

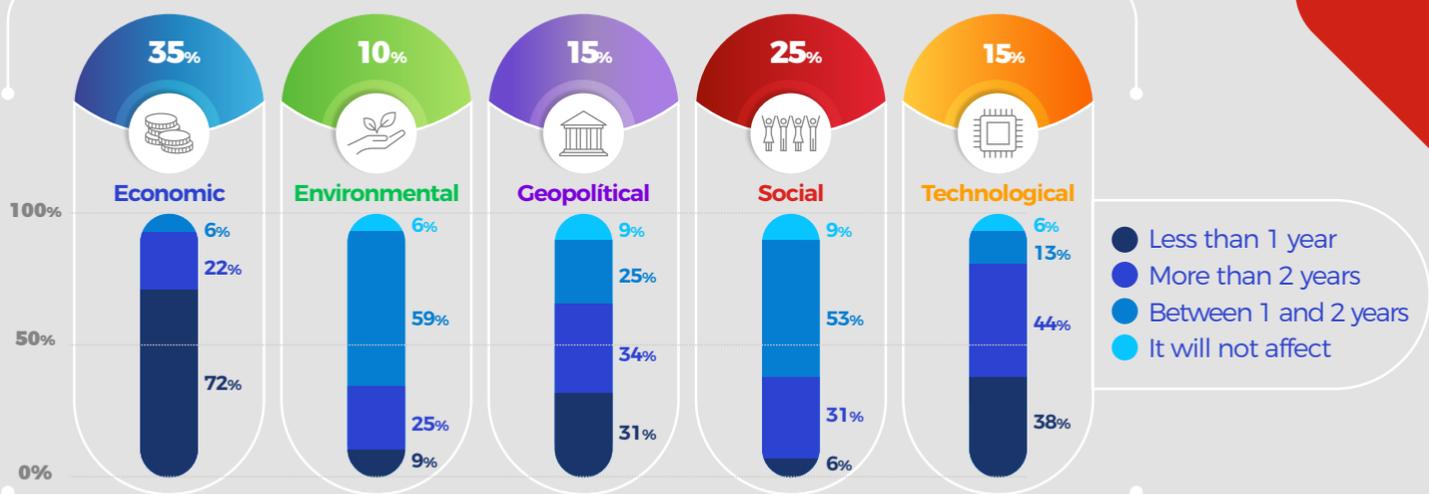
Grupo Aval Emerging Risks:

Methodology

Since 2019, our risk area has provided instructions to subsidiaries on emerging risk management practices. As part of the corporate risk management in the Financial Holding, we identify the so-called emerging risks that could affect the normal operation of Grupo Aval and its financial subsidiaries in the long term.

The methodology considers an analysis of the factors (PESTAL, By its acronym in Spanish): **Political, Economic, Social, Technological, Environmental and Legal**, which can be combined in some risks. As a complement to the analysis, a survey led by the risk areas of the entities was carried out. As a result of the application of the survey, the following results were obtained:

Emerging Risk classified by categories (PESTAL)



Impact horizon by categories (PESTAL)

Slowdown in the pace of decline in inflation and Setback in production

Macroeconomic fundamentals may react contrary to what the market expects, such as a slower decrease in inflation, longer interest rate levels of the Central Bank, deteriorated productivity indicators of the economy, and excessive policies and/or regulations that affect the economic development of the country.

Impact

Impact on the results of the Group and its entities, loss of market position, reduction of profits at group level, Impact on stakeholders.

Mitigating factors

- Constant monitoring of the economic and social situation and its impact on the results of Grupo Aval and its entities.
- Monitoring of investment liquidity positions.
- Participation in the Asset and Liability Management Committee of each Bank, where they review the evolution of the market and their active and passive positions.
- Analysis of stress scenarios of credit, market and liquidity risks.

Digital Disinformation

The increase of false information in the digital world and the growing difficulty of corroborating its veracity, impact the financial industry through the proliferation of deceptive products that can be used to capture customer information on the one hand and be victims of fraud and impersonation on the other.

Impact

These situations can have impacts on the brand and reputation of the industry, as well as economic impacts derived from possible claims filed by customers with the entities.

Mitigating factors

- Brand monitoring on social media.
- Security tests on the portals and applications of the entities from different scenarios.
- Increased monitoring of warning signs, which may lead to possible cybersecurity incidents.
- Financial education campaigns for the proper use of channels,
- Implementation of an external transactional fraud risk management system.