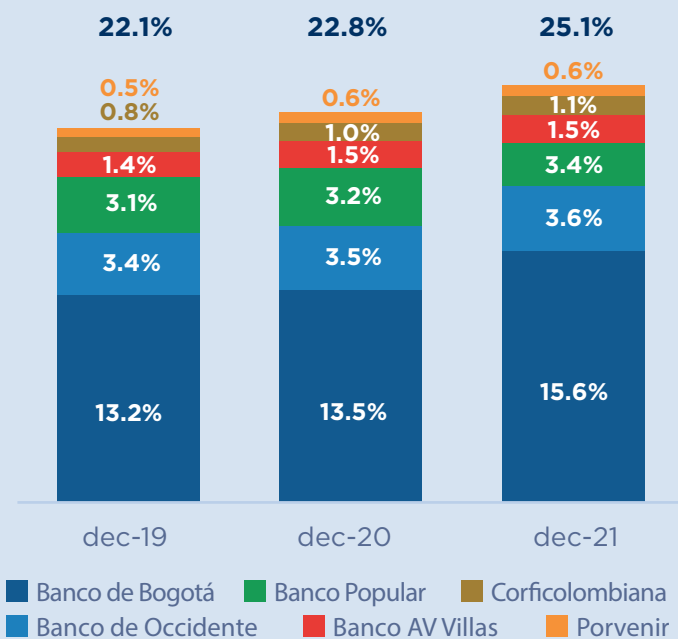
As of December 31, 2021, our total assets amounted to COP 25.6 trillion, with an increase of 10.0% from the balance reported as of December 31, 2020, of COP 23.2 trillion.

Equity (COP trillions)



Our assets mainly consist of our shares in Banco de Bogotá (68.7%), Banco de Occidente (72.3%), Banco Popular (93.7%), Banco AV Villas (79.9%), Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir (20.0%) and Corporación Financiera Colombiana (8.5%).

The growth in the assets line item, directly associated with the growth in the investment line item, was the result of equity transactions of subsidiaries. Between 2020 and 2021, investments increased 10.3%.



Note: The total includes investments in Grupo Aval Limited and ADL Digital Lab S.A.S.

Liabilities

Our total liabilities stood at COP 2.1 trillion as of December 2021, showing a decrease of 1.2% or COP 25,595 million, from the balance as of December 31, 2020.

As of December 31, 2021, outstanding bonds denominated in Colombian pesos accounted for 53.6% of liabilities and amounted to COP 1.1 trillion, borrowings, 25.3%, and the remaining 21.1% is comprised of dividends, taxes and other accounts payable.

Grupo Aval's issuances in the local market are broken down below:

YEAR	PRINCIPAL (millions)	RATE	RATING
2009 issuance (Series A - 15 years)	COP 124,520	CPI +5.20%	AAA - BRC Investor Services S.A.
2016 issuance (Series A - 10 years)	COP 93,000	CPI +3.86%	AAA - BRC Investor Services S.A.
2016 issuance (Series A - 20 years)	COP 207,000	CPI +4.15%	AAA - BRC Investor Services S.A.
2017 issuance (Series A - 25 years)	COP 300,000	CPI +3.99%	AAA - BRC Investor Services S.A.
2019 issuance (Series C - 5 years)	COP 100,000	6.42%	AAA - BRC Investor Services S.A.
2019 issuance (Series A - 20 years)	COP 300,000	CPI +3.69%	AAA - BRC Investor Services S.A.
TOTAL	COP 1,124,520		

Equity

At the end of December 31, 2021, shareholder equity amounted to COP 23.5 trillion, up 11.1% or COP 2.4 trillion from the equity at the end of December 2020. The variation in equity reflects the growth in value of investments and earnings of the period.

Equity

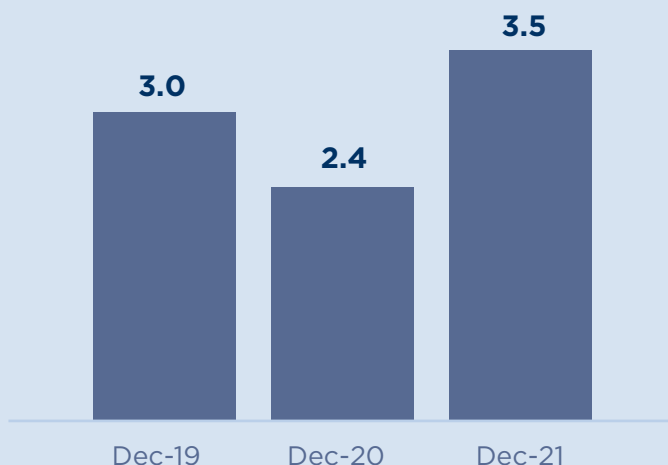


Net income

Net income in our separate financial statements is the result of equity method income from our investments and other income, net of the Holding Company's operating, financial and tax expenses.

At year-end 2021 we had a net income of COP 3.5 trillion compared to the COP 2.4 trillion for the year ended December 31, 2020, accounting for a growth of 46.0% or COP 1.1 trillion. The net earnings per share in 2021 were COP 157. The growth in Grupo Aval's net income was a consequence of the economic recovery throughout 2021.

Net income



Main figures of Grupo Aval Limited (GAL)

Grupo Aval Limited (GAL) is a company 100% owned by Grupo Aval through which we have issued senior bonds in the international market, 100% endorsed by Grupo Aval. As of December 31, 2021, GAL had two outstanding issues.

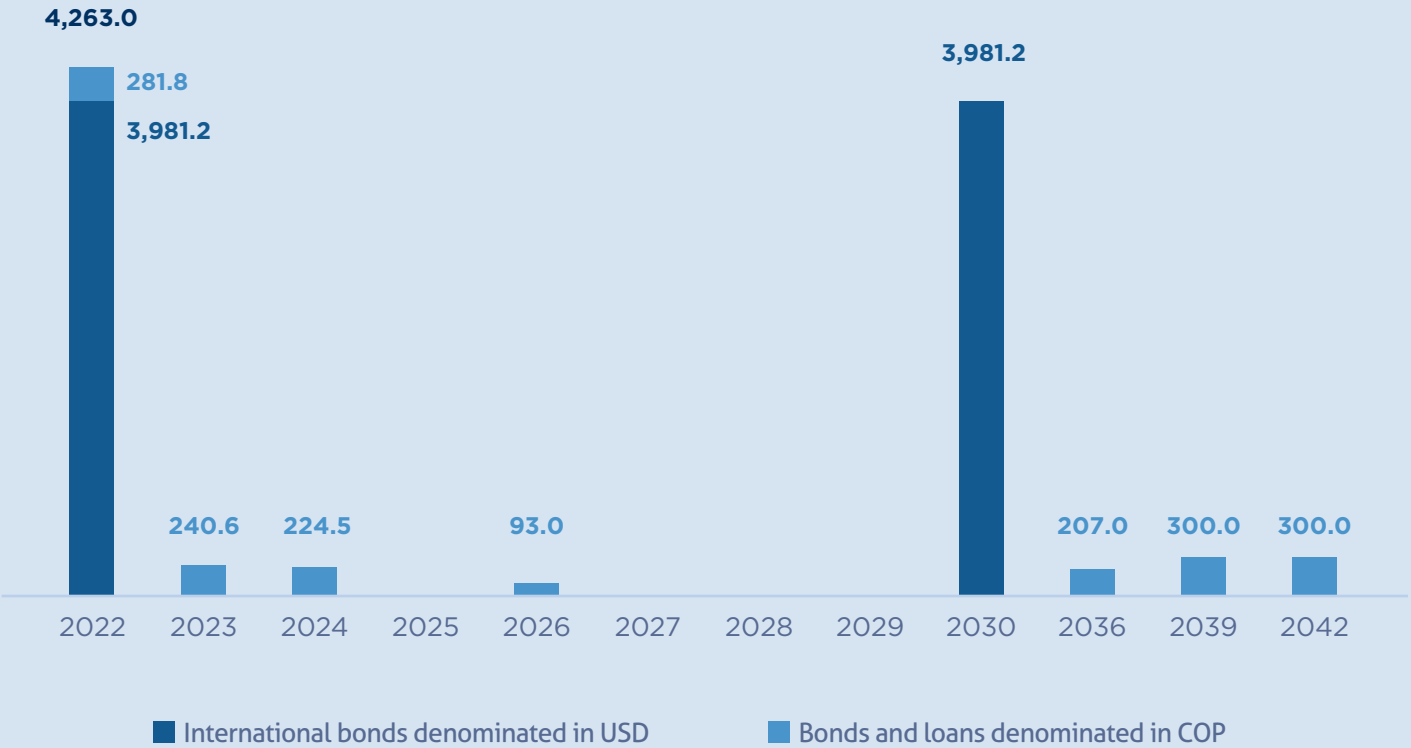
The bond issues remaining in the market are as follows:

CURRENT ISSUES	2012	2020
DURATION	10 years	10 years
MATURITY	Sep-22	Feb-30
AMOUNT	USD 1,000 million	USD 1,000 million
COUPON RATE	4,750%	4,375%

As of December 31, 2021, GAL's assets amounted to USD 1.9 billion. Cash and liquid investments amounted to USD 557.9 million. GAL had USD 522.5 million corresponding to investments in hybrid bonds of BAC International Bank, Inc. It had also granted loans to related parties for USD 813.6 billion (of which USD 552.4 million were loans granted to Corficolombiana companies, USD 186.1 million were loans granted to Porvenir and USD 75.0 million were loans granted to BHI). The liabilities associated with the principal and interest of the aforementioned bonds amounted to USD 2.0 billion as of December 31, 2021.

Principal maturity profile of Grupo Aval and Grupo Aval Limited borrowings (trillions of COP)

As of December 31, 2021, Grupo Aval and Grupo Aval Limited had a total combined debt of COP 9.6 trillion, including interest. The following is the principal maturity profile of Grupo Aval and Grupo Aval Limited's borrowings (COP billions).



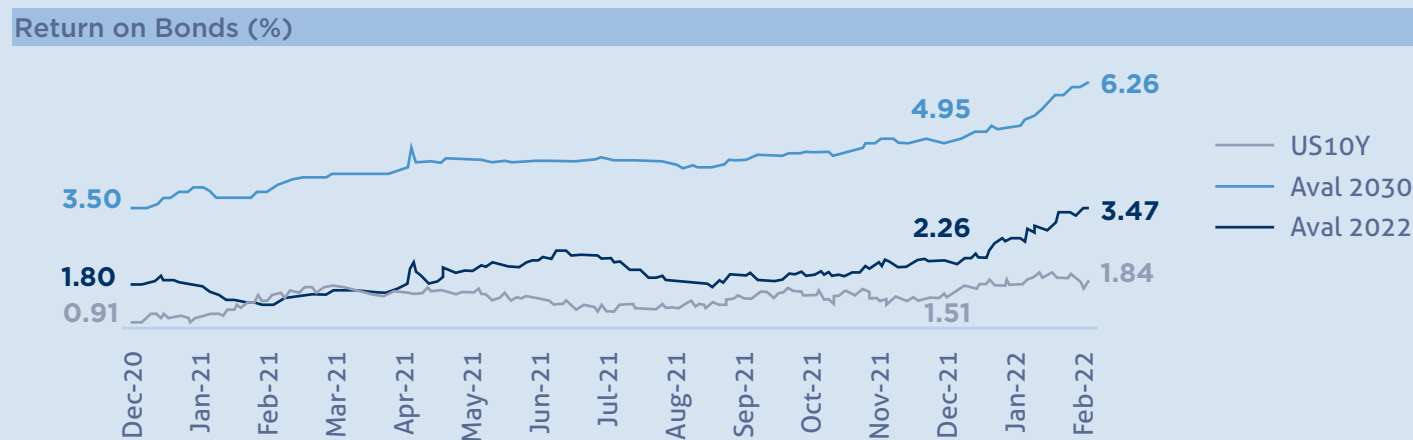
Source: Grupo Aval. (*) Issued by Grupo Aval Limited with the endorsement of Grupo Aval Acciones y Valores S.A. Amounts in US dollars converted at the exchange rate of COP 3,981.16 as of December 31, 2021.

Main debt and debt service hedging metrics of Grupo Aval and Grupo Aval Limited (combined)

DEBT AND DEBT SERVICE HEDGING	2019	2020	2021	2020 VS. 2021
DOUBLE LEVERAGE	1.14x	1.18x	1.18x	-0.00
NET DEBT / INCOME FROM FLOW	2.57x	3.39x	3.84x	-0.45
NET DEBT / FLOW OF DIVIDENDS	3.16x	4.36x	5.51x	1.15
INCOME FROM FLOW / INTEREST EXPENSES	5.63x	4.08%	4.30x	0.22

Double leverage is calculated as investments in subsidiaries at book value (excluding revaluations), subordinated loans to subsidiaries, investments in hybrid instruments and goodwill, as a percentage of shareholders' equity, (2) Income from cash flow is defined as recurring cash flow from dividends, investments and income from net operations, (3) Net debt is calculated as total debt less cash and cash equivalents and fixed income investments.

Evolution of the market rates of the bonds issued by Grupo Aval Limited during 2021



Source: Bloomberg. Latest prices at March 03, 2022.

As of March 03, 2022, Grupo Aval Limited's issuances were rated as BB+ by Fitch and as Ba2 by Moody's.

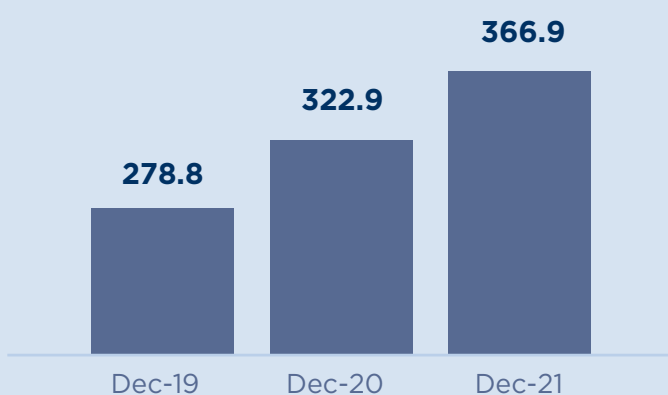
3.6.F. Results of Grupo Aval's consolidated financial statements

Below, we present a summary of the main figures of our consolidated financial statements at the end of 2021. The results presented are in accordance with the NCIF. The figures are expressed in trillions of Colombian pesos, except when otherwise indicated.

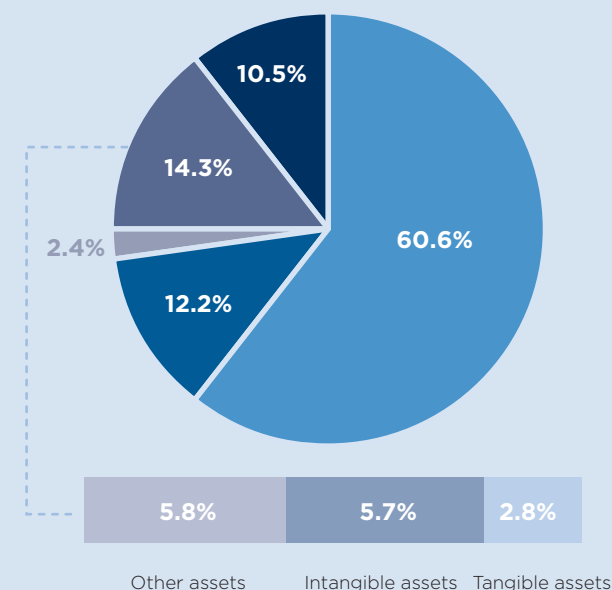
Assets

As of December 31, 2021, our assets amounted to COP 366.9 trillion, up 13.6% from the balance of COP 322.9 trillion reported as of December 31, 2020. The assets of our Colombian operations, which comprise 62.7% of total consolidated assets increased by 9.3% in the year, while our Central American operations, which comprise 37.3% of total consolidated assets, grew 21.8% in Colombian pesos (4.8% in US dollars).

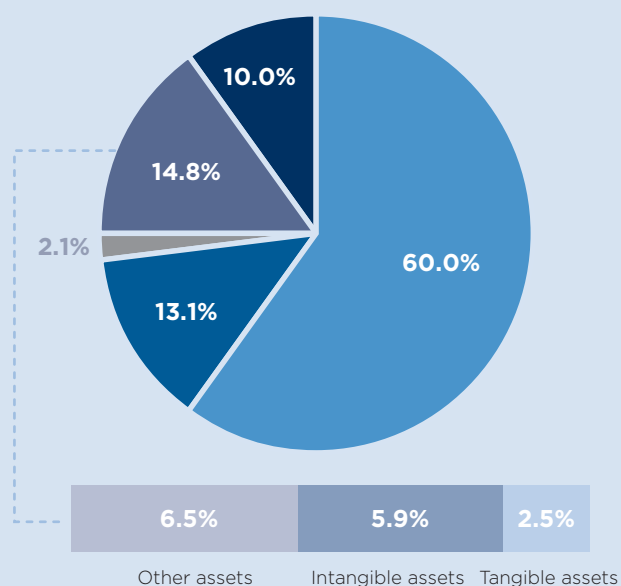
Assets



2020 Assets' composition



2021 Assets' composition



■ Net loans ■ FR investments ■ Equity investments
■ Other ■ Cash

■ Net loans ■ FR investments ■ Equity investments
■ Other ■ Cash

Our net loans at year-end 2021 amounted to COP 220.3 trillion, up 12.7% or COP 24.8 trillion during the year. The net portfolio accounted for 60.0% of total assets as of December 31, 2021.

Our net loans, excluding repos, grew 13.7% in the year and amounted to COP 217.1 trillion. By type of loan: (i) net commercial loans, which comprise 53.5% of total net loans (excluding repos), increased by 9.9%; (ii) net consumer loans, which comprise 33.3% of total net loans (excluding repos), increased by 18.7%; and (iii) net mortgages, which comprise 13.1% of total net loans (excluding repos), increased by 18.3%. The net microcredit portfolio, which comprises only 0.1% of total net loans (excluding repos), decreased 14.3%.

The net loans of the Colombian operation (excluding repos), which comprise 60.5% of total net loans, grew 7.1% in the year, while the Central American operation, which accounts for 39.5% of the total net loans (excluding repos), grew 25.7% in Colombian pesos (8.4% in US dollars).

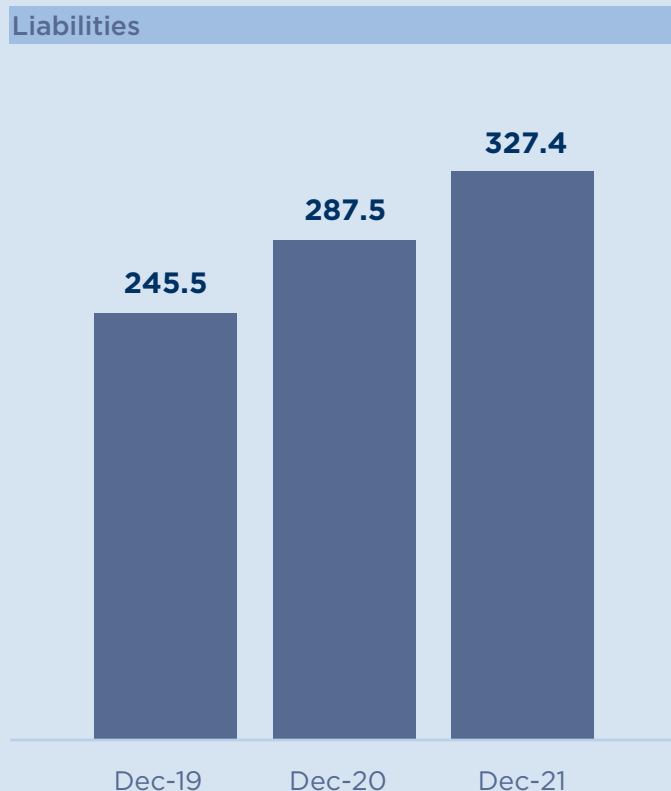
In turn, fixed income investments, which comprise 13.1% of our total assets, amounted to COP 48.0 trillion as of December 31, 2021, increasing by 22.1% or COP 8.7 trillion in the year. Of the fixed income portfolio, 42.6% is issued by the Colombian Government, 27.0% issued by Foreign Governments, 12.1% is issued by other financial institutions, 9.9% is issued by other Colombian Government entities, 3.9% is issued by Central Banks, 2.4% is issued by other issuers and 2.1% issued by non-financial sector entities.

Cash accounted for 10.0% of total assets. Other assets include intangible assets and tangible

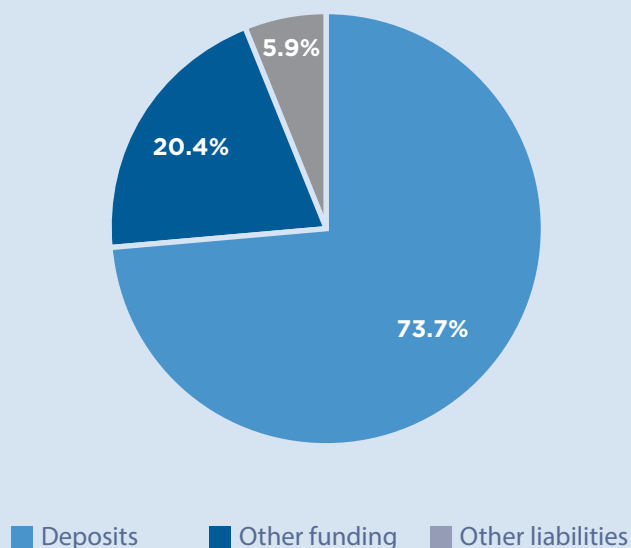
assets, which accounted for 5.9% and 2.5% of total assets, respectively.

Liabilities

Our liabilities stood at COP 327.4 trillion at the end of 2021, growing 13.9% or COP 40.0 trillion over the balance as of December 31, 2020. The liabilities of our Colombian operations, which comprise 62.9% of total liabilities, increased 7.3% in the year, while those of our Central American operations, which comprise 37.1% of our liabilities, grew 24.6% in Colombian pesos (7.3% in US dollars).



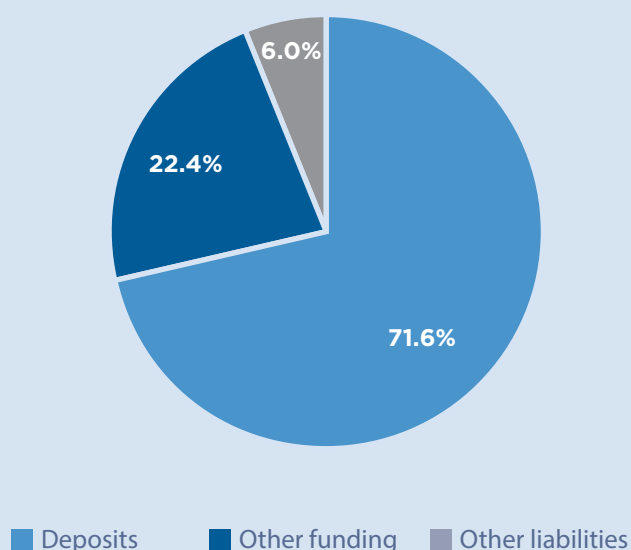
2020 Liabilities' composition



Public deposits accounted for 71.6% of our total liabilities as of December 31, 2021 and stood at COP 234.5 trillion, showing a growth of COP 22.6 trillion or 10.7% for the year. Within total deposits: (i) deposits in CDs, which comprise 36.5% of total deposits, increased by 2.4%; (ii) deposits in savings accounts, which comprise 38.0% of total deposits, increased by 16.4%; and (iii) deposits in checking accounts, which comprise 25.3% of total deposits, increased by 15.7%. Other deposits comprise only 0.3% of total deposits.

The Colombian operation's deposits, which accounted for 57.8% of total deposits as of December 31, 2021, grew 2.6% in the year, while our Central American operation, which comprise 42.2% of total deposits, grew 24.1% in Colombian pesos (7.0% in US dollars).

2021 Liabilities' composition

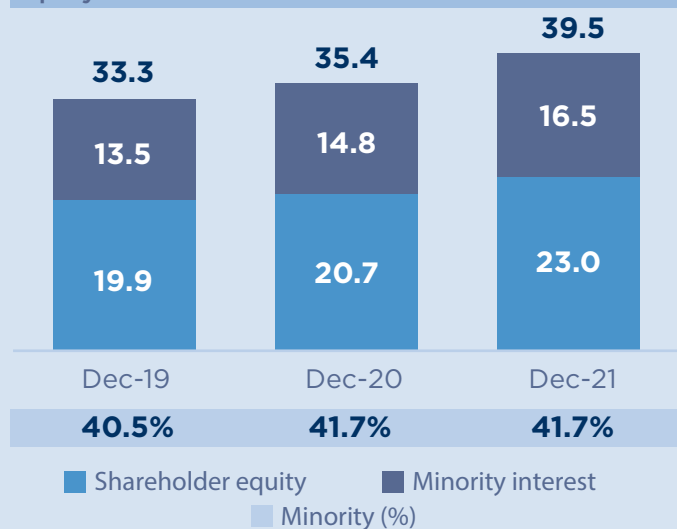


In turn, other funding comprised of borrowings, bonds, interbank loans and borrowings from government financing entities, which represent 22.4% of our total liabilities, amounted to COP 73.3 trillion as of December 31, 2021, showing a growth of 25.0% or COP 14.6 trillion for the year. The increase for the year is mainly due to an increase of COP 7.5 trillion in the balance of loans with banks and others, COP 4.5 trillion in the balance of bonds and COP 3.5 trillion in the balance of interbank funds. The higher bond balance in 2021 is mainly related to the restatement of USD denominated bonds.

Equity

At the end of December 31, 2021, our total consolidated equity amounted to COP 39.5 trillion, showing an increase of COP 4.0 trillion or 11.4%, compared to December 2020. Grupo Aval shareholders equity amounted to COP 23.0 trillion as of December 31, 2021, with a growth of 11.3% or COP 2.3 trillion in the year, while non-controlling interest reached COP 16.5 trillion, with a growth of 11.5% or COP 1.7 trillion.

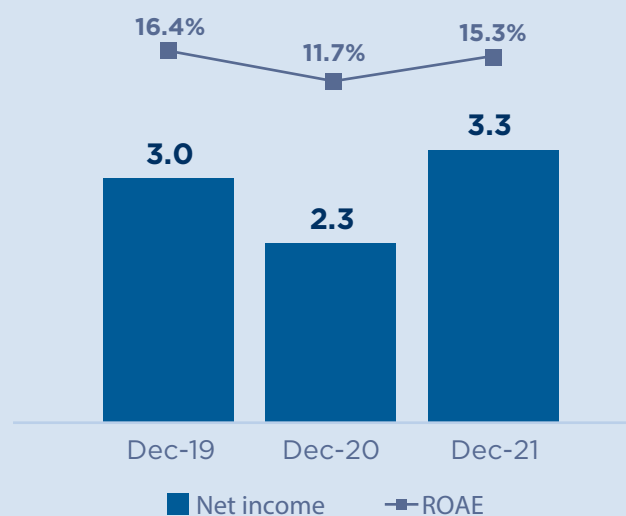
Equity



Consolidated net income

At the close of the year ended December 31, 2021, Grupo Aval reported net income attributable to shareholders of COP 3.3 trillion showing a growth of 40.4% compared to COP 2.3 trillion in 2020. Finally, our profitability indicators in 2021 were 15.3% on average equity (ROAE) and 1.6% on average assets (ROAA), compared to 2020 indicators of 11.7% and 1.5%, respectively.

Net income



3.6.G. Performance of Grupo Aval's shares

During the period from December 31, 2020, to December 31, 2021, the price of our common share (GRUPOAVAL) dropped 8.7% from COP 1,155 to COP 1,054. On the other hand, our preferred share (PFAVAL), the company's most liquid share, decreased by 11.3% from COP 1,194 to COP 1,059 in the same period of time. During the same period of time, the COLCAP decreased by 1.9%, from COP 1,438 to COP 1,411.

Grupo Aval share price vs. Colcap*



As of March 3, 2022, the price of our common share was COP 1,090, up 3.4% year-to-date, while the price of our preferred share was COP 1,081, up 2.1% year-to-date.

In turn, the ADR (AVAL) listed on the NYSE and equivalent to 20 preferred shares of Aval, stood at USD 5.11 as of December 31, 2021, showing a 25.7% decrease compared to the price of December 31, 2020, when it was USD 6.88. The performance of the ADR, also taking into account the price of the preferred share, is positively or negatively affected by the evolution of the Official Exchange Rate (TRM). During the year, the TRM showed a 16.0% devaluation, going from COP 3,432.5 as of December 31, 2020 to COP 3,981.2 as of December 31, 2021.

ADR Aval vs. TRM*



3.6.H. Results of our subsidiaries in Colombia

At the end of 2021, our main subsidiaries in Colombia were Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, Corficolombiana and Porvenir, whose results are listed below. The presented results are in accordance with the NCIF and refer to the consolidated financial statements of each entity. The figures are expressed in trillions of Colombian pesos, except when otherwise indicated.



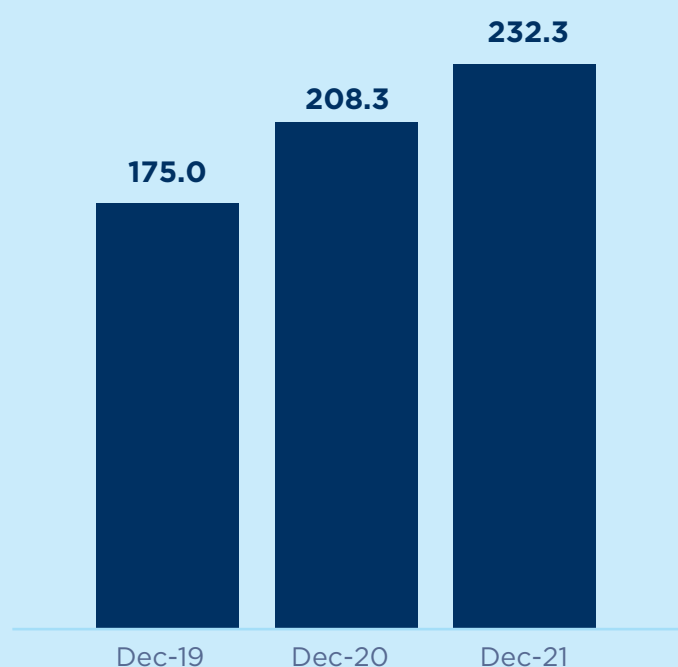
Banco de Bogotá



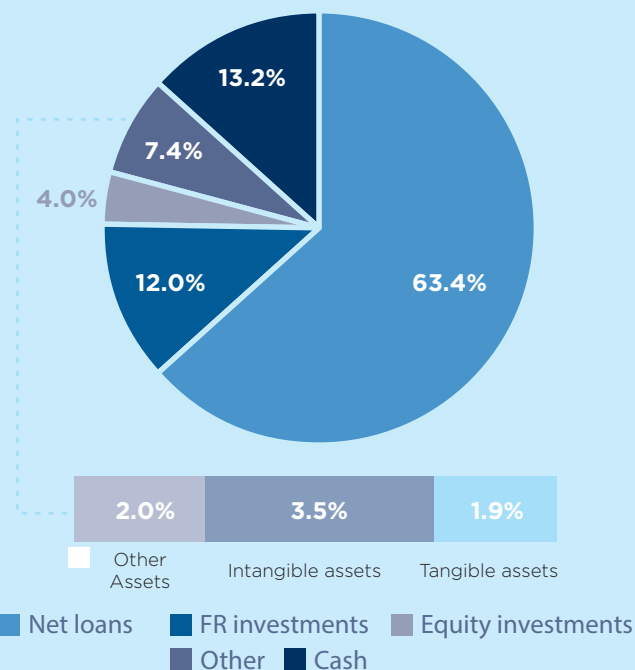
Assets

As of December 31, 2021, the bank's total assets amounted to COP 232.3 trillion, accounting for a growth of 11.6% or COP 24.1 trillion compared to the December 31, 2020 balance. The assets of Banco de Bogotá's Colombian operation, which comprised 41.2% of total assets, decreased by 0.4% during the year, while the Central American operation, which comprised 58.8% of total assets, grew 21.8% in Colombian pesos (4.8% in US dollars). MFG's assets stood at COP 19.8 trillion in December 2021.

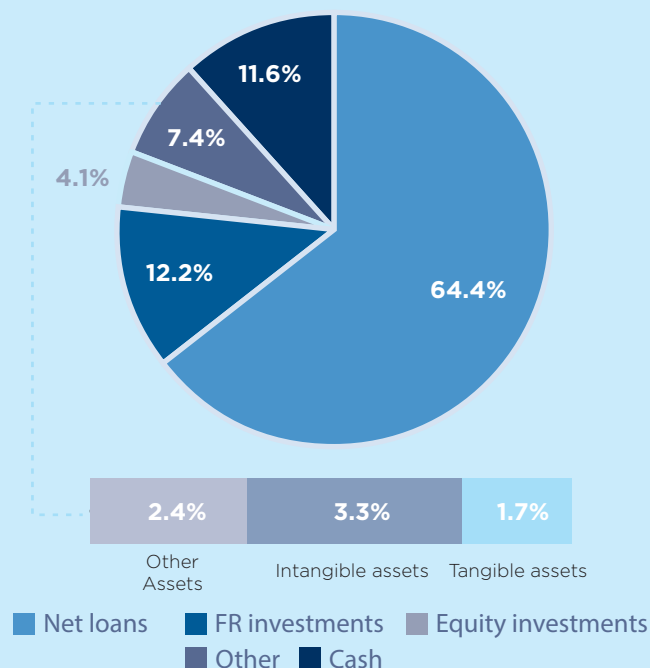
Assets



2020 Assets' composition



2021 Assets' composition



Net loans, which comprised 64.6% of assets as of December 31, 2021, stood at COP 150.2 trillion and increased by 13.8% or COP 18.2 trillion during the year.

Net loans, excluding repos, grew 15.6% in the year and amounted to COP 148.6 trillion. By type of loan: (i) net commercial loans, which comprise 56.4% of total net loans (excluding repos), increased by 11.1%; (ii) net consumer loans, which comprise 28.2% of total net loans (excluding repos), increased by 23.0%; and (iii) net mortgages, which comprise 15.2% of total net loans (excluding repos), increased by 21.0%. The net microcredit portfolio only comprises 0.1% of total net loans (excluding repos).

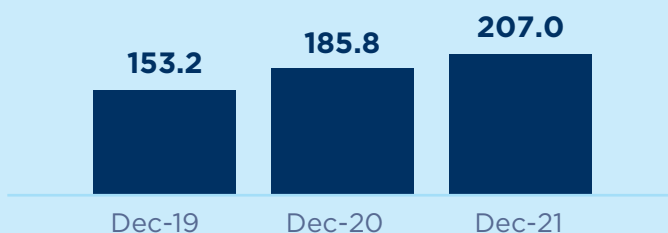
The net loans (excluding repos) of Banco de Bogotá's Colombian operation, which comprise 42.3% of total net loans, grew 4.2% in the year, while the Central American operation, which accounts for 57.7% of the total net loans, grew 25.7% in Colombian pesos (8.4% in US dollars).

In turn, fixed income investments, which comprise 12.2% of total assets, amounted to COP 28.4 trillion as of December 31, 2021, increasing by 13.3% or COP 3.3 trillion in the year. The bank's assets other than loans and fixed-income investments include cash, intangible assets, investments in equity instruments and in associated companies, and property, plant and equipment.

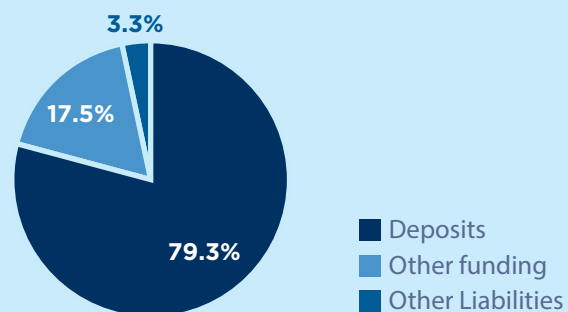
Liabilities

Liabilities stood at COP 207.0 trillion at year-end 2021, increasing by 11.4% from the balance as of December 31, 2020. The liabilities of Banco de Bogotá's Colombian operations, which comprised 41.4% of total liabilities, decreased by 3.1% in the year, while the Central American operations, which comprised 58.6% of total liabilities, increased by 24.6% in Colombian pesos (7.3% in US dollars).

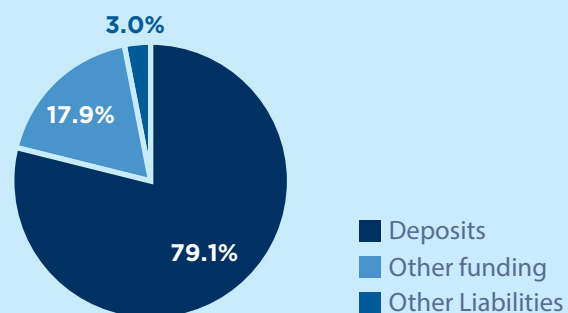
Liabilities



2020 Liabilities' composition



2021 Liabilities' composition



Public deposits comprised 79.1% of total liabilities and amounted to COP 163.7 trillion as of December 31, 2021, increasing by 11.2% or COP 16.4 trillion in the year. Within total deposits: (i) deposits in CDs, which comprise 38.6% of total deposits, increased by 5.6%; (ii) deposits in savings accounts, which comprise 31.2% of total deposits, increased by 14.7%; and (iii) deposits in checking accounts, which comprise 30.0% of total deposits, increased by 15.1%. Other deposits comprise 0.3% of total deposits.

Banco de Bogotá's Colombian operation deposits, which comprise 39.5% of total deposits, decreased by 4.1% in the year, while the Central American operation, which comprise 60.5% of total deposits, grew 24.1% in Colombian pesos (7.0% in US dollars). MFG's deposits stood at COP 11.8 trillion in December 2021.

In turn, other funding comprised of credits from financial entities, bonds, interbank loans and borrowings from government financing entities, which represent 17.9% of total liabilities, amounted to COP 37.1 trillion as of December 31, 2021, showing a growth of 14.4% or COP 4.7 trillion for the year. The increase for the year was mostly due to a growth in the balance of loans from financial entities amounting to COP 4.9 trillion, which was partially offset by a COP 1.6 trillion decrease in interbank loans.

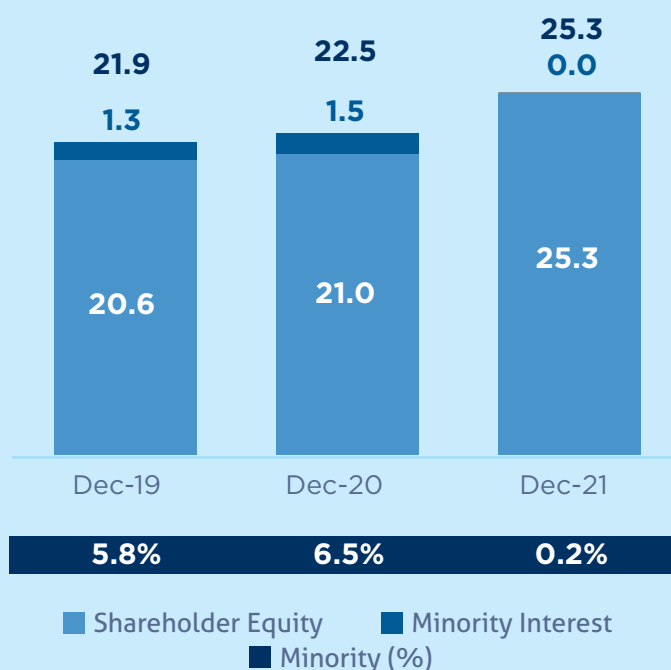
It is important to mention that Banco de Bogotá issued a fixed-rate ordinary bond in Colombia on February 10, 2021 at 3 and 5 years for COP 600 billion.

Equity

At the end of December 31, 2021, Banco de Bogotá's consolidated total equity amounted to COP 25.3 trillion, showing an increase of 12.6% or COP 2.8 trillion at the end of December 2020.

The bank's shareholder equity amounted to COP 25.3 trillion as of December 31, 2021, and increased 20.3% or COP 4.3 trillion in the year. The equity attributable to third parties (non-controlling interest) stood at COP 0.04 trillion, down 97.1% or COP 1.4 trillion in the year.

Equity

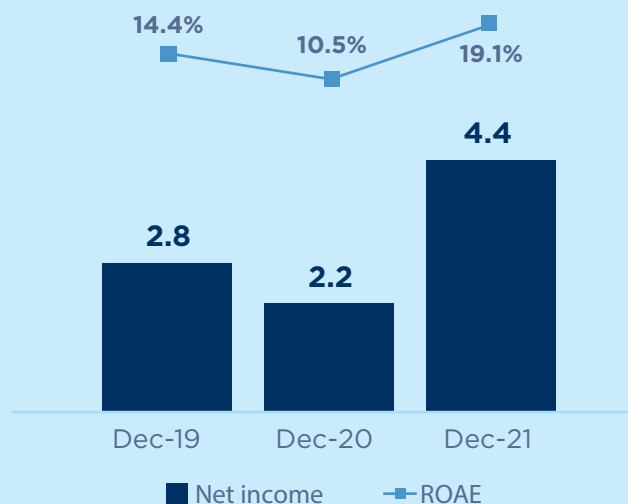


Consolidated net income

During the year ended December 31, 2021, Banco de Bogotá reported consolidated net income attributable to shareholders of COP 4.4 trillion compared to COP 2.2 trillion for the year ended December 31, 2020. The higher net income in 2021 compared to 2020 includes non-recurring income from the deconsolidation of Porvenir for COP 1.3 trillion.

Finally, the return indicators of 2021 were 19.1% on equity (ROAE) and 2.1% on assets (ROAA), compared to the 2020 indicators of 10.5% and 1.2%, respectively.

Net income



Banco de Occidente

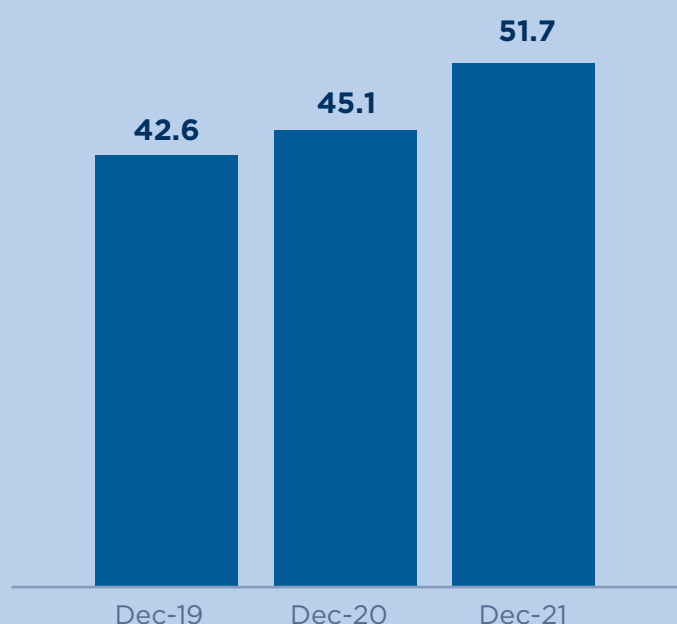


Assets

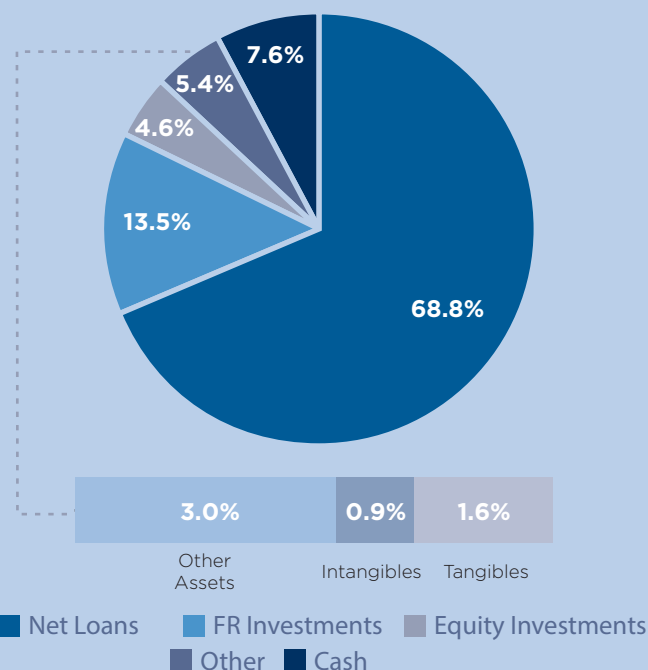
As of December 31, 2021, the bank's total assets amounted to COP 51.7 trillion, corresponding to a growth of 14.6% or COP 6.6 trillion compared to the December 31, 2020 balance.

Net loans, which comprised 67.9% of assets, stood at COP 35.1 trillion, showing a growth of 13.1% or COP 4.1 trillion during the year. Net loans, excluding repos, grew 12.8% in the year and stood at COP 34.6 trillion. By type of loan: (i) net commercial loans, which comprise 70.5% of net loans (excluding repos), increased by 12.1%; (ii) net consumer loans, which comprise 23.7% of net loans (excluding repos), increased by 15.0%; and (iii) net mortgages, which

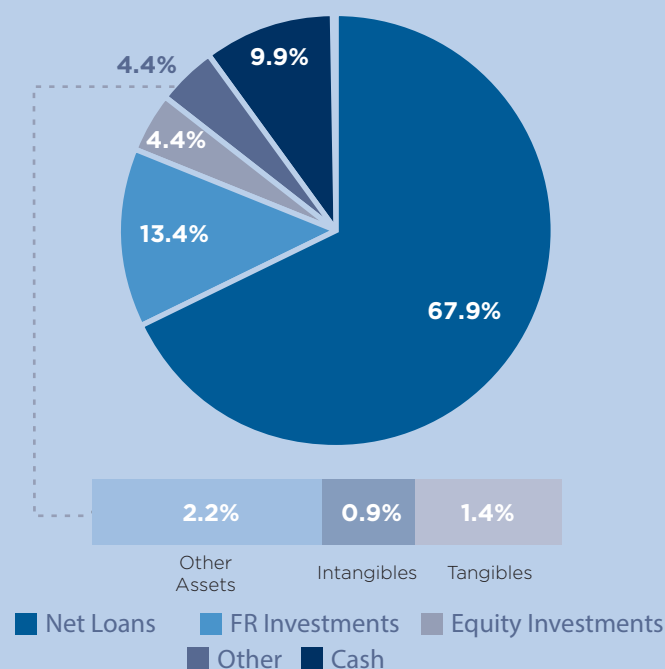
Assets



2020 Assets' composition



2021 Assets' composition



comprise 5.8% of net loans (excluding repos), increased by 12.4%.

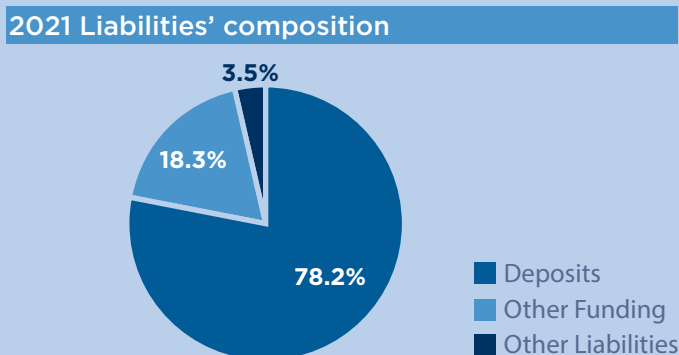
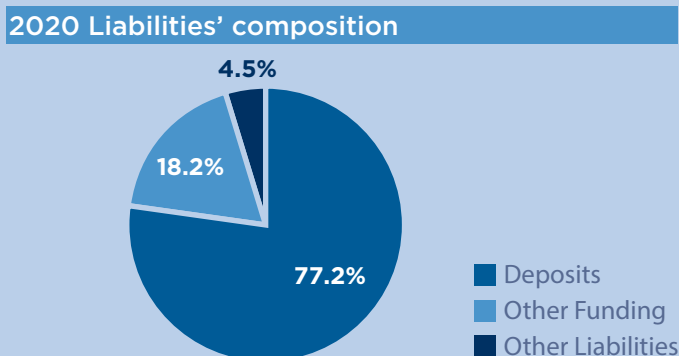
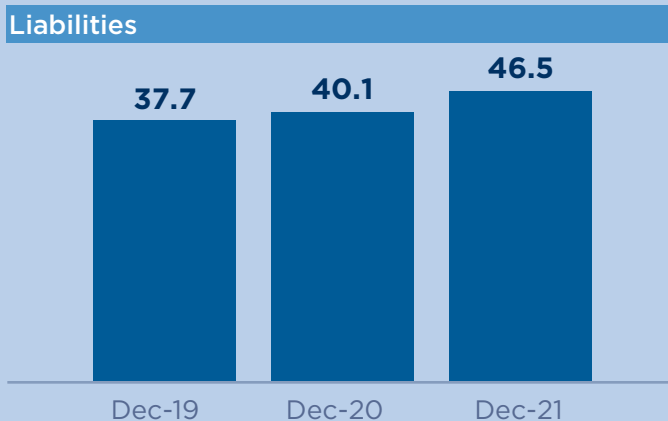
In turn, fixed income investments, which comprised 13.4% of total assets, amounted to COP 7.0 trillion at the end of December 31, 2021, showing a growth of 13.9% during the year. The bank's assets other than loans and fixed-income investments include cash, investments in equity instruments and in associated companies, and property, plant and equipment.

Liabilities

In turn, liabilities stood at COP 46.5 trillion, growing 15.9% over the balance as of December 31, 2020.

Deposits comprised 78.2% of total liabilities and showed a growth of 17.3% compared to the December 31, 2020 balance. Within total deposits: (i) deposits in savings accounts, which comprise 53.3% of total deposits, increased by 26.6%; (ii) deposits in CDs, which comprise 25.2% of total deposits, decreased by 7.1%; and (iii) deposits in checking accounts, which comprise 21.3% of total deposits, increased by 10.0%. Other deposits comprise only 0.1% of total deposits.

Other funding, made up of loans from financial entities, bonds, interbank loans and borrowings from government financing entities, comprised 18.3% of the bank's liabilities and amounted to COP 8.5 trillion, growing 16.1% in the year.



Equity

At the end of 2021, shareholder equity amounted to COP 5.2 trillion, 4.2% higher than the value of December 2020. Shareholder equity comprises 99.4% of total equity.

Equity

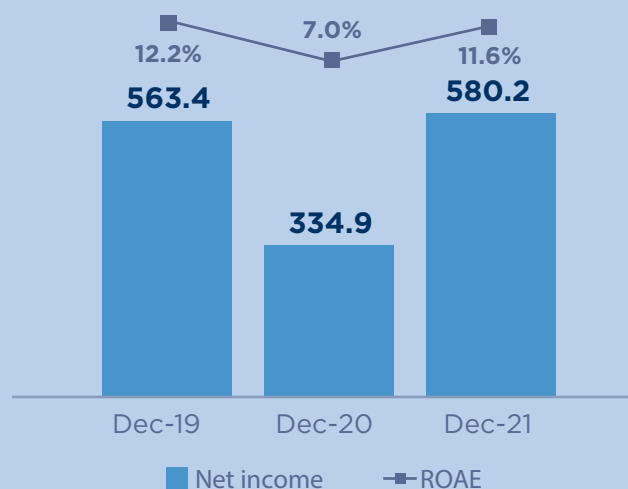


Consolidated net income

Banco de Occidente reported a net income attributable to shareholders of COP 580,222 million during the year ended on December 31, 2021, which is higher than the COP 334,890 million of 2020. The higher net income in 2021 compared to 2020 is mainly related to a decrease in provision expense of 29.2% or COP 364,076, given the economic recovery in 2021.

Finally, the returns indicators for 2021 were 11.6% on average equity (ROAE) and 1.2% on average assets (ROAA). These indicators in 2020 were 7.0% and 0.8%, respectively.

Net income (billion)



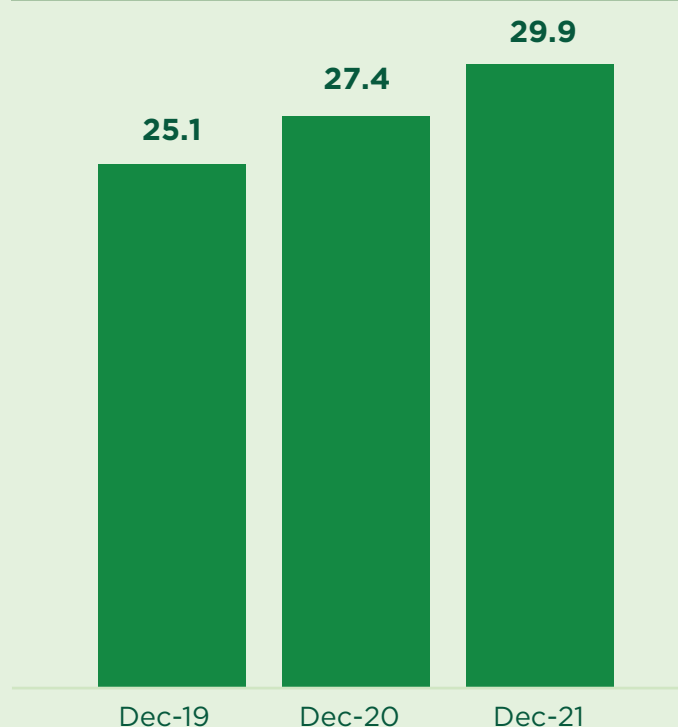
Banco Popular



Assets

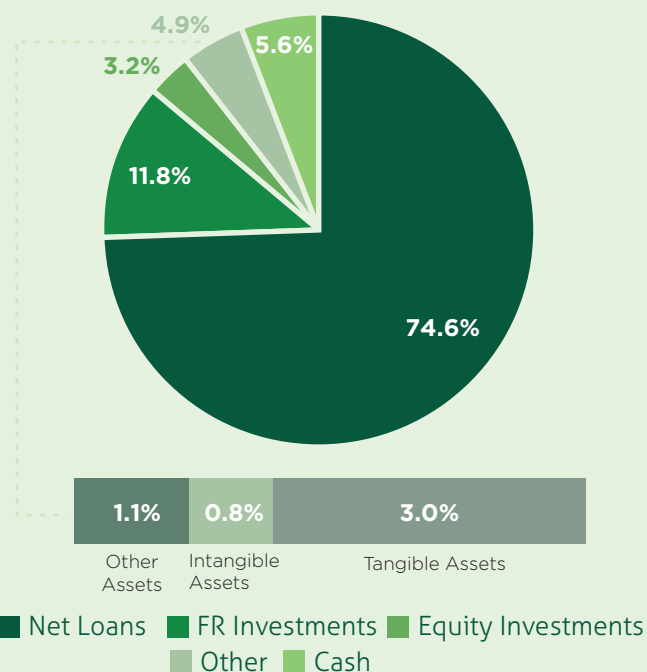
As of December 31, 2021, the bank's total assets amounted to COP 29.9 trillion, corresponding to an increase of 9.2% or COP 2.5 trillion compared to the December 31, 2020 balance.

Assets

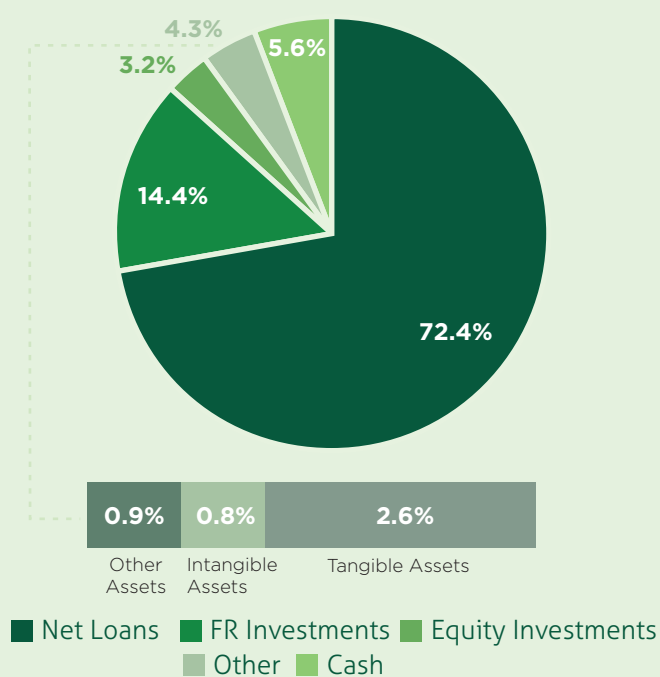


Net loans, which comprised 72.4% of assets, stood at COP 21.7 trillion and increased by 6.1% or COP 1.2 trillion during the year. By type of loan: (i) net consumer loans, which comprise 66.3% of net loans (excluding repos), increased by 13.3%; (ii) net commercial loans, which comprise 28.2% of net loans (excluding repos),

2020 Assets' composition



2021 Assets' composition



decreased by 9.7%; and (iii) net mortgages, which comprise 5.5% of net loans (excluding repos), increased by 6.9%.

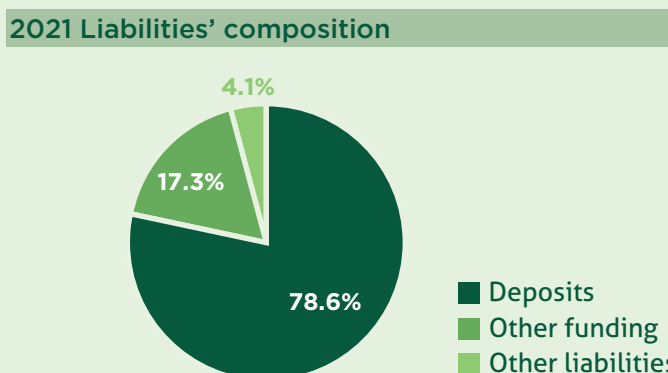
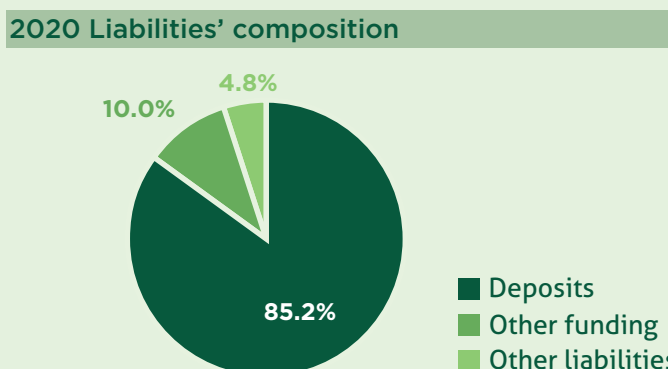
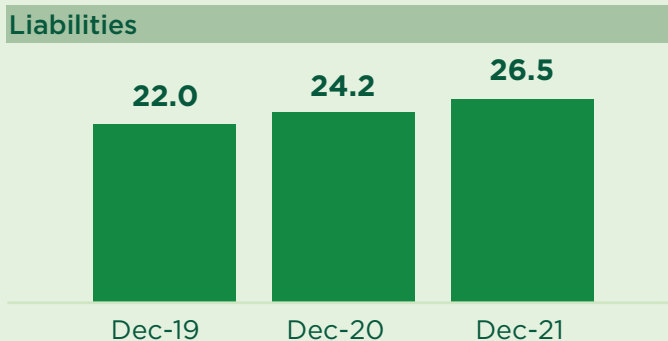
In turn, fixed income investments, which comprise 14.4% of total assets, amounted to COP 4.3 trillion as of December 31, 2021, increasing by 33.7% or COP 1.1 trillion in the year. The bank's assets other than loans and fixed-income investments include cash, investments in equity instruments and in associated companies, and property, plant and equipment.

Liabilities

In turn, liabilities stood at COP 26.5 trillion, increasing 9.7% from the balance at the end of December 2020.

Deposits comprised 78.6% of total liabilities and showed a growth of 1.2% or COP 0.3 trillion compared to the December 31, 2020 balance. Within total deposits: (i) deposits in savings accounts, which comprise 58.5% of total deposits, increased by 11.0%; (ii) deposits in CDs, which comprise 36.1% of total deposits, decreased by 11.6%; and (iii) deposits in checking accounts, which comprise 5.4% of total deposits, increased by 2.3%. Other deposits comprise only 0.1% of total deposits.

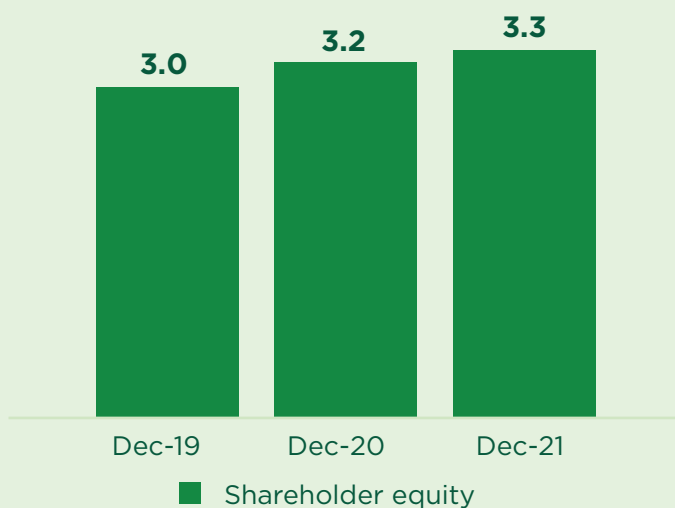
Other funding, made up of loans from financial entities, bonds, interbank loans and borrowings from government financing entities, comprised 17.3% of the bank's liabilities and amounted to COP 4.6 trillion, growing 88.8%. The growth in the year is mostly due to an increase in bonds, due to the issuance of COP 500 billion in November 2021.



Equity

At year-end 2021, shareholder equity amounted to COP 3.3 trillion, increasing 5.6% compared to the value as of December 31, 2020. Shareholder equity comprises 99.2% of total equity.

Equity

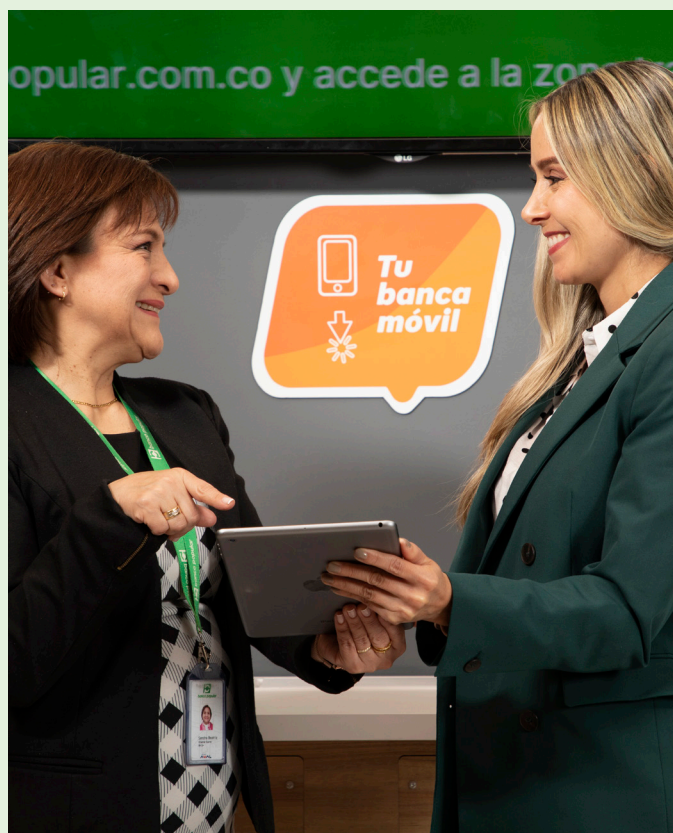
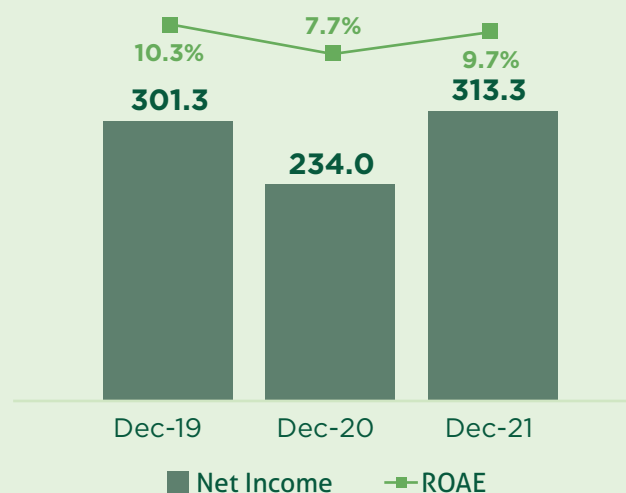


Consolidated net income

Banco Popular reported net income attributable to shareholders of COP 313,289 million during the year ended December 31, 2021, showing a 33.9% growth compared to the COP 233,974 million recorded during 2020. The higher net income in 2021 compared to 2020 is primarily related to higher net interest income of 12.7% or COP 178.677 million.

Finally, the returns indicators for 2021 were 9.7% on average equity (ROAE) and 1.1% on average assets (ROAA). In 2020, these indicators were 7.7% and 0.9%, respectively.

Net income (billion)



Banco AV Villas

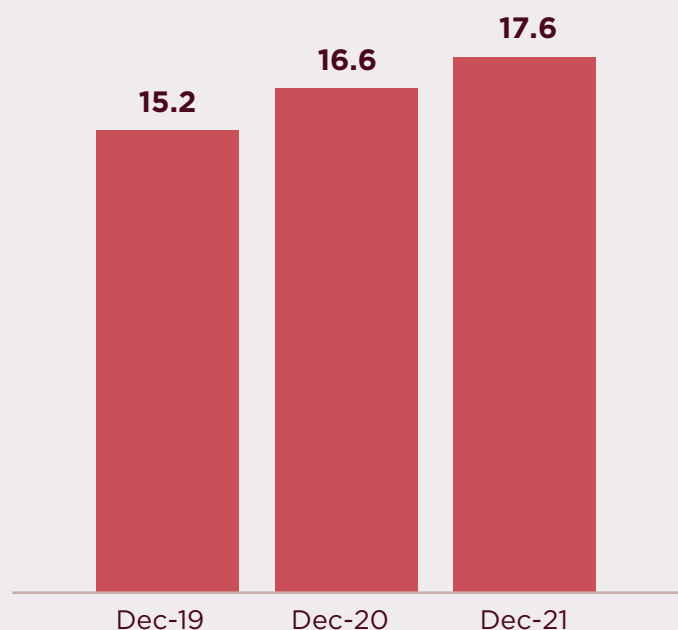


Assets

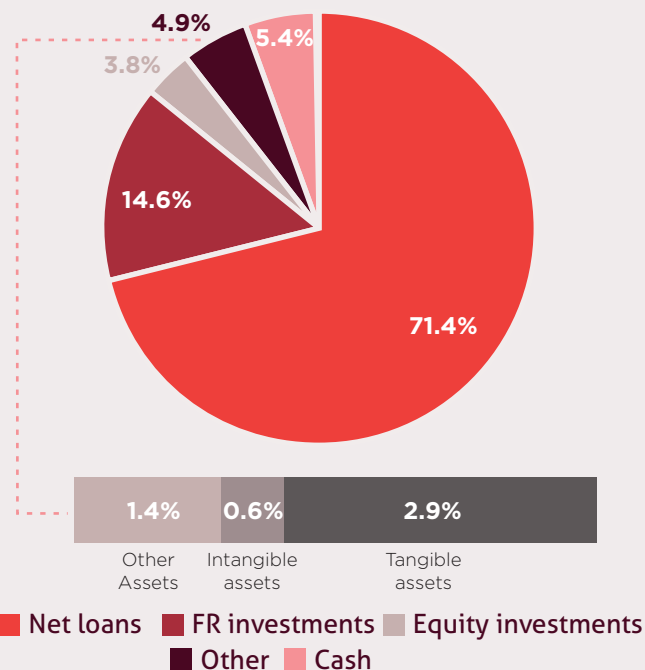
As of December 31, 2021, the bank's total assets amounted to COP 17.6 trillion, up 5.9% or COP 1.0 trillion from December 2020.

Net loans, which comprised 71.8% of assets, stood at COP 12.6 trillion, showing a growth of 6.5% or COP 0.8 trillion compared to December 2020. By type of loan: (i) net consumer loans, which comprise 59.0% of net loans (excluding repos), increased by 9.7%; (ii) net commercial loans, which comprise 21.0% of net loans (excluding repos), increased by 16.2%; and (iii) net mortgages, which comprise 20.1% of net loans (excluding repos), increased by 6.6%.

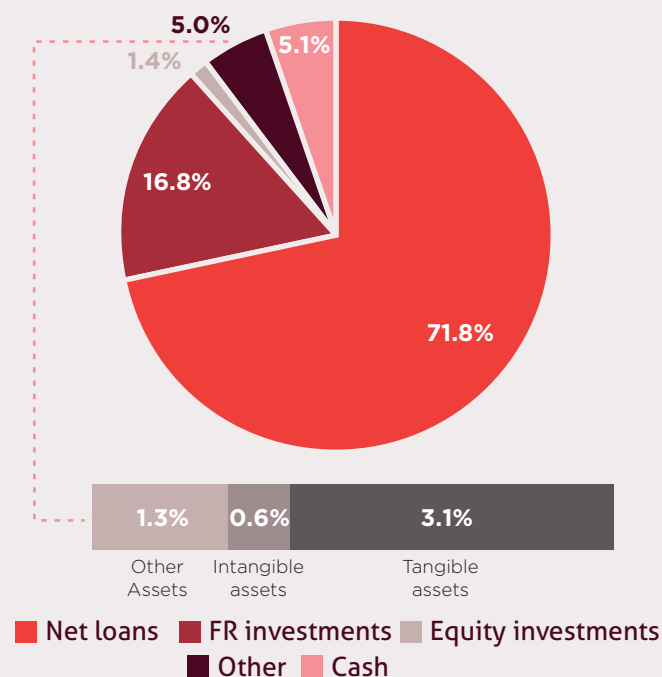
Assets



2020 Assets' composition



2021 Assets' composition



In turn, fixed income investments, which comprise 16.8% of total assets, recorded a balance of COP 2.9 trillion as of December 31, 2021, increasing by 21.6% or COP 0.5 trillion in the year. The bank's assets other than loans and fixed-income investments include cash and property, plant and equipment.

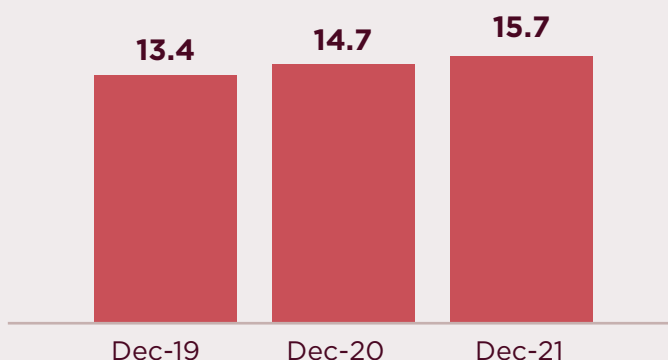
Liabilities

Liabilities stood at COP 15.7 trillion, increasing 6.4% over the balance as of December 31, 2020.

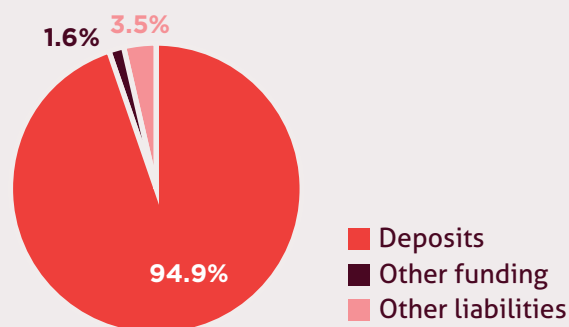
Deposits comprised 85.7% of total liabilities, amounting to COP 13.4 trillion, and showed a growth of 4.0% or COP 0.6 trillion compared to the December 31, 2020 balance. Within total deposits: (i) deposits in savings accounts, which comprise 66.0% of total deposits, increased by 1.7%; (ii) deposits in CDs, which comprise 22.4% of total deposits, decreased by 23.4%; and (iii) deposits in checking accounts, which comprise 11.5% of total deposits, increased by 15.5%. Other deposits comprise only 0.1% of total deposits.

Other funding, made up of loans from financial entities, bonds, interbank loans and borrowings from government financing entities, comprised 10.9% of the bank's liabilities and recorded a balance of COP 1.7 trillion, growing COP 1.58 trillion. This growth during the year is mainly due to the issuance of COP 500 billion in bonds for a term of 3 and 5 years, which took place on February 23, 2021.

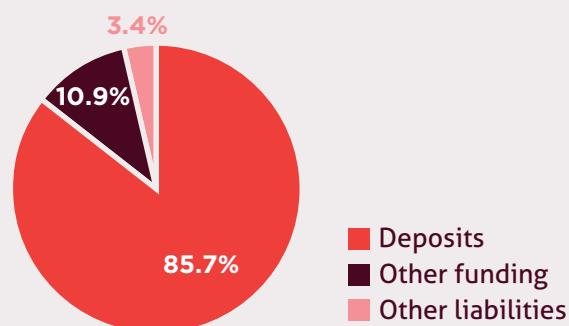
Liabilities



2020 Liabilities' composition



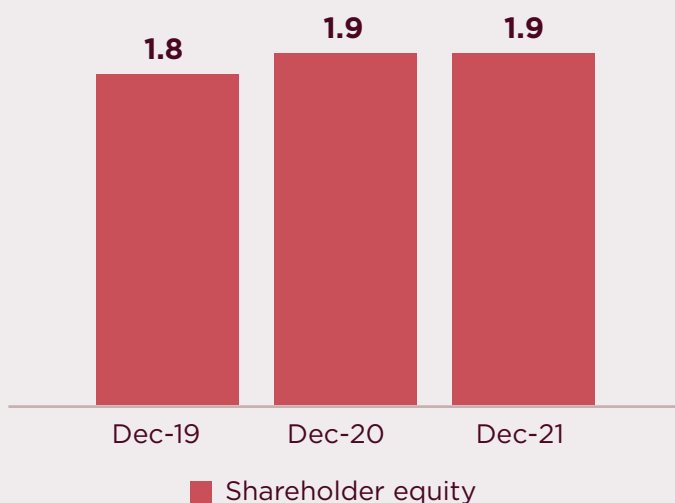
2021 Liabilities' composition



Equity

At year-end 2021, shareholder equity amounted to COP 1.9 trillion, up 1.9% from the value as of December 31, 2020. Shareholder equity comprises 99.6% of total equity.

Equity

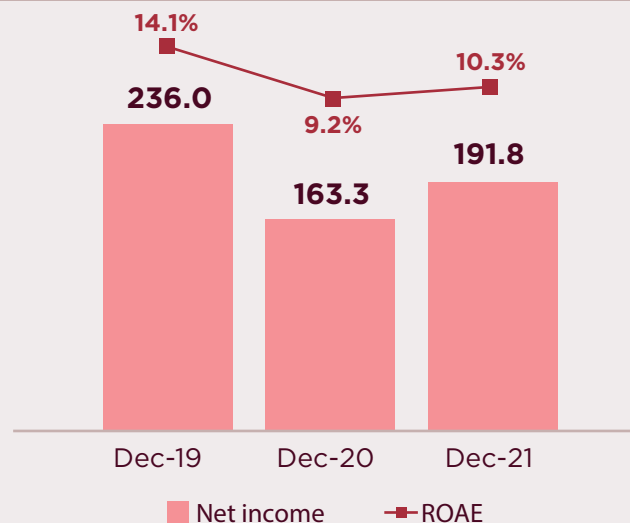


Consolidated net income

Banco AV Villas reported a net income attributable to shareholders of COP 191,820 million during the year ending on December 31, 2021, compared to COP 163,282 million during 2020. The higher net income in 2021 compared to 2020 is primarily related to a 31.1% decrease in the provision expense or COP 93,573 million.

Finally, the returns indicators for 2021 were 10.3% on average equity (ROAE) and 1.1% on average assets (ROAA). In 2020, these indicators were 9.2% and 1.0%, respectively.

Net income (billion)

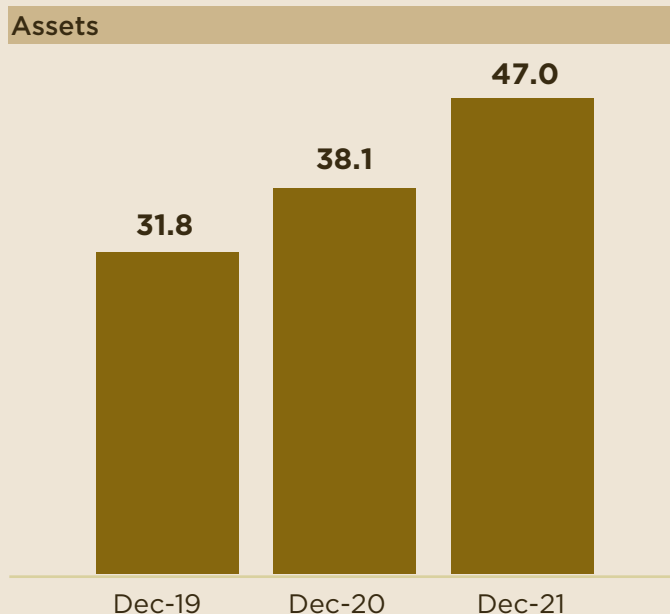


Corficolombiana



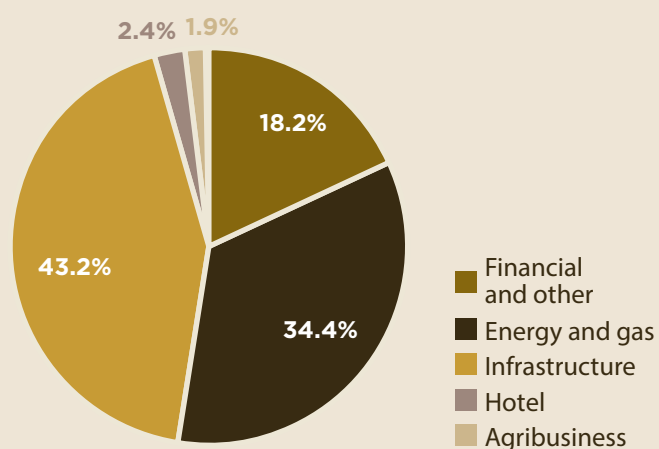
Assets

As of December 31, 2021, Corficolombiana achieved consolidated assets of COP 47.0 trillion, up 23.2% from the December 31, 2020 balance.

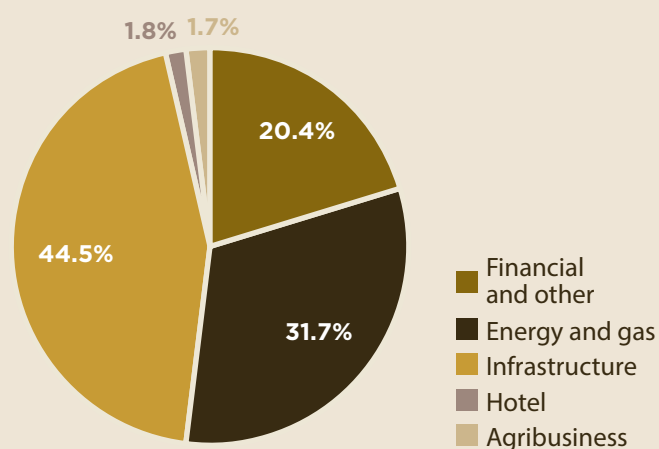


Composition of Corficolombiana's consolidated assets by sector:

2020 Assets' composition by sector



2021 Assets' composition by sector

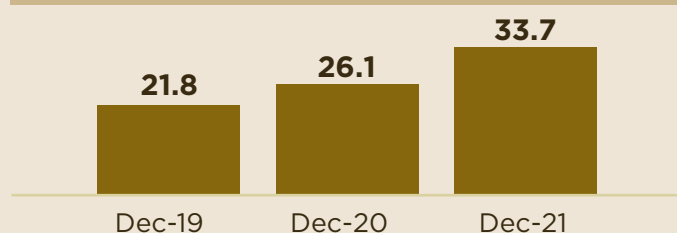


The strategic sectors in which Corficolombiana invests, as shown in the figure, are infrastructure, energy and gas, and finance.

Liabilities

Liabilities amounted to COP 33.7 trillion, up 29.1% from the end of December 31, 2020. On October 20, 2021, Corficolombiana made its first issue of social bonds for a total amount of COP 500 billion. The proceeds of the issue will be used for the development of road projects.

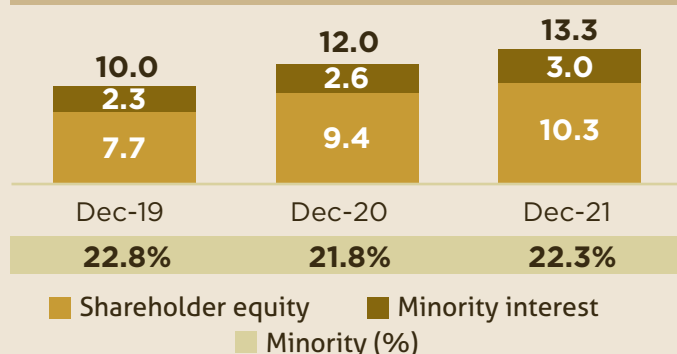
Liabilities



Shareholder equity

At the end of December 31, 2021, our total equity amounted to COP 13.3 trillion, showing an increase of COP 1.3 trillion or 10.3%, compared to the end of December 2020. Shareholder equity amounted to COP 10.3 trillion as of December 31, 2021, with a growth of 9.6% or COP 0.9 trillion in the year, while noncontrolling interest reached COP 3.0 trillion, with a growth of 12.8% or COP 0.3 trillion.

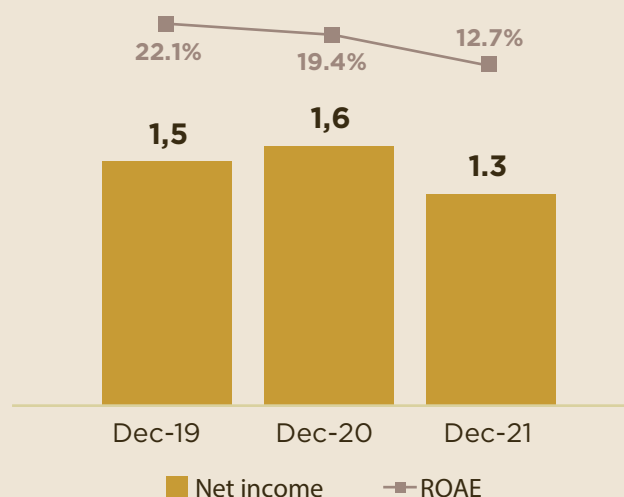
Equity



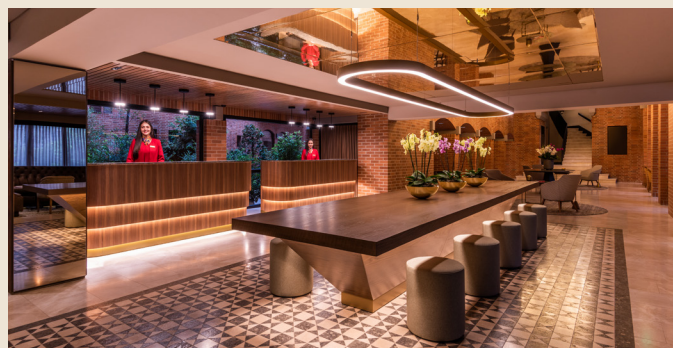
Consolidated net income

Net income attributable to shareholders was COP 1.3 trillion during the year, down 21.9% from 2020. This was mainly due to an increase in income tax of 53.4% or COP 0.5 trillion, due to the Social Investment Law.

Net income



Finally, in 2021, the indicators of return on assets (ROAA) and return on equity (ROAE) were 12.7% and 4.3%, respectively. Those indicators were 19.4% and 6.5%, respectively, in 2020.



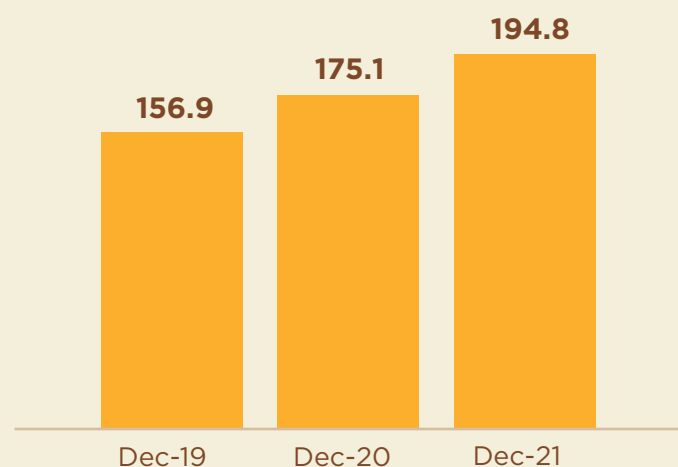
Porvenir



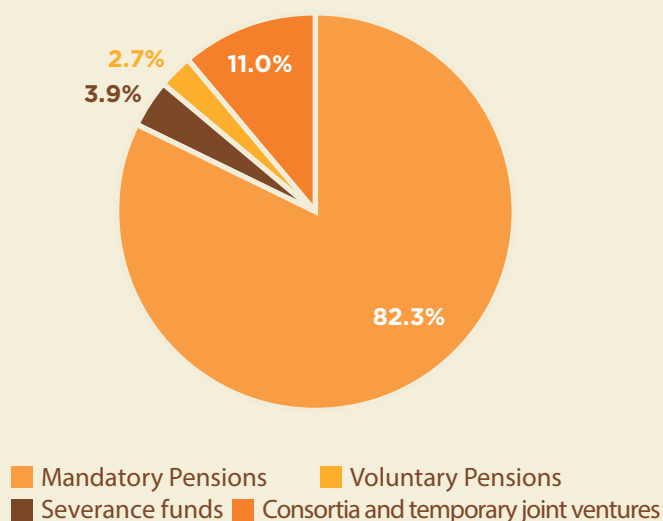
Managed funds

The total value of the funds managed by Porvenir as of December 31, 2021, was COP 194.8 trillion, which accounts for a growth of 11.3% compared to the December 31, 2020 balance. This total includes shares in private equity.

Managed funds



Managed funds composition as of December



Funds managed in mandatory pensions comprised 82.3% of total funds as of December 31, 2021 and amounted to COP 160.4 trillion, growing 14.5% in the year.

The funds managed in severance funds comprised 3.9% of total funds as of December 31, 2021, and amounted to COP 7.7 trillion, increasing by 8.9% in the year.

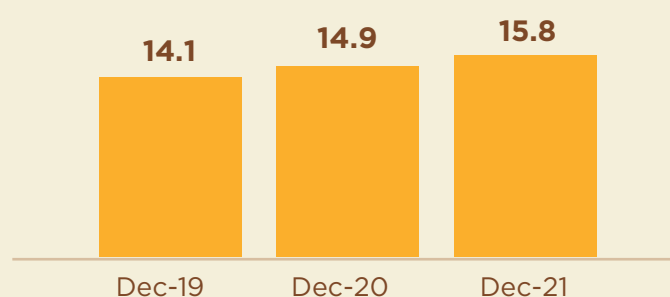
The funds managed in voluntary pensions comprised 2.7% of total funds as of December 31, 2021, and amounted to COP 5.2 trillion, increasing by 1.7% in the year.

Finally, the funds managed in private equity comprised 11.0% of total funds as of December 31, 2021 and amounted to COP 21.5 trillion, growing 5.7% in the year.

Clients

As of December 31, 2021, Porvenir had 15.8 million clients for mandatory pension, voluntary pension and severance funds, which shows a growth of 5.6% from the total clients as of December 31, 2020.

Clients

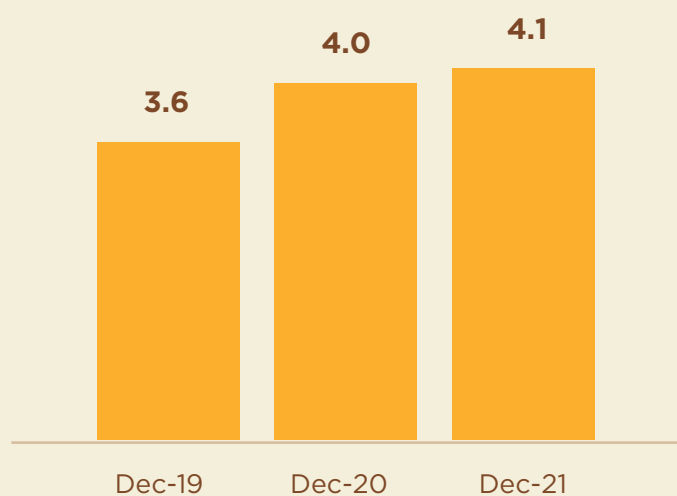


Of the total clients, (i) 10.7 million or 68.0% are mandatory pensions' clients, increasing 6.5% in the year; (ii) 4.9 million or 30.8% are severance funds' clients, increasing 3.6% in the year; and (iii) 197,000 or 1.2% are voluntary pensions' clients, increasing 5.0% in the year.

Assets

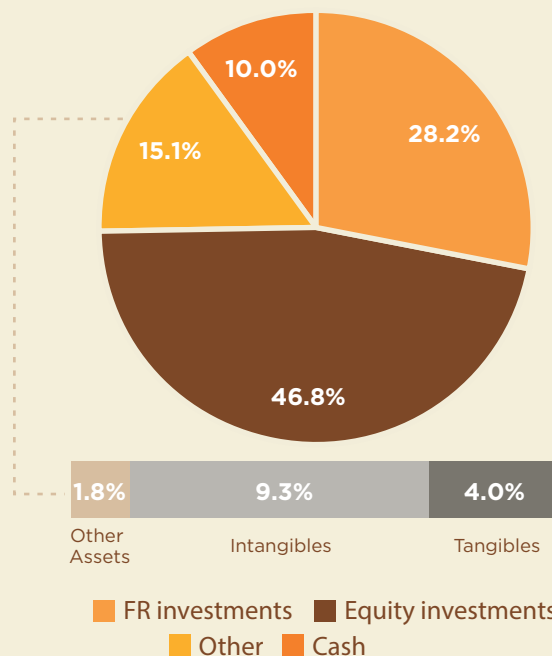
As of December 31, 2021, the pension fund administrator's total consolidated assets were COP 4.1 trillion, increasing by 4.1% from the end of December 2020.

Assets

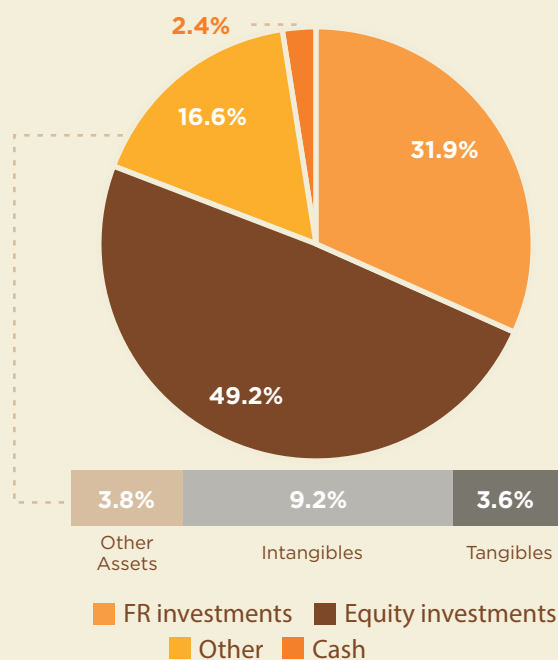


Equity investments (primarily the stabilization reserve and the Company's own investments), comprising 49.2% of total assets at the end of December 2021, grew 9.4% for the year and fixed income investments, comprising 31.9%

2020 Assets' composition



2021 Assets' composition



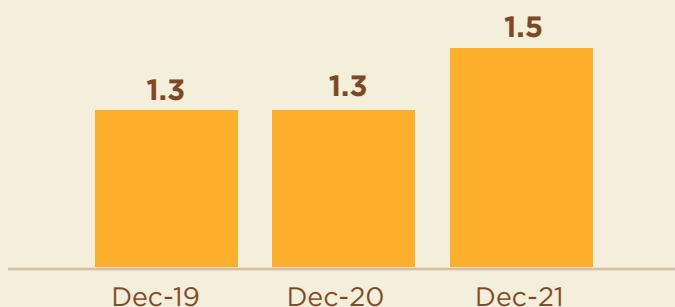
of total assets at the end of December 2021, increased by 17.8% for the year.

Out of assets other than equity and fixed income investments, intangible assets (associated with the goodwill from the acquisition of BBVA Horizonte in 2013), property, plant and equipment, and cash stand out.

Liabilities

Liabilities amounted to COP 1.5 trillion, up 10.2% from the end of December 2020.

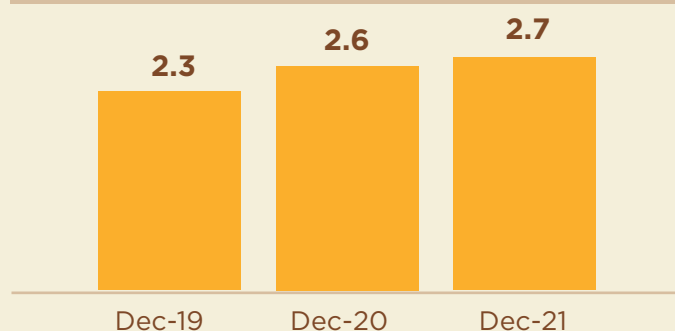
Liabilities



Shareholder equity

The entity's equity increased by 1.1% in the year and closed at COP 2.7 trillion.

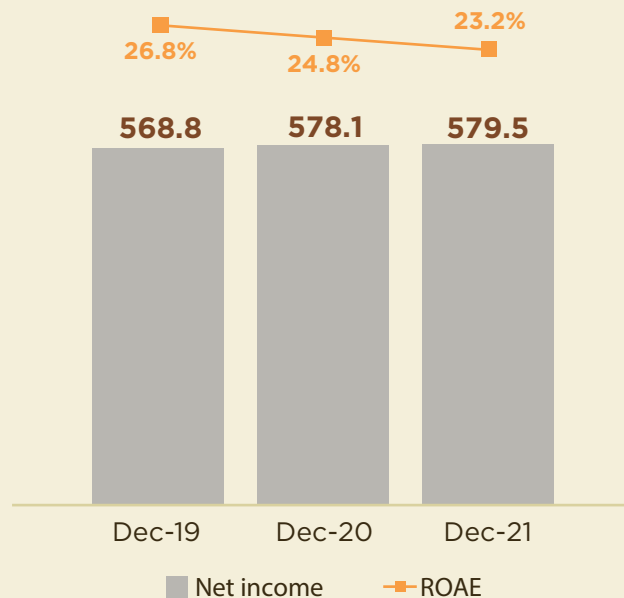
Equity



Net income

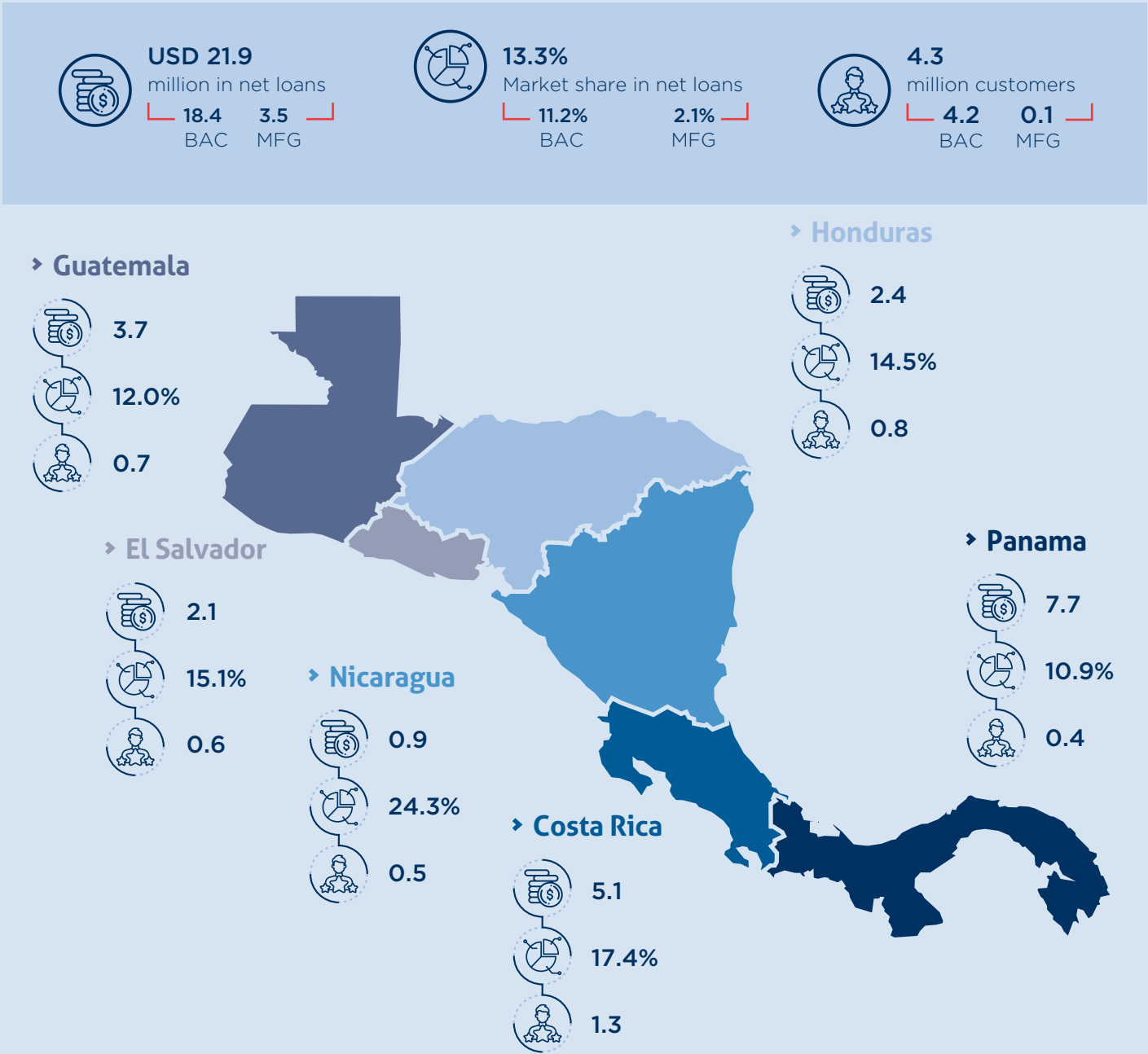
Porvenir reported net income attributable to shareholders of COP 579,458 million during the year, increasing by 0.2% from the COP 578,083 million obtained in 2020. Porvenir's results for the year were favorable amidst of the economic recovery, and the announcement made by the risk rating agency S&P withdrawing Colombia's investment grade, causing volatility in local financial assets in the short term. The diversified portfolio allowed the mitigation of the underperformance of certain assets exposed to devaluations in the environment experienced in 2021.

Net income



Finally, in 2021, the indicators of return on assets (ROAA) and return on equity (ROAE) were 23.2% and 13.6%, respectively. Those indicators were 24.8% and 15.4%, respectively, in 2020.

3.7. PERFORMANCE ANALYSIS OF OUR OPERATIONS IN CENTRAL AMERICA



Source: BAC. Customer information and balance of net loans as of December 31, 2021. Panama includes BAC International Bank Inc, Multi Financial Group, Inc, offshore activities, eliminations and consolidation adjustments. Regional market share as of December 2021, except for Panama, which is as of November 2021, as this is the latest available information.

3.7.A. Central American economic environment

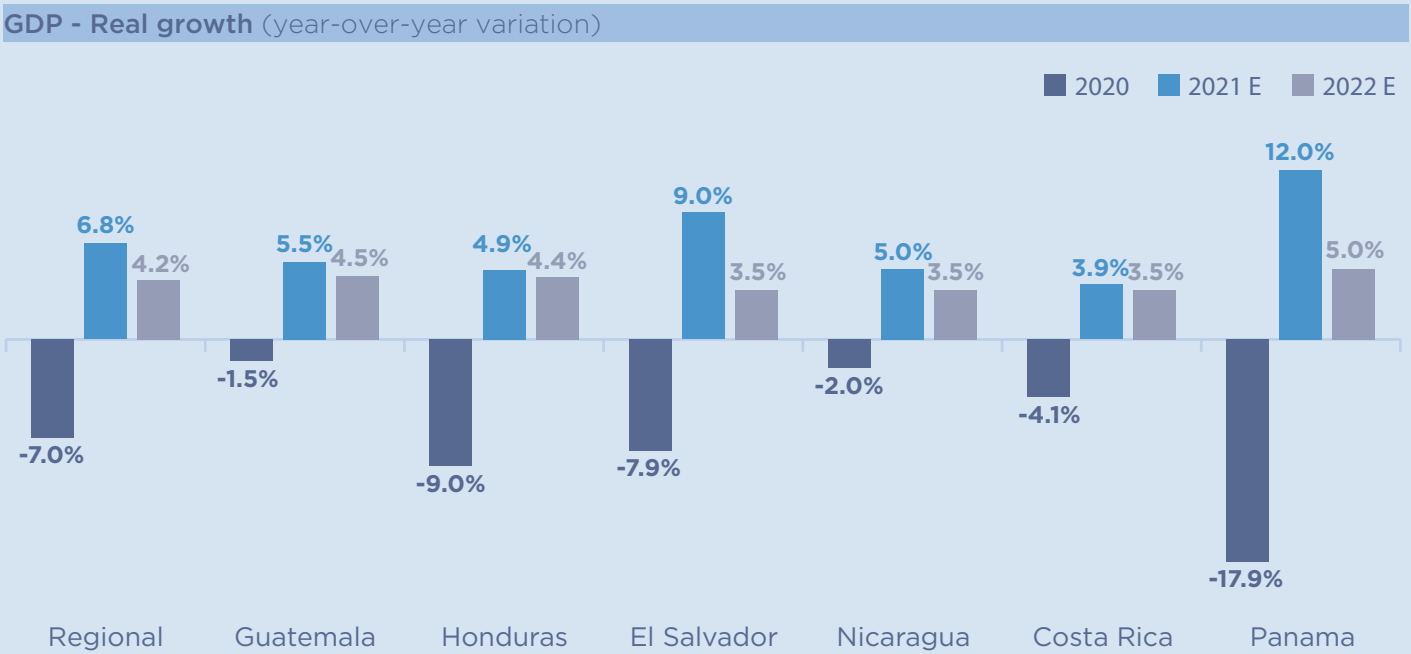
The Central American region is characterized by its significant openness to international trade, made up of small economies driven mainly by trade (exports and imports), as well as foreign exchange earnings from remittances, foreign direct investment and tourism.

International financial organizations such as the IMF forecast in their October 2021 estimates a significant recovery in global gross domestic product (hereinafter GDP) with rates of 5.9% for 2021 and 4.9% for 2022. These results continue to be conditioned to the evolution of the COVID-19 pandemic.

In addition to the risks generated by the pandemic, the international economy is

experiencing other factors that are unfavorable for the regional economy, such as the continuous increase in the prices of raw materials, which has led to a deterioration in the region's trade conditions, followed by the significant increase in containerized ocean freight costs. Both factors have a direct impact on the increase in inflation for the Central American region and many other economies.

According to IMF estimates for each country in the region, the Central American region (comprising Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama) is expected to have a real gross domestic product growth of 6.8% for 2021 and 4.2% for 2022.



Source: International Monetary Fund. BAC calculations.

The IMF estimates that Costa Rica's economic growth will be 3.9% in 2021 and 3.5% in 2022. Meanwhile, the Central Bank of Costa Rica revised its estimates upwards to a growth of 5.4% in 2021 and 4.5% in 2022, as a result of better dynamics of economic activity for the second quarter of 2021. According to the BCCR's monetary policy report, available figures indicate that economic activity, as measured by GDP, reached the pre-pandemic level in the third quarter of 2021, one quarter earlier than expected and, as measured by the Monthly Index of Economic Activity (IMAE, for the Spanish original), since June. The upward revisions in the economic outlook are justified by the Central Bank (BCCR) as a consequence of better dynamics in household consumption, in private investment, both in structures and in machinery and equipment, as well as in the export of goods.

For El Salvador, the IMF estimates a GDP growth of 9.0% in 2021 and 3.5% in 2022. The Central Reserve Bank of El Salvador (hereinafter Central) projects growth of 10.3% in 2021, and reports a favorable outlook for the Salvadoran economy to grow around 4.0% in 2022. According to Central Bank data, the GDP grew 11.7% in the third quarter of 2021 compared to the same period of 2020, where they attribute the good performance of economic activity to the vaccination process, the increase in household income, via higher salaries and higher family remittances, the good dynamics in exports, the increase in local and foreign tourism and the development of private investment projects and public investment, where the "El Torogoz" water treatment plant and the Bypass de la Libertad stand out.

For Guatemala, the IMF projects a growth of 5.5% in 2021 and 4.5% in 2022. In turn, the Central Bank of Guatemala estimates an economic growth for 2021 in the range from 4.0% to 6.0%, specifically 5.0%, which is explained by the Central Bank by the improvement in domestic demand driven by private consumption spending, the increase in gross capital formation (investment) and the increase in foreign demand. In addition, they reported GDP growth for the third quarter of 2021 of 8.6% (down from 1.4% a year earlier) influenced by the reopening of the economy after the confinement measures implemented by the Government due to the COVID-19 pandemic.

For Honduras, the IMF estimates a growth of 4.9% for 2021 and 4.4% for 2022, while the Central Bank of Honduras estimates that economic growth would be in the range from 8.0% to 9.0% for 2021 and 3.2% to 5.2% in 2022, respectively. According to the Central Bank, the country's improved economic dynamics during 2021, including an economic recovery that was better than expected, is directly related to a better adaptation of economic activities to the health measures and to the advances in the vaccination process.

The IMF projects an economic growth for Nicaragua of 5.0% in 2021 and 3.5% in 2022. The Central Bank of Nicaragua estimates that the Nicaraguan economy will grow between 7.5% and 9.5% in 2021. According to the Central Bank, this estimate is consistent with the global economic recovery that positively impacts exports, remittances and tourism flows. In the third quarter of 2021, the dynamics of economic activity improved via consumption and investment. The GDP recorded year-over-year

growth of 9.7% in the third quarter of 2021 (-1.2% in the third quarter of 2020).







Finally, for Panama, the IMF estimates an economic growth of 12.0% in 2021 and 5.0% in 2022. The GDP recorded a growth of 25.5% in the third quarter of 2021 compared to the previous year. The National Institute of Statistics and Census (hereinafter INEC, for the Spanish original) attributes this reactivation of economic activity to the elimination of the health restrictions imposed by the health authorities due to the COVID-19 pandemic and to the continuity of the vaccination process. It is important to mention that this particular economy experienced the most significant economic contraction in 2020 at -17.9%, mainly due to its high dependence on foreign trade, which was highly affected by COVID-19 due to

the restrictions on the mobility of products and people around the world and the fact that it was the country that implemented the longest, most severe restrictions in the region. On a positive note, it is also one of the countries that implemented vaccination campaigns with the highest coverage, along with Costa Rica and El Salvador.

Sovereign Risk Ratings

In 2021 there were several movements in the long-term debt ratings of countries in the region, as a result of impaired public finances and debt metrics as a result of the increase in public spending and indebtedness, all as a consequence of measures implemented to mitigate the COVID-19 pandemic.

LONG-TERM SOVEREIGN DEBT RATINGS IN FOREIGN CURRENCY (JANUARY 2022)

						
	Panama	Costa Rica	Nicaragua	Honduras	El Salvador	Guatemala
STANDARD & POOR'S	BBB	B	B-	BB-	B-	BB-
MOODY'S	Baa2	B2	B3	B1	Caa1	Ba1
Fitch Ratings	BBB-	B	B-	NR	B-	BB-

Source: Moody's, Standard & Poor's and Fitch Ratings.

Guatemala maintained a BB- rating with a stable outlook from Standard & Poor's and Fitch Ratings. At Moody's its rating is Ba1 negative. The country did not experience any rating adjustments during the year.

El Salvador maintained a B- rating from Fitch Ratings. Standard & Poor's maintained its B- rating but adjusted its outlook to negative in October 2021. Moody's adjusted its rating in July 2021 from B3 to Caa1 with a negative outlook.

Honduras did not record any changes in its ratings during the year 2021. It maintains a B1 stable rating from Moody's and a BB- stable rating from Standard & Poor's.

Nicaragua did not record any changes in its ratings during the year 2021. It maintains a B3

stable rating from Moody's and a B- stable rating from Fitch Ratings and Standard & Poor's.

Costa Rica maintained its ratings by the three credit rating agencies during 2021. It received a positive adjustment by Moody's, which upgraded its outlook from negative to stable in December 2021.

Finally, in February 2021, Fitch Ratings downgraded Panama's rating from BBB to BBB-. The rating agency explained that this reduction was due to the weakening of public finances as a consequence of the economic downturn caused by the pandemic. Likewise, Moody's adjusted its rating from Baa1 to Baa2 in March 2021 and Standard & Poor's maintained its BBB rating, but adjusted its outlook to negative in August 2021.



3.7.B. Recent results of the Central American banking system¹⁴

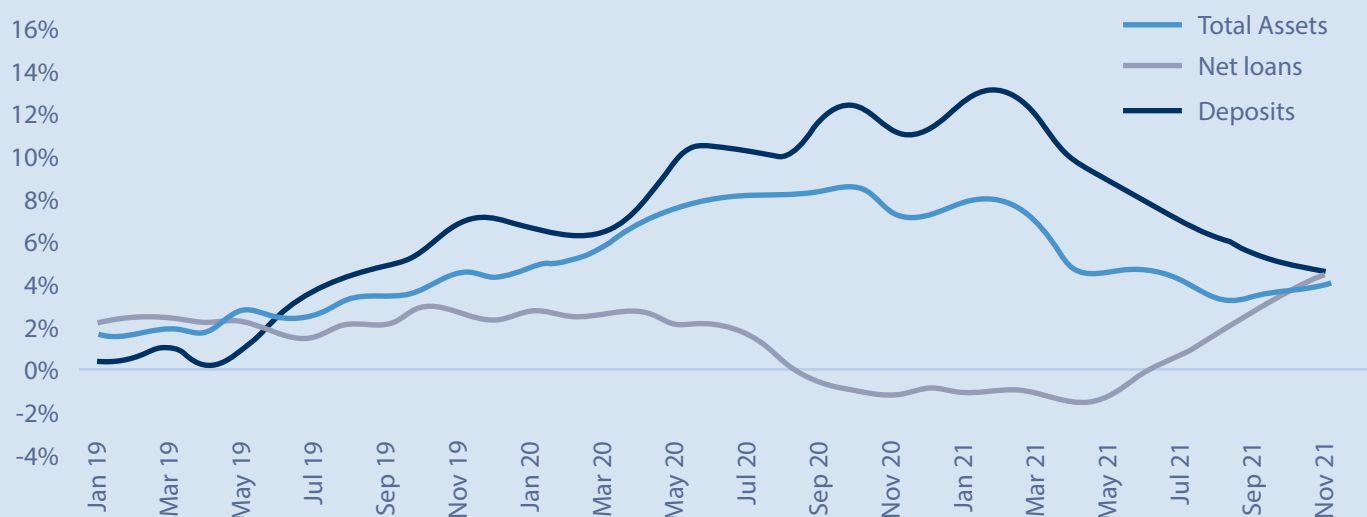
The regional financial sector had a year of improvement in 2021, achieving growth in assets, deposits and loans compared to 2020 and 2019.

In 2021, the Central American financial system was more dynamic than in 2020. As of November 2021, total assets grew at a year-over-year rate of 4.2% compared to November 2020; deposits showed a growth of 4.6% for the same period, and loans recorded a growth of 4.5% as of November 2021. All three indicators reflect better performance compared to the previous year.

Honduras stands out as the country with the highest growth in assets, with 11.6% year-over-year growth as of November 2021, followed by Guatemala at 8.3%, Nicaragua at 6.1%, El Salvador at 3.6%, Costa Rica at 2.1% and Panama at 1.5%.

As for net loans (November 2021), Guatemala was the country that showed the highest performance, growing 11.8% year-over-year, followed by Honduras at 11.0%, El Salvador at 6.4%, Nicaragua at 4.1%, Panama at 1.3%. Nicaragua recorded a decrease of -0.2% year-over-year.

Central American Banking System (Year-over-year growth rates)



Source: Superintendence of each country.

14. The banking system considers the sum of the banking systems reported by the Superintendency of Finance of each country. In the case of Guatemala, it includes Financial Groups (FG) and banks that do not belong to any FG. In Panama, only banks with a general license, total deposits and local net loans are considered, with figures as of November (latest available information).

In turn, in the deposits section, with data up to November 2021, the year-over-year growth of 12.2% presented by Honduras stands out, followed by Nicaragua at 9.5%, Guatemala at 8.2%, Costa Rica at 4.0%, El Salvador at 3.0%, and Panama at 1.6%.

CENTRAL AMERICAN BANKING SYSTEM BY COUNTRY

NOV-21	ASSETS		NET LOANS		DEPOSITS	
MILLIONS OF USD	USD	12-MONTH VARIATION	USD	12-MONTH VARIATION	USD	12-MONTH VARIATION
GUATEMALA	58,941	8.3%	29,981	11.8%	43,538	8.2%
HONDURAS	30,979	11.6%	15,824	11.0%	19,480	12.2%
EL SALVADOR	21,017	3.6%	13,785	6.4%	15,613	3.0%
NICARAGUA	7,153	6.1%	3,451	4.1%	4,983	9.5%
COSTA RICA	49,909	2.1%	27,841	-0.2%	36,193	4.0%
PANAMA	116,155	1.5%	55,393	1.3%	84,969	1.6%
TOTAL	284,155	4.2%	146,275	4.5%	204,775	4.6%

Source: Superintendence of each country.

3.7.C. Grupo Aval in the Central American banking system

Through our Banks in Central American, we have held onto our position as market leaders in the region with a significant presence in all the countries in which we operate and a diversified portfolio among the region's economies, which allows us to achieve high profitability with lower risk exposure.

At the regional level, by September 2021, we were leading the market share in assets, portfolio, deposits and earnings. We increased our market share in the first three variables mentioned above in comparison with September 2020.

As of September 2021, we had a 10.0% share of the system's total assets (38 basis points higher than in the same period of 2020).

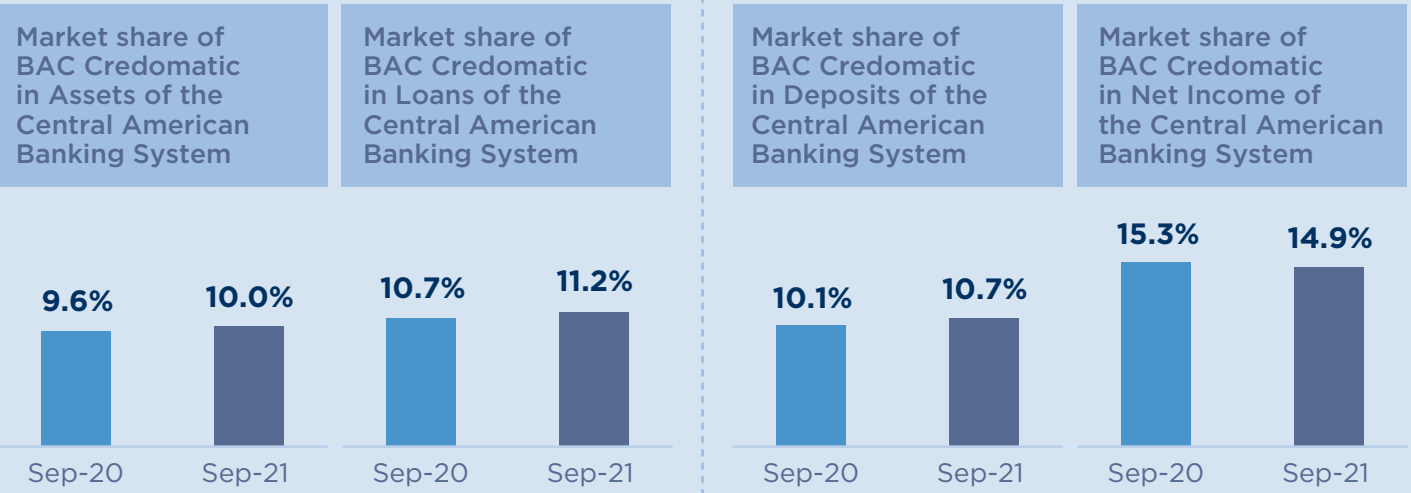
With regard to loans, we increased by 48 basis points (compared to September 2020) and

achieved a regional share of 11.2%, holding onto our leadership in net loan placement.

In 2021, our positive performance in market share continued as a result of our strategy to build loyalty among our transnational customers, coupled with our leadership in implementing and increasing the use of digital channels through an aggressive digital transformation strategy.

In relation to the foregoing, we positioned ourselves as the leading bank in terms of deposits, with a market share of 10.7% and an increase of 61 basis points compared to the same period in 2020.

In turn, as of September 2021, we held the leading market share position in earnings at the regional level with 14.9% of the total earnings of the financial system.



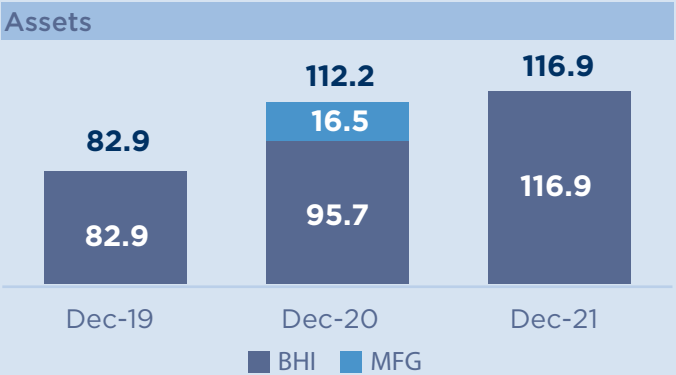
Source: BAC calculations. Data as of September obtained from the superintendence of each country.

3.7.D. Results of BAC Holding International Corp. (BHI)

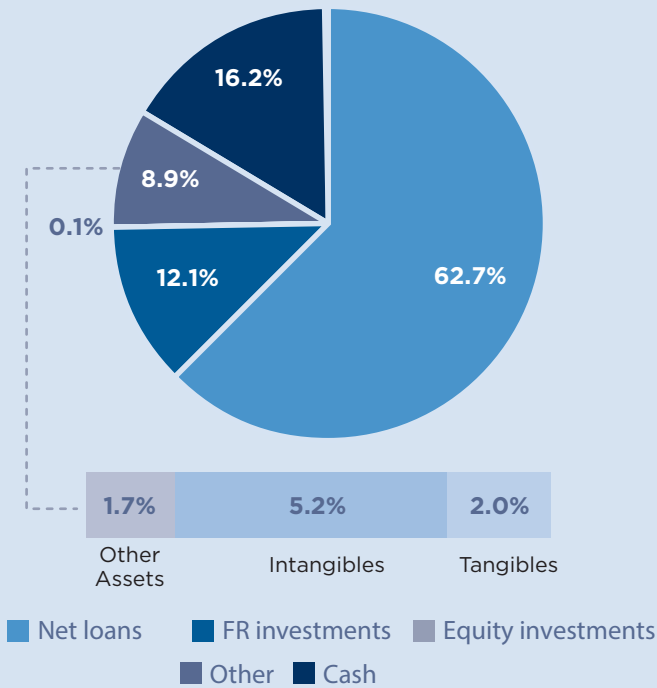
In September 2021 BHI, formerly known as Leasing Bogotá Panama (LB Panama), spun off 100% of MFG in favor of MFH, a subsidiary wholly owned by Banco de Bogotá. As of December 31, 2021, BHI controlled 100% of BAC’s shares. The figures below reflect BHI’s consolidated financial statements, which include MFG’s assets and liabilities in 2020 and also includes MFG’s 9-month earnings in 2021, prior to its spin-off.

Assets

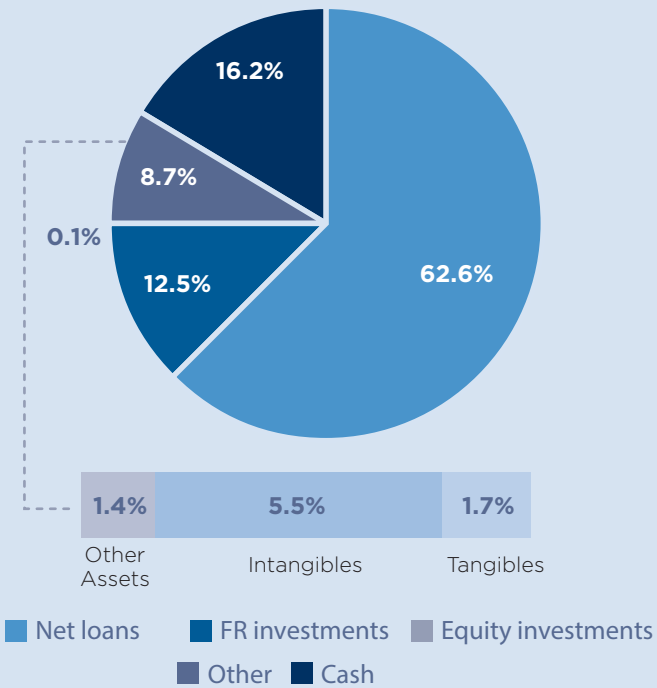
As of December 31, 2021, BHI’s total assets amounted to COP 116.9 trillion, corresponding to an increase of 22.1% or COP 21.2 trillion compared to year-end December 2020, excluding MFG in 2020.



2020 Assets’ composition



2021 Assets’ composition



Net loans, which comprised 62.6% of assets, stood at COP 73.2 trillion, showing a growth of 8.8% or COP 6.0 trillion compared to December 2020, discounting MFG's net loans in 2020.

By type of loan: (i) net commercial loans, which comprise 46.1% of total net loans, increased by 9.1%; (ii) net consumer loans, which comprise 34.2% of total net loans, increased by 9.2%; and (iii) net mortgages, which comprise 19.7% of total net loans, increased by 5.3%.

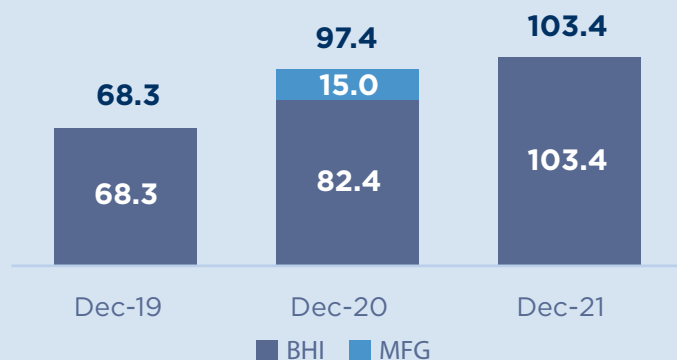
In turn, fixed income investments, which comprise 12.5% of total assets, recorded a balance of COP 14.6 trillion as of December 31, 2021, increasing by 6.8% or COP 0.9 trillion in the year.

BHI's assets other than loans and fixed-income investments include cash, intangible assets and property, plant and equipment.

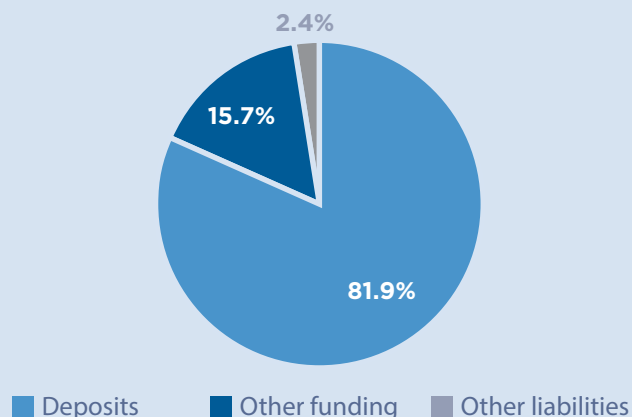
Liabilities

BHI's liabilities stood at COP 103.5 trillion, increasing 6.2% or COP 6.0 trillion (excluding MFG) over the balance as of December 31, 2020.

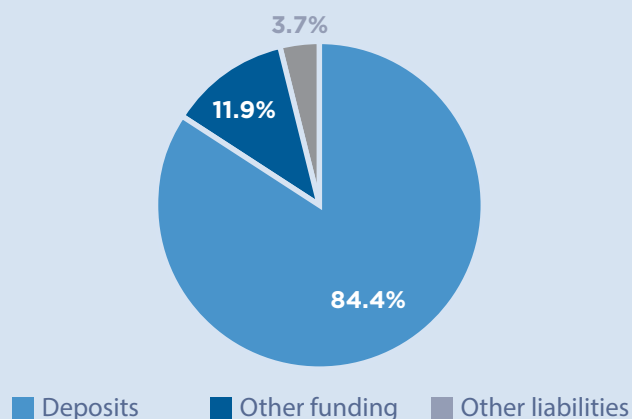
Liabilities



2020 Liabilities' composition



2021 Liabilities' composition



Public deposits comprised 84.4% of total liabilities and increased 9.4% or COP 7.5 trillion from the balance at December 31, 2020.

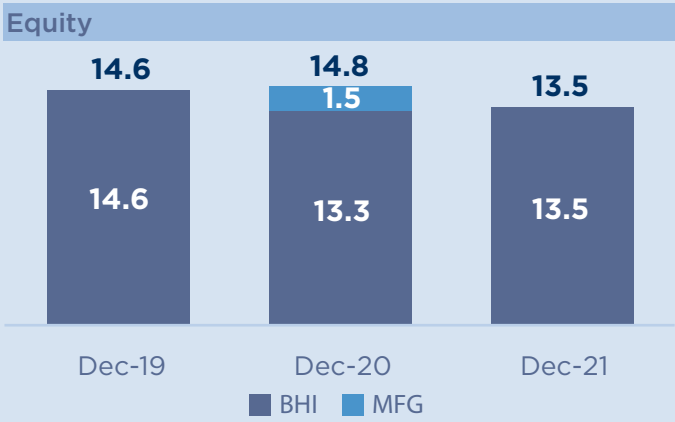
Within total deposits: (i) deposits in CDs, which comprise 38.9% of total deposits, decreased by 6.1%; (ii) deposits in checking accounts, which comprise 37.9% of total deposits, increased by 19.9%; and (iii) deposits in savings accounts, which comprise 22.8% of total deposits, increased by 25.9%. Other deposits comprise only 0.4% of total deposits.

Other funding, made up of loans from financial entities, bonds, interbank loans and borrowings from government financing entities, comprised 11.9% of BHI's total liabilities and recorded a balance of COP 12.3 trillion, growing COP 3.0 trillion.

Equity

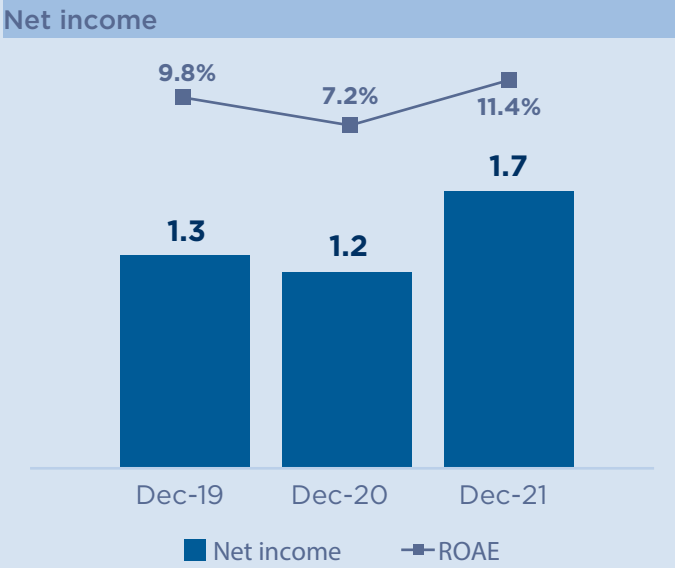
At year-end 2021, shareholder equity amounted to COP 13.5 trillion, up 1.3% from the value as of December 31, 2020, excluding MFG.

Consolidated net income



BHI reported consolidated net income attributable to shareholders of COP 1.7 trillion for the year ended December 31, 2021, increasing by 47.1% compared to 2020, excluding MFG. The higher net income in 2021 compared 2020 is primarily related to a lower provision expense of COP 496,342 million.

Finally, the returns indicators for 2021 were 11.4% on equity (ROAE) and 1.5% on assets (ROAA). In 2020, these indicators were 7.2% and 1.1%, respectively.



3.8. GRUPO AVAL'S OTHER RELATED ENTITIES

In addition to our subsidiaries, we also have subsidiaries or related entities that lead Grupo Aval's efforts across its subsidiaries and are supported by our Senior Vice-President of Information Technology. These are an essential part of our profitable and sustainable growth strategy through the pursuit of corporate efficiency. In this regard, through these companies, we provide support to the Holding Company and some of our subsidiaries.

» ATH (subsidiary): This subsidiary aims to provide more flexible and timely services to the customers of our financial subsidiaries in

Colombia. These services are based on providing reliable and secure operations through adequate technology, innovation, productivity in operations and high brand and quality positioning with a specialized team. The challenge posed by the technological changes in the market have meant that the research and development of new services has to be constant.

» ADL Digital Lab S.A.S. or "ADL" (associate): This related entity aims to increase the innovation process and strengthen the digital transformation processes of our subsidiaries' financial services in Colombia.



4.

Structure and Strategic Management

GRI 102-18



From left to right: María Lorena Gutiérrez, Mauricio Cárdenas, Juan Camilo Ángel, Alejandro Figueroa, Miguel Largacha, Luis Carlos Sarmiento Gutiérrez, Luis Carlos Sarmiento Angulo, Cesar Prado, Álvaro Velásquez, Fabio Castellanos, Esther América Paz and Luis Fernando Pabón. Absent: Carlos Eduardo Upegui, Ana María Cuéllar, Luis Fernando López, Germán Villamil.

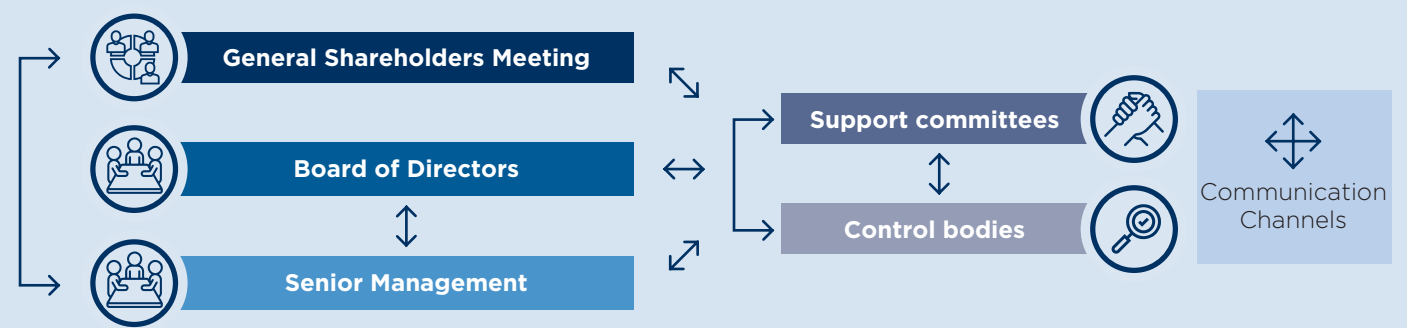
To achieve our mission and strategic objectives, we have established a governance structure and a profitable and sustainable growth strategy in which the efficient management of our subsidiaries and constant management of our main stakeholders take precedence. This strategy has been established through the Presidency and Senior Management.

4.1.GOVERNING BODIES

GRI 102-18

Currently, Grupo Aval has a governance and control architecture comprised of the General Shareholders Meeting, the Board of Directors, the Board of Directors’ Supporting Committees, the Control Bodies and Senior Management. For more information on corporate governance, see Chapter 8 of this report.

Organizational Governance and Control Architecture



4.1.A. Principal members of the Board of Directors



Luis Carlos Sarmiento Angulo
Civil Engineering degree from Universidad Nacional de Colombia

Chairman of the Board of Directors of Grupo Aval Acciones y Valores S.A. since March 1999 and member of the following Boards of Directors: Organización Luis Carlos Sarmiento Angulo Ltda. since May 1995, Casa Editorial El Tiempo S.A. since September 2010. He also serves as Chairman of the Board of Directors of the following non-profit foundations: Fundación Grupo Aval, Fundación Luis Carlos Sarmiento Angulo and Fundación Centro de Tratamiento e Investigación del Cáncer – “CTIC”. Mr. Sarmiento Angulo is the controlling shareholder of Grupo Empresarial Sarmiento Angulo (of which Grupo Aval Acciones y Valores S.A. is a part).

According to Decree 1081/2015, he is not considered a PEP.

Alejandro Figueroa Jaramillo

Civil Engineering degree from Facultad Nacional de Minas of Universidad Nacional de Colombia

MSc in Economics and PhD (c) in Economics of Harvard University. He holds the position of President of Banco de Bogotá since 1988. Member of the following boards of directors: Grupo Aval Acciones y Valores S.A. since March 1999; Porvenir S.A. since December 1991; Corporación Financiera Colombiana S.A. since August 1998; Fundación Grupo Aval since 2011; and Asociación Bancaria de Colombia.

According to Decree 1081/2015, he is not considered a PEP.



María Lorena Gutiérrez Botero

Degree in Industrial Engineering from Universidad de los Andes

She pursued graduate studies in Finance at Universidad de los Andes, and has an MBA and a PhD in Finance from the Freeman School of Business and Management at Tulane University. She has been the CEO of Corficolombiana since August 2018. She was formerly the Minister of Commerce, Industry and Tourism from 2017 to 2018, the Colombian Ambassador to Germany from 2016 to 2017 and Minister of the Presidency from 2010 to 2016. She also served as Dean of the School of Business Administration at Universidad de los Andes. Member of the following boards of directors: Grupo de Energía de Bogotá S.A. since 2020; Promigas S.A. since 2019; Proindesa S.A.S. since 2018; Fiduciaria Corficolombiana since 2018; Gas Comprimido del Perú since 2018; Gases del Caribe since 2018; and Calidda since 2018.

According to Decree 1081/2015, he is not considered a PEP.





Álvaro Velásquez Cock

Degree in Economics from Universidad de Antioquia

MSc (c) in Economics at the University of London. Among other positions, he has been Professor of Economics and Dean of the School of Economics at Universidad de Antioquia, Director of the DANE, Manager of Corporación Financiera Nacional in Bogotá, CEO of Pedro Gómez & Cía. S.A., General Manager of Apple Computers and member of the Advisory Committee of the Banking Superintendence. A member of boards of directors including the following: Grupo Aval Acciones y Valores S.A. 2008; Banco de Bogotá from 1983 to 1987, from 1993 to 1997 and from 2001 to date; Banco de Bogotá (Panama) since 1984; Corporación Financiera Colombiana S.A. since 1992; Unipalma from 1996; and several entities of the BAC Credomatic group in Central America since 2010. He has been a board member of: Banco Ganadero, Banco Extebandes, Empresa de Acueducto y Alcantarillado de Bogotá, Deceval S.A., Compañía Agrícola de Inversiones S.A., Coviandes S.A. y Gas Natural S.A. Mr. Velásquez is a member of Grupo Aval's Audit Committee and Corporate Affairs Committee.

According to Decree 1081/2015, he is not considered a PEP.

Fabio Castellanos Ordóñez

Degree in Business Administration from California State Polytechnic University at Pomona

MSc in Management in the Network Economy from Università Cattolica del Sacro Cuore, Italy (in collaboration with the University of California in Berkeley). Mr. Castellanos has held the positions of Chief Country Officer and Executive Director of ABN-AMRO Bank (Colombia) S.A., Royal Bank of Scotland (Colombia) S.A. and Scotiabank Colombia S.A. Similarly, Mr. Castellanos was the Vice-President and Chief Financial Officer of the Representative Office in Colombia, Argentina and New York of Chase Manhattan Bank, N.A., and he was the Local Representative of AMF (Ascending Markets Financial Guaranty Corporation). Mr. Castellanos is a member of the following Board of Directors: Ignacio Gómez IHM S.A. Mr. Castellanos is a member of Grupo Aval's Audit Committee and Corporate Affairs Committee and Risk Committee Chairman.

According to Decree 1081/2015, he is not considered a PEP.



Miguel Largacha Martínez

Law degree from Universidad Javeriana

He pursued graduate studies in Financial Legislation and Executive Management at Universidad de los Andes. CEO of Porvenir since 2008 and principal member of Grupo Aval's Board of Directors since 2019. Mr. Largacha Martínez was the CEO of Horizonte Sociedad Administradora de Fondos de Pensiones y de Cesantías S.A. (an affiliate of BBVA Colombia), and held other positions with BBVA Colombia S.A., including Executive Vice-President and Vice-President of Banco Ganadero (predecessor of BBVA Colombia), and he has been a Board member of Fundación Grupo Aval since 2011.

According to Decree 1081/2015, he is not considered a PEP.





Esther América Paz Montoya

Degree in Business Administration from Universidad del Valle

She served as the CEO of Banco AV Villas, Ahorramás Corporación de Ahorro y Vivienda, Corporación de Ahorro y Vivienda Las Villas and Commercial Manager of Banco de Occidente. She has been a Board member of Grupo Aval Acciones y Valores S.A. since March 2005. Ms. Paz Montoya is a member of Grupo Aval's Audit Committee and Corporate Affairs Committee.

According to Decree 1081/2015, she is not considered a PEP

4.1.B. Alternate members



Mauricio Cárdenas Müller

Electrical Engineering degree from Universidad Javeriana

MBA from Universidad de la Sabana - INALDE Business School. He has been an alternate member of Grupo Aval's Board of Directors since 2015. Mr. Cárdenas Müller has been an advisor of the Luis Carlos Sarmiento Angulo Organization since 2004. He is a member of the following boards of directors: Seguros Alfa S.A. and Seguros de Vida Alfa S.A. since 2014, where he also held the position from 2002 to 2010; Fundación para el Futuro de Colombia - Colfuturo since 2007; of Porvenir since 2008; and of Casa Editorial El Tiempo since 2010.

According to Decree 1081/2015, he is not considered a PEP.

Carlos Eduardo Upegui Cuartas

Degree in Business Administration with a specialization in Markets from Universidad de los Andes

He has held the position of CEO of Banco Popular since June 2014. He has served as Commercial and Marketing Vice-President of Banco de Bogotá for 10 years. He has also managed two financial entities between 2005 and 2014 and has served as a professor at CESA and Universidad de los Andes. He has also been a member of several Boards of Directors, including: Credibanco, Redeban, Titularizadora Colombiana S.A., Deceval S.A., ATH, ACH, Asociación Bancaria de Colombia and Corficolombiana, among others.

According to Decree 1081/2015, he is not considered a PEP.



Juan Camilo Ángel Mejía

Degree in Civil Engineering from Universidad de Medellín

He has been the CEO of Banco AV Villas since 2007. His other positions have included Vice-President of Real Estate at Banco AV Villas, Vice-President of Asset Normalization, Vice-President of Credit and Loans, and Capital Market Project Manager at Corfinsura S.A. He is also a board member of: Grupo Aval since 2008; Asobancaria since 2007; Titularizadora Colombiana S.A. since 2008 and Fundación Grupo Aval since 2011.

According to Decree 1081/2015, he is not considered a PEP.





Ana María Cuéllar de Jaramillo

Degree in Accounting from Universidad Jorge Tadeo Lozano

She is currently an independent consultant, specializing in consultancy on financial control processes and systems. She was Director of the National Directorate of Tax and Customs (DIAN, for the Spanish original) and held several roles in Citibank, including Vice-President of Financial Control. Member of the following boards of directors: Banco de Bogotá since 2007; Biomax S.A.; and Ladrillera Santa Fe S.A. She is also a member of several boards of directors of the BAC Credomatic group, the following of which stand out: Banco de América Central S.A., Guatemala, since 2012; Banco de América Central S.A., El Salvador, since 2012; Banco de América Central Honduras S.A. since 2011; Credomatic de Honduras S.A. since 2011; Banco de América Central S.A., Nicaragua, since 2011; Banco BAC San José S.A. since 2011; and BAC International Bank Inc. since 2010.

According to Decree 1081/2015, she is not considered a PEP



Luis Fernando López Roca

PhD in Law from Universidad Externado de Colombia

He pursued graduate studies in Public Economic, Commercial and Financial Law at Universidad Externado de Colombia and Universidad de los Andes. He is a partner of López Montealegre Asociados Abogados SAS. and Director of the Financial Law Department of Universidad Externado de Colombia. He has been a Judge pro tem of the Council of State and the Constitutional Court. He has been the Superintendent of Securities, President of the Colombian Association of Financing Companies and Advisor of the Inter-American Development Bank. He also held different positions at the Superintendence of Companies, the Bogotá Chamber of Commerce and the Superintendency of Finance of Colombia. He has served as an alternate member of Grupo Aval's Board of Directors since 2018.

According to Decree 1081/2015, he is not considered a PEP.

Cesar Prado Villegas

Law degree from Universidad del Rosario

He has pursued graduate studies in commercial law at Universidad de los Andes and in the Master's program in Law at the London School of Economics. CEO of Banco de Occidente since September 2018. Mr. Prado was the Administrative Vice-President of Banco de Bogotá from April to September 2018, CEO of Fiduciaria Bogotá, from 2010 to 2018, and Financial Superintendent from 2007 to 2008. Member of the following boards of directors: Grupo Aval since 2019, Corporación Financiera Colombiana S.A. since 2019 and Fiduciaria de Occidente since 2020.

According to Decree 1081/2015, he is not considered a PEP.



Germán Villamil Pardo

Law degree from Universidad de los Andes

He pursued graduate studies in Tax Law at Universidad de los Andes. Partner at Gómez Pinzón Zuleta Abogados S.A. and at Gómez Pinzón Asemarcas S.A. Has served in various roles in the Ministry of Finance and in the Central Bank of Colombia. He has been a member of the Board of Directors of Grupo Aval Acciones y Valores S.A. since 2006.

According to Decree 1081/2015, he is not considered a PEP.



4.1.C. Secretary of the Board



Luis Fernando Pabón Pabón

Law degree from Universidad Javeriana

He pursued graduate studies in Financial Legislation at Universidad de los Andes. He is currently a Legal Advisor to the Organización Luis Carlos Sarmiento Angulo Ltda. and the Secretary of the Board of Directors of Grupo Aval since 2000. Member of the following boards of directors: Banco AV Villas since 1998; Porvenir since 2003; Almaviva S.A. since 2007; Organización Luis Carlos Sarmiento Angulo Ltda. since 2006; and Casa Editorial El Tiempo and CEET TV since 2011. He previously worked as Chief Legal Officer at Banco de Colombia and as Legal Advisor to the CEO of Banco de Bogotá.

According to Decree 1081/2015, he is not considered a PEP.

The resumes of the members of our Board of Directors can be consulted on the website www.grupoaval.com in the Investors/Corporate Governance section.

<https://www.grupoaval.com/wps/portal/grupo-aval/aval/inversionistas/gobierno-corporativo>



4.1.D. Committees of the Board

GRI 102-18

Compensation Committee

At the meeting held on August 11, 2010 (Minutes no. 124), the Board of Directors approved the creation of the Compensation Committee, which is comprised of two Board Members.

The Company's Compensation Committee is responsible for setting the remuneration of the Company's President and establishing the parameters for the President to determine the remuneration of the Company's senior executives and employees.

Although the appointment of the Company's President and his alternates is the sole responsibility of the Company's Board of Directors, the Compensation Committee is in charge of setting the remuneration of the Company's President.

Members

- » Luis Carlos Sarmiento Angulo
- » Mauricio Cárdenas Müller

Audit Committee

Minutes No. 131 of the Board of Directors approved the creation of the Audit Committee, which performs the roles attributed by Law 964/2005, the Company's Bylaws and other applicable provisions.

Pursuant to the Rules of Procedure for the Audit Committee, the Committee ensures transparency in the preparation, presentation

and disclosure of the financial information prepared by the Company, and reviews and discusses with the Statutory Auditor the financial statements, quarterly reports and other financial reports prepared by the Company.

Members

- » Esther América Paz Montoya
- » Fabio Castellanos Ordóñez
- » Álvaro Velásquez Cock

Corporate Affairs Committee

At the meeting held on April 11, 2013 (Minutes no. 177), the Board of Directors approved the creation of the Corporate Affairs Committee, which is comprised of three Board Members.

The Company's Corporate Affairs Committee is responsible for studying issues related to the planning and execution of risk and compliance policies of Grupo Aval and its subordinate entities.

Members

- » Esther América Paz Montoya
- » Fabio Castellanos Ordóñez
- » Álvaro Velásquez Cock

Risk Committee

At the meeting held on June 9, 2021 (Minutes no. 370), the Board of Directors approved the creation of the Risk Committee, which is comprised of three Board Members. The Committee's primary function is to assist the Board of Directors in fulfilling its supervisory responsibilities in relation to the risk management of the Aval Financial Conglomerate.

Members

- » Maria Lorena Gutiérrez
- » Miguel Largacha Martínez
- » Fabio Castellanos Ordóñez

Corporate Governance Committee

At the meeting held on August 26, 2020 (Minutes No. 352), the Board of Directors approved the creation of the Corporate Governance Committee, which is comprised of three members of the Company's Senior Management.

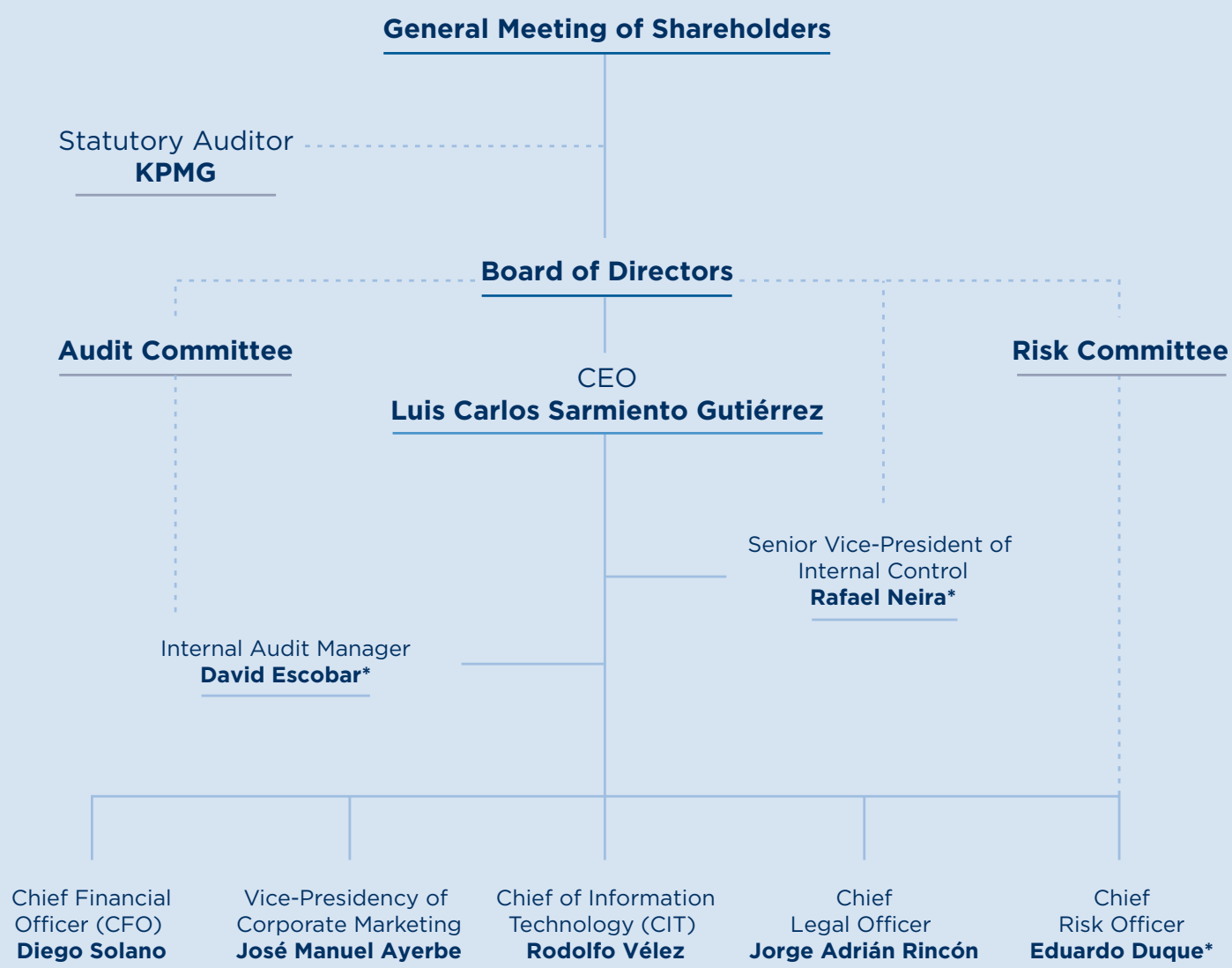
The Corporate Governance Committee is responsible for: (i) Conflicts of Interest Issues; (ii) Corporate Governance Best Practices Issues; and (iii) Sustainability Standards (ESG) Issues.

Members

- » CEO of the Company.
- » Senior Vice-President of Finance.
- » Senior Vice-President of Information Technology.
- » Chief Legal Officer.
- » Chief Risk Officer.



4.2. ORGANIZATIONAL CHART



*Internal control.

4.2.A. Senior Vice-Presidency of Finance

This vice-presidency is in charge of monitoring and analyzing the results of the Group's main entities, as well as the financing transactions and management of the Holding Company's cash flow. This area is responsible for preparing and reporting accounting information. It is also responsible for the administrative and human resources functions of the Holding Company and supports the creation of the corporate human resources program for Grupo Aval's main subsidiaries.

Through the budgeting process, it monitors and analyzes the financial and commercial performance of the main controlled companies with the aim to support their strategic management and maximize the financial sustainability and benefit for our shareholders and other stakeholders.

In the Holding Company, it plans and controls expenses, and the design and implementation of enhancement strategies for liabilities. It also supports the processes for the issuance of shares or bonds, or other specialized options.

This vice-presidency leads the preparation of the separate and consolidated financial information for local regulatory reporting to the SEC and for the issuance of securities. As part of this responsibility, it works to maintain the highest standards of quality, transparency and timeliness in the disclosure of financial information for the use of our shareholders, bondholders, supervisors, market analysts and other stakeholders, both national and international.

4.2.B. Senior Vice-Presidency of Information Technology

Through the management of architecture, cyber security, processes, infrastructure and corporate procurement, this vice-presidency supports both the operating and IT business processes, and standardizes and centralizes them for all our subsidiaries, seeking enhancements in costs, improvements in their competitiveness and cutting-edge innovation in products and services.



4.2.C. Senior Vice-Presidency of Internal Control

The Senior Vice-Presidency of Internal Control carried out the audit visits to Grupo Aval companies, in compliance with the annual plan approved by the President of the Holding Company, including in its reviews the assessment of the risk-oriented approach of the work carried out by the internal auditors of such companies.

In addition, it followed up on the improvement plans and on the good practices of control that the Senior Vice-Presidency of Internal Control has disseminated to the Group's companies. It also followed up on the results of the audit of Sarbanes-Oxley (SOX) controls and provided ongoing support and training to internal auditors to provide guidelines and address concerns, to support their work.

The Senior Vice-Presidency of Internal Control continued to promote the use of the Aval Ethics Hotline as a means of communication to receive information about possible irregular incidents or violations of ethical principles. This Ethics Hotline is running at Grupo Aval banks, the Holding Company, the six countries where BAC Credomatic, Multibank is operating, the four trust companies, the securities brokerage firm, Porvenir, ATH, the two general storage companies, Corficolombiana and its subsidiaries, among others. It is also available on the Internet at www.grupoaval.com.

The reports received through the Aval Ethics Hotline in 2021 were analyzed by the Senior Vice-Presidency of Internal Control and sent to the internal auditors of each of the Grupo Aval companies, who addressed them in a due and

timely manner. In each case, when warranted, the internal auditors of the entities carried out the corresponding investigations and took the relevant corrective measures.

All of the foregoing allowed the Senior Vice-Presidency of Internal Control to carry out permanent monitoring and follow-up during the year 2021 at Grupo Aval's companies on the most important corporate governance issues, inherent risks with the greatest impact, controls, auditing, information security and cyber security, focusing on the most relevant aspects of the Group's companies.



4.2.D. Senior Vice-Presidency of Corporate Risk

This Vice-Presidency is in charge of contributing to the cohesion and control architecture of our entities through a corporate risk management system, in some cases, with a consolidated approach.

During 2021, we continued to make progress in our actions aimed at compliance with Law 1870/2017, known as the “Financial Conglomerates Law”, particularly in the implementation of Chapter XXX of the Basic Accounting and Financial Circular of the SFC, which requires the Financial Holding Company to adopt a Financial Conglomerate Risk Management Framework, for which in June 2021, the Board of Directors of Grupo Aval approved the policies and guidelines for its proper compliance.

Additionally, Grupo Aval management applied the necessary controls and activities in order to meet Policy 's requirements about exposures between the entities that make up the Financial Conglomerate and between these entities and their related parties in compliance with Decree 1486/2018; the Senior Vice-Presidency of Corporate Risk reported to the Office of the President and the Board of Directors of Grupo Aval the result of the periodic monitoring of the limits established therein without any non-compliance.

In relation to Corporate Risk Management, during 2021, the proper adoption of the corporate guidelines issued in terms of the different risk systems was monitored; additionally, the potential impacts of the pandemic on each of

them in Grupo Aval and its subsidiaries were followed up, that is: i) the continuity of the business operation, under a “remote operation” scheme with high dependence on information technology which was in place during most of 2021, ii) relevant financial risks such as credit risk, liquidity and market risks, iii) operational risks iv) cyber security risks v) impacts on the Anticorruption, AML/CTF and ML/TF compliance systems, and on the SOX Law compliance program. Grupo Aval's Audit Committee supervised corporate risk management through regular meetings which presented the results on said management. Additionally, during the year 2021, the Senior Vice-Presidency of Corporate Risk followed up on the emerging risks identified by our entities and the activities they performed for their monitoring and control.

In addition, the results of the Stress Testing (EPR, for the Spanish original) carried out by lending companies in Colombia were followed up.

As part of the corporate management of Operational and AML/CTF Risk, the entities were provided with support for the implementation of External Circulars 025 and 027/2020, which introduced relevant changes in these risk management systems.

4.2.E. Vice-Presidency of Corporate Marketing

This Vice-Presidency is in charge of generating value for the subsidiaries, taking advantage of synergies, capitalizing on best practices and coordinating corporate initiatives to: support the subsidiaries' commercial efforts, gain differentiation and reduce customer desertion, promote the subsidiaries' competitiveness in products, services and channels, migrate transactions to more beneficial and cheaper channels for subsidiaries and customers, strengthen Grupo Aval's reputational assets, and achieve market positioning that strengthens and drives each entity.

The Vice-Presidency of Corporate Marketing actively leads or participates in corporate committee meetings with the subsidiaries to monitor, detect opportunities and propose plans for improvement in specific topics, such as: marketing, loyalty, channels, sustainability and reputation.

4.2.F. Vice-Presidency of Legal Affairs

The Vice-Presidency of Legal Affairs of the Holding Company attends to the internal and corporate legal needs, especially with respect to supporting the securities issuance processes, the preparation and negotiation of contracts, corporate governance matters, brand monitoring, advice and support in the relevant processes carried out by our subsidiaries, and compliance with our regulatory duties as a

securities issuer and financial holding company of the Aval FC.

The Vice-Presidency of Legal Affairs also coordinates some corporate projects in which our subsidiaries collectively participate, as well as the implementation and follow-up of the corporate guidelines established by the Holding Company. Additionally, the Vice-Presidency of Legal Affairs monitors the legislative initiatives and regulatory changes that affect the activities implemented by the Holding Company and our subsidiaries (mainly the financial and securities market sector) in order to implement the necessary measures to comply with the applicable regulation.

4.2.G. Internal Audit Department

This department conducts audits on the Company's internal control with a risk-based approach according to best practices, independently assessing the Holding Company's governance, risk management, controls, processes and systems. In compliance with the audit plan approved by the Audit Committee for 2021, it issued reports and monitored the action plans established by those responsible for responding to the comments issued in the audit, ensuring the continuous improvement of internal control.

It also conducted audit tests on the design and operation of controls on the Holding Company's financial reporting processes for the purposes

of the SOX Act and as part of reporting under SEC Form 20-F, as well as for the purposes of issuing local financial statements for the year ended on December 31, 2021. The Audit Committee supervised and monitored the management of this department through regular reports that were submitted to it during the year on the implementation of the audit plan, the results of the audits, the independence and objectivity of its operation and the status of the action plans for the audited processes.



4.3. STRATEGIC MANAGEMENT

Our mission and vision, as well as the ten governing principles of the Holding Company, guide our action and the way in which we do business, generate results and create value for all our stakeholders.

MISSION

Our mission is to provide our customers with socially responsible, safe and easy-to-access, understand and manage financial solutions in any place and at any time, through the legal vehicles available in each market where we operate. These solutions must also be profitable for our customers and companies, so that they generate value for our shareholders.

VISION

Our vision is to become one of the three main financial groups in Latin America, offering portfolios of products and services that allow all our customers to manage their finances with us comprehensively, and at the same time, maximize the value of our shareholders' investment through trust in our strength and consistent returns.

4.3.A. Values and governing principles

GRI 102-16

» **Legality:** We ensure full compliance with the Colombian constitution, laws, standards, policies, regulations and controls adopted by the relevant authorities and ourselves for the regulation of our activities.

» **Transparency:** We recognize the importance and value of providing clear, honest, correct and timely information for an adequate understanding of our financial and non-financial position, as an essential basis for our relations with our shareholders, investors, stakeholders and/or third parties, and capital markets.

» **Loyalty and Integrity:** We act ethically and loyally toward society, our shareholders and investors, stakeholders and/or third parties, always in observance of the applicable regulation, respecting and supporting the strengthening of the institutions and collaborating with the authorities in the application of and compliance with the law.

» **Truth and Honorability:** We are interested in the way in which we obtain results and so we are committed to zero-tolerance of any non-compliance or incorrect action, giving priority to general interest over individual interest. Consequently, the statements and information provided by our employees shall always be in accordance with reality and the facts, protecting the good name and image of the Company, our employees, shareholders, control entities, customers, third parties or others.

» **Confidentiality:** We protect all our information (official or private in any format that said information is found) and the information of our employees, shareholders and third parties. Our employees shall treat confidential or privileged information properly, carefully and confidentially, abstaining from using this information in a different way to the one authorized or facilitating its access by third parties without the relevant authorization, or for undue purposes. All information in the hands of our employees must be treated under the parameters of integrity, availability, privacy and confidentiality.

» **Caution:** Our action is based on the correct understanding of the risks associated with value generation. As part of this, our employees must assess their decisions with good judgment and criteria, identifying, measuring and managing their risks and recognizing the value of information and the importance of guaranteeing its confidentiality.

» **Self-control and self-regulation:** Our employees apply criteria of self-control and self-regulation as an essential tool to prevent, detect, monitor and mitigate the different risks we are exposed to and that we clearly communicate so that they are of use.

» **Respect and equitable treatment:** Our employees provide credibility and peace of mind with regard to their management, which must be carried out in an atmosphere of respect and equity, recognizing the diversity of criteria and providing an appropriate environment to

promote equal opportunities and treatment to express opinions, raise concerns or make suggestions about our development.

» **Excellence and innovation:** One of our strategic pillars revolves around our people. That is why we and our employees are committed to attracting, retaining and developing the most talented and qualified professionals, and why we have built a highly competent and committed work team as an essential component for generating value. We promote meritocracy

and encourage teamwork, innovation, continuous improvement of our operation, and the implementation of best practices across our subsidiaries.

» **Social responsibility:** we recognize and understand our role in the development of society, as well as the importance and impact of correct behavior as a factor that contributes to the generation of the community's economic, social and environmental well-being.

4.3.B. Strategic pillars

Our strategy for profitable and sustainable growth is based on five fundamental pillars:

Comprehensive Risk Management

Risk management is fundamental to our banking business. We pursue excellence in understanding, managing and setting the levels of the financial risks we undertake in the course of business. In



addition, we strictly manage the non-financial risks to which we are exposed.

Through our risk management teams at the corporate level and in our subsidiaries, we aim to ensure that the financial risks we undertake are aligned with our risk appetite and our strategic objectives to ensure long-term value for our stakeholders. We constantly monitor changes in the business environment in order to adjust our risk exposure and anticipate potential impacts on our business.

During 2021, we continued to strengthen the Asset Liability Management (ALM) model, through the entities' ALM units, whose main function is to ensure the entity's stability and profitability in the medium and long term, maintaining the levels of balance sheet risk exposure (interest rates, liquidity gap, repricing) within the defined appetite using strategies aimed at optimally investing assets and managing the term of liabilities raised at all times. ALM area strategies are controlled and monitored by ALCO Committees and the Board of Directors of each Entity.

The ALM units, in turn, are in charge of designing, modeling and calibrating the Funds Transfer Pricing (FTP) curves, to isolate the balance sheet risks managed by these units from those corresponding to the commercial units and play a major role in the implementation of a transparent pricing system for fund raising and placement of resources. It is important to highlight that the FTP system in each entity starts with academic foundations but needs to be adjusted according to the specific and unique characteristics of each one.

Regarding the corporate management of non-financial risks, which include operational risk, business continuity, information security and cyber security risks, money laundering and terrorist financing risk, Grupo Aval provides guidelines in order to regulate and establish good practices and raise the standards within the entities. Additionally, as part of strengthening the internal control system, anti-corruption and SOX compliance programs have been implemented.

Innovation and digitalization

Grupo Aval works to identify and capture synergies between our banking subsidiaries. In order to contribute to this objective, in 2018 we launched a group-wide effort to lead the digital transformation, aligning our banking subsidiaries with a shared vision for a digital future. Our Colombian banking subsidiaries have launched joint efforts aligning our digital strategy to their individual capacities, with the aim of digitalizing their products, channels and processes in order to achieve operational efficiency and create more innovative products and services.

In Central America, we have advanced along the same lines and consolidated a digital experience lab in Costa Rica. This lab is responsible for all development needs for the six Central American banks regarding innovations in BAC's website, online and mobile banking, and their payments platform.

Our digital strategy considers 3 dimensions:

» **Digitalize existing products and processes.** We intend to be more efficient, provide a better service and improve customer journeys. We

believe that the banking industry is changing through efforts like ours. Accomplishing this objective will become a bank's "ticket to play" in the future. Therefore, we are currently focusing most of our digitalization effort on this first dimension. So far, the digitalization of products has allowed banks to enter customers' homes and meet their financial needs. This contributed to preserving their health during the pandemic. This strategy has allowed Grupo Aval to expand its portfolio to digitalized products for its banking subsidiaries, facilitating over 760 thousand new digital customer deposits, 741 thousand digital sales of loans and other services, and the approval of 41 thousand mortgages, during the year ended December 31, 2021. Additionally, we consolidated our data strategy capabilities by implementing a data platform "AUGUSTA" that has successfully deployed 45 use cases in Colombia. These business cases are intended to solve different business problems such as churn, buying propensity for our digital products, next best action, and fraud identification and prevention. These initiatives are supported by advanced analytics models to address specific business opportunities for retail and commercial banking.

» **Develop new digital business models.**

The creation of new products and services, such as -Matilde- ads in charge of generating personalized recommendations of products and services in digital advertising spaces. This asset seeks to reduce the acquisition cost of digital products, reduce deployment times derived from the segmentation of audiences integrated with AUGUSTA. Through dale! a 100% digital platform of Aval Soluciones Digitales S.A., 115.303 new clients have been reached in Colombia in 2021. These customers have average deposit balances of less than

five minimum monthly salaries. As such, they were not previously served mainly due to high customer acquisition costs (CAC). We expect these innovative platforms to continue to reach new customers with little or no penetration, including younger generations more inclined to maintain digital-only relationships, and unprofitable customers who have not been sought after by banks due to their low profitability and high CAC.

On January 29, 2021, Banco de Bogotá obtained the authorization from the Superintendency of Finance to test a financial technology project ("fintech") through which crypto-currency exchange services will be offered. This project operates under a controlled environment for the testing and promotion of fintech projects supervised by the Superintendency of Finance, also known as a "regulatory sandbox".

» **Generate or participate in "digital ecosystems."** We believe that consumers are now looking for an integrated and seamless experience. For this reason, Grupo Aval aims to align the efforts of its different subsidiaries and strategic allies through a joint vision and digital tools. These efforts intend to embed our service portfolio in digital experiences from beginning to end, addressing our customers' needs in terms of savings, investment, financing, and complementary services such as insurance and payments. In 2021, the group launched the first ecosystem CarroYa, which is an end-to-end solution to access for mobility needs through financial services, in one place. Through this ecosystem we have managed to enhance the existing portal increasing to 85% of active dealers, 54% in traffic which represents 2.1 million sessions in December 2021

and managed to provide 4,239 monthly leads for our banks with a likelihood of approval. We are also seeking to increase our presence in other markets, such as housing, through a future ecosystem that we expect to launch in 2022. Achieving this objective involves offering our digital financial products and services in a complementary way that adds value to the ecosystems through which other non-banking products and services are offered.

Our strategy has enabled us to advance our initiatives for inclusion and incorporation into the banking system, helping us to fulfill our social and economic role of responsibly providing the highest quality financial services and actively meeting the demand in the regions where we operate.

We work to identify and capture synergies among our subsidiaries. To contribute to this objective, in 2018 we launched a consolidated effort to lead digital transformation, aligning our banking subsidiaries with a common vision of a digital future. Our banking subsidiaries and ADL Digital Lab, a Grupo Aval entity, have joint efforts to align our digital strategy with their individual capabilities, in order to digitalize their products, channels and processes to achieve operational efficiencies and create a more innovative portfolio of products and services.

In Central America, we continue to invest in our technology platforms and develop digital solutions for our customers in the region. In response to the pandemic, we launched new versions of our mobile banking applications with new functionalities aimed at improving our customers' remote service and enhancing their financial well-being.

For more information about innovation and digital transformation, see Chapter 6.8.C of this report.



Efficiencies and economies of scale

We pursue opportunities to create synergies among our subsidiaries and leverage our combined strength. We intend to benefit from our combined scale, while retaining the agility and the resilience of a diversified group of entities. In addition, we seek to benefit throughout the Group from innovation originated in any one of our entities. We focus work on group-wide projects, such as digital banking and business process digitization, analytics, information technology, network integration (such as Red Aval) and procurement of goods and services, among others. These efforts should allow us to achieve economies of scale by involving all of our subsidiaries under a single umbrella. We believe that these efforts have contributed and will continue to contribute to improve our efficiency.

Talent management

We focus on attracting, compensating, developing and retaining the best talent. To achieve this, we and our subsidiaries are committed to developing our human capital, focusing on well-being and training programs, diversity and inclusion, and in-house talent scouting at a corporate level. We are developing a corporate talent retention and promotion policies, supported on transparent goal setting and objective performance measurement and compensation.

Sustainability

We believe that conducting business sustainably is key to achieving long-term value. Our sustainability strategy is based on solid governance practices, environmental protection and social contribution. Since 2019, we have been consolidating and coordinating environmental, social and corporate governance (ESG) activities together with our subsidiaries, collectively increasing our positive impact on our stakeholders.

In addition to our strategic pillars, we believe the continued growth of our business will be sustained by the following initiatives:

» **Strengthen and expand our operations in Colombia.** As part of Colombia's leading group, and drawing upon Grupo Aval's multi-brand business model, we believe that we are well positioned to take advantage of market opportunities derived from economic cycles. We intend to continue benefiting from sharing commercial and operational standards and

best practices across Grupo Aval, while capitalizing on our management's expertise, our subsidiaries' brand recognition, their customer base, and our portfolio of financial services and products. As noted above, following the spin-off of a 75% equity interest in BHI, the majority of our consolidated operations are in Colombia. We believe the spin-off will strengthen Grupo Aval's and Banco de Bogotá's strategic focus on Colombia because we will simplify our corporate structure, eliminate multi-jurisdictional complexities, and increase our agility and flexibility to respond to the dynamics of the local markets in which we operate. We also expect to gain flexibility in the administration of regulatory capital as we continue to move towards full Basel III compliance. This, in turn, should allow us to improve our strategic position to capture future growth.

Our qualified and experienced management teams, both at Grupo Aval and at our subsidiaries, have played a key role in guiding our growth, see "Item 6. Directors, Senior Management and Employees". Our chairman, Mr. Sarmiento Angulo, has over 65 years of business experience, including over 45 years in the banking and related financial services industry. Our president, Mr. Luis Carlos Sarmiento Gutiérrez, has over 20 years of experience in the banking and related financial services industry and over 30 years of business experience as an executive in Colombia and the United States. Our management team and those of our operating subsidiaries aim to formulate and execute business strategies driven by a culture of excellence, innovation and cooperation, which has guided our vision throughout the various acquisitions and initiatives undertaken by Grupo Aval.

» **Expand our services and product offering and diversify our sources of income.**

We believe we offer a comprehensive range of banking services and products in Colombia and Central America, that we continually seek to expand to satisfy evolving customer needs and enhance our profitability. We believe we can continue to capture additional revenue by (i) organically expanding our market share in profitable segments and products given our existing market position (such as credit cards and mortgage loans, where we have a market share of 19.3% and 13.7% in Colombia at December 31, 2021, respectively); (ii) launching existing and new products to serve new segments (such as the underbanked population); and (iii) improving our product and service offering through their digitization. In addition, we seek to leverage our extensive customer base in Colombia and Central America through cross-selling efforts.

Furthermore, we continue to implement initiatives to increase our non-interest income, which consists primarily of net fee income and income from our non-financial operations. In the year ended December 31, 2021, net fee income accounted for 23.4% of our consolidated total income before net impairment losses on financial assets. We believe we can increase non-interest income in future periods by, expanding our offering and participation in areas such as bancassurance products (i.e., bank-offered third-party insurance products) through our distribution networks, and credit card fee income by increasing credit card loan volume. With regards to the income from our

non-financial operations, we believe that our equity investments in strategic sectors such as energy and gas and infrastructure will continue to contribute significant income to our bottom line.

We constantly pursue initiatives to extend our banking services to under-penetrated segments of the Colombian population that have low usage or that do not currently use banking services. In order to serve these segments, we offer low-cost products such as “Depósitos de Bajo Monto”, which are savings accounts with lighter requirements for the account opening process. In addition, we have cost-effective service channels, such as Corresponsales Bancarios and online/mobile banking.

» **Pursue selected acquisitions and increase our controlling interests in our subsidiaries.**

We have a proven track record of identifying, acquiring and integrating interests in companies we believe have strategic value to us. We are interested in expanding our businesses in Colombia and potentially into other strategic markets. We will continue to seek opportunities to further expand into new geographies and will evaluate potential acquisition targets that would enable us to grow and consolidate our franchise through the services and products we offer. We actively assess opportunities in our target geographies considering their potential to generate value, complement our strategic goals and be accretive. We may also consider increasing our controlling interests in our subsidiaries.

4.3.C. Organizational objectives

Grupo Aval has positioned itself as the main financial conglomerate of Colombia and the leading banking group in Central America. In the upcoming years, we intend to keep consolidating our leadership in the financial sector through a strategy designed to harness opportunities for sustainable growth and profitability in the different businesses we participate in through our subsidiaries; specifically, seeking the achievement of the following objectives:

» Increase the share in and penetration of the financial markets of Colombia and Central America, encouraging and harnessing the

growth potentials that both regions offer given the low rates of banking penetration. We aim to leverage growth on a risk policy based on strict standards of origination and discipline in pricing, which will enable us to generate long-term value.

» Develop and gain operating synergies between Grupo Aval and its subsidiaries through the provision of shared services in the different entities with the aim to achieve efficiencies as a result of the application of economies of scale in aspects such as corporate procurement and centralized technology developments.

» Expand our product and service offerings and diversify revenue streams by continually aiming to expand them in order to meet changing customer needs and improve our profitability by focusing on: (i) enhancing our market share in profitable segments and products where we have organic growth potential; (ii) launching existing and new products to serve new segments (such as the population outside the banking system); (iii) improving our product and service offerings through digitalization; and (iv) expanding our cross-selling efforts.

» Acquire and integrate shareholdings in companies that generate strategic value for Grupo Aval through the selective pursuit of strategic investments and acquisitions in Colombia and Latin America.



5.

Laws and Regulations



5.1. STATE OF COMPLIANCE WITH INTELLECTUAL PROPERTY, COPYRIGHT AND FREE CIRCULATION OF INVOICES LAWS

In compliance with section 4, Article 47, of Law 222 of 1995, amended by Article 1, Law 603 of 2000, Grupo Aval has honorably applied the regulations for intellectual property and copyright. Products and programs protected by copyright are duly licensed.

Pursuant to paragraph 2, Article 778, of the Code of Commerce, Grupo Aval states that during this reporting period, the Company did not commit any act that could obstruct the free circulation of the invoices issued by its suppliers.

5.2. EVENTS AFTER CLOSING

For further details on events after closing, read Note 36 of Grupo Aval's Consolidated Financial Statements.

5.3. RISKS FACED BY GRUPO AVAL

Grupo Aval and its financial and non-financial subsidiaries in Colombia and abroad are exposed to a series of risks associated with the development of their corporate purpose or those related to the industries in which they operate. The most representative risks include financial risks originated by the macroeconomic situation of the jurisdictions where we operate, among which the most important are: credit risk, market or interest rate risk, liquidity risk, exchange risk (between the Colombian peso and the US dollar, or between the functional currencies of some of our entities in Central America and the US dollar); additionally, as part of the execution of their operations, they

face operational risk, money laundering risk, and the risk of non-compliance with legal and regulatory requirements. They are also exposed to the effects of emerging risks such as global and local public health threats, socio-political situations and others.

For further details on the risks faced by Grupo Aval in consolidation, read Note 4 of Grupo Aval's consolidated financial statements. The Holding Company's own risks are disclosed in Note 4 of Grupo Aval's separate financial statements.

5.4. REGULATIONS FOR CONGLOMERATES

The Law of Financial Conglomerates and its regulatory decrees introduced important changes to the structure of the Colombian financial system, particularly for companies that act as financial holding companies of their conglomerates. Through Resolution 0155/February 6, 2019, the Superintendency of Finance identified Grupo Aval as the financial holding company of Aval Financial Conglomerate. In addition, the

Company continually updates the information of financial subsidiaries that are part of the Conglomerate. As of December 31, 2021, the Aval Financial Conglomerate was comprised of 68 companies.

The Company's regulatory strategy aims to monitor, follow up and report on regulatory projects and new proposals submitted to

Congress and the various ministries and regulatory authorities. In 2021, periodic legislative agenda reports were submitted to the administration including aspects related to the debates held in the congressional committees and plenary sessions. Likewise, comments were made on regulatory projects that impacted the operation of the Aval Financial Conglomerate either directly or through our subsidiaries.

It is important to highlight that the Company actively participated in working meetings with the associations through our regulatory strategy, in order to discuss the regulatory projects that had any level of impact on the business scope of the Aval Financial Conglomerate. In addition, the Company participated in question and comment sessions, open to the public, for the discussion of draft decrees and regulatory documents.

5.5. LAWS

Law 2111/2021

"Whereby Title XI "Crimes against natural resources and the environment" of Law 599/2000 is replaced, Law 906/2004 is amended and other provisions are issued."

This Law is intended to modify certain criminal offenses related to natural resources and the environment. Among these new crimes, crime offences 336A and 337A were included ("Financing of invasion of areas of special ecological importance" and "Financing of illegal appropriation of the nation's unoccupied

Finally, the Vice-Presidency of Legal Affairs followed up and reported to Senior Management on the comments, traceability and development of the modifications or changes in the bills before Congress, ensuring that action plans and compliance with the regulations to be added to the legal system are anticipated.

The following is a compilation of the main laws, decrees, resolutions, external circulars and circular letters that were issued in 2021, identified by the Company's regulatory strategy and that somehow affect the development of our businesses and those of our subsidiaries in Colombia.

lands") in which both the delivery of resources and the custody and safekeeping of funds for these purposes are prosecuted, in which any of our entities may be involved if in the ordinary course of their business they have any kind of relationship with criminals involved in these crimes.

Law 2112/2021

"Whereby entrepreneurship and the scaling of the national business fabric are strengthened."

This law allows Pension Fund Administrators (AFP, for the Spanish original) such as Porvenir to invest at least 3% of the funds they have in Private Equity Funds or “funds of funds” whose purpose is to invest in Colombian companies and productive projects in Colombia.

Law 2115/2021

“Whereby guarantees of access to financial services for single mothers and fathers are created, Law 82/1993 as amended by Law 1232/2008 is added and other provisions are issued.”

This Law provides instructions to the National Government so that through regulation and with the support of information on single mothers or fathers, official lending companies or public capital are allowed to ensure access to mortgages and savings products to the population with these characteristics.

Law 2155/2021

“Whereby the Social Investment Law is enacted and other provisions are issued.”

This Law modifies regulations related to the general corporate income tax rate of 35%, applying a 3% surtax to financial entities, as is the case of Grupo Aval and its subsidiaries, which will begin to be paid in 2022 and will end in 2025.

Law 2157/2021

“Whereby Statutory Law 1266/2008 is amended and added, and general provisions on habeas data are issued in relation to financial, credit, commercial, service and third-party country information, and other provisions are issued.”

This Law modifies regulations related to the term during which negative data of Financial Consumers is kept by credit reporting bureaus; now, due to the economic situation generated by the COVID-19 pandemic in the country, once a consumer catches up on their outstanding balances within a term of 6 months following the issuance of the law, this negative information is removed by the credit reporting bureaus. Some additional requirements were also imposed for reporting negative information to the reporting bureaus, such as two communications sent to financial consumers at least 20 days apart.

Law 2177/2021

“Whereby rules are issued for the Colombian mining sector to access the services of the national Financial and Insurance System, and other provisions are issued.”

This law, enacted on December 30, 2021, created a regulatory framework that facilitates access to products and services of the financial and insurance sector for companies in the artisanal and formal mining sector, whereby companies in this sector are not prevented from joining

financial sector entities given that companies of mining sector shall provide that due diligence process are carried out. The Superintendency of Finance is required to take administrative measures against entities that refuse to provide these services when it is demonstrated that such refusal was discretionary.

Law 2186/2022

"Whereby the financing of small and medium agricultural producers is strengthened."

On January 6, 2022, this law was enacted, discussed and passed by Congress in 2021, and its purpose is to make amendments to Agricultural Development Securities (TDAs, for the Spanish original) allowing the National Commission of Agricultural Credit to issue additional regulations in order to allow the funds collected through such securities, whose acquisition is mandatory to financial entities, to be used for new types of productive agricultural projects.

Law 2195/2022

"Whereby measures are adopted in the matter of transparency, prevention and the fight against corruption and other provisions are issued."

Through this Law, discussed and passed by Congress in 2021 but enacted on January 18, 2022, rules were issued that allow the Superintendences to impose fines of up to 200,000 minimum monthly wages and other administrative sanctions that include even the ban to contract with the Government, in cases in which the Legal Representatives of the companies or their parent companies are convicted of crimes against public administration, money laundering or acts of corruption. In turn, the Law created the registry of actual beneficiaries (RUB, for the Spanish original) that will be fed with the data provided by entities such as banks. Finally, it significantly increases the amount of fines for antitrust violations, and modifies incentives for companies that report the existence of a cartel, imposing no penalty on them in such cases.



5.6. DECREES

Ministry of Finance and Public Credit

Decree 270/2021

"Whereby Decree 2555/2010 is amended in relation with the method for calculating the minimum mandatory return for the short-term severance fund portfolio and other provisions are issued."

This Decree issues instructions to AFPs to modify the methodology related to the calculation of the minimum profitability that they must obtain in the administration of short-term severance pay funds, in order to adjust it to the reality of the stock market.

Decree 1084/2021

"Whereby Decree 2555/2010 is amended in relation to the rules applicable to financial institutions acting as insurance policyholders on behalf of their borrowers."

This regulation updated provisions related to insurance that financial institutions require from their borrowers, in which they act as policyholders. The Decree changed the way rates must be stated, prohibited the insurance broker's costs from being passed on to the final consumer, prohibited insurance companies from remunerating the financial entity as a policyholder, including payment for collection services, and imposed on lending companies, insurance brokers or insurance companies the duty to inform the Superintendence of Industry and Commerce (SIC) of any alleged act that goes against free competition.

Decree 053/2022

"Whereby Decree 2555/2010 is amended in relation to the issuance of bonds by collective investment funds in the securities market, the internationalization of infrastructure, the development of the capital market and other provisions are issued."

In general, this decree modified rules related to the regulation of the Colombian securities market, especially those regarding Private Equity Funds, Collective Investment Funds and their possible issuance of bonds.

Decree 175/2022

"Whereby Decree 2555/2010 is amended in relation to the minimum capital requirement of trust companies, pension and severance fund management companies, brokerage firms and investment management companies."

This decree, issued on February 3, 2022, grants a term of 12 months to the AFPs, Trust Companies, Brokerage Firms and AMC to implement the minimum capital requirement regulations included in the Decree, including issues of assets weighted by risk level, credit risk weightings and capital methodologies, among other issues of great relevance to the Group, since it has several entities of this type.

5.7. CIRCULAR LETTERS

Circular Letter 72/2021:

Reports the list of systemically important entities.

5.8. EXTERNAL CIRCULARS

External Circular 009/2021:

"It provides instructions regarding authorization regimes for capital investments of financial holding companies."

This Circular provides instructions regarding the authorizations to be given by the SFC in specific cases in which it must authorize the capital investments that a financial holding company wishes to make in accordance with Law 1870/2017; in turn, in any other cases, general guidelines are issued that are framed within the general authorization.

External Circular 012/2021:

"It provides instructions related to the extension of the validity of the Debtor Assistance Program (PAD) and additional measures on credit risk."

This Circular extends the effect of E.B. 022/2020, which developed the Debtor Assistance Program due to the COVID-19 pandemic and extended its effect to August 31, 2021.

External Circular 017/2021:

"It amends the instructions related to the know-your-customer procedures provided in External Circular 027/2020."

This Circular modified certain components of the AML/CTF management system in relation to the know-your-customer procedures set forth in said system, especially those related to non-face-to-face and online mechanisms for the engagement of financial consumers.

External Circular 018/2021:

"It provides instructions related to the Integrated Risk Management System (SIAR, for the Spanish original) and Risk Management System for Entities Exempted from the SIAR (SARE, for the Spanish original)."

This is one of the most important regulatory changes in recent years. It is due to come into force in 2023 and repeals the existing Risk Systems (Liquidity, Operational, Credit and Market), integrating them into a single management system that will henceforth cover Credit, Counterparty, Liquidity, Market, Operational, Collateral, Country Risk and Insurance risks in

a single regulatory body, allowing, for example, the request for the constitution of provisions for any of these eventualities.

External Circular 022/2021:

"It provides instructions related to liquidity formation activity."

Instructions are issued related to the activity of liquidity formation in the securities market for the assets listed in the National Registry of Securities and Issuers (RNVE, for the Spanish original).

External Circular 023/2021:

"It provides instructions related to the implementation of the technological development "Smart supervision" and the Financial Consumer Attention Service (SAC)."

The circular aims to develop the principles for electronic or computerized oversight that will begin in 2022 and, at the same time, it orders modifications related to the Financial Consumer Attention Service (SAC, for the Spanish original) and the mechanisms for addressing consumer complaints in this regard to the SFC.

External Circular 026/2021:

"It provides instructions related to transitory liquidity support."

This circular incorporates certain rules related to the dematerialization and immaterialization of securities by the Central Bank of Colombia and centralized securities depositories so that lending companies can access temporary liquidity support.



6.

Sustainability at Grupo Aval



At Grupo Aval, we are working to ensure that our business strategy is centered on the framework of sustainability. In 2021, we continued to monitor our subsidiaries' social and environmental strategies, promoted high-impact corporate policies and identified gaps in the disclosure of information to our stakeholders.

Grupo Aval's strategy is aligned with sustainability through (5) pillars and (16) material topics.

CORPORATE GOVERNANCE

We have a transparent, sound and ethical decision-making process that enables adequate risk management. The material topics that are part of this pillar are:

- » Governance structure
- » Risk management and internal control
- » Ethics

FINANCIAL PERFORMANCE

We ensure the sustainability of our business through the proper management of subsidiaries, investor relations and cybersecurity, thus contributing and giving back to all our stakeholders. The material topics that are part of this pillar are:

- » Subsidiary management
- » Investor relations
- » Cybersecurity

CORPORATE EFFICIENCY

We contribute to our subsidiaries' profitability through efforts that, under centralized coordination, create greater value, impact and efficiencies, capitalize on synergies and best practices, and achieve economies of scale. The material topics that are part of this pillar are:

- » Innovation
- » Corporate marketing
- » Corporate procurement

HUMAN RESOURCES

We develop human resources in an environment of trust, respect, equality, teamwork and job stability. We also work to instill a sense of pride and belonging among all the employees of Grupo Aval and its subsidiaries. The material topics that are part of this pillar are:

- » Well-being and quality of work life
- » Attraction, retention and development of talent
- » Diversity and inclusion
- » Pride and sense of belonging

ENVIRONMENT

We contribute to the sustainable development of the communities and the environment in which we operate. We are focused on strengthening financial inclusion through Corporación Microcrédito Aval (CMA) and social investment in high-impact, long-term projects through Fundación Centro de Tratamiento e Investigación del Cáncer (CTIC). The material topics that are part of this pillar are:

- » Financial inclusion
- » Social investment
- » Environmental management



Sustainability in our subsidiaries

Grupo Aval's sustainability strategy is aligned with the sustainability models of each of our subsidiaries (Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, BAC Credomatic, Corficolombiana and Porvenir). In carrying out their own businesses, each one defines and manages its Material Topics, which as a whole, strengthen the impact of Grupo Aval's Sustainability.

In accordance with the foregoing, the sustainability reports under our subsidiaries' GRI standards are published on the following pages:

www.bancodebogota.com
www.bancodeoccidente.com.co
www.bancopopular.com.co
www.avvillas.com.co
www.baccredomatic.com
www.corficolombiana.com
www.porvenir.com.co



United Nations Global Compact

During 2021, we adhered to the United Nations Global Compact, reaffirming our commitment to comply with the universal principles of the Compact and the Sustainable Development Goals (SDGs).



IR Recognition

We obtained the IR issuer recognition from the Colombian Securities Exchange for our best practices in information disclosure and investor relations. This recognition provides us with important input to identify opportunities for improvement in the disclosure of information in the Management and Sustainability Report.



Dow Jones Sustainability Index

We participated for the first time in the Dow Jones Sustainability Index measurement; this period was enriching for our sustainability model and management, as it allowed us to establish gaps and an action plan to close them. So, this year our work is focused on that aspect and on the definition of KPIs.

6.1. STAKEHOLDERS

GRI 102-40, 102-42, 102-43

Our sustainability model aims to create sustainable value based on a transparent and close relationship with our stakeholders, who are closely related to our business activities.

In 2021 we conducted an analysis of our dialog with stakeholders which taught us more about their expectations and enabled us to create work plans in these aspects:

Subsidiaries – Companies over which we exercise control as a holding company.

Investors – These are the company's shareholders and bondholders.

Employees – This is the team that works with us, makes it possible to meet our objectives and manages the projects at our subsidiaries.

Suppliers – The ones who provide us with supplies and services both directly to the holding company and to our subsidiaries.

Media – Mass and digital media that constantly publish information about us and/or our subsidiaries and are important for our brand management.

External Analysts - These are the people who, due to the nature of our business, constantly and permanently monitor the financial and non-financial information of the holding company and its subsidiaries.

Associations - Established groups of companies on which we work for a common purpose.

Society - These are other people who indirectly interact with us.

TABLE 1: RELATIONS FRAMEWORK

STAKEHOLDERS	RELATIONS STRATEGY	COMMUNICATION CHANNELS
SUBSIDIARIES	<ul style="list-style-type: none"> • Have a transparent structure, governed by policies and procedures that apply to all subsidiaries. • Ensure that ethics and conduct policies are in place. • Have channels to report any complaints, irregularities, malpractice, among others. • Follow up on financial and commercial performance, business events and projects. • Develop innovative solutions with advanced technological support. 	<ul style="list-style-type: none"> • Board of Directors and Advisory Committee. • Face-to-face/virtual meetings. • Specialized committees. • E-mail and phone calls. • Corporate Intranet

STAKEHOLDERS	RELATIONS STRATEGY	COMMUNICATION CHANNELS
SUBSIDIARIES	<ul style="list-style-type: none"> Define synergy strategies in corporate procurement, marketing and digital transformation. Foster a sense of belonging among the Group's employees. Promote financial education, inclusion and accessibility in the communities where we operate. 	<ul style="list-style-type: none"> Board of Directors and Advisory Committee. Face-to-face/virtual meetings. Specialized committees. E-mail and phone calls. Corporate Intranet
EMPLOYEES	<ul style="list-style-type: none"> Report on guidelines, benefits, news and other topics of general interest Implement agile methodologies within a culture aimed at value creation, implemented by self-managed teams. Foster pride and a sense of belonging among our Grupo Aval employees. 	<ul style="list-style-type: none"> Internal social media - Yammer. Events. Newsletters. Ethics Line. Event: "I am Aval" Day. Phone calls, face-to-face/virtual meetings and e-mails.
INVESTORS	<ul style="list-style-type: none"> Constantly report on Grupo Aval's financial performance and other relevant topics. Efficiently and effectively respond to the requirements of our investors. Provide information and answer questions in due diligence processes. 	<ul style="list-style-type: none"> Events: "Investor Day." Annual reports. Replies to requirements. Phone calls, face-to-face/virtual meetings and e-mails. Website www.grupoaval.com
SUPPLIERS	<ul style="list-style-type: none"> Carry out corporate negotiation processes that meet their needs. Manage current agreements in operational, communications, marketing, monitoring and auditing aspects. 	<ul style="list-style-type: none"> Technological platforms. Phone calls, face-to-face/virtual meetings and e-mails.
MEDIA	<ul style="list-style-type: none"> Report on Grupo Aval's relevant events, launch of products and services, news of interest and performance. Respond to the media's information requests 	<ul style="list-style-type: none"> Phone calls, face-to-face/virtual meetings and e-mails. Press releases.
EXTERNAL ANALYSTS	<ul style="list-style-type: none"> Keep analysts informed about Grupo Aval's financial performance and other relevant issues. Address the requests of external analysts. 	<ul style="list-style-type: none"> Phone calls, face-to-face/virtual meetings and e-mails. Replies to requirements. Website www.grupoaval.com
PROFESSIONAL ASSOCIATIONS	<ul style="list-style-type: none"> Attend the seminars and discussion meetings of ANIF (Colombian Association of Financial Associations for the Spanish original) and Asobancaria (Colombian Banking Association) Maintain constant communication with the associations regarding regulatory changes and their implementation. 	<ul style="list-style-type: none"> Events of the associations. Phone calls, face-to-face/virtual meetings and e-mails.
SOCIETY	<ul style="list-style-type: none"> Keep the general public informed about Grupo Aval's operations, products and services, and performance. 	<ul style="list-style-type: none"> Annual report. Press releases. Publicity.

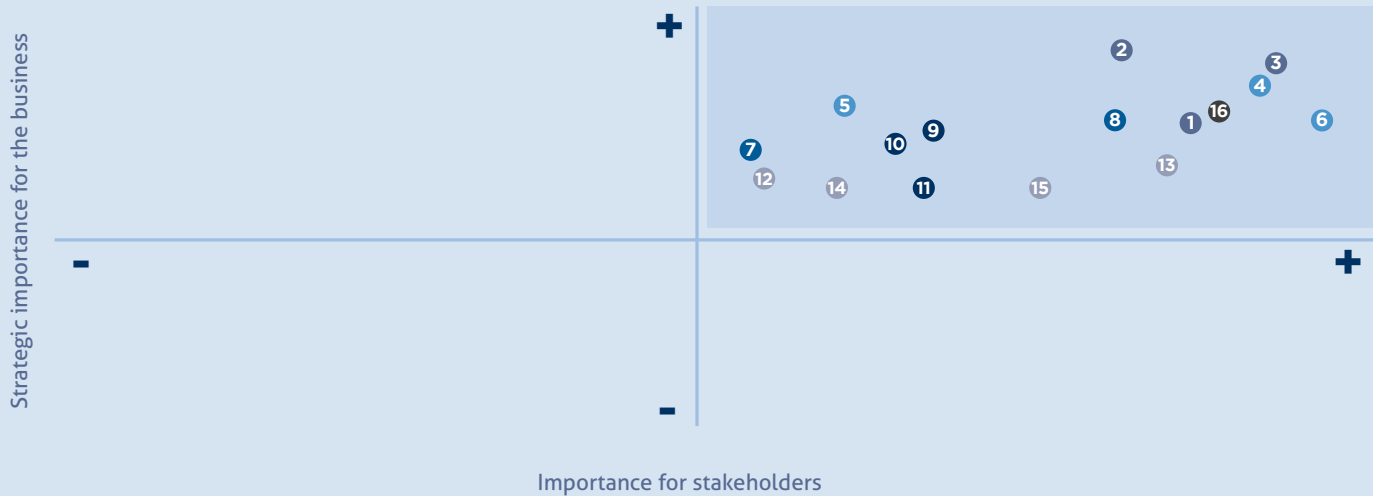
6.2. MATERIALITY ANALYSIS

GRI 102-44, 102-46, 102-47

The content of this Report was prepared in accordance with GRI standards on materiality (Core option), sustainability context, completeness and stakeholder inclusiveness. As mentioned above, we identified 16 material topics¹⁵ in an exercise carried out in 2019; we adjusted certain issues in 2020 following dialogs with stakeholders, and we prioritized them according to their impact on the business, as follows:

CRITERIA ASSESSED	
IMPORTANCE TO THE BUSINESS	IMPORTANCE TO STAKEHOLDERS
Impact on the development of our mission, vision and principles, among others.	Mention in interviews with stakeholders
Mention in interviews with senior executives	Identification of best practices
Processes executed for the development of the business	Relevance to our subsidiaries
Assessment of best corporate practices	Alignment with the Sustainable Development Goals SDGs

FIGURE 1: MATERIALITY MATRIX



15. For more information on the alignment of our material topics with the GRI Standards, please see the GRI Content Index at the end of this document.

Material Topics for Grupo Aval

- | | |
|--|---|
| 1. Ethics | 9. Corporate Marketing |
| 2. Subsidiary management | 10. Attraction, retention and development of talent |
| 3. Innovation and digital transformation | 11. Social investment |
| 4. Risk management and internal control | 12. Corporate procurement |
| 5. Governance structure | 13. Diversity and inclusion |
| 6. Financial inclusion | 14. Environmental management |
| 7. Investor relations | 15. Cybersecurity |
| 8. Well-being and quality of work life | 16. Pride and sense of belonging |

Prioritization of material topics

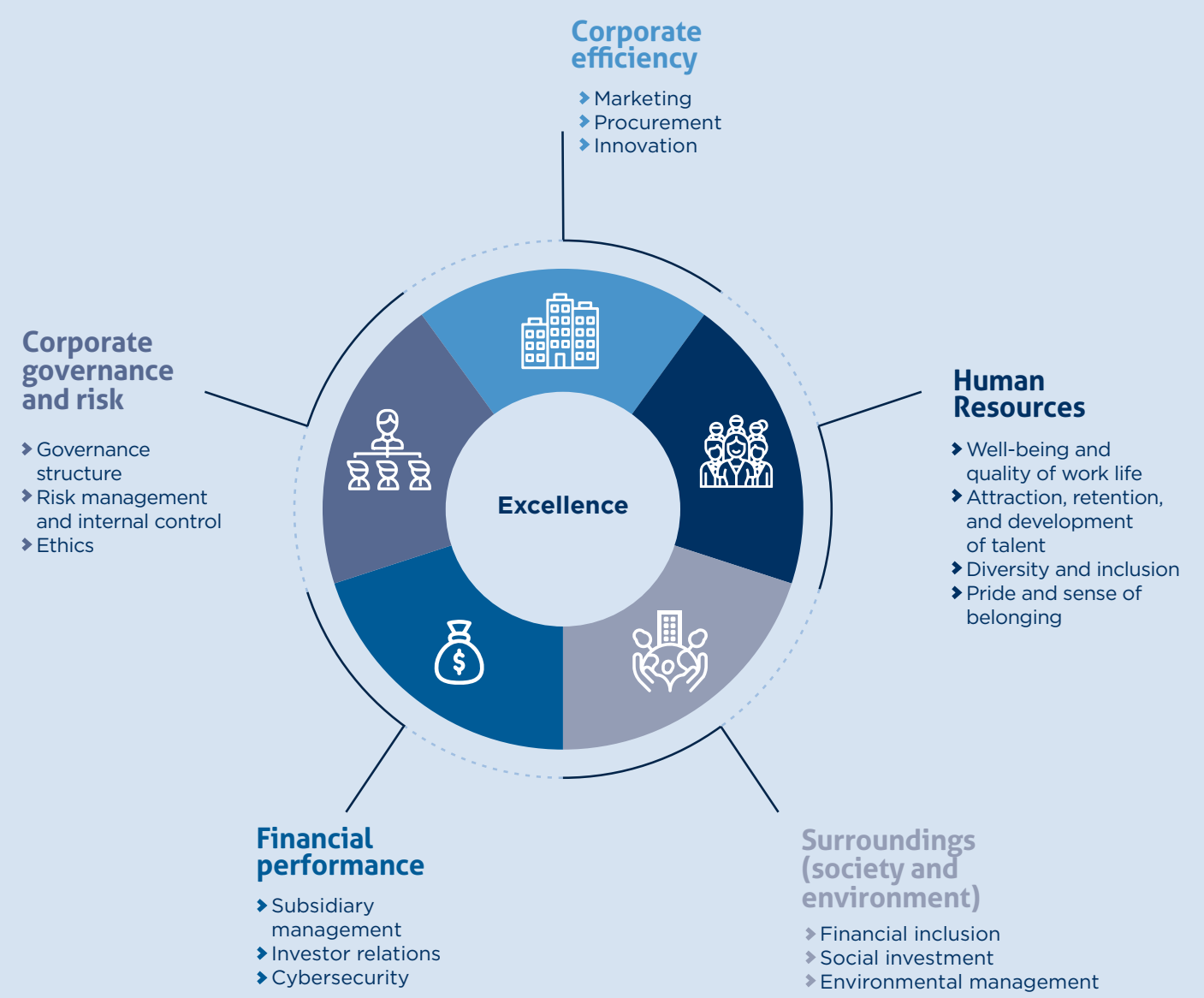
PRIORITIZED TOPICS	RELEVANT TOPICS	EMERGING TOPICS
1. Ethics	6. Financial inclusion	12. Corporate procurement
2. Subsidiary management	7. Investor relations	13. Diversity and inclusion
3. Innovation	8. Well-being and quality of work life	14. Environmental management
4. Risk management and internal control	9. Marketing	15. Cybersecurity
5. Governance structure	10. Attraction, retention and development of talent	16. Pride and sense of belonging among employees
	11. Social investment	



6.2.A. Our sustainability model

Based on our strategy of profitable and sustainable growth, we have designed our sustainability model, which was validated by our stakeholders as presented below:

ILLUSTRATION 1: GRUPO AVAL ACCIONES Y VALORES S.A. SUSTAINABILITY MODEL



We manage the material topics defined through the provision of corporate services and the development of Grupo Aval's guidelines to the subsidiaries.

Currently, the services we provide to our subsidiaries are:

RELATED TOPIC	SERVICE PROVIDED TO SUBSIDIARIES
CORPORATE GOVERNANCE	<p>We support our subsidiaries in the establishment of guidelines and good practices for the responsible management of the main risks to which they are exposed in the development of their corporate purpose.</p> <p>Regulatory advice: We issue instructions and advise subsidiaries on the implementation of and compliance with international regulations, including regulations on financial reporting controls (Sarbanes-Oxley Act), tax compliance (FATCA), money laundering (AML/CFT), and anti-bribery and anti-corruption (ABAC), among others.</p>
	<p>Internal control: In control matters, our subsidiaries receive services from the Senior Vice-Presidency of Internal Control, a body that aims to strengthen the organizational culture with a risk-oriented approach. To this end, we establish guidelines and best practices aimed at strengthening the effectiveness of the internal control system of each of our subsidiaries.</p> <p>Legal support: We provide permanent support and issue guidelines to subsidiaries on aspects of Corporate Governance, understanding and interpretation of regulatory matters, specific projects of relevance and monitoring of the legislative and regulatory agenda with an impact on the business.</p>
FINANCIAL PERFORMANCE	<p>Financial and accounting advice: Our subsidiaries receive services, advice and guidelines on topics related to the quality, timeliness and reliability of the financial information that is reported to the market. Similarly, through Grupo Aval, we monitor the subsidiaries' budget execution.</p>
CORPORATE EFFICIENCY	<p>Corporate marketing: includes marketing, loyalty, innovation and advertising activities: We design, produce and execute corporate strategies that are cross-cutting to the interests of subsidiaries in order to contribute to their growth in market share, gain differentiation and relevance and achieve efficiencies and brand positioning.</p>
	<p>Corporate procurement: We aim to achieve efficiency and significant reductions in the costs of procuring goods and services for subsidiaries, both in the area of information technology and security, as well as in the procurement of supplies and contracting of services required for the operation.</p>
ENVIRONMENT	<p>Focused mainly on social and philanthropic activities, in which Grupo Aval subsidiaries participate with financial and in-kind resources, among others. Guidelines in this aspect as corporate policies.</p>
	<p>Corporate efforts to mitigate the effects of climate change.</p>

6.3. ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

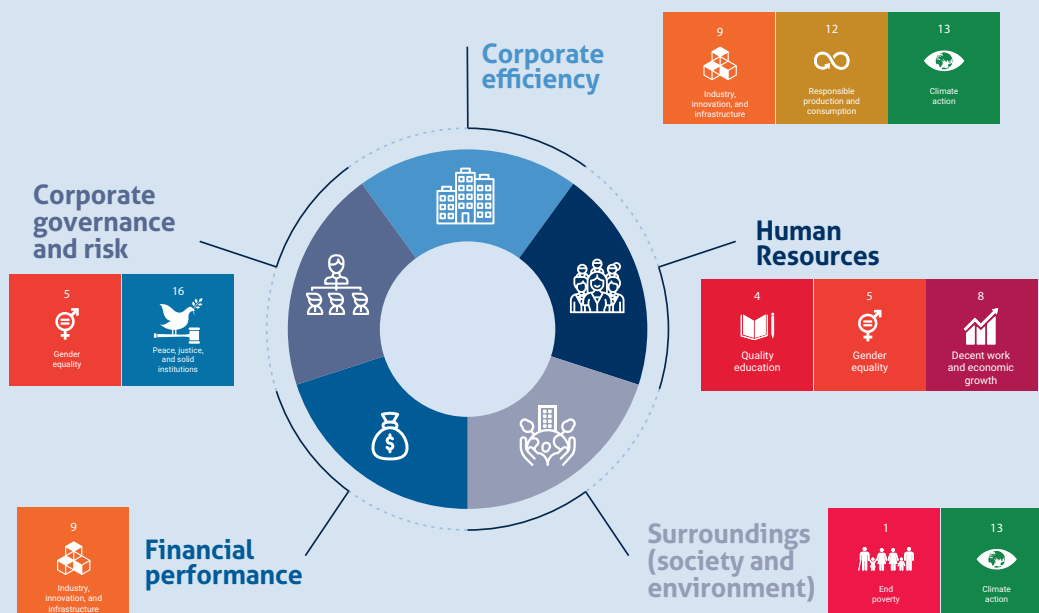
Below is a description of the Sustainable Development Goals (SDGs) on which we have a direct impact and that are aligned to our materiality analysis. The United Nations 2030 agenda establishes 17 goals, of which we have prioritized 8, which are those in which we believe we add the most value.

This also goes for the alignment of our subsidiaries in the contribution to the SDGs in accordance with their own business development.

	1 End poverty	2 Zero hunger	3 Health and well-being	4 Quality education	5 Gender equality	6 Clean water and sanitation	7 Affordable and clean energy	8 Decent work and economic growth	9 Industry, innovation, and infrastructure	10 Reduced inequality	11 Sustainable cities and communities	12 Responsible production and consumption	13 Climate action	14 Life below water	15 Life of terrestrial ecosystems	16 Peace, justice, and solid institutions	17 Partnership to achieve the objectives
Grupo Aval	✓			✓	✓			✓	✓			✓	✓			✓	
Banco de Bogotá	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Banco de Occidente				✓				✓	✓	✓			✓				✓
Banco Popular				✓			✓	✓	✓	✓		✓	✓			✓	✓
Banco AV Villas				✓				✓	✓				✓			✓	✓
Corficolombiana								✓	✓			✓			✓		
Porvenir	✓		✓					✓		✓		✓			✓	✓	✓
Bac	✓			✓	✓			✓				✓					✓



Our strategic alignment with the SDGs



SDG 1 End Poverty



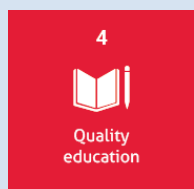
To Grupo Aval, it is important to promote quality jobs by promoting better living conditions for our employees and their families, allowing them to have stable and well-paid work, as well as supporting (through our financial subsidiaries) micro-entrepreneurs' initiatives to strengthen their capacities in order to see their businesses prosper.

Our contribution to SDG 1

To Grupo Aval, it is a priority for people to have access to financial services; thus, by means of our environmental pillar through the Aval Microcredit Corporation, we offer microcredits to micro-entrepreneurs and entrepreneurs who have a business but for different reasons cannot access a loan in a financial institution. In addition, they are trained so that they can better manage the funds and meet the commitments to see their business grow.

We generate decent, quality and well-paid jobs for more than 107,000 employees in Colombia and Central America.

SDG 4 Quality Education



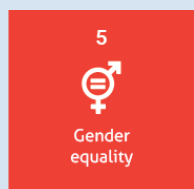
Education is the fundamental pillar for reducing inequalities as well as promoting tolerance, which contributes to creating more peaceful societies; therefore it is important for us, through our field of action, to create this type of spaces that allow us to promote quality education.

Our contribution to SDG 4

Our corporate policies give us the opportunity to support our employees in starting and completing their studies, whether in undergraduate, graduate or master's programs, by generating a commitment of the employee to the application and strengthening of knowledge in their areas of work, which will provide us with the best human talent in the company.

This support is provided regardless of gender, sexual diversity, skin color, and ethnicity, among others. Employees are encouraged to achieve excellent grades and thus, increase their motivation.

SDG 5 Gender Equality



Equality is a fundamental pillar in the development of societies. For this reason, at Grupo Aval we promote and work to foster inclusive spaces where women play a relevant role.

Our contribution to SDG 5

In 2021 we created our diversity and inclusion policy in which we established different performance parameters in our processes in order to ensure that women with the company have equal opportunities in all processes.

It is important to note that 28.5% of the principal members of our Board of Directors are women. We would also like to point out that our diversity and inclusion policy is corporate and therefore, promotes clear parameters for our subsidiaries so that each of them, in the development of their businesses, promotes this type of initiatives.

SDG 8 Decent Work and Economic Growth



Continuous, inclusive and sustainable economic growth and decent work for people contribute to maintaining the necessary conditions for lasting economic growth that will increase labor productivity, quality employment and improve access to financial services, under the premise of not causing harm to the environment.

Our contribution to SDG 8

We generate quality, stable, decent and well-paid jobs for more than 107,000 employees in Colombia and Central America.

We invest significant resources in different projects that we are advancing both in the holding company and in our subsidiaries with investments in different sectors of the economy.

We promote access to quality financial services for people.

SDG 9 Industry, Innovation and Infrastructure



We recognize that a robust economy requires investments in infrastructure and technology (transportation, irrigation, energy, information and communications technology) and our subsidiaries are hard at work in this area.

Our contribution to SDG 9

In recent years, we have prioritized the digitalization of products and processes, increasing digital sales and becoming more cost efficient. We have digitalized most of our retail banking products and have managed to get about 60% of the sales of these products to be made digitally in Colombia, 40% without human intervention. In Central America, this is about 25%.

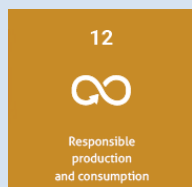
All our digital products are cloud-native or already 100% migrated. In addition, in our digital laboratory we already have 2 data platforms, Augusta and Mathilde, which make us more efficient in our processes, reduce operational costs and increase customer penetration.

We are also working on alternative ways to acquire new digital customers by venturing into ecosystems that are valuable to our customers. Some examples of this are the ecosystems of Carroyá, Metrocuadrado and Eempleo.com, which has more than 10 million users.

Through *da/e!*, Grupo Aval's digital payments platform, we enable individuals inside and outside the banking system to open an electronic deposit and use it in an interoperable manner. The vast majority of transactions carried out through this platform are free of charge.

In turn, through our subsidiaries, especially Corficolombiana, we are strengthening five sectors of the economy: finance, hotels, energy and gas, agribusiness, and infrastructure, among which we would like to highlight projects such as road construction with eight road concessions, agribusiness with the formalization and improvement of agricultural productivity, and electricity infrastructure projects, among others.

SDG 12 Responsible Production and Consumption



We promote different modalities of responsible consumption and production, through the efficient use of resources such as energy and water, as well as eco-friendly processes.

Our contribution to SDG 12

Through our corporate procurement area, we promote an organizational culture focused on the efficient use of resources and sustainable production. Consequently, we created our corporate sustainable procurement policy where we consider the aforementioned aspects and promote our suppliers' compliance with minimum parameters for their procurement, thus establishing sustainable ecosystems with our stakeholders.

SDG 13 Climate Action



Climate change is a consequence of human activity and is threatening our way of life and the future of our planet.

Our contribution to SDG 13

Each of our subsidiaries designs climate change mitigation strategies, measures its carbon footprint and has mitigation action plans. In addition, some of our subsidiaries have been at the forefront in the issuance of green bonds, offer green credit lines and have advanced in the implementation of ESRMS.

SDG 16 Peace, Justice and Solid Institutions



Achieving the Sustainable Development Goals requires peaceful, just and inclusive societies.

Our contribution to SDG 16

We have an organizational structure in accordance with all legal requirements; we have the best information disclosure practices in corporate governance and information security for our customers; we perform anti-corruption, anti-fraud and anti-bribery risk assessments, among others, which make us a solid institution that contributes to peace and justice in the areas in which we operate.

The ethics line is a communication channel that allows the employees, suppliers, shareholders and customers of the Group's companies to report possible fraud, misconduct, corruption, money laundering, and any other situation considered irregular or possible incidents that fail to comply with the established standards.

6.4. SUBSIDIARY RELATIONS FOR SUSTAINABILITY

GRI 102-9, 102-48, 102-49

Understanding that the scope of material topics exceeds Grupo Aval's operations, we have defined strategic partnerships and/or business relations with other companies that allow us to properly manage some material topics. The following stand out in particular:

Business opportunities with:



ATH, a subsidiary of Banco AV Villas, through which we consolidate the provision of some corporate services, mainly in terms of information services and channel network management.



ADL Digital Lab S.A.S, an associate through which we contract the provision of corporate services related to the digital transformation of our subsidiaries.



dale! is a payment platform developed by (SEDPE) Aval Soluciones Digitales.

Aval Soluciones Digitales, a Company Specializing in Electronic Deposits and Payments (SEDPE for the Spanish original) that, through a technological platform, allows individuals and businesses, whether they are part of the banking system or not, to open an electronic deposit through which they can carry out financial transactions using a single 100% digital solution.

Commitments to the communities through:



Corporación Microcrédito Aval, an independent non-profit entity we partner with to manage our financial inclusion commitments.



The CTIC, Cancer Treatment and Research Center, to which our banks make financial contributions for its construction and equipment.

The following pages detail the relationship with Grupo Aval's subsidiaries.

6.5. OUR PARTNERSHIPS, MEMBERSHIPS AND STANDARDS TO BE FOLLOWED

GRI 102-13

In addition to the subsidiaries mentioned above, we have partnerships and memberships with subsidiaries that increase our potential to manage the material topics of the sustainability model in an effective manner, guided by the main national and international standards in this area.

Partnerships, memberships and standards

- » Human Resources Association (ACRIP) Bogotá
- » National Association of Financial Institutions (ANIF)
- » Asociación Gremial Cívica Centro Internacional San Diego
- » Superintendency of Finance
- » United Nations Global Compact
- » LGBT Chamber of Commerce

6.6. CORPORATE GOVERNANCE, RISK AND ETHICS MANAGEMENT

We have a transparent governance structure, regulated by policies and procedures that are applied consistently across all our subsidiaries to ensure high ethical standards and the sustainable development of activities, in line with that defined by our governing bodies.



6.6.A. Corporate governance structure

Our management team enables us to be leaders in the Colombian and Central American financial sector, through their high-level technical qualifications and extensive professional experience.

We have a transparent governance structure and consistent policies and procedures in the governing bodies, that provide a proper balance in all decision-making processes. In accordance with the laws and regulations in force, we and our subsidiaries have a consistent

governance structure. Thus, the vast majority of subsidiaries are joint stock companies with management and administrative bodies comprised of a General Shareholders Meeting, a Board of Directors and a Manager or CEO.

Consequently, the framework of each of the governance bodies provides the guidelines to achieve the corporate purpose of each subsidiary, aiming to maximize the value generation and the fulfillment of the objectives of the different stakeholders involved.

Reports

We prepare Corporate Governance reports due to our status as an issuer registered in the National Registry of Securities and Issuers (RNVE, for the Spanish original). In particular, we complete and submit the Corporate Best Practices Survey (Código País Survey) in which we report on the status of the Holding Company in terms of governance structure.

Corporate Governance Report

We implement our Corporate Governance Report under the guidelines of the Código País Survey, which reflects the aspects that, in our opinion, are important for shareholders and investors and which we develop in the normal course of business.

Corporate Governance Committee

In 2020, we established a Corporate Governance Committee, which is responsible,



among other matters, for ensuring compliance with the commitments and goals related to the sustainability model.

Our 2022 Commitments

- » We will continue to implement all necessary measures to strengthen corporate governance.
- » Semiannual monitoring of sustainability issues by the Corporate Governance Committee. Grupo Aval's audit area monitors the commitments acquired in this area.

Management of our subsidiaries in relation to the Corporate Governance structure

In 2021, our subsidiaries adopted the necessary measures to provide their various Corporate Governance bodies with continuity in order to respond fully to their stakeholders in this regard. Thus, in compliance with virtual meetings, some subsidiaries created sustainability committees in their Boards of Directors, carrying out constant and permanent monitoring and measurement of sustainability issues, responsibilities related to their management, and others presented and approved their sustainability models.

Through these actions, our subsidiaries strengthened their corporate governance initiatives and we moved towards a progressive alignment with the global sustainable development agenda.

6.6.B. Risk management and internal control

We have a sound and independent structure for corporate risk management that enables us to create value for the organization, contribute to subsidiaries' cohesion and control architecture, maximize strategy execution and optimize operations.

Our objective is to ensure the creation of value for our shareholders and other stakeholders within the framework of legal compliance and adequate risk management.

Risk management in Grupo Aval is structurally independent from other lines of business, the Vice- President of Risk has his own team and does not share functions with other departments.

Similarly, Grupo Aval and its financial and non-financial subsidiaries in Colombia and abroad are exposed to a series of risks associated with the development of their corporate purpose or those related to the industries in which they operate. The most representative risks include financial risks originated by the macroeconomic situation of the jurisdictions where we operate, among which the most important are: credit risk, market or interest rate risk, liquidity risk, exchange risk (between the Colombian peso and the US dollar, or between the functional currencies of some of our subsidiaries in Central America and the US dollar); additionally, as part of the execution of their operations, they face operational risk, money laundering risk, and the risk of non-compliance with legal and regulatory requirements. They are also exposed to the effects of emerging risks such as global (e.g. the COVID-19 pandemic) and local public health threats, and socio-political situations, among others.

Grupo Aval provides guidelines for their proper management and follows up on the steps taken.

Initiatives and achievements

» During 2021 we continued to monitor and gather information on the activities carried out by subsidiaries regarding sustainability issues, in order to learn their risk identification strategies and the controls they have adopted to ensure the adequate progress of their sustainability projects, as well as the guidelines to be included in the existing policies from the risk approach.

» An audit visit was carried out to review internal control issues and aspects related to information security, such as controls to prevent information leakage, security in remote connections, and direct changes in databases, among others.

» The Senior Vice-President of Internal Control participated in the audit committees of ATH's Board of Directors, where the Internal Auditor presented the results of his audits on the follow-up of action plans and information security, among others.

2022 Commitments

» Continue promoting the implementation of ESRMS at Grupo Aval's banking subsidiaries.

6.6.C. Ethics

GRI 102-17, 205-1, 205-2

Our values and strategic vision are geared towards compliance with the ethical standards defined by the Board of Directors and the General Shareholders Meeting, both for the operation of Grupo Aval and the operation of our subsidiaries. We are focused on preventing potential incidents of fraud, corruption, bribery and misconduct, and any kind of irregular situation. The main internal mechanisms for managing ethics are the Anti-Corruption Program, the Ethics Line, the Code of Ethics and Good Conduct. Our objective is to ensure the existence of ethics and conduct policies in Grupo Aval and in our subsidiaries, as well as to enable channels for stakeholders to report any complaint, irregularity or misconduct, among others. Finally, we prepare reports on these issues and ensure that they are scalable to the required departments.

Anti-corruption program

Through the Anti-Bribery Anti-Corruption (ABAC) compliance program, we aim to integrate the elements of the Internal Control System to prevent and manage incidents of corruption within the group, directing and promoting the principles and values established for our business ethics and corporate policies.

The objectives of the program include promoting an ethical culture to mitigate risks of corruption in relations with third parties, as well as establishing guidelines to prevent, detect, investigate and remedy possible cases of corruption effectively and in a timely manner.

The second line of defense has incorporated the ethical component with greater emphasis on the Compliance program. The Anti-Corruption Policy describes the “zero tolerance” to this kind of risk, which requires that high standards of ethics are met in our operations, mainly regarding: management of conflicts of interest, donations, sponsorships, gifts and invitations, purchases (procurement processes), processes of business acquisitions, joint ventures and associates and corporate social responsibility programs. We also established the expected minimum standards to manage the transparency of the operations’ accounting records.

Corruption and bribery

Grupo Aval has designed controls to ensure that its employees act with integrity in all their dealings and strictly prohibits bribery and corruption in any form. The anti-bribery and anti-corruption principles are set out in the Corporate Anti-Corruption Policy and are summarized below, based on the fundamental principle of zero tolerance to this risk:

- » employees of Grupo Aval and all its subsidiaries must conduct their business in a fair, honest, responsible and transparent manner; therefore, all forms of bribery and corruption, including facilitation payments, are strictly prohibited;
- » ethics lines are available for employees and third parties. Any complaint is carefully investigated, ensuring appropriate action and the anonymity of the claimant;

- » gifts or entertainment must always be proportionate and reasonable, must have a legitimate purpose and must not give rise to any conflict of interest or the perception thereof;
- » donations and sponsorships are controlled, regulated by strict principles and must be reported to the Compliance Officers; and
- » questionable behavior must be challenged, and any rumors of inappropriate payments or activities must be reported to management or can be reported through whistleblowing channels.

Accordingly, Grupo Aval ensures that the accounting records of transactions with high anti-corruption and anti-bribery exposure accurately reflect such transactions and their proper accounting.

We have designed an annual self-assessment and certification process applicable to all of Grupo Aval's subsidiaries, which consists of evaluating the control environment and how each subsidiary is mitigating the anti-bribery and anti-corruption risks identified, with special emphasis on particular issues such as donations, gifts, invitations, sponsorships and management of TPIs (third party intermediaries). The policies also apply to acquisitions and joint ventures.

Grupo Aval Ethics Line

The implementation of the Aval Ethics Line began in 2012 in subsidiaries, as an initiative of the Office of the President of Grupo Aval. This ethics line is a communication channel that allows employees, suppliers, shareholders and

customers of the Group's companies to report possible fraud, misconduct, corruption, money laundering, and any other situation considered irregular or possible incidents that fail to comply with the established standards.

This ethics line mechanism is documented through a set of instructions and a procedure. In addition, during the process of induction of new employees or enrollment of suppliers, they are made aware of the existence of this whistleblower channel; likewise, periodic disclosures and tests are conducted on its operation.

The Aval Ethics Line is implemented on the websites of Grupo Aval, the four banks, the six countries in which BAC Credomatic is operating, Multibank, the four trust companies, the brokerage firm, the pension fund administrator, the company that manages the ATM network, the two general storage companies, Corporación Financiera Colombiana and its subsidiaries, among others.

People who want to use the Aval Ethics Line may access it through the internal data network of the aforementioned companies or on the Internet, where there is a web page that informs them about the purpose of the ethics line and some examples of situations that may be reported through said channel; once the person decides to continue with the complaint, he/she is provided with a form to be filled out: the details of the incident, the company about which the complaint is being filed, the type of claimant (employee, customer, supplier or shareholder) and the possibility of attaching electronic documentation regarding the complaint.

Once the claimant has completed and submitted the information requested on the Aval Ethics Line web form, it is sent to an email address, following protocols to ensure the confidentiality of the information and the protection of the claimant's identity. From that moment on, the management of the complaint begins at Grupo Aval's Senior Vice-Presidency of Internal Control, which involves: its analysis, classification according to type (possible fraud, human resources, possible workplace harassment and others), establishing a level of priority for it (normal or high), referring it to the company's internal auditor, and assigning a deadline for the delivery of the results of that investigation.

In turn, the internal auditor receives, analyzes and investigates the complaints, and may also, at his discretion, refer them to other areas of the company for investigation (e.g., human resources), on which the internal auditor must follow up on the results and corrective actions.

Upon receipt of the investigation report from the companies' internal auditors, Grupo Aval's Senior Vice-Presidency of Internal Control reviews the report to determine whether any observations or comments are made; also, if any action plans have been proposed, they are evaluated to determine whether or not they are appropriate.

Since 2013, a detailed monthly follow-up of the complaints, the results of the investigations and the action plans (when applicable) is carried out, in order to request the necessary corrective measures; this follow-up is recorded in minutes, which are under the custody of Grupo Aval's Senior Vice-Presidency of Internal Control.

Below are the statistics of the complaints received and managed through the Aval Ethics Line, in 2019, 2020 and 2021, classified according to the types of complaints mentioned above:

No.	TYPE OF COMPLAINT	YEAR 2019	YEAR 2020	YEAR 2021	TOTAL COMPLAINTS (2019 TO 2021)
1	Possible fraud	43	17	34	94
2	Possible workplace harassment	41	37	44	122
3	Human resources	15	11	11	37
4	Others (*)	237	125	155	517
ANNUAL TOTAL		336	190	244	770

(*) Complaints in which service quality issues or failures in the companies' internal processes are mentioned.

According to these figures, we can see that in the annual total of complaints received in 2020 compared to 2019, there was a decrease of 43% (146 complaints), which can be explained by the fact that during most of 2020 preventive measures and restrictions were in force due to the COVID-19 pandemic. Also, when comparing the total number of complaints for the year 2021 compared to 2020, there was an increase of 28% (54 complaints). It is important to mention that 100% of the complaints received were addressed.

Code of Ethics and Good Conduct

It defines our commitment to carry out business activities under criteria of transparency, ethical behavior, and compliance with the rules that apply to us as an issuer of securities in the national and international markets. This

code is an essential element of the Internal Control System (ICS). Our interest is to ensure that all employees are aware of and apply the guidelines.

To this end, we continuously carry out training for new employees on the guidelines of the Code of Ethics and Good Conduct and send out periodic communications to encourage the conduct set out in the Code.

2022 Commitments

- » Continue promoting Grupo Aval's Ethics Line through our subsidiaries.
- » Continue keeping the logbook, where the control and monitoring of complaints received by the Grupo Aval Ethics Line is observed.



6.7. FINANCIAL PERFORMANCE

At Grupo Aval, we invest in companies with outstanding financial and commercial performance and we promote compliance with the highest standards in the sector and the proper implementation of new regulatory measures. We do so focused on long-term sustainability that enables us to grow organically. We also evaluate possible growth opportunities through mergers, acquisitions, spin-offs or sale of businesses that strengthen or materialize opportunities for

the Group. This is done to maximize the value generated for our shareholders.

In addition, we aim to manage the subsidiaries in an articulated manner, through communication spaces to define joint initiatives that maximize the value created for our shareholders and that contribute to the country's economic and sustainable development to promote the well-being of current and future generations.

GRI 201-1

ECONOMIC VALUE GENERATED (Holding Company)	SEPARATE	PERCENTAGE
Earnings-equity method	3,450	92.33%
Other revenue from ordinary activities	287	7.67%
Economic value generated	3,737	100.00%
Shareholders (*)	0	0.00%
Funders	98	2.63%
Suppliers (**)	19	0.52%
Employees (**)	37	1.00%
Taxes and contributions	77	2.07%
Economic value distributed	233	6.22%
Depreciation and amortization	2	0.05%
Reserves	3,503	93.73%
Economic value retained	3,505	93.78%

Note: monetary values are presented in billions.

(*) Pending the payout proposal approved by the General Shareholders Meeting Assuming a dividend of COP 0 per share per month.

(**) Employees: including direct employees. Suppliers including temporary and outsourcing.

Initiatives and achievements

Most of the actions aimed at managing our investment portfolio are planned and executed by the Senior Vice-Presidency of Finance, through the periodic control of the financial and commercial performance compared to the competition, and the follow-up of the budgetary compliance of the Holding Company, Aval Banks, BAC, MFG, Corficolombiana, and Porvenir. The general actions carried out are:

- » Regular monitoring of the financial and commercial performance compared to the competition.
- » Monitoring of the budgetary compliance of Grupo Aval and its subsidiaries.
- » Assessment of the impact and implementation plans for new regulatory measures, with the support of the Senior Vice-Presidency of Corporate Risk and the Legal Department.
- » Leading processes and, when appropriate, supporting the operations of subsidiaries in international capital markets.
- » Supporting subsidiaries in their assessment of potential opportunities for mergers, acquisitions, spin-offs, sale of businesses, and capital optimization.
- » Preparation of periodic reports (Quarterly Report to the SFC, management report and form 20-F).
- » During the year, the commercial monitoring of banks continued with a monthly analysis of the performance of disbursements and payments, and the competitive dynamics of the different products and segments.

» During the year, monthly budget monitoring continued and, given the current situation, the banking subsidiaries were closely supported, focused on growth (commercial dynamics) and the quality of the loan portfolio (including the evolution of relief and cost of risk).

2022 Commitments

» We will continue to follow up on the financial and commercial front and support subsidiaries in the implementation of new regulatory measures. The performance of the loan portfolio that received relief will be monitored jointly with subsidiaries.



6.7.A. Investor relations

It is essential for us to manage, serve and keep our investors (understood as shareholders, debt security holders, and analysts) informed since they are an essential part of the Holding Company's *raison d'être*. Offering appropriate, effective and timely service is one of our priorities, so we have different communication channels in place to meet your needs.

Our objective is to interpret investors' expectations to take strategic business actions and keep them informed about the performance of their investments.

Initiatives and achievements

» We present the management carried out for the benefit of the different stakeholders, both in earnings calls and in investors events such as:

- » 25th Santander Latin American Conference
- » BTG Pactual Andean Conference
- » JP Morgan 2021 Global Emerging Markets Corporate Conference
- » Bank of America 2021 Emerging Markets Debt & Equity Conference
- » Credicorp Capital Investor Conference

» We presented the Sustainability Report at Grupo Aval's General Shareholders Meeting.

» We continued to improve our BVC - CESA Corporate Governance Best Practices rating from 73.4% in 2020 to 77.1% in 2021.

» We addressed more than 16,900 investor requests through Deceval (our securities administrator).

» We responded to more than 150 requests from analysts on topics related to the financial performance of the regions where we operate, business performance, BHI's transaction, among others.

» We attended 9 events organized by analysts covering Grupo Aval, with the attendance of more than 140 investors (approximately 16 per event).

» We participated in 4 discussion boards, with more than 360 investors (approximately 90 per event).

2022 Commitments

» We will continue to make efforts to report on our progress in Sustainability to analysts and investors.

» We will continue to participate in discussion boards.

» We will continue to monitor Deceval's management.

» We will maintain or improve the BVC - CESA Corporate Governance best practices rating.

» We will present our progress in Sustainability in the last quarter's earnings call.

6.7.B. Cybersecurity

In the digital age, the globalization of markets and the international conflict in which we are immersed, we are increasingly aware of the exponential growth of criminal organizations and cyberattacks, which are becoming increasingly sophisticated and use advanced attack and evasion techniques, allowing them to penetrate organizations with greater ease. That is why cybersecurity has become one of the priorities of senior management and one of the most relevant business risks; consequently, Grupo Aval and its subsidiaries continue reviewing and updating their risks, strategies, tactics, and capabilities to strengthen security policies, processes and controls, acquiring more tools and services supported by emerging technologies such as machine learning, artificial intelligence and performance that allow us to protect, identify, detect and respond to possible cyberattacks or incidents in a timely and efficient manner.

Initiatives and achievements

During 2021, Grupo Aval and its subsidiaries have strengthened security policies, controls and capabilities to protect access to corporate and customer information, technological infrastructure, mitigate risks, prevent threats and cyberattacks, as well as to ensure and support the business in its migration plan to cloud services and the new remote work modality due to COVID-19.

The most relevant initiatives that we implemented and worked on in terms of security and cybersecurity this year in Grupo Aval and its subsidiaries include:

- » Security and cybersecurity policies, guidelines and standards were defined and updated.
- » Cybersecurity risks have been reviewed, updated and managed.
- » We are working on a synergy and collaboration strategy, through a specialized corporate team (SOC and CSIRT Coordinator) to strengthen monitoring, detection and response capabilities to possible incidents through processes, procedures, solutions and simulated exercises.
- » Corporate simulation exercises on possible cyberattacks were coordinated and executed to measure current capabilities, lessons learned and opportunities for improvement.
- » Attacks directed at Grupo Aval that were detected and for which no associated incidents were identified have been repelled in a timely and effective manner.
- » Consultants were hired to evaluate the current state of the information security, cybersecurity and electronic fraud prevention capacity with the aim of generating a corporate strategy to create synergies and collaboration to strengthen current capabilities and optimize resources.
- » A cybersecurity cell was created with an interdisciplinary team at the corporate level to optimize and generate flexible developments in line with the Group's digital transformation.

» Solutions based on emerging technologies for malware prevention, identification and timely response to threats and incidents, incorporation of business intelligence and cloud security capabilities (EDR, UEBA, SOAR, Multicloud Security, among others) were evaluated, selected and are in the process of being deployed in the Group's subsidiaries, in addition to the protection technologies that have been deployed in previous years.

» Controls and capabilities for remote work assurance were strengthened.

» Monitoring, threat intelligence and brand protection services were implemented with service providers.

» Visibility and management monitoring capabilities have been improved in all the subsidiaries through management indicators and follow-up by their parent companies.

2022 Commitments

» Deployment of the plan to strengthen information security, cybersecurity and electronic fraud prevention capacity through a strategy of collaboration, synergies and optimization of resources.

» Continue to deploy and cover the emerging solutions EDR, UBA, EBA, SOAR, Multicloud Security in the subsidiaries.

» Strengthen baseline controls and assurance of platforms, architecture, applications and cloud services.

» Strengthen threat intelligence capabilities, continuous monitoring through the group Coordinator CSIRT capabilities, complemented by external intelligence services, response detection and timely recovery from incidents under collaborative coordination between subsidiaries.

» Strengthen and increase cyberattack simulation exercises at the corporate level to measure capabilities and processes, detect and implement improvement opportunities both internally with each subsidiary and jointly for cross-cutting or high-impact incidents.



6.8. CORPORATE EFFICIENCY

We aim to contribute to the profitability of the business under centralized coordination, which allows us to generate efficiency and greater value through the use of synergies, capitalizing on best practices and economies of scale.

In an effort to become the largest financial group in the region, it is necessary to incorporate a sustainability perspective and create long-term relationships with the environment in which we operate. Thus, corporate efficiency for shared services is not only an approach to

minimize costs, but also an opportunity to consolidate a sustainable operation under quality and service guidelines.

In this regard, we defined two approaches around corporate efficiencies: unifying several operational services through ATH and keeping up corporate marketing strategies under the Grupo Aval brand, which are aimed at building loyalty and ensuring quality services to any of the subsidiaries' customers.

6.8.A. Corporate marketing

In order to consolidate our position as the most important financial group at the regional level, we aim to support the strengthening and profitable growth of our subsidiaries by (i) leading marketing and advertising for the development of campaigns and benefits that complement the commercial efforts of the subsidiaries; and (ii) implementing projects and initiatives intended to increase our subsidiaries' competitiveness in products, services, channels, and segments, based on the best practices and trends of the local and international market.

We also aim to identify synergies between subsidiaries to help their businesses grow through corporate strategies. Additionally, we promoted social marketing initiatives to stand out, gain relevance and reinforce the reputational assets of Grupo Aval and its subsidiaries.

In addition, the Vice-Presidency of Marketing leads, and in some cases participates in, five (5) corporate committees each month attended by members of each entity to follow up, detect opportunities and propose improvement plans in specific areas such as: marketing, loyalty, channels, sustainability and reputation.



Initiatives and achievements



Tuplús- Unicef Bonds:

As part of the campaign “Your points are the starting point for a new life”, we implemented the option to redeem points for social bonds in the corporate loyalty program (*tuplús*): UNICEF and Air Patrol.



Yammer:

Social media for internal use, keeps us in touch with all our employees by facilitating our internal communication and simplifying our communication. As of December 31, 2021, we had 2001 users, and this number is increasing significantly as we add new user subsidiaries.



Reputation:

In the MERCO EMPRESAS 2021 measurement, Grupo Aval achieved 70th place in the ranking of top 100 most reputable companies. Reputational perception improved in the following dimensions:

- » Talent: moved from 87th up to 70th place.
- » Ethics: moved from 91st up to 87th place.
- » Environmental: moved from 92nd up to 67th place.
- » Corporate governance: moved from 96th up to 69th place.
- » Communication: moved from 54th up to 42nd place.

Other initiatives:

- » We have built a corporate Diversity and Inclusion policy together with ACIDI/VOCA to manage and measure these aspects in the Group's areas and our subsidiaries, promoting a corporate culture of respect both internally and towards our customers.
- » We have plastic bottle recycling initiatives through Ecobot machines with which we recycled more than 337 thousand bottles.
- » We launched a digital campaign to teach customers in the financial sector about improper practices that promote fraud.

2022 Commitments

- » Develop the Corporate Human Rights Policy.
- » Measure Grupo Aval's carbon footprint and consolidate information on this matter for our subsidiaries.

6.8.B. Corporate procurement

To generate efficiency in our subsidiaries' operations, we identify savings opportunities, both economic and environmental, in the acquisition of goods and services. This is carried out through corporate synergies in the provision of shared services of our subsidiaries, which allows: process optimization, economies of scale, generation of savings in operating costs, and good use of natural resources. This ensures that suppliers comply with good sustainability practices following our guidelines.

It aims to guide subsidiaries through corporate procurement policies, which are built by identifying and applying best practices in the procurement of corporate goods and services of the subsidiaries and the market. This is done intending to define and standardize schemes for greater efficiency in economic, operational, and environmental terms.

Initiatives and achievements

- » An assessment scheme was designed, considering social, environmental and governance criteria for proposals submitted by the suppliers; it was defined that the state of maturity in sustainability of subsidiaries' current suppliers

- » Renew the Friendly Biz Certification of Grupo Aval and subsidiaries.

- » Acquire a tool to consolidate and manage the sustainability information of Grupo Aval and subsidiaries, as a best practice of leading companies in sustainability.

should be known before including such criteria in the assessment.

- » For the selection and purchase of office equipment such as air conditioners and LED lights, the specifications related to the environmental impact of the goods purchased after the second half of 2020 were assessed.

- » The corporate procurement policy for Grupo Aval and its subsidiaries was developed in 2021.

2022 Commitments

- » Continue to construct the sustainable procurement policy, which will be carried out in several phases, and its implementation will extend until 2022.
- » In 2022, a campaign will be implemented again in all subsidiaries for the application of good practices for sustainable energy consumption.

6.8.C. Innovation

Understanding global and sector trends in technology, we are leveraging Aval Digital Lab (ADL) and Aval Soluciones Digitales (*dale!*) to consolidate our strategy of innovation, transformation and digital payments. On this front, our strategy is based on the development of creative and technology-supported solutions that solve the financial needs of our subsidiaries' customers. The strategies designed make it possible to create greater value for the different stakeholders involved and to maintain as a focus point the constant improvement of services and products according to the sustainability challenges that arise.

Also, in order to achieve our main objective of accelerating the Group's digital transformation, the Laboratory has created a set of proprietary assets that allow us to fulfill this objective in an efficient manner, in its development, tax burden and with a strategic and financial sense for the Group, which are:

Mathilde – ads, an advertising ecosystem that generates personalized recommendations of products and services in digital advertising spaces. This asset aims to reduce the acquisition cost of digital products and reduce deployment times derived from the segmentation of audiences integrated with AUGUSTA.

Sandbox Pro, is a tool that empowers the Group's subsidiaries and their analytics teams to use their data and generate their own analytics thanks to a working environment designed to extract insights quickly and easily.

Governance, enables monitoring and control over the companies' analytical assets, allowing the visibility of these assets and ensuring the traceability of their performance, monitoring the risk of failure in the critical processes of the customer's life cycle in which they are immersed.

Decision-making tools, a piece of technology that, through a set of rules based on data and machine learning models, enables decision-making such as: Approval of loans, selection of lists for campaigns, monitoring ML/TF alerts, fraud, etc.

Event intelligence, is a tool that enables data-driven actions in real time, reducing the time to the market for shares - such as sales recommendation, use of retention or fraud, among others.

Fraud Suite, is a set of algorithms that analyze unique customer digital navigation patterns, improve the experience and support the authentication methods of bank channels using new technologies.

Augusta ADL, is an ADL data platform that enables and leverages the construction of different ecosystems by integrating various market players inside and outside the group, leveraging disruptive innovation and analytics, on the principle of data reuse and access.

Onboarding, is an asset that aims to leverage an agile process of identifying customers and non-customers virtually. It is made up of different services that enable the generation of flows with different security validations.

Digital signature, is a service that links a digital signature certificate of the documents required in a product request with a natural person, providing customers with an agile experience. In turn, it provides digitally signed documents with the same legal value and effect as their handwritten equivalent.

Document upload, enables the centralized uploading of documents to make file uploading and consultation available 24/7 at any point in the end-to-end product procurement process.

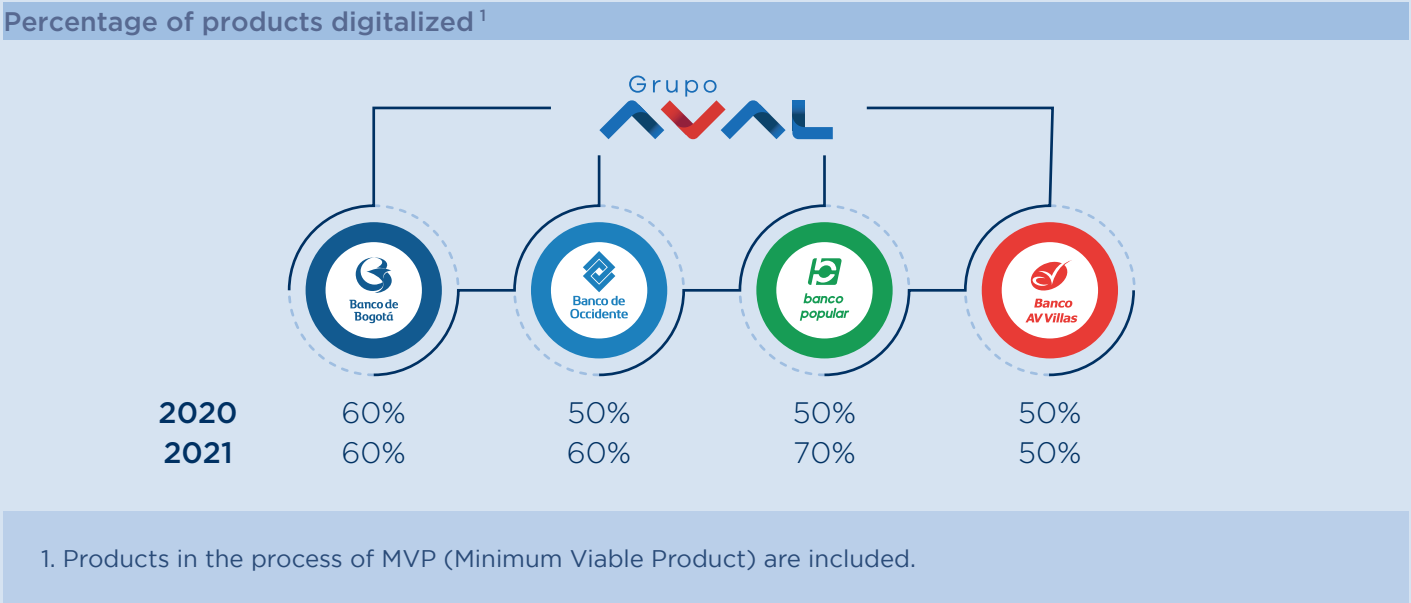
Channel APIs, are APIs that leverage the main transactions of the banking portals and mobile banking of the Group’s subsidiaries,

improving the time-to-market of the products and channels that consume them; they cover approximately 90% of the transactionality of digital channels.

Finally, the leadership and coordination of the Open Banking initiative was promoted through roundtables with 250 participants from 14 subsidiaries, that established the implementation strategy in a centralized manner, making it possible to use ecosystem data and generate convergence of technical, legal and business structures among subsidiaries, enabling the definition and execution of a unified strategy as a Group.

Initiatives and achievements

The market and the current situation require Grupo Aval to be increasingly dynamic and to have more technological responses to customer needs. Below is the evolution of the digitalization of banks:



The digitalization ratio of banks grew by 13%, from 53% to 60% between 2020 and 2021.

During 2021, approximately 1.6 million products were placed in the Group through digital channels. This effort implies growth of approximately 74% compared to 2020; likewise, the growth of digital sales (self-managed and assisted) as a percentage of total sales of digitalized and non-digitalized products grew about 26%. The growth of just the self-managed sales was 23%.

To measure these valuable contributions in monetary terms, the LTV (average loan-to-value per customer) assessment is used, which measures the pre-tax monetary contribution of a customer's product over the average life of the product.

In Central America, we continue to invest in our technology platforms and develop digital solutions for our customers in the region. In response to the pandemic, we launched ten new versions of our mobile banking application with new functionalities aimed at improving our customers' remote service and enhancing their financial well-being. Among these new functionalities, we launched a robust Personal Finance Manager tool, which makes it easy for customers to understand their daily expenses and plan. This service was welcomed by customers, with more than half of them using the feature monthly and reporting high satisfaction scores. Another important innovation was the launch of three digital wallets, Garmin Pay, Fitbit Pay and Apple Pay (the latter available only in Costa Rica), which provided customers with additional payment solutions and expanded the consumer's digital boundaries. These initiatives, along with many others, resulted in a 20% year-over-year increase in active digital

customers, reaching 46% of the customer base by December 31, 2021.

As for Multibank, efforts continued to seek synergies in digital initiatives by incorporating Grupo Aval's technology and digital strategies. During this period, Multibank focused on expanding its website and online sales tools, which has had a positive impact on digital acquisition capabilities. It also increased its presence and management in social media through the use of powerful tools and the sharing of best practices.



As of December 31, 2021, *dale!* ended with an accumulated total of 115,303 customers. In 2021 we managed to acquire 85,373 new users, which represents a 374% growth compared to the customers accumulated throughout 2020 (17,979 customers). Digital marketing was consolidated as the main channel for customer acquisition, accounting for 86% of enrollments; the remaining 14% of customers were acquired by Grupo Aval's banks through the use of the network.

It is also important to note that approximately 49% of customers have a *dale!* debit card. During 2021, 49,942 new cards were requested, which led to a cumulative total of 56,764 cards placed by the end of the year.

2022 Commitments

- » Continue the digitalization of the value proposition and customer service channels, improving the customer experience and generating operational efficiency.
- » Continue to incrementally improve subsidiaries' value proposition and internal processes,

which translates into improved internal customer and end-customer experience. Apply best practices for cybersecurity and join the world of Open Banking.

- » Continue to strengthen *dale!* to achieve further growth in the number of customers enrolled, successful transactions and brand positioning.

6.9. HUMAN RESOURCES

102-8, 102-41

Grupo Aval is focused on attracting, compensating, developing, and retaining the best talent. To do so, it has defined several Human Talent policies (attraction, training, education, promotion, well-being, performance, among others) focused on meeting the requirements of current and applicable regulations and offering opportunities for growth, well-being and development for our employees. Because of this, all decisions to manage our talent are based on merit; that is, on individual performance, work history, academic background, and skills. In no way are decisions based on matters such as religion, political affiliation, sexual orientation, gender, ethnicity, or any other practice implying any type of discrimination.

Characterization of the population

- » The total number of Grupo Aval employees was made up 54.76% by men and 45.24% by women.
- » The distribution of the workforce by job category was 21.43% managers and/or

functional area managers, 27.78% middle managers, 41.27% qualified professionals and 9.52% with support responsibilities.

- » 18.52% of management positions were held by women.
- » Likewise, of the total workforce, 96.03% have permanent contracts and 3.97% have contracts through outsourced companies.
- » The average length of service of our employees is 6.4 years; the average length of service for men is 7.35 years, while the average length of service for women is 5.15 years.
- » 0.79% of the employees are foreigners while 99.21% were born in Colombia.
- » 0.84% of our employees self-identify as Afro-descendant and 99.16% do not identify with any ethnic group.
- » 100% of our employees recognize themselves as not disabled.

» Gender identity

GENDER IDENTITY	
Cisgender	94.12%
Rather not respond	5.88%
TOTAL	100.00%

» Sexual orientation

SEXUAL ORIENTATION	
Heterosexual	97.48%
Gay	1.68%
Rather not respond	0.84%
TOTAL	100.00%

» Educational level

EDUCATIONAL LEVEL	
High school graduate	1.68%
Vocational school or associate's degree	5.04%
Undergraduate degree	26.05%
Specialization	43.70%
Master's degree	23.53%
TOTAL	100.00%

» Pets as family members

PETS AS FAMILY MEMBERS	
Yes	58.82%
No	41.18%
TOTAL	100.00%



6.9.A. Attracting and promoting human resources

GRI 404-1

In addition to having practices that promote inclusion and valuing people for their talents, our processes of the human resources selection and promotion policy are focused on people of legal age. The attraction and selection processes are based on formal procedures characterized by job descriptions and a series of minimum stages within the process that allow us to evaluate, on equal terms, the internal and external talent aspiring to the different jobs we offer.

During 2021:

- » 3.97% of the total number of employees were promoted in recognition of their results and performance.
- » Women accounted for 80% of the promotions carried out.
- » New hires: Concerning the total workforce, 6.35% were new hires. Women accounted for 25% of these hires. Likewise, 25% of new hires were people under 30 years of age and 75% were between 30 and 50 years of age. The job levels of new hires were 12.5% trainees, 62.5% analysts, 12.5% directors and 12.5% managers.
- » Vacancies filled with internal staff: 27.27% of the company's total vacancies were filled with internal staff. Women accounted for 75%.

Education and Training

Committed to employee development, every year and based on the input consisting of the training needs identified in the performance appraisal processes, leaders' requirements and retirement interviews, among others, Grupo Aval invests resources to offer access and training opportunities for employees from three perspectives:

General training: Cross-cutting training that strengthens and develops soft skills.

Organizational culture: Training that facilitates adaptation (induction) processes, strengthens knowledge in mainly regulatory issues (Aval Guidelines) and others to build the committees of the Occupational Health and Safety Management System.

Technical training: Training aimed at strengthening or developing specific knowledge necessary for the different functions required in the company. This training includes educational assistance, time and/or financial support offered by Grupo Aval to its employees who are enrolled in university programs and meet the established requirements, making a contribution to the training plans, recognizing their efforts and good performance.

During 2021:

» 95.24% of employees participated in training and educational processes enabled and promoted by the company.

» Investment in training for 2021 grew by 27.12% compared to 2020. The average investment per employee was COP 1,586,847.

» A total of 7,713 hours of training were provided, that is, on average, each employee received 61.21 hours of training per year. On average per year, Vice-Presidents received 27.24 hours of training, managers 71.83 hours, directors 64.89, analysts 75.08 hours and support staff 5.9 hours.

» Of the total hours of training, 57.61% were attended by men, while 42.39% were attended by women.

TRAINING HOURS			
AGE / GENDER	MEN	WOMEN	GRAND TOTAL
Between 30 and 50	2,844	2,396	5,240
Over 50	1,021	526	1,547
Under 30	578	347	925
TOTAL	4,443	3,270	7,713

HOURS OF TRAINING ACCORDING TO TYPE OF PROGRAM	
TYPE OF PROGRAM	HOURS
Organizational culture	831
Technical training	5,303
General training	1,579
GRAND TOTAL	7,713

» 5.56% of our employees received financial support from the company to pursue undergraduate and graduate programs. Additionally, 3.97% of our employees completed postgraduate studies during 2021.

» As part of the training that strengthens our organizational culture and particularly the "Aval Guidelines" initiative, employees participate annually in a series of training courses that strengthen mainly regulatory knowledge, such as the code of ethics and conduct, SOX, relevant information, prevention of money laundering and terrorist financing, diversity and inclusion, among others. They are evaluated on these topics at the end of the training process. With regard to the company's code of ethics and conduct, 100% of the employees who participated in the exercise certified that they had not been involved in any potential conflicts of interest during the previous year and additionally agreed to promptly report any situation in which they might be involved.

Performance

Grupo Aval's employees are evaluated annually by objectives (key areas) agreed with their immediate superior and according to the job profiles established in the company. Factors (soft skills: the skills and aptitudes defined as performance drivers) are also evaluated and goals and key areas (objectives) are established for the next evaluation period. These evaluation exercises provide opportunities for dialog and feedback, resulting in a score in their key areas

(objectives) and factors (soft skills) that then conclude in an overall score that is assigned according to the scales defined by the company. In 2021, 91.3% of the employees were evaluated under this scheme. As a result of this process, employees are given a letter grade of A, B, C, D, according to the % of compliance with their key areas (objectives) and factors (soft skills), where A is the grade for best performance. This assignment by categories is also done by areas and later at the company level.

6.9.B. Well-being and quality of work-life programs

GRI 403-1, 403-3, 403-4, 403-6, 404-1

To promote employee health and well-being of employees, the company offers, within the well-being and quality of life programs and in addition to the initiatives managed to promote occupational health and safety, activities for employees and their families with a motivational and sports approach, promoting the enjoyment of vacations, access to loans with preferential rates for employees, agreements, access to the gym, bicycle parking, access to events, theater and concerts, and educational assistance, among others.

During 2021:

» 24.6% of employees shared wholehearted time by volunteering at a nursing home. Participation was carried out on three fronts: online, in person or by donating personal hygiene items.

» The benefit of flexible working hours was granted to 21.43% of the employees.

» 100% of the employees worked at home from January to August 2021. As of September, 69.05% of employees have a hybrid work model that allows them to work some days from home and others in person.

» To promote employee rest and family time, 100% of employees have the possibility arranging with their supervisors the vacation dates they want to take during the year. To this end, the company has a defined policy that ensured by 2021 that 100% of employees will take vacation days during the year. On average, each employee took 13.74 days of vacation.

» The workweek was reduced to 40 hours, offering this benefit to all employees in anticipation of the provisions of Colombian legislation.

» Ten entertainment afternoons were held; these are periodic sessions with different themes that promote a recreational activity for employees during work hours. On average, we had 80% of the expected attendance for these activities.

» On average, employee participation in the different activities proposed within the company's well-being program is 66%.

» To boost and support the national vaccination plan, the company purchased vaccines for some employees through the National Association of Entrepreneurs of Colombia (ANDI, for the Spanish original). In addition, we

provided support and monitored the evolution of the vaccination schedule of our employees.

Gender pay gap

Salaries for new hires are defined based on job profiles that compile the requirements of experience, training, responsibilities and impact on the business strategy and for those who have completed the different stages of our selection processes. For promotions, the company applies a policy based on the results of performance assessments. In other words, the salary definition is a merit-based decision that ensures the non-existence of discriminatory conduct.

6.9.C. Occupational health and safety

By the end of 2021, Grupo Aval had complied with 100% of the minimum standards of Resolution 312/2019. The goal set forth in the work plan and the training program was met. Compliance with the standards and other regulatory aspects of the OHSMS at Grupo Aval has been subject to an external audit, which is carried out annually, achieving satisfactory results in management.

Grupo Aval's OHSMS programs were focused on all employees in terms of healthy lifestyle and work, health prevention and promotion programs and specific topics aimed at the committees that make up the Company's Occupational Health and Safety Management System: Joint Committee on Occupational

Health and Safety (COPASST, for the Spanish original) and the emergency brigade.

1. Accident rate indicator and/or accident rate:

During 2021, Grupo Aval reported no occupational accidents. This behavior is largely due to working from home 100% during the months of January to August 2021.

As of September 2021, we returned to on-site attendance on an alternating basis, maintaining a maximum capacity of 50% of the total number of employees. Given this indicator, the indicators of accident prevalence and severity at Grupo Aval for 2021 was zero.

2. Absence rate:

In 2021, there were 2,256 absent days represented by: vacation 97.3%, bereavement leave 2.48% and calamity leave 0.18%. Absenteeism by gender is presented in the following table:

GENDER	ABSENT DAYS	%
Female	1,014	44.95%
Male	1,242	55.05%
GRAND TOTAL	2,256	100.00%

3. Medical leave rate:

In 2021, there were 402 absent days for medical reasons. The most representative medical leaves were: maternity leave 31.8%, respiratory diseases 23.6%, musculoskeletal diseases 16% and other diagnoses 28.6%.

Medical leaves by gender are presented according to the information in the following table:

GENDER	DAYS OF LEAVE	%
Female	231	57.46%
Male	171	42.54%
GRAND TOTAL	402	100%

Prevention of workplace harassment

As part of the management of occupational health and safety, the company has a coexistence committee in charge of promoting a healthy work environment and managing any complaints that may represent a possible case of workplace harassment in any of its forms: mistreatment, persecution, discrimination, obstruction, inequity and/or lack of protection in the workplace. To regulate this committee, the company has established a workplace coexistence policy that clearly indicates the committee's responsibilities to manage any situation that may arise and, additionally, this committee is one of the communication channels where employees can propose initiatives to maintain a healthy work environment. In its annual management report for 2021, the coexistence committee reported zero complaints from our employees; this report also reflects the activities carried out during the year by the committee and a series of recommendations for the Company.



Turnover

For 2021, the turnover rate was 6.75%, distributed in 2.78% of women and 3.97% of men.

Turnover by job level and age ranges

AGE RANGE	%
Under 30	22%
Between 30 and 50	78%
	100%

JOB LEVEL	%
Vp	11%
Manager	11%
Director	22%
Analyst	44%
Trainees	11%
	100%

6.9.D. Pride and sense of belonging

#YoSoyAval Day

The #YoSoyAval day was institutionalized in 2019 as an annual event held with all the group's subsidiaries to share best sustainability practices, as well as commitment and leadership experiences. This corporate event also recognizes the top 50 employees (of Grupo Aval and the subsidiaries) who have stood out for their dedication, service-oriented attitude, loyalty, teamwork and integrity. Thus, this day reinforces the employees' pride in and sense of belonging to Grupo Aval.

Every year, we work to get more Grupo Aval employees and subsidiaries to attend the event, and strengthen their pride in and sense of belonging to Grupo Aval.

In 2021, #YoSoyAval day became 100% virtual, and was attended by more than 6,000 Grupo Aval employees and subsidiaries.

2022 Commitments

- » All human resource management decisions will continue to be based on merit, that is, on individual performance, work history, education and skills. In no way will decisions be based on matters such as religion, political affiliation, sexual orientation, gender, ethnicity or any other practice implying any type of discrimination.
- » Periodically, we will continue to conduct socio-demographic surveys to characterize our workforce and, based on this information, assess and propose new initiatives to facilitate

and improve the programs through which we manage talent.

» We will keep our communication practices in place with Grupo Aval's employees and subsidiaries.

» We will continue to participate in the Merco Talento survey in order to identify areas for improvement and continue strengthening those that stand out.

» As a tool for retaining and developing our talent, we will continue to conduct periodic performance assessments and carry out promotions in recognition of performance, including filling vacancies with internal candidates and candidates from other subsidiaries. Subsidiaries will maintain the standardized assessment model under the Balance Score Card applied to management.

» To continue to provide opportunities for growth and development, we will maintain our training program focused on providing employees with educational assistance and other programs to strengthen technical skills, soft skills and regulatory issues. Training needs will continue to be identified based on performance assessments, exit interviews and the individual requirements of leaders and employees.

» We will evaluate initiatives that allow us to assess the work environment.

» We will continue to assess partnerships and practices to strengthen our work/life balance programs for employees.

» In order to protect the life and health of our employees, we will continue to improve the Occupational Health and Safety Management System, complying with the work plan and proposed objectives.

» We expect to have greater coverage of #YoSoyAval day with the presence of 10,000 employees of Grupo Aval and its subsidiaries.

Management of our subsidiaries in relation to diversity and inclusion

Grupo Aval's subsidiaries have begun to build and consolidate inclusive organizational cultures that respect and value the diversity of the communities in which they operate, from a Human Rights approach. This is done through Human Rights management systems; employee training, vice-presidencies and the Steering Committee; internal awareness campaigns; information on sexual diversity, LGBTI community; salary leveling policies, and inclusive service guides; among others.

One of the initiatives is the creation of the Corporate Diversity and Inclusion Policy adopted by Grupo Aval and subsidiaries. Luptatiu rescis sum fugitibus digeniscia similis dici sant in plab impor as et ad quia si imus et faceaturias doluptates a volore cus delloriam, cor repere aris

6.10. ENVIRONMENT

As a financial group, we recognize the impact we have on society, the economy and the environment. Accordingly, we aim to contribute to the sustainable development of the communities and the environment in which we operate, especially by promoting financial inclusion and social investment.

Our focus is on micro-entrepreneurs, with an emphasis on single mothers, young people and rural-oriented enterprises, as they are groups that face multiple barriers to accessing financial services. This is how we facilitate the operation

of Corporación Microcrédito Aval, operated by our banks, and provide financial support to vulnerable populations.

We also engage in philanthropic activities through donations to expert-led initiatives and organizations, which have a major impact on their target audiences. The main project that Grupo Aval has been supporting since 2013 is the Cancer Treatment and Research Center (CTIC, for the Spanish original).

6.10.A. Financial inclusion

In 2010, the organization started under the name Corporación Grameen Aval Colombia through a partnership with Grameen Bank, with the objective of promoting orderly and responsible financial inclusion. As of 2013, it adopted its current name: Corporación Microcrédito Aval (CMA). As a non-profit organization, its purpose is to provide development opportunities to the lowest income population in Colombia.

The innovative value proposition consists of a portfolio of products geared toward the needs of micro-entrepreneurs and their families. In this way, they offer microcredits starting at 1 minimum monthly salary to those who have more barriers to accessing efficient and formal sources of financing, with low interest rates and flexible payment terms.

This gives micro-entrepreneurs the chance to grow their business, diversify and/or improve their product offerings, increase their level of income and achieve greater possibilities to positively impact the well-being of their families. In addition, the CMA provides support for its customers in the development of their microenterprises through Financial Education processes.

The specific objectives of the CMA are:

- » Develop an effective and innovative microfinance model to contribute to poverty reduction in Colombia.
- » Promote a culture of savings and loan to contribute to the materialization of customers' life projects.

» Promote the development of the skills and abilities of micro-entrepreneurs by offering a comprehensive training portfolio.

» Develop new microfinance products to meet the diverse needs of micro-entrepreneurs.

Participation in CMA's Board of Directors is comprised of some of our executive officers:

NAME	SUBSIDIARY	POSITION	ROLE ON THE CMA BOARD OF DIRECTORS
Luz Ángela Sarmiento Gutiérrez	Corporación Microcrédito Aval	Chairman of the Board of Directors	Chairman
Rafael Eduardo Neira Torres	Grupo Aval	Senior VP of Internal Control	Principal Member
Diego Solano Saravia	Grupo Aval	Senior VP of Finance	Principal Member
Rodolfo Vélez Borda	Grupo Aval	Senior VP of Information Technology	Alternate Member
Ana Alejandra Jiménez	Banco de Bogotá	Sustainability Manager	Alternate Member
Diego Montoya Ossa	Banco de Bogotá	National Director of Network and Premium Banking	Alternate Member

2020 was a difficult year for CMA's performance, due to the health situation known to all, which led to the prolonged shutdown of activities and affected 86% of CMA's customers. As a contingency measure and as a way to support its customers, CMA applied portfolio relief in 2020 consisting of a 3-month grace period on principal and interest; this option was used by 84% of customers and allowed some of our customers to transfer the payment of their obligations to the year 2021 hoping for better market performance.

In 2021, the effects of the pandemic continued to impact CMA. When we managed to catch a glimpse of the upturn in activities for our micro-entrepreneurs, confinement measures were decreed in the month of April. After that, the national protests took place, which extended over a long period of time, affecting the businesses of our customers who, due to public order and the shortage of supplies, could not operate as usual, leading to an increase in claims associated with a portion of customers who had received relief, but have not been able to resume their payments.

However, it is important to mention that CMA continues to provide support to micro-entrepreneurs, disbursing loans in the amount of COP 8,659.5 million and serving 3,311 customers, 58.4% of which are new customers to the Corporation and whose average loan was COP 2.0 million; 55.9% of these transactions were for women. The disbursement behavior this year shows good payment behavior, thus achieving a controlled loan portfolio indicator and allowing a better outlook for the year 2022.

With these challenges in mind, in 2021, Corporación Microcrédito Aval presented the following results:

- » The gross loan portfolio contracted by 13.8% in 2021, going from COP 9,395 million at the end of 2020 to a COP 8,095.2 million at the end of December 2021.
- » The number of customers decreased by 6.7%, from 4,434 to 4,133.
- » A lower disbursed value of 27.7% was recorded. In 2020, COP 11,981 million was disbursed and in 2021, COP 8,662 million was disbursed.
- » In support of the reactivation of the microenterprise sector, Fondeador Emprender increased the credit limit for CMA from COP 1.3 billion to COP 3,389 million.
- » Composition of our customer portfolio: 57% of our customers are women.
- » In order to mitigate credit risk, CMA has a guarantee limit with the National Guarantee Fund (FNG, for the Spanish original) amounting to COP 5 billion.

- » In order to provide our customers with better service, we have established a partnership with **dale!** to disburse our loans through this medium.

2022 Commitments

- » Achieve an increase in customers of more than 48%.
- » Achieve a 65% increase in disbursements.
- » Manage and obtain funds from the Colombian Government and international co-operation entities to diversify funding sources. In addition, manage the increase of the limit with the current funder Bancóldex.
- » Encourage the inclusion of single mothers in the banking system.
- » Increase placement in the rural sector at the Facativá and Zipaquirá offices.
- » Expand CMA's coverage by opening two new offices in rural areas of Cundinamarca.



6.10.B. Social investment

Through our subsidiaries, we aim to have a positive impact on the communities where we operate. We can do so by managing partnerships with foundations; delivering donations; supporting social initiatives, campaigns and social investment projects; and strengthening the culture and sports sectors.

This way, by channeling philanthropic resources, we strengthen organizations focused on addressing social problems, which allows us to enhance their management and positive impact on different groups at the base of the social pyramid in different conditions of vulnerability.

Initiatives and achievements

Centro de Tratamiento de Investigación Sobre Cáncer Luis Carlos Sarmiento Angulo - CTIC

Our commitment to society goes beyond innovative solutions to access financial services. In a partnership with subsidiaries, we have decided to support Fundación CTIC – Centro de Tratamiento de Investigación Sobre Cáncer Luis Carlos Sarmiento Angulo.

CTIC is a comprehensive center for the prevention, treatment and research of adult and pediatric cancer patients. It aims to offer standards of quality and technology comparable to those offered in the best institutions in the world, under sustainable conditions. It is the first initiative in the health sector to be declared a project of strategic national interest (PINES, for the Spanish original) by the Colombian Government, in accordance with CONPES 3762 and Decree 2445/2013.

After construction, the center will have:

- » 128 hospital rooms
- » 30 intensive care beds
- » Radiotherapy bunkers
- » Hematology and bone marrow transplant services
- » Nuclear medicine
- » Diagnostic imaging
- » Surgical services
- » Clinical laboratory
- » Genetics and molecular biology services
- » Chemotherapy
- » Scientific research center

The entire CTIC project will be built in a smart building, designed to support the technologies required to become a digital hospital. The center will be able to provide specialized medical services for all of Colombia and Latin America.

Initiatives and achievements

In 2021, the work progressed according to schedule, so it is already in the initial phase of the project. In turn, we began the process of acquiring equipment and consolidating national and international partnerships for the training of human talent.

2022 Commitment

We estimate the opening of CTIC in the second quarter of 2022 with a convenient service structure to meet the needs of the public as follows:

- » Clinical Funcional Units: with their specialties
- » Cross-cutting clinical specialties
- » Welfare functional units
- » CORE
- » Clinical support services

This structure is supported through administrative management with Support Management and Direction.

6.10.C. Environmental management

Environmental management and development pose multiple challenges for all sectors and society. This is an emerging issue for us, which we aim to gear towards eco-efficiency in terms of the use of resources, both in Grupo Aval and in subsidiaries, and to raise awareness among employees, customers and other stakeholders.

We are aware of the opportunities existing in all our areas, processes and infrastructure to promote, encourage and incorporate sustainable environmental development into our day-to-day performance. We aspire to become a conglomerate in which positive environmental management is part of the organizational culture and our everyday actions.

Actions and initiatives

Ecobot

Ecobot is an initiative that aims to promote more responsible and sustainable consumption, specifically encouraging people to take

responsibility for the waste they generate. To facilitate waste management, they place machines in areas with heavy flows of people, where anyone can deposit plastic bottles, empty or full of wrappers. In exchange for depositing this waste, people receive discount coupons to use in restaurants and stores, on apps and with partner brands. This promotes a cultural change around recycling.

In 2021, 24 Ecobots were deployed in major cities, thanks to which 337,613 plastic bottles were recycled. Forty percent of the containers collected were bottles filled with wrappers

Management of our subsidiaries in relation to the environment

In social investment, our subsidiaries focused on the management of Funds for Social Projects and Organizations, on social responsibility in sports, on promoting corporate citizenship, on continuing to be benefactors of Fundación Servicio Jurídico Popular and on beginning to make responsible investments with a social impact.

Our subsidiaries carried out various initiatives to contribute to the environment. They focused on generating eco-efficiencies in the company's processes, reducing the use of resources such as paper, water and energy, and properly disposing of waste. In addition, some subsidiaries carried out initiatives such as planting trees or supporting sustainable mobility to reduce their carbon footprint.

7.

GRI content index



The GRI Standards are a widely renowned international framework on economic, social and environmental performance. This report has been prepared in accordance with the GRI Standards: Core option. The referenced page numbers indicate in which part of this report you can find the standards.

GRI TABLE

INDICATOR	CONTENTS	COMMENTS, DESCRIPTION OR REASONS FOR OMISSION	PAGE NUMBER
GRI 102 GENERAL DISCLOSURES 2016			
Company profile			
102-1	Name of the organization	Grupo Aval Acciones y Valores S.A.	Page 18
102-2	Activities, brands, products, and services		Page 27
102-3	Location of headquarters	Carrera 13 N°26A - 47, Bogotá D.C., Colombia.	N/A
102-4	Location of operations		Page 27
102-5	Ownership and legal form		Pages 14, 15, 16
102-6	Markets served		Page 27
102-7	Scale of the organization	Since Grupo Aval is a financial holding company, instead of presenting the net sales, it presents the net income.	Page 35
102-8	Information on employees and other workers	As of December 31, 2022, in consolidation, Grupo Aval had approximately 107,076 jobs, with 70,247 direct employees, and 26,126 (27.6%) people hired through temporary employment agencies (does not include SENA apprentices). At the Holding Company level, there is a total of 121 employees, with 121 (100%) direct jobs, 0 (0%) through outsourcing and 0 temporary jobs.	Pages 35 and 163
102-9	Supply chain	The Holding Company's main activities, brands, and services are described on the indicated pages. The workforce for the supply chain of Grupo Aval Acciones y Valores is not intensive due to its nature as a financial conglomerate.	Pages 32 and 159
102-10	Significant changes to the organization and its supply chain	The significant changes to the size, structure and capital are described on the indicated pages. There were no significant changes to suppliers.	Page 35
102-11	Precautionary or risk management principle or approach	The organization does not apply the precautionary principle or approach.	N/A

INDICATOR	CONTENTS	COMMENTS, DESCRIPTION OR REASONS FOR OMISSION	PAGE NUMBER
GRI 102 GENERAL DISCLOSURES 2016			
102-12	External initiatives	<p>The economic, environmental and social charters and principles that Grupo Aval Acciones y Valores S.A. subscribes to or supports are as follows:</p> <ul style="list-style-type: none"> • Global Reporting Initiative (GRI) • United Nations Global Compact 	Page 131
102-13	Membership of associations	<p>The memberships or associations to which Grupo Aval Acciones y Valores S.A. subscribes or supports are:</p> <ul style="list-style-type: none"> • Human Resources Association (ACRIP) Bogotá • National Association of Financial Institutions (ANIF for the Spanish original) • Asociación Gremial Cívica Centro Internacional San Diego • Superintendency of Finance • United Nations Global Compact • LGBT Chamber of Commerce 	Page 145
Strategy			
102-14	Statement from senior decision-makers		Pages 7, 8, 9, 10 and 11
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior		Page 115
102-17	Mechanisms for advice and concerns about ethics		Page 148
Governance			
102-18	Governance structure	<p>In Grupo Aval, the committees responsible for decision-making on economic topics are the Risk Committee and the Corporate Affairs Committee.</p> <p>In 2019, there was no committee responsible for making decisions of a social or environmental nature; however, in 2020 the Corporate Governance committee was created where sustainability issues are reviewed. This committee met semiannually in 2021 to review these issues. The possibility of creating a Board of Directors committee to address these issues is being evaluated.</p>	Pages 98 and 107

INDICATOR	CONTENTS	COMMENTS, DESCRIPTION OR REASONS FOR OMISSION	PAGE NUMBER
GRI 102 GENERAL DISCLOSURES 2016			
Stakeholder participation			
102-40	List of stakeholder groups	<ul style="list-style-type: none"> • Subsidiaries • Employees • Investors • Suppliers 	Page 132
102-41	Collective bargaining agreements	<p>Employees of Grupo Aval Acciones y Valores are not members of trade unions.</p> <ul style="list-style-type: none"> • A total of 50.70% (4,971) of the direct employees (9,804) of Banco de Bogotá (separate) are represented by trade unions and 56.00% (5,490) of them are covered by the collective bargaining agreement, which expires in August 2024. • A total of 44.26% (3,010) of the direct employees (6,800) of Banco de Occidente (separate) are represented by trade unions and are covered by the collective bargaining agreement, which expires in December 2026. • A total of 60.57% (2,195) of the direct employees (3,624) of Banco Popular (separate) are represented by trade unions and 94.62% (3,429) of them are covered by the collective bargaining agreement, which expires in December 2023. • A total of 15.11% (632) of the direct employees (4,183) of Banco AV Villas (separate) are represented by trade unions and 84.29% (3,526) of them are covered by the collective bargaining agreement, which expires in December 2023. • A total of 0.04% (1) of Porvenir's (separate) direct employees (2,574) are represented by trade unions. 	Pages 34 and 163

INDICATOR	CONTENTS	COMMENTS, DESCRIPTION OR REASONS FOR OMISSION	PAGE NUMBER
GRI 102 GENERAL DISCLOSURES 2016			
102-42	Identifying and selecting stakeholders	<p>In 2019, we understood the strategic needs of the business, as well as the expectations of our subsidiaries and main stakeholders. Material topics were defined based on sources such as sustainability standards and principles, strategic information and management interviews. Based on these topics, a materiality matrix was created to prioritize those with the greatest impact, according to their importance for the business strategy, our subsidiaries and other stakeholders.</p> <p>The groups that participated in the process of building the materiality and validation of the Sustainability Model for this report were as follows:</p> <ul style="list-style-type: none"> • Employees from different organizational areas and levels of the Holding Company. • Employees from different organizational areas and levels of the subsidiaries (Banco AV Villas, Banco de Bogotá, Banco de Occidente, Banco Popular, BAC Credomatic, Porvenir and Corficolombiana) • Other stakeholders (external analysts, investors, media, associations, suppliers). 	Page 133
102-43	Approach to stakeholder engagement	To validate the Sustainability Model built in 2019, interviews were conducted with the stakeholders mentioned in the GRI 102-40 content. To write this report, employees of the Holding Company's areas as well as employees of the subsidiaries participated in the processes of creation, drafting and review of the document.	Pages 132 and 133
102-44	Key topics and concerns raised	<ol style="list-style-type: none"> 1. Governance structure 2. Risk management and internal control 3. Ethics 4. Subsidiary management 5. Investor relations 6. Cybersecurity 7. Innovation 8. Corporate marketing 9. Corporate procurement 10. Well-being and quality of work life 11. Attraction, retention, and development of talent 12. Diversity and inclusion 13. Pride and sense of belonging 14. Financial inclusion 15. Social investment 16. Environmental management 	Pages 134-137

INDICATOR	CONTENTS	COMMENTS, DESCRIPTION OR REASONS FOR OMISSION	PAGE NUMBER
GRI 102 GENERAL DISCLOSURES 2016			
Reporting practices			
102-45	Subsidiaries included in the consolidated financial statements	Below are the subsidiaries that are part of Grupo Aval's consolidated group as of December 2021:	Annex 1 Page 201
102-46	Defining report content and topic boundaries	Sustainability model <ol style="list-style-type: none"> 1. Corporate governance and risk 2. Financial performance 3. Corporate efficiency 4. Human resources 5. Surroundings (society and environment) 	Page 134
102-47	List of material topics	<ol style="list-style-type: none"> 2. Risk management and internal control 3. Ethics 4. Subsidiary management 5. Investor relations 6. Cybersecurity 7. Marketing 8. Corporate procurement 9. Innovation 10. Well-being and quality of work life 11. Attraction, retention, and development of talent 12. Pride and sense of belonging 13. Diversity and inclusion 14. Financial inclusion 15. Social investment 16. Environmental management 	Pages 134-137
102-48	Restatements of information	The information in the Sustainability Model was adjusted according to the findings of the validation interviews with the different stakeholders.	Page 144
102-49	Changes in reporting	The material topics and topic coverage were adjusted according to the findings of the Sustainability Model validation interviews with different stakeholders.	Page 144
102-50	Reporting period	This report covers the period from January to December 2021.	Page 12
102-51	Date of most recent report	The previous report was published in March 2021 and covered the period from January to December 2020.	N/A
102-52	Reporting cycle	The reporting cycle is annual.	Page 12
102-53	Contact point for questions regarding the report	ktabares@grupoaval.com	N/A

INDICATOR	CONTENTS	COMMENTS, DESCRIPTION OR REASONS FOR OMISSION	PAGE NUMBER
GRI 102 GENERAL DISCLOSURES 2016			
102-54	Claims of reporting in accordance with the GRI Standards	The content of this report was prepared within the framework of principles corresponding to the GRI standards on materiality (Core option), sustainability context, completeness and stakeholder engagement.	Page 12
102-55	GRI content index		N/A
102-56	External assurance	The non-financial information in the report and corresponding to the GRI Standards has not been externally assured.	N/A
GRI 103 2016 MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its coverage	Governance structure Risk management and internal control Ethics Subsidiary management Investor relations Cybersecurity Marketing Corporate procurement Innovation and digital transformation Well-being and quality of work life Attraction, retention, and development of talent Pride and sense of belonging among employees Diversity and inclusion Financial inclusion Social investment Environmental management	Pages 145-173
103-2	The management approach and its components		
103-3	Assessment of the management approach		
GRI 201 2016 FINANCIAL PERFORMANCE			
201-1	Direct economic value generated and distributed		Page 152
GRI 401 EMPLOYMENT			
401-1	New employee hires and staff turnover		Page 167
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
403-1	Occupational health and safety management system		Pages 163 and 164

INDICATOR	CONTENTS	COMMENTS, DESCRIPTION OR REASONS FOR OMISSION	PAGE NUMBER
403-4	Worker participation, consultation, and communication on occupational health and safety		Page 167
403-6	Promotion of worker health		Page 167
GRI 404: TRAINING AND EDUCATION 2016			
404-1	Average hours of training per year per employee		Pages 165 and 167
404-3	Percentage of employees receiving regular performance and career development reviews		Page 167
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity in governing bodies and employees		Pages 163 and 164

8.

Corporate Governance Report



During 2021, as part of our ongoing process of improvement in the adoption of high corporate governance standards, we reviewed the status of adoption of the recommendations presented by the Code of Best Corporate Practices, also known as “Código País.” As a result, we increased our favorable responses, achieving 84% compliance over the total number of responses. Likewise, in 2021, Grupo Aval promoted the development of corporate governance in its subsidiaries, achieving a significant improvement in the corporate governance indicators

and held follow-up meetings in order to support its progress in this area.

In accordance with the above, and in this Corporate Governance Report, we will disclose topics such as: (i) relevant events, (ii) the conglomerate’s ownership structure, (iii) the conglomerate’s management structure, (iv) transactions with related parties, (v) risk management systems, and (vi) the General Shareholders Meeting.

8.1. RELEVANT EVENTS

During 2021, we carried out the following activities, considered relevant for the purposes of this report.

8.1.A. Aval Financial Conglomerate

The Law of Financial Conglomerates and its regulatory decrees introduced important changes to the structure of the Colombian financial system, particularly for companies that act as financial holding companies of their conglomerates.

In the case of Grupo Aval and its financial subsidiaries, through Resolution no. 0155 of February 6, 2019, the Superintendency of Finance of Colombia (SFC, for the Spanish original) identified Grupo Aval as a financial holding company of the Aval Financial Conglomerate. Additionally, in the aforementioned resolution, the SFC identified the entities that are part of said conglomerate.

These duties and responsibilities in 2021 include the following:

- » Establish the Risk Management Framework of the Aval Financial Conglomerate; to do so, the Board of Directors meeting of June 9, 2021 approved the policies that comprise it.
- » Monitor compliance with the *“Risk Exposure and Concentration Policy”* by submitting the corresponding quarterly reports to the Board of Directors.

- » Support subsidiaries in complying with the general guidelines for adequate identification, disclosure, management and control of the conflicts of interest that arise or may arise in the operations carried out between the entities of the Conglomerate, or between them and their related parties, or those that the Conglomerate's entities carry out with their managers.

- » In June 2021, our Board of Directors approved the creation of the “Risk Committee” whose objectives include serving as the body in charge of assisting the Board of Directors in its responsibilities regarding the risk management of the Financial Conglomerate.

- » Regarding related parties, we carried out joint work with our subsidiaries to foster correct understanding of the criteria of connection and, based on this, we generated a list of related parties that is regularly updated according to a procedure provided for this purpose and keep the information about their related parties at the disposal of the SFC.

8.1.B. Sustainability report

During 2021, we maintained the initiative to implement the best sustainability practices and we carried out a support process with external advisors aimed at the continued implementation of our Sustainability Report, which is part of this Management Report. This document was prepared according to the GRI standards, where the objective is to report on the main activities, initiatives, challenges and achievements in social, environmental and economic matters in the best interest of our shareholders, investors and other stakeholders.

8.2. COMPANY OWNERSHIP STRUCTURE

8.2.A. Company capital and ownership structure

Grupo Aval's authorized capital is one hundred and twenty billion Colombian pesos (COP 120,000,000,000), represented in one hundred and twenty billion (120,000,000,000) shares, with a par value of one Colombian peso (COP 1.00) per share. The shares are nominative and of capital, and they can be common shares or preferred shares with a dividend but without voting rights.

As of December 31, 2021, we had more than 64,000 shareholders as a result of five primary share issuances made in 1999, 2007, 2011, 2013 and 2014. As of December 31, 2021, we had a total of 22,281,017,159 outstanding shares, of which 15,122,739,992 were common shares and 7,158,277,167 were preferred shares with a dividend but without voting rights.

8.2.B. Shareholders who have significant, direct or indirect shareholdings

Mr. Luis Carlos Sarmiento Angulo is the controlling shareholder of Grupo Aval. The direct and indirect share held by Mr. Sarmiento in our share capital represents more than 50%. This situation of control was registered in the Bogotá Chamber of Commerce at February 11, 2003, under number 00865815.

A list of Grupo Aval's largest shareholders is presented below, whose share is calculated over the total subscribed and paid-in capital. The total balance of each shareholder consists of the sum of its position in common shares and preferred shares in the Company at the cut-off date of December 31, 2021.

GRUPO AVAL'S MAIN SHAREHOLDERS

	SHAREHOLDER	COMMON SHARES	PREFERRED SHARES	TOTAL SHARES	SHAREHOLDING (%)
1	Adminegocios S.A.S.	6,094,903,964	29,645,670	6,124,549,634	27.49%
2	Actiunidos S.A.	3,028,922,128	687,451,726	3,716,373,854	16.68%
3	El Zuque S.A.	561,052,547	958,153,905	1,519,206,452	6.82%
4	Inversiones Escorial S.A.	1,270,118,990	-	1,270,118,990	5.70%
5	Socineg S.A.	532,546,743	683,851,342	1,216,398,085	5.46%
6	Aminversiones S.A.	631,496,256	497,711,356	1,129,207,612	5.07%
7	Intrassets Trading S.A.	986,514,816	-	986,514,816	4.43%
8	Rendifin S.A.	636,198,157	164,660,421	800,858,578	3.59%
9	Inversegovia S.A.	403,605,252	-	403,605,252	1.81%
10	Porvenir Mayor Riesgo Mandatory Pension Fund	796,386	337,928,051	338,724,437	1.52%



8.2.C. Information on shares directly (personally) or indirectly (through companies or other vehicles) held by the Board members and the voting rights they represent

The shares of which members of the Board of Directors are direct holders are presented below:

CLOSE OF DECEMBER 2021				VOTING RIGHTS OF COMMON SHARES (%)
BOARD MEMBERS	COMMON	PREFERRED	TOTAL SHARES	
Luis Carlos Sarmiento Angulo	14,761,004,300	3,054,790,570	17,815,794,870	97.6080%
Alejandro Figueroa Jaramillo	-	-	-	0,000%
María Lorena Gutiérrez Botero	-	-	-	0,000%
Álvaro Velásquez Cock	8,264	11,538	19,802	0.0001%
Fabio Castellanos Ordóñez	-	-	-	0.0000%
Miguel Largacha Martínez	-	-	-	0.0000%
Esther América Paz Montoya	251,718	423,076	674,794	0.0017%
Mauricio Cárdenas Müller	40,616	76,923	117,539	0.0003%
Carlos Upegui Cuartas	-	-	-	0.0000%
Juan Camilo Ángel Mejía	7,319	22,666	29,985	0.0000%
Ana María Cuéllar de Jaramillo	-	50,846	50,846	0.0000%
Luis Fernando López Roca	-	-	-	0.0000%
Cesar Prado Villegas	-	-	-	0.0000%
Germán Villamil Pardo	33,058	-	33,058	0.0002%

8.2.D. Family, commercial, contractual or company relations that exist between the holders of significant shares and the company, or between the holders of significant interests

SHAREHOLDERS	
1. Adminegocios S.A.S.	11. Shares and Business inc.
2. Actiunidos S.A.	12. Seguros Alfa S.A.
3. Inversiones Escorial S.A.	13. Corporación Publicitaria de Colombia S.A.
4. Intrassets Trading S.A.	14. Vigía S.A.
5. Aminversiones S.A.	15. Codenegocios S.A. (in liquidation)
6. El Zuque S.A.	16. Negocios y Bienes S.A.S
7. Socineg S.A.	17. Relantano S.A.
8. Inverprogreso S.A.	18. Inproico S.A.
9. Inversegovia S.A.	19. Sosacol S.A.
10. Rendifin S.A.	20. Bienes y Comercio S.A.

The companies listed above are the guidelines provided by Mr. Luis Carlos Sarmiento Angulo and, as such, are part of Grupo Empresarial Sarmiento Angulo, of which Grupo Aval is a part.

8.2.E. Summary of known agreements between shareholders

Agreements have not been made between the Company's shareholders.

8.2.F. Own shares held in the company

There are no own shares held in the company.

8.3. COMPANY MANAGEMENT STRUCTURE

8.3.A. Composition of the Board of Directors and identification of the origin or background of each of its members

GRUPO AVAL'S BOARD OF DIRECTORS		DATE
PRINCIPAL MEMBERS	ALTERNATE MEMBERS	APPOINTMENT
Luis Carlos Sarmiento Angulo	Mauricio Cárdenas Müller	Minutes 83/ March 26, 2021
Alejandro Figueroa Jaramillo	Carlos Upegui Cuartas	Minutes 83/ March 26, 2021
María Lorena Gutiérrez Botero	Juan Camilo Ángel Mejía	Minutes 83/ March 26, 2021
Álvaro Velásquez Cock	Ana María Cuéllar de Jaramillo	Minutes 83/ March 26, 2021
Fabio Castellanos Ordóñez (*)	Luis Fernando López Roca (*)	Minutes 83/ March 26, 2021
Miguel Largacha Martínez	Cesar Prado Villegas	Minutes 83/ March 26, 2021
Esther América Paz Montoya (*)	Germán Villamil Pardo (*)	Minutes 83/ March 26, 2021

* Independent members.

The Holding Company's Board of Directors is comprised of seven principal members with their respective personal alternates, elected by the General Shareholders Meeting for a one-year term, with the option to be reelected indefinitely or dismissed from their position at any time.

» **Executive members:** Registered agents or members of Senior Management that participate in the management of the Company's daily work.

» **Independent members:** They, at least, meet the requirements of independence established in Law 964 of 2005, or the regulations that

amend or replace them, and the other internal regulation issued by the Company to consider them as such, regardless of the shareholder or group of shareholders that have nominated and/or voted for them.

» **Equity members:** They are not independent members and are individual or company shareholders, or persons expressly appointed by the individual or company shareholder or group of shareholders to be a member of the Board of Directors.

The Board members not identified in this document as independent members must be understood as equity members.

8.3.B. Changes in the Board of Directors during the period

After Grupo Aval's General Shareholders Meeting, which took place on March 26, 2021, in which the Company's Board members were elected for the term from April 1, 2021, to March 31, 2022, there was no alteration in the composition of the Board of Directors.

8.3.C. Members of the Company's Board of Directors who are Board members of the subsidiaries or who hold executive positions in them

None of our Board members is employed by Grupo Aval. The Company's Board members who have some kind of connection to the companies of the Aval FC are listed below:

NAME	Principal / Alternate	DETAILS
Luis Carlos Sarmiento Angulo	Principal	Member of the boards of directors of: Organización Luis Carlos Sarmiento Angulo Ltda.; Casa Editorial El Tiempo; and Fundación Grupo Aval.
Alejandro Figueroa Jaramillo	Principal	CEO of Banco de Bogotá S.A. and member of the boards of directors of: Porvenir; Corficolombiana; Fundación Grupo Aval.
María Lorena Gutiérrez Botero	Principal	CEO of Corficolombiana S.A. and member of the boards of directors of: Promigas, Grupo de Energía de Bogotá, Gases del Caribe and Fiduciaria Corficolombiana.
Álvaro Velásquez Cock	Principal	Member of the boards of directors of: Banco de Bogotá; Banco de Bogotá (Panama); Corficolombiana; Pronidesa; subsidiaries of the BAC Credomatic group; and Unipalma.
Miguel Largacha Martínez	Principal	CEO of Porvenir and member of the Board of Directors of Fundación Grupo Aval.
Mauricio Cárdenas Müller	Alternate	Advisor to the CEO of Adminegocios S.A.S. and member of the boards of directors of: Seguros Alfa and Vida Alfa; Porvenir; and Casa Editorial El Tiempo.
Carlos Upegui Cuartas	Alternate	CEO of Banco Popular S.A. and member of the Board of Directors of Corficolombiana
Juan Camilo Ángel Mejía	Alternate	CEO of Banco AV Villas and member of the Board of Directors of Fundación Grupo Aval.
Ana María Cuéllar de Jaramillo	Alternate	Member of the boards of directors of: Banco de Bogotá S.A.; Megalínea; and subsidiaries of the BAC Credomatic group.
Cesar Prado Villegas	Alternate	CEO of Banco de Occidente S.A. and member of the Board of Directors of Corficolombiana S.A. and Fiduciaria de Occidente S.A.

8.3.D. Policies approved by the Board of Directors during the reporting period

During 2021, the Board of Directors approved the following policies: (i) the update of the ABAC Corporate Policy and the Corporate Policy for Operational Risk Management at its May 12, 2021 meeting; (ii) the Risk Management Framework Policies of the Aval Financial Conglomerate at the June 9 meeting; (iii) the update of the Corporate SOX Compliance Policy at the June 23, 2021 meeting; and (iv) the update of the Corporate Information Security and Cybersecurity Policy at the July 14, 2021 meeting

Similarly, with regard to the Financial Holding Company, on June 9, 2021, the Board of Directors approved the Risk Management Framework for the Financial Conglomerate; on June 23, 2021, it approved the update of the ABAC and SOX Manuals; on July 14, 2021, it issued the Information Security Policy; and on August 25, 2021, it approved the update of the Comprehensive System for the Prevention of Money Laundering and Terrorist Financing (SIPLAFT, for the Spanish original) Policy.

8.3.E. Process of appointing Board members

Pursuant to Article 21 of the Company Bylaws, the Board of Directors shall be comprised of seven (7) principal members, who shall have seven (7) personal alternates, and at least twenty-five percent (25%) of the members must be independent. The members shall be elected by the General Shareholders Meeting through the electoral quotient system.

Additionally, at session No. 72 on December 21, 2015, the Company's General Shareholders Meeting approved the "Board of Directors Appointment and Remuneration Policy", which contains aspects including the criteria for the composition of our Board of Directors and the "Procedure for the Submission and Assessment of Proposals and Candidates".

8.3.F. Board of Directors Remuneration Policy

The Holding Company's General Shareholders' Meeting No. 72 held on December 21, 2015, approved the "Board of Directors' Appointment and Remuneration Policy", which contains, among other aspects, the remuneration criteria for our Board of Directors. For the period from April 1, 2021, to March 31, 2022, the fee for each Board member was set at COP 2,600,000 per meeting.

8.3.G. Remuneration of the Board of Directors and Senior Management

In 2021, we paid fees to the Board of Directors and its committees in the amount of COP 904.8 million, resulting from multiplying the amount of fees for each Board member of COP 2,600,000 by the number of meetings attended in 2021. Also, in 2021, we paid a total amount of COP 16.5 billion in remuneration to Senior Management.

8.3.H. Quorum for Board meetings

In 2021, 100% of the meetings of the Board of Directors and its committees had the necessary quorum for deliberation and decision-making.

8.3.I. Attendance records for Board of Directors and committee meetings

For the year 2021, the average attendance of Board members was 88.39%, the attendance of Audit Committee members was 98%, the attendance of Corporate Affairs Committee members was 100% and the attendance of Risk Committee members was 93%.

8.3.J. Chairman of the Board of Directors (functions and key areas)

The functions of the Chairman of our Board of Directors are set forth in Article 22 of the Company Bylaws and in Article 6 of the Rules of Procedure for the Board of Directors, approved by said body at meeting No. 240 held in November 2015, which can be consulted on the Company website: www.grupoaval.com.

8.3.K. Secretary of the Board of Directors (functions and key areas)

The functions of the Secretary of the Board of Directors are set forth in Article 22 of the Company Bylaws and in Article 7 of the Rules of Procedure for the Board of Directors, approved by said body at meeting No. 240 held in November 2015, which can be consulted on the Company website: www.grupoaval.com.

8.3.L. Relations during the year between the Board of Directors and the Statutory Auditor, financial analysts, investment banks and credit rating agencies

In 2021, the interaction of our Board of Directors with the Statutory Auditor was mainly through the meetings of the Company's Audit Committee. Our Board of Directors had no direct interactions with financial analysts, investment banks or rating agencies.

8.3.M. External consulting received by the Board of Directors

In 2021, our Board of Directors did not hire external assurance as part of its functions.

8.3.N. Management of Board information

Pursuant to Article 4 of the Rules of Procedure for the Board of Directors, the Board members' duties include acting with diligence and care, and ensuring the confidentiality and proper management of information that they have in exercise of their functions. The Board members must report any circumstances that could result in a conflict of interest and, when applicable, provide the office appointed by the Company

with all the relevant information so that it can make a decision on the authorization for the activity that generates the potential conflict of interest.

Additionally, as the Secretary informed in advance, the Secretary must provide the members of the Board of Directors with the material related to the respective meeting.

8.3.O. Activities of the Board committees

In 2021, the Audit Committee held a total of 17 meetings, in which it mainly discussed aspects related to the internal audit work plan, risks, cybersecurity risk mitigation plans, the control environment and the preparation of our financial statements. In turn, the Corporate Affairs Committee held a total of 3 meetings in 2021, which discussed aspects related to the control work carried out by our Senior Vice-Presidency of Corporate Compliance on the subsidiaries. The Risk Committee met on five (5) occasions to discuss the following topics:

proposal of the Rules of Procedure for the Risk Committee, the assessment and approval of the Methodology for the Management of the Financial Conglomerate's Own Risks, the procedures for the implementation of the Risk Management Framework and the Early Warning System, in addition to the definition of the reports for the follow-up of the results of the financial conglomerate's own risks and the indicator follow-up scoreboard for a general understanding of the risks of the subsidiaries that make up the financial conglomerate.

8.3.P. Information about the evaluation processes of the Board of Directors and Senior Management, as well as a summary of the results

The Board of Directors approved an assessment mechanism in its rules of procedure, in order to measure the effectiveness of its work as the Company's management body. In this regard, each of the Board members received a form to be completed in order to assess the objective aspects of the development of the Board of Directors' activities. The form also includes a space for suggestions for the continuous improvement of the meetings.

8.4. TRANSACTIONS WITH RELATED PARTIES

8.4.A. Responsibilities of the Board of Directors in this kind of transactions and conflicts of interest

As mentioned above, with regard to conflicts of interest, on August 26, 2020, our Board of Directors approved the creation of the Corporate Governance Committee. One of the objectives of this Committee is to be the body in charge in the first instance of knowing and assessing the characteristics of transactions that may pose conflicts of interest or potential conflicts of interest between Grupo Aval and

the subsidiaries comprising the Aval Financial Conglomerate, the Related Parties of the Aval Financial Conglomerate and the managers and individuals with decision-making capacity of the subsidiaries of the Aval Financial Conglomerate, according to the Policy for the Identification, Communication, Management and Control of Conflicts of Interest of the Aval Financial Conglomerate.

8.4.B. Details of the most important transactions with related parties in the Company's opinion, including transactions between the conglomerate's companies

Grupo Aval presents the Business Group's special report to its General Shareholders Meeting as provided for in Article 29 of Law 222/1995, which contains the following aspects: (i) the transactions of greatest importance completed during the respective period between the controlling company or its affiliates or subsidiaries with the respective controlled company; (ii) the transactions of greatest importance completed during the respective period between the controlled company and other subsidiaries, due to influence or in the interests of the

controlling company, as well as the transactions of greatest importance completed during the respective period between the controlling company and other subsidiaries in the interests of the controlled company; and (iii) the decisions of greatest importance that the controlled company has made or stopped making due to influence or in the interests of the controlling company, as well as the decisions of greatest importance that the controlling company has made or stopped making in the interests of the controlled company.

8.4.C. Conflicts of interest that have arisen and action of Board members

In accordance with our Policy for the Identification, Communication, Management and Control of Conflicts of Interest of the Aval Financial Conglomerate and in the Framework of Decree 1486/2018, during 2021, the Board of Directors had no knowledge of any conflicts of interest.

8.4.D. Mechanisms to resolve conflicts of interest between companies of the same conglomerate and their application during the period

The mechanism established in the “Policy for the Identification, Communication, Management and Control of Conflicts of Interest of Aval Financial Conglomerate” is based on the correct identification of current or potential conflicts of interest so they can be reported to the relevant governing bodies.

The following shall be considered relevant governing bodies to be informed of these situations: (i) the Conflict of Interest Committee, or any other committee that carries out said

role; (ii) the boards of directors; (iii) and the general meetings of shareholders. According to the situation and its materiality, each one of these bodies makes the relevant decisions pursuant to the Conflicts of Interest Policy (approval, rejection or amendment of the terms of the transaction or escalation to another body).

Additionally, the mechanisms to resolve conflicts of interest consist of the three lines of defense in control to verify correct application of the policy.



8.5. COMPANY RISK MANAGEMENT SYSTEMS

Through our Risk Management System with a consolidated scope, we aim to contribute to the cohesion and control architecture of our subsidiaries, and at the same time, generate value for the organization, maximize the implementation of strategies and optimize operations. The scope of risk management aims to generate a consistent vision of our consolidated situation for adequate management and control with the aim to achieve risk assumption

within acceptable levels, optimizing the equation of profitability and risk, and meeting the expectations of investors, clients and other stakeholders.

Detailed information about the Company's risk management can be found in Chapter 6, section 6.6.B, and Note 4, of the audited consolidated financial statements.

8.6. GENERAL SHAREHOLDERS MEETING

8.6.A. Operating differences of the General Shareholders Meeting between the minimum levels of current regulations and that defined by the Company Bylaws and Rules of Procedure for the General Shareholders Meeting

In the Rules of Procedure for the General Shareholders Meeting, we have established the shareholders' right to include additional topics to those already established in the meeting announcement, as well as the grounds to reject information requested by the shareholders, as applicable.

Similarly, the Corporate Governance Code establishes that the shareholders who represent at least fifteen percent (15%) of the Company's outstanding shares, as well as investors in debt securities that own at least twenty-five percent (25%) of the total trading securities issued by the Company, may hire, at their own cost

and under their own responsibility, specialized audits when they have well-founded doubts about the quality, reliability and legality of the financial statements disclosed by the Company to the authorities and to the general public, about the Company's internal control, or about the control exercised by the Statutory Auditor.

Finally, through our website www.grupoaval.com, we have implemented publication media that can be easily accessed by the shareholders, in order to share management's proposals to be discussed at the General Shareholders Meeting.

8.6.B. Measures adopted during the period to encourage shareholder participation

During 2021, we continued to implement best sustainability practices, in particular, incorporating the ESG standards, which led to a development in the process of measuring and rating our sustainability initiatives and those of our subsidiaries, which showed results in progress and implementation of the objectives throughout the year.

Likewise, as part of our best practices with our stakeholders, we maintained the disclosure of quarterly earnings reports to our shareholders and investors in general. We also made quarterly presentations (earnings calls) where we informed the market of the performance of our businesses and use the publication mechanisms in the Relevant Information platform in a timely manner and accordance with the law.

For the ordinary meeting of our General Shareholders Meeting, Grupo Aval implemented mechanisms to publicize the agenda of the

General Shareholders Meeting on a mass scale. In addition, the proposals were published in advance on the website in order to allow access by shareholders in order for them to form an opinion on their voting intentions. Also, the independence of the proxies appointed with regard to Grupo Aval allowed the structuring of a letter of instruction, where Company shareholders were guaranteed the exercise of their voting rights on each of the items to be discussed in the agenda, in order to provide proxies with precise and direct instructions from their shareholders principals regarding the voting intentions for each item discussed at the Ordinary Meeting of Shareholders. In this regard, the mechanisms described above were intended to safeguard the health of our shareholders and officers and also to prevent those attending the Meeting from being exposed to any situation that could pose a risk to their health.

8.6.C. Reporting to shareholders and communication with them

We have the Strategic Planning and Investor Relations Management department, dedicated to providing information and responding to the requests of shareholders, investors and stakeholders. Those interested in requesting information can do so by calling +57 (601) 7433222 extension 23350 in Bogotá or via e-mail at the following address: investorrelations@grupoaval.com or at the headquarters of Grupo Aval, located at Carrera 13 # 26A-47 Piso 23, Bogotá, Colombia.

8.6.D. Number of requests and topics on which shareholders have requested information

In 2021, we received 16,960 requests from shareholders, 73.8% of which were resolved by telephone call, 23.6% at the counter, 2.6% by email and 0.1% in person. The most recurrent topics were requests for certificates (30.09%), data update and general data (21.35%), share balance and dividend information (18.35%), purchase/sale and balances (4.77%), special transactions (4.07%), and others (21.36%).

8.6.E. Attendance records of the General Shareholders Meeting

At the General Shareholders Meeting held on March 26, 2021, 13,741,494,042 shares were represented out of the 15,130,764,982 common shares that were the Company's total shares with voting rights at that date. Therefore, the percentage of shares represented was 90.82%.

8.6.F. Details of the main agreements

The main agreements reached at the General Shareholders Meeting held on March 26, 2021, were related to the approval of the management report, our separate and consolidated financial statements, and the payout proposal; and the election of the Company's Board of Directors and Statutory Auditor, as well as establishing their fees.



Annex 1

GRI 102-45: SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

SUBSIDIARIES OF Grupo Aval ACCIONES Y VALORES S.A. (“Grupo Aval”)

1. ATH NEGOCIO CONJUNTO
2. AVAL SOLUCIONES DIGITALES S.A. - JOINT VENTURE ACCOUNTS
3. BANCO COMERCIAL AV VILLAS S.A.
4. BANCO DE BOGOTÁ
5. BANCO DE OCCIDENTE
6. BANCO POPULAR S.A.
7. CORPORACIÓN FINANCIERA COLOMBIANA S.A.
8. Grupo Aval ACCIONES Y VALORES S.A.
9. Grupo Aval LIMITED
10. SOCIEDAD ADMINISTRADORA DE FONDOS DE PENSIONES Y CESANTÍAS PORVENIR S.A.
11. SOCIEDAD BENEFICIARIA AVAL S.A.S.
12. SOCIEDAD BENEFICIARIA BOGOTÁ S.A.S.

SUBSIDIARIES OF BANCO DE BOGOTÁ S.A.

1. PENSION AND SEVERANCE FUNDS MANAGEMENT, BAC PENSIONES HONDURAS, S.A.
2. AGENCIA DE VIAJES INTERTUR S.A.
3. ALMACENES GENERALES DE DEPÓSITO ALMAVIVA S.A.
4. ALMACENES GENERALES DE DEPÓSITOS BAC S.A.
5. ALMAVIVA GLOBAL CARGO S.A.
6. ALMAVIVA ZONA FRANCA S.A.S.
7. AVAL SOLUCIONES DIGITALES S.A.
8. BAC BAHAMAS BANK, LIMITED
9. BAC BANK INCORPORATED GUATEMALA
10. BAC CREDOMATIC CORREDORA DE SEGUROS S.A.
11. BAC CREDOMATIC INC.
12. BAC INTERNATIONAL BANK (GRAND CAYMAN)
13. BAC INTERNATIONAL BANK, INCORPORATED
14. BAC INTERNATIONAL CORPORATION
15. BAC LATAM SSC S.A.
16. BAC SAN JOSÉ LEASING S.A. COSTA RICA
17. BAC SAN JOSÉ PENSIONES OP PLANES DE PENSIONES COMPLEM. S.A. COSTA RICA
18. BAC SAN JOSÉ PUESTO DE BOLSA S.A. COSTA RICA
19. BAC SAN JOSÉ SOC. DE FONDOS DE INVERSIÓN S.A. COSTA RICA
20. BAC VALORES (PANAMÁ), INC.
21. BAC VALORES DE GUATEMALA S.A.
22. BAC VALORES NICARAGUA, PUESTO DE BOLSA, S.A.
23. BANCO BAC SAN JOSÉ, S.A. COSTA RICA
24. BANCO DE AMÉRICA CENTRAL HONDURAS S.A.
25. BANCO DE AMÉRICA CENTRAL S.A. (GUATEMALA)
26. BANCO DE AMÉRICA CENTRAL S.A. (NICARAGUA)
27. BANCO DE AMÉRICA CENTRAL S.A. (SALVADOR)
28. BANCO DE BOGOTÁ NASSAU LIMITED
29. BANCO DE BOGOTÁ S.A. - PANAMÁ

SUBSIDIARIES OF BANCO DE BOGOTÁ S.A.

30. BOGOTÁ FINANCE CORPORATION
31. COINCA CORPORATION (HOLDING)
32. COMUNICACIONES INALÁMBRICAS DE CENTROAMÉRICA S.A (HONDURAS)
33. COMUNICACIONES INALÁMBRICAS DE CENTROAMÉRICA S.A (Nicaragua)
34. COMUNICACIONES INALÁMBRICAS DE CENTROAMÉRICA S.A DE C.V. (EL SALVADOR)
35. CORPORACIÓN DE INVERSIONES CREDOMATIC S.A.
36. CORPORACIÓN FINANCIERA CENTROAMERICANA S.A. - FICENTRO
37. CORPORACIÓN LATINOAMERICANA DE FINANZAS S.A.
38. CORPORACIÓN TENEDORA BAC COM NICARAGUA
39. CORPORACIÓN TENEDORA BAC CREDOMATIC, S.A.
40. COSIC COMERCIALIZACIÓN DE SISTEMAS INALÁMBRICOS DE COMUNICACIÓN, S. A.
41. COSIC, S.A.
42. CREDIT SYSTEMS, INCORPORATED NICARAGUA
43. CRÉDITO S.A. (NICARAGUA)
44. CREDOMATIC DE CENTROAMÉRICA S.A.
45. CREDOMATIC DE EL SALVADOR S.A. DE C.V.
46. CREDOMATIC DE GUATEMALA S.A.
47. CREDOMATIC DE HONDURAS S.A.
48. CREDOMATIC OF FLORIDA, INCORPORATED
49. FIDUCIARIA BOGOTÁ S.A. - FIDUBOGOTA
50. FINANCIERA DE CAPITALES, S.A.
51. INFORMACIONES S.A.
52. INMOBILIARIA MORELOS S.A.
53. INVERSIONES FINANCIERAS BANCO DE AMÉRICA CENTRAL S.A.
54. LEASING BOGOTÁ PANAMÁ S.A.
55. MB CRÉDITOS, S.A.
56. MB LEASING S.A.
57. MEGALINEA S.A.
58. MULTI FINANCIAL GROUP INC.

SUBSIDIARIES OF BANCO DE BOGOTÁ S.A.

59. MULTI FINANCIAL HOLDING INC
60. MULTI SECURITIES INC.
61. MULTI TRUST, INC.
62. MULTIBANK INC.
63. MULTIBANK SEGUROS, S.A.
64. NEGOCIOS Y TRANSACCIONES INSTITUCIONALES S.A.
65. ORBIS REAL ESTATE, INC.
66. PREMIER ASSETS MANAGEMENT INCORPORATED
67. PROMOTORA PROSPERIDAD, S.A.
68. RED LAND BRIDGE
69. SISTEMAS INTERNACIONALES S.A. DE C.V.
70. VALES INTERCONTINENTALES S.A.
71. VIAJES CREDOMATIC EL SALVADOR, S.A. DE C.V.

SUBSIDIARIES OF BANCO DE OCCIDENTE

1. BANCO DE OCCIDENTE - PANAMÁ S.A.
2. FIDUCIARIA DE OCCIDENTE S.A.
3. OCCIDENTAL BANK BARBADOS
4. VENTAS Y SERVICIOS S.A.

SUBSIDIARIES OF BANCO POPULAR S.A.

1. ALPOPULAR S.A.
2. FIDUCIARIA POPULAR S.A.

SUBSIDIARIES OF BANCO AV VILLAS

1. A TODA HORA S.A. ATH

SUBSIDIARIES OF CORPORACIÓN FINANCIERA COLOMBIANA S.A.

1. AGRO CASUNA S.A.S.
2. AGRO SANTA HELENA S.A.S.
3. CASA DE BOLSA S.A SOCIEDAD COMISIONISTA DE BOLSA
4. CFC ENERGY HOLDING S.A.S
5. CFC GAS HOLDING S.A.S.
6. CFC PRIVATE EQUITY HOLDINGS S.A.S.
7. COLOMBIANA DE LICITACIONES Y CONCESIONES S.A.S.
8. COMPAÑÍA ENERGÉTICA DE OCCIDENTE S.A.S. E.S.P
9. COMPAÑÍA EN INFRAESTRUCTURA Y DESARROLLO S.A.S. - COVINDESA
10. COMPAÑÍA HOTELERA DE CARTAGENA DE INDIAS S.A.
11. CONCESIONARIA NUEVA VÍA AL MAR S.A.S.
12. CONCESIONARIA PANAMERICANA S.A.S.
13. CONCESIONARIA VIAL ANDINA S.A.S. - COVIANDINA
14. CONCESIONARIA VIAL DE LOS ANDES S.A.S. - COVIANDES S.A.S.
15. CONCESIONARIA VIAL DEL ORIENTE S.A.S. - COVIORIENTE S.A.S.
16. CONCESIONARIA VIAL DEL PACÍFICO S.A.S.
17. CONCESIONES CCFC S.A.S.
18. CONSTRUCTORA DE INFRAESTRUCTURA VIAL S.A.S. - CONINVIAL
19. ENLACE SERVICIOS COMPARTIDOS S.A.S.
20. ESENCIAL HOTELES S.A.S.
21. ESTUDIOS PROYECTOS E INVERSIONES DE LOS ANDES S.A.S.
22. ESTUDIOS Y PROYECTOS DEL SOL S.A.S.
23. FIDUCIARIA CORFICOLOMBIANA S.A.
24. GASES DE OCCIDENTE S.A. E.S.P.
25. GASES DEL NORTE DEL PERÚ S.A.C.
26. GASES DEL PACÍFICO S.A.C.
27. GESTORA EN INFRAESTRUCTURA Y DESARROLLO S.A.S.
28. HEVEA DE LOS LLANOS S.A.S.
29. HEVEA INVERSIONES S.A.S.
30. HOTELES ESTELAR DEL PERÚ S.A.C.

SUBSIDIARIES OF CORPORACIÓN FINANCIERA COLOMBIANA S.A.

31. HOTELES ESTELAR PANAMÁ S.A.
32. HOTELES ESTELAR S.A.
33. INDUSTRIAS LEHNER S.A.S.
34. LEASING CORFICOLOMBIANA S.A. - COMPAÑÍA DE FINANCIAMIENTO
35. MAVALLE S.A.S.
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39. PLANTACIONES SANTA RITA S.A.S.
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41. PROMIGAS PANAMÁ CORPORATION
42. PROMIGAS PERÚ S.A.
43. PROMIGAS S.A. E.S.P.
44. PROMIORIENTE S.A. E.S.P.
45. PROMISOL S.A.S.
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51. PROYECTOS DE INVERSIÓN VIAL DEL PACÍFICO S.A.S.
52. PROYECTOS y DESARROLLOS VIALES ANDINOS S.A.S.
53. PROYECTOS Y DESARROLLOS VIALES DEL MAR S.A.S.
54. PROYECTOS Y DESARROLLOS VIALES DEL ORIENTE S.A.S.
55. PROYECTOS Y DESARROLLOS VIALES DEL PACÍFICO S.A.S.
56. SOCIEDAD PORTUARIA EL CAYAO S.A. E.S.P.
57. SURTIDORA DE GAS DEL CARIBE S.A. E.S.P.
58. TEJIDOS SINTÉTICOS DE COLOMBIA S.A. - TESICOL
59. TRANSOCCIDENTE S.A. E.S.P.

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60. TRANSPORTADORA DE METANO S.A. E.S.P.

61. TSR20 INVERSIONES S.A.S.

62. VALORA S.A.S.

63. ZONAGEN S.A.S.

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