

MANAGEMENT AND  
**SUSTAINABILITY REPORT**  
**2022**



## Management and Sustainability Report - Year 2022

Address  
Street 13 # 26 A - 47 Floor 23  
Bogota, March 2023



Stocks		Securities issues in force	
» Type of security		Common stock	Preferred stock
» Trading system		Stock exchange	Stock exchange
» Stock exchange		Colombian Stock Exchange (BVC)	
» Outstanding shares		16,204,145,980	7,539,329,774
» Issue amount		16,204,145,980	7,539,329,774
» Amount placed		16,204,145,980	7,539,329,774

### Local bonds

Local bonds Year	Principal (million)	Rate	Rating
Issuance of 2009 - Series A - 15 years	124,520	CPI+5.2%	AAA - BRC Investor Services S.A.
Issuance of 2016 - Series A - 10 years	93,000	CPI+3.86%	
Issuance of 2016 - Series A - 20 years	207,000	CPI+4.15%	
Issuance of 2017 - Series A - 25 years	300,000	CPI+3.99%	
Issuance of 2019 - Series C - 5 years	100,000	6.42%	
Issuance of 2019 - Series A - 20 years	300,000	CPI+3.69%	
	1,124,520		

### International Bonds

Issuance of 2020 - 10 years	US\$ 1,000,000	4.375%	Ba2 / Negative (Moody's) BB+ Stable (Fitch)
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# About this report



**The management and sustainability report** complies with the requirements of the Commercial Code, the recommendations of the Code of Best Corporate Practices - Código País, issued by the Financial Superintendence of Colombia - and the standards of the Global Reporting Initiative (GRI).

In this report we will discuss the main figures of our business, our strategic position, the highlights of our management during 2022 and our main financial results. We will also disclose the main activities, initiatives, challenges and achievements in social, environmental and economic matters in the best interest of our Shareholders and Investors.

In addition, for a better understanding of our sustainability management and to promote transparency in the disclosure of our results, we have included throughout the document the indicators related to the management of material sustainability issues, which have been additionally compiled in the GRI table of contents at the end of the document.



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

## Glossary:

- » **ESG:** Environmental, Social and Governance Criteria.
- » **BAC:** means BAC Credomatic, Inc.
- » **Aval Banks:** means the 4 bank subsidiaries of Grupo Aval in Colombia, specifically Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas.
- » **BHI or BAC Holding:** means BAC Holding International Corp, BAC's holding company.
- » **Gross portfolio:** means the loan portfolio excluding interbank and overnight funds.
- » **Aval Financial Conglomerate or CF Aval:** means the group of companies in Colombia and abroad engaged in financial, insurance or stock market businesses, over which Grupo Aval acts as a Financial Holding Company under the terms of Law 1870 of 2017 (hereinafter "Financial Conglomerates Law"). As of December 31, 2022, CF Aval is comprised of 29 entities, including Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, Porvenir and Corficolombiana.
- » **Grupo Aval consolidated or consolidated level:** means Grupo Aval Acciones y Valores S.A. and its subsidiaries.
- » **GAL:** means Grupo Aval Limited.
- » **Holding, Grupo Aval or the Company:** means Grupo Aval Acciones y Valores S.A. separately.
- » **Aval Network:** means the set of automatic teller machines (ATMs) of the Aval Banks, which have a fully integrated platform and allow our customers to make transactions from any of the 4 banks. This network is managed entirely by A Toda Hora S.A. (ATH). It also means the offices of the Aval Banks, integrated in such a way that customers can carry out the most common transactions (withdrawals, deposits, balance inquiries and payments of obligations, among others) at any of their offices.
- » **MFG:** means Multi Financial Group, Inc., a holding company of Multibank Inc. and other subsidiaries located mainly in Panama.
- » **MFH:** means Multi Financial Holding, Inc., a holding company of MFG and a wholly owned subsidiary of Banco de Bogotá.
- » Figures are stated in pesos (\$) and U.S. dollars (U.S.\$), using the U.S. numeric system (commas in thousands and periods in decimals). We refer to billions of pesos as thousands of millions and billions of dollars as thousands of millions.
- » All figures in dollars translated to pesos are stated using the market exchange rate (TRM) certified by the Financial Superintendence of Colombia (hereinafter "SFC") as of December 31, 2022 of \$4,810.20.
- » Finally, the accounting and financial information in this report and its annexes was audited by the firm KPMG S.A.S. (KPMG Colombia).

**This report is certified by the legal representative of Grupo Aval.**



# Letter from our president

2-22

Bogotá D.C.

## Dear Shareholders:

I am pleased to present the results of Grupo Aval Acciones y Valores S.A. for the year 2022. I will go into further detail on the economy shortly, but I will open with an overview. Until the third quarter of the year, Colombia underwent an exceptional post-pandemic economic recovery. However, in the last quarter of 2022 the economy lost momentum, inflation soared to levels not seen since the beginning of this century, Christmas consumption disappointed, the cost of funds and, consequently, credit placement rates soared, and banks predominantly lenders of fixed-rate loans, generally granted to individuals, saw their margins immensely compressed.

As for the group that I proudly preside, I consider it important, before commenting in detail on our results, to refer to a structural transaction carried out during the year 2022, a transaction that was widely consulted, commented and explained in extraordinary meetings called for such purposes. Thus, in March 2022, Banco de Bogotá spun off 75% of its affiliate BAC Holding International Corp. to its shareholders -including Grupo Aval S.A.-. (BHI), a holding company that owns the Central American banking group BAC Credomatic. At the same time, Grupo Aval spun off, to its own shareholders, the shares it received from BHI as a result of the spin-off carried out by Banco de Bogotá. Subsequently, in December 2022, Banco de Bogotá participated in a tender offer for BHI common shares in which it sold an additional 20.89% of BHI, reducing its stake to 4.11% of that company's shares. It is worth noting that, in the first and fourth quarters of the year, respectively, these two transactions carried extraordinary income



and expenses in our financial statements which, when added together, left a small extraordinary after-tax profit of around 46 billion pesos for the year to date.

There are several reasons that summarize the motivation for these transactions. Particularly, as a consequence of the excellent results of BAC Credomatic since its acquisition at the end of 2010, accentuated by the natural devaluation of the peso against the dollar, this affiliate grew to become a bank of the same size as its owner, Banco de Bogotá. Disposing of the asset allowed Banco de Bogotá to sharpen its strategic focus and reduce multi-jurisdictional complexities. Similarly, Aval improved its responsiveness to local market dynamics, and, as a result of an improvement in Banco de Bogotá's liquidity and regulatory capital indicators, the bank was prepared to capture future growth.

On March 1, 2023 Banco de Bogotá received a purchase offer for its remaining shares in BHI (4.11% of the company) from a company affiliated with the beneficial owner. If the corresponding authorizations are obtained, this last sale will be executed by the bank before March 31, 2023 as a subsequent event.

Continuing with this report, and before referring to the performance of our entities, in the following lines I will try to contextualize the global and local macroeconomic scenario.

During the years 2021 and 2022, the global economies, in general, recovered the ground lost during the worst of the pandemic, supported by trade activity and domestic consumption. However, strong demand was combined with weak supply driven by supply chain disruptions largely due to China's zero-COVID policies. This combination resulted in a strong rebound in inflation. High inflation is generally combated by central banks with contractionary monetary policies manifested through sharp interest rate hikes, and this occasion has been no exception. Supply chains have

begun to normalize, but at the same time, the military conflict in Ukraine has led to a shortage of gas and fertilizer supplies, which has further dampened the economic environment. Therefore, the International Monetary Fund estimates that world GDP in 2022 would have grown by 3.4% compared to 2021.

In the first three quarters of the year, the dynamics of the Colombian economy far exceeded our expectations, growing 9.2% in the nine months to September 2022 compared to the same period in 2021. However, the increase in the price of imported products due to a materially devalued exchange rate, the increase in prices of agricultural products, and a rarefied political environment awaiting the announced reforms to the health, labor, pension and political systems, all contributed to the record high inflation. The Central Bank of Colombia responded with several increases in the benchmark rate, which increased by 900 basis points during the year. In addition to this, the liquidity regulations issued by the Superintendence of Finance for the accelerated adoption of the Net Stable Funding Ratio (CFEN) led most banks in the financial system to compete unbridledly for deposits at longer terms, offering very high rates, which in turn forced them to increase their loan placement rates in the same proportion. GDP growth in the last quarter of the year was only 2.9% compared to the same quarter in 2021, evidencing the aforementioned effects. The slower fourth quarter growth is likely to continue through 2023.

With the above, the growth for the year 2022 disclosed by DANE was 7.5%, one of the best among emerging countries and the best among large Latin American economies. However, the slowdown in the last quarter as well as a weak 1.2% growth in the Economic Tracking Indicator (ESI) in December, anticipate a drop in economic growth in 2023.

On the production side, eleven of the twelve sectors that make up the GDP registered growth compared to 2021. One of these sectors is the financial sector, where the majority of our business is concentrated, with



a growth of 6.5% compared to 2021. Domestic demand grew 10.0% versus 2021, resulting from an 8.0% increase in final consumption, comprised of a 9.5% increase in household consumption and a 1.4% increase in government spending. Total investment increased 19.5%, driven by both the fixed investment component and inventory accumulation. Gross fixed capital formation accumulated growth of 11.8% in 2022. Finally, the trade balance continued to contribute negatively to growth, due to the strength of demand through a 23.9% growth in imports, well above the 14.9% increase in external sales. Despite the good performance of the terms of trade due to oil and coal prices, the contraction in net foreign direct investment led to a widening of the trade deficit. That deficit reached 6.2% of GDP in 2022 versus 5.7% in 2021 and marks the worst figure since 2015, when the deficit reached 6.4% of GDP.

The average national total unemployment rate reached 11.2% in 2022, an improvement of 2.6 percentage points compared to the figure recorded in 2021, when the rate stood at 13.8%. The average unemployment rate for the thirteen metropolitan areas dropped from 15.2% in 2021 to 11.4% in 2022. Unfortunately, we expect these employment rates to suffer some degradation in 2023 as the economy slows.

The strengthening of domestic demand that followed the confinement caused by the pandemic, which exceeded supply capacity, generated strong inflationary pressures. Inflation closed the year at 13.1%, the highest price increase of the 21<sup>st</sup> century, and 7.5 percentage points above the 5.6% of 2021. Within the inflation components, the food component should be highlighted, which completed 18 consecutive months with positive monthly variations, something unprecedented since information has been available (1999). This was reflected in record annual food inflation of 27.8% in 2022, showing the effects that the devaluation of the peso, the Russia-Ukraine conflict and the increase in fuel prices have had on agro-industrial inputs and final products.

In terms of monetary policy, after increasing the intervention rate by 125 basis points during the last quarter of 2021, taking it to 3.00%, the Central Bank of Colombia continued the cycle of monetary normalization, taking the intervention rate to 12.00% in December 2022. This monetary policy cycle is the most accelerated in the history of the Central Bank of Colombia's inflation targeting scheme.

As mentioned above, the monetary policy, the increase in Colombian sovereign debt rates (TES), and the changes in the "Coeficiente de financiación estable neto" by its acronym in Spanish, the latter caused by compliance with liquidity metrics contemplated in Basel III, resulted in a strong transmission of monetary policy to the market. Specifically, the goal of meeting the minimum 100% threshold imposed by the CFEN led lending institutions to dramatically increase their deposit rates in order to compete for certain savings and time deposits. As a result, deposit rates from institutional liquidity providers exceeded 16.0% by the end of the year and were even higher in the first months of 2023. Thus, the average monthly 90-day deposit rate (DTF) increased from 3.08% to 13.42% between December 2021 and December 2022. The increase in the cost of funds led lending institutions to increase lending rates at an accelerated pace.

The exchange rate underwent episodes of high volatility during the year, registering a low of \$3,706.95 per dollar and a high of \$5,061.21 per dollar, closing at \$4,810.20. On average, the exchange rate depreciated 13.61% during the year, as a result of the global strengthening of the U.S. dollar due to expectations of a normalization of monetary policy by the U.S. Fed and the increase in the local country risk premium, in the context of the uncertainty surrounding the economic impact of the reforms and measures announced by the incoming government.

Following the shock to public finances generated by the pandemic, the Central National Government (CNG) deficit closed at 5.5% of GDP in 2022, down from 7.1% of GDP in 2021. The fiscal adjustment was better





than previously expected as a result of the economic dynamics and its effects on tax collection. Added to this was the oil sector's extraordinary contribution to public finances, in the context of higher international crude oil prices, which led Ecopetrol to record historic results. In addition, it benefited from the Ministry of Finance's sovereign debt management strategy, which took advantage of market opportunities to carry out debt swaps that improved the short-term maturity profile.

In the context of the above, economic growth projections for 2023 pose a challenging scenario. The Central Bank of Colombia adjusted its estimates for GDP growth from 0.5% to 0.2%, below the market consensus of 1.3% and the International Monetary Fund, which estimates growth of 1.1%. The context of high interest rates, inflationary pressures, a weaker labor market and the uncertainty associated with the various reforms announced by the government (including health, labor and pension reforms), make us cautious about the year ahead.

### Grupo Aval's results in 2022:

The following is a summary of what I consider to be the main factors that determined the year's results. At year-end we had consolidated assets of \$295.6 trillions pesos and total consolidated equity of \$30.8 trillions pesos. In 2022, we will reach a separate net income of \$2.5 trillions pesos. Overall, the 2022 results reflect a robust economy during the first half of the year that was followed by a sharp shift to tight monetary policy during the latter part of the year accompanied by significant interest margin compression.

Taking into account that, having spun off 75% of BHI in March and sold 20.89% in December, Banco de Bogotá, and therefore Aval, did not have the profit generated by this bank during the whole year; therefore, our profit is not entirely comparable with the \$3.5 trillions pesos obtained in 2021, year during which 100% of BHI belonged to Banco de Bogotá.

In terms of earnings from continuing operations, defined as operations other than BHI, Grupo Aval reached \$1.9 trillions pesos in 2022 compared to \$2.3 trillions pesos in 2021. Income from discontinued operations refers to the results of BHI (in the percentage that this bank belonged to Banco de Bogotá in each month of the year) and to the extraordinary income and expenses resulting from the spin-off and takeover transactions described above. As a result, discontinued operations contributed \$0.6



trillions pesos to Aval's attributable net profit in 2022 which compares to \$1.2 trillions pesos in 2021.

The consolidation of economic activity and consumer confidence during 2021 and early 2022 supported better conditions for the development of our subsidiaries' businesses. In particular, our banking affiliates benefited from a rebound in the growth of the different types of portfolios, a favorable evolution of the past-due portfolio, which resulted in lower portfolio provisioning requirements and higher recoveries of written-off portfolios.

However, during the latter part of 2022, as monetary policy became increasingly restrictive, the dynamics of the economy entered a slowdown phase. While the sharp increase in benchmark interest rates helped net interest margins in our corporate banks, which have variable interest rates, our retail banks (consumer and housing) and our fixed-income portfolios, which are predominantly exposed to fixed rates, experienced a rapid contraction in margins given the speed of the increase. Additionally, the 4 percentage point increase in the tax rate on financial entities in 2022 versus 2021 implied an additional burden on our results. While we expect a progressive recovery of margins after the Central Bank concludes its rate hike cycle, this margin compression reduced our profitability during the second half of the year and will affect us during 2023.

Our real sector businesses showed an excellent performance during 2022, with revenues from these businesses growing by almost 47%, mainly driven by the 4G road works such as Ancón Sur - Bolombolo (Conexión Pacífico I), Villavicencio Yopal (Oriente) and the Bogotá - Villavicencio dual Highway (Andina). During 2022, we observed a recovery in traffic volume on these road concessions, which benefited toll collections. Meanwhile, energy and gas companies managed to maintain their results, despite having faced rate reductions and financial cost pressures. Finally, I am pleased to report that the earnings of our hotel operations not only returned to positive numbers in 2022, but also reached the highest earnings in history.

This past year has been perhaps the most challenging in recent history for our pension and severance fund management operations. In the first place, the increase in global interest rates and the deterioration of Colombia's country risk premium led to generalized devaluations in the global and local fixed income and equity markets, decreasing the profitability of the funds under management, including the AFP proprietary account. Secondly, claims arising from the high mortality rates during the pandemic led insurance companies to record considerable losses. In order to cover this situation, these companies were forced to increase the premiums of the pension insurance for mandatory pensions. Since this insurance is assumed by the fund manager from the commissions collected, the increase in premiums had a direct effect on the net commissions received by Porvenir. The AFP sector is eagerly awaiting the proposal that the Government will submit to reform the industry. However, as of the date of publication of this report, it had not been filed.

Together with our affiliates, during 2022 we will continue to strengthen our policies on environmental protection, contribution to the development of the societies where we operate and corporate governance (ESG). We made progress in strengthening 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. This year we completed the diagnosis and designed implementation plans for environmental and social risk management systems (SARAS) in Banco de Occidente, Banco Popular and Banco AV Villas, and we expect to complete their implementation in 2023. Grupo Aval and its Banks subscribed to the United Nations Sustainable Finance Program (UNEP FI) to support the transition to sustainable business models.

To help society and the environment, through our co-branded debit and credit cards, we donated \$1.2 billion to UNICEF and planted more than 24,000 trees in the Amazon. The completion and start-up of the Cancer Treatment and Research Center (CTIC), which served more than



2,500 patients with its state-of-the-art equipment in its LEED Healthcare Gold-certified facilities, is noteworthy.

The following report highlights other important achievements in these three areas. The sustainability of our performance is one of the pillars that will continue to guide our strategy over the next decade.

In terms of our digital strategy, we continue to achieve our objectives. On the one hand, we now offer most of our traditional products digitally. We have also digitized a significant percentage of our operations and are now working on deepening our digital mobility and housing ecosystems. Finally, in the second half of 2022, we decided to promote the massification of our digital wallet, dale!

As of the date of this report, dale! has close to one million customers, while our total digital customers exceed five million. The digital wallet has concluded several strategic alliances with merchants, has begun to participate in the dispersion of subsidies, which has been a determining factor in the growth of other digital wallets in the country, and has closed agreements for the sale of banking services to third parties (Banking as a Service). In terms of our participation in ecosystems, in 2022 we consolidated alliances with carroya.com and metrocuadrado.com to participate in the customer journey from beginning to end, offering our products and services. Finally, the use of advanced analytics platforms developed by Aval Digital Labs (Mathilde-ads, Augusta 2.0 and Smart Direct Media) have allowed us to improve the effectiveness of marketing spending, reducing the cost of customer acquisition (CAC) and increasing the Life Time Value (LTV) for our entities.

During 2022 our entities prepared to face the challenges that 2023 will bring, turning their efforts towards three work fronts: first, capital and

Finally, I would like to invite you to review the management report, but not before expressing my **sincere words of thanks to each and every one of our direct and temporary collaborators**, our excellent management team and our boards of directors for their efforts and dedication during 2022.

liquidity optimization strategies; second, implementation of expense optimization initiatives to face the pressures of high inflation, the peso devaluation, the 2 percentage point increase in the tax rate for financial institutions and the 16.0% increase in the minimum wage; and, third, focus on the effectiveness of our commercial activity seeking to improve our customers' experience by relying on our digital and traditional channels and on strict risk management and price calculation mechanisms for the products offered.

Our mission is to exceed the expectations of our mandate even in more challenging years.

We look forward to continuing to fulfill our mandate!

Sincerely yours,

**Luis Carlos Sarmiento Gutiérrez**  
President Grupo Aval S.A.





# About Grupo Aval

## Main Figures

(Amounts in Colombian pesos)

Consolidated results as of December 31, 2022

» Assets	295.6 tn
» Gross portfolio	182.3 tn
» Deposits	173.3 tn
» Attributable equity	16.5 tn
» Attributable Net Profits	2.5 tn
» ROAA	1.6%
» ROAE	14.0%

Separate results as of December 31, 2022

» Assets	20.0 tn
» Liabilities	3.1 tn
» Equity	17.0 tn
» Attributable Net Profits	2.5 tn
» Double leverage Grupo Aval Limited + Grupo Aval	1.27 x

## Operating figures

**14.9**  
million  
Banking customers

**16.6**  
million  
AFPs customers

**77,043**  
Employees

**1,124**  
Offices

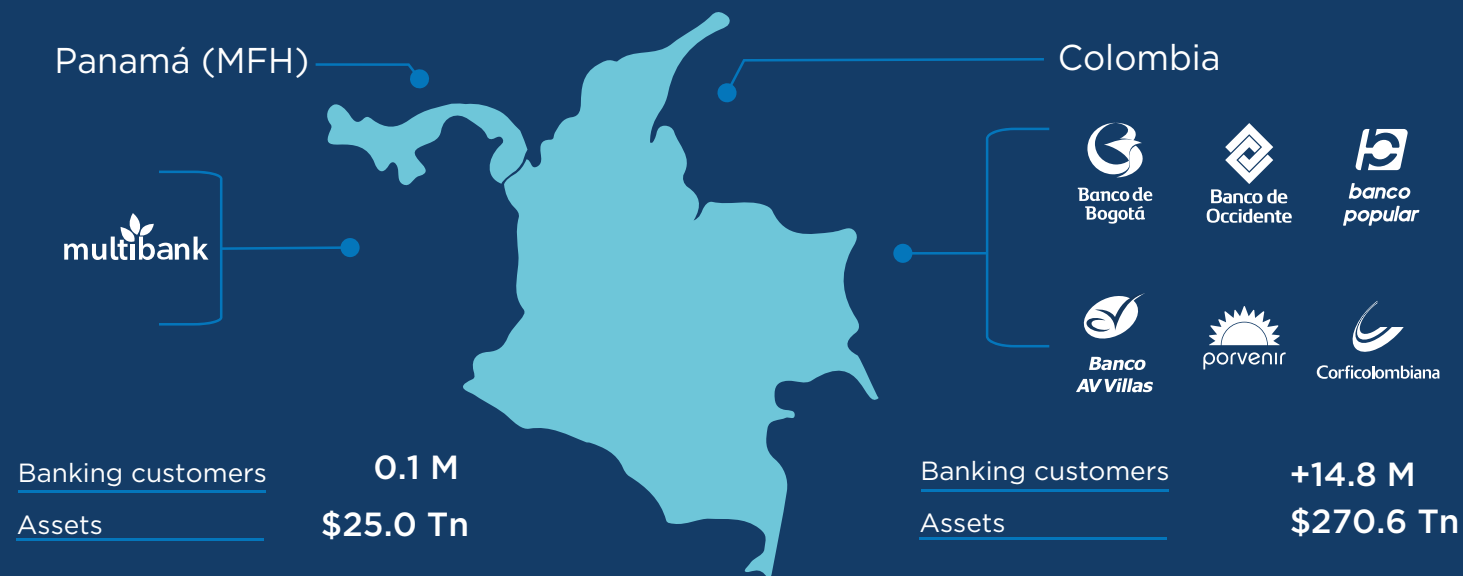
**3,174**  
ATMs

**56,637**  
Other service points

## Memberships and certificates

- » United Nations Global Compact.
- » Banco de Bogotá, Corficolombiana and Porvenir have been signatories to the Responsible Investment principles since 2020.
- » Grupo Aval and the Aval Banks adopted the UNEP-FI principles.
- » IR Recognition.
- » Dow Jones Index, Banco de Bogotá and Corficolombiana are part of the Dow Jones Sustainability Index yearbook.
- » Asobancaria and expanded green protocol.

## Geographic presence



**+ 14.9 million** banking customers



**Assets**  
**Ps. \$ 295.6 trillions**



**+ 16.6 million** pension fund customers



**Consolidated attributable net profit**  
**Ps. \$ 2.5 trillions**



## Main Milestones of 2022



March

### Spin-off of BHI

On March 30, the spin-off of 75% of BHI to the shareholders of Banco de Bogotá and in turn to the shareholders of Grupo Aval was completed.

At the strategic level, this operation gave shareholders the flexibility to choose which markets they wanted to participate in.

This operation strengthened Banco de Bogotá in its transition to Basel III and minimized the risks associated with exchange rate fluctuations.



May

### Stock and cash dividends

Grupo Aval's shareholders' assembly declared Ps 1.2 tn in dividends, a payout of 36.5%.

We paid dividends on May 31: 90.3% of these dividends were paid in shares.



September

### Maturity of Aval Bonds 2012

Grupo Aval Limited paid the international bonds for USD 1,000 million issued in September 2012.

As a result, international indebtedness was reduced by half.



December

### UNEP-FI membership

Together with the Aval Banks, we joined UNEP-FI to continue strengthening the corporate sustainability strategy in line with global agendas.

### Banco de Bogotá's participation in BHI's tender offer

Banco de Bogotá agreed to participate in BHI's tender offer and sold 20.89% of its stake in BHI.

Banco de Bogotá maintained a 4.11% interest in BHI.



## Our Business

2-2, 2-6

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

In the banking sector, our main affiliates are Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas. Banco de Bogotá consolidates the operation of Multi Financial Holding, Inc. in Panama.

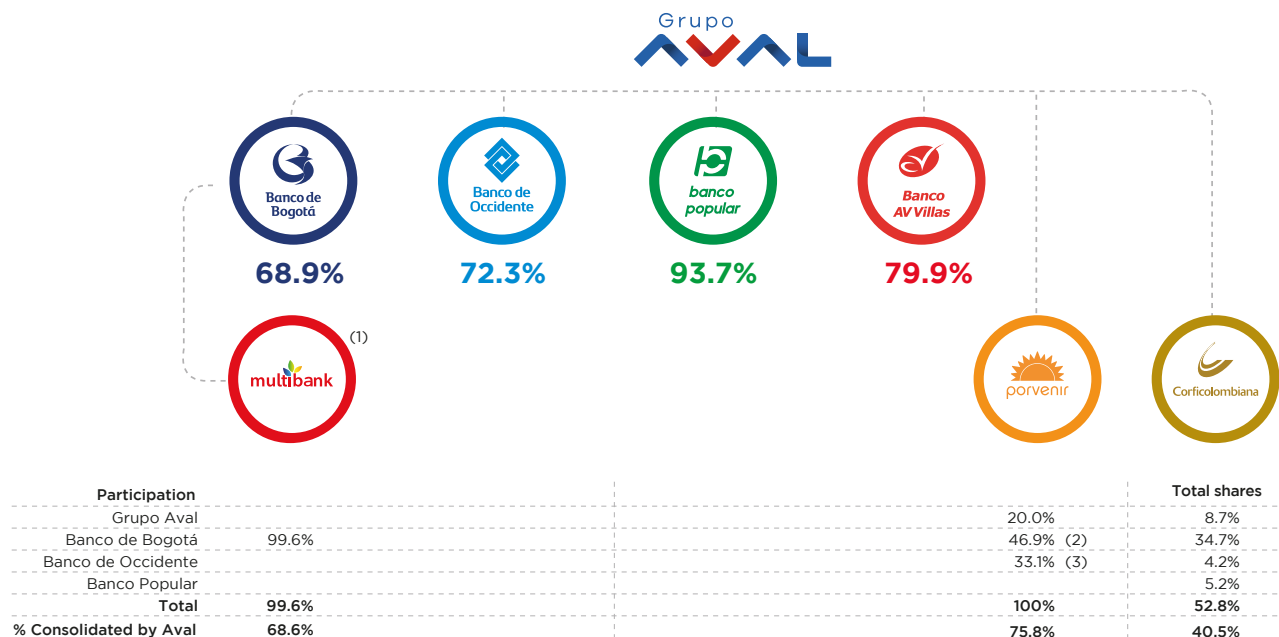
The main strategic change during 2022 was the spin-off and sale of BHI, the Central American operation that consolidated Banco de Bogotá until March 2022. In 2021, Central America accounted for 37.3% of the Group's consolidated assets and BHI contributed nearly 31.5%. At year-end 2022, the interest decreased to 8.5% through Multi Financial Holding, Inc.

Corficolombiana is Colombia's largest Investment Bank by assets with a directly managed investment portfolio in sectors such as infrastructure, energy and gas, hospitality, agriculture and finance.

Porvenir is the largest pension and severance fund in the country, measured by members and resources under management. It also manages voluntary pensions and autonomous assets.

By lines of business, 80.5% of total consolidated assets are from our banking subsidiaries, 18.3% are from Corficolombiana and 1.2% are assets that were on Porvenir's balance sheet at the end of 2022.
















The banking subsidiaries contributed 67.4% of the consolidated attributable profit in 2022, Corficolombiana contributed 27.9% and Porvenir contributed 4.7%.



(1) Participation in Banco Multibank - (2) Includes participation of Banco de Bogotá and Fiduciaria Bogotá - (3) Includes participation of Banco de Occidente and Fiduciaria Occidente.

## Segments and products

Each of our subsidiaries has developed its own business model and specific appetite for different segments and products. Through our multi-brand strategy we offer a broad portfolio that, combined with the individual strengths and experience of our entities, ensures the best service taking into account the particular needs of each of our clients.

Business line	Commercial banking				Financial corporation	Pension fund manager
						
<b>Segments</b>					<b>Equity investments</b>	<b>Assets under management</b>
Corporations	●	●	●	●	 Infrastructure	 Mandatory contributions
Companies and SMEs	●	●	●	●	 Energy & Gas	 Voluntary contributions
Microenterprises	●	●	●	●	 Agriculture	 Severance fund
People - affluent	●	●	●	●	 Hospitality	 Others
People - massive	●	●	●	●	 Financial and others	
<b>Products</b>					<b>Treasury</b>	
Commercial	●	●	●	●	<b>Investment banking</b>	
Consumer	●	●	●	●		
Mortgage loans	●	●	●	●		
Leasing	●	●	●	●		
Treasury operations	●	●	●	●		
International operations	●	●	●	●		

## Market position

**Banking subsidiaries\*:** our banks in Colombia have a 23.6% market share in net portfolio. Throughout our history we have built a portfolio that has been characterized by a greater participation in lower credit risk products, allowing us to maintain adequate risk management.

By portfolio type, we are the second largest player in commercial loans with a 26.1% share, with 26.9% in the corporate segment, 30.7% in foreign currency, 25.8% in the business segment and 29.0% in microenterprise as of November 30, 2022.

We are leaders in the consumer portfolio with a 25.4% share. Our main product is payroll-backed loans (libranzas) with a market share of 44.6%; in personal loans, our market share is 14.1%; in credit cards, 16.8%; and in vehicles, 19.5% as of November 30, 2022.

Finally, in the mortgage portfolio, we reached a 14.0% share as of November 30, 2022.

In deposits, we are second with a 24.7% market share. We have a 23.4% share in term deposits (CDTs), 24.9% in savings accounts and 31.1% in checking accounts.

\*Market share calculated based on banks and commercial finance companies.

**Corficolombiana:** the investment portfolio managed by Corficolombiana is a leader in the sectors in which it operates as follows:



In energy and gas, we serve 37% of the gas distribution market and transport 50% of the natural gas volume in Colombia.



In infrastructure, we are the main investor in road infrastructure in Colombia with 8 road concessions, 17 toll stations and 668 km of concessions.



In the hotel industry, we manage the largest corporate hotel chain in Colombia.



In agribusiness, through productive projects, we promote the transformation of Colombian agriculture with more than 26,000 hectares of our own.

**Porvenir:** our pension and severance fund manager is the leader in assets under management and affiliates in Colombia. In assets under management, it manages 46.1% of mandatory pension assets, 20.6% of voluntary pension assets and 47.9% of severance assets as of December 31, 2022.

Porvenir accounts for nearly **60.5%** of the members of mandatory pensions, **23.7%** of the members of voluntary pensions and **54.7%** of the members of severance payments as of December 31, 2022.

### Market share

### Market position



Complete set of banking products offered through our four banks

23.4% in Assets  
23.6% in Net Portfolio  
24.7% in Deposits  
26.9% in Corporate Loans  
25.4% in Consumer Loans  
44.6% in Payroll-backed Loans  
16.8% in Credit Cards  
19.5% in Vehicle Loans  
26.3% in Net Profit

#2 in Assets  
#2 in Gross Portfolio  
#2 in Deposits  
#2 in Corporate Loans  
#1 in Consumer Loans  
#1 in Payroll-backed Loans  
#2 in Credit Cards  
#2 in Vehicle Loans  
#2 in Net Profit

Figures as of November 30, 2022.

Unconsolidated figures. System: Banks and commercial finance companies.

Grupo Aval is composed of Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas.



Leading pension and severance fund manager in Colombia

46.1% in Assets under Management <sup>(1)</sup>  
60.5% in Affiliates <sup>(1)</sup>

#1 in Assets Under Management  
#1 in Affiliates

Figures as of December 31, 2022.

(1) The market share in assets under management and members corresponds to mandatory pensions.



- » Major road operator in Colombia.
- » Colombia's largest gas transportation and distribution company.
- » Colombia's largest hotel chain.
- » More than 26 thousand hectares cultivated.

## Our shareholders and investors

2-26

Managing, serving and informing our stakeholders (understood as shareholders, debt security holders and analysts) is an essential part of the Holding Company's raison d'être. Our objective is to interpret investors' expectations in order to take strategic business actions and keep them informed about the performance of their investment.

During the year we participated in events with domestic and international investors. We maintained constant communication with our investors, addressing requirements related to the economic performance of the regions in which we operate, business performance, the BHI transaction, among others.

We received more than 13,667 requests from investors through Deceval (our stock manager), of which 74.7% were solved by telephone, 25.5% over the counter, 2% by e-mail and 0.8% by personal attention.

Main topics of requests to Deceval	
Request for certificates	24.8%
Stock balance and dividend information	15.9%
Data update and general data	10.6%
Purchase/sale and balances	7.1%
Special operations	2.7%
Others	38.9%

Grupo Aval's authorized capital is \$120,000,000,000 represented by 120,000,000,000 shares, each with a par value of one peso (\$1.00). The shares are registered shares of capital stock and may be common or with preferred dividend and non-voting rights.

During 2022, the shareholders' assembly approved the distribution of a stock dividend at the rate of 1 share for every 13.72333 common or preferred

shares. On May 31, we distributed \$116,999.3 million to shareholders who opted for the cash dividend and issued a total of 1,462,458,595 shares to shareholders who opted for the stock dividend.

As a result, outstanding shares increased from 22,281,017,159 shares at the end of 2021 to 23,743,475,754 shares at the end of 2022, of which 7,539,329,774 are preferred shares and 16,204,145,980 are common shares.

Type of Shares	Number of shareholders	Shares	
		Number	%
Preferred stock	34,897	7,539,329,774	31.8%
Common stock	37,946	16,204,145,980	68.2%

In 2022, we will reach close to 70,000 shareholders, compared to more than 64,000 shareholders at the end of 2021. Mr. Luis Carlos Sarmiento Angulo is our controlling shareholder with 80.9% of the total outstanding shares. This control situation has been registered with the Bogotá Chamber of Commerce since February 11, 2003.

As of December 2022			
	Common	Preferred	Total stock
Luis Carlos Sarmiento Angulo	97.8%	44.7%	80.9%
ADR Program	0.0%	3.0%	0.9%
Colombian Pension Funds	0.2%	26.7%	8.6%
Other shareholders	2.1%	25.5%	9.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



The following table shows the 10 main shareholders of Grupo Aval, and their interest calculated over the total subscribed and paid-in capital. The total balance of each shareholder corresponds to the sum of its position in common and preferred stocks as of December 31, 2022.

Main shareholders				
Shareholder	Common stock	Preferred stock	Total shares	Interest %
Adminegocios S.A.S.	6,538,047,501	31,801,123	6,569,848,624	27.7%
Actiunidos S.A.	3,433,148,778	737,434,431	4,170,583,209	17.6%
El Zuque S.A.	646,578,216	1,027,818,613	1,674,396,829	7.1%
Inversiones Escorial S.A.	1,381,850,155	-	1,381,850,155	5.8%
Socineg S.A.	589,159,975	733,572,273	1,322,732,248	5.6%
Aminversiones S.A.	694,707,391	533,898,566	1,228,605,957	5.2%
Intrassets Trading S.A.	1,058,241,568	-	1,058,241,568	4.5%
Rendifin S.A.	697,365,390	204,258,722	901,624,112	3.8%
Fondo Pensiones Obligator. Porvenir Mayor Riesgo	854,289	552,428,746	553,283,035	2.3%
Inversegovia S.A.S.	432,950,268	-	432,950,268	1.8%
<b>10 largest shareholders</b>	<b>15,472,903,531</b>	<b>3,821,212,474</b>	<b>19,294,116,005</b>	<b>81.3%</b>
Other shareholders	731,242,449	3,718,117,300	4,449,359,749	18.7%
<b>Total</b>	<b>16,204,145,980</b>	<b>7,539,329,774</b>	<b>23,743,475,754</b>	<b>100.0%</b>

The following companies are part of Grupo Empresarial Sarmiento Angulo or are subject to the directives given by Mr. Luis Carlos Sarmiento Angulo (controlled companies):

Adminegocios S.A.S., Actiunidos S.A., El Zuque S.A., Inversiones el Escorial S.A., Socineg S.A., Adminversiones S.A., Intrassets Trading S.A., Rendifin S.A. and Inversegovia S.A. Additionally, the following companies controlled by Mr. Luis Carlos Sarmiento Angulo also have investments in Grupo Aval: Inverprogreso S.A., Shares and Business, Inc., Seguros Alfa S.A., Codenegocios S.A., Negocios y Bienes S.A., Relantano S.A., Inproico S.A., Bienes y Comercio S.A., and Inverprogreso S.A., Inc.

In 2022, we will reach close to **70,000 shareholders**, compared to more than 64,000 shareholders at the end of 2021.





## Performance of stocks and bonds

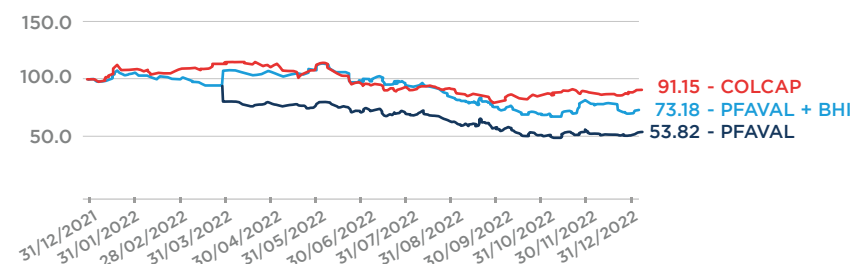
### Stocks

On March 30, 2022, the spin-off of 75% of BHI to its shareholders was completed. This transaction consisted of the delivery of 1 share of BHI for each preferred or common share of Grupo Aval to Grupo Aval shareholders. Shareholders retained their economic rights by maintaining the interests they previously held in a single share through the BHI share and the Grupo Aval share.

For comparative purposes, we present the variation in the price of the common, preferred and ADR Aval shares plus the BHI share.

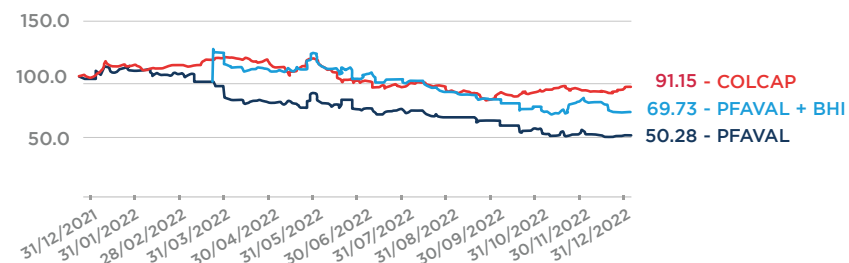
#### PERFORMANCE OF THE AVAL PREFERRED STOCK VS. COLCAP

Base 100: December 2021



#### PERFORMANCE OF GRUPO AVAL'S COMMON STOCK VS COLCAP

Base 100: December 2021



Source: Bloomberg

#### PERFORMANCE OF ADR AVAL VS S&P 500

Base 100 = December 2021



Source: Bloomberg

In 2022, the local and international market showed a negative performance connected with the challenges of global growth and inflation. The S&P 500 devaluated 19.4% and the Colcap devaluated by 8.9%.

During this year, the price of the common share (GRUPOAVAL) went from \$1,054 to \$530 (or \$735 adding the BHI share). The preferred share (PFAVAL) increased from \$1,059 to \$570 (or \$775 adding the BHI share).

The ADR (AVAL), listed on the New York Stock Exchange (NYSE) and equivalent to 20 preferred shares of Aval, stood at U.S. \$5.11 at the end of 2021 compared to U.S. \$2.53 or U.S. \$3.39 on an aggregated BHI share basis at the end of 2022. The performance of the ADR, in addition to taking into account the price of the preferred share, is positively or negatively affected by the evolution of the TRM. During the year, the TRM showed a devaluation of 20.8%, going from \$3,981.2 as of December 31, 2021 to \$4,810.2 as of December 31, 2022.



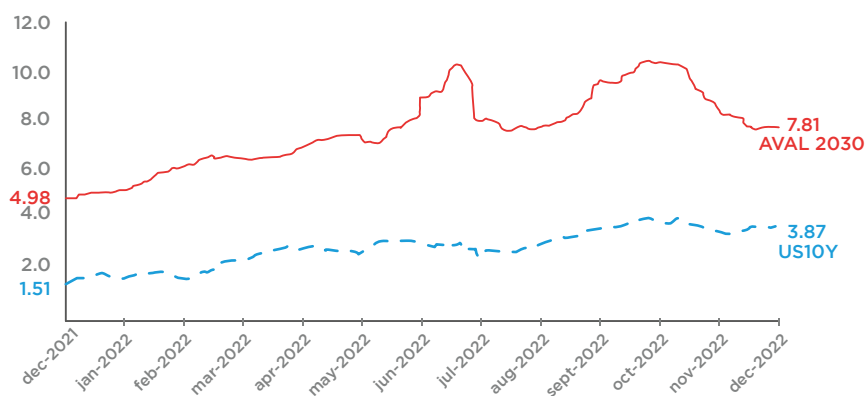
Main stock indicators	2021	2022	Variation
Price PF AVAL Year-end	1,054.0	530.0	-49.7%
Price PF AVAL + BHI Year-end	1,054.0	735.0	-30.3%
Price AVAL Year-end	1,059.0	570.0	-46.2%
Price AVAL + BHI Year-end	1,059.0	775.0	-26.8%
Price ADR (AVAL) Year-end	5.11	2.53	-50.5%
Price ADR (AVAL)+ BHI Year-end	5.11	3.39	-33.7%
Average daily volume* Millions of pesos	10,400.0	7,000.0	-32.7%
Net earnings per share of controlling interests in Colombian pesos	148.0	107.3	-27.5%

## Bonds

As in the equity market, fixed-income assets devaluated during 2022.

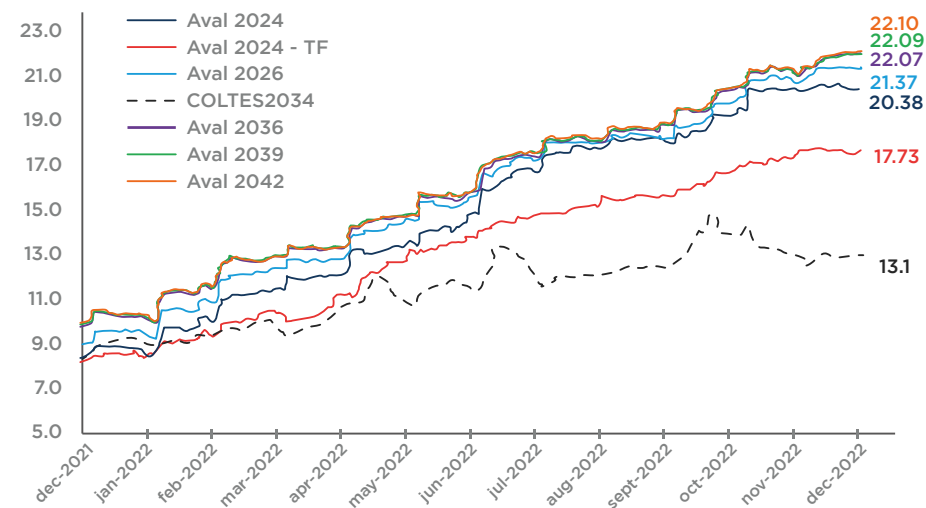
In the international market, in 2022 the 10-year Treasury rate rose 236 bps and the Aval 30 bond rate rose 285 bps versus the 2021 close. In September 2022, we paid the Aval bonds issued in 2012 of U.S. \$1,000, reducing our international indebtedness by half.

### INTERNATIONAL BOND YIELDS



In the local market, there was a rise in the yields of Aval 2036, Aval 2039 and Aval 2042 bonds close to 1,200 bps, while Colombian TES 2034 rose 468 bps compared to the close of 2021. The rate of the Aval 24 Fixed Rate bond rose 949.

### LOCAL BOND YIELDS




## Board of Directors

2-9, 2-11

### Principals

<b>Luis Carlos Sarmiento</b> Equity member 	<b>Alejandro Figueroa</b> Executive member 	<b>María Lorena Gutiérrez</b> Executive member 	<b>Álvaro Velásquez</b> Equity member 	<b>Fabio Castellanos</b> Independent member 	<b>Miguel Largacha</b> Executive member 	<b>Esther América Paz</b> Independent member 
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### Alternates

<b>Mauricio Cárdenas</b> Equity member 	<b>Carlos Upegui</b> Executive member 	<b>Juan Ángel Mejía</b> Executive member 	<b>Ana María Cuéllar</b> Equity member 	<b>Luis López Roca</b> Independent member 	<b>Cesar Prado</b> Executive member 	<b>Germán Villamil</b> Independent member 
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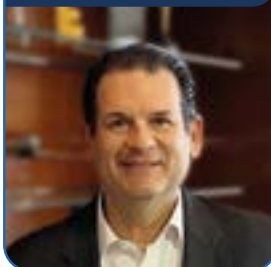
Additional information on Grupo Aval's Board of Directors can be found in the Corporate Governance chapter.

## Management team

### Executive members of Grupo Aval

#### President legal representative

Luis Carlos  
Sarmiento Gutiérrez



#### Executive positions

Rafael Eduardo  
Neira Torres



Senior Corporate  
Comptroller  
Vice President

Diego Fernando  
Solano Saravia



Senior Financial  
Vice President

Rodolfo  
Vélez Borda



Senior Information  
Technology Vice  
President

Eduardo  
Duque Suárez



Senior Risk and  
Compliance Vice  
President

Jorge Adrián  
Rincón Plata



Legal Vice  
President

María Edith  
González Flórez



Accounting  
Consolidation  
Vice President

David Escobar  
Linares



Internal Audit  
Vice President

José Manuel  
Ayerbe



Corporate  
Marketing Vice  
President

Additional information on Grupo Aval's Management team can be found in the Corporate Governance chapter.

## Collaborators

2-7, 2-30

Grupo Aval and its entities employ around 77 thousand people. We have close to 50 thousand direct employees and approximately 7 thousand temporary employees. In addition, we generate more than 20 thousand indirect jobs through the companies that provide services to us through outsourcing.

Great Place to Work recognized Banco de Bogotá, Banco de Occidente, Banco Popular, Corficolombiana and Porvenir as “Great Places to Work in Colombia”; and Porvenir was recognized as the “Best Place to Work for Women in Colombia”; and the seventh “Best Place to Work” in Latin America.

We have close to **50 thousand** direct employees and approximately **7 thousand** temporary employees. In addition, we generate more than **20 thousand** indirect jobs through the companies that provide services to us through outsourcing.

### Composition of employees by type of contract, by entity

Total number of employees Includes direct employees, temporal employees and outsourced staff <i>Not including SENA interns</i>			
Company	Dec-21	Dec-21	Variation
Grupo Aval	126	123	-2.4%
Banco de Bogotá	16,267	16,201	-0.4%
Corficolombiana	30,969	25,257	-18.4%
Porvenir	3,010	2,929	-2.7%
Banco de Occidente	18,475	17,401	-5.8%
Banco Popular	7,467	6,995	-6.3%
Banco Av. Villas	6,832	6,883	-0.7%
<b>Total</b>	<b>83,146</b>	<b>75,789</b>	<b>-8.8%</b>
Multi Financial Group, Inc. and Subsidiaries (MFG)	1,219	1,254	2.9%
<b>Consolidated total</b>	<b>84,365</b>	<b>77,043</b>	<b>-8.7%</b>

Note: For comparability, BHI figures are excluded.

Employees as of December 31, 2022 by type of contract				
Company	Direct hires	Staffing Agencies	Outsourcing	Total Dec 31/22
Grupo Aval	118	-	5	123
Banco de Bogotá	11,686	1,357	3,158	16,201
Corficolombiana	10,190	4,103	10,964	25,257
Porvenir	2,693	11	225	2,929
Banco de Occidente	14,964	-	2,437	17,401
Banco Popular	4,365	840	1,790	6,995
Banco Av. Villas	4,812	464	1,607	6,883
<b>Total</b>	<b>48,828</b>	<b>6,775</b>	<b>20,186</b>	<b>75,789</b>
Multi Financial Group, Inc. and Subsidiaries (MFG)	1,132	-	122	1,254
<b>Consolidated total</b>	<b>49,960</b>	<b>6,775</b>	<b>20,308</b>	<b>77,043</b>



## Number of employees by gender as of December 31, 2022

Not including outsourced staff

Company			Total		
	Men	Women	Total	% Men	% Women
Grupo Aval	65	53	118	55.1%	44.9%
Banco de Bogotá	5,548	7,495	13,043	42.5%	57.5%
Corficolombiana	9,882	4,411	14,293	69.1%	30.9%
Porvenir	1,055	1,649	2,704	39.0%	61.0%
Banco de Occidente	5,682	9,282	14,964	38.0%	62.0%
Banco Popular	2,129	3,076	5,205	40.9%	59.1%
Banco Av. Villas	1,953	3,323	5,276	37.0%	63.0%
<b>Total</b>	<b>26,314</b>	<b>29,289</b>	<b>55,603</b>	<b>47.3%</b>	<b>52.7%</b>
Multi Financial Group, Inc. and Subsidiaries (MFG)	436	696	1,132	38.5%	61.5%
<b>Consolidated total</b>	<b>26,750</b>	<b>29,985</b>	<b>56,735</b>	<b>47.1%</b>	<b>52.9%</b>

## Unionized Employees

2-30

Grupo Aval Acciones y Valores does not have any employees linked to labor unions:

Companies	Banco de Bogotá (separate)			Banco de Occidente (separate)			Banco Popular (separate)			Banco AV Villas (separate)		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees												
Represented by trade unions	1,581	3,099	4,680	966	1,892	2,858	732	1,289	2,021	159	386	545
Covered by collective bargaining agreements	207	355	562	-	-	-	588	835	1,423	930	2,012	2,942
Not represented by unions or collective bargaining agreements	2,233	2,269	4,502	1,823	2,102	3,925	110	82	192	296	338	634
<b>Total employees</b>	<b>4,021</b>	<b>5,723</b>	<b>9,744</b>	<b>2,789</b>	<b>3,994</b>	<b>6,783</b>	<b>1,430</b>	<b>2,206</b>	<b>3,636</b>	<b>1,385</b>	<b>2,736</b>	<b>4,121</b>



## Ratings

The strength and sustainability of our business and that of each of our affiliates allows us to have high quality credit ratings that enable us to finance ourselves at competitive rates, leveraging our growth and profitability.

Ratings		International			Local		Outlook		
		Moody's	Fitch Ratings	Standar & Poor's	Fitch Ratings National	BRC Standar & Poor's	Moody's	Fitch Ratings	Standar & Poor's
Grupo Aval	Foreign currency - Long term Local currency - Long term	Ba2 Ba2	BB+ BB+			AAA	Negative	Stable	
Banco de Bogotá	Foreign currency - Long term	Baa2	BB+	BB+			Stable	Stable	Stable
	Foreign currency - Short term	P-2	B	B					
	Local currency - Long term	Baa2	BB+	BB+		AAA	Stable	Stable	Stable
	Local currency - Short term	P-2	B	B		BRC1+			
Banco de Occidente	Foreign currency - Long term		BB+					Stable	
	Foreign currency - Short term		B						
	Local currency - Long term		BB+		AAA	AAA		Stable	
	Local currency - Short term		B		F1+	BRC1+			
Banco Popular	Local currency - Long term					AAA			
	Local currency - Short term					BRC1+			
Banco Av Villas	Local currency - Long term					AAA			
	Local currency - Short term					BRC1+			
Corficolombiana	Foreign currency - Long term		BB+						
	Foreign currency - Short term		B						
	Local currency - Long term		BB+		AAA	AAA		Stable	
	Local currency - Short term		B		F1+	BRC1+			

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



## Awards and recognition



### Colombian Chamber of Infrastructure Excellence in Infrastructure, in the category Distinguished Entrepreneur

This is the first time that the National Award for Excellence in Infrastructure has been presented in the Distinguished Entrepreneur category. According to the association, Luis Carlos Sarmiento Angulo is an active manager in the development of infrastructure and the construction of large projects throughout the country.



### Chamber of LGBT Merchants Friendly Biz Recertification

The Colombian Chamber of LGBT Merchants awarded us the Friendly Biz Recertification for being the first Financial Group in Colombia friendly to the LGBTIQ+ community, with policies, processes and procedures that strengthen diversity, equity and inclusion of diverse population groups in environments free and safe from discrimination.



### Forbes Business Excellence 2022 to Luis Carlos Sarmiento Angulo

This recognition seeks to highlight the track record and contributions of business leaders who, through their participation in the economy, employment generation and well-being, are a worthy example for current and future generations.



### Fundación Reconciliación Futuro Colombia Pride of Colombia Award, Life and Work Recognition

Fundación Reconciliación Futuro Colombia presented Luis Carlos Sarmiento Angulo with the Pride of Colombia Award for his great merits and contributions to the country.



### Global Banking & Finance Best Management Team Latin America

Recognition of the work of our management team and their management of the challenges of the previous year.

### Best Investor Relations Bank Latin America

Recognition of Grupo Aval's work in the relationship with its investors and stakeholders.





## EUROMONEY

### **Euromoney Best Bank in Colombia 2022**

For the fourth consecutive year, the Awards for Excellence 2022 program granted us the award for Best Bank in Colombia 2022, as a result of the combination of three components: our customer-centric strategy that has allowed us to be at the forefront of the Colombian market, complemented with the strategy of improving traditional and digital products and services, leveraged on data analytics.

### **Euromoney Market Leader in Inclusion and Diversity in Colombia**

In the first 2022 edition of the 'Euro money Market Leaders' program, we were recognized as a Market Leader in the category of Inclusion and Diversity in Colombia. This recognition highlights the initiatives developed to consolidate a diverse, innovative and equitable organization that cares for the well-being of employees and customers.

Euromoney also highlighted our leadership in the categories of Digital Solutions, SME Banking, and Environmental, Social and Corporate Governance ESG. These awards recognize the development of a comprehensive strategy that seeks to generate positive impacts on people and the environment.



### **Global Finance Best Financial Innovation Lab working with Startups and Scaleups**

The recognition as Best Financial Innovation Lab working with Startups and Scaleups, highlighted the design of new tools in financial products and services to facilitate customer-facing processes and take banking into the future.

Many of the new processes implemented were developed collaboratively, allowing to improve the effectiveness of the sale of digital products, reaching more and more Colombians.

### **Global Finance Best Bank in Digital Lending and Best Experience Design in Latin America**

We were awarded for our wide range of digital products, as Best Digital Credit Bank in Latin America, and for the development of our user-centric digital ecosystem, specifically for the Mobile Banking App, as Best User Experience Design (UX).

The magazine took into account criteria such as: the strength of the strategy to attract and serve customers, customer growth, product offering and benefits delivered.

### **Global Finance Best Bank in Colombia 2022**

The international publication highlighted us with the award of Best Bank in Colombia 2022, for the contribution we have made to the economic reactivation of the country with different products and services suited to the current situation, as well as the support we provide to our customers and the innovative processes we have implemented, differentiators that have boosted our profitability, geographic reach, strategic relationships, development of new businesses and product innovation.

Additionally, the digitalization strategy has allowed us to facilitate access to its products and services, positively impacting the experience of its customers.

With regard to sustainable management, they highlighted initiatives such as the sustainable development line, the Sustainable Builder credit, the issuance of Green Bonds, the financing of electric and hybrid vehicles and the launch of the Amazonia Debit Card, among others.





**Banco de  
Bogotá**



**Dow Jones  
Sustainability Indexes**

### **Dow Jones Sustainability Index S&P Global Sustainability Yearbook Members**

For the third consecutive year, we consolidated our position among the first places in the ranking of the world's most sustainable banks, moving up to the TOP 5%. This result allowed us to continue to be recognized in the S&P Global Sustainability Yearbook as an international benchmark.



### **Fundación Másfamilia EFR Certification (Family Responsible Company)**

This certification, endorsed by Icontec, recognizes companies that promote work-life balance through the implementation of a management and continuous improvement model.

We were the first bank in Colombia to obtain this award and the second company in Colombia to achieve the B certification stage in the initial process.



### **Great Place To Work**

For the third consecutive year, we were recognized as a Great Place to Work for a very satisfactory work environment, making us an attractive employer in the country.



### **Ministry of Labor - UNDP Equipares Silver Seal Certification**

We received the Equipares Silver Seal certification as an organization that is committed to a cultural transformation with work environments that promote inclusion, diversity and equal opportunities.



### **Live 3.5 World Happiness Foundation Hero Company**

We were recognized as a Hero Company thanks to our strategy focused on offering well-being to our employees, a healthy balance between their work and personal lives, and fostering happiness and productivity.



**Banco de  
Occidente**



### **Great Place To Work**

For the fourth consecutive year we were recognized as a great place to work with an outstanding work environment, and for being an attractive employer in the country.

We were recognized as the fifth best company to work for in the country in the category of organizations with more than 1,500 employees. It should be noted that this ranks us as the second best bank to work for in Colombia.



**banco  
popular**



### **Great Place To Work**

We were recognized as a Great Place to Work for a very satisfactory work environment, making us an attractive employer in the country.



### Banking as a Service (BaaS)

The London-based Pan Finance magazine, which specializes in finance and technology, has an awards program that identifies organizations and individuals who have excelled in their respective fields and showcases them as examples of best practice.

For its management in 2022, dale! was selected as Banking as a Service (BaaS) provider of the year and Excellence in Digital Transformation.

The only recognition in this category goes to Colombia with our wallet dale!



### Dow Jones Sustainability Index

We are one of the ten companies in Colombia that is in the DJSI, and we rank as one of the 15 most sustainable companies in the world in our industry. We advanced 16 positions in our ranking in the final result of the economic, social and environmental dimensions, moving from 33<sup>rd</sup> to 14<sup>th</sup> place worldwide in our industry.



### Asobancaria

We received the “Acercando la Banca a los Colombianos” (Bringing Banking Closer to Colombians) award from Asobancaria in the “Sustainability Governance” category, for our governance model for the generation of economic, social and environmental value for our stakeholders.



### Great Place To Work

For the third consecutive year we have been certified by Great Place To Work as one of the best companies to work for in the country, reaffirming our commitment to the well-being of our employees.



### S&P Global Sustainability Yearbook Members

We were included for the first time in the Sustainability Yearbook 2023 published annually by S&P Global, which places us as one of the companies with a Corporate Sustainability Assessment score in the top 15% of our industry worldwide.



Corficolombiana



### MSCI Ratings

We received the BBB rating by MSCI Ratings for our management of environmental, social and governance issues, increasing from a B grade in our first measurement in 2019.



### Colombian Stock Exchange BVC AIR Awards

The economic research team won a Silver Award in the Institutional Sector Macroeconomic Aggregates category and received a Bronze Award in the Variable Income category in the AIE awards of the Colombian Stock Exchange.



### Colombian Stock Exchange IR recognition for the seventh consecutive year

With this award, Corficolombiana is one of the companies in the country that has adopted the best practices required by the Colombian Stock Exchange in terms of reporting of information and good practices in investor relations.



### ALAS20

We received the ALAS20 award in three categories: Leading Sustainability Company, Leading Investor in Responsible Investment and Leading Investor in Sustainability Research, which recognizes excellence in reporting on sustainable development practices, corporate governance, and responsible investment by companies and investors in Brazil, Chile, Colombia, Spain, Mexico and Peru.



### Focus Economics Analyst Forecast 2022

Focus Economics, Analyst Forecast 2022 recognized the Investigaciones Económicas team as the most accurate in forecasting Colombia's macroeconomic variables during the past year. It managed to position itself in first place in the general ranking.



### Great Place To Work Best Place to Work for Women in Colombia GPTW and 7<sup>th</sup> Best Place to Work in Latin America GPTW

We were selected as the best company to work for women in Colombia by GPTW, in the category of companies with more than 1,500 employees, and also seventh Best Place to Work in Latin America (the only Colombian company in the Top 10) in the category of large companies.



### Financial Superintendence of Colombia Porvenir, first AFP to receive the Financial Education quality seal of approval

We became pioneers by being the first AFP to receive the seal of quality in Financial Education from the Financial Superintendence of Colombia, with its "Savings Academy" program. This certification recognizes the good practices of companies in financial inclusion and education offered by supervised entities and trade associations in the sector.



### Forbes Magazine Porvenir is part of the Geniuses of Digital Transformation 2022 in Colombia

After a rigorous study where more than 100 digital transformations in Colombia were assessed, the 10 best were chosen and we were included in this group with the online pension definition initiative, making it easier for members to access their pension 100% digitally.



### Ministry of Sciences Award

In 2022 we materialized tax benefits for \$2,743 MM for projects carried out under the Ministry of Science, Technology and Innovation.



### BRC Standard & Poor's Ratification F AAA of funds managed by Porvenir

Once again BRC Standard & Poor's ratified at F AAA all the credit risk ratings of the funds managed by Porvenir.



### ICONTEC ISO 27001:2013 Certification

We received the ISO/IEC 27001:2013 certification, Information Security Management System, with zero non-conformities, strengthening and standardizing the Company's Information Security and Cybersecurity Management, by ICONTEC.

## Strategic direction



Our strategic objective is to grow profitably, ensuring our long-term sustainability.

In 2022, following the spin-off of BHI, our exposure to Central America was significantly reduced.

During the year, we redirected our strategic focus to Colombia, seeking to increase our **agility** and **flexibility** to respond to local market dynamics, improve our strategic position and capture future growth.

We are one of the main financial groups in Colombia and offer a wide range of services, which allow us to have diversified sources of income that strengthen our profitability and business resilience in the long term. We operate through a multi-brand strategy through which we capitalize transversally on the strengths, specific knowledge and best practices of each of our affiliates and their management teams while promoting the individual development of our subsidiaries.

This way of operating allows us to capture new market opportunities and to transform and innovate our product and service offerings, offering a value proposition tailored to the needs of each of the customers in the segments in which we operate. At the operational level, the strategy also allows us to make our service channels profitable and generate efficiencies by capturing synergies among our entities.

The current mission, vision, values and guiding principles can be consulted at <https://www.grupoaval.com/mision-vision-y-valores>.

We leverage our strategy on five cornerstones:

### Profitable and sustainable growth



## Strategic pillars:

### 1. INTEGRATED RISK MANAGEMENT

One of our strategic pillars is to ensure that the financial and non-financial risks we assume in the course of our business are in line with our risk appetite, ensuring the generation of long-term value and the sustainability of our business, through our risk management teams at the corporate level and in our affiliates.

We contribute to the cohesion and control architecture of our affiliates through a corporate risk management system that aims to identify, measure, monitor and control the financial risks we assume as part of our business, such as credit, liquidity and market risks. We carry out a consolidated assessment of the risks we assume as a group, define corporate risk policies, lead efforts to establish risk appetite for our affiliates and oversee the application of adequate risk management controls. In addition, we constantly monitor

changes in the environment to adjust our risk exposure and anticipate their impact on our business.

We promote the strengthening of the internal control system, implementing compliance, anti-corruption and SOX compliance programs.

Finally, as financial institutions, we and our affiliates are exposed to cybersecurity risks that could affect the IT infrastructure that supports our service channels. This is why at Grupo Aval we monitor and analyze cybersecurity incidents, evaluate their consequences, and take the most appropriate actions to remedy or mitigate a cyber-attack. We also implemented additional controls such as fraud intelligence, strengthening the enrollment process in digital channels, among others. In addition, we ensure that our suppliers follow our security protocols, given the increasing sophistication of cyber-attacks.



## 2. INNOVATION AND DIGITALIZATION

We seek to expand our product and service offerings and diversify our revenue streams by focusing on: (i) improving our market share in profitable segments and products where we have organic growth potential;

(ii) launching new products to serve new customers and segments; (iii) enhancing our product and service offerings through digitalization; and (iv) expanding our cross-selling efforts.

To contribute to this objective, we base our digital strategy on three components:



» **Digitize existing products and processes:** we aim to be more efficient, offer better service and improve the customer experience. We believe that the banking sector is changing thanks to efforts like ours and that achieving this goal is a minimum requirement to compete in this industry. In this way, we have focused most of our efforts on digitizing current products and processes. This has allowed us to support our clients in meeting their objectives and satisfying their financial needs.



» **Develop new digital business models:** we are constantly working on the creation of new products and services seeking to serve new segments and markets that we were previously unable to reach as a result of high customer acquisition costs (CAC) and service costs. We expect that these new business models will allow us to reach new customers with unmet financial needs, as well as new generations who are inclined to have exclusively digital relationships with banks, and customers who had low profitability under current service models.



» **Generate or participate in “digital ecosystems”:** we believe that consumers are now looking for an integrated and seamless experience. Therefore, we align the efforts of our subsidiaries with different strategic allies through a joint vision and digital tools. These efforts aim to integrate our portfolio of services into our customers’ digital experiences from start to finish, addressing their needs in terms of savings, investment, financing and complementary services such as insurance and payments. This component of our digital strategy involves offering our digital financial products and services on a complementary basis to add value to the ecosystems in which non-financial services and products are offered.

## 3. CORPORATE EFFICIENCIES AND ECONOMIES OF SCALE

We work to seek, identify and implement strategies to capture synergies among our subsidiaries, leveraging our combined strength to achieve economies of scale and improve our efficiency indicators.

We intend to benefit from our combined scale, while retaining the agility and resilience of a diversified group of entities. In the same vein, we seek to extend to all Group companies those innovations, generated in any of our entities, with the potential to benefit the entire organization.

We work on corporate projects, such as the digitalization of banking and business processes, analytics, information technologies, network integration (such as Red Aval), corporate procurement, among others. These efforts will enable us to achieve economies of scale by bringing all of our subsidiaries under one umbrella.

Our marketing efforts are also focused on two main objectives: (i) to increase the competitiveness of our affiliates by supporting their





commercial efforts; and (ii) to strengthen our corporate image and reputational assets, while encouraging our entities to establish their own identity. We negotiate corporate agreements for certain marketing services, develop and implement advertising campaigns for our subsidiaries' products and services, establish marketing guidelines and promote communications that increase exposure for our brands and those of our subsidiaries.

#### 4. TALENT MANAGEMENT

We seek to attract, develop and retain the best talent by creating conditions to maximize their well-being, enhance their capabilities and thus contribute to Aval's competitiveness.

We are committed to the development of our employees, focusing on wellness, training, diversity and inclusion programs, as well as promoting talent development at the corporate level. We are developing a corporate policy of talent retention and promotion, supported by the establishment of transparent objectives and the objective measurement of performance and remuneration.

#### 5. ENVIRONMENTAL AND SOCIAL IMPACT

We believe that doing business sustainably is key to generating long-term value. In this regard, our strategic objective is to minimize the direct and indirect impact of our activities, seeking sustainable growth, meeting environmental and social criteria that allow us to work on the prevention, mitigation, correction and compensation of the negative effects that may be generated, in line with our commitment to the country's development.

As part of our efforts, we seek to learn about and highlight the social and environmental initiatives of our subsidiaries, and to share good practices among them that allow us to collectively increase our positive impact. We continue to develop a comprehensive sustainability strategy based on sound corporate governance practices, environmental protection and contribution to society.

In the following chapter you will find the development of the strategic and sustainability pillars.

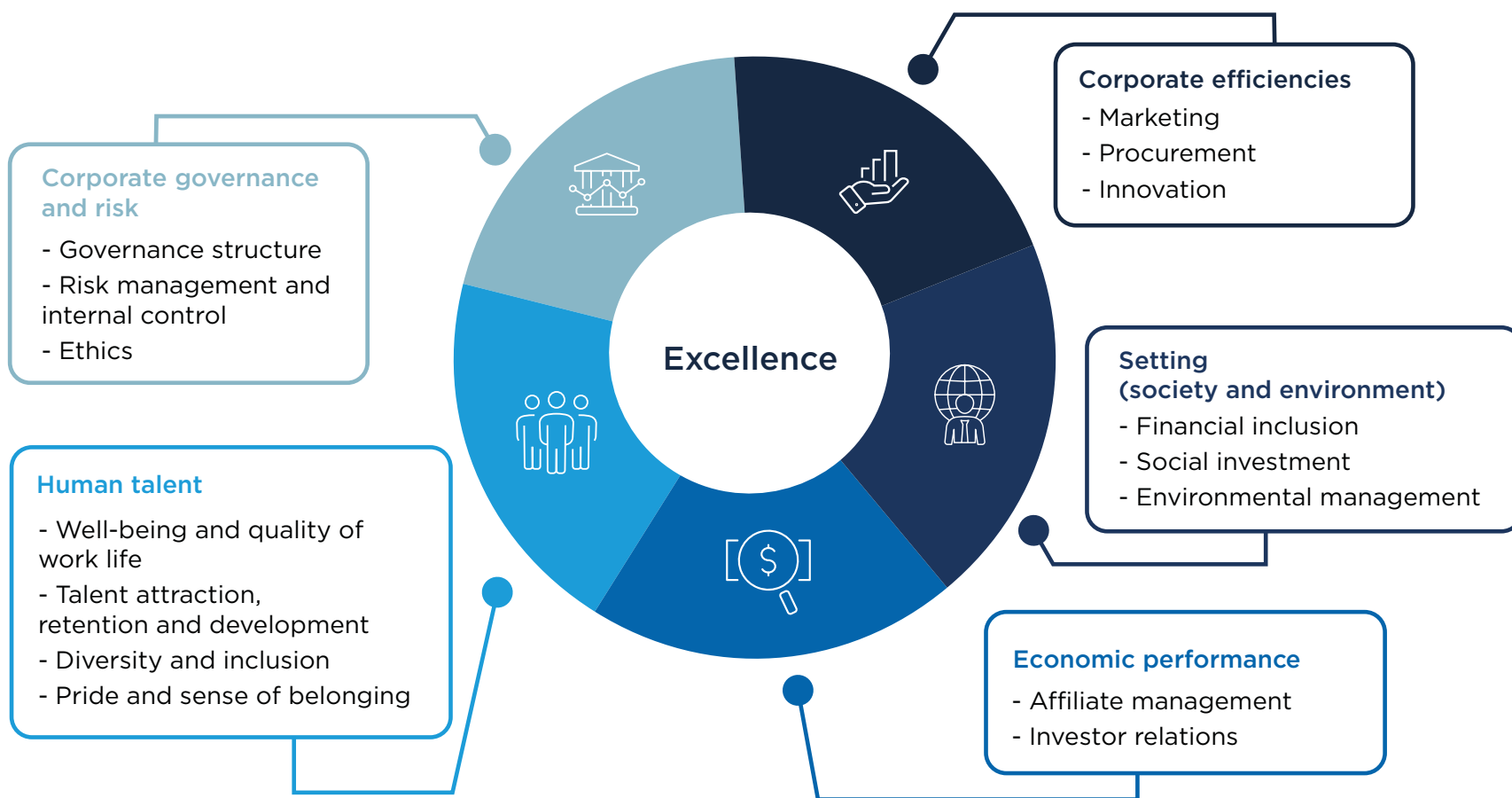
### Sustainability model at Grupo Aval

At Grupo Aval, we understand that sustainability must be an integral part of our business strategy. Consequently, the various environmental, social and governance strategies that we were able to implement during 2022 have allowed our sustainability model to continue to mature, such that our subsidiaries' initiatives aligned with our sustainability vision have contributed greatly to the fulfillment of various ESG objectives.

In this regard, at Grupo Aval we carry out our work based on achieving profitable and sustainable growth as a fundamental strategy. For this purpose, our model allows us to focus the necessary efforts and management on the relevant aspects. We have five sustainability cornerstones that consolidate sixteen material issues:

At Grupo Aval we carry out our work based on achieving profitable and **sustainable growth as a fundamental strategy**. For this purpose, our model allows us to focus the necessary efforts and management on the relevant aspects.





From our business vision, the participation of different stakeholders in decision making generates relevant benefits and makes it possible to have a greater positive impact on the implementation of any strategy. Therefore, our model was validated by our stakeholders, understanding their expectations and influence, allowing us to structure a powerful strategy in each of our lines of action and consistent with the business cornerstones.

## ESG memberships and rankings

Understanding the importance of sustainability management for all stakeholders, we have aligned ourselves with various mechanisms and initiatives that leverage the development of best ESG practices and are benchmarks locally and internationally:

2-28

UNEP-FI



Grupo Aval, Banco de Bogotá, Banco de Occidente and Banco AV Villas joined the financial initiative of the United Nations Environment Program in 2022, to which Banco Popular had already adhered. This confirms our commitment to promote the transition to more sustainable global economies from our businesses.



## UNITED NATIONS GLOBAL COMPACT



In 2022, we continued to adhere to the United Nations Global Compact, reaffirming the commitment we have at Grupo Aval to the importance of complying with the Sustainable Development Goals (SDGs) and the universal principles of the Compact.

## DOW JONES SUSTAINABILITY INDEX



We once again participated in the Dow Jones Sustainability Index, in which we improved our score as a result of the ESG actions implemented. This evaluation allows us to understand the aspects that we must continue to develop in line with the best practices of the sector globally.

In 2022, we increased the rating obtained by 10 points compared to the 2021 result. We grew in two of the three components evaluated by the index; however, there are significant challenges in the environmental component related to the additional requirements on climate strategy, which represented a decline in this dimension.

## MSCI



We maintained our BB rating as a result of our good practices in data privacy management, tax strategy and given that most of our business lines are in sectors perceived to have low levels of corruption. The opportunity for improvement arises in the reporting of relevant information for our stakeholders in the different ESG criteria.

## IR AWARD



For the seventh consecutive year, we obtained the IR issuer award from the Colombian Stock Exchange for our best practices in reporting and investor relations. This award gives us an important input to identify opportunities for improvement in the disclosure of information in the Management and Sustainability Report.

## MERCO RESPONSIBILITY ESG



We climbed 7 points in the overall report and were ranked 6<sup>th</sup> in the Financial Sector. Banco de Bogotá, Corficolombiana and Banco de Occidente ranked among the top 10 companies in the financial sector. Porvenir obtained second place in the Pension and Severance Funds sector.

## » OUR COMMITMENT 2023

At Grupo Aval we understand that sustainability management is a living asset, and therefore the sustainability model and strategy are constantly evolving and adapting to local and international environmental, social and governance expectations. This requires us to maintain an open conversation with our stakeholders and allows us to strengthen our model and our management. For this reason, since the end of 2022, we are conducting a comprehensive review of our strategy, our model and our materiality to achieve ESG management that responds to the expectations, requirements and business vision in line with the current challenges of the planet and our society.

## RELATIONS WITH ENTITIES FOR SUSTAINABILITY

Current global dynamics have accelerated the adoption of ESG criteria in the various business models and our entities are no strangers to this reality. Thanks to the proactivity and conviction that several of them have had in the development of their sustainability strategies and models, we are able to achieve progress and impact results.

This has required an effort to address common objectives and achieve the alignment of our strategy with that of our subsidiaries, understanding the particularities and overlaps of each business. In this way, we work together on various ESG initiatives, without losing sight of the fact that each one prioritizes the relevant aspects according to its own characteristics.

## STAKEHOLDERS

2-29

The objective of our sustainability model, in line with our business strategy, is to create sustainable value and a transparent and close relationship with our stakeholders. We have mapped eight stakeholders whose identification allows us to understand their expectations, dependence and two-way influence.



### Entities

» Companies over which we exercise control as a holding company.



### Investors

» The company's shareholders and bondholders.



### Collaborators

» The team of people who work with us and who make it possible for our objectives to be met and who manage projects in our entities.



### Suppliers

» They provide us with supplies and services both directly to the holding company and to our entities.



### Media and Communications

» Mass and digital media that constantly publish information about us and/or our entities and that are important for our brand management.



### Associations

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



### External Analysts

» 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 entities.



### Society

» Other people who indirectly have interactions with us.

And being consistent with open and transparent communication, we have several relationship strategies and specific communication channels for each stakeholder group:

#### RELATIONSHIP DIAGRAM

Stakeholder	Relationship strategy	Communication channels
<b>Entities</b>	<ul style="list-style-type: none"> <li>» To have a transparent structure, governed by policies and procedures that apply to all entities.</li> <li>» It is necessary to ensure that ethics and conduct policies are in place.</li> <li>» To have channels to report any complaint, irregularity, malpractice, among others.</li> <li>» To follow up on financial and commercial performance, business events and projects.</li> <li>» To develop innovative solutions with technological support.</li> <li>» To define synergy strategies in corporate procurement, marketing and digital transformation.</li> <li>» To foster a sense of belonging among the Group's employees.</li> <li>» To promote financial education, inclusion and accessibility in the communities where we operate.</li> </ul>	<ul style="list-style-type: none"> <li>» Board of Directors and Advisory Committee.</li> <li>» Face-to-face/virtual meetings.</li> <li>» Specialized committees.</li> <li>» E-mail and telephone calls.</li> <li>» Corporate intranet.</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>» To constantly report on Grupo Aval's financial performance and other relevant topics.</li> <li>» To efficiently and effectively meet the requirements of our investors.</li> <li>» To provide information and answer questions in due diligence processes.</li> </ul>	<ul style="list-style-type: none"> <li>» Annual and quarterly reports.</li> <li>» Quarterly results calls.</li> <li>» Responses to requests.</li> <li>» Investor events.</li> <li>» Telephone calls, face-to-face/virtual meetings, and e-mails.</li> <li>» Grupo Aval website.</li> </ul>
<b>Collaborators</b>	<ul style="list-style-type: none"> <li>» To communicate guidelines, benefits, news or other topics of general interest.</li> <li>» To implement agile methodologies framed in a culture oriented to value creation and executed through self-managed teams.</li> <li>» To foster pride and a sense of belonging among our Grupo Aval collaborators.</li> </ul>	<ul style="list-style-type: none"> <li>» Yammer internal social network.</li> <li>» Events.</li> <li>» Newsletters.</li> <li>» Ethical line.</li> <li>» Event: "I am Aval Day".</li> <li>» Face-to-face/virtual, and e-mails.</li> </ul>

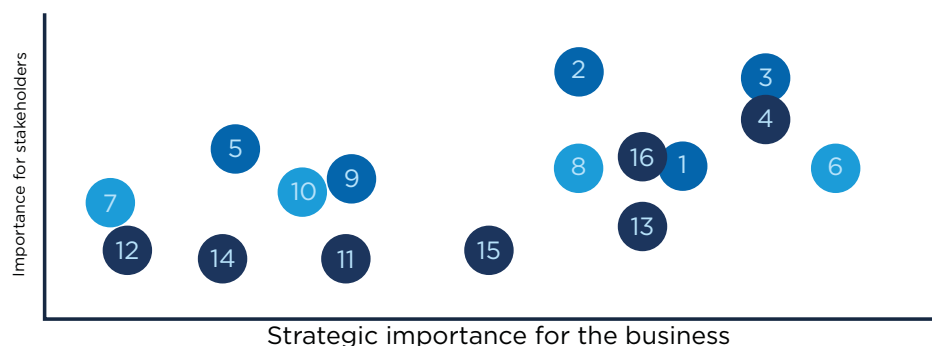
Stakeholder	Relationship strategy	Communication channels
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>» To carry out corporate negotiation processes that meet the needs.</li> <li>» To manage current agreements in operational, communications, marketing, monitoring and auditing aspects.</li> </ul>	<ul style="list-style-type: none"> <li>» Technological platforms.</li> <li>» Telephone calls, face-to-face/virtual meetings, and e-mails.</li> </ul>
<b>Media and Communications</b>	<ul style="list-style-type: none"> <li>» To inform about relevant events, product and service launches, news of interest and Grupo Aval's performance.</li> <li>» To address requests for information from the media.</li> </ul>	<ul style="list-style-type: none"> <li>» Telephone calls, face-to-face/virtual meetings, and e-mails.</li> <li>» Press releases.</li> <li>» Results calls.</li> </ul>
<b>External Analysts</b>	<ul style="list-style-type: none"> <li>» To keep analysts informed about Grupo Aval's financial performance and other relevant issues.</li> <li>» To address requests from external analysts.</li> </ul>	<ul style="list-style-type: none"> <li>» Telephone calls, face-to-face/virtual meetings, and e-mail.</li> <li>» Responses to requests.</li> <li>» Website <a href="http://www.grupoaval.com">www.grupoaval.com</a></li> </ul>
<b>Associations</b>	<ul style="list-style-type: none"> <li>» To attend seminars, ANIF and Asobancaria discussion meetings.</li> <li>» To maintain constant communication with associations on regulatory changes and their implementation.</li> </ul>	<ul style="list-style-type: none"> <li>» Events of associations.</li> <li>» Telephone calls, face-to-face/virtual meetings, and e-mails.</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>» To keep the general public informed about Grupo Aval's operations, products and services, and performance.</li> </ul>	<ul style="list-style-type: none"> <li>» Management and sustainability report.</li> <li>» Press releases.</li> <li>» Advertising.</li> </ul>

## MATERIALITY ANALYSIS

### 3-1

The construction of the materiality analysis required the development of dialogues with our stakeholders, peer analysis and evaluation of global trends in sustainability issues for the sector, in this process we determined evaluations on the importance for the business and stakeholders. This exercise was conducted in 2019 with a timely update in 2020, and allowed us to have the following results:

## MATERIALITY MATRIX



### 3-2

#### List of material issues for Grupo Aval

1 Ethics

2 Affiliate management

3 Innovation and digital transformation

4 Risk management and internal control

5 Governance structure

6 Financial inclusion

7 Investor relations

8 Well-being and quality of work life

9 Corporate marketing

10 Talent attraction, retention and development

11 Social investment

12 Corporate procurement

13 Diversity and inclusion

14 Environmental management

15 Cybersecurity

16 Pride and sense of belonging



## ALIGNMENT WITH SDGS (SUSTAINABLE DEVELOPMENT GOALS)

As a result of our commitment to contribute to global ESG initiatives, the 2030 Agenda and its Sustainable Development Goals (SDGs), we have identified on which SDGs we are able to generate a positive impact with the actions we carry out in Grupo Aval and which are maximized with our entities. We also aligned the SDGs with our sustainability model, showing the positive impact that each of our cornerstones generates:



Thus, by adding the scope of our entities in the contribution to the SDGs through the development of each of our businesses, we achieve a positive impact on almost all of the 17 SDGs in such a way that our contribution is added to local and international efforts to achieve more sustainable societies:

Organization	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Grupo Aval	✓			✓	✓			✓	✓			✓	✓			✓	
Banco de Bogotá	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Banco de Occidente				✓				✓	✓	✓			✓				✓
Banco Popular				✓			✓	✓	✓	✓		✓	✓			✓	✓
Banco AV Villas								✓	✓				✓			✓	✓
Corficolombiana								✓	✓			✓			✓		
Porvenir	✓		✓	✓				✓		✓		✓			✓		✓
dale!	✓				✓			✓	✓	✓						✓	

Finally, our strategic alignment with the SDGs and the execution of actions originating from our sustainability model has allowed us to mobilize resources, products, strategies and efforts to generate impact on each prioritized SDG:

SDG	Goal	Contribution
1	End of poverty	We facilitate access to financial services, including savings, credit and investment, including microcredit.
4	Quality education	We support training at any level for our employees and provide educational credits through our entities.
5	Gender equality	We promote and foster inclusive and equitable spaces through corporate policies.
8	Decent work and economic growth	We generate quality employment for Colombian society, being one of the main employers in the country. Our investments, the payment of taxes and the generation of employment are drivers that multiply resources in society.
9	Industry, innovation and infrastructure	We develop new products and solutions for our clients in order to achieve greater financial inclusion, leveraging technology to solve our clients' needs.
12	Responsible production and consumption	We implement strategies for the efficient use of natural resources such as energy and water, seeking to optimize our processes in order to generate the least possible environmental impact. We encourage our suppliers to implement SDG criteria in their businesses, seeking a value chain that respects the environment and society.
13	Climate action	We seek to design strategies together with our entities to be facilitators in the processes of mitigation and adaptation to climate change. From the business lines we are major players in green bond placement, we develop green products or credit lines and we are in the process of implementing SARAS.
16	Peace, justice and strong institutions	We have an organizational structure in accordance with all legal requirements, we have good information disclosure practices in corporate governance, information security for our clients, we perform anti-corruption, anti-fraud and anti-bribery risk assessments, among others, which allows us to be a solid institution that contributes to peace and justice in the areas where we operate.

# Strategic pillars



## Profitable and sustainable growth

### Economic Environment

#### INTERNATIONAL CONTEXT

The global economy experienced a generalized slowdown during 2022 as a result of factors such as the highest inflation recorded in decades in Western economies, the war in Ukraine and the persistence of China's confinement policy due to Covid-19 outbreaks.

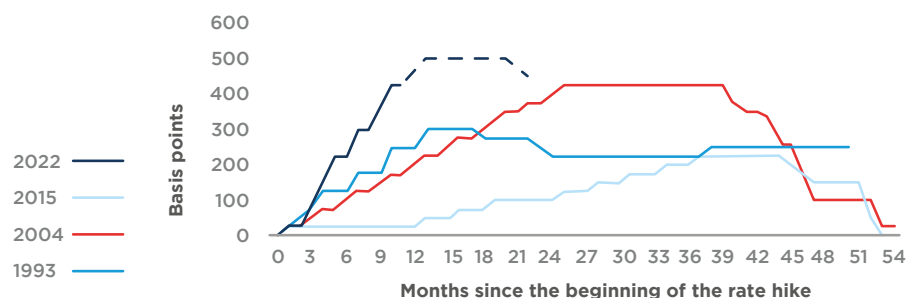
Against this backdrop, most central banks raised their interest rates, leading to a deterioration in financing conditions and the global economic outlook. In the United States, the Federal Reserve (Fed) began raising the monetary policy interest rate in March, marking the most aggressive monetary normalization cycle in decades, in a context of a strong labor market.

In the Eurozone, higher energy prices - due to the conflict in Ukraine - pushed the region's external accounts into deficit territory. In addition, high inflation forced the European Central Bank to tighten financial conditions and undermined the economic prospects of economies vulnerable to rising debt, such as Italy and Spain.

Likewise, China faced one of the most challenging economic years in recent history in 2022 as it deployed strict containments to combat the Covid-19 outbreaks and suffered from the vulnerabilities of its real estate market due to the lack of leverage of the country's major developers.



### FED INTEREST RATE CYCLES OVER THE LAST 30 YEARS



The monetary tightening activated by central banks to address inflationary pressures and anchor medium-term expectations was reflected in slower growth of global economic activity since mid-year.

### IMF ECONOMIC GROWTH PROJECTIONS (%)

	2021	2022(p)
<b>World product</b>	<b>6.2</b>	<b>3.4</b>
<b>Advanced economies</b>	<b>5.4</b>	<b>2.7</b>
United States	5.9	2.0
Eurozone	5.3	3.5
Japan	2.1	1.4
United Kingdom	7.6	4.1
<b>EM and developing</b>	<b>6.7</b>	<b>3.9</b>
<b>EM and developing Asia</b>	<b>7.4</b>	<b>4.3</b>
China	8.4	3.0
India	8.7	6.8
<b>EM and developing Europe</b>	<b>6.9</b>	<b>0.7</b>
Russia	4.7	-2.2
<b>Latin America and the Caribbean</b>	<b>7.0</b>	<b>3.9</b>
Brazil	5.0	3.1
Mexico	4.7	3.1

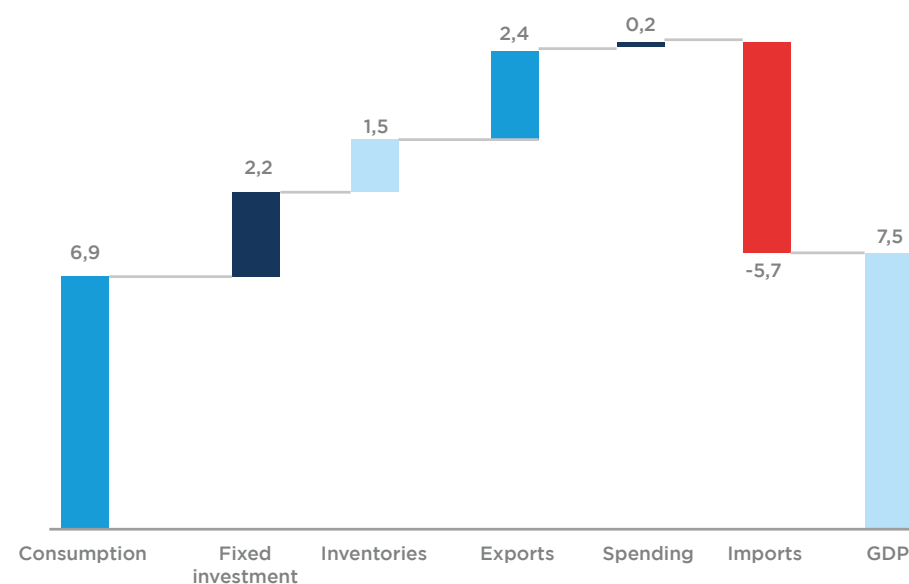
Source: IMF, January 2023.

### LOCAL ECONOMIC ACTIVITY

After showing an outstanding recovery in 2021, the Colombian economy registered high dynamism in 2022. The performance of domestic demand was positive, to the point that it reached the pre-pandemic level in mid-2021 and then maintained a sequential growth similar to that before the COVID-19 crisis. Thus, the Colombian economy grew 7.5% in 2022 and consolidated one of the best performances among emerging countries and the best among large Latin American economies.

In particular, GDP growth of 7.5% in 2022 was explained by a contribution of 6.9 percentage points (p.p.) from private consumption, 2.2 p.p. from fixed investment and 1.5 p.p. from inventory accumulation. Meanwhile, the trade balance subtracted 3.3 p.p. from GDP growth, as a result of a 2.4 p.p. contribution from exports -driven by favorable terms of trade and rising quantities in both the traditional and non-traditional segments-, which could not offset the 5.7 p.p. negative contribution from imports, which reflected the dynamism of domestic demand.

### CONTRIBUTION TO GDP GROWTH IN 2022 (PERCENTAGE POINTS)



Household consumption increased 9.5% in 2022 and was 19% above the pre-pandemic level. However, in the last quarter there were signs of moderation.

Total investment increased 19.5% and was 12% above its pre-pandemic benchmark, driven by both the fixed investment component and inventory accumulation. In particular, gross fixed capital formation returned to pre-pandemic levels in 2Q22, being the component of demand that lagged the most in achieving it, and accumulating a growth of 11.8% in 2022.

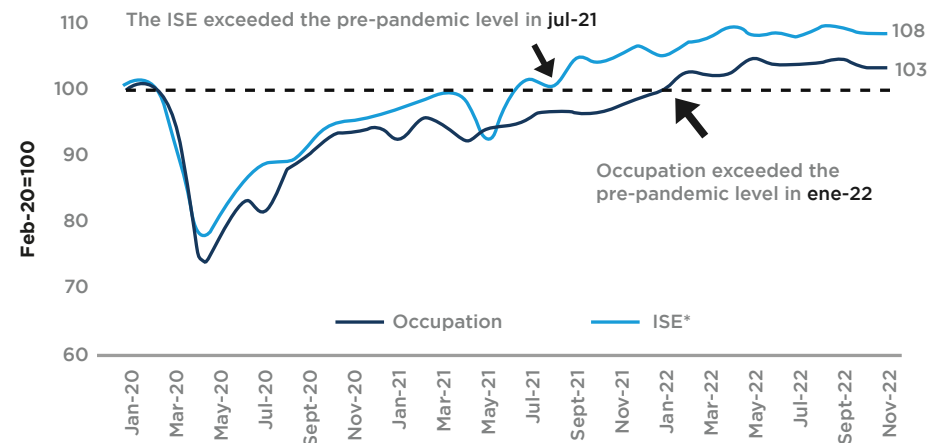
Meanwhile, government spending moderated its growth rate from 9.8% in 2021 to 1.4% in 2022, 4% above the pre-pandemic benchmark after a sharp drop in the second half of the year.

Finally, the trade balance continued to contribute negatively to growth, due to: i) the strength of demand through a 23.9% increase in imports; and ii) good export dynamics, reflected in a 14.9% increase in external sales. On the one hand, imports increased, driven by purchases of petroleum derivatives, food products, industrial machinery and transportation equipment. Meanwhile, the good dynamism of exports mainly reflected favorable terms of trade, driven by the uncertainty of energy supply in the context of the war in Eastern Europe and, to a lesser extent, an increase in traded quantities, both in the traditional and non-traditional segments.

## LABOR MARKET

The remarkable dynamism of productive activity has been reflected, with a considerable lag, in the dynamics of the labor market. Although economic activity closed its gap against the pre-pandemic level in July 2021, the gap in employment and unemployment closed only 6 and 12 months later, respectively, reflecting that the eventual productivity gains, together with the level of labor market tightness, slowed its recovery.

Although 2022 showed in the aggregate a recovery in employment, the pace slowed and unemployment returned to double-digit territory in December, showing that the speed of the recovery in economic activity was not matched by the same performance in employment recovery. In December, the unemployment rate (seasonally adjusted) for the national total was 10.3%, representing an annual reduction of 0.8 percentage points. In fact, it is the lowest figure for one December since 2020, which means that the level before the arrival of covid in the country (Feb-20) has recovered: 11,6%).



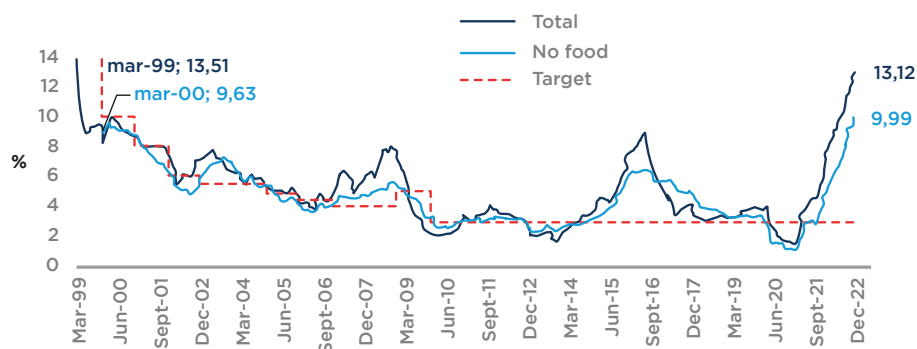
Source: DANE. Calculations Corficolombiana. \*ISE: Economic Tracking Indicator.



## INFLATION AND MONETARY POLICY

The global cost shock proved more persistent than we anticipated and, in fact, intensified following Russia's invasion of Ukraine, an event that reactivated the upward trend in agricultural input and energy costs. This was compounded by growing demand pressures. Thus, annual inflation continued to rise and reached 13.12% at the end of 2022, the highest level since 1999.

### TOTAL INFLATION AND NO FOOD



Source: DANE.

The main driver of inflation so far this year was the food group, which completed 18 consecutive months with positive variations, something unprecedented since information has been available (1999). This was reflected in record annual food inflation of 27.8% at the end of 2022.

In addition to this supply component, there was a considerable increase in the prices of regulated goods and services, whose annual inflation was 11.8%, accounting for 10% of total inflation for the year. The upward adjustment has been driven by urban transportation, fuel, basic education and, especially, utilities.

Thus, supply-side pressures -food and regulated products- accounted for 50% of inflation year-on-year (vs. 70% in 2021). Meanwhile, demand pressures were reflected in non-food and non-regulated inflation of 9.5%, a record level since September 1999.

On the one hand, the CPI for services contributed 30% of inflation and reached a record 7.4%, driven by food services outside the home and the effects of indexation in rents and other items. Similarly, the CPI for goods accounted for 20% of inflation, driven by vehicles, household and personal care goods. The annual inflation of this component is at record levels (15.0%) and directly reflects the pressures associated with production costs, disruptions in global supply chains, and the devaluation of the exchange rate.

Under these conditions, and in the midst of a positive output gap and an advancing labor market, the Central Bank of Colombia continued its monetary normalization process. This process was mainly driven by rising inflation and expectations - the main concern - but also responded to less expansionary global liquidity conditions, together with growing external and fiscal imbalances.

Thus, in 2022, the Board of Directors of the Central Bank of Colombia increased the intervention rate from 3.0% to 12.0%, in the most pronounced cycle of increases since the target inflation regime was established. The Board even accelerated the pace of increases between July and August, to a maximum of 150 basis points (bps) per meeting, in line with the exhaustion of excess installed capacity, an increase in risk perception, the dynamism of the portfolio, and the risk of de-anchoring expectations and risks associated with devaluation. Starting in September, the pace of increases slowed to 100 bps per meeting.

## EXCHANGE RATE

The exchange rate in Colombia recorded high volatility in 2022 accompanied by depreciation. In the year to date, the Colombian peso weakened 20.8% against the U.S. dollar, making it one of the emerging market currencies that lost the most value during the year. On November 4, the dollar in Colombia traded at an all-time high of \$5,133 and has since traded in a range between \$4,750 and \$5,000.

The performance of the exchange rate during the year was mainly explained by three factors: i) risk aversion due to the conflict in Ukraine, which reduced the appetite for emerging country assets; ii) the global strengthening of the US dollar as a result of the most aggressive monetary normalization

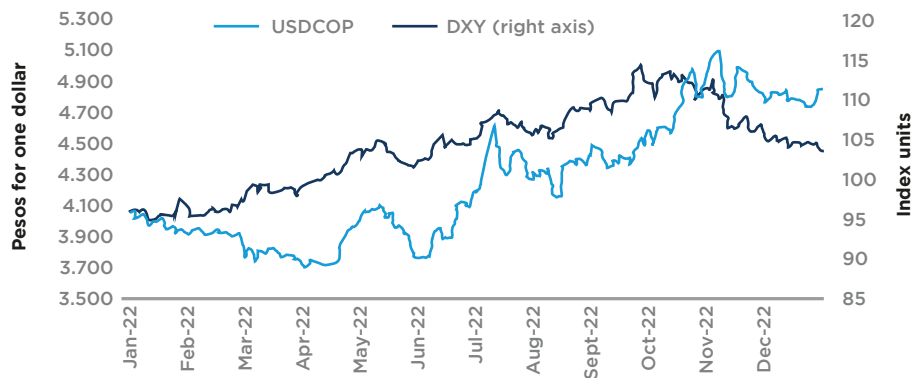




process in recent years undertaken by the Fed; and iii) political uncertainty in Colombia after the presidential elections.

This occurred in a context in which international oil prices remained historically high, averaging US\$100 per barrel during the year. However, the negative correlation between the Colombian exchange rate (USDCOP) and the oil price was strongly reduced compared to previous years, as global uncertainty -reflected in the higher levels of the DXY index- and local uncertainty -reflected in a higher sovereign risk premium- dominated investor sentiment.

### COLOMBIAN PESO AND DXY



Source: Refinitiv Eikon.

### FISCAL ACCOUNTS

Following the shock to public finances generated by the pandemic, the Central National Government (CNG) deficit fell from 7.1% of GDP in 2021 to 5.5% of GDP in 2022. It is important to note that these accounts do not fully incorporate the Fuel Price Stabilization Fund (FEPC) deficit.

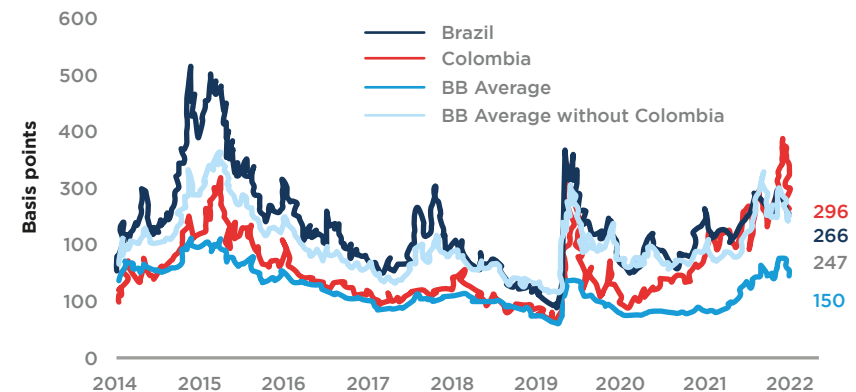
The fiscal adjustment was better than previously expected, as a result of: (i) the high growth of the Colombian economy in the last two years, which

was reflected in a very positive tax collection performance; (ii) the extraordinary contribution of the oil sector to public finances, in a context of higher international crude oil prices and historically positive results of Ecopetrol; and (iii) the debt management strategy by the Ministry of Finance, which took advantage of the opportunities that arose in the market to carry out debt swaps that improved the maturity profile in the short term.

In 2022 the fiscal rule came into operation again -after its suspension in 2020 and 2021 due to the economic emergency caused by the pandemic-, with the modifications established by the Government of Iván Duque in 2021, according to which an anchor and a debt limit for the GNC was set at 55% and 71% and an adjustment of the Structural Net Primary Balance tied to debt levels.

After losing its investment grade rating in 2021, and in a context of high international uncertainty, the government's cost of financing increased. Pressure in the financial markets was even higher than expected as a result of the aggressive increase in interest rates in the U.S., the beginning of the conflict in Ukraine and the deterioration of the country risk premium accumulated after the loss of Colombia's investment grade rating. Thus, during the second half of the year, Colombia's risk premium measured through CDS rose above that of Brazil, a country with two lower credit rating levels.

### 10-YEAR CDS



Source: Refinitiv Eikon. Prepared by: Corficolombiana.

However, tax collections during 2022 were better than expected, exceeding net tax revenues by 10.1 trillions pesos against the target set in the 2022 Medium-Term Fiscal Framework. Total CNG revenues amounted to 16.8% of GDP in 2022, while its expenditures were 22.3% of GDP, pressured upward by higher operating expenses, interest payments in the face of tighter financial conditions for the country, and payments to cover part of the liability with the FEPC.

The government of Gustavo Petro submitted a tax reform at the beginning of his term that ended up being approved at the beginning of November and that will increase revenues by nearly 20 trillions pesos (1.3% of GDP) by 2023. The bulk of the reform would be used to finance a more ambitious subsidy program. To this end, an addition will be made to the

2023 General Budget of the Nation (PGN) for an amount close to the proceeds of the reform.

What is certain is that the government complied with the fiscal rule in 2022, positive news that helped reduce uncertainty in the financial markets. However, the FEPC deficit will continue to generate a significant liability for the government. The combination of high oil prices, exchange rate depreciation and very moderate adjustment in domestic fuel prices led to the accumulated gap in the FEPC at the end of 2022 to exceed 30 trillions pesos or 2.1% of GDP. In the 2023 financial plan, the government of Gustavo Petro announced that it will settle the liability with the FEPC at the end of December 2022 using the 29 trillions pesos it will receive from Ecopetrol's dividends in 2023. In particular, the Government will pay 26 trillions pesos to the FEPC, settling the accumulated debt until the end of 2022.

## Competitive Environment

### AVAL BANKS

Below are the market shares of the Aval Banks. 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) as of December 2020 and 2021, and November 2022. The financial system is defined as banks and commercial finance companies supervised by the Financial Superintendence of Colombia (SFC) at the end of each period.

In order to have market information at the end of 2022, we have included in the graphs the calculation of market share as of December of each year according to the information of the banking system report published by the Colombian Banking and Financial Institutions Association (Asobancaria).

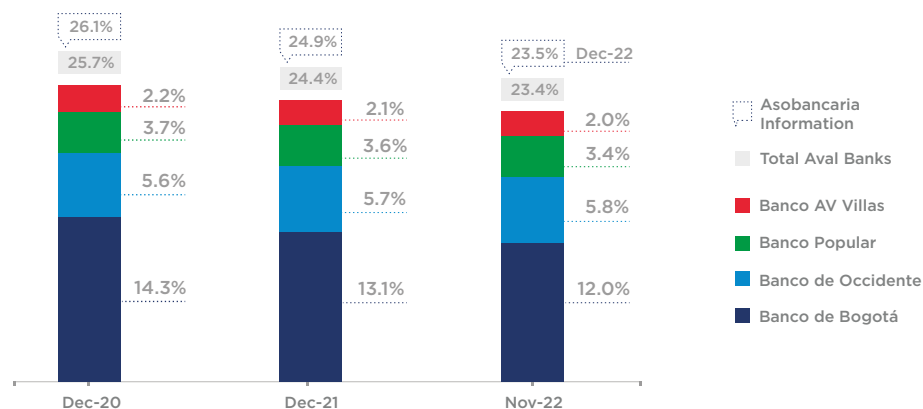




## ASSETS

As of November 2022, the Aval Banks had a combined asset share of 23.4%. As of this date, the assets of Aval Banks reached \$219.4 trillions, which represented a growth of 8.2% compared to December 2021. The dynamics of assets have been mainly explained by the performance of the net portfolio, which accounts for 65.9% of total assets. As of November, the system grew 13.0%, reaching total assets of \$939.7 trillions. The evolution of our market share of total assets is shown below.

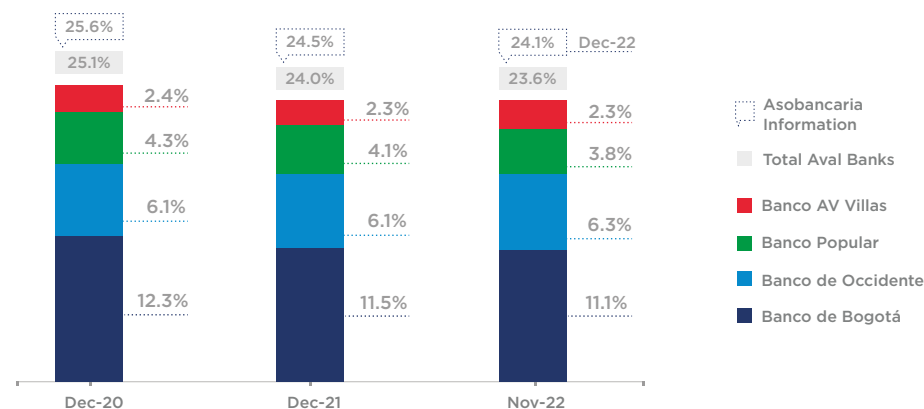
### MARKET SHARE IN ASSETS



## NET PORTFOLIO

Our market share as of November 2022 in net portfolio closed at 23.6%, with a total balance for Aval Banks amounting to \$144.7 trillions. The balance grew 14.9% compared to December 2021, explained by the behavior of the commercial and consumer segments in line with the economic reactivation during the year, while the net portfolio of the system reached \$613.6 trillions and presented a growth of 16.8% compared to December 2021.

### MARKET SHARE IN NET PORTFOLIO

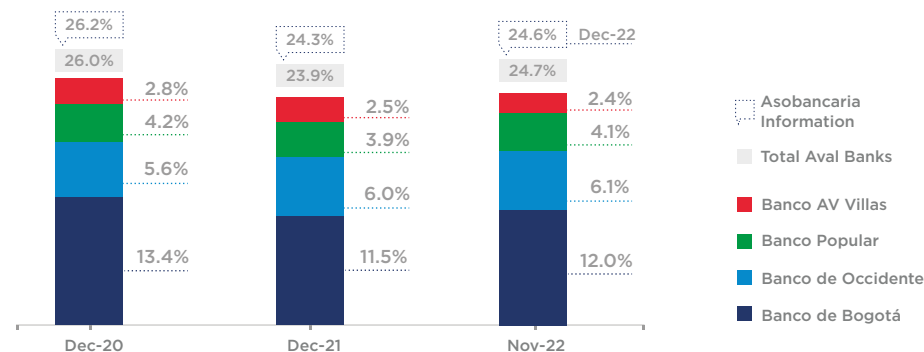


## DEPOSITS

The market share of the Aval Banks' deposit balance as of November 2022 closed at 24.7%. The balance of deposits as of November 2022 of the Aval Banks amounted to \$148.0 trillions, presenting a growth of 15.3% with respect to December 2021. Total system deposits reached \$600.1 trillions as of November 2022, growing 11.4% versus December 2021.

The evolution of market shares in deposits is presented below.

### MARKET SHARE IN DEPOSITS

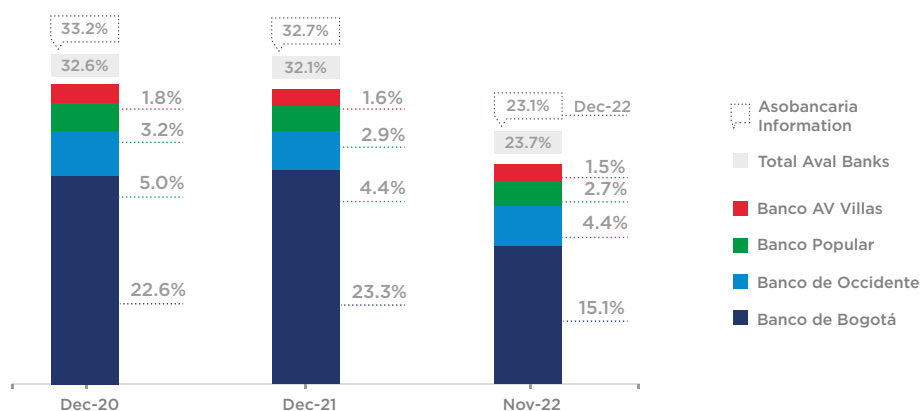


## EQUITY

As of November 2022, the market share of our banks' equity was 23.7%. The sum of Aval Banks' equity closed at \$25.3 trillions as of November 2022, decreasing 25.8% versus December 2021, mainly affected by the 75% spin-off of BHI in 2022. The system's equity at the end of November 2022 was \$106.8 trillions, showing a growth of 0.5% compared to December 2021.

The evolution of market share in equity is shown below.

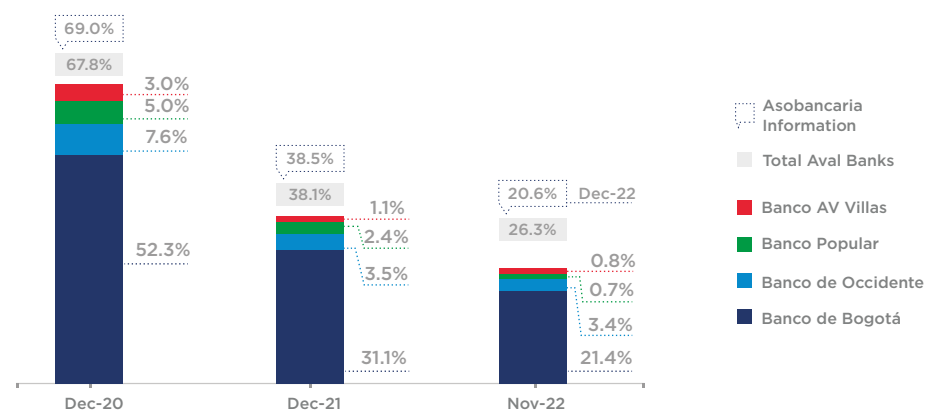
### MARKET SHARE IN EQUITY



## NET INCOME

As of November 2022, the market share of Aval Banks' net profit stood at 26.3%, compared to 38.1% as of December 2021. By December 2022, according to information provided by Asobancaria, the Group's share in the sector's net profit reached 20.6%, affected by the BHI transaction in 2022 and by the profit in the deconsolidation of Porvenir in 2021 in Banco de Bogotá. The following shows our evolution in market share in net income.

### MARKET SHARE IN NET PROFIT



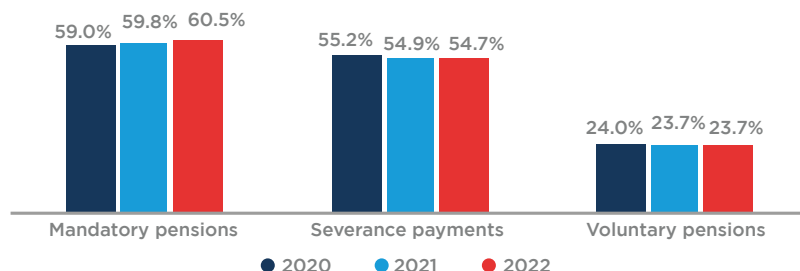
## AFP PORVENIR

As of December 2022, Porvenir closed with \$171.8 trillions of assets under management (AUM) adding the Mandatory Pension (PO), Severance (CES) and Voluntary Pension (PV) products, being the largest AFP in the market with a 44.6% share of AUMs. At the end of December 2022, it had 11.3 million members of mandatory pensions, 5.1 million members of severance payments and 198 thousand members of voluntary pensions.

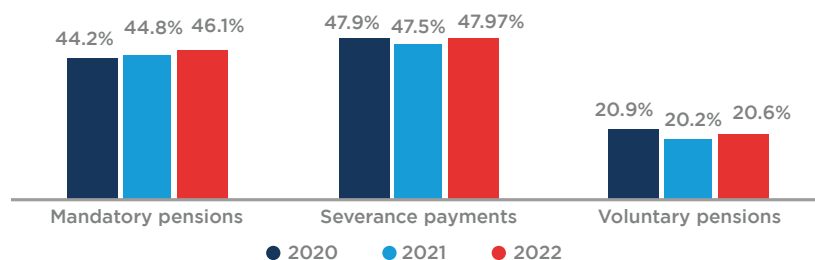
Below are the market shares of our Pension and Severance Funds Manager Porvenir:

### MARKET SHARE IN AFFILIATES AND ASSETS UNDER MANAGEMENT OF PORVENIR

#### AFFILIATES



#### ASSETS UNDER MANAGEMENT (AUMS)

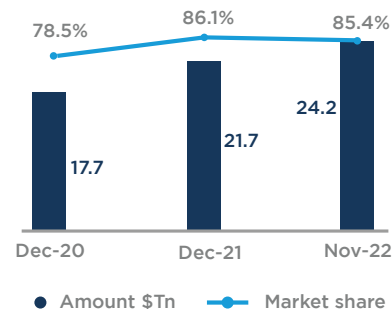


## CORFICOLMBIANA

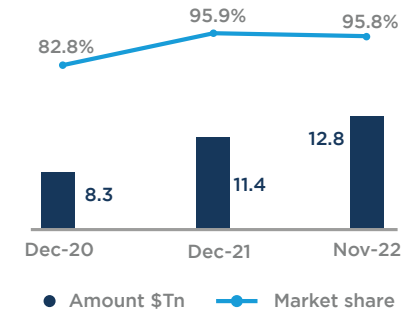
At the market level, Corficolombiana consolidated its position as the largest financial corporation in the country. At the end of November 2022, the corporation's assets reached \$24.2 billion, increasing by 11.5% over December 2021 and representing 85.4% of total assets of financial corporations. Consequently, both liabilities and equity had growth levels similar to those of the rest of the market, of 12.4% and 10.5%, respectively, so that market shares remained at 95.8% in liabilities and 76.1% in equity.

Finally, net income reached historically high levels, reaching \$1.77 trillions at the end of December 2022, which represented a 91.7% share of the sector's net income.

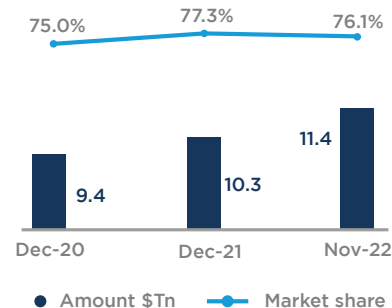
#### ASSETS



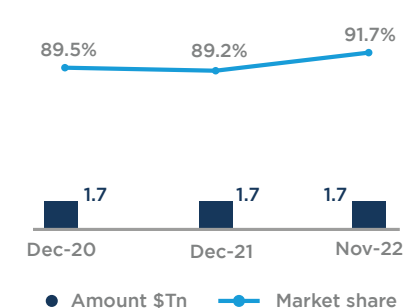
#### LIABILITIES



#### EQUITY



#### NET PROFIT



## Results at separate level

### - Grupo Aval Acciones y Valores S.A.

At Grupo Aval we invest in entities with outstanding long-term financial and commercial performance and we promote compliance with the highest standards in the sector, from a sustainability approach.

In addition, we seek to manage the entities in a coordinated manner, through communication spaces for the definition of joint initiatives that maximize the value generated for our shareholders and contribute to the economic and sustainable development of the country.

## Direct economic value generated and distributed

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Below we present the distribution of our economic value at the Holding Company level, showing the impact of our management on our stakeholders.

Economic value generated (Holding)	Separate	Percentage
Equity method	2,553	89.28%
Other income from ordinary activities	307	10.72%
<b>Economic value generated</b>	<b>2,860</b>	<b>100.00%</b>
Shareholders (*)	930	32.53%
Financers	191	6.70%
Suppliers (**)	38	1.31%
Collaborators (**)	49	1.71%
Taxes and contributions	36	1.26%
<b>Economic value distributed</b>	<b>1,244</b>	<b>43.51%</b>
Depreciation and amortization	2	0.06%
Reserves	1,614	56.42%
<b>Retained economic value</b>	<b>1,615</b>	<b>56.49%</b>

Note: Monetary values are stated in billions.

(\*) The Profit Distribution Project approved by the General Shareholders' Assembly is pending. Assumes a dividend of \$3.35 per share per month.

(\*\*) Employees: includes direct employees. Suppliers: includes temporary and outsourced employees.

The following is a summary of the main figures of our separate financial statements as of the end of 2022. The results presented are in accordance with the NCIF.

## ASSETS

As of December 31, 2022, our total assets stood at \$20.0 trillions, decreasing 21.7% over the December 31, 2021 balance of \$25.6 trillions. This is mainly due to the decrease in investments in subsidiaries and affiliates of 26.9% due to the spin-off of BHI and subsequent participation in the tender offer for BHI, which reduced our assets and equity by the same magnitude.

Assets are mainly represented by our holdings in Banco de Bogotá (68.9%), 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 (8.7%).

The increase in assets is mainly due to receivables from related parties which is described in the note to the separate financial statements (Note to the Separate Financial Statements Note 4.1.5.).



## LIABILITIES

Total liabilities stood at \$3.1 trillions as of December 2022 showing an increase of 46.4% or \$1.0 billion versus the balance as of December 31, 2021, primarily due to the credit facility we took with GAL.

The following are the issues of Grupo Aval in the local market:

Year	Principal (millions)	Rate	Rating
2009 issue (Series A - 15 years)	\$ 124,520	CPI+5.20%	AAA - BRC Investor Services S.A.
<b>2016 issue (Series A - 10 years)</b>	<b>\$ 93,000</b>	<b>CPI+3.86%</b>	<b>AAA - BRC Investor Services S.A.</b>
<b>2016 issue (Series A - 20 years)</b>	<b>\$ 207,000</b>	<b>CPI+4.15%</b>	<b>AAA - BRC Investor Services S.A.</b>
2017 issue (Series A - 25 years)	\$ 300,000	CPI+3.99%	AAA - BRC Investor Services S.A.
<b>2019 issue (Series C - 5 years)</b>	<b>\$ 100,000</b>	<b>6.42%</b>	<b>AAA - BRC Investor Services S.A.</b>
<b>2019 issue (Series A - 20 years)</b>	<b>\$300,000</b>	<b>CPI +3.69%</b>	<b>AAA - BRC Investor Services S.A.</b>
<b>Total</b>	<b>\$1,124,520</b>		

## EQUITY

At the end of December 31, 2022, shareholders' equity stood at \$17.0 trillions, showing a decrease of 27.7% or \$6.5 trillions versus the shareholders' equity at the end of December 2021. In addition to reflecting the impact of BHI's transaction, the change in equity reflects the impact on the value of investments and profit for the period.

## NET INCOME

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

At the 2022 year-end we had net profit of \$2.5 trillions, with a decrease of 27.5% versus 2021. Net earnings per share for the year 2022 was \$110 pesos.



## Grupo Aval + Grupo Aval Limited

### KEY FIGURES OF GRUPO AVAL LIMITED (GAL)

Grupo Aval Limited (GAL) is a 100% owned company through which we have issued senior bonds in the international market, 100% secured by us. As of December 31, 2022, GAL had one outstanding issue.

The bond issue outstanding in the market is as follows:

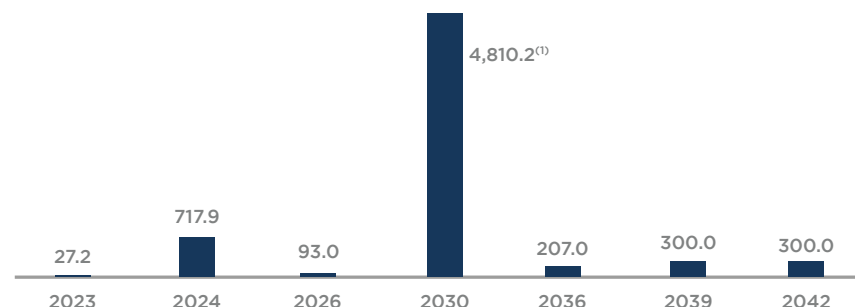
Outstanding issue	2020
Term	10 years
Maturity	Feb-30
Amount	U.S. \$1 billion
Coupon	4.375%

As of December 31, 2022, GAL's assets stood at U.S. \$0.9 billion. GAL had U.S. \$517.1 million in investments in hybrid bonds of BAC International Bank, Inc. The liability associated with the principal and interest of the above-mentioned bonds amounted to U.S. \$1.0 billion as of December 31, 2022.

### PRINCIPAL MATURITY PROFILE OF FINANCIAL OBLIGATIONS OF GRUPO AVAL AND GRUPO AVAL LIMITED (BILLIONS OF PESOS)

As of December 31, 2022 Grupo Aval and Grupo Aval Limited had a total combined indebtedness of \$6.1 trillions, including interest. During 2022, GAL repaid a U.S. \$1.0 billion bond maturing in September 2022 and Grupo Aval repaid a \$29 billion loan maturing in December 2022. The following is the principal maturity profile of Grupo Aval and Grupo Aval Limited's financial obligations (billions).

### COMBINED GROSS DEBT MATURITY SCHEDULE



Source: Grupo Aval. (1) Corresponds to the issuance of U.S. \$1 billion in 2020 by GAL. Figures in dollars stated at the exchange rate of \$4,810.2 ruling as of December 31, 2022.

### MAIN INDEBTEDNESS AND DEBT SERVICE COVERAGE METRICS OF GRUPO AVAL AND GRUPO AVAL LIMITED (COMBINED)

Indebtedness and debt service coverage	2020	2021	2022	2022 vs 2021
Double leverage (1)	1.18x	1.18x	1.27x	0.09
Net debt (2) / Core earnings (3)	3.39x	3.84x	5.87x	2.03
Net debt / Cash dividends	4.36x	5.51x	10.79x	5.27
Core earnings / Interest expense	4.08x	4.30x	2.01x	-2.30

(1) Double leverage calculated as the value of (i) investments in affiliates at book value, subordinated loans to affiliates, investments in hybrid instruments and goodwill, (ii) divided by shareholders' equity. (2) Net debt is calculated as total debt less cash and cash equivalents and fixed income investments. (3) Core earnings is defined as recurring cash flow from dividends, investments and income from net operations.



During 2022 our main indicators of double leverage, indebtedness and debt service coverage were impacted by the following events:

- » BHI's transaction generated an increase in double leverage since the same value of assets and equity were spun off.
- » The devaluation of the peso increased the value of investments in hybrid bonds since they are denominated in dollars.

» The company's cash flow income decreased as we agreed to receive dividends from Banco de Bogotá in shares.

» Finally, we used the liquid assets we held to make loans to Esadinc S.A., which are not considered liquid assets.

However, we expect the increase in these metrics to show a recovery trend through 2023 as we recognize net income and resume receiving cash dividends from Banco de Bogotá improving our flow-through income.

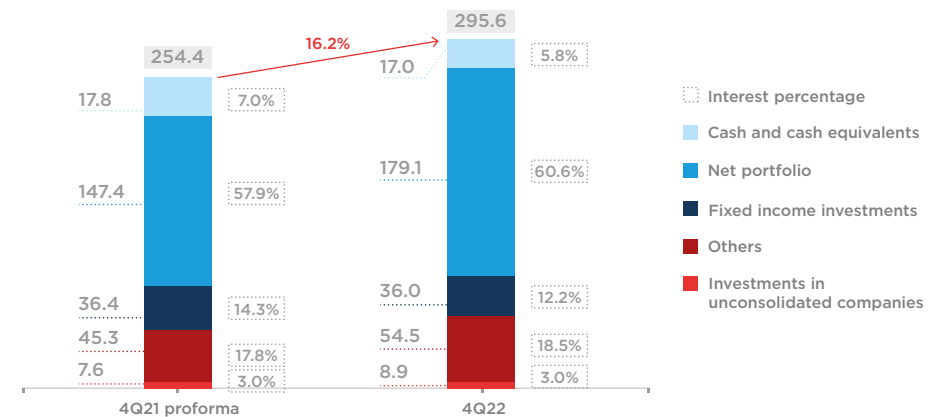
## Consolidated results - Grupo Aval and subsidiaries

The following is the summary of consolidated results at the 2022 year-end. The results presented are consistent with IFRS. The figures presented are stated in trillions of pesos, except where otherwise indicated.

As mentioned, Banco de Bogotá carried out the spin-off of its 75% interest in BHI to its shareholders and Grupo Aval subsequently spun off its interest to its shareholders on March 29, 2022. Prior to the spin-off, Banco de Bogotá was the sole and absolute holding company of BHI. Additionally, on December 19, 2022, Banco de Bogotá sold 20.89% of its equity interest in BHI through a tender offer. As of December 31, 2022, Banco de Bogotá held 4.11% of BHI's shares. This investment is reflected as an investment at fair value through other comprehensive income.

To facilitate the comparison of financial performance, we present pro forma financial information, assuming that the spin-off was completed on January 1, 2021. Additionally, as a result of the sale of 20.89% of BHI, we reclassified the income under the equity method from BHI to discontinued operations for the second quarter 2022 and third quarter 2022.

### COMPOSITION OF ASSETS



Cash and cash equivalents account for 5.8% of total assets, fixed income investments account for 12.2% and others account for 18.5% of total assets. Others include tangible, intangible and other assets.

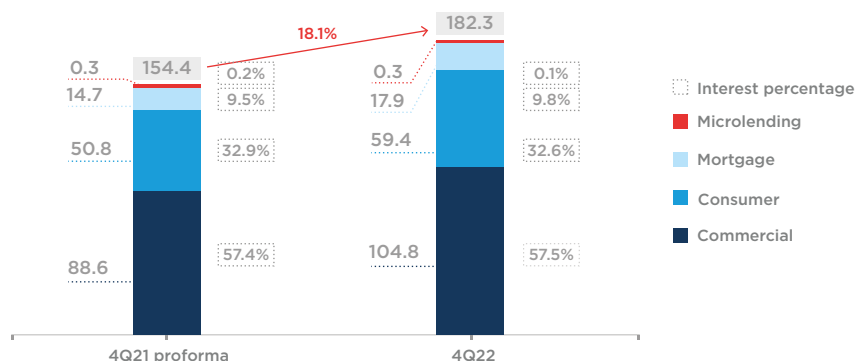
The 7.5% growth of the Colombian economy leveraged portfolio growth. The gross portfolio reached \$182.3 trillions, growing 18.1% during the year. This growth was particularly strong in the second and third quarters, with a contribution of close to 60% of annual growth. In the fourth quarter, the economic slowdown impacted the portfolio growth rate, which reached a 4.1% expansion in the quarter.

### ASSETS

During 2022, our assets will amount to \$295.6 trillions, with an annual growth of 16.2%. This growth was leveraged on the portfolio, where the net portfolio is 60.6% of total assets compared to 57.9% in 2021.



## COMPOSITION OF THE GROSS PORTFOLIO



The portfolio expansion took place in all portfolio segments. The commercial portfolio amounted to \$104.8 trillions, accounting for 57.5% of the gross portfolio and growing by 18.3%.

The consumer portfolio grew 17.0% to \$59.4 trillions, accounting for 32.6% of the gross portfolio. This growth was mainly in the free investment and credit card products, which grew by 33.7% and 17.8%, respectively.

The mortgage portfolio reached \$17.9 trillions, driven by government housing programs growing 21.8% and accounting for 9.8% of the gross portfolio.

The performance of the past-due portfolio over 90 days maintained a favorable trend reaching 3.25% and improving 38 bps compared to the end of 2021.

## LIABILITIES

Total liabilities grew by 16.6% reaching 264.8 billion at year-end.

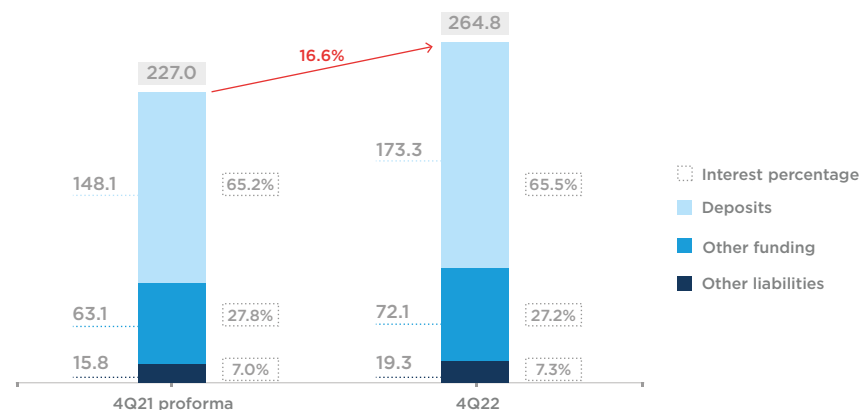
Total funding (deposits, money market operations, bank credit, bonds, obligations with development entities) accounted for 92.7% of total liabilities, while 7.3% corresponded to other liabilities.

Total funding grew by 16.2% reaching \$245.5 trillions at the end of 2022. Of this funding, deposits account for 70.6% compared to 70.1% in 2021.

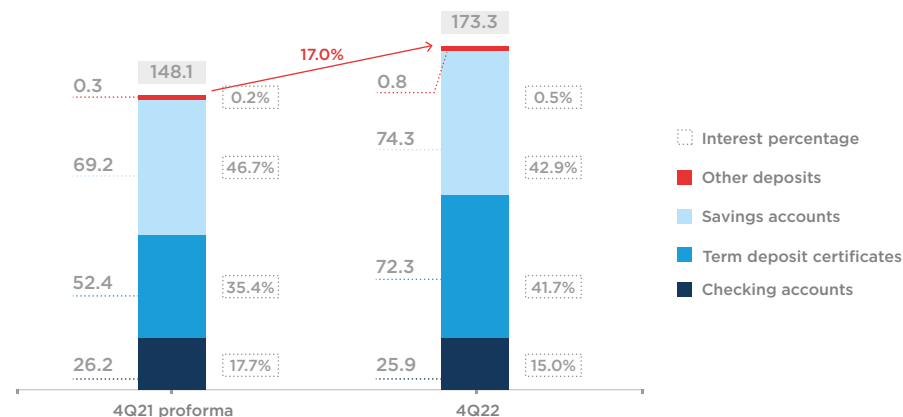
The share of bonds decreased during the year from 14.9% to 11.6%, due to the payment of the Aval 2012 bond for U.S. \$1 billion, while bank loans increased their share from 10.1% to 14.1%.

Our entities captured deposits at a rate similar to portfolio growth, ending the year with a deposit to net portfolio ratio of 0.97x.

## COMPOSITION OF LIABILITIES



## COMPOSITION OF DEPOSITS





Deposits reached 173.3 trillions, with an annual growth of 17.0%. During the year, a change in the composition of deposits was observed where, in an environment of higher rates, term deposits gained 629 bps in the total portfolio with a growth of 37.9% in the year, compared to a growth of 5.1% in demand deposits (savings and checking accounts). Thus, savings accounts and checking accounts showed a reduction in their share of the mix of 386 bps and 273 bps, respectively.





## EQUITY

Total equity closed the year at \$30.8 trillions, showing a contraction of 21.9% as a result of the spin-off of 75% of BHI that took place in the first quarter of the year. As part of this transaction, our equity decreased by \$9.7 trillions and attributable equity was \$6.6 trillions.

Additionally, in the fourth quarter, Banco de Bogotá participated in the public offering of shares by BHI, in which it sold 20.89% of the company's shares. The spin-off of 75% of BHI had a positive effect of \$724 billion and the participation in the IPO had a negative effect of \$678 billion, generating a net non-recurring effect of \$46 billion for the year.

## CONSOLIDATED SOLVENCY INDICATORS

At the end of 2022, our banks maintain a level of basic CET1 solvency above 10% and total solvency between 13.1% and 11.1% in compliance with regulatory requirements.

	 Banco de Bogotá		 Banco de Occidente		 banco popular		 Banco AV Villas	
	4Q21	4Q22	4Q21	4Q22	4Q21	4Q22	4Q21	4Q22
Core Equity Tier 1	10.2	10.1	11.1	10.2	13.5	11.5	12.3	10.9
AT1	1.3	-	-	-	-	-	-	-
Primary capital (Tier 1)	11.5	10.1	11.1	10.2	13.5	11.5	12.3	10.9
Solvency	13.5	13.1	12.3	12.2	14.5	12.3	12.9	11.1

Attributable net profit reached **2,482,900 million** in 2022, representing a return on equity (ROAE) of **14.0%** and return on assets (ROAA) of **1.6%**.

## INCOME STATEMENT

Attributable net profit reached \$2,482.9 billion in 2022, representing a 24.7% contraction compared to \$3,297.7 billion at the end of 2021. We maintained the return on average assets (ROAA) at 1.6% for the two years. The return on attributable equity reached 14.0%, a 132 bps contraction compared to 15.3% in 2021.

The net interest margin, defined as the difference between the average portfolio rate and the average cost of funding, contracted 57 bps during the year. Given a 285 bps increase in the cost of funding that reached 5.1% compared to a lower expansion of the average portfolio rate, which closed at 10.2%, an annual growth of 228 bps.

When analyzing the evolution of the portfolio rate, the commercial portfolio rate had the highest increase, 228 bps in the year, given that it is mostly at floating rates. On the other hand, the rate of the consumer portfolio showed an expansion of 53 bps as it was concentrated in lower risk products at fixed rates, such as promissory notes. The mortgage portfolio rate increased 42 bps.

The high rate environment generated an increase in the cost of deposits. Savings accounts increased their cost 362 bps, term deposits 344 bps and checking accounts 158 bps during the year, reaching an annual cost of 5.0%, 6.6% and 2.4%, respectively. The cost of deposits reached 5.5% in 2022 compared to 2.1% in 2021 on a pro forma basis.



The profitability of our subsidiaries' investment portfolios increased by 258 bps during the year. However, the rapid repricing of the cost of funding caused the net investment margin to close at -0.1% compared to 0.4% in 2021 on a pro forma basis.

The 2022 net cost of risk was 1.5% compared to 1.8% in 2021 on a pro forma basis. The favorable performance of customers led to a 2.3% decrease in provision expense.

Net income from commissions and fees contracted 5.2% from \$3.0 trillion to \$2.9 trillion. Porvenir's commission income showed a 26.2% contraction due to the increase in the pension insurance rate associated with the increase in mortality. On the other hand, the increase in transactions and the use of banking services led to a 17.1% growth in these banking fees.

In 2022, gross revenues from sales of goods and services (non-financial sector) increased 46.7% year-over-year to \$4.5 trillion. The main increase was in the infrastructure sector where some concession contracts are tied to inflation or include components in dollars.

In the midst of an economic cycle with inflationary pressures, our affiliates' savings capture strategies allowed spending to grow by 9.1% during the year compared to a 13.12% increase in inflation. For the year, personnel expenses increased 7.6% and administrative expenses increased 15.4%, impacted by the devaluation of the peso.

## GRUPO AVAL TAX STRATEGY

207-1

At the end of December 2022 Grupo Aval Acciones y Valores S.A. and its subsidiaries are present mainly in 3 countries for tax purposes: Colombia, Panama and Peru, where it acts as a taxpayer of income tax and its complementary taxes and also as responsible for the other taxes in accordance with the applicable legislation for each jurisdiction, through its subsidiaries.

The Group's main objective in tax matters is to ensure formal and material compliance with all obligations for each of the companies that make up the

consolidated group, complying with laws, decrees and in general any regulatory standards, continuously evaluating the positions taken in tax returns in order to avoid risky positions that may give rise to fines and/or penalties.

Grupo Aval's strategy includes the following actions:

- » To identify and apply the regulations in force in each of the jurisdictions in which operations are carried out, so as to ensure compliance with all obligations.
- » To file and pay the taxes for which each company is responsible, in a timely manner and in accordance with the constitutional foundations, principles, tax regulations, jurisprudence and other ancillary sources in the countries where we operate.
- » Based on the principle of legality, to identify the tax benefits from each company, for the optimization of taxes according to their business. This is possible through the use of exempt income, tax discounts, special exemptions for the development of taxable activities.
- » To comply with the arm's length principle for transfer pricing purposes, ensuring that transactions are carried out at arm's length prices with both related and independent parties.
- » To collaborate with the tax authorities in any legal request, providing the required information within the established terms, complying with the administrative procedures applicable to each case.

Accrued taxed totaled  
**\$2.1 trillion pesos in 2022.**



- » To incorporate external tax experts to the tax teams of the companies, to support them in specific tax issues that involve complex study and analysis, so that the decision to be taken internally is studied and supported.
- » To periodically evaluate the positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and avoid taking risky tax positions that may result in the recognition of provisions for uncertain tax positions and fines and penalties in the future. We seek to avoid uncertain tax positions.
- » To design and implement accounting policies and controls from each company, from each consolidated company and from the parent company itself, to ensure that tax-related information is correctly recorded in the accounting records and disclosed in the different reports.
- » To support national governments and tax administrations, through associations such as Asobancaria in Colombia, with the examination of relevant tax issues of the sector.

## TAX GOVERNANCE

207-2, 207-4

The governance of each company of Grupo Aval is autonomous with respect to the management of its taxes, including the activities that impact the preparation and calculation of each of the taxes for which they are responsible. These processes are directed by the tax managers, tax directors or tax heads of each entity. Likewise, each entity has its own processes in place for reviewing taxes, approving payments and authorizing the reporting of information so as to ensure that each company has an appropriate body in charge of the process.

Also, there are consolidating entities in the consolidation structure that exercise control over their subsidiaries. These companies must periodically report all information related to taxes and in this process, each parent company, headed by its manager, director or head, as the case may be, carries out processes that ensure the verification of tax contents from the accounting standpoint.

When difficult situations arise regarding the understanding of any standard or a specific tax treatment, a tax committee is triggered at the corporate level with the participation of the IFRS Tax Director and the tax managers, directors or heads of Grupo Aval Holding, Banco de Bogotá, Banco de Occidente, Banco Popular, Banco Av Villas, Corficolombiana and Porvenir (direct investments of Grupo Aval), where they present, study, analyze and seek a way to take a homogeneous corporate position for the management of the subject matter under discussion. If the committee is unable to reach a consensus, support is sought from external advisors to ensure the handling of the particular issue.

The effective tax rate in 2022 reached 36.2% at the consolidated level.

The following are the taxes accrued during the year 2022 by region. These taxes include income tax, industry and commerce tax, VAT assumed, financial transactions tax assumed, property tax, vehicle tax, stamp tax, among others.

Taxes accrued during the year 2022 (1)		
Figures in billions	\$	%
Colombia	1,751	83.0%
Discontinued operation (2)	319	15.1%
Others (3)	40	1.9%
<b>Total</b>	<b>2,110</b>	<b>100.0%</b>

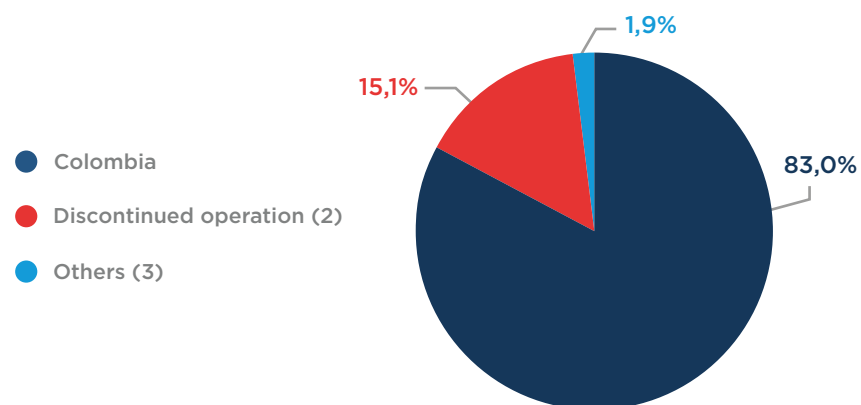
(1) The deferred tax expense is not included because, although it impacts the profits for the period, does not result in the payment of taxes during the reporting period.

(2) Includes taxes recorded by BHI from January through March 2022, prior to the spin-off. These effects are part of the discontinued operations line and are disclosed in note 1.1. of the Consolidated Financial Statements at the end of December 2022.

(3) It is comprised of Panama, Peru, Barbados and Nassau.



## TAXES ACCRUED BY REGION DURING 2022



## OFF-BALANCE SHEET TRANSACTIONS

In the course of our business, our banking subsidiaries have entered into various types of off-balance sheet arrangements, such as credit facilities, letters of credit and financial securities. Our banks use these instruments to meet the financing needs of their customers. The contractual amount of these instruments represents the maximum possible credit risk in the event that the counterparty disposes of the entire commitment or our bank fulfills its obligation under the securities in full, and the counterparty subsequently defaults under the terms of the contract.

Our banks may hold cash or other liquid collateral to support these commitments, and generally have legal recourse to recover amounts paid but not recovered from customers under these instruments. Most of these commitments and securities expire without being drawn down. Consequently, the total contractual amount of these instruments does not represent the future credit exposure of our banking affiliates or their funding needs under normal circumstances. In addition, some of these commitments, mainly those related to consumer financing, may be cancelled by our banks upon prior notice.

Grupo Aval	2022 (in billions)
Undrawn credit card quotas	11,861.4
Bills of credit issued and confirmed	774.9
Undrawn letters of credit	6,610.9
Bank securities	1,352.0
Approved undisbursed loans	5,037.9
Civil lawsuits against our banks	755.7
Other countries	7,336.0
<b>Total</b>	<b>33,728.9</b>

## » PERFORMANCE OF OUR SUBSIDIARIES

In this section we refer to the consolidated results of our main operating segments. The figures contained in this section follow the presentation structure of the Statement of Financial Position and Statement of Income reported in our audited financial statements and may differ from the structure presented in Note 31 of our audited financial statements since they include external revenues and intersegment revenues.



For Banco de Bogotá, customers are at the center of its strategy and it works every day to improve its value proposition. Each year, the bank evolves its products, strategies and initiatives to improve the customer experience and its role in society.

The bank attaches great importance to all the efforts it can make in the area of sustainability, and at the end of the year it had a portfolio of \$4.1 trillion pesos in environmentally and socially sustainable products. Banco de Bogotá is the first carbon neutral bank in Colombia and in 2022 joined the Net Zero Banking Alliance, made its first TCFD (Task Force on Climate-related Financial Disclosures) report, supported the creation of jobs for young people, entrepreneurship in the agricultural sector, women in the textile industry, among other initiatives. For the third consecutive year, it was recognized by Great Place to Work and obtained the Equipares certification for gender equity.

Finally, the bank's technology portfolio is constantly being transformed and modernized to enable its customers to acquire products and services 100% digitally. For example, in 2022, the bank renovated 325 ATMs by installing state-of-the-art machines, implemented a facial recognition system in identity validation processes and different machine-learning models to contribute to loan placement, deposit taking and insurance sales

(Figures stated in trillions of pesos, unless otherwise indicated).



For comparative purposes, the information of Banco de Bogotá presents in a disaggregated manner the continuing operation and the discontinued operation related to BHI, given the spin-off of 75% of the bank's interest in this entity in March 2022 and the sale of 20.89% of the remaining portion in December 2022. The comparisons presented below refer to continuing operations in assets, liabilities and income statement.

## ASSETS

As of December 31, 2022, the bank's total assets stood at \$137.9 trillion, representing an increase of 7.0% or \$9.0 trillion versus December 2021. Fixed income investments, which accounted for 10.7% of total assets, amounted to \$14.8 trillion as of December 31, 2022, showing growth of 7.1% or \$1.0 trillion for the year. Repos and interbank deposits reached \$4.5 trillion, up \$4.3 trillion. The growth of this item is explained by the temporary investment of the proceeds from the sale of 20.89% of BHI in active simultaneous operations; these proceeds will be deployed at higher marginal yields throughout 2023.

The gross portfolio excluding repos and interbank loans grew 17.3% or \$14.2 trillion, reaching \$96.1 trillion. By type of portfolio: (i) the commercial portfolio, which accounts for 65.1%, grew 15.2%; (ii) the consumer portfolio, which accounts for 22.6% of the gross portfolio, grew 17.3%; and (iii) the mortgage portfolio, which accounts for 12.0% of the gross portfolio, grew 31.9%. The net microcredit portfolio accounts for only 0.3% of the gross portfolio.

## LIABILITIES

Liabilities stood at \$122.1 trillion at the end of 2022, growing 17.9% or \$18.5 trillion over the balance at December 31, 2021. Customer deposits accounted for 72.1% of total trillion and amounted to \$88.0 trillion at the end of the year, showing a growth of 15.1% or \$11.6 trillion in the year.



In total deposits: (i) deposits in CDTs, which account for 44.3% of total deposits, grew 33.5% or \$9.8 trillion; (ii) deposits in savings accounts, which account for 36.7% of total deposits, grew 3.6% or \$1.1 trillion; and (iii) deposits in checking accounts, which account for 18.5% of total deposits, grew 2.1% or \$0.3 trillion. Other deposits account for 0.5% of total deposits. The strong growth in CDTs is consistent with market trends and reflects the bank's efforts to position itself well for the entry into force of the CFEN regulation adjustments in March 2023.

On the other hand, the other funding made up of loans from financial entities, bonds, interbank and obligations with rediscount entities, which account for 24.8% of total liabilities, amounted to \$30.3 trillion as of December 31, 2022, showing a growth of 22.5% or \$5.6 trillion in the year. The increase for the year is due to a \$5.3 trillion growth in the balance of loans from financial institutions.



## EQUITY

At the end of December 31, 2022, Banco de Bogotá's total consolidated equity stood at \$15.8 trillion, representing an annual contraction of 37.6% or \$9.5 trillion, entirely explained by BHI's transaction. Equity attributable to the bank's shareholders amounted to \$15.8 trillion as of December 31, 2022. Equity attributable to third parties (minority interest) was \$45.1 billion.

At the end of December, the bank's separate and total consolidated solvency was 17.1% and 13.1%, respectively, meeting regulatory requirements.

## INCOME STATEMENT

The bank's net interest income closed the year at \$4.7 trillion, representing an increase of 16.0% or \$0.6 trillion. The net interest margin of 4.6% was 21 basis points higher than in 2021. Banco de Bogotá has been able to capture the repricing of assets at a faster rate than the increase in its cost of funds, given that it has a portfolio composition mostly commercial at variable rates and a funding structure with a relevant exposure to retail deposits, which do not face the same pressures as institutional funding.

Provisions expense, net of write-off recoveries, was \$1.4 trillion, decreasing 18.9% or \$0.3 trillion. The net cost of risk in 2022 was 1.5%, 56 basis points lower than in 2021, due to the fact that in 2021 provisions were impacted by relief granted to customers who requested support for the effects of the pandemic on their finances. As customers resumed their payment schedules, the bank reversed part of the additional provisions made on these portfolios.

The bank's net fees reached \$1.2 trillion in 2022, increasing 12.4% or \$137.7 billion. The bank's operating expenses were \$3.1 trillion, increasing 12.9% or \$355.0 billion. The efficiency indicator at the end of 2022 increased to 47.4% compared to 45.0% in 2021.

Attributable net profit from the continued operation closed the year at \$1.8 trillion, representing a decrease of 33.9% or \$0.9 billion explained by the extraordinary income in 2021 of \$1.3 trillion related to the deconsolidation of Porvenir. In the absence of this revenue, income increased 26.2%. Finally, the profitability indicators for 2022 stood at 15.9% on average equity (ROAE) and 1.9% on average assets (ROAA).



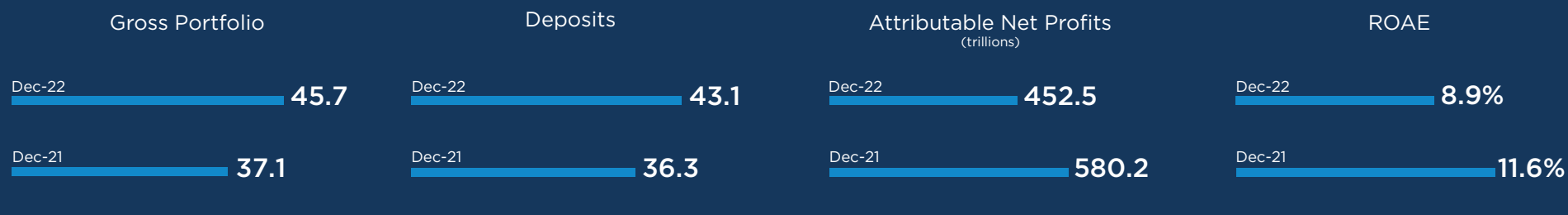


In 2022, Banco de Occidente continued to implement different strategies focused on improving commercial effectiveness, optimizing its distribution network, digitalization and launching different sustainability initiatives. During the year, the bank adjusted its segmentation models in corporate and personal banking, in terms of channels, services and product offerings, allowing it to increase commercial productivity.

On the digitalization front, the bank increased its digital offering with the launch of new products such as personal banking savings accounts and the Occicuenta for SMEs, and by focusing on digital ecosystems such as Carroya.com and metrocuadrado.com.



(Figures stated in trillions of pesos, unless otherwise indicated).





## ASSETS

As of December 31, 2022, the bank's total assets stood at \$60.0 trillion, showing a growth of 16.1% or \$8.3 trillion due to the dynamics of portfolio growth, which accounts for 74.3% of assets. Fixed income investments, which accounted for 11.7% of total assets, amounted to \$7.0 trillion as of December 31, 2022 and grew 1.1% or \$76.2 trillion. Repos and interbank closed the year with a balance of \$1.1 trillion, growing \$0.7 trillion.

The gross portfolio had an annual growth of 21.8% or \$8.0 trillion, reaching \$44.6 trillion. By type of portfolio: (i) the commercial portfolio, which accounts for 69.4%, grew 21.0% or \$5.4 billion; (ii) the consumer portfolio, which accounts for 25.0% of the gross portfolio, grew 25.4% or \$2.3 trillion; and (iii) the mortgage portfolio, which accounts for 5.6% of the gross portfolio, grew 16.7% or \$0.4 trillion.

## LIABILITIES

Liabilities stood at \$54.8 trillion at the end of 2022, growing 17.9% or \$8.3 trillion over the balance at December 31, 2021. Customer deposits accounted for 78.7% of total liabilities and amounted to \$43.1 trillion as of December 31, 2022, showing a growth of 18.6% or \$6.8 trillion for the year.

In total deposits: (i) deposits in savings accounts, which account for 51.1% of total deposits, grew 13.6% or \$2.6 trillion; (ii) deposits in CDTs, which account for 31.1% of total deposits, grew 46.0% or \$4.2 trillion; and (iii) deposits in checking accounts, which account for 17.6% of total deposits, decreased 1.9% or \$0.1 trillion. Other deposits account for 0.2% of total deposits.

On the other hand, the other funding composed of loans from financial institutions, bonds, interbank and obligations with governmental financing entities, which account for 17.2% of total liabilities, amounted to \$9.4 trillion as of December 31, 2022, showing a growth of 10.9% or \$0.9 trillion. The increase for the year is mostly due to a growth in the balance of loans from financial institutions of \$1.2 trillion.



## EQUITY

At the end of December 31, 2022, Banco de Occidente's total consolidated equity amounted to \$5.2 trillion, showing an increase of 0.5% or \$27.5 billion versus December 2021.

Equity attributable to shareholders of the bank totaled \$5.2 trillion as of December 31, 2022 and had a 0.6% or \$28.7 billion growth for the year. Banco de Occidente's equity was negatively impacted by the deterioration in Colombian sovereign fixed income prices, which led to an increase in unrealized losses through other comprehensive income (OCI). Equity attributable to minority interest was \$32.1 trillion, decreasing 3.7% for the year.

At the end of December, the bank's separate and total consolidated solvency was 12.35% and 12.18%, respectively, meeting regulatory requirements.

## INCOME STATEMENT

The bank's net interest income closed the year at \$2.2 trillion, representing an increase of 11.5% or \$0.2 trillion. The net interest margin of 4.6% was 26 basis points lower than in 2021. Banco de Occidente picked up asset repricing at a slightly slower rate than the increase in its cost of funds. The bank has a portfolio composition of mostly variable-rate commercial loans, which reflected the increase in benchmark rates. However, the bank's funding structure has a significant component of wholesale and non-financial government deposits, and CPI-indexed bonds. The average CPI variation during 2022 was 10.2% while in 2021 it was 3.5%.

Provisions expense, net of write-off recoveries, was \$0.7 trillion, increasing 3.2% or \$23.2 billion. The net cost of risk in 2022 was 1.8%, 28 basis points lower than in 2021, due to the fact that in 2021 the provisions were impacted by the relief granted to customers who requested support due to the effects of the pandemic on their finances, as customers resumed their payment schedules, the bank reversed part of the additional provisions recorded on these portfolios.

The bank's net fees reached \$345.5 trillion in 2022, increasing 4.1% or \$13.7 billion. The ratio of commissions to operating income remained stable at 12.2% in 2022 versus 12.3% in 2021. Operating income increased 4.9% or \$133.4 billion.

The bank's operating expenses were \$1.5 billion, increasing 15.0% or \$198.8 billion. As operating expenses increased more than operating income, the efficiency indicator at the end of 2022 increased to 53.6% compared to 48.9% in 2021.

Attributable net profit closed the year at \$452.5 billion, representing a decrease of 22.0% or \$127.7 billion, largely explained by the 73.4% or \$139.0 billion drop in the MPU that Banco de Occidente receives from Porvenir. Finally, the profitability indicators for 2022 stood at 8.7% of average equity (ROAE) and 0.8% of average assets (ROAA).





Banco Popular continues to work under the purpose of being a sustainable bank that creates experiences that positively transform people's lives. Banco Popular's strategy is based on three cornerstones: (i) to strengthen its leadership in the payroll-backed loans market, supported by digitalization; (ii) to diversify its product offering, such as credit cards, mortgages and free investment loans; and (iii) to increase its penetration in medium-sized companies.

In 2022, the bank continued working on its digital transformation through the adoption of a strategy based on agility in the project called "positive and agile", which seeks to promote the increase in value generation through the adoption of new forms of collaborative work based on agile methodologies.



(Figures stated in trillions of pesos, unless otherwise indicated).

#### Gross Portfolio



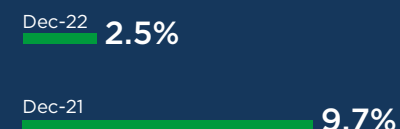
#### Deposits



#### Attributable Net Profits (trillions)



#### ROAE



In terms of product offerings, the bank brought together a group of experts to create a product focused on real estate developers, which would increase exposure to this customer segment in the commercial portfolio and in turn allow it to increase the financing of new mortgages, complementing the current offering. Additionally, the bank continued to make alliances with Fintechs to increase its free investment offer to private sector employees, achieving an increase of 250.7% or \$319.4 billion in the year in the balance of this product, which now represents 2.7% of the bank's consumer portfolio.

## ASSETS

As of December 31, 2022, the bank's total assets amounted to \$32.7 trillion, representing a growth of 9.2% or \$2.8 trillion, driven by the dynamics of the loan portfolio which accounts for 77.2% of assets. Fixed income investments, which accounted for 13.4% of total assets, totaled \$4.4 trillion as of December 31, 2022 and grew 1.3% or \$54.1 billion. Repos and interbank closed the year with a balance of \$9.7 billion, decreasing \$137.5 billion.

The gross portfolio had an annual growth of 11.5% or \$2.6 trillion, reaching \$25.2 trillion. By type of portfolio: (i) the commercial portfolio, which accounts for 28.9%, grew 17.7% or \$1.1 trillion; (ii) the consumer portfolio, which accounts for 65.7% of the gross portfolio, grew 10.4% or \$1.6 trillion; and (iii) the mortgage portfolio, which accounts for 4.2% of the gross portfolio, grew 4.8% or \$48.0 billion. The microcredit portfolio represents 0.01% of the gross portfolio.

## LIABILITIES

Liabilities stood at \$29.5 trillion at year-end 2022, growing 11.0% or \$2.9 billion over the balance at December 31, 2021. Customer deposits accounted for 82.6% of total liabilities and amounted to \$24.3 trillion as of December 31, 2022, showing a growth of 16.5% or \$3.4 trillion for the year.

In total deposits: (i) deposits in CDTs, which account for 44.4% of total deposits, grew 43.4% or \$3.3 trillion; (ii) deposits in savings accounts,



which account for 51.0% of total deposits, grew 1.5% or \$0.2 trillion; and (iii) deposits in checking accounts, which account for 4.5% of total deposits, decreased 2.2% or \$25.3 billion. Other deposits represent 0.1% of total deposits.

On the other hand, the other funding composed of loans from financial entities, bonds, interbank and obligations with governmental financing entities, which account for 14.3% of total liabilities, amounted to \$4.2 trillion as of December 31, 2022, showing a decrease of 8.4% or \$0.4 trillion. The decrease for the year is mostly due to a decrease in the balance of interbank and overnight funds by \$0.6 billion.

On March 10, 2022, Banco Popular issued ordinary bonds in Colombia for 2, 3 and 5 years in fixed rate, IBR and CPI references, for \$490.8 billion in order to diversify its funding structure and strengthen its liquidity management.

## EQUITY

At the end of December 31, 2022, Banco Popular's total consolidated equity stood at \$3.2 trillion, representing a decrease of 4.5% or \$151.5 billion. This behavior is explained by the negative impact that Colombian sovereign fixed income had on the bank's OCI and by the reduction in the bank's profitability.



At the end of December, the bank's separate and total consolidated solvency was 11.18% and 12.30%, respectively, meeting regulatory requirements.

## INCOME STATEMENT

The bank's net interest income closed the year at \$1.2 trillion, representing a decrease of 26.9% or \$0.4 trillion. The net interest margin of 4.1% was 214 basis points lower than in 2021. Banco Popular has a portfolio structure focused on fixed-rate consumer loans, mainly payrolls. For this reason, asset prices picked up the increase in benchmark rates at a slower rate than the increase in the cost of funds.

Provisions expense, net of write-off recoveries, was \$181.7 billion, increasing 12.2% or \$19.8 billion. This increase was in line with the increase in the portfolio balance, so the net cost of risk in 2022 was 0.8%, stable compared to 2021.

The bank's net fees reached \$203.1 billion in 2022, increasing 4.7% or \$9.1 billion. As a result of the contraction in net interest income, the ratio of fees to operating income increased to 12.8% in 2022 from 10.0% in 2021. Operating income decreased 18.2% or \$352.6 billion.

During 2022 and as a result of the aforementioned net interest margin compression, Banco Popular strived to have strict control over operating expenses. The bank's operating expenses were \$1.4 trillion, increasing 3.8% or \$49.6 billion. As a result of the above in terms of revenues and expenses, the efficiency indicator at the end of 2022 increased to 85.5% compared to 67.4% in 2021.

Attributable net profit closed the year at \$80.2 billion, representing a decrease of 74.4% or \$233.1 billion. Finally, the profitability indicators for 2022 stood at 2.5% on average equity (ROAE) and 0.3% on average assets (ROAA).







**Banco  
AV Villas**

Banco AV Villas' strategic objective is to position itself as an innovative bank that offers products and services that make life easier for customers and users, meeting their needs, expectations and aspirations through functional products.

In this regard, in 2022 the bank focused its efforts on (i) the development of digital products such as credit card and digital accounts, (ii) digital sales through digital marketing, (iii) optimization of onboarding processes, eliminating paper with digital processes, electronic signatures, biometrics, etc., (iv) the development of analytical models for propensity and probability of purchase, (v) the development of projects with agile methodologies, among others.

(Figures stated in trillions of pesos, unless otherwise indicated).

#### Gross Portfolio

Dec-22 **15.1**

Dec-21 **13.1**

#### Deposits

Dec-22 **14.8**

Dec-21 **13.4**

#### Attributable Net Profits (trillions)

Dec-22 **103.4**

Dec-21 **191.8**

#### ROAE

Dec-22 **5.6%**

Dec-21 **10.3%**

## ASSETS

As of December 31, 2022, the bank's total assets amounted to \$19.6 trillion, representing a growth of 11.9% or \$2.1 trillion, driven by the dynamics of the loan portfolio which accounted for 76.6% of assets. Fixed income investments, which accounted for 14.6% of total assets, amounted to \$2.9 trillion as of December 31, 2022 and decreased 2.7% or \$79.8 billion. Repos and interbank closed the year with a balance of \$47.1 billion, growing by \$22.2 billion.

The gross portfolio had an annual growth of 14.6% or \$1.9 trillion, reaching \$15.0 trillion. By type of portfolio: (i) the commercial portfolio, which accounts for 21.1%, grew 14.6% or \$0.4 trillion; (ii) the consumer portfolio, which accounts for 61.4% of the gross portfolio, grew 19.1% or \$1.5 trillion; and (iii) the mortgage portfolio, which accounts for 17.2% of the gross portfolio, remained stable. The net microcredit portfolio represents less than 0.1% of the gross portfolio.

## LIABILITIES

Liabilities stood at \$17.8 trillion at year-end 2022, growing 13.7% or \$2.1 trillion over the balance at December 31, 2021. Customer deposits accounted for 83.4% of total liabilities and amounted to \$14.8 trillion as of December 31, 2022, showing a growth of 10.7% or \$1.4 trillion for the year.

In total deposits: (i) deposits in CDTS, which account for 28.3% of total deposits, grew 40.0% or \$1.2 trillion; (ii) deposits in savings accounts, which account for 61.7% of total deposits, grew 3.4% or \$0.3 trillion; and (iii) deposits in checking accounts, which account for 10.0% of total deposits, decreased 4.1% or \$0.1 trillion. Other deposits represent 0.1% of total deposits.

On the other hand, the other funding composed of loans from financial entities, bonds, interbank and obligations with governmental financing entities, which account for 14.1% of total liabilities, amounted to \$2.5 trillion as of December 31, 2022, showing a growth of 46.8% or \$0.8 trillion in the year. The increase for the year is mostly due to a growth in the balance of interbank and overnight funds of \$0.5 billion.



## EQUITY

At the end of December 31, 2022, Banco AV Villas' total consolidated equity stood at \$1.8 trillion, representing a decrease of 3.4% or \$64.7 billion. This behavior is mainly explained by the negative impact that Colombian sovereign fixed income had on the bank's OCI.

At the end of December, the bank's separate solvency was 11.09%, meeting regulatory requirements.

## INCOME STATEMENT

The bank's net interest income closed the year at \$899.8 billion, representing a decrease of 15.8% or \$168.3 billion. The net interest margin of 5.3% was 164 basis points lower than in 2021. Banco AV Villas has a portfolio structure concentrated in fixed-rate consumer loans. For this reason, asset prices picked up the increase in benchmark rates at a slower rate than the increase in the cost of funds. However, the bank's retail deposit base allowed it to contain the increase in the cost of funding as they do not face the same upward pressures as institutional funding.

Provisions expense, net of write-off recoveries, was \$157.8 billion, increasing 5.6% or \$8.7 billion. Since this increase was lower than the increase in the portfolio balance, the net cost of risk in 2022 decreased to 1.1% compared to 1.2% in 2021.

The bank's net fees reached \$118.5 billion in 2022, increasing 27.3% or \$25.4 billion versus the same period in 2021.

As a result of this good performance and the contraction in net interest income, the ratio of fees to operating income increased to 10.9% in 2022 from 7.8% in 2021. Operating income decreased 8.9% or \$106.1 billion.

During 2022 and as a result of the aforementioned net interest margin compression, Banco AV Villas strived to have strict control over operating expenses. The bank's operating expenses were \$794.1 billion, increasing 8.6% or \$63.2 billion. As a result of the above in terms of revenues and expenses, the efficiency indicator at the end of 2022 increased to 73.3% compared to 61.5% in 2021.

Attributable net profit closed the year at \$103.4 billion, representing a decrease of 46.1% or \$88.4 billion. Finally, the profitability indicators for 2022 stood at 5.6% on average equity (ROAE) and 0.6% on average assets (ROAA).







Corficolombiana's business model is based on the premise of investing in businesses in strategic sectors of the Colombian economy, thus contributing to the country's progress. It has four main lines of business: (1) equity investments in strategic sectors of the Colombian economy, including infrastructure, energy and gas, agribusiness, and hospitality; (2) investment banking, including services related to capital markets, mergers and acquisitions, and project finance transactions; (3) treasury operations; and (4) financial services such as trust services, among others.

(Figures stated in trillions of pesos, unless otherwise indicated).








## ASSETS

As of December 31, 2022, the corporation's total assets amounted to \$54.0 trillions, representing a growth of 15.0% or \$7.0 billion, explained by (i) the increase of 21.6% or \$5.2 trillions in the value of assets related

to concessions and (ii) the increase in liquidity represented by cash and cash equivalents, which increased 28.9% or \$1.4 trillions.

The following is the distribution by sector of the corporation's consolidated assets as of December 31, 2022:

						
	Energy & Gas	Infrastructure	Financial services and others	Hotels	Agribusiness	Total
	(Figures in billions)					
Total assets (1)	18,620	24,896	8,711	924	878	<b>54,030.30</b>
Interest on total assets	34.50%	46.10%	16.10%	1.70%	1.60%	<b>100.00%</b>

(1) Write-offs are assigned to each operating segment.

## LIABILITIES

Liabilities amounted to \$39.2 trillion, representing an increase of 16.1% or 5.4 trillion compared to December 31, 2021, mainly due to the increase in financing in Corficolombiana's real sector companies and deposits used to fund the Corporation's needs.

## EQUITY

At the end of December 31, 2022, total equity amounted to \$14.9 trillion, showing an increase of 12.0% or \$1.6 trillion versus the equity at the end of December 2021. Equity attributable to shareholders totaled \$11.5 trillion as of December 31, 2022 and had a growth of 11.6% or \$1.2 trillion for the year. Minority interest reached \$3.4 trillion and grew by 13.6% or \$0.4 trillion.



## INCOME STATEMENT

During 2022, the corporation benefited from the favorable headwinds that boosted the infrastructure sector. The progress of the works in the 4G concessions allowed recognizing income; additionally, Corficolombiana recorded additional income from the increase in the value of the financial assets of some of its concessions at amortized cost (mainly Villavicencio-Yopal and Conexión Pacífico I) and of the intangible assets of other concessions. The foregoing is the result of the increase in inflation and the exchange rate (TRM), both observed and expected, which lead to adjust the value of these contracts.

In the energy and gas sector, Promigas showed a favorable performance in its transportation and distribution businesses due to the higher invoicing

TRM and the increase in volumes and users served in Colombia and Peru. The good performance of the agroindustrial sector and the sustained recovery of the tourism sector are also noteworthy. Regarding the financial sector, the figures are the result of more challenging financial conditions in terms of the cost of funding.

This generated attributable net profit of \$1.7 trillion, with a growth of 35.2% or \$0.5 trillion, showing the good dynamics of the infrastructure, energy, financial, agribusiness and hotel sectors in which it concentrates its activities.

Finally, the profitability indicators for 2022 stood at 15.7% on average equity (ROAE) and 4.7% on average assets (ROAA).





Porvenir works to ensure the quality of life of its members at the time of their retirement, supporting them in their pension savings projects in the short, medium and long term, and making responsible investments to achieve the best returns for them. It seeks to be a benchmark company in innovation and service through the adoption of agile methodologies, digital tools and the creation of solutions and differentiated value propositions for its affiliates, simple and transparent interactions based on the voice of the customer.

### Managed Funds



### Affiliates (millions)



### Attributable Net Profits (billions)



### Equity



(Figures stated in trillions of pesos, unless otherwise indicated).



## ASSETS

As of December 31, 2022, the total consolidated assets of the Management Company amounted to \$3.5 trillion, a decrease of 15.0% or \$618,2 million from the end of December 2021.

Porvenir's investment portfolio (mainly the stabilization reserve and the company's own investments), representing 71.8% of total assets at the end of December 2022, decreased 22.7% or \$759,900 million for the year. Part of the decrease in the portfolio is explained by the use of funds for the payment of financial obligations, which will be described below.

Assets other than the investment portfolio include intangible assets (associated with the goodwill from the acquisition of BBVA Horizonte in 2013), property, plant and equipment for own use and cash and cash equivalents.

## LIABILITIES

Liabilities stood at \$1.0 trillion, showing a decrease of 28.6% or \$412.9 billion compared to the end of December 2021. This decrease is mostly due to the maturity of the USD \$184 million obligation of Porvenir with Grupo Aval Limited, which was paid in full in September 2022.

## EQUITY

At the end of December 31, 2022, total equity stood at \$2.5 trillion, representing a decrease of 7.7% or \$205,300 million, versus the equity at the end of December 2021. This behavior is explained by the negative impact of Colombian sovereign fixed income on Porvenir's OCI and by the reduction in the company's profitability.

## INCOME STATEMENT

During 2022, Porvenir's returns on the stabilization reserve were affected by the uncertainty in the local and global markets, given the global economic slowdown, high interest rates, historically high inflation and geopolitical conflicts. In addition, the company was negatively impacted by an increase in its income from mandatory pension commissions due to the increase in the pension insurance rate it pays. Due to the increase in mortality rates associated with the COVID, this rate went from 2.0% to 2.47%, thus the net commission received by the company went from 1.0% to 0.53%. Given the above, attributable net profit of \$154,300 million was 73.4% or \$425,200 million lower than in 2021. Profitability for 2022 reached 6.3% measured on average equity (ROAE) and 4.0% measured on average assets (ROAA).



## Integrated risk management

### Risk management and compliance

At Grupo Aval, aware of the importance of risk and compliance management as a fundamental cornerstone for the proper development of our businesses, we have a risk and compliance management structure in place in accordance with the volume and complexity of the activities we carry out, under a comprehensive risk vision.

From the Holding Company, we have a team that is independent from the business units and provides, among other objectives, guidelines for the proper management of risks and monitors the results of their management efforts.

Through the risk management team at the corporate level and in the subsidiaries, we seek to ensure that financial and non-financial risks are in line with the risk appetite, and that they are consistent with the strategic objectives established to ensure long-term value for stakeholders. We monitor changes in the business environment to adjust risk exposure when deemed necessary and anticipate possible impacts on the operation.

With respect to compliance management in Grupo Aval, we have established and/or strengthened programs in place aimed at fostering a business culture based on ethical principles of integrity and transparency, ratifying the prohibition of improper practices and misconduct by our collaborators and stakeholders.

As part of the strengthening of the risk culture, our integral model includes the execution of training programs both at the Holding Company level and by our subsidiaries, which include regulatory and methodological aspects of each of the risk systems and compliance programs.

#### 205-2

In the case of the Holding Company, training programs reached 98% of the collaborators, and in our subsidiaries, they averaged 97%, as shown below:

Entity	% of Compliance with Training
Banco Bogotá	98%
Banco de Occidente	98%
Banco AV Villas	96%
Banco Popular	92%
Corficolombiana	97%
Porvenir	98%
<b>Average</b>	<b>97%</b>

The risk and compliance areas both in the Holding Company and in our subsidiaries follow up on the training programs in order to achieve 100% compliance.

Risk and compliance management in Grupo Aval is carried out on three fronts, all aimed at complying with current regulations and good risk practices applicable to the Holding Company and its subsidiaries:

- » Risk management of the Holding Company as a securities issuer.
- » Management of the conglomerate's own risks, in accordance with the regulation of Law 1870 of 2017.
- » Monitoring the management of corporate risks, which are those to which our subsidiaries are exposed in the fulfillment of their corporate purpose (credit risk, market risk, liquidity risk, operational risk and business continuity), as well as compliance programs (money laundering, anti-corruption and information security).



## GOVERNANCE STRUCTURE

The Board of Directors of the Financial Holding Company is the highest body in risk management and compliance both for the Financial Holding Company and for the regulation of Financial Conglomerates applicable in instances of the enactment of Law 1870 of 2017. In addition, it provides guidelines to its subsidiaries in the areas of operational risk, money laundering and terrorist financing, information security and anti-corruption.

As part of the compliance with the Conglomerates Law, in June 2021, our Board of Directors implemented the Risk Committee of the Board of Directors, which is responsible for monitoring the conglomerate's own risks established under the applicable regulations, i.e., contagion, concentration and strategic risks.

Additionally, Grupo Aval's Audit Committee is the governance body to which the results of the monitoring of the management of corporate risks and compliance programs in line with the provisions of Law 964 of 2005 are presented.

Regarding corporate risk management and compliance, we provide instructions and guidelines for their management.

## RISK APPETITE FRAMEWORK

In order to have a reference framework for us to adequately monitor the different risks, we have defined guidelines based mainly on the management models established by the Financial Superintendence of Colombia, aimed at ensuring that our subsidiaries maintain risk management practices, as well as quantitative and qualitative metrics to facilitate our monitoring and that of control bodies.

Moreover, we have defined a risk management framework for the Financial Conglomerate which includes governance elements, methodologies, monitoring and reporting mechanisms that seek to meet the requirements established in Chapter XXX of the Basic Accounting and Financial Circular issued by the Financial Superintendence of Colombia.

## RISK MANAGEMENT

As indicated above, in our risk and compliance area we manage risks at different levels of application. For this purpose, we have established methodologies based on the regulatory requirements that we or our subsidiaries must meet and on the best practices for the financial industry, such as those defined by the Basel Committee, among others. This management seeks to permanently strengthen the risk culture.

Through these quantitative and qualitative methodologies established for the management of financial and non-financial risks, we seek to identify and mitigate the potential risks to which the Financial Holding Company, its subsidiaries and those that could affect the Financial Conglomerate are exposed.

### Financial Holding Company

Our Financial Holding Company faces mainly operational risks, which are considered as the possibility of losses resulting from deficiencies, failures or inadequate functioning of processes, human resources, infrastructure, technology and external events. For its management, we maintain an Operational Risk Management System (SARO) developed under the reference framework of Chapter XXIII of the Basic Accounting and Financial Circular of the Financial Superintendence of Colombia. We developed its identification, measurement, control and monitoring stages on the relevant business processes, with policies, roles and responsibilities documented in its corresponding manual, which we have disclosed to all our staff.

Through **quantitative** and **qualitative** methodologies established for the management of financial and non-financial risks, we seek to **identify** and **mitigate** the potential risks to which the Financial Holding Company, its subsidiaries and those that could affect the Financial Conglomerate are exposed.

The manual is validated on an annual basis in order to verify its scope over the organization and contemplates the policies, standards, responsibilities and procedures that seek to ensure that the management of the operation is within defined risk levels in accordance with the nature of the business. It is published on our website <https://www.grupoaval.com/repositorio/grupoaval/inversionistas/responsabilidad-social/Operational-Risk-Management-System-Manual.pdf>

We have trained all the Company's collaborators to strengthen the basic concepts of the operational risk management model.

In the operational risk management system, we have carried out an assessment of the risks and controls to allow us to have inherent and residual risk maps, which are within the accepted profile and without exceeding the levels defined by the Holding Company. At the same time, we have strengthened reporting channels, which permit us to detect potential risks and anomalous situations that threaten the operation of our mission activities.

During 2022, no operational risk events that impacted the Holding Company's income statement were reported.

With respect to Business Continuity Management, we have applied the best practices of the DRI (Disaster Recovery Institute International) and the ISO 22301 standard (Standard for business continuity management); we have an adequate level of maturity of the Business Continuity Management System that reflects the commitment of management with its stakeholders. During the year 2022, we conducted the continuity tests in accordance with the defined schedules, which yielded satisfactory results that demonstrate the effectiveness of the strategies and the preparation of the technological and process teams. As part of the culture of resilience, critical processes have contingency solutions that allow, at levels considered acceptable, to continue providing services, strengthening the confidence of our investors and stakeholders in the event of events that interrupt the normal operation of the Holding Company.

The results of the Financial Holding Company's risk management are presented to our Audit Committee on a semi-annual basis.

## FINANCIAL CONGLOMERATE RISKS

In accordance with the regulations of Law 1870 of 2017, in 2021 we have implemented the Financial Conglomerate Risk Management Framework (MGR), which allows us to manage concentration, contagion and strategic risks and to have a general knowledge of the risks to which the entities that make up the Financial Conglomerate (hereinafter conglomerate) are exposed. To this end, Grupo Aval has established methodologies, governance bodies and reports that meet regulatory requirements.

During the year 2022, our Risk Committee of the Board of Directors of Grupo Aval met five times in which, among other topics, the results of the application of the methodology for the management of MGR risks were discussed, which includes the monitoring of the conglomerate's own risk dashboards and the knowledge of the results of the subsidiaries that comprise it; the evaluation of the effectiveness of the MGR and the review of the MGR policies in order to submit them for approval to the Board of Directors.

Additionally, during September 2022, meetings and worktables were held with the Financial Superintendence of Colombia in order to follow up on the activities of the Financial Holding Company, within the framework of the applicable regulations, as well as to consider some issues of interest to the supervisor observed during the oversight of the supervised entities that make up the Aval Financial Conglomerate.

As a result of these activities, we concluded that, during the year 2022, the conglomerate's own risks were within the levels approved by our Board of Directors. Regarding the results of the dashboards for monitoring the risks of subsidiaries, it was established that in those cases in which there were deviations in the risk levels, the subsidiaries carried out the follow-ups through the corresponding government agencies.

By 2023, we will continue to strengthen the methodologies by deepening the identification of the factors that impact the conglomerate's own risks.

In addition to the conglomerate's risk management, in accordance with Decree 1486 of 2018, we must monitor compliance with the Policy for the Exposure and Concentration of Risks among Entities that make up the Aval





Financial Conglomerate and between these and their Related Parties, for such purpose during 2022 we carried out the following activities:

- » Quarterly monitoring of the computable exposures established in the policy and its limits, accrediting compliance.
- » Quarterly submissions to the Board of Directors on the follow-up of compliance with the Policy.
- » Transmissions to the Financial Superintendence of Colombia within the deadlines established by the regulator.

By 2023 we will continue to strengthen the monitoring mechanisms and will incorporate into the Policy the regulatory changes established in instances of the issuance of Decree 1533 of 2022 on large exposures. (See Note 4.1.8 of the Separate Financial Statements).



By **2023**, we will continue to strengthen the methodologies by deepening the **identification** of the **factors** that impact the conglomerate's own risks.

### Corporate Risk Management (financial subordinates)

From our risk area in Grupo Aval we monitor the management of the risks to which our subsidiaries are exposed in the performance of their corporate purpose. This follow-up is carried out through the issuance of policies, guidelines and corporate committees formed by those charged with risk management in each subsidiary, the monitoring of follow-up indicators, regulatory studies that impact their management and support in the implementation of regulations such as those related to the Integrated Risk Management System (SIAR).

The results of corporate risk management are presented to our Audit Committee on a semi-annual basis.

### CREDIT RISK

Credit risk is one of the most significant risks for our group. Our Banks are exposed to credit risk, which is the risk of financial loss as a result of a debtor's failure to meet its contractual obligations in financial transactions timely and completely.

The first half of 2022 continued to be a year of recovery after the context brought about by the pandemic. In addition to this, the market volatility throughout the year and based on the international and national context, which generated inflationary pressures, exchange rate and interest rate increases, it was observed that our financial entities recovered in different sectors and that the behavior of the loan portfolio improved. These improvements were the result of timely strategies in high-risk segments, as a consequence of the timely follow-up by the management of early warnings.

All these situations highlight the importance of deepening credit risk monitoring and creating assertive and timely strategies for credit risk management.

Our Banks have a credit risk management system in place, which, among others, contemplates the design, definition and evaluation of risk policies and tools defined by the corresponding bodies, which are periodically reviewed and modified according to changes and expectations of the markets, regulations, among others.

### Origination

For the credit granting process, our entities have different models that support the development of the business strategy and the adequate assessment of credit risk; these models and methodologies seek to support the origination processes of the different solutions depending on the segment and profile of clients.

For our banks, the commercial portfolio has rating models based on the financial information of clients, financial history with our entities or with the financial system. Scoring models are mainly used for the mass portfolio, which are based on behavioral information, sociodemographic variables and the client's profile; and financial risk analysis is performed, based on the debtors' payment capacity and their future generation of funds. Advances in the implementation of new mechanisms or tools with the use of non-traditional information, which support the methodologies for estimating the capacity to pay for the smallest client segments, are highlighted.

### Credit Risk Monitoring

The process of monitoring and follow-up of credit risk of our Banks is carried out in several stages that include follow-up and collection management, taking into account different analyses of the past-due portfolio by delinquency, ratings by risk levels, permanent follow-up of high-risk clients, restructuring processes and assets received in lieu of payment.

In support of the follow-up and monitoring process, our Banks have developed updates, methodologies and sector analysis to specifically manage the credit risk of the various businesses, taking into account the possible effects that may arise in the portfolios generated by the international and national situation. In the consumer portfolio, we review the elements of the credit cycle from the design of origination models to collection processes, thus establishing strategies that allow us to make adjustments to mitigate the risk of these portfolios.

### Recovery

Our Banks have methodologies and strategies to manage the portfolio in its recovery process, developing for the year 2022 new mechanisms that strengthened and improved the portfolio recovery cycle, recognizing the different risk situations particular to the different segments and focusing on:

Grupo Aval's risk area permanently monitors the portfolios of our Banks. Some of the actions we have taken to carry out adequate monitoring are as follows:

- » Assistance in analyzing and commenting on the main regulations issued.
- » Quarterly monitoring of sectors that may pose a greater risk through a traffic light classification that seeks to collect and make a recommendation on the impact of the current situation in the different sectors.



» Monitoring of the consolidated loan portfolio, which includes, among other issues, follow-up and management of portfolio performance by segment, composition and evolution, credit quality, loss absorption capacity, main clients and high-risk clients, and performance of restructured clients.

Monitoring activities are complemented with the information provided in the quarterly follow-up meetings we hold with each of our Banks. In these meetings they share with us, among other aspects, the results, the strategies for each of the segments and products of their portfolios, the economic performance outlooks that the entities are assessing, and the behavior and strategies related to the indicators of the Risk Appetite statement of each one of them.

» On a quarterly basis, we monitor the concentration of the commercial portfolio in 25 economic sectors and their risk level.

We seek to establish monitoring procedures that allow us to identify deviations and we prepare periodic reports to the Presidency of Grupo Aval and the Audit Committee on the monitoring and credit risk management of our Banks.

In order to prevent concentrations of credit risk at the individual level and by economic groups at the consolidated level with our four banks in Colombia, in the Financial Holding Company we have debt limits and criteria, defined by segments, which establish the relevant body to which clients with a concentration potential should be referred.

This methodology takes into account indicators, with their respective limits, in order to determine possible concentration risks. Among the indicators, the following are highlighted: requested indebtedness, maximum exposure to Aval Banks, equity support and income generation. During 2022 we held 50 meetings where, in addition to mitigating concentration risk through this mechanism, we discussed sector, client or economic group issues from the perspective of each of the credit areas of our Banks, strengthening the monitoring of their portfolios.

## ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM - SARAS

One of Grupo Aval's commitments, in line with our sustainability strategy and that of our Banks, is related to supporting the implementation of the Environmental and Social Risk Management System - SARAS, for the loan portfolio. As a step forward in this area during 2022, we supported Banco de Occidente, Banco Popular and Banco AV Villas in this SARAS implementation initiative, through working groups aimed at hiring a consultant. The diagnostic stage began at the end of 2022 and the implementation process is expected to be completed in 2023.

Since 2020, Banco de Bogotá, which is our main financial institution, identified the environmental and social risks of clients undergoing the granting process of Commercial loans, through the Environmental and Social Risk Management System - SARAS for clients with a debt limit greater than or equal to \$21,000 million pesos. Through a form they collect information related to the environmental and labor situation of their clients and categorize clients into three levels of environmental and social risk, which helps them to issue control and monitoring recommendations aimed at mitigating potential environmental and social risks that may arise in their commercial portfolio. During 2022, the Bank conducted 361 SARAS analyses, totaling evaluated potential approvals of \$23.4 billion pesos.

## MARKET RISK AND LIQUIDITY RISK

In accordance with the provisions of the Financial Superintendence of Colombia, market risk is the possibility that an entity incurs in losses associated with the decrease in the value of its investment portfolios and/or the investment portfolios of third parties under its management due to variations in the price of the investments in which it holds on- or off-balance sheet positions; and liquidity risk is the possibility that an entity incurs in losses associated with the contingency of not being able to fully comply with the expected and unexpected, current and future cash flows, without affecting the course of daily operations or the entity's financial condition.

As part of the guidelines issued for the management of these risks, in 2022 our risk area updated the Market Risk Policy and the Liquidity Risk Policy.

## MARKET RISK MANAGEMENT

Our subsidiaries have a market risk management system in place that allows them to effectively identify, measure, control and monitor this risk, through corporate policies that frame risk management and governance, in line with the regulations in force. This management system allows the subsidiaries to make timely decisions for proper risk mitigation, in accordance with Chapter XXI of the Basic Accounting and Financial Circular.

The risks assumed by our subsidiaries in the operations of both banking and treasury books are consistent with the general business strategy of each subsidiary and its risk tolerance, as established in the Risk Appetite Statement (DAR) and the Risk Appetite Framework (MAR) approved by their respective Boards of Directors, based on the depth of the markets for each instrument, its impact on the risk weighting of assets and solvency level, the profit budget established for each business unit and the structure of the statement of financial position. Likewise, our subsidiaries have a structure of limits that is consistent with their capital levels, profit performance and the entities' risk tolerance.

Our subsidiaries quantify market risk through value-at-risk models (internal and standard). The standard model for the measurement, control and management of market risk of interest rates, exchange rates and share prices in treasury and banking books, complies with the requirements of the Financial Superintendence of Colombia. In line with the standard model recommended by the Basel Committee, both the banking book and the treasury book are mapped to asset and liability positions, within zones and bands according to the term of investment portfolios, investments in equity securities and the net position (assets minus liabilities) in foreign currency (excluding the value of the uncovered portion of its controlled investments abroad).



Likewise, our subsidiaries have parametric and non-parametric internal management models based on the Value at Risk (VaR) methodology, which complement market risk management by identifying and analyzing variations in risk factors (interest rates, exchange rates and price indexes) on the value of the different instruments that make up the investment portfolios.

## LIQUIDITY RISK MANAGEMENT

Liquidity risk is related to the possibility that our subsidiaries may default on their obligations to clients and counterparties in the financial market at any time, currency and place, for which each entity reviews its available resources on a daily basis. In this regard, our subsidiaries manage this risk in accordance with the rules related to liquidity risk management under the principles established in the different Liquidity Risk Management Systems (SARL), which establishes the minimum prudential parameters that must be supervised by the entities in their operations to efficiently manage the liquidity risk to which they are exposed (Chapter VI, Basic Accounting and Financial Circular).

To measure liquidity risk, our subsidiaries classified as credit institutions calculate a short-term liquidity risk indicator (LRI) under the standard model for terms of 7, 15 and 30 days. This ratio is defined as the difference between adjusted liquid assets and net liquidity requirements.

Likewise, our subsidiaries must measure, using the Net Stable Funding Ratio (NSFR) indicator, the stability of their funding in relation to the composition of their assets and off-balance sheet positions, over a one-year horizon. At all times, they must have sufficiently stable funding sources so that, even in stressful situations, they can draw on sufficient resources or collateral to continue with the normal development of their business and make payments to their clients and counterparties in a timely manner.

Through asset and liability committees, the senior management of each subsidiary is aware of its liquidity situation and makes the necessary decisions taking into account the high quality liquid assets to be maintained, liquidity management tolerance or minimum liquidity, reserve requirements, strategies for granting loans and raising funds, policies on the placement of excess liquidity, changes in the characteristics of existing products as well as new products, diversification of sources of funds to avoid concentration of deposits in a few investors or savers, hedging strategies, the results of our subsidiaries, and changes in the structure of the statement of financial position.

## MARKET RISK AND LIQUIDITY RISK MONITORING

Grupo Aval, through our risk and compliance area, monitors the market risk exposure of the subsidiaries under normal and stress circumstances. To achieve this objective, the following elements are established:

» *Guidelines and instructions:* these are issued through the Corporate and Conglomerate Risk Management and their purpose is to ask subsidiaries to provide sufficient information to establish the market risk situation periodically and/or in extraordinary situations.

» *Corporate Market and Liquidity Risk Committee:* this committee is the tactical body in charge of analyzing the Market and Liquidity Risk of the conglomerate's main subsidiaries. This committee works together with the Holding Company and the subordinates in the definition of the best practices for the management of Market and Liquidity Risk.

During 2022, 9 sessions of the Corporate Market and Liquidity Risk Committee were held, in which the following topics were discussed, among others: review, study and update of the Corporate Market and Liquidity Risk Policies, follow-up on the results of the application of the impairment model, review of corporate indicators, monitoring of the results of the impact of interest rate variations on the investment portfolios. (See Note 4.2 to the consolidated financial statements).

The year 2022 was a period of great challenges, following the financial and geopolitical events that the country faced, and of which our subsidiaries were no strangers. The different lines of business were developed in a local context characterized by an increase in inflation, the progressive increase in the intervention rate of the Central Bank of Colombia, electoral and political uncertainty, among other factors.

The interest rate market was characterized by high volatility in public debt instruments, which led to the structuring of cross-sectional strategies aimed at monitoring the effects of these changes in macroeconomic fundamentals on the investment portfolios; through the follow-up of the impacts on the OCI, the periodic review of investment strategies aimed at minimizing the materialization of interest rate risks and some repositioning of investment portfolios in terms of maturity.

In addition, we are present in regulatory discussions, especially the impacts of the implementation of the CFEN and the regulations associated with the SIAR.

During 2022, our subsidiaries met the regulatory requirements for market risk and liquidity established by the Financial Superintendence of Colombia.





## OPERATIONAL RISK AND BUSINESS CONTINUITY

As part of the guidelines for operational risk management, Grupo Aval's Board of Directors issued the Operational Risk Management Policy.

During 2022, 12 sessions of the Corporate Operational Risk Committee were held, in which the following topics, among others, were discussed: review, study and update of corporate policies and guidelines for operational risk management, follow-up of the main operational risk typologies identified among subsidiaries in order to share good practices for their mitigation, review of corporate indicators and their results, follow-up on the certification process of operational risk event bases of the entities with the supervisor (Financial Superintendence).

In addition, the impacts of VerRO operational risk on the solvency of each subsidiary were monitored.

Regarding the corporate management of business continuity, 8 sessions of the Corporate Business Continuity Committee were held, in which best practices were shared with respect to the business impact analysis (BIA),

risk assessment, evaluation of critical suppliers, among others. Together, we started the validation of corporate business continuity strategies taking into account the synergies of the group; in this forum we have discussed other issues such as monitoring of compliance with corporate policy, management indicators, reports to Grupo Aval and the administration and management of crises in each of the subsidiaries.

During 2022, Grupo Aval and its subsidiaries have strengthened their business continuity plans by adding value to their recovery and restoration strategies, thus increasing the resilience levels of each of them.

## COMPLIANCE MANAGEMENT

### Money laundering and terrorist financing

Grupo Aval and its financial subsidiaries comply with the guidelines established by local authorities and the Financial Superintendence of Colombia (which, in turn, follows international standards), by implementing a system for the management of risks related to money laundering and terrorist financing (Money Laundering and Terrorist Financing Risk Management System - SARLAFT), which includes identification, measurement, control and follow-up; functions to prevent and mitigate the materialization of risks related to money laundering and terrorist financing, a methodology that is updated periodically.

Likewise, in compliance with the regulations of the Superintendence of Companies, the obligated entities of the non-financial sector have also implemented the control system for the prevention of money laundering and financing of terrorism called the Comprehensive for Money Laundering and Terrorist Financing Risk Self-Management System - SAGRILAFT.

We have a Corporate Policy on Money Laundering and Financing of Terrorism, approved by the Board of Directors that includes regulatory guidelines and best practices, which was implemented by the subsidiaries with the prior approval of the Board of Directors of each entity.

Monitoring tools have been established to measure the maturity level of the system, consisting of an annual self-assessment that includes qualitative



factors of the compliance program, ranging from the control environment to the monitoring of the effectiveness of controls. We also use other management indicators that allow us to monitor compliance with the program at Group level.

During 2022, 4 Corporate Committees were held with the participation of the Compliance Officers of the main entities. Through this committee, the Holding Company ensures that best practices are adopted by each entity and we conduct a periodic review of the methodology and risk factors. These committees also conduct assessments to determine if there are gaps and opportunities for improvement in: policies, know your customer, identification of unusual operations, communications status, systems development and maintenance, level of compliance, strategy, governance and control architecture, among others. The Compliance Officers of each subsidiary are required to report periodically to their board of directors on major findings, compliance with management indicators and anti-money laundering risk assessment.

Annually, each subsidiary certifies to the Holding Company the level of compliance with corporate policies and procedures, based on the program's maturity goals. Accordingly, each of our subsidiaries must comply with the minimum standards defined by the Holding Company, even though the applicable regulation may be less exacting.

In 2022, most of the financial subsidiaries received support for the transition to the new value chain methodology of the Financial Superintendence, which included the redefinition of causes, risks and some controls.

Our Corporate Policy on Money Laundering and Terrorist Financing is published in: [CORPORATE MONEY LAUNDERING, TERRORIST FINANCING AND WEAPONS OF MASS DESTRUCTION PROLIFERATION RISK POLICY \(grupoaval.com\)](https://grupoaval.com)

## ANTI-CORRUPTION PROGRAM 205-1, 205-2, 205-3

Under the Anti-Corruption Compliance Program (ABAC) implemented in Grupo Aval, we seek to integrate the elements of the internal control system to prevent and manage corruption events in the Group, directing and

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

promoting the principles and values set in relation to our business ethics and corporate policies.

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

The ethical component has been incorporated with greater emphasis on the Compliance Program. In the Anti-Corruption Policy, we have declared the principle of "zero tolerance" to this type of risk, which implies compliance with high ethical standards in operations, mainly in relation to: management of conflicts of interest, donations, sponsorships, public or political contributions, gifts or invitations, acquisitions, joint ventures and associated businesses, setting (society and environment) and third-party intermediaries (TPI), and precise and detailed guidelines that must be met when any of these operations occur have been established through instructions.

The Corporate Anti-Corruption Policy was updated and approved by the Board of Directors of the Holding Company in May 2022 and shared with the main subsidiaries who communicated it to their affiliates, for review and approval by the board of directors of each entity.

The Holding Company has designed controls to ensure that our collaborators act with integrity in all their dealings and strictly prohibits corruption in any form. The anti-corruption principles are set out in the corporate policy and are summarized below:



» Our collaborators and those of all entities 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 collaborators and third parties. Any report is carefully investigated, ensuring appropriate action and the anonymity of whistleblowers. Other means such as e-mail can be used to report corruption events.

» Gifts or entertainment must always be proportionate and reasonable, have a legitimate purpose and not create a conflict of interest or the perception thereof.

» Donations and sponsorships are controlled, regulated by strict principles and must be reported to the Anti-Corruption Compliance Officers.

» Questionable behaviors and suspicions of inappropriate payments or activities must be reported to management or can be reported through whistleblowing channels.

» Minimum standards expected in the management of the transparency of accounting records of transactions must be established and must be monitored to ensure that such records reasonably and fully reflect these transactions.

A corporate methodology has been established to identify, assess, document and manage corruption risks. An assessment of the inherent risk is performed every six months using the risk-control matrix, applying the approved methodology, as well as an annual assessment of the corruption risk outlook at the level of each entity.

During 2022, 5 Corporate Committees were held with the participation of ABAC Officials, where we ensured the adoption of best practices and current regulations, reviewed the risk control matrix and methodology, among others.

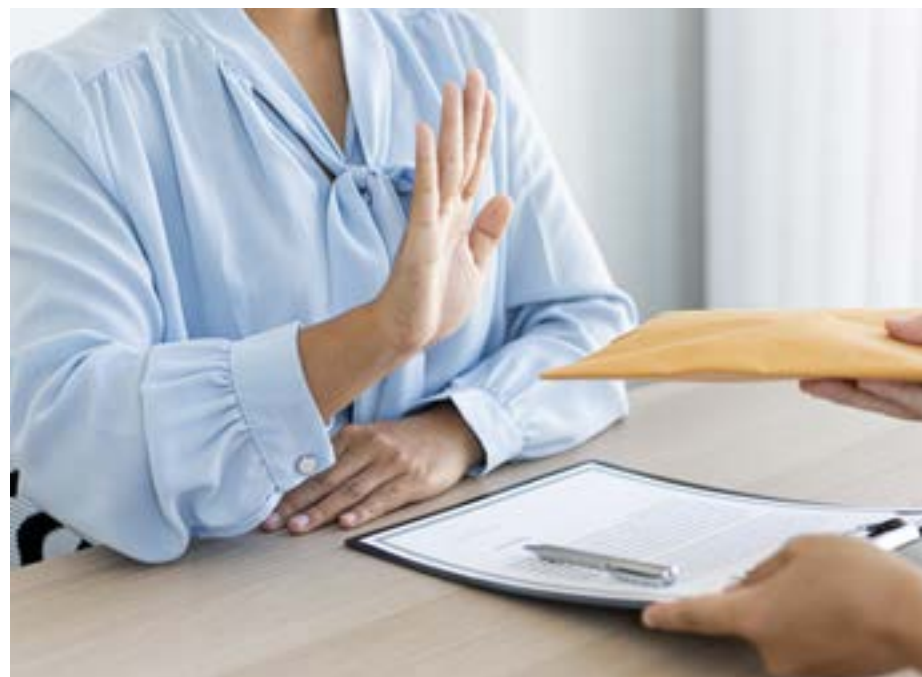
Likewise, we have designed an annual self-assessment and certification process applicable to all subsidiaries that consists of evaluating the control

environment and the way in which each one of them is mitigating the anti-corruption risks identified, with an emphasis on the special operations detailed above; each one must certify compliance with the minimum standards defined by the Holding Company.

During the year 2022, the Group's subsidiaries complied with the corporate indicators of high impact events and confirmed reports to the ethics line related to corruption, where no events and reports related to this risk were identified.

Finally, the annual training plan was carried out and specific training on third-party intermediaries was provided to the collaborators of the Holding Company and the main financial subsidiaries.

Our Corporate Anti-Corruption Policy is published in: [Corporate Anti-Corruption Policy \(grupoaval.com\)](https://grupoaval.com/corporate-anti-corruption-policy).





## INFORMATION SECURITY

Through information security management, we ensure the identification, assessment and management of information assets and their risks, based on the impact they represent for our organization. For this purpose, we have a set of mechanisms in place that allow us to protect the data of our stakeholders, managing and complying with general principles to preserve the confidentiality, integrity, availability and privacy of information.

The Information Security Governance of the Holding Company and its subsidiaries conforms with the applicable local regulations and some international security standards, and there is a Corporate Policy approved by the Board of Directors which was shared with the main subsidiaries.

We established a corporate methodology to identify, assess, document and manage information security risks. Every six months we perform an inherent risk assessment using the risk-controls matrix, applying the approved methodology.

Therefore, from this front we have undertaken actions such as:

- » Providing support to those responsible for information in the identification and assessment of information assets and the implementation of the necessary controls to protect them from risks associated with privacy, confidentiality, integrity and availability.
- » Training and education plans aimed at collaborators through communications, internal sessions and other means. These messages are considered key information, which can guide the application of measures that contribute to the preservation and assurance of information.

Cybersecurity incidents are reported immediately through high-impact reports and analyzed by the IT security department to assess their consequences for both the affected subsidiary in the Holding Company and the affected third parties. We monitor the existence of these situations on a quarterly basis. No material cybersecurity incidents occurred during 2022. More information about cybersecurity can be found in the cornerstone of corporate technology efficiencies.

## Relevant risks

### EXACERBATION OF CREDIT RISK

During 2022, there was a significant increase in inflation levels, reaching 13.12% at the end of the year. This is evidence of possible reductions in the growth of the economy, with an increase in spending by Colombian households. On the other hand, in order to counteract the inflationary situation, The Central Bank of Colombia increased interest rates, which may generate greater pressure on households by increasing financial expenses and affecting cash flow, resulting in possible client defaults.

Taking into account this situation and as a result of the credit risk monitoring process of our Banks since the first half of 2022, segments with higher risk were identified in some consumer products, which gave rise to approval and exposure restrictions taking into account the potential deterioration of macroeconomic conditions. Likewise, in the second half of 2022, our Banks worked on different mechanisms to identify vulnerable clients in the commercial portfolio to these macroeconomic changes. For some of the clients, adjustments were made to quotas, a greater risk that affected their ratings and provisions was recognized, and follow-up continued in order to keep risk exposure under control.

On the other hand, one of the risk factors identified is the devaluation of the Colombian peso, which may also result in defaults by clients, either due to negative impacts on the cost structure of companies or increased indebtedness, for those clients with debt in foreign currency and without hedges to mitigate the effects of the devaluation affecting their balance sheet structure. Our Banks conducted analyses related to these potential impacts and came up with new monitoring mechanisms and management strategies for the commercial portfolios. They mainly carried out analyses by sector, conducting sensibility analyses of the financial results of companies, finding that many were able to pass on the higher cost of the TRM to the price.

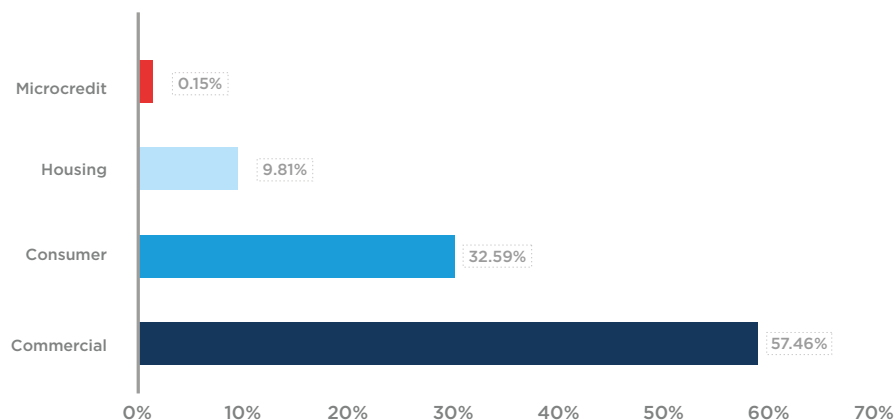
At the end of December 2022, the gross loan portfolio showed a decrease of 20.15%, explained by the spin-off of BAC Holding International Corp. When comparing the gross portfolio at the end of December 2021,



without BAC, with the end of December 2022, the portfolio balance grew 18.13%; this increase occurred in both the commercial and consumer portfolios.

At the end of December 2022, the distribution by portfolio balance was 57.46% commercial, 32.59% consumer, 9.81% housing and 0.15% microcredit.

#### COMPOSITION OF AVAL'S PORTFOLIO - AS OF DECEMBER 2022



The past-due portfolio as of December 2022 decreased 0.31% compared to December 2021 (without considering BAC), as a result of the strategies implemented by the Banks, which sought improvements in the origination, follow-up and recovery processes of portfolios by segments and profiles, taking into account the new national and international reality. This situation caused the 30-day past-due loan portfolio indicator to increase from 4.65% in December 2021 (without considering BAC) to 4.35% in December 2022, mainly contributed by the commercial and housing portfolios.

During 2023, our entities will permanently monitor these identified risk factors through follow-up processes and alert systems, which are typical of the credit risk management function, and will continue to take risk mitigation measures in the loan portfolio origination and management processes, as well as recognizing these higher risks in the rating and provisioning processes of loan portfolios, as appropriate.

#### LIQUIDITY CONSTRAINTS

Since the second half of 2022, there has been a significant increase in interest rates as a result of the contractionary monetary policy, which seeks to contain inflation. The placement rates of asset products change at a slower rate than the rates of liability products, a situation that is further exacerbated by the implementation of the CFEN indicator.

The introduction of this indicator, following the international standards set by Basel III, but adapted in an accelerated manner in Colombia and with clear differences to international standards, will come into full effect in March 2023.

Compliance with the CFEN, as regulated, is an element that has contributed to the increases in interest rates and term funding beyond what is explained by the monetary policy of the Central Bank of Colombia. This situation is notorious in the money desks and ALM management areas of financial institutions in Colombia. This has contributed to the erosion of the intermediation margins of some banks with the consequent effect on their profits and equity base.

Subsequent to January 2023, a reversal in the distortion of fundraising rates has been observed, which could have caused the adjustments required by the changes in the CFEN, indicating that this pressure could decrease. However, if this pressure is maintained, it could exacerbate systemic risk, due to the compliance required of credit institutions. Therefore, ALM management and prudent liquidity management will be preponderant during 2023. Additionally, with the entry into force during 2024 and 2025 of the regulation associated with the interest rate risk in the banking book, their combination will lead to the management of these risks taking on greater relevance in the subsequent periods.

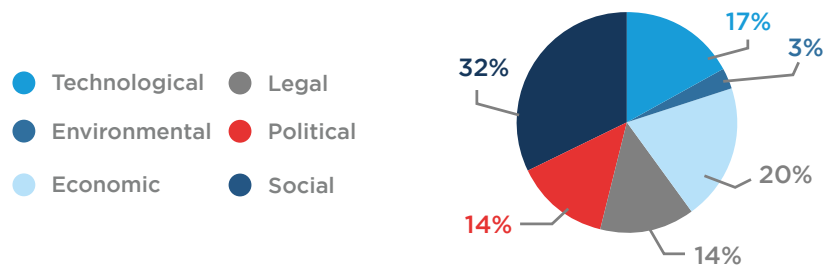
## EMERGING RISKS

Since 2019, our risk area issued instructions to subsidiaries on practices for managing emerging risks. As part of the Holding Company's corporate risk management, we identified emerging risks that could affect in the long term the normal operation of Grupo Aval and its financial subsidiaries.

The methodology considers a factor analysis (PESTAL): Political, Economic, Social, Technological, Environmental and Legal, which may be combined in some risks.

For the year 2022, the financial subsidiaries identified 35 emerging risks segmented as follows:

### CLASSIFICATION BY FACTOR (PESTAL)



The following emerging risks that could have a cross-cutting impact on the business lines in the long term were identified and mitigating actions are included to prevent Grupo Aval and its financial subsidiaries from incurring in these risks and their materialization.

### Fragility in macroeconomic fundamentals

The events that have taken place so far in 2022, such as the conflict in Ukraine and the delays in the supply chain due to the measures taken to prevent the spread of COVID-19, are affecting the global economy. By the end of 2022, inflation in Colombia was recorded at 13.12%, which has

affected the household economy; on the other hand, there are scenarios associated with the increase in public debt, unemployment, economic slowdown, fiscal crisis, inflation, increases in oil and energy prices; these situations may have an economic impact and affect the business strategy conceived for the coming years.

Some of the actions we have taken to mitigate the effects they may produce are as follows:

- » Constant monitoring of the economic and social situation in the countries where Grupo Aval has a presence.
- » Monitoring of investment liquidity positions.
- » Participation in the Asset and Liability Management Committee of each Bank, where the evolution of the market and their asset and liability positions are reviewed.
- » Analysis of credit, market and liquidity risk stress scenarios.

### Increase in frequency and severity of cyberattacks against financial institutions

The possibility of a cyberattack is increasingly latent, not only because of the incursion into new digital products but also because of social instability and geopolitical conflicts; the materialization of this risk can lead to a greater impact on the reputation of entities, in the operation and at the legal level due to the possible loss of data and from the economic point of view due to the efforts that must be made for the recovery of the operation.

Some of the actions we have taken to mitigate the effects they may produce are as follows:

- » Adoption of good practices in cybersecurity.
- » Security tests on the portals and applications of entities from different scenarios.
- » Increased monitoring of red flags that could lead to possible cybersecurity incidents.

## Corporate Governance

Corporate Governance is one of the fundamental cornerstones for the proper conduct of our business and development as a Financial Conglomerate. Our corporate governance framework seeks to ensure the proper management of our Company, as well as full compliance with our obligations as a financial holding company and issuer of securities.

During 2022, we continued to improve the adoption of high standards of Corporate Governance in the Company and in our subsidiaries in accordance with the recommendations presented in the Code of Best Corporate Practices, also known as the “Country Code”.

Since the adoption of the Country Code, we have worked on the gradual implementation of the recommendations set out therein, going from an adoption level of 73% in 2015 to 87% in 2022, corresponding to 129 affirmative responses, making progress in the chapters referring to Fair Treatment for Shareholders and Transparency of Financial and Non-Financial Information.

Grupo Aval improved its Best Corporate Practices - Código País survey indicators from **73%** to **87%** by 2022.

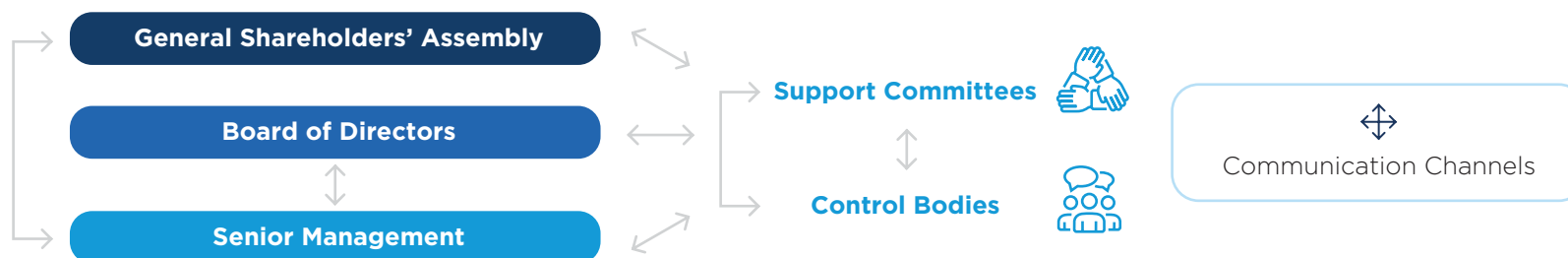
As part of the above, in this chapter we included the main indicators of the Corporate Governance Report, as well as topics such as the ownership and management structure of the financial group, relevant facts and transactions with related parties, and risk management systems.

### GOVERNANCE BODIES

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Our Company has a governance and control architecture comprised of the General Shareholders’ Assembly, a Board of Directors, Board Support Committees, Control Bodies and Senior Management.

### GOVERNANCE AND CONTROL ORGANIZATIONAL ARCHITECTURE



## About our General Shareholders' Assembly

In 2022, we held a total of 7 meetings of the General Shareholders' Assembly. The attendance records and the main agreements reached are disclosed below.

DATE	TYPE	DECISIONS MADE	ATTENDANCE
7/1/2022	Extraordinary	Article 46 of the Company's bylaws ("Withdrawal Right") was amended.	» Shares: 13,758,021,399 » Percentage: 90.97%
14/1/2022	Extraordinary	It was intended to submit for approval the Special Purpose Financial Statements as of October 31, 2021. However, the meeting could not be held due to lack of quorum.	» Shares: 6,462,020 » Percentage: 0.0427%
4/02/2022	Extraordinary	The Statutory Auditor's report was read and the special purpose financial statements as of November 30, 2021 were approved. Likewise, the proposed spin-off of Grupo Aval was read and approved, whereby the Company's shareholders will also become shareholders of BAC Holding International Corporation.	» Shares: 13,758,228,702 » Percentage: 90.97%
30/03/2022	Ordinary	The General Shareholders' Assembly read the Statutory Auditor's report; approved the management report of the President and the Board of Directors; approved the separate and consolidated financial statements as of December 31, 2021; approved the proposed distribution of profits; elected the Board of Directors and set its fees; and elected the Statutory Auditor and set its fees.	» Shares: 13,742,763,392 » Percentage: 90.87%
20/05/2022	Extraordinary	A modification was made to the source of profits to be used to pay the dividend approved by the General Shareholders' Assembly.	» Shares: 13,738,820,843 » Percentage: 90.85%
28/10/2022	Extraordinary	The general conditions of the credit request made by ESADINCO S.A. were approved so that the decision regarding its specific conditions will be made by the Board of Directors. Subsequently, the dismissal of some members of the Board of Directors from the Conflict of Interest disclosed with respect to the credit request.	» Shares: 14,739,206,647 » Percentage: 90.95%
30/11/2022	Extraordinary	The Company considered and decided on the conflicts of interest disclosed by some of the directors in relation to the Public Tender Offer regarding shares of BAC Holding International Corp. made by Esadinco S.A.	» Shares: 14,735,089,873 » Percentage: 90.93%



## About our Board of Directors

Our Board of Directors has regulations<sup>1</sup> governing its operation. This document takes into consideration, among other aspects, the legal provisions that apply to us as a securities issuer, as well as the statutory provisions that establish that the Board of Directors is responsible for guiding the strategic policy, monitoring and evaluating the work carried out by the Senior Management of the Company and its affiliates, appointing the President's alternates, convening the General Shareholders' Assembly, authorizing the issuance of bonds, examining the books, accounts, documents and cash of the company directly, authorizing transactions in excess of 20,000 minimum monthly wages, among other functions.

The Bylaws of the Board of Directors can be consulted at the following link: <https://www.grupoaval.com/repositorio/grupoaval/inversionistas/investor-relations/corporate-governance/Internal-Regulations-For-the-Operation-of-the-Board-of-Directors-2022.pdf>

Our Board of Directors is made up of seven principal members with their corresponding personal alternates, elected by the General Shareholders' Assembly, for a period of one year, and that may be reelected indefinitely or removed from the position at any time.

During 2022, our Board of Directors did not retain outside advice as part of its duties, nor did it have direct interactions with financial analysts, investment banks or rating agencies. Likewise, interaction with our Statutory Auditor took place mainly through the Audit Committee meetings.

## PROCESS OF FORMATION AND CRITERIA FOR INDEPENDENCE OF OUR BOARD OF DIRECTORS

### 2-10

Integrated by a plurality of directors from different professions (engineers, economists, business administrators, public accountants and lawyers) with experience and affinity in financial matters and sub-specialties

in risk, auditing, banking, pension, financial regulation, economic development, among other areas of knowledge.

Additionally, in accordance with article 21 of the Company's Bylaws, the Board of Directors shall be composed of seven (7) principal directors, who shall have seven (7) personal alternates, and at least twenty-five percent (25%) of the members of the Board of Directors must be independent. Directors are elected, in accordance with the Company's Bylaws, by the Shareholders' Assembly.

In turn, the Company's General Shareholders' Assembly, in meeting No. 72 of December 21, 2015, approved the "Policy on the Appointment and Remuneration of the Board of Directors", which contains, among other aspects, the criteria applicable to the composition of our Board of Directors, as well as the "Procedure for Submission and Evaluation of Proposals and Candidates", whereby the Company's policies to present and evaluate candidates to the Board of Directors and its conformation instances were issued.

In line with the foregoing, our independent members of the Board of Directors, in addition to complying with the criteria set forth in Law 964 of 2005, also meet more rigorous criteria adopted by us, according to which each independent director declares that they have no material obligations with any of our entities. Additionally, it has been verified that no family member of these independent members is a director of our Company or of any of its affiliates, nor do they have any relationship or link of any nature with our controlling or significant shareholders that could entail any impediment to the proper performance of the duties of the position of independent member of our Board of Directors.<sup>2</sup> In this regard, none of our independent members:

1. Is an employee or director of Grupo Aval or its affiliates or has been during the previous year.
2. Is a shareholder directly or indirectly with the capacity to direct the majority of the voting rights of the Company, or to determine the composition of its management.

1. The Rules and Regulations of the Board of Directors can be consulted at the following link: <https://www.grupoaval.com/repositorio/grupoaval/inversionistas/investor-relations/corporate-governance/Internal-Regulations-For-the-Operation-of-the-Board-of-Directors-2022.pdf>

2. <https://www.grupoaval.com/repositorio/grupoaval/inversionistas/investor-relations/corporate-governance/Carta-Aceptacion-Independencia-DJSI-Ingles.pdf>



3. Is a partner or employee of companies that provide services to Grupo Aval and such income represents 20% or more of its operating income.
4. Is an employee or officer of a foundation that receives donations for more than 20% of the total donations of such foundation.
5. Is a director of an entity in whose Board of Directors one of Grupo Aval's Legal Representatives participates.
6. Is a person who receives remuneration from the issuer other than their fees as a member of our board of directors and our committees.

On the other hand, our Board of Directors approved in its regulations the implementation of evaluations on the relationships or links of its

independent members with the controlling or significant shareholders of the Company, in order to consider whether they could become an impediment to the proper fulfillment of their duties as independent members of the Board of Directors or in the participation of the Company's Support Committees.

On our website you can consult in greater detail the composition of our Board of Directors: [Junta-Directiva-y-Equipo-Directivo-030622.pdf \(grupoaval.com\)](#).

The following is the composition and professional profiles of our Board of Directors for the period from April 1, 2022 to March 31, 2023, as stated in Minute 83 of the Assembly meetings.





## BOARD OF DIRECTORS OF GRUPO AVAL

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### Luis Carlos Sarmiento Angulo



**Title:**

- » Chairman of the Board of Directors of Grupo Aval Acciones y Valores S.A.
- » Founding partner.
- » Controlling shareholder.

**Age:** 90 years old.

**Seniority on the Board:** Since 1999.

**Education:** Civil Engineer from Universidad Nacional de Colombia.

**Experience:**

- » Founder of Grupo Aval Acciones y Valores S.A. in 1994.
- » Controlling shareholder and/or founding partner of several financial institutions such as Banco de Bogotá, Banco de Occidente, Banco Comercial AV Villas, Banco Popular, Corporación Financiera Colombiana, Administradora de Fondos de Pensiones y Cesantías Porvenir.
- » Creator, founding partner and manager of more than 100 companies since 1958, engaged in construction, infrastructure, agribusiness, insurance and financing.
- » Recognized philanthropist and manager of several non-profit and charitable entities such as the Cancer Treatment and Research Center, Fundación Luis Carlos Sarmiento Angulo and Fundación Grupo Aval.

**Member of other boards of directors:**

- » Organización Luis Carlos Sarmiento Angulo Ltda.
- » Casa Editorial El Tiempo S.A.
- » Fundación Grupo Aval.
- » Fundación Luis Carlos Sarmiento Angulo.
- » Fundación Centro de Tratamiento e Investigación del Cáncer - "CTIC"

**PEP\*:** No

### Alejandro Figueroa Jaramillo



**Title:**

- » President of Banco de Bogotá.
- » Principal member of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Equity member.

**Age:** 81 years old

**Seniority on the Board:** Since 1999.

**Education:** Civil Engineer from the National Faculty of Mines of Universidad Nacional de Colombia.

**Experience:**

- » President of Banco de Bogotá since 1988.
- » From this position, he contributed to the creation, merger and acquisition of other group companies.
- » Officer of Banco de Bogotá since 1973, where he served as Executive Vice President, Financial Vice President and Assistant to the President.
- » Vice Minister of Economic Development and held several positions in the National Planning Department.

**Member of other boards of directors:**

- » Porvenir S.A.
- » Corporación Financiera Colombiana S.A.
- » Fundación Grupo Aval.
- » Banking Association of Colombia.

**PEP\*:** No

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016. In accordance with Decree 1081 of 2015 it is not considered PEP.

## María Lorena Gutiérrez Botero



### Title:

- » President of Corficolombiana S.A.
- » Principal member of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Equity member.

**Age:** 54 years old.

**Seniority on the Board:** Since 2019.

### Education:

- » Industrial engineer from Universidad de los Andes.
- » Postgraduate degree in Finance from Universidad de los Andes.
- » MBA and PhD in Finance from Tulane University's Freeman School of Business and Management.

### Experience:

- » Minister of Industry, Trade and Tourism (2017-2018).
- » Ambassador of Colombia to Germany (2016 - 2017).
- » Minister of the Presidency (2010-2016).
- » Dean of the School of Business Administration, Universidad de los Andes.

### Member of other boards of directors:

- » Grupo de Energía de Bogotá S.A.
- » Promigas S.A.
- » Proindesa S.A.S.
- » Fiduciaria Corficolombiana S.A.
- » Gas Comprimido del Perú.
- » Gases del Caribe.
- » Calidda.

**PEP\*:** No

## Álvaro Velásquez Cock



### Title:

- » Principal member of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Equity member.

**Age:** 83 years old.

**Seniority on the Board:** Since 2008.

### Education:

- » Economist from Universidad de Antioquia.
- » MSc Economics candidate at the London School of Economics.

### Experience:

- » Dean and Professor of the School of Economics, Universidad de Antioquia.
- » Director of DANE.
- » Manager of Corporación Financiera Nacional in Bogotá.
- » President of Pedro Gómez & Cía. S.A.
- » Manager of Representaciones Computadores Apple.
- » Member of the Advisory Committee of the Banking Superintendent.
- » Member of the Audit Committee and of the Corporate Affairs Committee of Grupo Aval Acciones y Valores S.A.

### Member of other boards of directors:

- » Banco de Bogotá S.A.
- » Banco de Bogotá Panamá.
- » Corporación Financiera Colombiana S.A.
- » Unipalma S.A.
- » Other BAC Credomatic entities in Central America.

**PEP\*:** No

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016. In accordance with Decree 1081 of 2015 it is not considered PEP.



## Fabio Castellanos Ordóñez



### Title:

- » Principal member of the Board of Directors of Grupo Aval Acciones y Valores S.A. since 2018 and Board member since 2015 - Independent.

**Age:** 66 years old.

**Seniority on the Board:** Since 2018.

### Education:

- » Business Administrator from California Polytechnic State University, Pomona.
- » Master of Management in the Network Economy at the Università Cattolica del Sacro Cuore, Italy (in collaboration with the University of California at Berkeley).

### Experience:

- » Chief Country Executive and Chief Executive Officer of ABN-AMRO Bank (Colombia) S.A., The Royal Bank of Scotland (Colombia) S.A. and Scotiabank Colombia S.A.
- » Vice President and Corporate Finance Executive of the Representative Office in Colombia and in Argentina and New York of The Chase Manhattan Bank, N.A.
- » Local representative of AMF (Ascending Markets Financial Guaranty Corporation).
- » Member of the Audit Committee, the Corporate Affairs Committee and Chairman of the Risk Committee of Grupo Aval Acciones y Valores S.A.

### Member of other boards of directors:

- » Ignacio Gómez IHM S.A.

**PEP\*:** No

## Miguel Largacha Martínez



### Title:

- » President of Porvenir S.A.
- » Principal member of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Equity member.

**Age:** 59 years old.

**Seniority on the Board:** Since 2018.

### Education:

- » Lawyer from Universidad Javeriana.
- » Postgraduate studies in Financial Legislation and Executive Management at Universidad de los Andes.

### Experience:

- » President of Horizonte Sociedad Administradora de Fondos de Pensiones y Cesantías S.A. (affiliate of BBVA Colombia).
- » Vice President of Banco Ganadero.
- » Executive Vice President of BBVA Colombia.

### Member of other boards of directors:

- » Fundación Grupo Aval.
- » ANIF.

**PEP\*:** No

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016. In accordance with Decree 1081 of 2015 it is not considered PEP.

## Esther América Paz Montoya



### Title:

- » Principal member of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Independent.

**Age:** 68 years old.

**Seniority on the Board:** Senior Member of the Board of Directors since 2010 and Board member since 2005.

### Education:

- » Business Administrator from Universidad del Valle.

### Experience:

- » President of Banco AV Villas.
- » President of Ahorramás Corporación de Ahorro y Vivienda.
- » President of Corporación de Ahorro y Vivienda Las Villas.
- » Commercial Manager of Banco de Occidente.
- » Member of the Audit Committee and of the Corporate Affairs Committee of Grupo Aval Acciones y Valores S.A.

### Member of other boards of directors:

- » Chairman of the Board of Directors of Admicentros.

**PEP\*:** No

## ALTERNATE DIRECTORS

## Mauricio Cárdenas Müller



### Title:

- » Manager of Organización Luis Carlos Sarmiento Angulo.
- » Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Equity member.

**Age:** 53 years old.

**Seniority on the Board:** Since 2015.

### Education:

- » Electrical Engineer from Universidad Javeriana.
- » Master of Business Administration from the School of Management and Business of Universidad de la Sabana - INALDE.

### Experience:

Various positions in COCELCO companies (predecessor of Movistar), the technology multinational AT&T and the Organización Ardila Lülle.

### Member of other boards of directors:

- » Seguros Alfa S.A.
- » Seguros de Vida Alfa S.A.
- » Fundación para el Futuro de Colombia – Colfuturo.
- » Porvenir S.A.
- » Casa Editorial El Tiempo.

**PEP\*:** No

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016. In accordance with Decree 1081 of 2015 it is not considered PEP.



## Carlos Eduardo Upegui Cuartas



### Title:

- » President of Banco Popular S.A.
- » Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Equity member.

**Age:** 61 years old.

**Seniority on the Board:** Since 2021.

### Education:

- » Business Administrator with a specialization in Markets from Universidad de los Andes.

### Experience:

- » Commercial and Marketing Vice President of Banco de Bogotá.
- » Legal Representative of Ripley Compañía de Financiamiento.
- » President of BCSC S.A.

### Member of other boards of directors:

- » Asociación Bancaria de Colombia.
- » Corficolombiana S.A.

**PEP\*:** No

## Juan Camilo Ángel Mejía



### Title:

- » President of Banco AV Villas S.A.
- » Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Equity member.

**Age:** 57 years old.

**Seniority on the Board:** Since 2008.

### Education:

- » Civil Engineer from the Universidad de Medellín with studies in finance from Universidad EAFIT.

### Experience:

- » Real Estate Vice President of Banco AV Villas.
- » Asset Normalization Vice President of Banco AV Villas.
- » Credit and Portfolio Vice President and Capital Markets Project Manager of Corfinsura S.A.

### Member of other boards of directors:

- » Asobancaria.
- » Titularizadora Colombiana S.A.
- » Fundación Grupo Aval.

**PEP\*:** No

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016. In accordance with Decree 1081 of 2015 it is not considered PEP.

## Ana María Cuéllar de Jaramillo



### Title:

- » Independent consultant, specialized in advising on financial control processes and systems.
- » Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Equity member.

**Age:** 69 years old.

**Seniority on the Board:** Since 2012.

### Education:

- » Accountant graduated from Universidad Jorge Tadeo Lozano.

### Experience:

- » Director of National Taxes.
- » Financial Control Vice President of Citibank.

### Member of other boards of directors:

- » Banco de Bogotá.
- » Biomax S.A.
- » Ladrillera Santa Fe S.A.
- » Banco de América Central S.A. Guatemala.
- » Banco de América Central S.A. El Salvador.
- » Banco de América Central Honduras, S.A.
- » Credomatic de Honduras S.A.
- » Banco de América Central, S.A. Nicaragua.
- » Banco BAC San José S.A.
- » BAC International Bank Inc.

**PEP\*:** No

## Luis Fernando López Roca



### Title:

- » Partner of López Montealegre Asociados Abogados S.A.S.
- » Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Independent.

**Age:** 64 years old.

**Seniority on the Board:** Since 2018.

### Education:

- » PhD in Law from Universidad Externado de Colombia.
- » Postgraduate degree in Economic, Commercial and Financial Public Law from Universidad Externado de Colombia and Universidad de los Andes.
- » LLM in International Business Law from Universidad Francisco Vitoria.

### Experience:

- » Director of the Financial and Securities Law Department of Universidad Externado de Colombia.
- » Alternate Judge of the Consejo de Estado and from Corte Constitucional.
- » Superintendent of Securities.
- » President of the Colombian Association of Financing Companies.
- » Advisor to the Inter-American Development Bank.
- » Deputy Superintendent of the Superintendence of Banks.

**Member of other boards of directors:** N/A.

**PEP\*:** No

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016. In accordance with Decree 1081 of 2015 it is not considered PEP.





## Cesar Prado Villegas



### Title:

- » President of Banco de Occidente S.A.
- » Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Equity member.

**Age:** 51 years old.

**Seniority on the Board:** Since 2019.

### Education:

- » Lawyer from Universidad del Rosario.
- » Postgraduate degree in Commercial Law from Universidad de los Andes and Master of Law from London School of Economics.

### Experience:

- » Administrative Vice President of Banco de Bogotá.
- » President of Fiduciaria Bogotá.
- » Superintendent of Finance of Colombia.
- » Director of Financial Regulation of the Ministry of Finance.

### Member of other boards of directors:

- » Corficolombiana S.A.
- » Fiduciaria de Occidente S.A.

**PEP\*:** No

## Germán Villamil Pardo



### Title:

- » Partner of Gómez Pinzón Abogados S.A. and Gómez Pinzón Asemarcas S.A.
- » Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Independent.

**Age:** 63 years old.

**Seniority on the Board:** Since 2006.

### Education:

- » Lawyer from Universidad de los Andes.

### Experience:

- » Partner of Gomez Pinzón Abogados.
- » Important positions in the Ministry of Finance and the Central Bank of Colombia.

### Member of other boards of directors:

- » Gómez Pinzón Abogados.

**PEP\*:** No

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016. In accordance with Decree 1081 of 2015 it is not considered PEP.

**SECRETARY GENERAL****Luis Fernando Pabón Pabón****Title:**

- » **Legal Counsel of Organización Luis Carlos Sarmiento Angulo Ltda.**
- » **Corporate Secretary of the Board of Directors of Grupo Aval Acciones y Valores S.A.**

**Age:** 64 years old.

**Seniority on the Board:** Since 2000.

**Education:**

- » Lawyer from Universidad Javeriana.
- » Postgraduate degree in Financial Legislation from Universidad de Los Andes.

**Experience:**

- » Legal Vice President of Banco de Colombia.
- » Legal Advisor to the President of Banco de Bogotá.

**Member of other boards of directors:**

- » Banco AV Villas S.A.
- » Porvenir S.A.
- » Almaviva S.A.
- » Organización Luis Carlos Sarmiento Angulo Ltda.
- » Casa Editorial El Tiempo.
- » CEET TV.

**PEP\*:** No

**REMUNERATION OF THE BOARD OF DIRECTORS AND ITS SUPPORT COMMITTEES**

The remuneration of our Board of Directors contemplates different instances of determination and governance. Firstly, the fees of the members of the Board of Directors are determined by the General Shareholders' Assembly,<sup>3</sup> which set for the period between April 1, 2022 and March 31, 2023 an amount of COP\$3,000,000 per Board of Directors' meeting or support committee attended by each Director. In this regard, the consolidated amount of payments to our Board of Directors amounted to COP \$1,110.8 million<sup>4</sup> for the period stated above.

**BOARD OF DIRECTOR'S SUPPORT COMMITTEES**

2-9

The Board of Directors has formed five support committees that, in accordance with regulations, best practices and their own experience, support the Board of Directors in its most important tasks, as described below:

**I) Compensation Committee**

In the meeting held on August 11, 2010 (Minutes No. 124), the Board of Directors approved the creation of the Compensation Committee, which is made up of two (2) members of the Board of Directors.

Our Compensation Committee is in charge of setting the compensation of the President of the Company, as well as defining the parameters for the President to determine the compensation of the Senior Management and employees of the Company. The appointment of the President of the Company and his alternates is a matter of exclusive competence of our Board of Directors. Its frequency is occasional.

**Members**

Luis Carlos Sarmiento Angulo

Mauricio Cardenas Müller

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016. In accordance with Decree 1081 of 2015 it is not considered PEP.

3. The Company has a "Policy on the Appointment and Remuneration for the Board of Directors" approved by the General Shareholders' Assembly of the Holding Company in meeting No. 72 dated December 21, 2015.

4. Amount resulting from multiplying each director's fee per Board or Committee meeting attended.



## II) Audit Committee

In the meeting held on February 2, 2011 (Minutes No. 131), the Board of Directors approved the creation of the Audit Committee, which carries out the duties attributed to it under Law 964 of 2005, the Company's Bylaws and other applicable provisions.

In accordance with the Internal Regulations of the Audit Committee, this committee ensures transparency in the preparation, presentation and disclosure of the financial information that we prepare for our shareholders and, in addition, reviews and discusses with management and the Statutory Auditor the financial statements, quarterly reports and other financial reports.

### Members

Esther América Paz Montoya (P)

Fabio Castellanos Ordóñez      Álvaro Velásquez Cock

## III) Corporate Affairs Committee

In the meeting held on April 11, 2013 (Minutes No. 177), the Board of Directors approved the creation of the Corporate Affairs Committee, which is made up of three members of the Board of Directors.

Our Corporate Affairs Committee is in charge of studying issues related to the planning and execution of risk and Corporate Controllership policies of Grupo Aval and its subordinate entities.

### Members

Esther América Paz Montoya (P)

Fabio Castellanos Ordóñez      Álvaro Velásquez Cock

## IV) Risk Committee

In the meeting held on June 9, 2021 (Minutes No. 177), the Board of Directors approved the creation of the Risk Committee, which is made up of three members of the Board of Directors. The Committee's primary function is to assist the Board of Directors in performing its supervisory responsibilities in relation to the risk management of the Aval Financial Conglomerate in accordance with the regulations. Additionally, within its scope, it may review the risk aggregation issues of the different entities that are part of the Financial Conglomerate.

### Members

Fabio Castellanos Ordóñez (P)<sup>5</sup>

Miguel Largacha Martínez      María Lorena Gutiérrez

## V) Corporate Governance Committee

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

Our Corporate Governance Committee is in charge of: (i) Issues related to Conflicts of Interest; (ii) Issues related to Corporate Governance Best Practices; and (iii) Issues related to Sustainability Standards (ESG).

### Members

Luis Carlos Sarmiento Gutiérrez (P)

Diego Solano Saravia      Rodolfo Vélez Torres

Jorge Adrián Rincón Plata      Eduardo Duque Suárez

5. (P) Chairperson of the Committee.

## QUORUM AND ATTENDANCE DATA OF OUR BOARD OF DIRECTORS AND ITS SUPPORTING COMMITTEES

### Board of Directors

For the year 2022, 100% of the Board of Directors' meetings called had the necessary quorum to transact business and make decisions. In this regard, the attendance was as follows:

Line	Principal	Alternate	Attendance by line (%)
First	Luis Carlos Sarmiento Angulo	Mauricio Cárdenas Müller	85.19%
Second	Alejandro Figueroa Jaramillo	Carlos Upegui Cuartas	100%
Third	María Lorena Gutiérrez Botero	Juan Camilo Ángel Mejía	100%
Fourth	Álvaro Velásquez Cock	Ana María Cuéllar de Jaramillo	88.88%
Fifth	Fabio Castellanos Ordóñez (*)	Luis Fernando López Roca (*)	100%
Sixth	Miguel Largacha Martínez	Cesar Prado Villegas	100%
Seventh	Esther América Paz Montoya (*)	Germán Villamil Pardo (*)	92.59%

### Support Committees

The quorum of the Support Committees of our Board of Directors was 100% with the following number of meetings per Committee: (i) Audit Committee (15 meetings); (ii) Corporate Affairs Committee (3 meetings); (iii) Risk Committee (5 meetings); (iv) Compensation Committee (4 meetings); and (v) Corporate Governance Committee (2 meetings). Accordingly, the attendance per Committee was as follows:

Committee	Attendance
Audit Committee	91%
Corporate Affairs Committee	100%
Risk Committee	93%
Compensation Committee	100%
Corporate Governance Committee	100%

### EVALUATION OF THE BOARD OF DIRECTORS 2-18

Our Board of Directors approved, in its internal regulations, an evaluation mechanism for its members, in order to measure the effectiveness of its work as the governing body of our Company. In this regard, each of the directors fills out an annual form to evaluate the objective aspects of the performance of the activities of our Board of Directors. The form also includes a space for suggestions for the continuous improvement of these meetings.

### Governance and Senior Management Organizational Chart

Our Senior Management is integrated by the first and second level executive team. Therefore, the following are part of the executive team: the President of the Company, Senior Vice Presidents, Vice Presidents and the Company's Auditor, as shown in the table below:





## GENERAL SHAREHOLDERS' ASSEMBLY

Statutory Auditor  
KPMG

### Board of Directors

President

**Luis Carlos Sarmiento Gutiérrez**

### Audit Committee

Internal Audit Manager  
David Escobar\*

### Risk Committee

Corporate Controllershship Senior  
Vice President  
Rafael Neira\*

Financial Senior Vice President  
(CFO)  
Diego Solano

Information Technology (CIT)  
Senior Vice President  
Rodolfo Vélez

Legal Vice President  
Jorge Adrián Rincón

Corporate, Risk and Compliance  
Senior Vice President  
Eduardo Duque\*

Accounting Consolidation  
Vice President  
María Edith González

Corporate Marketing  
Vice President  
José Manuel Ayerbe

Processes Vice  
President  
Juan Carlos Andrade

IT Infrastructure and  
Security Vice President  
Jorge Giraldo

Technological Architecture and  
Research Vice President  
Fabio Cardona

\* Internal control



## **PRESIDENCY OF GRUPO AVAL ACCIONES Y VALORES S.A.**

### **2-11**

#### **Luis Carlos Sarmiento Gutiérrez**

- » **Civil Engineer from the University of Miami**
- » **Cornell University MBA**
- » **61 years old**

President of Grupo Aval since 2000. Mr. Sarmiento was president of Colcelco S.A. from 1997 to 2000. Prior to that, he served as executive vice president at First Bank of the Americas in New York and was chief financial officer at Procter & Gamble. He currently serves as Chairman of the Board of Directors of Banco de Bogotá since 2004 and of Corficolombiana since 2006.

The president is the legal representative of our Company, in court and out of court, and is the person in charge of managing the Company. His duties are set forth in article 27 of our Bylaws and can be consulted at the following link: <https://www.grupoaval.com/repositorio/grupoaval/inversionistas/investor-relations/corporate-governance/Grupo-Aval-Bylaws.pdf>

#### **Financial Senior Vice President**

##### **Diego Fernando Solano Saravia**

- » **Systems Engineer from Universidad de los Andes**
- » **MBA from the Wharton School of the University of Pennsylvania**
- » **57 years old**

He joined Grupo Aval since 2006. Mr. Solano was a Senior Associate at McKinsey & Co. until 2005 and Vice President of Corporate Banking at Banco Santander Colombia until 2000. He is currently an alternate member of the board of Banco Popular and serves on the board of Corporación Microcrédito Aval.

This Vice-Presidency is responsible for monitoring and analyzing the results of the Group's main entities, as well as the Holding Company's financing and cash management operations. This area is responsible for the preparation and reporting of separate and consolidated accounting information for local regulatory reporting, SEC filings and securities issuances.

In addition, he is responsible for the Company's administrative and human talent functions. He also supports stock or bond issue processes and other specialized operations.

#### **Information Technology Senior Vice President**

##### **Rodolfo Vélez Borda**

- » **Systems Engineer from Universidad de los Andes**
- » **Posgraduated degree in Telecommunications from Universidad de los Andes and Business Management from Aden Business School and MIT.**
- » **58 years old**

He joined Grupo Aval since 2012. Mr. Vélez served as Vice President of Technology and Operations of Banco AV Villas. He has been a member of the Board of Directors of ACH Colombia since 2006, ATH since 2005 and Ingeal since 2018.

This Vice-Presidency is responsible for the management of architecture, cybersecurity, processes, infrastructure and corporate procurement. In addition, this Vice-Presidency provides support to both operational and technological business processes and continues to homogenize, standardize and centralize them for all our subsidiaries, seeking cost optimization, improvements in their competitiveness and to be at the forefront of product and service innovation.

#### **Corporate Controllershship Senior Vice President**

##### **Rafael Neira Torres**

- » **Public Accountant from Universidad Jorge Tadeo Lozano**
- » **Banking Management from Universidad de los Andes**
- » **65 years old**

He joined Grupo Aval since 2009. Mr. Neira was Institutional Deputy Financial Superintendent from 2006 to 2009. He also served at Banco Davivienda as Vice President of Operations, in addition to other important positions in financial institutions.

This Vice-Presidency carries out audit visits to the entities of Grupo Aval, in compliance with the annual plan approved by the Company's presidency, including in its reviews the evaluation of the risk-oriented approach in the



work of the internal auditors of such entities, the most important corporate governance issues, inherent risks of greater impact, controls, auditing, information security and cybersecurity; with a focus on the most relevant aspects of the Group's entities.

### **Risk and Compliance Corporate Senior Vice President**

**Eduardo Duque Suárez**

- » **Economist from Universidad de los Andes**
- » **Master of Economy from Universidad de los Andes**
- » **58 years old**

He joined Grupo Aval since 2022. Mr. Duque has served as Citigroup's Regional Head of Global Compliance Functions for Latin America and Mexico, Deputy Country Credit and Risk manager, Regional Risk Manager, Risk Country Officer for Chile, Peru and Bolivia, Risk Manager Regional Officer and Risk Chief Country Officer for Andean countries at Citi. He also served as vice president of Credit Risk and corporate vice president of EMCB Emerging Markets - Institutional Clients. Former Director of Waventure S.A. in Mexico, Director at NM Rothschild & Sons Mexico, Director at the Rothschild Colombia office and at Corredores Asociados.

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

### **Corporate Marketing Vice President**

**José Manuel Ayerbe**

- » **Professional in Marketing from Universidad Jorge Tadeo Lozano**
- » **50 years old**

He joined Grupo Aval since 2012. Mr. Ayerbe was the Advertising Director of Visa and Telefónica Movistar Colombia (formerly Cocelco) and has served as President of Dale! (Sedpe of Grupo Aval) and as an alternate member of its Board of Directors.

This Vice-Presidency is responsible for generating value for the entities by leveraging synergies, capitalizing on best practices and managing

corporate initiatives to: support the commercial efforts of entities, achieve differentiation and reduce client defection, promote the competitiveness of the entities in products, services and channels, migrate transactions to more favorable and less costly channels for the entities and clients, strengthen Grupo Aval's reputational assets and achieve a market position that strengthens and boosts the position of each entity.

### **Legal Vice President**

**Jorge Adrián Rincón Plata**

- » **Lawyer from Universidad Autónoma de Bucaramanga**
- » **Master of Laws in International Business Law from Queen Mary University & Westfield College, University of London**
- » **43 years old**

He joined Grupo Aval since 2012. Mr. Rincón has worked as legal advisor to the International and Treasury Vice-Presidency and as a lawyer of the Legal Department of Banco de Bogotá since 2006.

This Vice Presidency attends to the legal needs at the internal and corporate level, especially in relation to support to securities issue processes, the preparation and negotiation of contracts, corporate governance matters, trademark monitoring, advice and support in the relevant processes carried out by our subsidiaries and compliance with the regulatory duties inherent in our capacity as issuer of securities and Financial Holding Company of CF Aval. Additionally, this Vice-Presidency coordinates projects with a corporate scope and monitors legislative initiatives that may have an effect on the activities carried out by the Holding Company and our subsidiaries.

### **Internal Audit Management**

**David Escobar**

- » **Certified Public Accountant from Universidad Central**
- » **Posgraduated degree in business valuation and portfolio management from Escuela de Administración de Negocios**
- » **38 years old**

Director of Technological Risks and Auditing at Porvenir S.A. He has held the position of Audit Manager at Scotiabank Colpatria.





This management audits the Company's internal control with a risk-based approach, in accordance with best practices, independently evaluating the governance, risk management, controls, processes and systems of the Holding Company.

### Remuneration of Senior Management

The compensation of our Senior Management is determined by the review of the Compensation Committee, composed of members of the Board of Directors, which within the framework of its functions sets the structure that determines the remuneration. For the year 2022, payments were made in a total amount of COP \$27,914.0 million for our senior executives, which includes both their salaries and the occasional bonuses granted by our Company.

### Evaluation of Senior Management

The evaluation of Senior Management is conducted by the President within the corporate performance evaluation framework. This incorporates the goals set by our Board of Directors, which are aligned under the guidelines of profitable and sustainable growth. The use of this tool allows us to determine the salary increases for each member of the management team.

### MECHANISMS FOR RESOLVING CONFLICTS OF INTEREST BETWEEN COMPANIES IN THE SAME CONGLOMERATE AND THEIR APPLICATION DURING THE YEAR

2-15

In relation to the mechanisms for resolving conflicts of interest between companies in the same conglomerate, we have identified two types of conflicts of interest: personal and institutional.

Personal conflicts of interest are regulated in paragraph 7 of article 23 of Law 222 of 1995, which establishes the duty of directors to *"Refrain from participating, either personally or through a third party, in activities*

*that entail competition with the company or in acts with respect to which there is a conflict of interest, unless expressly authorized by the members assembly or the general shareholders' assembly."*

In view of the above, we have incorporated in our Code of Ethics and Conduct a resolution mechanism consisting of the obligation to refrain from making any decision and to inform the corresponding instances depending on their position in the Company. In the Code, we have also incorporated a specific section for events that may give rise to a conflict of interest, when gifts or benefits granted by clients, suppliers or third parties are involved. This scenario is also supervised and regulated through the policies defined for the Operational Risk Management System - SARO.

Regarding institutional conflicts of interest, the *"Policy for the identification, communication, management and control of conflicts of interest of the Aval Financial Conglomerate"* (hereinafter the "Policy") contemplates the general guidelines applicable to operations carried out between the entities that make up the Aval Financial Conglomerate, between them and the entities and persons related to the financial conglomerate and between the managers defined in article 22 of Law 222 of 1995, as well as the operations carried out with own resources and resources from the management of third parties' resources.

This Policy establishes: (i) non-exhaustive criteria to identify situations that could give rise to a conflict of interest, (ii) the duty to timely disclose this situation to the competent governing bodies in each entity as well as the obligation to refrain from carrying out the transaction in question, participating or influencing the decision to be made, (iii) the mechanisms to manage the conflict through instances such as the Conflict of Interest Committees, the Board of Directors or the Shareholders' Assembly, and finally (iv) the control of these situations through the application of self-monitoring and self-regulation criteria, the obligation to provide our officers and responsible areas with the necessary tools to comply with the Policy and the joint work with the compliance, risk and audit areas.

Finally, for the proper application of the Policy, we must analyze each situation in light of the following criteria: (i) transparency in the performance of transactions under market conditions and prices, respecting the balance between our interests and those of the subordinates, (ii) the

identification of materiality in accordance with the nature and size of the operation, establishing ranges to report to the respective instances, (iii) the application of exposure limits and credit quotas, and counterparty, as appropriate, and (iv) the implementation of information barriers to avoid the exchange of insider information.

In the year 2022, in application of the *Policy for the identification, communication, management and control of conflicts of interest of the Aval Financial Conglomerate*, situations of conflict of interest were identified at a personal level by some of the Company's managers and a conflict of interest of an institutional nature, which were submitted to the General Shareholders' Assembly for consideration, a body that made a substantive decision on such situations. The aforementioned cases were reported to stakeholders through the relevant information mechanism, available at the following link: <https://www.grupoaval.com/investor-relations/relevant-information>

## OPERATIONS WITH RELATED PARTIES

### Powers of the Board of Directors regarding this type of transactions and conflicts of interest

In accordance with the above, in 2020 the Board of Directors approved the creation of the Corporate Governance Committee in the area of conflicts of interest. One of the objectives of the aforementioned Committee is serve as the body in charge in the first instance of knowing and evaluating the characteristics of operations that may give rise to conflicts of interest or possible conflicts of interest between Grupo Aval and the entities comprising the Aval Financial Conglomerate, the Related Parties of the Aval Financial Conglomerate and the managers and persons with decision-making capacity of the entities 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.

Regarding the management of conflicts of interest, the Board of Directors is responsible for evaluating conflicts of interest and expressing its justified decision indicating (i) its agreement with the transaction, (ii) whether the entities should refrain, (iii) whether it can be carried out subject to the modification of certain conditions, or (iv) whether the transaction should be submitted to the respective Shareholders' Assembly for consideration. The foregoing, in compliance with the materiality criteria established by each entity. Therefore, in order to make a decision on a transaction involving a range from USD\$10,000,001 to USD\$100,000,000, the Board of Directors will be the competent body. In addition, the Board must keep a record of the transactions approved by the Board in order to make them known to the General Shareholders' Assembly in the year-end accountability report.

Additionally, we have a Reference Framework for Institutional Relations approved by the Board of Directors where the recommendations of the Country Code have been adopted, which in its article 5.3 provides guidelines that must be complied with for intra-group transactions, which must be permanently recorded, including the type of transaction, its purpose, economic conditions and authorizations received, the limits of indebtedness and exposure, their adequate identification in the accounting records according to regulations, their designation as significant transactions based on their materiality, their level of authorization, and above all their market conditions, their prices and their onerousness, maintaining a financial balance and preventing them from impacting the capacity of the entities to comply with their obligations. This information can be found on our website at the following link:

<https://www.grupoaval.com/documents/1028736/1124507/2021-05-14-reference-framework-for-institutional-relations.pdf/632006b6-39b9-34d4-02f9-651ad6bd111f?t=1621607691184>

### Most relevant Operations with Related Parties of our Company

The operations with related parties are presented to our Shareholders' Assembly in the special report of the Business Group provided in article 29 of Law 222 of 1995, which contains the following aspects: (i) the most important operations concluded during the respective fiscal year, directly or indirectly, between the controlling company or its affiliates or subsidiaries with the respective controlled company, (ii) the most important operations concluded during the respective fiscal year, between the controlled company and other entities, under the influence or in the interest of the controlling company, as well as the most important operations concluded during the respective fiscal year between the controlling company and other entities, in the interest of the controlled company, and (iii) the most important decisions that the controlled company has made or has not made due to influence or in the interest of the controlling company, as well as the most important decisions that the controlling company has made or has not made in the interest of the controlled company.

As mentioned in December 2022, after receiving the corresponding corporate approvals, we granted two credits to Esadinco S.A. The first, for the equivalent in Colombian pesos of U.S. \$270 million for a term of 3 years, and the second, a loan in pesos in the amount of \$200,000 million for a term of 2 years, both on market rate. The first loan was financed with a loan granted by Grupo Aval Limited (GAL) to Grupo Aval Acciones y Valores S.A. in the amount of U.S. \$270 million for a term of 18 months.

For further information on related party transactions, see Note 34 to the Consolidated Financial Statements.

### CONTRACTUAL RELATIONSHIP WITH THE STATUTORY AUDITOR

According to the disclosure we make on our website <https://www.grupoaval.com/repositorio/grupoaval/inversionistas/investor-relations/corporate-governance/Certificate-Payments-Received-2022.pdf>, the total value of the Company's Statutory Auditor contract for the period from April 1, 2022 to March 31, 2023 amounts to \$90,230,000.

### MEASURES TAKEN DURING THE YEAR TO ENCOURAGE SHAREHOLDER PARTICIPATION

As part of our best practices with stakeholders, we have maintained the disclosure of quarterly earnings reports to our shareholders and investors in general. We also make quarterly presentations (result calls) where we inform the market about the performance of our businesses and use the publication mechanisms in the Relevant Information platform in a timely manner and in accordance with the Law.

All information that by its nature and in accordance with the applicable regulations is relevant is communicated to the market through the Sistema Integral de Información del Mercado de Valores, the Relevant Information System of the Financial Superintendence of Colombia, the Electronic Data Gathering, Analysis, and Retrieval System (EDGAR) administered by the U.S. Securities and Exchange Commission and on our website.

Article 42 of the Bylaws provides the duty to give equal treatment in terms of requests, complaints and information to shareholders regardless of the value of their shares, as well as to investors, regardless of the value of their investments, establishing specific mechanisms to ensure equitable treatment of shareholders and investors. Likewise, the aforementioned article is incorporated in the Company's Code of Good Governance, which contemplates, among other rights of shareholders, the right to equal treatment and to be provided with the same information, with the same detail and at the same time and opportunity in order to protect their rights.

For the ordinary meeting of the General Shareholders' Assembly, we implemented: (i) the mass publication of the Agenda through different mechanisms together with the Financial Statements; and (ii) to the extent available, we published all documents including the proposals on our website.



## INTELLECTUAL PROPERTY

The Company constantly monitors trademarks, registrations or oppositions that are necessary for the proper development of the economic activity in order to protect the rights granted to Grupo Aval in the use of certain trademarks or trade names, avoiding scenarios that may cause confusion to consumers and ensuring that its name is not used for fraud or criminal activities. In accordance with the above, the relevance of new trademark registrations in line with the different business initiatives is analyzed, a follow-up is carried out through internal reminders for the renewal processes of trademarks locally and internationally in accordance with the business strategy, and the possible scenarios of opposition to trademark registration that may generate a risk in the market to the Company's previously registered trademarks are evaluated.

Likewise, in compliance with paragraph 4 of article 47 of Law 222 of 1995, as amended by article 1 of Law 603 of 2000, our Company has fully applied the regulations on intellectual property and copyrights. Products and programs subject to intellectual property rights are duly licensed.

## LEGAL, REGULATORY, LITIGATION, JUDICIAL AND ADMINISTRATIVE PROCEEDINGS

2-27

Litigation, judicial and administrative proceedings that may materially affect our operations and financial position are disclosed in note 27 to the Consolidated Financial Statements as of December 31, 2022. To date, we have not been notified, nor are we aware, of any proceedings additional to those disclosed in our notes that could produce any material monetary loss or contingency that could jeopardize privacy, intellectual property and accordingly fraud or the fulfillment of our corporate purpose.

Likewise, our regulatory management strategy aims to monitor, follow up and report on regulatory projects and new proposals submitted to Congress and the various ministries and regulatory authorities, including the Financial Superintendence. As part of this effort, during 2022 our Legal

Vice-Presidency submitted to the administration periodic reports on the legislative agenda that incorporate aspects related to the debates held in the congressional committees and plenary sessions. Likewise, comments were made on some regulatory projects that directly impacted, or through our entities, the operation of the Aval Financial Conglomerate, such as the implementation of External Circular 09 of 2019 (CFEN for liquidity risks), Decree 151 of 2022 on Relevant Information, and Circular 012 of the Financial Superintendence on year-end reports, in addition to the Tax Reform.

It is important to highlight that, through our regulatory strategy, we actively participate in working meetings with associations in order to discuss regulatory projects that could have some level of impact on our operations.

Finally, in accordance with the provisions of paragraph 2 of article 778 of the Code of Commerce, we expressly state that, during the fiscal year covered by this report, no action was taken that could hinder the free circulation of invoices issued by suppliers.

## INTERNAL CONTROL SYSTEM

The issuer's internal control is consistent with the Internal Control Framework COSO III - (Committee of Sponsoring Organizations of the Treadway). This model is led with the objective of providing a reasonable level of assurance as to the effectiveness and efficiency of operations, the reliability of financial information and compliance with applicable laws, regulations and standards. Grupo Aval has implemented a set of plans, methods, principles, standards, procedures and verification and evaluation mechanisms adopted by the Company, in order to ensure that all activities, operations and actions, as well as the management of information and resources, are carried out in accordance with the legal regulations in force, the policies established by Senior Management and in compliance with the goals or objectives set.

For monitoring compliance with internal control standards. The issuer has defined the following instances:



**Audit Committee:** this is the corporate body charged with the evaluation of internal control in Grupo Aval, as well as its continuous improvement, with advisory and support functions. Its primary objective is to support the Board of Directors in the supervision of the Company's control architecture, through the evaluation of the effectiveness of the accounting and financial systems, the management of risk administration, with an emphasis on compliance risks related to the Sarbanes Oxley Act -SOX and the compliance program of Grupo Aval ABAC (Anti-Bribery & Anti-Corruption) and the relationship with the Statutory Auditor and External Auditor, seeking, among other aspects, that internal control procedures are sufficient and reasonably protect the Company's assets. It also considers and evaluates the role of the internal auditor in the application and review of the entity's internal control system and the performance of the audit function.

**Internal Audit:** it is responsible for evaluating the internal control system through its independent role, always observing a criterion of independence from the operation and autonomy from the acts of Management. Internal Audit coordinates and carries out its audit plans and discloses the results of its work, as appropriate, to the Audit Committee of the Board of Directors, to the leaders of Processes and departments, and to the Control Entities when so required by them. Annually, Internal Audit provides a report on the effectiveness of internal control.

### STRENGTHENING CONTROL IN GRUPO AVAL

Grupo Aval's Corporate Controllershship Vice-Presidency promotes the strengthening of internal control in the Group's companies; the main activities carried out for this purpose are as follows:

1. We define and disseminate good control and auditing practices to the Group's companies.
2. We provide ongoing support and training to internal auditors to provide guidelines and address their concerns, in order to support their work.
3. We participate as guests on the audit committees of the Group's companies.
4. We ensure independence and evaluate the internal auditors of the Group's companies.
5. We reviewed the Group companies' compliance with the corporate policies issued by Grupo Aval Holding.
6. We plan and conduct reviews on the internal control of the Group's companies, in compliance with the annual plan approved by the Presidency of the Holding Company; likewise, we follow up on the internal control improvement plans of such companies.
7. We follow up on the results of audit tests on Sarbanes-Oxley (SOX) controls.

All of the above allowed for **permanent monitoring** and follow-up during the year 2022 in Grupo Aval's companies on the most important corporate governance issues, inherent risks with the greatest impact, controls, auditing, information security and cybersecurity, with a focus on the most relevant aspects of the Group's companies.

## Ethics

### AVAL ETHICS LINE

2-16



The Aval Ethics Line began to be implemented in 2012 in Grupo Aval's companies, as an initiative of the Group's Presidency. This line is a communication channel that allows employees, suppliers, shareholders and clients of the Group's companies to report possible fraud, misconduct, possible corruption, money laundering, any other situation that is considered irregular or possible events that do not comply with the established standards.

This ethical line mechanism is documented by means of a procedure. In addition, during the training process of new collaborators or the hiring of suppliers, they are made aware of the existence of this whistleblower channel; likewise, periodic disclosures and tests on its operation are carried out.

The Aval Ethics Line is implemented on the websites of: Grupo Aval Holding, the four Banks, Multibank in Panama, the four trust companies,

the stockbroker, the pension fund manager, the company that manages the ATM network, the two general deposit warehousing companies, Corporación Financiera Colombiana and its affiliates, among others.

Persons wishing to use the Aval Ethics Line can access it through the internal data network of the aforementioned companies or over the Internet, where they can find a website that informs them about the purpose of the ethics line and some examples of situations that can be reported through this channel. Once the person decides to go through with the report, they are presented with a form in which they must fill in: the details of the facts, the company about which they are making the report, the type of report (employee, client, supplier or shareholder) and is given the possibility of attaching electronic documentation related to the report.

When the whistleblower has completed and sent the information requested in the web form of the Aval Ethics Line, it is sent to an e-mail,



following protocols to ensure the confidentiality of the information and the protection of the identity of the whistleblower. Such reports are received directly by the Corporate Controllershship Senior Vice President and by the Compliance Officer of Grupo Aval.

From that moment on, the management of the complaint begins, which involves classifying it according to its type (possible fraud, possible corruption, human resources, client complaints and others); in addition, establishing a priority level (normal or high) and making the decision on where to direct these ethical line reports for their resolution; the Corporate Controllershship Senior Vice President and the Compliance Officer of Grupo Aval participate in this decision.

Subsequently, the Corporate Controllershship Senior Vice President must send the ethics line report by e-mail to the agreed recipients, with a copy to the Compliance Officer of Grupo Aval. Likewise, the deadline for the delivery of the results of the investigations is assigned.

Any report that may be made on the Aval Ethics Line about the internal auditors of Grupo Aval's companies is forwarded for management to the chairmen of the audit committees of such companies.

Upon receipt of the results of the reports, Grupo Aval's Corporate Controllershship Senior Vice President conducts a review to determine whether observations or comments are made; likewise, if action plans have been proposed, these are evaluated to determine if they are adequate.

Since 2013, a detailed monthly follow-up of reports, the results of the investigations and action plans (when applicable) is carried out in order to request the necessary corrective actions; this follow-up is recorded in minutes, which are under the custody of the Corporate Controllershship Senior Vice President.

Reports received on the Aval Ethics Line during 2022 were forwarded to Grupo Aval's companies, which dealt with them in a timely manner; likewise, when the issue warranted it, investigations were carried out and corrective actions were taken.

Below are the statistics of the reports received and managed on the Aval Ethics Line in 2020, 2021 and 2022, classified according to the types of reports mentioned above:

No.	Type of report	Year 2020	Year 2021	Year 2022	Total Reports (2020 a 2022)
1	Possible fraud	17	34	27	78
2	Possible harassment at work	37	44	80	161
3	Human resources	11	11	30	52
4	Others (*)	125	155	268	548
<b>Total annual</b>		<b>190</b>	<b>244</b>	<b>405</b>	<b>839</b>

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

According to these figures, we observe that between the annual total of reports received in 2021 compared to 2020, there was an increase of 28% (54 reports); likewise, when comparing the total number of reports in 2022 compared to 2021, we can see an increase of 66% (161 reports); the above, taking into account the strengthening in the disclosure made by the Group's companies on the Aval Ethics Line to employees, clients, suppliers and shareholders.

In the year 2023, we will continue to promote the proper operation and dissemination of the Aval Ethics Line in the Group's companies; also, the Corporate Controllershship Senior Vice President will follow up on the investigations of reports, ensuring that they are carried out properly and timely.

**The ethics line** is a communication channel for reporting possible **fraud**, misconduct, possible corruption, money laundering, any other situation that is considered **irregular** or possible events that do not comply with the established standards.



## Innovation and digitalization

Aval Digital Lab (ADL) and Dale! (Aval Soluciones Digitales) are the entities through which we consolidate our innovation, transformation and digital payments strategy. In addition, our Banks have internal teams in charge of developing their digital strategy.

Our corporate strategy is based on the development of creative solutions supported by technology, which solve the financial needs of the clients of our entities, maintaining as a core element the constant improvement of services and products within the framework of the sustainability challenges that arise.

The laboratory has built up a set of proprietary assets that allow accelerating the digital transformation efficiently, regarding its development, tax burden and with a strategic and financial purpose for the Group.

For example, Augusta is ADL's 100% cloud and multi-cloud data platform that enables and leverages ecosystem building by integrating different market players. Through Augusta, we have deployed 54 analytical models including risk, scoring and churn models, among others. One of its main advantages is that it optimizes the use of project data by 55% through the reuse of information.

Mathilde - ads, our advertising ecosystem, generates personalized recommendations of products and services in digital advertising spaces. This asset has enabled our Banks to lower their average cost of acquisition (CAC) as a result of the optimizations made in the personal loans and credit card campaigns. In the case of personal loans, the reduction has been 27.6% in 5 months, and in credit cards the reduction has been 44.8% in the same period.

As mentioned, our digital strategy focuses on three components:

### DIGITIZATION OF EXISTING PRODUCTS AND PROCESSES

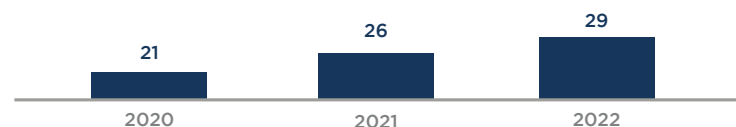
We have 40 digitization certificates that allow us to originate financial products and optimize processes for end-to-end digital placement, thus

our Banks continue to consolidate their digital product portfolio according to their product and segment focus.

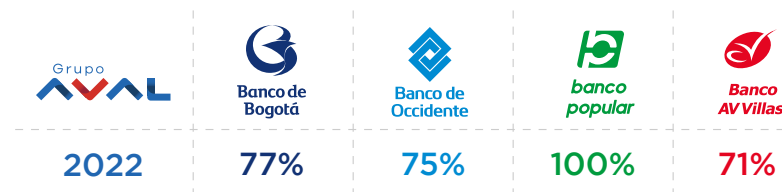
In 2022 we continued to develop new digital products: Vehicle Loan in Banco de Bogotá and Occicuenta and Otorgamiento Pyme in Banco de Occidente, reaching 29 digitalized products.

The Banks' digitization ratio on products with digitization interest reached 80% in 2022.

### DIGITAL PRODUCTS



### PERCENTAGE OF PRODUCTS DIGITIZED



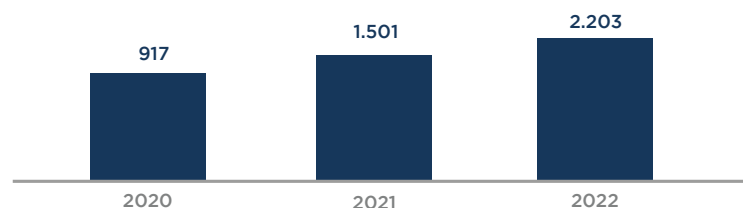
### DIGITAL SALES

In 2022, digital product sales exceeded 2.2 million products growing 45% over 2021.

We sold 1.2 million products in the consumer portfolio, opened more than 960 thousand deposits and generated more than 37 thousand mortgage loan approvals during the year.

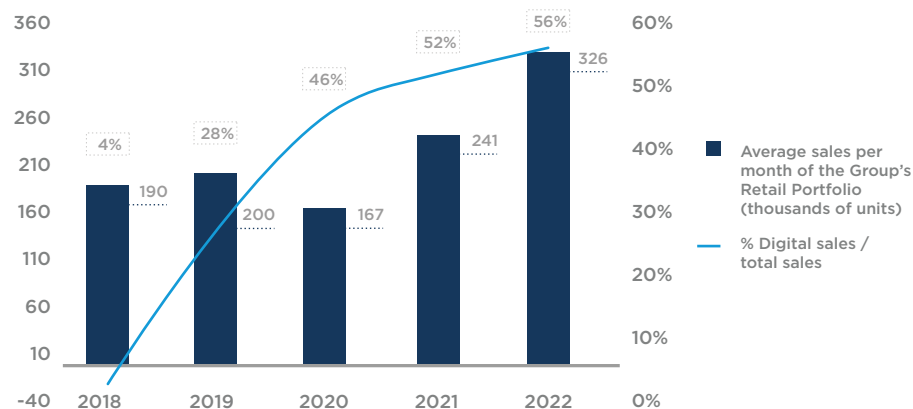
Credit cards and personal loans are the main digital products. Credit cards account for 58% of digital sales of consumer products and personal loans account for 38%.

#### SALES OF DIGITAL PRODUCTS (UNITS)



The good performance of digital sales allowed the share of digital sales (self-managed and assisted) as a percentage of total sales of digitized and non-digitized products to reach 56% of the sales of the personal segment (active + passive). In 2022, more than 30% of disbursements originated from the consumer portfolio in 2022 used digital origination flows.

#### AVERAGE MONTHLY SALES OF THE GROUP'S RETAIL PORTFOLIO (THOUSANDS OF UNITS)

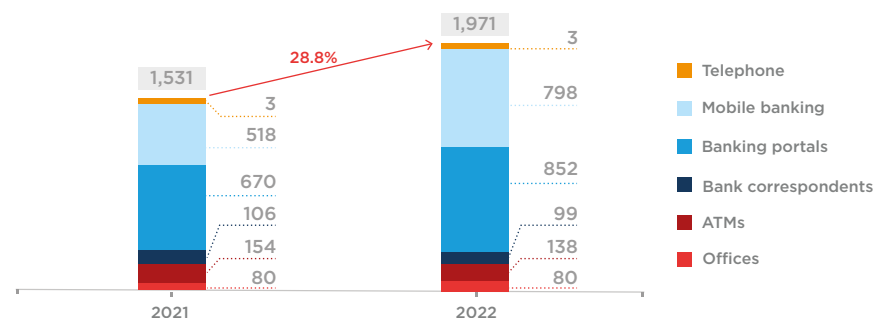


#### DEVELOPMENT OF NEW DIGITAL BUSINESS MODELS

In recent years we have improved our digital channels by redesigning the portals of Aval Banks and improving the use of mobile applications. In turn, through the integration of APIs, we leverage on the main transactions of digital channels, improving the time-to-market of the products and channels that consume them.

The launch of the new digital experiences of our banking portals and mobile banking has allowed clients to efficiently self-manage transactions that previously had to be carried out in branches and leverage the growth of digital clients.

#### SUCCESSFUL MONETARY AND NON-MONETARY TRANSACTIONS (FIGURES IN MILLIONS)

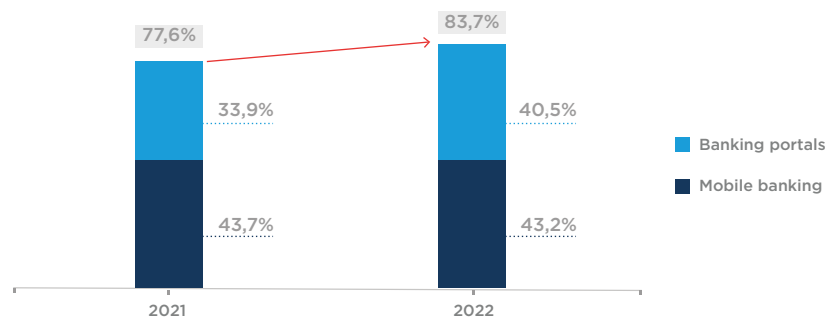


Includes transactions of Aval Banks and MFH.

During the year, successful monetary and nonmonetary transactions totaled 1,917 thousand transactions, an annual growth rate of 28.8%.

Transactions in mobile banking grew by 54.0% and in banking portals by 27.2%, digital transactions account for 83.7% of the total in 2021, in 2022 they represented 77.6%.

### EVOLUTION IN DIGITAL TRANSACTIONS



Includes transactions of Aval Banks and MFH.

By 2022 we reached approximately 5 million digital clients (these clients include dale! clients).

With dale!, we started to dynamize and compete in the digital wallet market. In 2022, we had an important change in the growth dynamics, as a result of the consolidation of the Corporate Payments Strategy that began in 2021, a greater synergy with our entities, and undoubtedly, the effort and dedication of our Fintech collaborators.

We closed the year with close to one million clients, reflected in a 425% growth over the previous year. For this purpose, strategies were developed to reach more people through virtual stores such as Google Play, Apple Store and Huawei Store. In line with the growth in the number of clients and the increased interoperability of dale! in 2022, 2.3 million successful monetary transactions were carried out, a 311% growth versus 2021 (569,745 transactions).

### GENERATION OR PARTICIPATION IN “DIGITAL ECOSYSTEMS”

In 2022, we advanced our digital ecosystem strategy, which is focused on mobility, insurance and housing.

CarroYa, the mobility ecosystem, was created 14 months ago and leverages our advantages as a group to capture strategic value segments by

participating in the different stages of the client lifecycle. In its first year, it has already generated more than 121 thousand leads to Aval Banks as potential business, demonstrating the power of embedding financial products in the natural digital flow of ecosystems.

In June we launched the Insurance ecosystem through the creation of the Group’s digital insurance agency, seeking to centralize and make available to clients different insurance offerings in 100% digital channels.

In alliance with the Mobility ecosystem, SOATs (Compulsory Traffic Accident Insurance) have been deployed, placing 18,064 policies since its launch in July 2022. In August, it expanded its portfolio with the launch of All Risk Insurance for vehicles, furthering the capture of synergies between ecosystems. This ecosystem has been deployed in partnership with insurance companies (Mapfre and Allianz).

In September 2022, we launched the deployment of the Metrocuadrado.com housing ecosystem, which will bring us potential business from 3 million monthly visits. This portal represents 25% of the real estate publications in Colombia with around 280,000 active publications.

In line with the growth in the number of clients and the increased interoperability of **dale!** in 2022, **2.3 million** successful monetary transactions were carried out, a **311%** growth versus 2021 (**569,745** transactions).

## Corporate efficiencies

### Corporate Marketing

At Grupo Aval we are responsible for developing and coordinating marketing and communication actions that are transversal to the affiliates, with which we seek to generate optimizations, achieve profitable growth, and enhance competitiveness and market share with a differential positioning that contributes to the country's progress and benefits the entire value chain.

We lead and participate in monthly corporate committees that allow us to co-create, follow up on approved initiatives, make decisions and find opportunities to strengthen the position and image of Grupo Aval and its banks.

We promote initiatives to make visible the sustainability actions of the subsidiaries that strengthen reputational favorability.

### BRAND MANAGEMENT

In 2022 we completed the brand research process that we carried out with the multinational market research company Ipsos, in which we sought to find opportunities to strengthen the territories of the Banks and Grupo Aval in order to build greater trust and closeness with the stakeholders, evaluating the competitive environment and the brand territories in the sector.

### EXPERIENCIAS AVAL

With *Experiencias Aval*, the entertainment platform of Aval Banks and dale!, we support the entertainment culture in Colombia while providing exclusive benefits to cardholders for the main musical and cultural shows. In 2022, we had presales share growth versus 2021 of 13% and revenue growth of 436%. Additionally, dale! joined as part of the subsidiaries that enjoy these benefits. The free press or earn media generated during the mentioned year exceeded \$13 thousand million pesos, and savings of over \$5 thousand million pesos Were achieved through presales negotiations.



According to the National Administrative Department of Statistics, in the third quarter of the year the Gross Domestic Product (GDP) grew 7.7% compared to the same period of 2021, while artistic, entertainment and recreational activities increased the GDP by 36.9%. In addition, according to the Mayor's Office of Bogotá, concerts such as Dua Lipa and Coldplay, of which we were the main sponsors, sold around 84,000 and 29,000 tickets respectively, while boosting the hotel industry in the capital, reaching an occupancy rate of 85%.

During 2023, we expect to continue gaining territory in the entertainment category and update our communication strategy to drive credit and debit card placements, leveraging on the benefits of the platform.



## PURPOSEFUL EXPERIENCIAS AVAL

In order to reinforce the Group's sustainability strategy by contributing to the SDGs (Sustainable Development Goals), with the *Experiencias Aval* program, being aware of the impact and scope music has, we have carried out actions that contribute to the conscious progress of the country. Thus, in 2022, we developed high-impact initiatives to generate knowledge about diversity, inclusion and environmental care.

» According to the commitment to democratize culture, we invited young people from vulnerable communities and diversity, equity and inclusion (DEI) groups with a view to leadership, to world-class shows such as Coldplay and Harry Styles, allowing them to live new and inspiring experiences.

» In March, as part of the Estéreo Picnic Festival, the most important music festival in the country and one of the largest in the region, we created '*Baño para todes*', a space with luxury bathrooms without labels with which we seek to carry the Group's message of diversity 'It is more what brings us together than what takes us apart.'

» During Pride Month, we carried out actions to celebrate diversity and inclusion with the entire LGBTQ+ population, participating in the Pride Fest festival held at the Hipódromo de los Andes and in Theatron's Gay Pride party, where exclusive benefits were given to Aval Banks' clients.

» As part of our participation in the Cordillera Festival, we became an ally of the country's mountain ecosystem with "*#ExperienciasAval por la Cordillera*", an initiative that aimed to make visible one of the problems that most affects the mountain ranges: pollution. During a 3-day walk through points such as Guasca, Páramo de Las Cuchillas, Chingaza, La Calera, Páramo Cruz Verde, Choachí and Páramo Las Antenas, waste was collected and transformed into a live work of art during the two days of the Festival, raising awareness about the importance of caring for the planet.





## LOYALTY PROGRAM - TUPLÚS

tuplús is the loyalty program of our Banks, where clients have access to a unique platform of benefits by redeeming the points they accumulate when using their financial products. The Program continues to grow and by the end of 2022 we grew by 12% compared to 2012 in new clients, reaching more than 1.9 MM active clients in the program. We achieved more than 189 thousand redemptions, a 22% increase over the previous year. We enabled new redemption options such as the alliance with Rappi and the redemption of points for the payment of utilities from the Catalog, which allows us to contribute to our clients' economy.

The Program achieved an NPS (Net Promoter Score) of 65 points for the redemption of Credit to Account/Payment to Credit Card, which represented 80% of the different redemption modalities.

By 2023, we will continue to strengthen the program, simplifying the experience for users and completing the implementation of the program in the online banks of the Aval Banks, adding new allies of value for clients and enhancing communication campaigns that allow us to continue educating cardholders about the program and its benefits.



## PARTNERSHIPS

From the Holding Company we seek to generate transversal alliances for Aval Banks to improve the value offer to their clients. The main alliances include Cencosud and Hoteles Estelar.

**Cencosud** allowed clients to receive recurring benefits in fish and fruit and vegetables, as well as special offers throughout the year. The year 2022 closed with an increase in dynamics revenue of 74% vs. the previous year.



**Hoteles Estelar** is one of our recurring alliances that were made during the year and that allowed us to activate the invoicing of the Aval Bank cards in the hotel chain.

By 2023, the alliance will be strengthened to capitalize on high-impact opportunities such as concerts (Aval Experiences) in different cities of the country and other travel opportunities that will encourage the use of the clients' cards.



## REPUTATION

In the MERCO EMPRESAS 2022 ranking, we climbed 10 places to the 60<sup>th</sup> position in the ranking of the 100 best-reputed companies. Reputational perception improved in the following components:

- » Sector/ Financial Ranking: 6<sup>th</sup> place.
- » Merco Talento: 7<sup>th</sup> place in the financial sector.
- » Luis Carlos Sarmiento Angulo: moved from 28<sup>th</sup> to 12<sup>th</sup> place.
- » Luis Carlos Sarmiento Gutiérrez: moved from 69<sup>th</sup> to 59<sup>th</sup> place.



## DIGITAL REPUTATION

For more than 4 years we have been working on the digital reputation strategy with the objective of making visible the most relevant topics of Grupo Aval and our entities. During 2022, digital content was generated for our different stakeholders to strengthen our reputational assets, mainly from a sustainability perspective.

## Corporate procurement

We define corporate procurement policies and guidelines, identifying and applying the best practices in the procurement of corporate goods and services of our entities and the market, in order to design and standardize schemes that provide us with greater efficiencies. We take advantage of corporate synergies in the provision of shared services of our entities, facilitate the optimization of processes, the identification and application of best practices, economies of scale, the generation of savings in operating costs, and the good use of natural resources.

In order to generate operational efficiencies and in line with a sustainability strategy, we identify and implement cost reduction initiatives in the acquisition/use of goods and services that contribute to the environment while strengthening our control schemes. This ensures proper supplier management and that they comply with good sustainability practices in accordance with our guidelines:

- » We continue to generate savings across the Group, meeting the proposed goal for 2022 of 101% for 7 Grupo Aval entities with the implementation of efficiency initiatives in the acquisition/use of goods and services.

» We support national production and contribute to the Colombian economy; proof of this is that the percentage of local suppliers contracted by Grupo Aval and our entities (Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, Porvenir, Corficolombiana and ATH) is between 87% and 98%.

» We strengthened our corporate supplier management policy in terms of the controls that must be applied at the time of their engagement and during the term of the relationship with them; we standardized and homologated visit schemes by applying the best internal and market practices.

In 2023, we will continue to define guidelines and controls that will allow our goods and services procurement processes to increase their sustainability and minimize contracting risk. We will continue to implement initiatives and negotiate agreements that will allow us to identify new sources of savings and minimize the possible effects generated by the Colombian macroeconomic environment.



## Technology

Grupo Aval works transversally with all subsidiaries in different strategies to optimize costs, modernize applications and services, improve client service and reduce risks.

The following are the main advances in technology architecture and research activities, processes, cybersecurity and infrastructure during 2022 and the plans for 2023:

### ARCHITECTURE AND TECHNOLOGICAL RESEARCH

As part of the generation of corporate synergies in the provision of shared services of our entities, the technological architecture and research area works on the generation of technological standards, identification and application of best practices, economies of scale in deployment and contracting, the consequent generation of savings in operating costs, and the good use of natural resources by simplifying infrastructure deployments.

We define policies and guidelines for technological architecture, identifying and applying the best market practices and new technological trends, which allow us to deploy updated projects efficiently in order to extend their lifetime.

We lead the Core Banking, Information Governance, CRM and Architecture Centers of Excellence, to disseminate standards, trends and technological and architectural guidelines with the entities.

In the year 2022, corporate projects were led aimed at:

- » Modernizing and transforming Client Experience (CX) themes with the change to the Oracle Siebel CRM (Client Relationship Management) platform in the client, marketing, sales and service modules.
- » Implementing consent management functionality in the MDM (Master Data Management) platform in order to comply with regulatory issues of client data ownership and privacy and to improve our communication of notifications and campaigns with clients.



» Modernizing and transforming Banco Popular's Core Banking Liabilities system (savings accounts, checking accounts, CDTs, debit cards and transactions), to achieve improvements in infrastructure, agility of developments and improved performance of the banking processes of Liabilities products, thus saving time in internal processes and improving client service.

In 2023 we will complete the implementation and massification of the Siebel CRM platform with all its modules for the four Banks and Porvenir, we will implement Phase III of MDM (Master Data Management), which will allow a read-only contingency environment, direct exposure of MDM services as APIs in Restful-JSON format and direct connection with DataLake for analytics and reporting purposes. At the same time, we will complete the implementation (migration) of all liability products (savings accounts, checking accounts, CDTs, debit cards, transactions) for both individuals and corporations in the new Banco Popular Core.

Finally, we will lead the generation of a single Aval version of Core Banking Liabilities for Banco de Occidente and Banco Popular, and we will follow up and advise on the implementation of the technological architecture of the new core of dale!

## PROCESSES

We manage the processes of our entities seeking their centralization, their homogenization to generate synergies and their optimization within the entities, always applying the best practices in the institutions.

During 2022, we are working on the strategic supplier chapter:

» We renewed the commercial offer of software factory (software development and testing).

» We completed the bidding and execution of the commercial tender with the call center service providers for the client service, collection and sales campaigns; achieving unification and reduction of the rates for all the entities.

» We carried out the bidding and execution of the commercial tender for the cognitive world, enabling this capability for the Group.

Regarding synergies between Grupo Aval's entities:

» We successfully completed the centralization of the Cash Centers in ATH, achieving economies of scale, standardization and homogenization in the processes of negotiation, distribution and collection of cash for Branches, ATMs and Corporate Clients; we also unified and standardized the interaction and processes with Cash Transportation Companies.

» We led the implementation of cellphone transfers between Grupo Aval Banks and dale!, for a better and more agile experience for our clients, reducing operating costs for our entities.

» We worked on the homogenization of processes. As a result, we implemented phase 2 of 4 phases of the Commercial Credit Flow for the Group's banks, eliminating operational risks, providing greater agility and unifying the entities' databases.

» We also successfully completed phase 1 of 5 in the automation of SOX Controls for the Banks, Porvenir, Corficolombiana and ATH, eliminating manual operations and operational risks.

» On the legal front, we complied with the requirements of the Financial Superintendence, successfully implementing the Smart Supervision project for the 4 banks and Porvenir, which reports online to the Financial Superintendence the reports filed by clients and their respective progress.

» We were also part of the working groups with the National Government to define the legal framework for Open Banking in the country and the creation of the Immediate Payment System of the Central Bank of Colombia, initiatives that seek to increase the banking penetration of the Colombian population.

In 2023, we will lead the control and monitoring of all the initiatives of Grupo Aval's digital payments ecosystem that are underway, as well as the monitoring of compliance with the business goals established by the Payments



Committee. We will complete the implementation of the interoperable QR Code for Grupo Aval's entities, which will enable low-cost transactions in informal businesses.

We will work on the LowCode-NoCode strategy for all Grupo Aval's entities, seeking efficiencies and the reduction of Operational Risks and on phase 2 of the automation of SOX controls for the main entities.

We will implement phases 3 and 4 of the Commercial Credit Flow for the Group's Banks, achieving homogenization, control and agility during all stages of the process, and we will play an important role in the first use cases of Open Banking for Grupo Aval.

## CORPORATE SECURITY (CYBERSECURITY)

The purpose of the corporate security teams is to define and update cybersecurity strategies, policies, guidelines and standards, ensuring their adoption within our subsidiaries. During 2022, we made progress in different initiatives that allowed us to build more and better capabilities for the prevention, identification, detection, containment and response to incidents and/or cyber-attacks, among which we would like to highlight the following:

- » We created the Cybersecurity Center of Excellence to standardize, communicate and follow up on corporate cybersecurity guidelines.
- » The Cybersecurity Cell was implemented in order to standardize the implementation of new functionalities in service channels and Open Banking.
- » We are working to strengthen our synergy and collaboration strategy through specialized corporate teams: SOC (Security Operation Center) and CSIRT Coordinator (Computer Security Incident Response Team), emphasizing the improvement of our capabilities for monitoring, detection and response to possible incidents, highlighting actions such as:

- » Definition of a methodology for the prioritization of vulnerabilities.
- » Coordination and performance of simulation exercises for individual attacks in each entity, corporate attacks among the different entities, as well as for the associations involving other companies in the sector.
- » Permanent generation of alerts and communications related to attack campaigns and vulnerabilities.
- » Incident response oriented training schedules.
- » Coordination of management of preventive response to vulnerabilities identified as critical.
- » Support in the analysis and debugging of indicators of compromise provisioned in the security tools.
- » We timely and effectively managed attacks directed at our subsidiaries. There were no high-impact events.
- » We advanced in the implementation of solutions based on emerging technologies for malware prevention, identification and timely response to threats and incidents (EDR 70%, UEBA 42%, SOAR 83%, CSPM 61%).
- » We improved management visibility and monitoring capabilities in all entities by updating management indicators.

In 2023, we will work on updating the resilience strategy established to prepare for potential high-impact incidents, and we will move forward with the deployment of the synergies and resource optimization strategy. We will continue with the deployment and coverage in the subsidiaries of the emerging solutions EDR, UEBA, SOAR, CSPM, and we will strengthen the intelligence capabilities for threat detection and continuous monitoring through the Group's own CSIRT Coordinator capabilities.

We will advance in the updating of previously adopted technologies that need to be brought to new standards such as SIEM. We will evaluate and select new solutions that, according to risk analyses, will allow us to maintain current safety standards.



## INFRASTRUCTURE

This group of people is dedicated to ensuring the proper operation and technological updating of hardware, software and telecommunications to support the service level of all the systems required by the entities. Its main project is the adoption of cloud services, a project that seeks to achieve cost savings, scalability and security of systems, disaster recovery and flexibility in technology platforms, allowing it to offer the business and clients greater innovation, high availability and agility of IT solutions. The main advances at the end of 2022 are as follows:

- » Migration of 24% of applications to the public cloud using services and agreements with AWS, Microsoft, Oracle, IBM and Google providing access to next-generation enterprise technologies.
- » Training of more than 2,000 engineers in cloud-native technologies to support the adoption and sustainability of new services.
- » Improved telecommunications connections between the entities and the public clouds to provide greater availability of connectivity.
- » Collaboration between individuals and companies through the provision of information in the public cloud.
- » Setting up of a centralized and organized technological environment for the migration of applications to the cloud in ATH.
- » Implementation of an agile governance model covering all entities.
- » Negotiation and/or renegotiation of different corporate agreements, achieving important operational discounts and savings, which were taken advantage of by the different subsidiaries of the Group.

In the next three (3) years, we will continue to strengthen synergies between the entities, reducing costs and optimizing processes and operations for the benefit of the business:

- » Migration of applications to the public cloud above 50% of the installed base.

- » Centralization of the computer centers of the entities and affiliates in two (2) corporate computer centers where we will house the infrastructure that cannot be migrated to the public cloud, generating operational savings and efficiencies.

- » Upgrade of telecommunications in data centers, WAN and office network to integrate them with the Group's new technological ecosystem and facilitating the new needs of employees in a hybrid work environment.



### TECHNOLOGY SHARED SERVICES CENTER - ATH

This entity seeks to provide agile and timely services to Grupo Aval's entities in Colombia, seeking a reliable and secure operation with modern technologies.

The main achievements in 2022 were as follows:

- » 2,788 million transactions were processed, growing 41% with respect to the year 2021. The channels that showed the greatest growth were Aval-Pay Center, Mobile Banking and Personal Banking, with an average channel availability of 99.2%.
- » Services were enabled to receive transactions from clients of the China Union Pay franchise in the Aval ATM network.
- » 585 ATMs were renovated.
- » New agreements were entered into with banking correspondents, adding 1,530 client service points to the network, bringing the total to 55,881.
- » On the tuplús loyalty platform, the redemption of points was enabled with Rappi and the redemption of points from the Banks' Online and Mobile Banking Systems was integrated.
- » The Aval Mass Transfers service was enabled from Corporate Banking, generating more than 1.3 million transactions at the end of the year.
- » The identity validation service for Porvenir members was enabled.
- » The mobile-to-mobile money transfer functionality between Aval clients was implemented, recording 18,599 transactions at the end of the year.
- » The implementation of the Transfiya service continued, allowing bank clients to make immediate money transfers quickly and securely to any other financial sector entity in Colombia affiliated with this service.
- » 3-D Secure was enabled for online payment transactions with Aval bank cards. Through this mechanism, 143,640 transactions were analyzed, increasing the security of the service.





» We continued to support entities in their migration to the cloud and ended the year with more than 31 applications in the AWS, Azure and Oracle Landing Zones.

» The electronic payroll service was enabled for Aval and Corficolombiana banks.

» The accounting, financial and administrative services platform was enabled for 10 additional companies.

» The new Martillo portal platform was implemented, where face-to-face and online auctions are held.

By 2023, we will optimize the availability of platforms and support the improvement of transactions and services underpinning the Group's payment methods. We will continue to support entities in their migration to the cloud. We also plan to renew the Aval Network ATMs, improve the transaction clearing and settlement process between financial entities, implement the Entre Cuentas product for Grupo Aval's banks through Redeban, implement PSE Avanza and generate new redemption possibilities in tuplús.

## Talent management<sup>7</sup>

For Grupo Aval Holding, the talent represented by its collaborators is of vital importance on the road to excellence and competitiveness; therefore, we focus on attracting, compensating, developing and retaining the best talent. To achieve this, we have maintained our conviction and commitment to manage talent based on merit, skills and performance, i.e., our processes continue to be free of any discriminatory bias and these practices are not allowed in the company. We have created and strengthened strategies along the lines of collaborator well-being, performance appraisal and training to foster development, offering safe and healthy places to work.

### CHARACTERIZATION OF THE POPULATION

Annually, our employees provide their demographic characteristics and this information is taken into account to manage human talent processes.

Type of agreements	2021	2022
Indefinite term	96.03%	95.93%
Outsourcing companies	3.97%	4.07%

Gender	2021	2022
Women	45.24%	47.15%
Men	54.76%	52.85%

7. The information in this section refers to Grupo Aval Holding.

Hereinafter, the data corresponds to collaborators with direct and indefinite term agreements.

Education Level	2021	2022
High School	1.68%	1.72%
Technician - Technologist	5.04%	6.03%
Professional	26.05%	21.55%
Specialization	43.70%	44.82%
Master's Degree	23.53%	25.86%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Gender and age of the total population				
Gender	Under 30 years of age	From 30 to 50 years old	Over 50 years of age	Total
Men	4.2%	33.9%	17.0%	55.1%
Women	2.5%	34.8%	7.6%	44.9%
<b>Total</b>	<b>6.8%</b>	<b>68.7%</b>	<b>24.6%</b>	<b>100%</b>

Distribution of staff by position categories		
Position category	2021	2022
Directors and/or functional area managers	21.43%	22.89%
Middle management	27.78%	28.81%
Qualified professionals	41.27%	42.37%
Support	9.52%	5.93%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Percentage of management positions headed by women	
2021	2022
18.52%	25.93%

Average length of service of collaborators		
Gender	2021	2022
Men	7.35 años	7.60 años
Women	5.15 años	5.55 años

Race	2021	2022
African descent	0.84%	0.86%
Palenquero	0%	0.86%
Does not identify with any ethnic group	99.16%	98.27%

Gender Identity	2021	2022
Cisgender	94.12%	93.10%
Rather not answer	5.88%	6.89%
<b>Total</b>	<b>100%</b>	<b>100%</b>





Sexual Orientation	2021	2022
Heterosexual	97.48%	93.98%
Homosexual	1.68%	2.58%
Rather not answer	0.84%	3.44%
<b>Total</b>	<b>100%</b>	<b>100%</b>

#### STEM positions (science, technology, engineering and mathematics)

Women	Men
34.52%	65.48%

## TALENT ATTRACTION AND PROMOTION

### 401-1

» Our conviction to attract, select and promote the best talent from spaces free of discrimination is based on formal actions and documents, such as job descriptions, and a series of minimum stages for each process, which allow us to value the merit of internal and external talent that aspires to the different job offers we open. We applaud and welcome the new members who join the team with the best disposition to give their best and continue their development with us. We value positions that are filled with internal talent and promoted collaborators, highlighting and celebrating their performance and their determination to continue growing with the company. All of our employees are located in Bogota and reside in the city or in municipalities near the city.

» New hires: of total staff, 6.35% corresponded to new hires in 2021 and 14.63% in 2022.

New Hires	2021	2022
<b>Gender</b>		
Women	25.00%	44.44%
Men	75.00%	55.56%
<b>Age</b>		
Under 30 years of age	25.00%	16.67%
Between 30 and 50 years of age	75.00%	77.78%
Over 50 years of age	0.00%	5.56%
<b>Position category</b>		
Directors and/or functional area managers	12.5%	11.11%
Middle management	12.5%	27.278%
Qualified professionals	62.5%	55.56%
Support	12.5%	5.56%

» Vacancies filled with internal staff: in 2021, 27.27% of the company's total vacancies were filled with internal staff. By 2022, 25% of the total vacancies were filled with internal staff.

Vacancies filled by internal staff	2021	2022
<b>Gender</b>		
Women	75.00%	50.00%
Men	25.00%	50.00%



» Promotions: in 2021, 3.97% of all employees were promoted in recognition of their results and performance. During 2022, 4.07% of employees were promoted.

Promotions		
Gender	2021	2022
Women	20%	40%
Men	80%	60%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## EDUCATION AND TRAINING

### 404-1, 404-2

We see education and training as a vehicle for the development and retention of our collaborators, making our company more competitive in all aspects. To this end, we have maintained and strengthened programs such as:

**Aval Guidelines:** annual program in which all collaborators participate and which allows them to strengthen and update their knowledge on issues mainly of a regulatory nature and of cross-cutting interest. This program addresses topics such as the company's code of ethics, business continuity, risk exposure and concentration, information security, occupational health and safety management system, related parties and conflicts of interest, ESG/sustainability, anti-bribery and anti-corruption policies, SOX, money laundering prevention system, risk management of financial conglomerates, among others.

In relation to the company's code of ethics and conduct, in addition to the commitment that each collaborator assumes individually to comply with the provisions of this code at the time of joining the company, during 2021 and 2022, 100% of collaborators who participated in the exercise completed a survey/evaluation, certified in writing that they had not been involved in possible conflicts of interest during the previous year and additionally undertook to timely report any situation that violates the provisions of this document.

**Educational Allowances:** time and/or economic support offered by Grupo Aval to its collaborators who are pursuing postgraduate programs and meet a series of requirements that include consistent and notable performance characteristics, relevance of the academic training and contribution to both the role and the company, among others. During 2022, 7.62% of the total number of collaborators completed postgraduate studies.

**Technical and organizational culture strengthening training:** according to the needs identified from performance appraisal processes, retirement surveys and other methodologies, the company provides education and training processes aimed at facilitating the understanding, adaptation and strengthening of the organizational culture through specific training, which meet technical requirements and the needs of each position, training to strengthen and contribute to the development of soft skills, which promote mental health, which guide health and safety at work, among others.

During 2022, in order to strengthen an environment free of discrimination and that promotes diverse and inclusive workspaces, Grupo Aval received the Friendly Biz recertification. To achieve this, specific training opportunities were created for areas related to client service, supplier management, marketing, communications, selection processes and collaborator recruitment. In addition, awareness-raising sessions were held for all collaborators. In total, collaborators invested more than 180 hours of training on this particular topic.



Indicators related to training and education programs	2021	2022
Collaborators who participated and received training	95.24%	95.12%
Average investment in training x collaborator x year in COP	\$1,586,847	\$434,058
Total training hours	7,713	3,804
Average hours of training per collaborator	61.21	30.93
<b>Gender</b>		
Training hours for women	42.39%	52.88%
Training hours for men	57.61%	47.11%
<b>Training hours by position category</b>		
Directors and/or functional area managers	19.01%	25.61%
Middle management	29.45%	26.87%
Qualified professionals	50.62%	46.69%
Support	0.92%	0.83%

Hours of training by age and gender						
2021				2022		
Age / Gender	Men	Women	General total	Men	Women	General total
Under 30 years of age	578	347	925	32	73	104.48
Between 30 and 50 years of age	2,844	2,396	5,240	1,349	1,672	3,021
Over 50 years of age	1,021	526	1,547	411	268	679
<b>General total</b>	<b>4,443</b>	<b>3,270</b>	<b>7,713</b>	<b>1,792</b>	<b>2,012</b>	<b>3,805</b>

## PERFORMANCE APPRAISAL

404-3

A key element to support and enhance the development of collaborators is the performance appraisal that Grupo Aval periodically carries out, taking into account the job descriptions, the objectives set and the skills and aptitudes defined as drivers of performance that were observed during the management period. This evaluation dynamic favors spaces for conversation and feedback, in which qualification is generated for the

fulfillment of objectives and soft skills, which is then concluded with a global score assigned according to the scales defined in the company. By 2021, 91.3% and by 2022, 90.9% of collaborators were evaluated under this scheme. As a result of this process, collaborators obtain a final letter grade, with A being the best performance grade and D the worst performance grade. A curve is built from these grades.



## Distribution of collaborators evaluated in 2022 by position category and gender

Position category	Gender		
	Men	Women	Total
Directors and/or functional area managers	11.82%	5.45%	17.27%
Middle management	17.27%	12.73%	30.00%
Qualified professionals	20.91%	26.36%	47.27%
Support	1.82%	3.64%	5.45%
<b>Total</b>	<b>51.82%</b>	<b>48.18%</b>	<b>100%</b>

## Well-being and quality of work life

401-3

Bearing in mind that labor welfare programs and initiatives, in addition to contributing to the work environment and improving performance, also pervades the families of collaborators and therefore society, Grupo Aval, in addition to the work plan and activities of the occupational health and safety management system, constantly evaluates actions and initiatives aimed at promoting a balance between the work and personal life of our collaborators, and for this reason we provide personal, social, economic and cultural spaces for our collaborators to have access to them.

During 2022:

- » 100% of the collaborators had a 40-hour work week, i.e., a work week shorter than that established by the Colombian laws.
- » 90.67% of collaborators maintain a hybrid work scheme. 9.32% maintained the benefit of flexible working hours for the company's start and end times.
- » 100% of the wellness activities programmed for 2022 were completed, with an average participation of 81%. Recreational activities were held during the workday to promote a good working environment, with an average attendance of 75.7% of expected attendance.

» In order to promote collaborator rest, 100% have the possibility of agreeing with their leaders the vacation dates they wish to enjoy during the year. On average, each collaborator took 13.89 days of vacation.

» About 1.8% of the total number of collaborators took parental leave for the birth of their children. 100% of the employees who took parental leave were men, who returned to work at the end of their leave and continue to work for the company.

» Through Experiencias Aval, the company provided tickets to more than 20 events, festivals, musicals and/or concerts, and more than 50% of collaborators attended at least one of these events free of charge, with a companion/family member.

» To commemorate "Pride Day" and promote diverse and inclusive spaces, the company invited all collaborators to participate in the march organized for this date, achieving the participation of about 3% of collaborators.

» We maintained the agreements and benefits related to employee funds, access to preferential rates on loans, educational assistance, free parking for vehicles, motorcycles and bicycles, and a breastfeeding room, among others.



## GENDER PAY GAP

At Grupo Aval, the definition of salaries is based on merit, skills, performance and trajectory of individuals, leaving aside parameters that may include discriminatory biases. When it comes to new hires, the company supports attraction, assessment and recruitment processes with job descriptions that reflect and highlight the experience, training, responsibilities and impact on the course of the business. For promotions, in addition to taking into account the collaborator's previous track record and the profile of the position, the company has defined a policy based on the results of the performance appraisal.

## Occupational Health and Safety Management System OHSMS

### 403-1

In Grupo Aval Acciones y Valores S.A. we have implemented our Occupational Health and Safety Management System, hereinafter OHSMS, in order to provide safe and healthy work environments for collaborators, contractors, visitors and in general for all people who carry out activities in our facilities. This management system has been implemented under the regulatory compliance of Decree 1072 of 2015, Resolution 312 of 2019 and other legal regulations in force regarding occupational health and safety in Colombia. According to the annual self-assessments of the management system, as well as the assessments made by the ARL (Occupational Risk Management Company) and the different audits, Grupo Aval complies 100% with the standards required by Resolution 312 of 2019.

## HAZARD IDENTIFICATION

### 403-2

For the maintenance and continuous improvement of the management system, Grupo Aval carries out different activities contemplated in the annual work plan and in the training program, which reach the following stakeholders: collaborators, contractors, subcontractors and visitors. These activities seek to encourage the participation of the parties in the identification of hazards, the reporting of unsafe acts and conditions, the reporting of work-related accidents and incidents, among others.

The result of the reporting activities is the input with which the hazard matrix is updated and the intervention processes carried out by the company for the replacement, mitigation and elimination of hazards are documented.

In order to guarantee the quality of these processes, we have an annual budget that covers the activities carried out in the area of occupational health and safety with the technical, administrative and human resources to manage them. The human talent that currently performs system activities in Grupo Aval is comprised by: Senior management, the person responsible for the OSHMS and the members of the committees that are part of the OSHMS in Grupo Aval: Labor Coexistence Committee, the Joint Occupational Health & Safety Committee COPASST and the emergency brigade.

These committees are formed and operate in accordance with the parameters established in the Colombian laws. They comprise 18.6% of the total number of collaborators from different areas of the company and are constantly trained in specific topics according to the committee to which they belong.

The main activities carried out by the people who belong to the occupational health and safety area are focused on promoting the continuous improvement of the OSHMS by implementing corrective, preventive and improvement actions resulting from the findings identified from work-related accidents or incidents, workers' participation in the identification of hazards, reports of unsafe acts and conditions or audit recommendations.

In addition to training collaborators and contractors in identifying hazards and reporting accidents, incidents, acts and unsafe conditions, Grupo Aval has the following communication mechanisms to make these reports: COPASST e-mails, Emergency Brigade and Labor Coexistence Committee. There is also a physical presence of brigadiers at Grupo Aval's facilities and of the people in charge of the OHSMS and the emergency line of the building's security console, which is available 24 hours a day, 7 days a week. All persons may freely and voluntarily make a report without this representing a risk to their job stability. Reporting a hazard is one of the responsibilities of collaborators that can help occupational safety and health managers identify situations that, given



existing reporting mechanisms, require action. Grupo Aval's collaborators are aware of the reporting processes through which they can inform the occupational health and safety area about situations that involve support in investigation and intervention processes in cases in which they consider that their workplace is not safe and has conditions that may affect their integrity in the future. These procedures in Grupo Aval are documented and published in the intranet as: Procedure for hazard identification, risk assessment and determination of controls, reporting and investigation of occupational accidents and incidents and Procedure for investigation of occupational diseases.

## OCCUPATIONAL HEALTH SERVICES

### 403-3

Periodic inspections of workstations, common areas and emergency elements, as well as monthly follow-up of corrective, preventive and improvement actions resulting from these actions, are some of the occupational health support services that contribute to the identification of hazards and risk minimization. These activities are carried out by members of the COPASST and the emergency brigade, who are trained to perform them, with the support of the ARL (ergonomists, physiotherapists and OSHMS consultants). Collaborators can request these inspections and participate in other prevention and health promotion activities carried out in Grupo Aval such as: occupational medical examinations, healthy lifestyles and work programs, active breaks, among others.



For annual occupational medical examinations, Grupo Aval has the services of an IPS (Service Institution) specialized in this type of assessment. This IPS has been selected through the evaluation of suppliers and with which an agreement is entered into to comply with the legal requirements to ensure the confidentiality of information and the protection of the personal data of collaborators, taking into account that such evaluations and results are considered clinical history; the tests performed include visual acuity tests, laboratory tests, electrocardiograms, among others, depending on the nature of the position. Before starting these assessments, each collaborator gives their informed consent for the tests to be carried out and for personal data to be processed. The medical opinions resulting from the occupational medical evaluations are sent exclusively to each collaborator and Grupo Aval receives a socio-demographic report and health conditions at a global level for redirecting prevention strategies for health and safety at work.

## COMMUNICATION OF THE OSHMS

### 403-4

The processes of participation, consultation and evaluation of collaborators in occupational health and safety are controlled by means of statistical follow-ups where the details of attendance to training or activities, the evaluations made by each collaborator and the record of the reports and/or consultations received are recorded.

Collaborators periodically receive communications on topics related to occupational health and safety, in order to stay informed about: updates on communication channels for reports or concerns, invitations to participate in activities related to health and safety, training processes and evaluation processes of the OSHMS.

The Joint Occupational Health and Safety Committee COPASST oversees the implementation and development of occupational health issues in the Company. This committee meets once a month and is responsible for: receiving reports of unsafe acts and conditions, work-related accidents and incidents and/or cases of occupational diseases; investigating the reports received and participating in the implementation of intervention measures; participating in the updating of the hazards matrix; participating in the



annual audit process of the OSHMS; consolidating the corrective, preventive and improvement action reports; and conducting safety inspections of common areas. The COPASST has the autonomy to decide on areas to inspect, report on conditions identified, update the hazards in the matrix, assess risks and implement controls and/or measures to eliminate, mitigate or replace hazards.

### OCCUPATIONAL HEALTH AND SAFETY TRAINING 403-5

The occupational health and safety training program for Grupo Aval collaborators includes topics related to the development of soft skills (emotional intelligence, leadership, personal relationships), emergencies (first aid, case management and attention, victim classification, fire management), among others. These training courses are evaluated and documented. Two to three sessions are held monthly for members of the OSHMS and two theoretical training sessions are held annually for other collaborators: reorientation and talks on the OSHMS fronts, which are also evaluated. Both training and evaluations are carried out by specialized personnel from the ARL and the collaborators that make up the OSHMS. Specialized topics such as first aid, rescue, fire management are exclusive to the brigade. The Joint Occupational Safety and Health Committee (COPASST) is responsible for investigating occupational accidents and incidents, managing indicators, and updating the hazard matrix.

### HEALTH PROMOTION AND PREVENTION 403-6

Health promotion and prevention activities are voluntary programs and are carried out by Grupo Aval throughout the year. These activities are mainly focused on healthy lifestyles and work, practical workshops on balanced nutrition, occupational examinations at the Company's facilities during Health Month, practical workshops on meditation, relaxation, active breaks and individual follow-ups through workplace inspections.

Grupo Aval's OSHMS includes the people engaged through outsourcing among its activities.

### REPORTING OF OCCUPATIONAL DISEASES AND ACCIDENTS 403-9, 403-10

From an analysis of the historical information of work-related accidents or occupational disease records in Grupo Aval, it is found that from 2019 to 2022 there have been no deaths of collaborators or contractors due to injuries caused by occupational accidents.

Grupo Aval collaborators have had 6 work-related accidents in the period 2019 to 2022. Of these 6 accidents, none resulted in disability leaves. One member of the outsourced personnel had a work-related accident that resulted in 3 days of incapacity leave.

Another indicator measured in Grupo Aval's OSHMS is absenteeism due to medical reasons. This absenteeism does not include days for leaves of absence, vacations or calamity. It is exclusively the result of medical leaves due to general illnesses other than work-related accidents. In 2022, the medical absenteeism rate was 1.22%. This represented 344 working days of disability. The systems most affected by each disease were the respiratory system and the musculoskeletal system, which accounted for 60% of the recorded disabilities. The detail of absences by affected system is shown in the following table:

Affected system	Working days of disability	%
Respiratory	110	32.0%
Musculoskeletal	97	28.2%
Digestive	23	6.7%
Other (headaches, head and face organ procedures, among others)	114	33.1%
<b>General total</b>	<b>344</b>	<b>100.0%</b>



There are currently no occupational hazards at Grupo Aval Holding's facilities that could pose a risk of injury with major consequences. Despite this, Grupo Aval's matrix identifies other hazards that may affect both collaborators and outsourced personnel. The risk level of these hazards is assessed and the control measures implemented for their mitigation and elimination are proposed. These measures include, among others: training with an emphasis on prevention and self-care, reporting mechanisms, use of personal protective equipment and specifications for the use of some implements, among others.

Historically in Grupo Aval there have been no cases of mortality from any occupational disease, and no occupational disease qualification processes have been commenced in respect of collaborators or outsourced personnel.

Statistics on the frequency, severity and mortality rates of work-related accidents and occupational diseases are taken from the technical data sheet for each indicator, for which historical records are kept.

## PREVENTION OF WORKPLACE HARASSMENT

406-1

As part of the occupational health and safety management system, the company has a labor coexistence policy in which it ratifies the non-tolerance of harassment at work. It defines the responsibilities of the Labor Coexistence Committee, which is one of the means of communication available to collaborators *to promote a healthy work environment and manage complaints that may represent a possible case of harassment in any of its forms: mistreatment, persecution, discrimination, hindrance, inequity and/or lack of protection in the workplace.* To this committee, collaborators can propose initiatives to maintain a healthy work environment. This committee meets periodically and extraordinarily when it receives a complaint. During 2021 and 2022, the committee presented in its management report no complaints received from collaborators.

## ROTATION

401-1

As an opportunity to strengthen our strategies aimed at attracting and retaining the best talent, we conduct retirement interviews with collaborators who voluntarily leave the company. For 2021 the rotation rate was 6.75%, in 2022 the turnover rate was 16.53%.

Rotation Rate	2021	2022
<b>Gender</b>		
Women	2.78%	6.36%
Men	3.97%	10.17%
<b>Total rotation</b>	<b>6.75%</b>	<b>16.53%</b>
<b>Age</b>		
Under 30 years of age	22.22%	9.52%
Between 30 and 50 years of age	77.78%	90.48%
Over than 50 of age	0.00%	0.00%
<b>Position category</b>		
Directors and/or functional area managers	22.22%	14.29%
Middle management	22.22%	33.33%
Qualified professionals	44.44%	47.62%
Support	11.11%	4.76%

In 2023, we will continue to work on initiatives that will enable us to attract and retain the best talent.



## Pride and belonging

### #YOSOY AVAL DAY



» Since 2019 we have institutionalized #YoSoyAval day, an event that takes place with the participation of all the entities of the group to share best practices from different areas, highlight the work and excellence of some collaborators and thus strengthen pride and sense of belonging. During 2022, we held this event in which more than 5,000 users connected online and more than 300 in-person attendees participated. The topics of the event were divided into: financial inclusion, gender equity and diversity and inclusion, with the participation of experts in the field from inside and outside the entities to tell us about their experiences and challenges in these areas.

During the event, entities such as Banco de Bogotá and Porvenir were highlighted for their **outstanding initiatives** in these areas, and **54 collaborators** were recognized for their excellence, dedication and collaborative leadership work.

## Diversity, equity and inclusion

### FRIENDLY BIZ RECERTIFICATION



For the last five years we have implemented different actions to promote diversity, equity and inclusion best practices in all aspects for all our stakeholders (shareholders, collaborators, clients, suppliers, society, etc.), as a result of which in 2020 we became the first financial group in Colombia to obtain the *Friendly Biz* certification.

For approximately 6 months, a 5-stage training and awareness process was carried out with the participation of collaborators and managers of the Holding Company, the subordinated banks and Porvenir, and within the framework of the WeTrade fair, the Colombian Chamber of LGBT Merchants (now the Chamber of Diversity), granted us the *Friendly Biz* Recertification, endorsed by Future Builders, which certifies us as a friendly entity with the LGBTIQ+ community, with policies, processes and procedures that strengthen diversity, equity and inclusion of diverse population groups in environments free and safe from discrimination.

Corficolombiana received this certification for the first time in December.

## GENDER EQUITY

For the first time Grupo Aval and our affiliates participated in the Aequales PAR Ranking measurement in order to find opportunities for improvement, close gaps and promote actions to improve the group's performance in gender equity.

## NATIONAL RANKING OF INCLUSIVE COMPANIES

We promoted the participation of Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas in the survey of the National Ranking of Inclusive Companies of the National Consulting Center, which provides inputs to promote the transformation of Diversity and Inclusion in the entities. In the ranking, Banco de Bogotá joined the top 10 most inclusive companies in the country.

## COLLABORATORS' PRIDE MARCH

Together with our collaborators and their families, we joined the pride march that took place on July 3, which started at the national park and ended at the Bolivar square. More than 250 people marched to the rhythm of our batucada, with messages alluding to our campaign: "It is more what brings us together than what takes us apart."

In 2023 we will begin the drafting of Human Rights policies and we hope to consolidate our position as a group at the forefront of IED issues.



## DIVERSITY AMBASSADORS

In December we started the Diversity, Equity and Inclusion Ambassadors course, aimed at training and building internal capabilities in organizations on these issues. The course has a total duration of twenty-two (22) hours that will allow participants to acquire knowledge and tools for diversity management in their organizations and become familiar with the concepts, processes and requirements of inclusive companies, in accordance with national and international standards. During 2023, the Colombian Chamber of Diversity will certify the attendance and compliance with the program to the 20 participants of the entities of this first version.





## Environmental and social impact - Setting

At Grupo Aval, environmental and social management is fundamental for business development, as it pertains to the expectations of our internal and external stakeholders. We focus on generating positive impacts for the country, ensuring the management of negative impacts that may arise as a result of business activities.

In this regard, Grupo Aval and its entities develop initiatives focused on mitigation, control and monitoring of impacts, focused on actions that bring about benefits to Colombian society, closing social gaps in the country, with action for climate change and seeking social welfare.

In order to optimize our impacts, we evaluate the progress of the different initiatives seeking continuous improvement of positive impacts and reducing negative impacts; to this end, we annually measure the carbon footprint, optimize the actions of financial inclusion and innovation, develop waste programs and programs for the efficient use of natural resources, among others.



## Financial inclusion and innovation

### FS16

In Grupo Aval we are committed to equal opportunities for the different communities in the country, constantly developing initiatives, products and services aimed at contributing to the closing of social gaps, the main example of this is dale!, an entity of the group with a commitment to provide an innovative solution for the entire population.

### dale!, THE FINTECH OF GRUPO AVAL

dale! is the product with which Grupo Aval competes in the digital wallet market. The solution allows individuals and businesses to make mobile-to-mobile transfers, e-commerce payments, withdrawals from the Aval Banks' ATM network, payment of utilities and private services and mobile recharges, among other functionalities. In addition, dale! is the first Grupo Aval entity to operate under the Banking as a Service (BaaS)



model, enabling digital correspondent banking for third parties. Through 20 exposed APIS, it allows partners from different sectors such as Lifemiles, Walo, Plurall and dlocal to use the wallet as a white label to serve their own ecosystems by opening electronic deposits and issuing co-branded debit cards, among others.

Committed to banking penetration and financial inclusion, in 2022, together with Banco de Occidente, subsidies from the Department of Social Prosperity and the Office of the District Finance Secretary were dispersed to contribute to overcoming poverty and social equity. In total, more than 239,000 dispersals were made in the amount of \$90,273 million pesos. In order to complement the offer to this segment of the population, a new free transaction was implemented, which is the OTP withdrawal at banking correspondents.

With the debito dale! card, clients have exclusive access to the pre-sale of tickets for cultural events such as concerts and shows. Another benefit of this card is the waiver of the issuance and handling fees and its acceptance in any physical or virtual commercial establishment in the country and abroad.

In 2022, dale!'s Net Promoter Score (NPS) measured 47.2%, 2.2 percentage points higher than the industry standard of 45%. Additionally, it represents an improvement with respect to the measurement obtained in 2021, which was 46.8%. Another indicator is the Net Satisfaction Index (NSI), which increased from 77.8% in 2021 to 80.5% in 2022, an improvement of 2.7 percentage points. The industry standard is above 80%.

In 2023, we will continue to implement the strategic plan defined by the Corporate Payments Committee. We will strengthen the organizational structure, improving the work environment and reducing rotation levels. In addition, we will guarantee greater service stability and scalability with a new technological infrastructure.

Also, we will launch a native App and implement new developments that will allow us to differentiate ourselves from the services offered by our competitors. We will continue to win allies that require our BaaS service and develop the Company's sustainability strategy.



## FINANCIAL INCLUSION FROM THE BANKS AND PORVENIR

For our affiliates, financial inclusion is a fundamental cornerstone, for which they develop programs aimed at providing tools for financial education and credit granting to different populations, as follows:

- » The financial education program of Administradora de Fondos de Pensiones Porvenir has benefited 2,189,609 people. In 2022 it received the seal of quality granted by the Financial Superintendence of Colombia.
- » Banco de Bogotá consolidated digital client service in the microfinance channel for the country's microentrepreneur clients, using technology through cellphones, allowing and facilitating many processes to take place remotely. Through this channel, more than \$216,000 million was disbursed to support the country's microentrepreneurs, reaching 756 municipalities in Colombia.
- » Banco de Bogotá, through its "Finanzas Contigo" program, benefited 356,079 people (children, young people and adults) by providing tools and concepts, with the purpose of developing knowledge and skills for conscious decision making, resulting in greater peace of mind, wellbeing and quality of life, with topics such as savings, family economy, budget, credit management, entrepreneurship, economic empowerment and relevant financial concepts for an outstanding financial wellbeing.
- » Banco de Bogotá launched the "Accessible Financial Education" program. This is an initiative that seeks to encourage financial inclusion and train people with disabilities in the efficient management of their personal finances. The initiative, driven by a commitment to social and financial inclusion, was carried out in partnership with the German Sparkassenstiftung in Colombia (German Savings Banks Foundation for International Cooperation), a non-profit organization, and the National Federation of the Deaf of Colombia (Fenascol).
- » Banco Popular's "Aprendamos Más" program benefited 3,997 people, providing information, tools and knowledge necessary for both clients

and users to make informed decisions regarding the planning and management of their finances. The information and content are focused on financial products, banking security and data protection, family finance, digital channels and money management.

- » Banco Popular's SME Strengthening Program, in alliance with Elevate Business, benefited more than 200 SMEs with personalized consulting services to improve business management. The program is designed to implement best practices, practical tools and strategies. The beneficiary companies experienced a 10.2% increase in monthly sales and a 19.2% increase in profits. As well as the increase in the generation of new jobs and improvements in client satisfaction, averaging 92%.

Banco de Bogotá and Banco de Occidente, seeking to promote sustainable financing, have managed to diversify the portfolio of products and services facilitating the energy transition. Some of the alternatives aimed at companies and individuals are framed in products for the housing portfolio that favor the mitigation of climate change and the use of sustainable criteria, financing of electric and hybrid vehicles to support environmentally friendly mobility and transportation, financing facilities for projects that encourage the mitigation of environmental impact and sustainable construction loans, among other products.

In accordance with the above, and in order to know in greater detail and depth the ESG management of our entities, the sustainability reports are published on their websites<sup>7</sup>.

## SOCIAL INVESTMENT

As a financial group, we recognize the impact we can have on society and therefore we are committed to supporting initiatives with a high social impact, territorial reach and inclusive approach. Understanding that we are key players in Colombia's progress, the main project we have been supporting since 2013 is the CTIC.

7. [www.bancodebogota.com](http://www.bancodebogota.com) [www.bancodeoccidente.com.co](http://www.bancodeoccidente.com.co) [www.bancopopular.com.co](http://www.bancopopular.com.co) [www.avillas.com.co](http://www.avillas.com.co) [www.corficolombiana.com](http://www.corficolombiana.com) [www.porvenir.com.co](http://www.porvenir.com.co)







**Luis Carlos Sarmiento Angulo Cancer  
Research Treatment Center - CTIC**  
203-1

The welfare of the Colombian society and the region is one of our commitments. For this reason, through the CTIC, Luis Carlos Sarmiento Angulo Cancer Treatment and Research Center, we provide humanized care to patients and their families, with the best quality standards, professional treatment and state-of-the-art technology equipment, offering promotion, prevention, diagnosis, treatment and rehabilitation services.

Care is provided to patients from different departments of the country and from remote regions such as the Amazon, which has allowed us to have a national coverage as expected, as well as from the different socioeconomic strata with a cancer diagnosis, regardless of their affiliation regime,

whether subsidized, contributory or special plans, prepaid medicine companies, health policies and private individuals.

At the end of 2022, more than 4,700 outpatient consultations were served, more than 400 patients were hospitalized, more than 500 surgeries were performed and more than 4,500 patients were served in other services such as the infusion center, radiotherapy and diagnostic imaging.

Similarly, contributing to the environment, it has been a reference by receiving the LEED Healthcare Gold certification, thanks to 30% - 40% water consumption savings with the implementation of sanitary devices and equipment and by covering 75% of the hot water demand of the hospitalization service with the installation of solar panels.



## SOCIAL COMMITMENT OF OUR ENTITIES

Our entities, through their products and services, seek to contribute to the welfare and social development of Colombian society. For this purpose, initiatives have been undertaken such as the Unicef Card of Banco de Occidente, through which donations are made on behalf of its clients, with a welcome bonus and 0.5% over total purchases with this means of payment, which meant in 2022 more than \$1,385 million pesos, through 26,093 cards issued.

In this vein, thinking of Colombian children, Banco AV Villas delivered school kits to children in vulnerable communities in different regions of the country where the bank is present, and Christmas gifts for children between 0 and 12 years of age in vulnerable communities, delivered directly by clients. In alliance with the Food Bank, we collected food baskets among our collaborators to deliver to families affected by the winter wave.

One of the programs of Administradora de Fondos de Pensiones Porvenir is collaborator volunteering. In 2022, 375 volunteers were present in three projects: Social Volunteering (homes for the elderly and HOMI Hospital), Environmental Volunteering (planting in National Natural Parks of Colombia - WWF) and Global Money Week (Global Financial Education Initiative).

Fundación Banco de Bogotá has been developing a corporate citizenship strategy that contributed through donations and social impact actions to 70 non-profit organizations and educational institutions with a total investment of \$1,900 million, distributed in percentage terms in each of the lines of work as follows: 47% development, 43% welfare and 8% environmental care.

Another of the non-profit organizations of the group's entities is Fundación Corficolombiana, which was re-launched in 2022 and defined the approaches based on 4 strategic areas: Promoting sustainability, education for competitiveness, entrepreneurship and innovation culture, actions for the environment; through this foundation, a total investment of \$1,200 million was made, benefiting 3,077 people and 73 companies, this effort was carried out with volunteers from Corficolombiana.

AFP Porvenir has an Entrepreneurship and Employability Training for the Elderly program, which, through the Observatory for Entrepreneurship and Employability of the Elderly in Colombia, the first of its kind in Latin America, trained 200 senior adults in 2022 in alliance with the Universidad del Rosario. This effort has resulted in 3 academic research projects and supported the creation of 96 business ideas.

## Environmental Management

Environmental management and development present multiple challenges for all sectors and society. This is an emerging issue for Grupo Aval and the entities, where we seek to direct our companies towards eco-efficiency in the use of resources, and on which we seek to promote awareness among collaborators, clients and other stakeholders.

We are aware of the opportunities we have 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 the daily routine of our actions.

Our entities have carried out actions that promote **environmentally friendly spaces**, with initiatives such as **PVC cards**, tree planting, carbon footprint measurements, among others, allowing us to enhance our **positive impact on the environment**.

## ENERGY MANAGEMENT

302-1

The energy resource is a fundamental input for the performance of our activities in Grupo Aval Holding. For this reason, we are committed to efficient consumption through the implementation of efficient lighting systems in our offices and the adoption of best practices such as the installation of sensors in spaces that are not frequently used by our collaborators and the programming of computers with sleep timers for non-use, representing a 3% reduction compared to the base year.

	2019	2020	2021	2022
Energy consumption (kw)*	166,667	126,756	133,306	160,733

\*This information refers to Grupo Aval Holding.

Our commitment extends to the group's entities, which undertake different initiatives focused on reducing energy consumption. This has allowed them to achieve the following accomplishments:

- » Administradora de Fondos de Pensiones Porvenir obtained a reduction of 152,967 kWh with respect to the previous year.
- » Banco de Bogotá accredited the use of renewable energy in 100% of its operations, backed by Renewable Energy Certificates-REC. In addition, it installed photovoltaic systems in the administrative offices in Barranquilla and in 18 offices nationwide.
- » Banco Popular achieved a 6% decrease in energy consumption with respect to 2021, which represents a savings of 869 MWh, thanks to eco-efficiency actions in offices.





## WATER MANAGEMENT

303-5

The water for consumption that is used in our daily activities in Grupo Aval Holding is distributed by the Bogotá Aqueduct Company, an entity responsible for the comprehensive management of water resources. Such management responsibility starts from the collection of surface water sources used in the different supply systems, passing through the aqueduct and distribution matrix systems. In Grupo Aval Holding, we are taking actions aimed at the efficient use of this vital resource, with a consumption of 844.76 m<sup>3</sup> in 2022, as a result of measures we have been taking such as:

- » Implementation of water dispensers with sensors in bathrooms to ensure that no water is wasted.
- » Preventive maintenance to avoid leaks that could produce losses of the resource.

At the same time, our entities carry out actions aimed at the efficient use of water resources. By way of example, Banco Popular focused on strengthening the system for monitoring and tracking consumption and implementing eco-efficiency measures in its offices, achieving a 6% reduction in water consumption, resulting in savings of 11,159 m<sup>3</sup>.

## WASTE MANAGEMENT

306-2 306-3

Focused on our commitment to the preservation of the environment, in 2022 we increased the use of waste generated in our own business activities, with a 97% use rate. This was the result of the recycling programs in offices, where waste segregation at the source is promoted with the placement of ecological points in the places of greatest generation and the removal of the bins located at each collaborator's workstation.

Moreover, promoting the recycling culture in Grupo Aval Holding, we have developed awareness strategies directed to collaborators, informing them of the importance of waste segregation at the source, building a recycling culture in the Holding's facilities.

Waste generated period 2022	
Type of waste	2022 (Ton)
Usable	1.15
Hazardous	0.04
Total	1.19

» This information refers to Grupo Aval Holding.



The strategies for the use of waste generated extend to our entities. They developed initiatives for the proper management of waste with the potential to be reincorporated into useful life.

These strategies include the alliance between Banco AV Villas and Fundación SANAR. Through the delivery of plastic lids, we contribute to programs for the detection and treatment of childhood cancer. In 2022, about 15.4 tons were delivered. Along the same lines, the entity carried out workshops with collaborators to deliver WEEE to post-consumer plans, collecting 37.4 tons of waste. Also, as part of its recycling program, Banco AV Villas achieved the recycling of 24.3 tons in its General Directorate.

Banco Popular, through the Ecoefficiency strategy in its offices, achieved a recycling of 707.6 tons of paper and cardboard, mainly from the process of discarding archival material.

### Waste impact management

Aware of the negative impact on the environment and society that can be caused by the incorrect disposal of the waste we produce, we work with companies that carry out the necessary management activities for the adequate management and final disposal of the different types of waste according to their classification.

We do not currently measure the non-usable waste generated. However, the management of these wastes is carried out by the management company of the city of Bogotá through a sanitary landfill.

### MANAGEMENT OF GHG EMISSIONS

#### 305-1, 305-2, 305-3

In 2022, supported by a consulting project with Fundación Natura, we conducted the first carbon footprint measurement exercise for 100% of our activities in Grupo Aval Holding for the years 2019, 2020 and 2021 in scopes 1, 2 and 3, under the "Corporate Accounting and Reporting Standard - GHG PROTOCOL," developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Sources were identified for each of the scopes:

**Scope 1.** Emissions generated by air conditioning systems (HFC410a / R-410A) and refrigerators (Isobutane / R-600A). By 2020, emissions generated by R-123 / HCFC-123 extinguishers were included.

**Scope 2.** Emissions generated by energy consumption, air conditioning, computer equipment and lighting systems.

**Scope 3.** Emissions generated by paper and water consumption, collaborators' ground and air travel.

Scope	Sources	CARBON FOOTPRINT (CO <sub>2</sub> e Tons/Year)			
		2019	2020	2021	2022
1	Air conditioning systems, refrigerators and fire extinguishers	2.84	6.06	2.84	2.8
2	Energy consumption	27.67	25.73	16.8	18.1
3	Consumption of paper, water and transportation of collaborators	25.29	7.16	5.0	6.7
Total Carbon Footprint		55.8	38.94	24.64	27.61

» This information refers to Grupo Aval Holding.

In 2022, we achieved a 56% reduction from the base year (2019) as a result of operational changes brought about by the pandemic. Additionally, we evidenced a reduction in the use of paper for printing and air transportation of collaborators.

This first measurement of Grupo Aval's carbon footprint is a starting point for the maturation of our action plan aimed at carbon neutrality and thus contribute to the decarbonization of the country's economy. This is in line with our commitment to the guiding principles of responsible banking established by UNEPFI.



In this vein, our entities have undertaken different actions for the reduction and offset of the Group's carbon footprint. Some of these actions are listed below:

» Porvenir measured the carbon footprint of its AUMs through WACI (Weighted Average Carbon Intensity) scopes 1 and 2 for each asset in the portfolio, obtaining a weighted average of 194.42 tons CO<sub>2</sub> Eq / USD MM. Likewise, through the "Carbon Oxygen for All" project, it offset 334 tons of CO<sub>2</sub> and reduced paper consumption in its offices by saving 5,603,697 sheets of paper.

» Banco AV Villas measured its corporate carbon footprint, showing a 29.2% reduction with respect to the base year, and as an offset strategy planted 123 trees through Saving the Amazon.

» Banco de Occidente planted 1,110 trees through WWF.

» Banco Popular's carbon footprint decreased 15.53% in its with respect to the year 2021, which was mainly due to energy efficiency management in the bank's offices. This was achieved with the change to LED lighting and the inclusion of a monitoring and control system for the analysis of consumption trends in order to direct actions for saving and efficient use of resources. In addition, the Bank achieved a 12% saving in paper consumption. In order to offset its carbon footprint, the Bank planted 3,316 trees in the Colombian Amazon, with 70% forest species and 30% Amazonian agroforestry species.

Banco de Bogotá was the first bank to receive the **Carbon Neutral** certification from Intotec. It also joined the United Nations Net Zero Banking Alliance, the alliance of banks in which it is committed to reducing the **carbon footprint** of its portfolio by **2050**.

» Corficolombiana's carbon footprint decreased 23% for scopes 1 and 2, and developed offset strategies for these scopes through the purchase of 250 carbon credits. Likewise, to offset the greenhouse gases (GHG) generated by the Climate Change and Business Forum event, the company purchased 100 trees planted in the municipality of Rio Iró in Chocó. Thus, in 2022, tree planting in the entity amounted to 221,565 trees.

## RISKS ASSOCIATED WITH CLIMATE CHANGE 201-2

The transition to a low-carbon economy and the management of climate risks can have drastic effects on the allocation of resources in terms of sectors, subsectors, projects, assets and/or regions, given the need for financing mitigation and adaptation measures.

This is relevant for our subsidiaries, especially our Banks, which have in their portfolio financing in various sectors, generating exposure to different climate risks. According to Corficolombiana, it is estimated that 37% of the Colombian commercial portfolio would be vulnerable to the effects of climate change (9% of GDP) and that as a consequence of regulation and future environmental challenges, local banks will increasingly consider environmental risk for credit allocation and corporate financing, bringing incentives towards compliance with the country's Nationally Determined Contribution (NDC).

Understanding the Task Force on Climate-related Financial Disclosures (TCFD), acute and chronic physical climate and transition risks could have an impact on the investments of our financial conglomerate, including the portfolio of our Banks or the projects developed by our subsidiaries.

Acute physical hazards are caused by a specific disaster or by an increase in extreme and/or rapid onset weather events such as torrential floods, landslides, cyclones, floods and heat waves. On the other hand, there are chronic physical risks, which are mainly due to long-term changes in climate patterns such as: changes in precipitation patterns, extreme climate variability, increase in the average temperature of regions and/or rise in sea levels.

Finally, there are transition risks, which result from the transition to a low-carbon economy and caused by political, regulatory, technological,





reputational, market and other changes. These generate demands on businesses given the need to implement climate change mitigation and adaptation measures. Depending on the nature, speed and focus of these changes, transition risks may pose risks of different levels for Grupo Aval and our subsidiaries.

As an example of the above, Circular 031 of the Financial Superintendence, seeking the proper management and disclosure of climate risks, has required the publication of information on the management of social, environmental and climate issues following the recommendations of the TCFD and the SASB standard in 2024.

With respect to the management of risks from climate change, Banco de Bogotá, through its SARAS, began the development of a methodology for the analysis of physical risks in the portfolio. The Bank began the evaluation with clients belonging to the corporate and business segments, taking into account the impacts that may occur, given the variations in climate conditions according to different scenarios with time horizons to 2030 and 2050.

## RELATIONSHIP WITH SUPPLIERS

204-1, 308-2, 414-1

We are working on the development of supplier sustainability criteria analyses, such as governance, social and environmental aspects. Simultaneously, our subsidiaries have been working in this area with the following results:

- » 41% of Porvenir's purchases were made with ESG criteria, in order to implement a sustainable value chain and contribute to the generation of shared value.
- » In order to recognize its small, micro and medium-sized suppliers with projects that contribute to sustainability, Corficolombiana held the first version of the Corficolombiana Sustainable Award. Nine suppliers were recognized for their projects, receiving awards worth \$94,00 million.
- » Banco de Bogotá concentrates its purchases mainly in Colombia, with a 98.62% share of local suppliers represented by 6,792 companies with a total payment of \$3.7 billion.

In 2022, no supplier was evaluated under social criteria. In 2023 we are working to advance these policies.

On the sustainability front, in 2023 we will update the materiality analysis with a dual materiality approach, we will draw up the updated stakeholder map, we will structure the climate disclosure strategy and we will validate the SASB metrics that could be incorporated in the Grupo Aval 2023 Management and Sustainability Report.



# Schedules



## GRI Table of Contents

Grupo Aval has prepared the report in accordance with the GRI Standards for the period from January 1, 2022 to December 31, 2022. Page numbers indicate where the standards can be found in this report.

Chapter	Subchapter	Code	GRI Content	Comments, description or reasons for omission	Location (page)
01. About Grupo Aval	The organization and its reporting.	2-1	Details of the Organization.	Grupo Aval Acciones y Valores S.A. Carrera 13 N° 26A -47 Bogotá Colombia.	N/A
		2-2	Entities included in the sustainability reports.	Different from what is presented in 2021, information from BAC is not included due to the spin-off of 75% of BHI and the sale by Banco de Bogotá of 20.89% of its stake in a tender offer.	7
		2-3	Reporting period, frequency and point of contact.	The report is generated for the period January 1, 2022 to December 31, 2022. On an annual basis. The point of contact is: investorrelations@grupoaval.com.	N/A
		2-4	Update of information.	Previously reported consolidated figures in 2021 were adjusted to exclude BHI's contribution to these figures for comparative purposes.	N/A
		2-5	External verification.	No external verification is made.	N/A
	Activities and employees	2-6	Activities, value chain and other business relationships.		16
	Corporate Governance	2-7	Employees		25
		2-9	Corporate governance structure and composition.		96 and 97
		2-10	Appointment and selection of the highest governance body.	See page 2 documents indicated in the following link: <a href="https://www.grupoaval.com/repositorio/grupoaval/inversores/gobierno-corporativo/Politica-Nombramiento-RemuneracionJunta-Directiva-2022.pdf">https://www.grupoaval.com/repositorio/grupoaval/inversores/gobierno-corporativo/Politica-Nombramiento-RemuneracionJunta-Directiva-2022.pdf</a> .	98



Chapter	Subchapter	Code	GRI Content	Comments, description or reasons for omission	Location (page)
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		207-4	Country-by-country reporting.		63
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		205-3	Confirmed cases of corruption and actions taken.		91
		415-1	Value of political contributions by country and recipient.		
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	Well-being and quality of work life.	203-1	Investments in infrastructure and services supported.		147

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Chapter	Subchapter	Code	GRI Content	Comments, description or reasons for omission	Location (page)
		405-1	Diversity in governing bodies and employees.	<p>Criteria such as experience, suitability and moral solvency of the candidates are decisive in the formation of our Board of Directors.</p> <p>Our Board of Directors has a diverse composition in terms of age, gender and professions, 28.5% of our main Board members are women. We also highlight that our diversity and inclusion policy is corporate and therefore promotes clear parameters for our entities so that each one, in the development of their businesses, promotes this type of initiatives.</p>	N/A
		406-1	Discrimination.		138



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