Submission Header Summary

Element	Value
Submission Type	20-F
Filer Information	
CIK	0001504764
CCC	********
Emerging Growth Company	false
Issuer Stock Exchanges	
Stock Exchange	NYSE
Period Date	12-31-2024
Shell Company	false
Voluntary Filer	false
Well-Known Seasoned Issuer	false
Accelerated Filer Status	Accelerated Filer
Notifications	
Email Address	BridgeSupport@Toppanmerrill.com

Document Sequence

Count	Output File Name	Source File Name	Document Type	Description	PDF Action
1	aval-20241231x20f.htm	aval_Current_Folio_20F_TaxonomyIFRS2024	20-F	20-F	
2	aval-20241231xex1d1.htm	aval_Ex1_1	EX-1.1	EX-1.1	
3	aval-20241231xex2d3.htm	aval_Ex2_3	EX-2.3	EX-2.3	
4	aval-20241231xex8d1.htm	aval_Ex8_1	EX-8.1	EX-8.1	
5	aval-20241231xex12d1.htm	aval_Ex12_1	EX-12.1	EX-12.1	
6	aval-20241231xex12d2.htm	aval_Ex12_2	EX-12.2	EX-12.2	
7	aval-20241231xex13d1.htm	aval_Ex13_1	EX-13.1	EX-13.1	
8	aval-20241231xex13d2.htm	aval_Ex13_2	EX-13.2	EX-13.2	
9	aval-20241231x20f004.jpg		GRAPHIC	GRAPHIC	
10	aval-20241231x20f006.jpg		GRAPHIC	GRAPHIC	
11	aval-20241231x20f031.jpg		GRAPHIC	GRAPHIC	
12	aval-20241231.xsd		EX-101.SCH	EX-101.SCH	
13	aval-20241231_cal.xml		EX-101.CAL	EX-101.CAL	
14	aval-20241231_def.xml		EX-101.DEF	EX-101.DEF	
15	aval-20241231_lab.xml		EX-101.LAB	EX-101.LAB	
16	aval-20241231_pre.xml		EX-101.PRE	EX-101.PRE	

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
for the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ________________ to ________________

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report

Commission file number: 001-36631

GRUPO AVAL ACCIONES Y VALORES S.A.
(Exact name of Registrant as specified in its charter)

Republic of Colombia
(Jurisdiction of incorporation)

Carrera 13 No. 26A - 47
Bogotá D.C., Colombia 110311
(Address of principal executive offices)

Jorge Adrián Rincón
Chief Legal Officer
Grupo Aval Acciones y Valores S.A.
Carrera 13 No. 26A – 47
Bogotá D.C., Colombia 110311
Phone: (+57) (601) 743-3222
E-mail: jrincon@grupoaval.com
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Copies to:
Manuel Garciadiaz
Yasin Keshvargar
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
Phone: (212) 450-4000

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol (s)	Name of each exchange on which registered
American Depositary Shares, each representing 20 preferred shares, par value Ps 1.00 per preferred share	AVAL	New York Stock Exchange
Preferred Shares, par value Ps 1.00 per preferred share		New York Stock Exchange*

* Grupo Aval Acciones y Valores S.A.'s preferred shares are not listed for trading, but are only listed in connection with the registration of the American Depositary Shares, pursuant to the requirements of the New York Stock Exchange under the trading symbol(s): AVAL.

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

Indicate the number of outstanding shares of each of the issuer's classes of capital stock or common stock as of the close of business covered by the annual report.
Preferred shares: 7,542,263,255

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements: ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b) : ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references herein to “peso”, “pesos”, or “Ps” refer to the lawful currency of Colombia. All references to “U.S. dollars”, “dollars” or “U.S.$” are to United States dollars. This annual report translates certain Colombian peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. The conversion of amounts expressed in pesos as of a specified date at the then prevailing exchange rate may result in the presentation of U.S. dollar amounts that differ from U.S. dollar amounts that would have been obtained by converting Colombian pesos as of another specified date. Unless otherwise noted in this annual report, all such peso amounts have been translated at the rate of Ps 4,409.2 per U.S.$1.00, which was the representative market rate published on December 31, 2024. The representative market rate is computed and certified by the Superintendency of Finance on a daily basis and represents the weighted average of the buy/sell foreign exchange rates negotiated on the previous day by certain financial institutions authorized to engage in foreign exchange transactions. Such conversion should not be construed as a representation that the peso amounts correspond to, or have been or could be converted into, U.S. dollars at that rate or any other rate. On April 22, 2025 the representative market rate was Ps 4,283.22 per U.S. $1.00.

Definitions

In this annual report, unless otherwise indicated or the context otherwise requires, the terms:

- “Aval Banca de Inversión” means Aval Banca de Inversión S.A.S.;
- “Aval Casa de Bolsa” after January 27, 2025 means Aval Casa de Bolsa S.A. As of December 31, 2024 this company was named Casa de Bolsa S.A.;
- “Aval Fiduciaria” after January 27, 2025 means Aval Fiduciaria S.A. As of December 31, 2024 this company was named Fiduciaria Corficolombiana S.A.;
- “Banco AV Villas” means Banco Comercial AV Villas S.A. and its consolidated subsidiary;
- “Banco de Bogotá” means Banco de Bogotá S.A. and its consolidated subsidiaries;
- “Banco de Occidente” means Banco de Occidente S.A. and its consolidated subsidiaries;
- “Banco Popular” means Banco Popular S.A. and its consolidated subsidiaries;
- “banks” and “our banking subsidiaries” mean Banco de Bogotá S.A., Banco de Occidente S.A., Banco Popular S.A. and Banco Comercial AV Villas S.A., and their respective consolidated subsidiaries;
- “BHI” means BAC Holding International, Corp. (formerly Leasing Bogotá S.A., Panamá or LB Panamá) and its consolidated subsidiaries;
- “Corficolombiana” or “Corfi” means Corporación Financiera Colombiana S.A. and its consolidated subsidiaries;
- “Grupo Aval”, “we”, “us”, “our” and “our company” mean Grupo Aval Acciones y Valores S.A. and its consolidated subsidiaries;
- “Multi Financial Group” or “MFG” means Multi Financial Group Inc. and its consolidated subsidiaries.
- “Multi Financial Holding” or “MFH” means Multi Financial Holding Inc. and its consolidated subsidiaries.
- “Porvenir” means Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. and its consolidated subsidiary; and
- “Superintendency of Finance” means the Colombian Superintendency of Finance (*Superintendencia Financiera de Colombia*), a supervisory authority ascribed to the Colombian Ministry of Finance and Public Credit (*Ministerio de Hacienda y Crédito Público*), or the “Ministry of Finance”, holding the inspection, supervision and control authority over the individuals or entities involved in financial activities, securities markets, insurance and any other operations related to the management, use or investment of resources collected from the public, as well as inspection and supervision authority over the holding companies of financial conglomerates in Colombia.

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In this annual report, references to "beneficial ownership" are calculated pursuant to the definition ascribed by the U.S. Securities and Exchange Commission, or the "SEC", of beneficial ownership for foreign private issuers contained in Form 20-F. Form 20-F defines the term "beneficial owner" of securities as referring to any person who, even if not the record owner of the securities, has or shares the underlying benefits of ownership, including the power to direct the voting or the disposition of the securities or to receive the economic benefit of ownership of the securities. A person is also considered to be the "beneficial owner" of securities when such person has the right to acquire within 60 days pursuant to an option or other agreement. Beneficial owners include persons who hold their securities through one or more trustees, brokers, agents, legal representatives or other intermediaries, or through companies in which they have a "controlling interest", which means the direct or indirect power to direct the management and policies of the entity.

Financial statements

We are a financial holding company and an issuer of securities in Colombia registered with the National Registry of Shares and Issuers (*Registro Nacional de Emisores y Valores*), and in this capacity, we are subject to inspection and surveillance by the Superintendency of Finance and required to comply with corporate governance and periodic reporting requirements to which all financial holdings and issuers are subject. We are not a financial institution in Colombia and we are not supervised or regulated as a financial institution. Since February 6, 2019, we are subject to the inspection and surveillance of the Superintendency of Finance as the financial holding company of the Aval Financial Conglomerate and we are required to comply with capital adequacy and additional regulations applicable to financial conglomerates. See "Item 4. Information on the Company—B. Business overview—Supervision and regulation". All of our Colombian financial subsidiaries, including Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, Corficolombiana, Porvenir, Aval Fiduciaria, Aval Casa de Bolsa and their respective financial subsidiaries, are entities under the direct comprehensive supervision of, and subject to inspection and surveillance as financial institutions by, the Superintendency of Finance.

Our consolidated financial statements at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023, and 2022 are included in this annual report and referred to as our audited consolidated financial statements. Our historical results are not necessarily indicative of results to be expected for future periods. We have prepared the audited consolidated financial statements included herein in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), which we refer to as "IFRS".

We and our Colombian subsidiaries prepare consolidated financial statements for publication in Colombia under IFRS as adopted by the Superintendency of Finance in accordance with Decree 1851 of 2013 and 3023 of 2013, as modified by Decrees 2420 and 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019, 1432 of 2020, 938 of 2021 and 1611 of 2022.

Separate financial statements for us and our financial subsidiaries in Colombia are based on IFRS issued by the IASB in Spanish as of December 31, 2024 (which we refer to as "Colombian IFRS"), and pursuant to certain requirements under Colombian regulations. As a result, rules subsequently issued by the IASB are not applicable under Colombian IFRS. Our separate financial statements for local purposes, differ from IFRS as issued by the IASB in the following principal aspects:

- *Loss allowances are calculated based on specific rules of the Financial and Accounting Basic Circular (Circular Básica Contable y Financiera) issued by the Superintendency of Finance (which is applied in the local separate financial statements), whereas under IFRS, loss allowances are calculated according to the criteria set forth in IFRS 9 beginning on January 1, 2018.*

- *Financial instruments under Colombian IFRS are classified and measured under specific rules of the Financial and Accounting Basic Circular, whereas under IFRS, financial instruments are classified and measured according to the criteria set forth in IFRS 9 beginning on January 1, 2018 (with the exception of hedge accounting which is still treated under guidelines set forth in IAS 39).*

- *Decree 2617 of 2022 allowed recognition of the effects of changes in statutory tax rates on deferred tax assets and liabilities either through income tax expense or retained earnings.*

In March 2022, Banco de Bogotá spun-off 75% of its equity interest in BHI to Banco de Bogotá's shareholders, including Grupo Aval. This represented approximately 51.6% of Grupo Aval's beneficial ownership interest in BHI. In turn, Grupo Aval spun-off the shares of BHI it received from Banco de Bogotá to its own shareholders, resulting in Grupo Aval's loss of control of the previously consolidated subsidiary, which was also a standalone operating segment of Grupo Aval. Accordingly, BHI was deconsolidated from Grupo Aval's consolidated statement of financial position as of March 31, 2022, and BHI's results of operations for periods prior to the spin-off have been reclassified to discontinued operations in Grupo Aval's consolidated Statement of income for all periods included in this Annual Report on Form 20-F. In December 2022, Banco de Bogotá sold an additional 20.89% equity interest in BHI (representing approximately 14.4% of Grupo Aval's then-remaining beneficial ownership interest in BHI) in an unsolicited tender offer by Esadinco S.A. (see "Item 7. Major Shareholders and Related Party Transactions—B. Related party transactions"), maintaining a remaining interest of 4.1% in BHI. This resulted in Grupo Aval losing its significant influence over BHI, and thereafter Grupo Aval's remaining approximately 2.8% beneficial ownership interest ceased to be accounted for as an investment in associates and was recognized as a financial asset at fair value with changes in OCI (FVOCI). Accordingly, equity method for the period between April and November 2022, during which BHI was accounted for as an equity method

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investee, has been reclassified to discontinued operations in Grupo Aval's consolidated Statement of income. In accordance with IFRS, our consolidated Statement of financial position at December 31, 2021, has not been retrospectively adjusted. As a result of the spin-off, we ceased to report BHI as an operating segment. In March 2023, Banco de Bogotá sold its remaining 4.11% stake in BHI.

Ratios and Measures of Financial Performance

We have included in this annual report ratios and measures of financial performance such as return on average assets, or "ROAA", and return on average equity, or "ROAE". These measures should not be construed as an alternative to IFRS measures and should not be compared to similarly titled measures reported by other companies, which may evaluate such measures differently from how we do. For ratios and measures of financial performance, see "Item 3. Key Information—A. Selected financial data".

Market share and other information

We obtained the market and competitive position data, including market forecasts, used throughout this annual report from market research, publicly available information and industry publications. We have presented this data on the basis of information from third-party sources that we believe are reliable, including, among others, the International Monetary Fund, or "IMF", the Superintendency of Finance, the Colombian Banking Association (*Asociación Bancaria y de Entidades Financieras de Colombia*) or "Asobancaria", the Colombian Stock Exchange, the Colombian National Bureau of Statistics (*Departamento Administrativo Nacional de Estadística*), or "DANE". Industry and Government publications, including those referenced herein, generally state that the information presented has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Unless otherwise indicated, gross domestic product, or "GDP", figures with respect to Colombia in this annual report are based on the 2015 base year data series published by DANE. Although we have no reason to believe that any of this information or these reports is inaccurate in any material respect, we have not independently verified the competitive position, market share, market size, market growth or other data provided by third parties or by industry or other publications. We do not make any representation or warranty as to the accuracy of such information.

Our consolidated statement of financial position and statement of income reflect information prepared under IFRS. Comparative disclosures of financial and operating performance of our Colombian banking subsidiaries, Corficolombiana, Porvenir, Aval Fiduciaria, Aval Casa de Bolsa and that of our competitors are based on separate information prepared under Colombian IFRS as reported to the Superintendency of Finance. These separate financial statements under Colombian IFRS do not reflect the consolidation of subsidiaries such as Corficolombiana or MFH, among others, are not intended to reflect the consolidated financial results of Grupo Aval and are not necessarily indicative of the results for any other future period. We include certain ratios in this annual report to compare us to our principal competitors, such as ROAA, ROAE, operational efficiency and asset quality indicators, among others.

"Grupo Aval aggregate" data reflects the sum of the separate financial statements of our four Colombian banking subsidiaries (Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas) or our four Colombian trust and subsidiaries (Aval Fiduciaria, Fiduciaria Bogotá, Fiduciaria de Occidente and Fiduciaria Popular) as reported to the Superintendency of Finance under Colombian IFRS.

Other conventions

Certain figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic summation of the figures that precede them. As such, percentage calculations presented may differ from those of rounded numbers. References to "billions" in this annual report are to 1,000,000,000 and to "trillions" are to 1,000,000,000,000.

"Non-controlling interest" refers to the participation of minority shareholders in a subsidiary's equity or net income, as applicable.

FORWARD-LOOKING STATEMENTS

Some of the matters discussed in this annual report concerning our operations and financial performance include estimates and forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 "Reform Act" including such statements contained in "Item 3. Key Information—D. Risk factors", "Item 4. Information on the Company—B. Business overview" and "Item 5. Operating and Financial Review and Prospects".

Our estimates and forward-looking statements are mainly based on our current expectations and estimates on projections of future events and trends, which affect or may affect our businesses and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- changes in Colombian, regional and international business and economic, political or other conditions;

- developments affecting Colombian and international capital and financial markets;
- Government regulation and tax matters and developments affecting our company and industry;
- declines in the oil and affiliated services sector in the Colombian and global economies;
- increases in defaults by our customers;
- increases in goodwill impairment losses, or other impairments;
- decreases in deposits, customer loss or revenue loss;
- increases in allowances for contingent liabilities;
- our ability to sustain or improve our financial performance;
- increases in inflation rates, particularly in Colombia;
- the level of penetration of financial products and credit in Colombia;
- Central bank monetary policies in Colombia and in other relevant geographies;
- changes in interest rates which may, among other effects, adversely affect margins and the valuation of our treasury portfolio;
- decreases in the spread between investment yields and implied interest rates in annuities;
- movements in exchange rates;
- competition in the banking and financial services, credit card services, insurance, asset management, pension fund administration and related industries;
- adequacy of risk management procedures and credit, market and other risks of lending and investment activities;
- decreases in the level of capitalization of our subsidiaries;
- changes in market values of Colombian, particularly Colombian Government securities;
- adverse legal or regulatory disputes or proceedings;
- successful integration and future performance of acquired businesses or assets;
- natural disasters, public health crises or internal security issues affecting countries where we operate;
- loss of any key member of our senior management; and
- other risk factors as set forth under “Item 3. Key Information—D. Risk factors”.

The words “believe”, “may”, “will”, “estimate”, “continue”, “anticipate”, “intend”, “expect”, “should”, “could”, “would”, “plan”, “predict”, “potential” and similar words are intended to identify estimates and forward-looking statements. All statements addressing our future operating performance, and statements addressing events and developments that we expect or anticipate will occur in the future, are forward-looking statements within the meaning of the Reform Act. Estimates and forward-looking statements are intended to be valid only at the date they were made, and we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. In light of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this annual report might not occur and our future results and our performance may differ materially from those expressed in these forward-looking statements due to the factors mentioned above, among others. Because of these uncertainties, you should not make any investment decision based on these estimates and forward-looking statements.

These cautionary statements should be considered in connection with any written or oral forward-looking statements that we may issue in the future.

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and senior management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

A. Offer statistics

Not applicable.

B. Method and expected timetable

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

Selected financial data

The following financial data of Grupo Aval at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 have been derived from our audited consolidated financial statements prepared in accordance with IFRS, included in this report. Our historical results are not necessarily indicative of results to be expected for future periods.

This financial data should be read in conjunction with our audited consolidated financial statements and the related notes, "Presentation of financial and other information" and "Item 5. Operating and Financial Review and Prospects" included in this annual report.

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Statement of income data

IFRS

	Grupo Aval		
	For the years ended December		
	2024	2023	2022
	(in Ps billions, except share and per share data)		
Total interest income	28,181.9	28,919.4	19,403.0
Total interest expense	(20,914.3)	(22,632.4)	(11,664.4)
Net interest income	**7,267.6**	**6,287.0**	**7,738.6**
Impairment loss on loans and other accounts receivable	(4,755.1)	(4,751.0)	(3,120.4)
Impairment (loss) recovery on other financial assets	(4.2)	12.9	(16.7)
Recovery of charged-off financial assets	574.3	555.8	644.0
Net impairment loss on financial assets	**(4,185.0)**	**(4,182.4)**	**(2,493.1)**
Net interest income, after impairment losses	**3,082.6**	**2,104.6**	**5,245.5**
Net income from commissions and fees	3,583.8	3,352.5	2,903.8
Gross profit from sales of goods and services	2,477.4	3,218.0	4,545.1
Net trading income (loss)	1,404.4	(916.0)	1,559.6
Net income from other financial instruments mandatorily at fair value through profit or loss	350.9	323.7	278.8
Other income	890.7	3,751.3	(848.6)
Other expenses	(8,651.8)	(8,346.5)	(7,409.8)
Net income before tax expense	**3,137.9**	**3,487.6**	**6,274.4**
Income tax	(946.4)	(1,310.4)	(2,271.4)
Net income from continuing operations	**2,191.5**	**2,177.1**	**4,003.0**
Net income from discontinued operations, net of tax	—	—	866.2
Net income for the year	**2,191.5**	**2,177.1**	**4,869.1**
Net income for the year attributable to:			
Net income for the period from continuing operations	1,015.1	739.0	1,888.9
Net income for the period from discontinued operations, net of tax	—	—	594.0
Owners of the parent	**1,015.1**	**739.0**	**2,482.9**
Net income for the period from continuing operations	1,176.4	1,438.1	2,114.1
Net income for the period from discontinued operations, net of tax	—	—	272.2
Non-controlling interest	**1,176.4**	**1,438.1**	**2,386.2**
Net income for the year	**2,191.5**	**2,177.1**	**4,869.1**
Earnings per 1,000 shares (basic and diluted earnings):			
Common shares (in pesos)	42,752.2	31,124.5	107,287.0
Earnings per 1,000 shares (basic and diluted earnings):			
Preferred shares (in pesos)	42,752.2	31,124.5	107,287.0
Dividends per 1,000 shares:			
Common and preferred shares (in pesos)	27,600.0	24,000.0	43,200.0
Weighted average number of shares:			
Outstanding common shares in thousands	16,201,502.9	16,202,376.2	15,760,496.8
Outstanding preferred shares in thousands	7,541,972.8	7,541,099.6	7,381,968.6
Outstanding common and preferred shares in thousands	**23,743,475.8**	**23,743,475.8**	**23,142,465.4**

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Statement of financial position data

	Grupo Aval	
	At December 31,	
	2024	2023
	(in Ps billions)	
Assets:		
Cash and cash equivalents	16,998.9	18,597.9
Trading assets	20,163.2	15,451.1
Investment securities	39,162.6	34,425.7
Hedging derivative assets	54.0	48.7
Total loans, net	190,129.5	176,168.1
Other accounts receivables, net	27,958.4	25,617.2
Non-current assets held for sale	105.2	101.2
Investments in associates and joint ventures	1,430.6	1,290.7
Tangible assets	7,243.4	6,995.9
Concession arrangement rights	14,314.6	13,557.3
Goodwill	2,223.6	2,202.2
Other intangible assets	2,758.3	2,382.4
Income tax assets	4,778.1	3,877.7
Other assets	538.9	465.6
Total assets	**327,859.4**	**301,181.6**
Liabilities:		
Trading liabilities	1,011.9	2,154.4
Hedging derivatives liabilities	21.7	217.6
Customer deposits	200,872.2	181,987.4
Interbank borrowings and overnight funds	18,509.8	15,081.9
Borrowings from banks and others	28,098.2	27,031.6
Bonds issued	26,215.8	23,427.8
Provisions	1,102.7	1,083.3
Income tax liabilities	5,864.0	5,815.0
Employee benefits	1,003.3	907.8
Other liabilities	11,997.0	11,954.4
Total liabilities	**294,696.5**	**269,661.2**
Equity:		
Attributable to the owners of the parent		
Subscribed and paid-in capital	23.7	23.7
Additional paid-in capital	9,508.1	9,571.4
Retained earnings	8,163.4	7,731.8
Other comprehensive income	(244.0)	(544.2)
Equity attributable to owners of the parent	**17,451.3**	**16,782.7**
Non-controlling interest	**15,711.7**	**14,737.7**
Total equity	**33,162.9**	**31,520.4**
Total liabilities and equity	**327,859.4**	**301,181.6**

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Ratios and Measures of Financial Performance

The tables in this section, and elsewhere in this annual report, provide the calculation of certain ratios and measures of financial performance, which are used by our management to analyze the evolution and results of our company. Although calculated using IFRS inputs, the ratios and measures of financial performance as determined and measured by us should not be compared to similarly titled measures reported by other companies, as other companies may calculate and report such measures differently. The Company considers these measurements useful for investors, regulators, management and others to evaluate our performance and compare us against other financial institutions.

	Grupo Aval		
	At and for the year ended December 31,		
	2024	2023	2022(1)
		(in percentages, unless otherwise indicated)	
Profitability ratios:			
Net interest margin(2)	3.2%	2.9%	3.8%
Net interest margin including trading investment income(2)	3.4%	3.4%	3.7%
ROAA(3)	0.7%	0.7%	1.6%
ROAE(4)	6.0%	4.5%	14.0%
Efficiency ratios(5):			
Cost to income	54.2%	52.1%	45.8%
Cost to assets	2.7%	2.8%	2.7%
Capital ratios:			
Period-end equity as a percentage of period-end total assets	10.1%	10.5%	10.4%
Tangible equity ratio(6)	8.7%	9.1%	9.1%
Credit quality data:			
Cost of risk: Impairment loss on loans and other accounts receivable / average gross loans(7)	2.5%	2.6%	1.9%
Cost of risk, net: Impairment loss on loans and other accounts receivable, net / average gross loans(7)(8)	2.2%	2.3%	1.5%
Charge-offs as a percentage of average gross loans(7)	2.9%	2.3%	1.9%
Loans past due more than 30 days / gross loans(7)	5.3%	5.5%	4.3%
Loans past due more than 90 days / gross loans(7)	4.0%	4.0%	3.3%
Loans classified as Stage 2 / gross loans(7)	4.8%	4.9%	6.5%
Loans classified as Stage 3 / gross loans(7)	6.7%	6.8%	6.4%
Loans classified as Stage 2 and Stage 3 / gross loans(7)	11.5%	11.7%	12.8%
Loss allowance as a percentage of loans past due more than 30 days	94.5%	98.8%	116.1%
Loss allowance as a percentage of loans past due more than 90 days	125.2%	135.7%	155.0%
Loss allowance for Stage 2 loans as a percentage of Stage 2 loans(7)	12.8%	14.1%	12.1%
Loss allowance for Stage 3 loans as a percentage of Stage 3 loans(7)	51.4%	55.2%	54.0%
Loss allowance for Stage 2 and Stage 3 loans as a percentage of Stage 2 and Stage 3 loans(7)	35.4%	37.9%	32.9%
Loss allowance as a percentage of gross loans(7)	5.0%	5.4%	5.0%
Operational data (in units):			
Number of customers of the banks(9)	16,186,406	15,402,972	14,901,128
Number of employees(10)	70,271	74,036	77,043
Number of branches(11)	1,015	1,020	1,124
Number of ATMs(11)	2,853	2,909	3,174

(1) In March 2022, Banco de Bogotá completed the spin-off of 75% of its equity interest in BHI resulting in the loss of control of the previously consolidated subsidiary. Income statement information presented under financial and operating data refers to continuing operations unless otherwise noted.

(2) Net interest margin is calculated as net interest income divided by the total average interest-earning assets of continuing operations. Net interest margin including net trading income is calculated as the sum of net interest income and net trading income, divided by the sum of the total average interest-earning assets and average fixed income and equity trading assets. Average interest-earning assets for 2024, 2023 and 2022 are calculated as the sum of interest-earning assets for continuing operations at each quarter-end during the applicable year and the prior year end divided by five. Average fixed income and equity trading assets for 2024, 2023 and 2022 are calculated as the sum of fixed income and equity trading assets for continuing operations at each quarter-end during the applicable year and the prior year end divided by five.

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(3) For the years ended December 31, 2024, 2023 and 2022, ROAA is calculated as net income divided by consolidated average assets. Consolidated average assets for 2024, 2023 and 2022 are calculated as the sum of consolidated assets at each quarter-end during the applicable year and the prior year end divided by five.

(4) For the years ended December 31, 2024, 2023 and 2022, ROAE is calculated as net income attributable to owners of the parent divided by consolidated average equity attributable to owners of the parent. Consolidated average equity attributable to owners of the parent for 2024, 2023 and 2022 is calculated as the sum of consolidated equity attributable to owners of the parent at each quarter-end during the applicable year end and the prior year end divided by five.

(5) Our cost to income ratio is calculated as Other Expenses (see Note 30 of our audited consolidated financial statements), divided by total income before net impairment losses on financial assets (defined as the sum of net interest income, net income from commissions and fees, gross profit (loss) from sales of goods and services, net trading (loss) income, net income from other financial instruments mandatorily at fair value through profit or loss "FVTPL" and other income). Our cost to assets ratio is calculated as Other expenses divided by consolidated average assets. Consolidated average assets for 2024, 2023 and 2022 are calculated as the sum of consolidated assets at each quarter-end during the applicable year and the prior year end divided by five.

(6) Tangible equity ratio is calculated as total equity minus intangible assets (calculated as goodwill plus other intangible assets, excluding those related to concession arrangements rights, Ps 14,314.6 billion in 2024, Ps 13,557.3 billion in 2023 and Ps 13,242.7 billion in 2022) divided by total assets minus intangible assets (as defined before).

(7) Gross loans for continuing operations exclude interbank and overnight funds of continuing operations (Ps 705.1 billion in 2024, Ps 392.6 billion in 2023 and Ps 5,967.7 billion in 2022) as these are short-term liquidity operations generally not subject to deterioration. Average gross loans for 2024, 2023 and 2022 are calculated as the sum of gross loans at each quarter-end during the applicable year and the prior year end divided by five. Total gross loan portfolio includes Interbank and overnight funds. Throughout this document charge-offs and write-offs refer to the same concept.

(8) Impairment (loss) on loans and other accounts receivable, net refers to Impairment (loss) on loans and other accounts receivable minus Recovery of charged-off financial assets.

(9) Reflects the aggregated customers of our banking subsidiaries. Customers of more than one of our Colombian banking subsidiaries and MFG are counted separately for each banking subsidiary.

(10) Number of employees of continuing operations is defined as the sum of direct, temporary and outsourced personnel in financial entities (40,710 in 2024, 41,923 in 2023 and 45,122 in 2022), call-centers (7,437 in 2024, 7,255 in 2023 and 7,840 in 2022) and employees of non-financial entities of Corficolombiana (22,124 in 2024, 24,858 in 2023 and 24,081 in 2022).

(11) Reflects the aggregated number of full-service branches or ATMs of our Colombian banking subsidiaries and MFG, as applicable, located throughout Colombia and Panama.

ROAA and ROAE

ROAA, which is calculated as net income divided by consolidated average assets, provides a measure of return on assets. ROAE, which is calculated as net income attributable to owners of the parent, divided by consolidated average equity attributable to owners of the parent, provides a measure of the total return generated from our company and our subsidiaries for shareholders. Net income attributable to non-controlling interest divided by net income provides an indication of non-controlling interest ownership of Grupo Aval's consolidated subsidiaries' net income, where a higher ratio typically implies that higher net income was generated in subsidiaries in which Grupo Aval has lower ownerships and vice versa.

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The following table sets forth ROAA, ROAE and Net income attributable to non-controlling interest divided by net income for Grupo Aval for the indicated years:

	Year ended December 31,		
	2024	2023	2022
	(in Ps billions, except percentages)		
Grupo Aval (consolidated):			
Average assets(1)	314,632.8	298,489.0	297,125.3
Average equity attributable to owners of the parent(2)	16,958.5	16,454.5	17,779.5
Net income	2,191.5	2,177.1	4,869.1
Net income attributable to owners of the parent	1,015.1	739.0	2,482.9
Net income attributable to non-controlling interest	1,176.4	1,438.1	2,386.2
ROAA(1)	**0.7%**	**0.7%**	**1.6%**
ROAE(2)	**6.0%**	**4.5%**	**14.0%**
Net income attributable to non-controlling interest divided by net income	53.7%	66.1%	49.0%

(1) For the methodology used to calculate Average assets and ROAA, see note (3) to the table under "Item 3. Key Information—A. Selected financial data—Other financial and operating data".

(2) For the methodology used to calculate Average equity attributable to owners of the parent and ROAE, see note (4) to the table under "Item 3. Key Information—A. Selected financial data—Other financial and operating data".

B. Capitalization and indebtedness

Not applicable.

C. Reasons for the offer and use of proceeds

Not applicable.

D. Risk factors

Our business, financial condition and results of operations could be materially and adversely affected if any of the risks described below occur. In such an event, the market price of our preferred shares or our American Depositary Shares, or ADSs, could decline, and you could lose all or part of your investment. We may face additional risks and uncertainties that are not presently known to us, or that we currently deem immaterial, which may also impair our business.

Summary

The following summarizes some, but not all, of the risks provided below. Please carefully consider all the information discussed in this Item 3.D. "Risk Factors" in this annual report for a more thorough description of these and other risks:

- **Risks relating to Colombia and other countries in which we operate**
  - we are exposed to adverse economic, political and social conditions in Colombia and other countries in which we operate, including variations in the exchange rates or downgrades in credit ratings of sovereign debt securities;
  - we are exposed to the vulnerability to external shocks of the Colombian economy;
  - we are exposed to internal security issues that have had or could have a negative effect on the Colombian economy;
  - we are exposed to political and economic instability in the region and in the Middle East;
  - we are exposed to changes in Government policies and actions, as well as judicial decisions that could significantly affect the local economy;
  - we are exposed to legal claims about violations of anti-corruption laws and other laws in the jurisdictions in which we operate;
  - we are exposed to risks related to our partaking in government enforcement actions and/or ongoing governmental investigations;
  - we are exposed to changes in tax regulations or the interpretation thereof that could result in new or higher taxes as well as Colombian tax haven regulations;
  - we are exposed to natural disasters, acts of war or terrorism, rioting or other external events; and
  - we are exposed to risks related to global climate change and environmental requirements;

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- **Risks relating to our businesses and industry**
  - Risks relating to our banking business
    - we are exposed to a deterioration in asset quality, including the loan portfolios of our banking subsidiaries;
    - we are exposed to the inability of our banking subsidiaries to realize on collateral or guarantees of secured loans;
    - we are exposed to limitations on the ability of our banking subsidiaries to collect on monetary obligations and enforce rights against collateral or under guarantees imposed by Colombian insolvency laws;
    - we are exposed to failures of our risk management processes, including credit risk;
    - we are exposed to declines in the value of our banks' sovereign debt portfolios and other investments;
    - we are exposed to counterparty risk;
    - we are exposed to market and operational risks associated with derivatives transactions;
    - we are exposed to liquidity risk;
    - we are exposed to liquidity risk associated with government funding impacted by a weak fiscal government position
    - we are exposed to defaults by one or more of our largest borrowers;
    - we are exposed to downgrades in our long-term credit ratings or in the credit ratings of our banking subsidiaries;
    - we are exposed to prepayment risk;
    - we are exposed to high competition in the credit card industry;
    - we are exposed to changes in banking and financial services laws and regulations in Colombia and the other countries in which we operate;
    - we are exposed to changes in accounting standards;
    - we are exposed to regulatory actions that may result in fines, penalties or restrictions;
    - we are exposed to legal and other challenges to maximize revenue from credit card fees and other fees from customers;
    - we are exposed to the failure to protect personal information; and
    - we are exposed to instability in global or local banking and financial systems.
    - we are exposed to risks related to balance sheet management and financial structure
  - Risks relating to our merchant banking business
    - we are exposed to difficult market conditions that could affect Corficolombiana;
    - we are exposed to risks related to our due diligence process not being able to identify all risks or ensure investment returns;
    - we are exposed to Corficolombiana's inability to realize profits from relatively illiquid assets, which represent a significant part of its investments;
    - we are exposed to risks derived from Corficolombiana holding minority interest in other companies;
    - we are exposed to not being able to access financing for new investment projects;
    - we are exposed to the concentration of Corficolombiana's investments in five industries; and
    - we are exposed to a variety of other issues outside of our control.
  - Risks relating to our pension and severance fund management business
    - we are exposed to risks derived from the highly regulated market in which Porvenir operates; and
    - we are exposed to risks derived from the management of a significant amount of debt securities in pension and severance funds issued or guaranteed by the Colombian Government.
  - Other risks relating to our businesses
    - we are exposed to fluctuations in interest rates and other market risks;
    - we are exposed to our inability to effectively manage risks associated with the replacement of benchmark indices;
    - we are exposed to fluctuations between the value of the Colombian peso and the U.S. dollar;
    - we are exposed to trading risks with respect to our trading activities;
    - we are exposed to limitations on interest rates;
    - we are exposed to limitations on the ability of residents to obtain loans denominated in foreign currency;
    - we are exposed to constitutional actions, class actions and other legal actions involving claims for significant monetary awards against financial institutions;
    - we are exposed to risks derived from acquisitions and strategic partnerships not performing in accordance with expectations, failing to receive required regulatory approvals or disrupting our operations;
    - we are exposed to risks derived from our inability to manage our growth successfully;
    - we are exposed to operational risks;
    - we are exposed to risks derived from the failure of our information systems;

- we are exposed to cybersecurity threats;
- we are exposed to risks derived from our inability to detect money laundering and other illegal or improper activities fully or on a timely basis;
- we are exposed to competition and consolidation in the Colombian banking and financial industry;
- we are exposed to risks derived from our dependency on our senior management and Board of Directors;
- we are exposed to reputational risk; and
- we are exposed to risks derived from conflicting interests between our controlling shareholder and other common, preferred shareholders and ADS holders.

- **Risks relating to our preferred shares and ADSs**
  - we are exposed to exchange rate volatility;
  - we are exposed to restrictions on purchases of our preferred shares;
  - we are exposed to risks derived from the relative illiquidity of the Colombian securities markets;
  - we are exposed to risks derived from our inability to continue to develop or maintain an active market for our preferred shares and ADSs;
  - we are subject to different corporate rules and regulations than those available in other jurisdictions which may make it more difficult for holders of ADSs and underlying preferred shares to protect their interests;
  - we are subject to limitations imposed by Colombian law on our ability to pay dividends on the ADSs or underlying preferred shares;
  - holders of ADSs may encounter difficulties in the exercise of dividend rights and in the limited voting rights of our preferred shares;
  - our status as a foreign private issuer allows us to follow alternate standards to the corporate governance standards of the NYSE;
  - preemptive rights may not be available to holders of preferred shares or ADSs;
  - our ability to make payments on the ADSs may be adversely affected if we become unable to convert Colombian pesos to U.S. dollars or to transfer U.S. dollars abroad;
  - we are exposed to price variations as a result of being traded on more than one market;
  - if holders of ADSs surrender their ADSs and withdraw preferred shares, they may face adverse Colombian tax consequences;
  - banking regulations, accounting standards and corporate disclosure applicable to us differ from those in the United States and other countries;
  - judgments of Colombian courts with respect to our preferred shares will be payable only in pesos; and
  - U.S. investors in our preferred shares or the ADSs may find it difficult or impossible to enforce service of process and enforcement of judgments against us and our officers and directors.

Risks relating to Colombia and other countries in which we operate

Adverse economic, political and social conditions in Colombia and other countries where we operate, including variations in exchange rates or downgrades in credit ratings of sovereign debt securities, may have an adverse effect on our results of operations and financial condition.

Our principal subsidiaries in Colombia are financial institutions (four commercial banks, a pension and severance fund administrator and a merchant bank), and the majority of our operations, properties and customers are located in Colombia. As a consequence, our results of operations and financial condition are materially affected by economic, political and social conditions in Colombia.

Colombia is subject to economic, political and other uncertainties, including changes in monetary, exchange control and trade policies that could affect the overall business environment in Colombia, which would, in turn, affect our results of operations and financial condition. The monetary policy implemented by the Central Bank of Colombia (the "Colombian Central Bank" or "Central Bank") after the COVID-19 pandemic resulted in sharp subsequent increases of the benchmark interest rates. Net interest margins for our retail portfolios contracted as a result of the above, as we were unable to immediately or fully pass through higher interest rates to our customers, and cost of interest-bearing liabilities increased more than the interest income we earn on retail loans. In addition, higher rates pressured asset quality as they affected our borrowers' payment capacity under a macroeconomic context of lower economic activity and high inflation. As depicted under "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Principal factors affecting our financial condition and results of operations", the current monetary policy, although less contractive, continues to be characterized by high real interest rates. These have resulted in timid nominal loan growth. In addition, the moderate speed at which nominal interest rates that have been going down have undermined the speed at which we have repriced downwards the cost of interest-bearing liabilities and expanded net interest margins, particularly those of our retail portfolios.

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Exchange rate volatility could also negatively affect the foreign currency positions of our borrowers, or our subsidiaries' solvency, liquidity or profitability. Due to the fact that a large percentage of the costs and expenses of our subsidiaries is fixed, and that the speed at which changes in interest rates charged to our customers can be adjusted may differ from that at which our cost of funds may vary, we may not be able to reduce costs and expenses or transfer an increase in our costs to our customers while the occurrences of any of these events adversely affect the Colombian economy, in which case our profitability could be further adversely affected.

In the case of our pension and severance fund management business, economic conditions may affect the business and financial capacity of employers. This could result in a reduction in employee-contributor headcounts, a decrease in the ability of employers to create new jobs, or a decline in employee income growth, all of which are necessary for individuals to become clients of our pension fund. Consequently, these factors could reduce returns on stabilization reserves (see Item 4. Information on the Company—B. Business overview—Supervision and regulation—Pension and Severance Fund Management) and/or performance-based fees.

Furthermore, the progressive dismantling of certain public policies may result in social unrest reflected in protests, vandalism or strikes against such policies. Similarly, amidst these protests, participants vandalize some of our banks' branches, block access to some of the offices of our entities, or cause disruptions to the mobility of our employees, preventing us from developing our business during those periods and cause temporary economic disruptions in our business.

As stated above, the political, economic and social environments are affected by many different factors, including significant governmental influence over local economies, substantial fluctuations in economic growth, high levels of inflation, exchange rate movements, exchange controls or restrictions on expatriation of earnings, high domestic interest rates, civil strife, political instability, drug trafficking and other forms of organized crime, wage and price controls, changes in tax policies, imposition of tariffs and trade barriers with partners, changes in the prices of commodities and unexpected changes in regulation.

Adverse economic, political and social developments, including allegations of corruption against the Colombian Government or Colombian corporations, may adversely affect demand for financial services and create uncertainty regarding our operating environment, which could have a material adverse effect on our subsidiaries and, consequently, on our company.

The Colombian economy remains vulnerable to internal and external shocks

Economies in Latin America are expected to see a contraction in growth and be impacted by climatic factors and lower export receipts given the expected contraction in growth and reduced demand for commodities by developed countries. Throughout 2024, and currently, there are significant international conflicts in various regions of the world; This can generate difficulties at the global level on different fronts, international trade, and diplomatic relations between countries, affecting emerging economies such as Colombia and its Latin American counterparts.

In 2024, the Colombian economy demonstrated progress, marked by a reduction in inflation, which decreased from 9.3% in 2023 to 5.2%, in 2024. However, inflation remains above the target of 3%. During 2024, the Central Bank of Colombia (Banco de la República), reduced the benchmark interest rate by 375 basis points, bringing it to 9.5%. These measures have contributed to lower market interest rates and a gradual recovery in credit activity.

Furthermore, Colombia´s GDP grew by 1.7% in 2024, building on the 0.7% growth observed in 2023. However, this growth rate remains below the estimated potential of 2.5%. Challenges persist, including indexation to historically high inflation rates and wage pressures, which constrain a more accelerated expansion.

Moreover, political conditions such as changes in the U.S. policies related to immigration, tariffs and remittances; could affect the countries in which we operate. Economic conditions in the United States and the region, which are being impacted by recent indications of benchmark rate reductions by the Federal Reserve, could have an indirect effect on the Colombian economy.

Looking ahead to 2025, latent risks include potential pressures on interest rates and inflation, driven by government debt levels and challenges in meeting fiscal rules. Additionally, a less favorable global environment and Colombia's reliance on commodity prices could impact economic performance. These factors pose challenges to the country's economic growth and could directly and materially impact the performance of our entities in terms of growth and financial risk.

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Colombia has experienced and continues to experience internal security issues that have had or could have a negative effect on the Colombian economy.

Colombia has experienced internal security issues, primarily due to the activities of paramilitary and guerrilla groups, such as the National Liberation Army (*Ejército de Liberación Nacional*), or "ELN", urban militias, former members of the Revolutionary Armed Forces of Colombia (*Disidencias de las Fuerzas Armadas Revolucionarias de Colombia*), or "*FARC*", and drug cartels. These groups have exerted influence over the local population.. These groups fund their activities by protecting and providing services to drug traffickers. Any breakdown in peace, renewed or continuing drug-related crime or guerilla and paramilitary activities may have a negative impact on the Colombian economy in the future. Our business or financial condition could be adversely affected by rapidly changing economic or social conditions, including any peace negotiation with guerilla, paramilitary or other groups, which may result in legislation that increases our tax burden, or that of other Colombian companies, which could, in turn, impact the overall economy.

The Colombian government, under the authority granted by Congress under the Total Peace Law *("Ley de Paz Total"*), is proposing to cease hostilities between the Colombian Army and various illegal groups and has started negotiating several peace agreements with illegal groups, including various drug trafficking organizations, such as the "*Grupos Armados Organizados - GAO's"*. The outcome of these negotiations remains uncertain and some of the parties of these negotiation have failed to comply with the cease-fire agreements.

The Catatumbo region in the northeast of Colombia has been experiencing severe security and humanitarian challenges due to escalating conflicts between armed groups, notably the ELN and dissident factions of the former FARC. These confrontations have resulted in significant casualties and mass displacements among the civilian population. In response to the deteriorating situation, the Colombian government, through Decree 062 of 2025, declared in January a 90-day state of internal commotion (*Conmoción Interior*). This constitutional measure grants the government special powers to address severe public order disturbances that threaten institutional stability and citizen coexistence. The Decree was applied to 16 municipalities in the Norte de Santander department part of the Catatumbo region. Despite these measures, challenge persist which could adversely impact the Colombian economy and social stability. In February 2025, peace negotiations between the Colombian government and the ELN faced a significant setback following a series of violent attacks. These escalations included attacks on civilians and social leaders, as well as kidnapping for financial purposes leading to the suspension of the ceasefire and peace talks that had been initiated by the President of Colombia. The government suspended the talks and resumed military actions, emphasizing the ELN's lack of commitment to peace. Furthermore, rising violence and crime could erode consumer and investor confidence, negatively affecting the business climate and economic growth. Consumer confidence is particularly vulnerable as long as these illegal groups continue to operate.

To address the link between illicit coca cultivation and funding for rebel groups, the government initiated programs to encourage farmers to transition to legal crops aiming to reduce the economic power of illegal armed groups. The success of crop substitution programs faces obstacles, such as increasing coca prices and Colombia has witnessed a significant surge in coca cultivation. This escalation has raised concerns regarding the risk of diplomatic strains, particularly with of the United States, including that the United States may cease to consider Colombia as a partner in the fight against drug trafficking which could result in aid restrictions, including financial and technical aid provided by multilateral development banks, or the imposition of tariffs.

Political and economic instability in the region and the Middle East may affect the Colombian economy and, consequently, our results of operations and financial condition.

Some of Colombia's neighboring countries, particularly Venezuela, have experienced and continue to experience periods of political and economic instability. A significant number of Venezuelans have emigrated amid food and medicine shortages and profound political divisions in their country and a relevant portion of those migrants have opted to live in Colombia. Providing migrants with access to healthcare, utilities and education may have a negative impact on Colombia's economy.

Moreover, diplomatic relations with neighboring countries, such as the U.S., on issues like immigration and tariffs, may lead to the U.S. Government considering measures to address threats to national security, foreign policy, or the economy. This could involve the use of the International Emergency Economic Powers Act (IEEPA). Such actions may impact on the processing of our bank transactions.

In other countries such as Israel have from time to time been tense and affected by events surrounding political elections and the ongoing conflict in the Gaza Strip. On October 7, 2023, Hamas launched an attack on Israel, resulting in the tragic deaths of hundreds of Israeli civilians. In response, Israel declared war against Hamas, targeting the Gaza Strip. The war is causing a humanitarian crisis and could lead to an escalation of the conflict in the region, rise in oil and gas prices, inflationary pressures and market volatility. On May 1, 2024, the Colombian Government severed diplomatic relations with Israel, which may cause a possible contractual breach for the maintenance of military and high-tech defense equipment, which are necessary for the national security of Colombia, among others. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

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On account of the commercial sanctions imposed by the United States and other countries against Russia, the agricultural sector of the Colombian economy experienced increases in the prices of fertilizers and restrictions on doing business with suppliers established in that part of the world. We are continuously monitoring variations and shocks in the prices of products that are related to our customers and production in the agricultural business, which could be materially adversely affected by these fluctuations.

Changes in Government policies and actions, as well as judicial decisions, could significantly affect the local economy and, as a result, our results of operations and financial condition.

Our results of operations and financial condition may be adversely affected by changes in governmental policies and actions, as well as judicial decisions, involving a broad range of matters, including interest rates, fees, exchange rates, exchange controls, inflation rates, taxation, banking and pension fund regulations and other political or economic developments affecting Colombia.

Colombian governments have historically exercised substantial influence over their economies, and their policies are likely to continue to have a significant effect on companies, including us. Notably, the government has not yet appointed its delegates to some key rate-regulating entities, such as the Colombian Energy and Gas Regulatory Commission (CREG). These entities have a direct impact on companies in which we hold a significant stake. This delay may hinder the collection of fees, increase tariffs, or result in cost adjustments for the services these companies provide to our clients. Consequently, the future provision of services and generation of profits could be negatively affected.

Moreover, regulatory uncertainty, public dialogue on reforms in Colombia and other countries where we operate, or the approval of reforms, may be disruptive to our business or the economy and may result in a material and adverse effect on our financial condition and results of operations.

Furthermore, the Colombian Government proposes changes to the framework of laws related to healthcare, private sector participation, and prices in various sectors, including utilities, energy, gas transportation, toll road concessions, import tariffs and labor. These proposed changes, currently under discussion in congress and ministries, could result in new compliance obligations, higher costs for our operations, and increased taxation. Such changes could have potentially adverse outcomes for our clients' income, profitability, and growth prospects.

We and our subsidiaries are subject to anti-corruption laws and other laws in the jurisdictions in which we operate and violation of these regulations could harm our business.

We and our subsidiaries are subject to numerous, and sometimes conflicting, legal regimes on matters as diverse as anti-corruption, taxation, internal control and disclosure obligations, securities and derivatives regulation, anti-competition regulations, data privacy and labor relations. Compliance with diverse legal requirements is costly, time-consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business or the business of our subsidiaries could result in significant fines, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these laws or regulations in connection with the performance of our obligations to our customers, as well as in connection with the performance of our subsidiaries' obligations, could also result in liability for significant monetary damages, fines or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to process information and allegations by our customers that we have not performed our contractual obligations. Because of the varying degrees of development of the legal systems in the countries where we operate, local laws might be insufficient to protect our rights due in part to a lack of multiple recourses and/or deficiencies in access to justice.

Our employees, and joint venture partners, or other third parties with whom we associate, could take actions that violate policies or procedures designed to promote legal and regulatory compliance or applicable anti-corruption laws or regulations. Violations of these laws or regulations by us or our subsidiaries, our employees or any of these third parties could subject us to criminal or civil enforcement actions (whether or not we participated or knew about the actions leading to the violations), including fines or penalties, disgorgement of profits and suspension or disqualification from work, including governmental contracting, any of which could materially adversely affect our business, including our results of operations and our reputation.

New or higher taxes resulting from changes in tax regulations or the interpretation thereof in Colombia and other countries in which we operate could adversely affect our results of operations and financial condition or generate burdens to our shareholders or lenders.

It has become usual in Colombia for tax laws to be reformed on a regular basis. Since 2018, several tax reforms have been proposed by the Government and enacted by the Colombian Congress. As one of the first actions of the new Government, in August 2022, the Ministry of Finance presented to the Congress a proposed law that was ultimately approved and enacted in December 2022. The main aspects of this reform can be summarized as follows:

(i) Between 2023 and 2027 the general rate for the income tax applicable to corporate profits will be 35%. In the case of financial institutions, such as Grupo Aval and our banking subsidiaries, such rate will be temporarily higher (40%), from 2023 to 2027. The surtax paid in advance considering the taxable income of the preceding year.

(ii) The capital gains tax rate was raised from 10% to 15%. The capital gains tax is applied over the profit between the purchase and sale price of certain assets such as real estate, impacting national and foreign corporations.

(iii) The value of nontaxable income, deductions and exempted income was limited to 3% of the taxable year net income.

(iv) Pursuant to certain rules, a minimum rate for taxation was established at 15% for companies.

(v) The withholding tax for dividend payments applicable to national and foreign individuals and companies was increased. Depending on the amount of such dividends, the applicable tax rate for national residents ranges from 0% to 15%. Foreign nonresidents will be subject to withholding of 20%.

New tax laws and regulations, and uncertainties with respect to future tax policies, pose risks to us. The Colombian Government is required by Law 1473 of 2011, also known as Law of Fiscal Rule, to significantly reduce its fiscal deficit and address issues regarding public policy, regulation regarding oil extraction and the transition to clean energies, migrations, public health events or other events that could require further tax reforms over the following years. This, in addition to an increase in fiscal deficit and the expected increase in new subsidies for the low-income bracket, changes in the health care framework, among others, could lead to higher taxation rates on our business and that of our borrowers. Changes in tax-related laws and regulations, and interpretations thereof, can impact tax burdens by increasing tax rates and fees, creating new taxes or withholdings, limiting tax deductions, and eliminating tax-based incentives and non-taxed income. In addition, tax authorities, local governments or courts may interpret tax regulations differently than we do, or impose new local tax regulations, which could result in increases in our tax payments, tax litigation and associated costs and penalties.

The Colombian Government may implement new changes in the tax rules applicable to our securities, which could have a material adverse effect on our results of operations and financial condition, or that may adversely affect our shareholders or holders of ADSs. ADSs do not have the same tax benefits as equity investments in Colombia. Although ADSs represent our preferred shares, they are subject to a different tax regulatory regime. Accordingly, the tax benefits applicable in Colombia to equity investments, in particular those relating to dividends and profits from sale, may not apply or apply differently in the case of our ADSs.

For further information, see “Item 10. Additional Information-E. Taxation”.

Colombian tax haven regulations could adversely affect our results of operations and financial condition.

Decree 1966 of 2014, as amended by Decree 2095 of 2014, put into effect article 260-7 of Colombia’s Tax Code, which regulates applicable rules for tax havens. Accordingly, a number of jurisdictions, including countries in which our banking subsidiaries operate, were either declared tax havens for Colombian tax purposes or temporarily excluded from such list subject to the completion of tax information exchange treaties within a short timeframe.

Article 260-7 of the Colombian Tax Code was reformed by Law 1819 of 2016, establishing a new legal framework pursuant to which certain jurisdictions may be classified as non-cooperative jurisdictions with low or no taxation or as jurisdictions with preferential tax regimes. This legal framework established a higher tax-withholding rate on Colombian source payments to those jurisdictions and entities considered part of such a jurisdiction.

As a result, some of our clients with financial products offered by our banking subsidiaries in such jurisdictions may experience, among other effects, an increase in their withholding tax rates, transfer pricing regulation, increased likelihood of being found in violation of tax regulations by the Colombian authorities and elevated information disclosure requirements which could have a negative impact on our business, financial condition and results of operations.

Natural disasters, acts of war or terrorism, rioting or other external events could disrupt our businesses and affect our results of operations and financial condition.

We are exposed to natural disasters, such as earthquakes, volcanic eruptions, tornadoes, tropical storms and hurricanes. Heavy rains or abnormally low rainfall in Colombia and other countries in which we operate, attributable in part to the *La Niña* and *El Niño* weather patterns, have resulted in severe flooding, mudslides and prolonged droughts in the past. These are recurring weather phenomena that may occur on an equal or greater scale in the future. We are continuously monitoring the water reservoir indicators in the country’s dams that supply water to hydroelectric plants, in order to predict potential increases in energy costs or production in agribusiness.

In addition to severe weather and natural disasters, acts of war or terrorism, rioting and other adverse external events could have a significant impact on our ability to conduct business and may, among other things, affect the stability of our deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral of secured loans, cause significant property damage, cause us to incur additional expenses and/or result in loss of revenue. In the event of such circumstances, our disaster recovery plans may prove to be ineffective, which could have a material adverse effect on our ability to conduct our businesses, particularly if such an occurrence affects computer-based data

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processing, transmission, storage and retrieval systems or destroys customer or other data. Furthermore, if a significant number of our employees and senior managers were unavailable because of a natural disaster, our ability to conduct our businesses could be compromised. Natural disasters, acts of war or similar events could also result in substantial volatility in our results of operations for any fiscal quarter or year.

We are subject to risks related to global climate change and environmental requirements which may affect our results of operations and financial condition.

The financial sector faces susceptibility to climate change impacts stemming from both physical and transition risks. These risks manifest in various forms such as financial exposure to flooding caused by rising average temperatures, intensified rainfall, and droughts due to cyclic climatic phenomena like *La Niña* and *El Niño*, and the challenges of meeting Colombia's agreed-upon climate change mitigation goals outlined in the Nationally Determined Contributions (NDC). These commitments aim to reduce greenhouse gas emissions by 51 percent by 2030 compared to 2010. Moreover, a sudden and substantial increase in carbon taxation poses risks to financial stability, with sectors like agriculture, manufacturing, electricity, trade, and transport being primary conduits for transmitting these risks to the banking system, materialized through traditional financial risk categories such as credit, market, liquidity, operational, and other non-financial risks.

The transition towards a low carbon economy and the management of climate risks can result in drastic effects in the allocation of resources to different sectors, subsectors, projects, assets or regions, given the need to finance mitigation and adaptation measures that these demand. This is relevant to our subsidiaries, especially to our banks, which hold loans in diverse sectors, generating exposure to different climate risks. Depending on the nature, speed and focus of these changes, including changes in policy and allocation of resources as well as in the physical climate, the changes may entail different levels of or unpredictable risks for Grupo Aval and our subsidiaries.

In order to achieve adequate management of climate risk disclosures, in December 2021 the Superintendency of Finance required issuers of securities (through Circular 031) to disclose social, environmental, and climate related information. The report follows SASB standards and TCFD recommendations associated with governance, strategy, management, and metrics about climate change. Implementing the TCFD recommendations is intended to facilitate an understanding of physical climate risks and transition risks that could affect Grupo Aval's investments, including our banks' portfolios and projects developed by our subsidiaries Corficolombiana and Porvenir. We and our subsidiaries presented the Practices, policies, processes, and indicators in relation to social and environmental issues, including climate issues in March 2024.

The SEC has adopted rules to enhance and standardize climate-related disclosures by public companies and in public offerings, the final rules require to disclose: material climate-related risks; activities to mitigate or adapt to such risks; information about the registrant's board of directors' oversight of climate-related risks and management's role in managing material climate-related risks; and information on any climate-related targets or goals that are material to the registrant's business, results of operations, or financial condition. These rules could have a material impact on our external reporting, controls processes and costs. As at the date of this annual report, the rules have been stayed by the SEC, pending the conclusion of certain legal challenges.

Risks relating to our businesses and industry

Risks relating to our banking business

A deterioration in asset quality, including the loan portfolios of our banking subsidiaries, may have an adverse effect on our results of operations and financial condition.

Changes in the financial condition or credit profiles of customers of our banking subsidiaries, inflation and interest rates trending downward but still remaining high, along with foreign exchange volatility may have a negative effect on the quality of our banks' loan portfolios, which could have a potential impact on our income statement due to the impairment loans and accounts receivable or due to reduced profitability. In particular, the percentage of past due or impaired loans may increase as a result of factors beyond our control, such as economic conditions and political events affecting Colombia generally or specific sectors of the economy. These effects could be exacerbated by changes in interest rates, which could further reduce our net interest margins and profitability, as we have been, and may in the future be, unable to immediately or fully pass through our higher interest costs to our customers, whether due to competitive pressures or regulatory considerations.

A substantial number of our banks' customers are individuals and small and medium sized enterprises, or "SMEs", and these customers are potentially more susceptible to downturns in the economy than large corporations and high-income individuals. In addition, some corporate clients could suffer the effects of economic downturns. Consequently, our banking subsidiaries may experience higher levels of past due or impaired loans, which could result in increased impairment losses on loans and other accounts receivable due to defaults by, or deterioration in the credit profiles of, individual borrowers. Past due or impaired loans and resulting impairment losses may increase materially in the future and adversely affect our results of operations and financial condition.

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Existing loan loss allowances may not be adequate to cover any increases in past due or impaired loans or a deterioration in the credit quality of loan portfolios. As a result, our banking subsidiaries may be required to increase impairment losses on loans and accounts receivables, which may adversely affect our results of operations and financial condition. Our exposure is concentrated in certain economic sectors and large corporations that could also increase our impairment losses.

Default rates generally increase with the age of loans, the level of past due or impaired loans may lag behind the rate of growth in loans but, may increase when growth slows or the loan portfolios become more mature. As a result, historic loan loss experience may not necessarily be indicative of future loan loss experience.

Our banking subsidiaries may be unable to realize on collateral or guarantees of secured loans, which may adversely affect their results of operations and financial condition.

Our banking subsidiaries originate loans that are secured by collateral, including real estate and other assets that are generally located in Colombia and other countries where we operate. The value of collateral may significantly fluctuate or decline due to factors beyond the control of our subsidiaries, including, for example, prevailing economic and political conditions in the relevant jurisdiction. An economic slowdown may lead to a downturn in the Colombian real estate markets, which may, in turn, result in declines in the value of real estate securing loans to levels below the principal balances of these loans. Any decline in the value of the collateral securing these loans or any other collateral securing these loans may result in reduced recoveries from collateral realization and have an adverse effect on our results of operations and financial condition. We may also not have sufficiently recent information on the value of collateral, which may result in an inaccurate assessment for loss allowance of our loans secured by such collateral. If this were to occur, we may need to incur additional impairments to cover actual losses of our loans, which may materially and adversely affect our results of operations and financial condition.

Our banking subsidiaries also make loans on the basis of guarantees from relatives, affiliates or associated persons of their principal borrowers. To the extent that guarantors encounter financial difficulties due to economic conditions, personal or business circumstances, or otherwise, the ability of our banks to enforce such guarantees may be impaired.

In addition, our banking subsidiaries may face difficulties in enforcing their rights as secured creditors against borrowers, collateral or guarantees. In particular, timing delays, documentary and procedural problems in realizing against collateral, as well as debtor-protective or other judicial interpretations of the law, may make it difficult to foreclose on collateral, realize against guarantees or enforce judgments in our favor, which could materially and adversely affect our results of operations and financial condition.

Colombian insolvency laws or laws of the countries in which our customers are incorporated or the loans are extended, may limit the ability of our banking subsidiaries to collect on monetary obligations and enforce rights against collateral or under guarantees.

Insolvency laws in Colombia and other countries in which some of our clients are incorporated provide that creditors of an insolvent debtor are prohibited from initiating collection proceedings outside the bankruptcy or reorganization process of such debtor. In addition, all collection proceedings outstanding at the beginning of the bankruptcy or reorganization process must be suspended and such creditors are prevented from enforcing their rights against the collateral and other assets of the insolvent debtor during the insolvency process.

In Colombia, once a non-merchant individual has ceased paying his or her debts, such individual can initiate a voluntary insolvency proceeding before a notary public or mediator to reach an out-of-court agreement with creditors. The terms of any agreement reached with a group of creditors (two or more) that represent the majority of the total amount of the claims will be mandatorily applicable to all relevant creditors. The insolvency law also provides other protections to debtors. A perception that loans to individuals may be difficult or impossible to recover could cause our banking subsidiaries to enhance credit requirements and result in decreased lending to individuals by making access to credit more expensive. In addition, increased difficulties in enforcing debt and other monetary obligations due to insolvency laws could have an adverse effect on our results of operations and financial condition.

Any failure of risk management processes, including credit risk, could materially and adversely affect our banking businesses, results of operations and financial condition.

Credit risk is one of the main risks inherent in the business of our banks. Although we have group-wide risk management guidelines, each bank is responsible for managing its own risk. The policies and procedures implemented by our banks to identify, monitor and manage risk, may prove to be insufficient and we may not be able to upgrade risk management systems on a timely basis. Limitations in the availability of information may also hinder our ability to assess credit risk accurately, as assessment may not always be based on complete, reliable, or up-to-date data. Additionally, personnel of our banking subsidiaries may fail to detect risks proactively or may not effectively implement risk management systems, potentially increasing exposure to credit risk.

Beyond credit risk, our banks are exposed to balance sheet risks, including gap risk (mismatches in interest rate maturities), option risk (exercise of embedded options), and basis risk (differences between reference rates). These risks, if not adequately managed, could adversely

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affect financial margins, cash flows, and operating results. While we employ hedging strategies and continuous monitoring to mitigate these risks, adverse market conditions or failures in risk management processes could materialize negative impacts.

Any failure by our banking subsidiaries to effectively implement, consistently follow or refine risk management systems could result in higher risk exposures for our banking subsidiaries, which could materially and adversely affect our results of operations, financial condition and overall business performance.

Declines in the value of our banks' sovereign debt portfolios or other investments could have an adverse effect on our results of operations.

Our Colombian banks' securities portfolio primarily consists of debt securities issued and other investments guaranteed by the Colombian Government. We are exposed to significant credit, market and liquidity risks associated with debt securities and other investments. At December 31, 2024 and 2023, debt securities represented 15.2% and 13.4% of our consolidated total assets, respectively. Of these, 63.3% and 62.2% were issued by the Colombian Central government, and 9.27% and 6.34% were issued or backed by other governments, respectively at December 31, 2024 and 2023. A significant decline in the value of these government securities or other investments could materially and adversely affect our debt securities or broader financial asset portfolios and, consequently, our financial condition and results of operations. See "Item 4. Information on the Company—B. Business overview— Supervision and regulation—Mandatory Investments".

We are subject to counterparty risk in our banking business.

Our banks and, to a lesser extent, Corficolombiana, Porvenir and our international banking operations, are exposed to counterparty risks in addition to credit risks associated with lending activities. Counterparty risk may arise from, for example, investing in securities of third parties, entering into derivative contracts under which counterparties have obligations to make payments to us, or executing securities, futures, currency or commodity trades from proprietary trading activities that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. These risks could materially and adversely affect our results of operations and financial condition.

Our banks are subject to market and operational risks associated with derivatives transactions.

Our banks and, to a lesser extent, Corficolombiana, Porvenir and our international banking operations, enter into derivatives transactions primarily for hedging purposes and, on a limited basis, on behalf of customers. Those transactions subject us to market and operational risks, including basis risk (the risk of loss associated with variations in the spread between the asset yield and the funding and/or hedge cost) and credit or default risk (the risk of insolvency or other inability of a counterparty to perform its obligations to us).

Market practices and documentation for derivatives transactions in Colombia and the countries where we operate may differ from those in other countries. In addition, the execution and performance of these transactions depend on our banks' ability to develop adequate control and administration systems, and to hire and retain qualified personnel. These factors may further increase risks associated with derivatives transactions and could materially and adversely affect our results of operations and financial condition.

Our banking subsidiaries are subject to liquidity risk, which may result in increases in funding costs.

The principal sources of funding for our banking subsidiaries are savings deposits, time deposits and checking accounts, which together represented 68.0% and 67.3% of our consolidated total liabilities at December 31, 2024 and 2023, respectively. Because our banking subsidiaries rely primarily on deposits for funding, a sudden or unexpected shortage of funds in the banking systems in which we operate or overnight money markets may prevent our banking subsidiaries from meeting their obligations or obtaining necessary funding without incurring higher costs or selling certain assets at prices below prevailing market values, which could materially and adversely affect our results of operations and financial condition. The liquidity of our financial entities could also be impacted by reputational events affecting our entities as well as systemic events.

Our liquidity could be adversely affected by any inability to access the capital markets, illiquidity or volatility in the capital markets, the decrease in value of eligible collateral or increased collateral requirements, changes to our relationships with our funding providers based on real or perceived changes in our risk profile, governmental or regulatory decisions restricting public entity deposits in privately held banks, or changes in regulations that impact our funding. Part of the deposits or funding sources of our banks may come from central and/or decentralized public government entities. Due to circumstances related to the weak fiscal situation of the Colombian government, there is a risk related to significant withdrawals caused or triggered by the government that may adversely affect the liquidity of our entities. Although there is government funding associated with purely transactional and/or operational drivers, there is a possibility that due to a more pressing fiscal situation, the available funds will be reduced.

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Default by one or more of our largest borrowers could adversely affect our results of operations and financial condition.

Our exposure is concentrated in certain economic sectors and large corporations that could increase our impairment losses. Default on loans by one or more of these borrowers may materially and adversely affect our results of operations and financial condition.

Downgrades in our long-term credit ratings or in the credit ratings of our banking subsidiaries could increase funding costs or impair access to funding, potentially impacting our ability to maintain regulatory capital ratios.

Our credit ratings and those of our banking subsidiaries are an important component of our and their ability to obtain funding. Rating agencies regularly evaluate us, and their ratings of our debt are based on numerous dynamic, complex and inter-related factors and assumptions, including our financial strength, conditions affecting the overall financial services industry and the sovereign credit rating of Colombia and the jurisdictions we operate in.

Our banking subsidiaries may be required to raise additional capital or funding in the future to maintain regulatory capital ratios and provide liquidity to meet commitments and business needs, particularly if asset quality or earnings were to deteriorate. Since February 6, 2019, we are subject to the inspection and supervision of the Superintendency of Finance as the financial holding of the Aval Financial Conglomerate and we might be required in the future to raise additional capital to comply with new regulatory adequacy rules applicable to us at the conglomerate level.

Adverse changes in credit ratings or outlooks could increase the cost of funding in the capital markets or borrowings, or reduce the feasibility of refinancing existing debt or issuing new debt required to finance our future projects. In addition, lenders and counterparties in derivatives transactions are sensitive to the risk of a ratings or outlook downgrade. Our ability to raise deposits may also be impacted by a change in credit ratings or outlooks, which could make us less successful when competing for deposits or preclude us or our subsidiaries from receiving funds from institutional investors, governments, governmental entities, or other providers of deposits and other funding.

Any occurrence that may limit our and our banking subsidiaries' access to funding, such as a downgrade in credit ratings or outlook, or a decline in the confidence of debt purchasers, depositors, or counterparties in the capital markets may adversely affect capital costs, ability to raise capital or funding, and liquidity. Moreover, we and our banking subsidiaries may need to raise capital when many other financial institutions are also seeking to raise capital, which, in turn, would require us to compete with numerous other institutions for investors. An inability to raise additional capital on acceptable terms, when needed, or a downgrade in our or our banking subsidiaries' credit ratings or outlook could have a materially adverse effect on our and our banking subsidiaries' financial conditions and results of operations.

Our banking subsidiaries' loan portfolios are subject to risk of prepayment, which may result in reinvestment of assets on less profitable terms.

The loan portfolios of our banking subsidiaries are subject to prepayment risk, which results from the ability of a borrower to pay a loan prior to maturity. Generally, in a declining interest rate environment, prepayment activity increases with the effect of reducing weighted average lives of interest-earning assets and adversely affecting results. Prepayment risk also has an adverse effect on credit card and collateralized mortgage obligations, since prepayments could shorten the weighted average life of these portfolios, which may result in a mismatch in funding or in reinvestment at lower yields.

The credit card industry is highly competitive and entails significant risks, including the possibility of over indebtedness of customers, which could have a material adverse effect on us.

The credit card business is subject to a number of risks and uncertainties, including the possibility of over indebtedness of our customers, despite our focus on low-risk customers.

The credit card industry is characterized by higher consumer default than other segments of the credit markets, and defaults are highly related to macroeconomic indicators that are beyond our control. According to predictions of certain analysts, Colombian economic growth rate prospects are slowing. If this scenario manifests or continues, we may fail to effectively analyze the creditworthiness of our customers (including the targeting of certain sectors) in a timely manner, and we may be faced with unexpected losses that could have a material adverse effect on our results of operations and financial condition.

Changes in banking and financial services laws and regulations in Colombia and the other countries in which we operate could adversely affect our consolidated results.

Banking and financial services laws and regulations are subject to ongoing review and revision, including changes in response to global regulatory trends. As a result, governments have been actively considering new banking laws, regulations, reviewing and revising existing laws and regulations, particularly in relation to capital adequacy and accounting standards that may change the perceived strength of our banks, our credit ratings or our ability to grow or pay dividends. In addition, various international developments, will continue to impact us in the coming years. Decree 2555 of 2010 was amended in 2012, 2015, 2018 and 2019, modifying certain capital adequacy requirements for Colombian credit institutions. See "Item 4. Information on the Company—B. Business overview—Supervision and regulation".

On September 21, 2017, the Colombian Congress passed Law 1870 to strengthen the regulation and supervision of financial conglomerates, also known as the Law of Financial Conglomerates (*Ley de Conglomerados Financieros*). This law sets out the principles for supervising and regulating financial conglomerates. This law and its regulatory decrees (i) established criteria for identifying members of the financial conglomerates, as well as their controlling financial holding companies; (ii) provided the Colombian Government and Superintendency of Finance with tools to regulate and supervise financial conglomerates with respect to capital adequacy, corporate governance standards, risk management, internal control and criteria for identifying, administering, monitoring and revealing conflicts of interest; and (iii) established obligations and responsibilities applicable to the financial holding companies regarding the application and promotion of guidelines and rules across the financial conglomerates. Financial holding companies may be exposed to sanctions and fines derived from the breach of this law and its regulatory decrees by any member of the financial conglomerate. However, no fines have been imposed since the issuance of this law. We cannot assure that such law and its regulatory decrees will not have a material adverse impact on us. See "Item 4. Information on the Company—B. Business overview—Supervision and regulation—Regulatory framework for Colombian Financial Conglomerates".

Over the past year, fintech companies and neobanks have significantly increased their presence in the Colombian financial system, particularly in the scope of deposit-taking activities through savings accounts for individuals. These competitors have captured a substantial market share in savings accounts by employing an aggressive pricing strategy that offers interest rates higher than those set by the Central Bank and surpassing those offered by traditional market participants. Recently, some neobanks have begun offering time deposits while simultaneously lowering interest rates on savings accounts, leading to significant transfers from savings accounts to time deposits. The stability of these participants' deposits at benchmark interest rates remains uncertain. Nevertheless, the pricing strategies and value propositions of these fintechs and neobanks may pose challenges to our success in attracting retail deposits from individuals.

Our financial results may be negatively affected by changes to accounting standards.

We report our results and financial position in accordance with IFRS as issued by the IASB. Changes to IFRS or interpretations thereof may cause our future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect our regulatory capital and ratios. We monitor potential accounting changes and when possible, we determine their potential impact and disclose significant future changes in our audited consolidated financial statements that we expect as a result of those changes. Currently, there are a number of issued but not yet effective IFRS standards, as well as potential IFRS changes. For further information about developments in financial accounting and reporting standards, see Note 2 to our audited consolidated financial statements.

Regulatory actions may result in fines, penalties or restrictions that could materially and adversely affect our businesses and financial performance.

Our Colombian banks, as well as Corficolombiana, Porvenir and our international banking operations, are subject to regulation and supervision by financial authorities. These regulatory authorities have broad powers to adopt regulations and other requirements affecting or restricting virtually all aspects of our subsidiaries' organization and operations, including, the imposition of anti-money laundering measures, liquidity or capital requirements and the authority to regulate the terms and conditions of credit transactions. Failure to comply with applicable regulations could subject our banking subsidiaries to fines or sanctions or even revocation of licenses or permits to operate. In the event that any of these subsidiaries encounter significant financial problems, is in danger of insolvency or becomes insolvent, or is otherwise deemed as non-viable, the financial authorities would have broad powers to intervene in our management and operations, including suspending or removing management and, in extreme circumstances, putting our banks, Corficolombiana, Porvenir and our international banking operations, into conservatorship or receivership or taking control of our banks, Corficolombiana, Porvenir and our other subsidiaries. Since February 6, 2019, Grupo Aval is subject to the inspection and supervision of the Superintendency of Finance as the financial holding of the Aval Financial Conglomerate and is required to comply with capital adequacy and additional regulations applicable to financial conglomerates that became effective. As a result, we may become subject to more stringent regulation. See "Item 4. Information on the Company—B. Business overview—Supervision and regulation".

We may face legal and other challenges to maximizing revenue from credit card fees and other fees from customers.

As part of their credit card business, our banking subsidiaries face pressures related to the fees and commissions charged to merchants (merchant discounts) and the pricing of bank interchange fees charged by issuer banks to acquiring banks. Banks and card processors in Colombia have been subject to administrative investigations regarding the fees and commissions that are charged to the merchants by the acquiring banks and in respect to the banking interchange fees.

Similar investigations may be carried out by the relevant authorities in the future, which may result in penalties, lower fees charged to merchants and bank interchange fees, lead to changes in commercial strategies that may adversely affect our results of operations and financial condition. In addition, fees charged for other banking services may continue to be reduced in the future as a result of regulatory measures and/or pressure from retailers and interest groups.

Failure to protect personal information could adversely affect our reputation and our business.

Our subsidiaries manage and hold confidential personal information of customers in the normal course of their operations. Although, our subsidiaries have procedures and controls to safeguard personal information in our possession, unauthorized disclosures or unauthorized access to privileged information, fraud or events that interfere with regular banking and other services could subject us, our banks and other subsidiaries to legal actions, administrative sanctions and damages.

Although we work to develop secure data and information processing, storage and transmission capabilities to enhance information security, we face risks related to security breaches in connection with debit and credit card transactions that typically involve the transmission of personal information of our customers through various third parties, including retailers and payment processors. We and some of these parties have in the past been the target of security breaches and because the transactions involve third parties and environments, where we do not control the processing, storage or transmission of such information or the security protocols enacted by such third parties or in such environments, security breaches affecting any of these third parties could affect us, and in some cases we may have exposure and suffer losses for breaches relating to them, including costs to replace compromised debit and credit cards and address fraudulent transactions.

Recent regulations for Open Data and Open Finance are establishing rules to govern the transfer of personal data among new participants in these activities. Our entities may face risks in managing the process of sharing personal data and could be subject to claims and sanctions if new participants experience security breaches, leaks, or losses of our clients' personal financial information, potentially leading to fraud or allegations of mismanagement of client authorizations.

We employ a variety of physical, procedural and technological safeguards to protect personal information from mishandling, misuse or loss, these safeguards do not provide absolute assurance that mishandling, misuse or loss of the information will not occur, and that if mishandling, misuse or loss of information does occur, those events will be promptly detected and addressed. It is not always possible to deter or prevent employee misconduct, and the precautions we take to detect and prevent this activity may not always be effective. Similarly, when personal information is collected, compiled, processed, transmitted or stored by third parties on our behalf, our policies and procedures require that the third party agrees to maintain the confidentiality of the information, establish and maintain policies and procedures designed to preserve the confidentiality of the information, and permit us to confirm the third party's compliance with the terms of the agreement. Any failure to protect personal information could result in reputational damage and have a material adverse effect on our results of operations and financial condition.

Instability in global or local banking and financial systems could have a material adverse effect on our business, financial condition and results of operations.

Actions by central banks in other countries could adversely impact our operations to the extent that we are unable to benefit from them. For example, the recent announcement by several central banks, including the Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Federal Reserve, and the Swiss National Bank of coordinated action to enhance the provision of liquidity via the standing U.S. dollar liquidity swap line arrangements, intended to mitigate liquidity concerns in the jurisdictions that benefit from them, could lead international investors to limit or withdraw capital from banks in other jurisdictions that do not benefit from similar protections, which could impede our access to or increase the cost of foreign capital. Any such developments, particularly in Colombia, could materially adversely impact our business, financial condition and results of operations.

Our banking subsidiaries may be required to raise additional capital or funding in the future to maintain regulatory capital ratios and provide liquidity to meet commitments and business needs, particularly if asset quality or earnings were to deteriorate. Since February 6, 2019, we are subject to the inspection and supervision of the Superintendency of Finance as the financial holding of the Aval Financial Conglomerate and we might be required in the future to raise additional capital to comply with new regulatory adequacy rules applicable to us at the conglomerate level.

Adverse changes in global or local financial systems could increase the cost of funding in the capital markets or borrowings, or reduce the feasibility of refinancing existing debt or issuing new equity or debt required to finance our future projects. Our ability to raise deposits may also be impacted by a change in global or local financial systems, which could make us less successful when competing for deposits or preclude us or our subsidiaries from receiving funds from institutional investors, governments, governmental entities, or other providers of deposits and other funding.

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Any occurrence that may limit our and our banking subsidiaries' access to capital and funding, such as instability in global or local financial systems, or a decline in the confidence of debt purchasers, depositors, or counterparties in the capital markets may adversely affect our capital costs, ability to raise capital or funding, and liquidity. Moreover, we and our banking subsidiaries may need to raise capital when many other financial institutions are also seeking to raise capital, which, in turn, would require us to compete with numerous other institutions for investors. An inability to raise additional capital on acceptable terms, when needed, could have a materially adverse effect on our and our banking subsidiaries' financial conditions and results of operations.

Our balance sheet management is subject to significant risks that could materially impact our financial condition and results of operations.

Our balance sheet management is subject to significant risks that could materially impact our financial condition and results of operations. One key risk is our dependence on capital markets and external financing. Disruptions in these markets, changes in interest rates, or a deterioration in our credit ratings could restrict our access to funding or increase our cost of capital. This could limit our ability to meet financial obligations, pursue growth opportunities, or maintain an optimal balance sheet structure.

We are also exposed to risks associated with interest rate and currency volatility. Fluctuations in interest rates and foreign exchange rates could affect the value of our assets and liabilities. While we use derivative instruments to hedge certain risks, these measures may not fully offset the impact of market volatility, potentially leading to adverse effects on our financial position. Additionally, our balance sheet could be asset sensitive or liability sensitive, meaning that changes in interest rates could disproportionately affect our interest income or interest expenses. For example, if we are asset sensitive, a decline in interest rates could reduce our interest income more than our interest expenses, negatively impacting net interest margins. Conversely, if we are liability sensitive, rising interest rates could increase our interest expenses more than our interest income, similarly pressuring profitability.

High levels of indebtedness further compound these risks. Servicing our debt requires significant cash flow, which could otherwise be used for operational needs or strategic investments. Moreover, an asset-liability mismatch could arise if the timing of cash flows from our assets does not align with the repayment of our liabilities. Such a mismatch could result in liquidity shortfalls, forcing us to seek additional financing under potentially unfavorable conditions.

Regulatory changes also pose a risk to our balance sheet management. New or stricter requirements related to capital adequacy, liquidity ratios, or leverage limits could compel us to adjust our balance sheet structure. Compliance with these regulations may require us to maintain higher levels of capital or liquidity, potentially reducing profitability or limiting our ability to allocate resources efficiently.

Finally, our balance sheet includes significant exposure to market and credit risks, particularly related to our investment portfolio and receivables. A decline in the credit quality of counterparties or a downturn in financial markets could result in impairments, write-downs, or losses, adversely affecting our financial condition. These risks underscore the importance of proactive balance sheet management and robust risk mitigation strategies.

Risks relating to our merchant banking business

Difficult market conditions can adversely affect Corficolombiana's business.

Corficolombiana may be adversely affected by lower-than-expected returns on investments, reduced opportunities to realize value from investments, and failure to identify suitable investments for effective capital deployment. During periods of difficult market conditions (which may span across one or more industries, sectors or geographies), portfolio companies may experience adverse operating performance, decreased revenues, financial losses, difficulty in obtaining access to financing or increased funding costs. Negative financial performance of portfolio companies may materially and adversely affect Corficolombiana's results of operations and cash flow. If the operating performance of those portfolio companies (as well as valuation multiples) does not improve following any such downturn or other portfolio companies experience adverse operating performance, Corficolombiana may be forced to sell those assets at values that are less than projected or even at a loss. Portfolio companies may also have difficulties expanding their businesses and operations or meeting debt service and other obligations as they become due. Also, negative market conditions could potentially result in a portfolio company entering bankruptcy proceedings, thereby potentially resulting in a complete loss of the investment. Even if such conditions improve broadly and significantly over the long term, adverse conditions and/or other events in particular sectors may cause our performance to suffer further.

Corficolombiana's due diligence process for evaluating prospective investments may not identify all risks or ensure investment returns.

Before making investments, Corficolombiana conducts due diligence based on the facts and circumstances applicable to each investment and a screening process as stated in our Responsible Investment Policy. When conducting due diligence, it may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process to varying degrees depending on the type of investment, but it may be unable to engage these third parties in a timely manner, or at all. Nevertheless, regardless of the participation of third parties, the due diligence investigation carried out by Corficolombiana with respect to any investment may not reveal or highlight all relevant risks of such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Finally, a relevant portion of Corficolombiana's income is derived from construction activities that will be completed over the following years and there is a risk that Corficolombiana might not be successful in originating and starting new projects to replace this income.

A significant part of Corficolombiana's investments is in relatively illiquid assets, and Corficolombiana may fail to realize any profits from these investments for a considerable period of time or lose some or all of the principal amount of these investments.

As of December 31, 2024, 84.7% of Corficolombiana's investment portfolio comes from unlisted companies. There are often no readily ascertainable market prices for such securities or for those investments of Corficolombiana in listed companies with low or medium trading volumes. The valuation of privately held companies can be highly uncertain and may not reflect the actual value that can be realized upon sale. Factors such as market conditions, regulatory changes, and the financial performance of the company can all impact the end result and the price at which they can be sold. As a result, there may be limited or no marketability for these investments, and they may decline in value while Corficolombiana might be seeking to dispose of them. Because there is significant uncertainty as to the valuation of illiquid investments, the stated values of such investments may not necessarily reflect the values that could be realized by Corficolombiana.

In addition, in some cases, Corficolombiana may be prevented by contracts from selling such investments for a certain period of time. Corficolombiana's ability to dispose of investments may also be dependent on factors beyond its control. Thus, it is possible that investments in privately held companies will only be disposed of over a substantial length of time, if at all, exposing the investment returns to risks of declines in market prices during the intended disposition period.

Furthermore, the listed companies within Corficolombiana´s investment portfolio also have low liquidity and there is no assurance that there will be market capacity to absorb potential sales. Accordingly, under certain conditions, Corficolombiana may be forced to either sell securities at lower prices than it had expected to realize or defer—potentially for a considerable period—sales that it had planned to make.

Corficolombiana might have minority investments in companies and therefore, it might not control them.

Corficolombiana's investments include non-controlling equity interests. Those investments will be subject to the risk that the controlling owners of the company, in which the investment is made, may take business, financial or management decisions with which we do not agree, may take risks or otherwise act in a manner contrary to our interests. If any of the foregoing were to occur, the value of these investments could decrease or we may not be able to dispose of them, which would adversely affect Corficolombiana's results of operations and financial condition. Any wrongdoing by these companies or their management might result in reputational or legal risks to us or lead to charge-offs or write-downs of Corficolombiana's investments in such companies.

Corficolombiana's new investment projects depend on its ability to access financing.

Corficolombiana's investment projects depend on its ability to access financing. Corficolombiana may directly, or through its operating subsidiaries, enter investment projects that require significant financing. Corficolombiana or its operating subsidiaries may experience difficulties in accessing debt and equity financing resources required to fund or refinance such projects and/or may obtain them at higher costs and/or lower tenors than initially expected. As a result, Corficolombiana's investment objectives may attain lower returns due to higher financing costs, delays in the investment schedule or any eventual stoppage of the investment project, which could also result in the payment of penalties to its counterparties, including the Government entities in the case of the development of new highways and toll roads. If Corficolombiana is unable to obtain adequate financing on terms satisfactory to it, its ability to continue to grow or support its business and respond to business challenges could be significantly limited.

Most of Corficolombiana's investments are held in five industries.

The majority of Corficolombiana's investment portfolio is held in companies operating in the energy and gas, infrastructure, agribusiness, and hotels industries. Energy and gas and infrastructure accounted for 92.9% of Corficolombiana's total investment portfolio as of December 31, 2024. Although there is a diversification intent, there is a likelihood that in certain market conditions these sectors behave in a correlate manner which may result in lower than expected returns or even losses.

A variety of issues outside of Corficolombiana's control could affect the timing and performance of its investments, which may result in additional costs and reputational harm to Corficolombiana, reductions or delays in revenues or the payment of liquidated damages.

Many of Corficolombiana's investments, included in the energy and gas, and infrastructure sectors, involve challenging engineering, permitting, procurement and construction phases that may take place over extended periods of time, sometimes several years. These investments may encounter difficulties as a result of (i) delays in design, engineering information or materials delivery, to be completed or procured by them, the customer or a third party, (ii) delays due to failure to timely obtain permits or rights of way or meet other regulatory requirements or permitting conditions, (iii) accidents and catastrophic events, weather-related delays, protests, legal challenges, multiple types of political unrest, and other factors. In addition, in the energy and gas sector, Corficolombiana, through Promigas, is exposed to a variety of inherent hazards and operating risks in gas distribution and transportation which could cause substantial financial losses.

If any of Corficolombiana's investments or projects fail to comply with the applicable professional standards or contractual requirements, Corficolombiana or its subsidiaries could be exposed to significant monetary damages or violations. A catastrophic event at one investment could also result in significant professional or product liability and warranty or other claims, as well as reputational harm, especially if public safety is impacted.

Many of these difficulties and delays are beyond Corficolombiana's control and could negatively impact its ability to achieve its anticipated return from its investments. Delays and additional costs may be substantial and not recoverable from third parties or insurance providers, and in some cases, may cause substantial financial losses.

Failure to meet any of their schedules or performance obligations could also result in additional costs or penalties, including liquidated damage, and such amounts could exceed profits from these projects. In extreme cases, the above-mentioned factors could cause project cancellations, and Corficolombiana may not be able to replace such projects with similar projects or at all. Such delays or cancellations may impact Corficolombiana's investments, its reputation or relationships with customers and could have a material adverse effect on Corficolombiana's business, results of operations or financial condition.

Furthermore, some public concession contracts incorporate clauses enabling an early termination of concession contracts subject to specific conditions. This could result in a liquidation value that differs from the book value recorded by Corficolombiana.

A sizable portion of Corficolombiana's business is subject to adverse Governmental action, regulatory change, termination or even expropriation.

Most investments held by Corficolombiana, are in highly regulated industries. Therefore, a change in regulation could materially affect their value, could reduce the income that those investments will generate in the future or could adversely affect the ability of Corficolombiana to dispose of those investments. Moreover, Corficolombiana faces the risk that the Colombian government may not include new infrastructure projects in its investment plans. Additionally, there is a risk that the government may expropriate or nationalize Corficolombiana's assets, or that it may be unable to convert Colombian pesos into foreign currencies. In addition, the Colombian government has the authority to unilaterally modify certain agreements, impose tariffs, taxes, stop payments, or other restrictions on operations, which may limit the ability of Corficolombiana's portfolio investment companies to conduct their business. The risk of expropriation or adverse regulatory action could have a material adverse effect on Corficolombiana's business, financial condition, results of operations, or share price. Furthermore, the perception of this risk could negatively affect its reputation, investor confidence, or share price. Moreover, liquidation or contractual expropriation processes may not fully compensate for the value of the property in question.

Risks relating to our pension and severance fund management business

Porvenir operates in a highly regulated market, which limits its flexibility to manage its businesses.

Porvenir's operations are regulated by Law 100 of 1993, as amended, the Organic Statute of the Financial System (Estatuto Orgánico del Sistema Financiero), or "EOSF", Decree 2555 of 2010 issued by the Ministry of Finance, as amended, and regulations issued by the Superintendency of Finance and, to the extent applicable, Colombian Corporation Law, including the legal framework applicable to the Financial Conglomerates, considering Porvenir is part of the Grupo Aval Conglomerate. These regulations limit the range of assets in which pension fund administrators, or "AFPs", can invest the assets under administration and set investment limits based on the type of mandatory pension or severance fund managed each AFP manages. AFPs can manage four types of mandatory pension funds (i) Lower Risk Fund ("Fondo Conservador"), (ii) Medium Risk Fund ("Fondo Moderado"), (iii) High Risk Fund ("Fondo de Mayor Riesgo") and (iv) Planned Retirement Fund ("Fondo Especial de Retiro Programado"), and two types of severance portfolios (i) Short Term portfolio ("Portafolio de Corto Plazo") and (ii) Long Term portfolio ("Portafolio de Largo Plazo"). In addition, each AFP is legally required to provide a minimum return on investment for each mandatory of its pension and severance funds. See "Item 4. Information on the Company—B. Business overview—Pension Fund Management—Pension Business Overview". Pursuant to Law 2381 different pension regimes will coexist for a

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significant period of time. On the one hand, the regime created by Law 100 of 1993 will still apply for a determinate group of people. On the other hand, the regime created by Law 2381 will enter into application in July 1, 2025 and will apply generally to persons not covered by Law 100 of 1993.

Moreover, Law 2381 has been challenged before the Constitutional Court of Colombia by different individuals. As of today, 14 lawsuits have been accepted and are under review and analysis by the Court. The lawsuits claims that the process at the Congress of Colombia has not been duly fulfilled, and some debates were not held. Likewise, other claims state that Law 2381 is inconsistent with the constitutional rights established in the Political Constitution of Colombia.

Given that Law 2381 will be enforceable on July 1st, 2025, the Constitutional Court is expected to issue its ruling before that date, however, we cannot be certain of the timing of the court's decision. If the judgment is issued after July 1, 2025, Porvenir will need to develop and implement all the requirements necessary to apply Law 2381 by the enforceable date. Additionally, the Court may declare that the unconstitutional process can be rectified by conducting the missing debates and discussions in the Colombian Congress. If this scenario occurs, Porvenir will need to continue applying Law 100 of 1993 (the former pension regime) until the debates are completed. Should these debates not proceed as per the ruling, Law 2381 will be declared unconstitutional, and Porvenir will need to continue to operate under the requirements of Law 100 of 1993. The Court may consider delaying the effective date to allow adequate time for the implementation process.

Furthermore, Porvenir manages voluntary pension funds (fondos de pensiones de jubilación e invalidez) created by Decree 2513 of 1987 and fully amended by Decree 1207 of 2020 as supplementary savings vehicles for pensions, which are independent from the mandatory pension funds, and benefit from tax incentives. Subject to certain limits, savings in voluntary pension funds are considered as exempt income for purposes of the corporate income tax (Impuesto de Renta) under rules defined in article 1261-1 of the Tax Statute. These exemptions have been subject to modifications through tax reforms such as Law 1607 of 2012, Law 1819 of 2016, Law 1943 of 2018, and Law 2277 of 2022 also known as "*Reforma Tributaria para la Igualdad y la Justicia Social*". This law includes specific regulations for voluntary pension funds, in particular with respect to their tax benefits, reducing the limits applicable to deductions of income for the calculation of the income tax. These conditions reduce consumer interest in this type of savings product and have an adverse effect on the management fees received by Porvenir for the administration of these funds.

As a result of the accession process of the Colombian Government to become a member country of the Organization for Economic Cooperation and Development (OECD), further regulation amending the current pension fund regulation could be enacted. Future regulations may not provide a favorable business environment and may adversely affect our results of operations and the financial condition of our pension fund management business.

The recent pension reform may impose restrictions on commissions and fees for funds management by Porvenir. This adjustment could impact on the growth and profitability of the pension fund business if future reforms or regulations involve changes to the fee structure within the portfolios.

A significant amount of debt securities in pension and severance funds managed by our pension and severance fund businesses are issued or guaranteed by the Colombian Government.

Our pension and severance fund management business, like our banks and other participants in the banking industry, is subject to the risk of loss in value of sovereign debt securities. A significant decline in the value of the securities issued or guaranteed by the Colombian Government could adversely affect the debt securities portfolio of our pension and severance fund management business and, consequently, our pension and severance fund management business's results of operations and financial condition.

At the discretion of the Government, authorities may broaden the scope of existing regulations or mandate additional expenditures for current asset allocations or required mandatory investments that may adversely affect our results of operations.

Other risks relating to our businesses

We are subject to fluctuations in interest rates and other market risks, which may materially and adversely affect our results of operations and financial condition.

Market risk refers to the probability of variations in income or in the market value of assets and liabilities due to changes in markets, including variations in market rates of interest and foreign currency exchange rates. Changes in interest rates affect the following areas, among others, of our banks' businesses: net interest income, the volume of loans originated, market value of securities holdings, asset quality, and gains from sales of loans and securities. We do not manage market risk on a consolidated basis and are not subject to regulation or supervision of market risk on a consolidated basis. However, each financial subsidiary undertakes an individual monitoring, assessment and management of such risks through dedicated market risk units and asset liability committees

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Changes in short-term interest rates may affect interest margins quickly and, therefore, net interest income, which is the most important component of our revenue. Increases in interest rates may reduce the volume of loans originated by our banking subsidiaries. Sustained high interest rates may discourage customers from borrowing and may result in increased delinquencies in outstanding loans and deterioration in the quality of assets. Increases in interest rates may reduce the value of our assets, including the financial assets of our banks, the investments of Corficolombiana and the assets managed by Porvenir. Our banking subsidiaries hold a substantial portfolio of loans and debt securities that have both fixed and floating interest rates. In addition, we may incur costs (which, in turn, will affect our results of operations) if our banking subsidiaries implement strategies to reduce future interest rate exposure. Increases in interest rates may reduce gains or require our banking subsidiaries to record losses on sales of their loans or securities.

We may not effectively manage risks associated with the replacement of benchmark indices.

Interest rate, equity, foreign exchange rate and other types of indices which are deemed to be "benchmarks," including those in widespread and long-standing use, have been the subject of ongoing international, national and other regulatory scrutiny and initiatives and proposals for reform. Some of these reforms are already effective while others are still to be implemented or are under consideration. These reforms may cause benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences, which cannot be fully anticipated.

Any of the benchmark reforms which have been proposed or implemented, or the general increased regulatory scrutiny of benchmarks, could also increase the costs and risks of administering or otherwise participating in the setting of benchmarks and complying with regulations or requirements relating to benchmarks. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the disappearance of certain benchmarks.

Any of these developments, and any future initiatives to regulate, reform or change the administration of benchmarks, could result in adverse consequences to the return on, value of and market for loans, mortgages, securities, derivatives and other financial instruments whose returns are linked to any such benchmark, including those issued, funded or held by us or our banking subsidiaries.

We may be adversely affected by fluctuations between the value of the Colombian peso, and the U.S. dollar as a result of U.S. dollar-denominated indebtedness and assets.

We face exposure to fluctuations in the rate of exchange between the Colombian peso and the U.S. dollar, particularly given the fact that the Colombian peso has historically experienced significant devaluations and depreciations. Fluctuations in the exchange rate between the value of the Colombian peso, and the U.S. dollar may also negatively affect our leverage and capitalization ratios as measured by regulators or by rating agencies.

We are subject to impacts on our statement of income and/or statement of financial position derived from fluctuations of the Colombian peso, in particular, against the U.S. dollar, where most of our foreign long-term debt is denominated, as 19.9% of our average consolidated assets for the year ended December 31, 2024 and 23.9% of our average consolidated liabilities for the year ended December 31, 2024 were foreign currency-denominated.

We are exposed to changes in the values of current holdings and future cash flows denominated in other currencies, as part of our financial business as well as in the non-financial activities of Corficolombiana. For information on hedge accounting please refer to Note 10 of our audited consolidated financial statements.

Fluctuations in the exchange rate between the Colombian peso and the U.S. dollar may affect the value of our debt and investments on our statement of financial position and cause us to recognize gains or losses in our statement of income. Any substantial fluctuation in the U.S. dollar relative to the Colombian peso could affect our results of operations and our ability to meet our future payment obligations and increase or decrease the peso value of our regulatory capital, risk-weighted assets and goodwill, thereby affecting capital ratios of our banking subsidiaries.

We are subject to trading risks with respect to our trading activities.

Our banking subsidiaries, Corficolombiana, Porvenir and some other subsidiaries are allowed to engage in proprietary trading, and we might derive a portion of our profits from such trading activities. As a result, any reduction in trading income could adversely affect our results of operations and financial condition. Our trading income is volatile and dependent on numerous factors beyond our control, including, among others, market trading activity, interest rates, exchange rates and general market volatility. A significant decline in our trading income, or large trading losses, could adversely affect our results of operations and financial condition.

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Declines in the market price for securities and expected losses could result in impairment losses as well as increased unrealized losses on other securities. Losses in the Colombian equity markets could result in further losses from impairment or sale of these securities as well as increases in unrealized losses. Any significant increases in exposure to any of these non-traditional risks, or a significant increase in credit risk or bankruptcy of any of the counterparties, could materially and adversely affect our results of operations and financial condition.

Colombian law and similar regulations in countries in which we operate, impose or might impose limitations on interest rates, and future additional restrictions on interest rates or banking fees could negatively affect our profitability.

The Colombian Commercial Code ("*Código de Comercio*") limits the amount of interest our Colombian subsidiaries may charge on commercial transactions, including transactions of our banking subsidiaries. In the future, regulations in Colombia or other countries in which we operate, could impose increased limitations regarding interest rates or banking fees. Law 1430 of December 2010, as amended, authorizes the Colombian Government to impose or place limits on tariffs and fees charged by banks and other financial institutions where the Government has determined that there is insufficient competition in a relevant market. Additionally, the law requires the Superintendency of Finance to implement a monitoring scheme of the tariffs and fees charged by the financial institutions in their relevant markets and to report the results of this evaluation semi-annually to the Colombian Government. The Colombian Government issued Decree 4809 of 2011 and Decree 1854 of 2015, which (i) require banks to provide each of their clients with statements of all fees charged to such clients on an annual basis, (ii) set a limit on the fees that banks may charge to their clients for withdrawals from automated teller machines of other banks and (iii) establish that transactions through the internet may not cost more than those made through other channels. Accordingly, the Superintendency of Finance has issued External Circular 012 of 2012, setting the rules and principles that must be followed by banking and financial institutions at the time of establishing, publishing and promoting their tariffs and fees. In 2022, Colombian Congress enacted different laws which may potentially impact our business. For example, Law 2277 of 2022 increased the income tax for financial entities, which now must pay an income tax rate 5% higher than other types of corporations.

Local authorities may impose requirements on the ability of residents, including our businesses, to obtain loans denominated in foreign currency.

Under local exchange control requirements, authorities may impose certain mandatory deposit requirements in connection with foreign currency-denominated loans obtained by residents, including our businesses. Future measures or requirements imposed by local authorities, such as mandatory deposit requirements, may adversely affect our and our clients' ability to obtain loans in foreign currency.

Our businesses face constitutional actions, class actions and other legal actions involving claims for significant monetary awards against financial institutions, which may affect our businesses.

Under the Colombian Constitution and similar regulations in other countries in which we operate, individuals may initiate constitutional actions (*acciones populares*), or class actions (*acciones de grupo*), to protect their collective or class rights, respectively. Individuals may also initiate constitutional actions for the protection of their fundamental rights, known as "*Tutelas*". Colombian financial institutions, including our banking subsidiaries, Corficolombiana and Porvenir, and other of our businesses have been, and continue to be, subject to these actions with regard to fees, financial services, mortgage lending and interest rates, the outcomes of which are uncertain. In addition, the number of such actions could increase in the future and could significantly affect our businesses.

Acquisitions and strategic partnerships may not perform in accordance with expectations, may fail to receive required regulatory approvals or may disrupt our operations and adversely affect our credit rating and profitability.

A component of our strategy is to identify and pursue growth-enhancing strategic opportunities, such as acquisitions and alliances, inside and outside of Colombia. As part of that strategy, we have acquired interests in various financial institutions in recent years. Strategic acquisitions and alliances could expose us to risks with which we have limited or no experience, as in the case of any significant acquisition outside of Colombia. In addition, potential acquisitions in Colombia and elsewhere may be subject to regulatory approval. We may be unsuccessful in obtaining any such approval or we may not obtain approvals on terms that are acceptable for us particularly in view of our subsidiaries' and our combined significant market share in the Colombian banking industry.

We must necessarily base any assessment of potential acquisitions and alliances on assumptions with respect to operations, profitability and other matters that may subsequently prove to be incorrect. Future acquisitions and alliances, as well as other investments, may not produce anticipated synergies or perform in accordance with our expectations and could adversely affect our operations and profitability. In addition, new demands on our existing organization and personnel resulting from the integration of new acquisitions could disrupt our operations and adversely affect our operations and profitability.

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We may not be able to manage our growth successfully.

As we continue to grow, we must effectively manage our operations across the expanded group by successfully managing our operational, technical and managerial knowledge and compliance systems. Failure to successfully integrate, monitor and manage expanded operations could have a material adverse effect on our reputation and financial results. Our future growth will also depend on our access to internal and external financing sources. We may be unable to access such financing on commercially acceptable terms or at all.

We are subject to operational risks.

Our business depends on the ability of our banking subsidiaries to process large numbers of transactions efficiently and accurately. Operational risks and losses can result from fraud, employee error, failure to properly document transactions or to obtain proper internal authorization, failure to comply with regulatory requirements, breaches of conduct of business rules, technological failures, natural disasters or external events, among others.

The procedures adopted by Grupo Aval's banking subsidiaries regarding operational risk management were designed to identify and measure the risks to which the entities are exposed in the development of their operations, the establishment of controls for the adequate mitigation of the identified risks and the monitoring of the effectiveness of the system of controls. However, there can be no assurance that the currently adopted procedures will be effective in identifying or appropriately mitigating all of the operational risks we face.

Failure of our information systems could materially and adversely affect the effectiveness of our risk management and internal control processes as well as our results of operations and financial condition.

We and our subsidiaries are highly dependent on the ability to collect and process, on a timely basis, a large amount of financial and other information, transactions and services and products, at a time when transaction processes have become more complex with increasing volumes and increasingly shorter response expectations from our stakeholders. If we are unable to maintain these capabilities, our business operations, financial condition, reputation and results of operations could be materially and adversely affected. A partial or complete failure of any of these systems could materially and adversely affect our decision-making process, risk management, internal control systems and quality service, as well as our ability to respond on a timely basis to changing market conditions. Additionally, increased dependency on communications as well as the migration of processes to cloud operations can increase our exposure to IT failures and cybersecurity threats. See "—We are subject to cybersecurity threats".

In addition, Grupo Aval and our subsidiaries' ability to remain competitive will depend in part on our ability to upgrade our IT infrastructure and implement digitalization of products profitably through agile methodologies in environments with major planning challenges due to, for example, supply chain difficulties that have arisen over the last year increasing the lead times to obtain hardware. We and our subsidiaries must continually make significant investments and improvements in our and their IT infrastructure in order to ensure the proper functioning of financial controls, accounting and other data collection and processing systems and to remain competitive. Furthermore, as our banking subsidiaries open new branches and channels, they will need to improve their IT infrastructure, including maintaining and upgrading their software and hardware systems and their back-office operations. If there are technological impediments, unforeseen complications, errors or breakdowns in implementing new systems, our business, financial condition or results of operations may be adversely affected.

We are subject to cybersecurity threats

Cybersecurity threats continue to evolve worldwide, particularly with the emergence of new technologies such as Artificial Intelligence (AI), quantum computing, and the enhanced capabilities of malicious actors who conduct illicit activities more efficiently. We and our subsidiaries allocate significant resources to maintaining and upgrading our systems to implement technologies that protect our networks against cyberattacks. For example, we dedicate considerable effort to reviewing security strategies through committees and technical groups. These groups validate security controls, assess the need for new technologies, optimize existing ones, and explore ways to mitigate emerging threats.

In addition, we and our subsidiaries have made progress in adopting security technologies that strengthen our technical capabilities. In 2024, we acquired and implemented a Security Information and Event Management (SIEM) solution with AI capabilities to optimize the detection and response to potential security threats. Additionally, we are exploring the unification of security services under the Security Service Edge (SSE) framework to protect access and enhance security for end users across our organization. However, we cannot assure you that our investments in cybersecurity will be sufficient to protect us against the threat of cyberattacks.

We frequently experience cyberattacks, including malware and ransomware infections, phishing, and interception of sensitive data in cyberspace and these incidents have required immediate attention from our Computer Security Incident Response Team (CSIRT) and have resulted in temporary interruptions. To date, such attacks have not had a material impact on our business or clients. Depending on the severity of a cybersecurity incident, it must be reported to the relevant Information and IT Security committees, executive leadership, and the Board of Directors of Grupo Aval. Nonetheless, future attacks could be more severe and have a material adverse impact on our business.

As financial institutions, we and our subsidiaries are susceptible to cybersecurity risks such as malware, ransomware, computer hackers, disgruntled employees, and other threats that could impact our IT infrastructure and service channels. If a cybersecurity threat were to materialize, it could compromise the safety of our systems and endanger the information of our clients and partners..

See "Item 4. Information on the company—Other corporate information—Cybersecurity" and "Item 16K. Cybersecurity"

Our policies and procedures may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose us to fines and other liabilities.

We and our subsidiaries are required to comply with applicable anti-money laundering laws, anti-terrorism financing laws, anti-bribery and other regulations. These laws and regulations require us, among other things, to adopt and enforce "know your customer" policies and procedures, and to report suspicious or large transactions to the applicable regulatory authorities. While we and our financial institutions have adopted policies and procedures including ultimate beneficial owners identification, aimed at detecting and preventing the use of banking networks for money laundering activities and by terrorists and terrorist-related organizations and individuals generally, who are increasingly using sophisticated methods, such policies and procedures may not completely eliminate instances where they may be used by other parties to engage in money laundering and other illegal or improper activities.

We and our subsidiaries are subject to laws and regulations that prohibit corrupt payments to public officials, including the U.S. Foreign Corrupt Practices Act and Colombian regulations on transnational bribery. We have implemented Corporate Anti-corruption Policies and procedures, which incorporate, among other things, training, reporting channels, monitoring, internal investigations, and sanctions. While this system is designed to prevent and detect corrupt behavior and transactions, it does not completely eliminate the risk that our subsidiaries´ employees, providers, clients or agents may engage in corrupt practices.

If we or any of our subsidiaries, joint ventures or other affiliates fail to fully comply with applicable anti-money laundering laws, anti-terrorism financing laws, anti-corruption laws and other regulations, the relevant Government authorities to which they report have the power and authority to impose fines and other penalties.

Competition and consolidation in the Colombian banking and financial industry could adversely affect our market position.

We operate in a competitive market. Since the 1990s, when the Colombian financial system was deregulated, there has been an ongoing process of consolidation that has included foreign bank participants entering the Colombian market. We expect that consolidation will lead to the creation of larger local financial institutions, including additional foreign banks, presenting the risk that we could lose a portion of our market share in the industry, adversely affecting our results of operations.

Various banking institutions, which have recently been incorporated in Colombia, target the microcredit and small and medium enterprises segments. Local subsidiaries of international financial institutions have entered the market targeting corporate clients. The businesses of these new credit institutions may affect our market position in the individual, small and medium enterprises and our merchant banking operation. We also face competition from non-bank and non-financial competitors, such as fintechs. Several fintechs have started to develop as nonregulated businesses and subsequently sought lower tier banking licenses (for example as "*compañías de financiamiento*"), allowing them to receive savings deposits. Also, the National Development Plan draft presented by the Government in January 2023 has proposed an Open Banking initiative, making it compulsory for banks to deliver the information and data of their customers to other entities, which may represent a competition risk for our business.

In addition, consolidation in the Colombian financial services industry has increased, which may also increase competition in the markets where we operate. See "Item 4. Information on the Company—B. Business overview—Competition".

Furthermore, our banking subsidiaries may face challenges as new competitors enter the market or existing competitors may adjust their services with unique product or service offerings or approaches to providing banking services. New entrants could take advantage of regulatory arbitrage to compete with substantially lower cost structures. Non-traditional providers of banking services may offer and/or increase their offerings of financial products and services directly to customers. Several of these competitors may have long operating histories, large customer bases, strong brand recognition and significant financial, marketing and other resources. Technological advances and heightened e-commerce activities have increased consumers' access to products and services, which has in turn intensified competition among banks and nonbanks in offering loans. Existing competitors and market entrants may adopt more aggressive pricing and rates and devote more resources to technology, infrastructure and marketing. If we are unable to successfully compete with current and new competitors, or if we are unable to anticipate and adapt our offerings to changing banking industry trends, including innovation, digitalization and technological changes, our business may be adversely affected.

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Our ability to maintain our competitive position depends mainly on our ability to anticipate and fulfill the needs of new and current customers through the development of innovative services and products, and our ability to offer adequate services and strengthen our customer base through cross-selling. Our failure to effectively anticipate or adapt to emerging technologies or changes in customer behavior, including among younger customers, could delay or prevent our access to new digital-based markets which would in turn have an adverse effect on our competitive position and business.

Our efforts to offer new services and products may not succeed if product or market opportunities develop more slowly than expected or if the profitability of these opportunities is undermined by competitive pressures. As we expand the range of our products and services, some of which may be at an early stage of development in the Colombian market, we will be exposed to new and potentially increasingly complex risks and development expenses. Our employees and our risk management systems may not be adequate to handle such risks. In addition, the cost of developing products that are not launched is likely to affect our results of operations. Any or all these factors, individually or collectively, could have a material adverse effect on us.

We depend on our senior management and our Board of Directors, and the loss of their services could have an adverse effect on our business.

We are highly dependent on our senior management teams and Board of Directors at both the group and subsidiary levels, all of whom possess considerable experience and expertise and have strong relationships with customers, participants of the Colombian business.

The loss of the services of any of these members of our, or our subsidiaries', senior management and members of the Board of Directors, could have an adverse effect on our business. Accordingly, our success is dependent on appropriately managing the risks related to executing a succession plan for senior management and members of the Board of Directors on a timely basis.

We are subject to reputational risk, and our reputation is closely tied to that of our controlling shareholder, our senior management and members of the Board of Directors, and that of our subsidiaries.

Damage to our reputation may limit our ability to attract customers, employees and investors. Harm to our reputation can arise from employee or former employee misconduct, legal and regulatory non-compliance, ethical issues, allegations of money laundering, and failing to deliver minimum standards of service and quality, among others. In particular, our success has been attributable, in part, to the high esteem in which our controlling shareholder Mr. Sarmiento Angulo, the chairman of our Board of directors, Mr. Sarmiento Gutiérrez, our President, Ms. Maria Lorena Gutiérrez, some of our senior management and our subsidiaries' senior management and members of the Board of Directors are held in Colombia and the markets in which we operate. Reputation plays an integral role in our business operations, which are based on customer confidence and trust. If the public image or reputation of any of the foregoing is damaged as a result of negative publicity or otherwise, business relationships with customers of Grupo Aval may deteriorate, which would adversely affect our results of operations and financial condition. Any perceived or real difficulties experienced by any one of our subsidiaries would harm the reputation of Grupo Aval as a whole, which would also have an adverse effect on our results of operations and financial condition.

We are controlled by Mr. Sarmiento Angulo, whose interests could differ from the interests of other common, preferred shareholders and ADS holders.

Mr. Sarmiento Angulo beneficially owns 97.8% of our common shares outstanding and 45.5% of our preferred shares outstanding, as of April 22, 2025, and, accordingly, controls our group. See "Item 7. Major Shareholders and Related Party Transactions—A. Major shareholders". The preferred shares do not have any voting rights and thus will not affect such control of our Group. Mr. Sarmiento Angulo will continue to have the right to control decisions, regardless of how our minority shareholders may vote on these issues and regardless of the interests of such shareholders, including holders of ADSs and underlying preferred shares. In addition to Mr. Sarmiento Angulo's beneficial ownership through Grupo Aval, as of April 22, 2025, he beneficially owns 8.3% of Banco de Bogotá, 13.3% of Banco de Occidente, 15.5% of Banco AV Villas, 0.8% of Banco Popular and 11.5% of Corficolombiana.

Circumstances may occur in which Mr. Sarmiento Angulo may have an interest in pursuing transactions that, in his judgment, enhance the value of his several investments in the financial sector. These transactions may not necessarily be in Grupo Aval's interest or that of its shareholders even if holders of the ADSs or the underlying preferred shares disagree. Due to his control, Mr. Sarmiento Angulo has, and will have, the power to:

- elect a majority of our directors and appoint our executive officers, set our management policies and exercise overall control over our company and subsidiaries;

- agree to sell or otherwise transfer his controlling stake in our company; and

- determine the outcome of substantially all actions requiring shareholder approval, including transactions with related parties, corporate reorganizations, acquisitions and dispositions of assets, and dividends.

In addition, the concentration of ownership may have the effect of delaying, preventing, or deterring a change of control of our company, could deprive our shareholders of an opportunity to receive a premium for the ADSs or underlying preferred shares as part of a sale of our company and might ultimately affect the market price of the ADSs and the underlying preferred shares.

We may engage in additional transactions with our controlling shareholder in the future.

In the future we may engage, as we have done in the past, in business and financial transactions with our controlling shareholder and other shareholders that may present potential conflicts of interest between our company and these shareholders. See "Item 7. Major Shareholders and Related Party Transactions—B. Related party transactions." While we believe that these transactions will be carried out on an arm's-length basis, commercial and financial transactions between us and our controlling shareholder could create the potential for, or could result in, conflicts of interests between us and our other shareholders. To the extent that the price we pay for any assets acquired from our controlling shareholder exceeds the market value of such assets or is not as productive a use of our cash as other uses, our results of operations and financial condition could be adversely affected.

Risks relating to our preferred shares and ADSs

Exchange rate volatility may adversely affect the Colombian economy, the market price of the ADSs and the dividends payable to holders of the ADSs.

Pursuant to Colombian law, the Colombian Central Bank has the power to intervene in the exchange market in order to consolidate or dispose of international reserves, as well as to control any volatility in the exchange rate, acting through a variety of mechanisms, including discretionary ones. During recent years, the Colombian Central Bank has employed a floating exchange rate system with periodic interventions. From time to time, there have been significant fluctuations in the exchange rate between the Colombian peso and the U.S. dollar. Unforeseen events in international markets, fluctuations in interest rates, fluctuations in oil prices, changes in U.S. and international monetary policies, changes in capital flows, political developments or inflation rates may cause exchange rate instability that could, in turn, depress the value of the Colombian peso, thereby decreasing the U.S. dollar value of the dividends paid to holders of the ADSs.

Restrictions on purchasing our preferred shares may affect the market liquidity of our preferred shares and ADSs.

Under Colombian securities regulations, as a general rule, any transaction involving the sale of publicly traded shares of any Colombian company, including any sale of our preferred shares for the equivalent of 66,000 *Unidades de Valor Real* or "UVRs" (U.S.$ 5,639.9), or more, must be effected through the Colombian Stock Exchange. UVR is a Colombian inflation-adjusted monetary index calculated by the Board of Directors of the Colombian Central Bank and generally used for pricing home-mortgage loans (one UVR = Ps 376.8 (U.S.$ 0.09) and 66,000 UVRs = Ps 24,867,235.8 at December 31, 2024). Any transfer of preferred shares underlying the ADSs may be required to be sold through the Colombian Stock Exchange, which could limit their liquidity or affect their market price.

The relative illiquidity of the Colombian securities markets may impair the ability of preferred shareholders and holders of ADSs to sell preferred shares underlying the ADSs.

Our preferred shares are listed on the Colombian Stock Exchange, which is relatively small and illiquid compared to securities exchanges in major financial centers. In addition, a small number of issuers represent a disproportionately large percentage of the market capitalization and trading volume on the Colombian Stock Exchange. A liquid trading market for the preferred shares or ADSs may not develop on the Colombian Stock Exchange or New York Stock Exchange, respectively. A limited trading market could impair the ability of a holder of preferred shares or ADSs to sell preferred shares (in the case of an ADS holder, obtained upon withdrawal of such shares from the ADR facility) on the Colombian Stock Exchange in the amount and at the price and time desired by such holder, and could increase the volatility of the market price of the preferred shares and the ADSs. In addition, a decrease in the liquidity of our ADR program may also impair investors' ability to sell our preferred shares or ADSs in the New York Stock Exchange.

An active market for our preferred shares and the ADSs may not continue to develop or be maintained and the market price of our preferred shares and the ADSs may fluctuate in response to numerous factors.

The market price of our ADSs and preferred shares may fluctuate significantly in response to numerous factors, many of which are beyond our control, including actual or anticipated fluctuations in our operating results, economic downturns, political events in Colombia, or Panama, developments affecting the banking industry, exchange rates, changes in financial estimates by securities analysts or our failure to perform in line with such estimates, departures of key personnel, and sales of our preferred shares in the future. The liquidity of our ADSs and preferred shares could decline and might make it difficult to dispose of investments in our ADSs or preferred shares. Furthermore,

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common shares may be converted into preferred shares on a 1-1 basis provided that our preferred shares do not exceed 50% of our total subscribed share capital. Preferred shares are available for deposit into the ADS Program. Given that the cost of conversion of our ADSs has been and is expected to remain relatively fixed at U.S.$0.05 per ADS, lower market prices for our ADSs or preferred shares adversely affect conversion costs for investors.

Holders of ADSs and underlying preferred shares may face difficulties in protecting their interests because we are subject to different corporate rules and regulations than those available in other jurisdictions, and our preferred shareholders have limited rights.

Holders of ADSs are not direct shareholders of our company and are unable to enforce the rights of shareholders under our by-laws and Colombian law. Under Colombian law, holders of our preferred shares may have fewer rights than shareholders of a corporation incorporated in the United States. Even if a holder of ADSs surrenders its ADSs and becomes a direct shareholder, a holder of our preferred shares under Colombian law may have fewer alternatives to protect its interests relative to actions by our Board of Directors or executive officers, and these alternatives may be less well-defined than under the laws of those other jurisdictions. In addition, holders of the ADSs and our preferred shares are not entitled to vote for the election of directors or to influence our management policies. Under our by-laws and Colombian law, holders of preferred shares (and, consequently, holders of ADSs) have no voting rights in respect of preferred shares, other than in limited circumstances.

The Colombian securities markets are not as highly regulated or supervised as the U.S. securities markets or the markets in some other jurisdictions. In addition, rules and policies against self-dealing or for preserving shareholder interests may be less well-defined and enforced in Colombia than in the United States and certain other countries, which may put holders of our preferred shares and the ADSs at a potential disadvantage. Corporate disclosures also may be less complete or informative than for a public company in the United States or in certain other countries.

Our ability to pay dividends on the ADSs or underlying preferred shares may be limited by Colombian law and because we are a holding company dependent on dividends from subsidiaries.

Under Colombian law, a company may only distribute dividends to the extent such distribution is fully supported by accurate financial statements demonstrating the financial condition of the company. Any dividends distributed in violation of this provision may not be reclaimed from shareholders who received such payments in good faith, and any subsequent distribution of profits may be suspended. In addition, dividends may not be distributed until losses from previous fiscal years have been absorbed. Dividends must be approved at the ordinary annual shareholders' meeting.

Our ability to pay dividends on the preferred shares represented by ADSs will be contingent upon the financial condition of our subsidiaries. Any of our banking subsidiaries may be restricted from paying dividends to us if such subsidiary does not meet its required technical capital ratios or does not have sufficient retained earnings. In addition, we conduct substantially all of our operations through subsidiaries and are dependent on dividends from our subsidiaries to meet our obligations.

Holders of ADSs may encounter difficulties in the exercise of dividend rights and in the limited voting rights of our preferred shares.

Holders of ADSs may encounter difficulties in exercising rights with respect to the preferred shares underlying ADSs. If we make a distribution to holders of underlying shares in the form of securities or rights to acquire securities, the depositary is allowed, in its discretion, to sell those securities or rights on behalf of ADS holders and instead distribute the net proceeds to the ADS holders. Also, under some circumstances, you may not be able to exercise your limited voting rights by giving instructions to the depositary.

Our status as a foreign private issuer allows us to follow alternate standards to the corporate governance standards of the NYSE, which may limit the protections afforded to investors.

We are a "foreign private issuer" within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a foreign private issuer may elect to comply with the practices of its home country and not to comply with certain corporate governance requirements applicable to U.S. companies with securities listed on the NYSE. We currently follow Colombian practices concerning corporate governance and intend to continue to do so. Accordingly, you will not have the same protections afforded to shareholders of companies that are subject to all NYSE corporate governance requirements. See "Item 6. Directors, Senior Management and Employees—C. Board practices—Principal differences between Colombian and U.S. corporate governance practices".

Preemptive rights may not be available to holders of preferred shares or ADSs.

Colombian law and our by-laws require that, whenever we issue new common shares, we must offer the holders of common shares the right to subscribe a number of shares of such class sufficient to maintain their existing percentage ownership of our aggregate share capital. On the other hand, holders of preferred shares, including holders of ADSs, are entitled to preemptive rights only when so declared at a meeting

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of holders of our common shares. Our common shareholders may decide not to provide for such preemptive rights. Also, U.S. holders of ADSs may not be able to exercise their preemptive rights through JPMorgan Chase Bank, N.A., which acts as ADR depositary for our ADR facility, unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirement thereunder is available. Although we are not obligated to do so, we or our shareholders, as applicable, could consider at the time of any preemptive rights offering the costs and potential liabilities associated with any such registration statement, the benefits to us from enabling the holders of the ADSs to exercise those rights and any other factors deemed appropriate at the time, and will then make a decision as to whether to file a registration statement. Accordingly, we might decide not to file a registration statement in some cases.

If holders of ADSs are unable to exercise these rights because a registration statement has not been filed and no exemption from the registration requirement under the Securities Act is available, the ADR depositary may attempt to sell the holders' preemptive rights and distribute the net proceeds from that sale, if any, to such holders, provided that, the meeting of holders of our common shares decides that holders of preferred shares are entitled to preemptive rights. The ADR depositary, after consultation with us, will have discretion as to the procedure for making preemptive rights available to the holders of ADSs, disposing of such rights and making any proceeds available to such holders. If by the terms of any preemptive rights offering or for any other reason the ADR depositary is unable or chooses not to make those rights available to any holder of ADSs, and if it is unable or for any reason chooses not to sell those rights, the depositary may allow the rights to lapse.

Whenever the rights are sold by the ADR depositary or such rights lapse, or if the common shareholders' meeting does not grant preemptive rights to the holders of preferred shares, the equity interests of the holders of ADSs will be proportionately diluted.

Our ability to make payments on the ADSs may be adversely affected if we become unable to convert Colombian pesos to U.S. dollars or to transfer U.S. dollars abroad.

The Colombian Government does not currently restrict the ability of Colombian persons or entities to convert Colombian pesos to U.S. dollars. However, the Government may impose foreign exchange controls on dividend payments and remittances of interest and principal if the foreign currency reserves of the Central Bank fall below a level equal to the value of three months of imports into Colombia. Colombian law also allows the imposition of a deposit requirement with the Central Bank in connection with any foreign exchange transaction that may increase the cost of foreign exchange transactions or limit the amount of such transactions for a particular time. No such foreign exchange controls are currently applicable. Nevertheless, such restrictions may be imposed in the future, and any such restrictions could prevent, restrict or increase the price of our access to U.S. dollars, which we need to pay our foreign currency-denominated obligations.

We are traded on more than one market and this may result in price variations; in addition, investors may not be able to easily move shares for trading between such markets.

Trading in our ADSs on the NYSE or preferred shares on the Colombian Stock Exchange take place in different currencies (U.S. dollars on the NYSE and pesos on the Colombian Stock Exchange), and at different times (resulting from different time zones, different trading days and different public holidays in the United States and Colombia). The trading prices of our shares on these two markets may differ due to these and other factors. Any decrease in the price of our preferred shares on the Colombian Stock Exchange could cause a decrease in the trading price of our ADSs on the NYSE. Investors could seek to sell or buy our shares to take advantage of any price differences between the markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both our share prices on one exchange, and the shares available for trading on the other exchange. In addition, holders of ADSs will not be immediately able to surrender their ADSs and withdraw the underlying preferred shares for trading on the other market without effecting necessary procedures with the depositary. This could result in time delays and additional cost for holders of ADSs.

If holders of ADSs surrender their ADSs and withdraw preferred shares, they may face adverse Colombian tax consequences.

Although Colombian tax law does not specifically refer to the tax consequences applicable to an ADS holder withdrawing the underlying preferred shares, we believe, based on the advice of our Colombian counsel, that such a transaction should not result in a taxable event under Colombian law in the case of non-resident entities and non-resident individuals given the nature of the transaction. Nevertheless, this issue is not free from doubt, and the Colombian tax authorities may have a different interpretation of the law, or the law may change, and the Colombian tax authorities may assess taxes on the conversion of ADSs into preferred shares based upon the difference between the market value of the preferred shares and the adjusted tax basis of the ADSs. Furthermore, an investor who surrenders ADSs and withdraws preferred shares will be subject to income taxes on any gain associated with the sale of such preferred shares if such sale exceeds 10% of the issued and outstanding shares of the listed company during a taxable year.

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Banking regulations, accounting standards and corporate disclosure applicable to us differ from those in the United States and other countries.

Colombian banking regulations may differ in material respects from regulations applicable to banks in other countries, including those in the U.S. For example, in Colombia, we are not subject to regulations applicable to financial institutions, although our banking subsidiaries, Corficolombiana, Porvenir and certain of our other subsidiaries are subject to such regulations. Since February 6, 2019, Grupo Aval is subject to supervision as the financial holding company of the Aval Financial Conglomerate. In addition, capital adequacy requirements for banks and financial conglomerates under Colombian regulations differ from those under U.S. regulations and may differ from those of other countries.

Colombia and other countries in which we operate have different corporate disclosure and accounting standards for our industry than those applicable in the United States. Financial reporting disclosure requirements in the jurisdictions in which we operate differ in certain significant respects from those required in the United States. There are also material differences between IFRS (as issued by the IASB) and Colombian IFRS. Accordingly, our separate financial statements may not be the same as the information available to holders of shares issued by a U.S. company. Furthermore, since January 1, 2015, we began preparing our financial statements in accordance with IFRS as issued by the IASB and, as a result, some of our financial data may not be easily comparable from period to period.

Judgments of Colombian courts with respect to our preferred shares will be payable only in pesos.

If proceedings are brought in Colombian courts seeking to enforce the rights of holders of our preferred shares, we will not be required to discharge our obligations in a currency other than Colombian pesos. Under Colombian law, an obligation in Colombia to pay amounts denominated in a currency other than Colombian pesos may only be satisfied in Colombian currency at the exchange rate, as determined by the Colombian Central Bank and published by the Superintendency of Finance, also known as *Tasa Representativa del Mercado (TRM)*, in effect on the date the judgment is obtained, and such amounts are then adjusted to reflect exchange rate variations through the effective payment date. The then-prevailing exchange rate may not afford non-Colombian investors with full compensation for any claim arising out of or related to our obligations under the preferred shares, or indirectly, the ADSs.

U.S. investors in our preferred shares or the ADSs may find it difficult or impossible to enforce service of process and enforcement of judgments against us and our officers and directors.

We are incorporated under the laws of Colombia, and all of our subsidiaries are incorporated in jurisdictions outside the United States. In addition, our executive offices are located outside of the U.S. All of our directors and officers reside outside of the United States, and all or a substantial portion of our assets and the assets of most of our officers and directors are, and will most likely continue to be, located outside of the United States. As a result, it may be difficult or impossible for U.S. investors to serve legal process within the United States upon us or any of these persons or to enforce a judgment against us for civil liabilities in U.S. courts. In addition, you should not assume that courts in the countries where we or our subsidiaries are incorporated or where our or our subsidiaries' assets are located (i) would enforce judgments of U.S. courts obtained in actions against us or our subsidiaries based upon the civil liability provisions of applicable U.S. federal and state securities laws or (ii) would enforce, in original actions, liabilities against us or our subsidiaries based on those laws.

There is also substantial doubt that the courts of Colombia would enter judgment in original actions brought in those courts predicated on U.S. federal or state securities laws. We have been advised by our Colombian counsel that there is no legal basis for original actions to be brought against us or our directors and executive officers in a Colombian court predicated solely upon the provisions of the U.S. federal or state securities laws. In addition, certain remedies available under provisions of the U.S. securities laws may not be admitted or enforced by Colombian courts.

Grupo Aval's by-laws contain an arbitration provision that provides for the exclusive jurisdiction of an arbitral tribunal to be seated at the Bogotá Chamber of Commerce. The arbitration provision provides that any conflict arising among shareholders, or between shareholders and Grupo Aval, in connection with the by-laws must be resolved by the arbitral tribunal. See "Item 4. Information on the Company—B. Business overview—Service of Process and Enforcement of Judgments".

ITEM 4. INFORMATION ON THE COMPANY

A. History and development of the company

As of December 31, 2024, we are Colombia's largest banking group based on consumer loans and leading in payroll loans. In commercial loans we also lead in foreign currency, construction loans and micro-businesses. Additionally, we rank first in term deposits and checking accounts. We provide a comprehensive range of financial services and products from traditional banking services, such as making loans and taking deposits, to pension and severance fund management.

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Grupo Aval Acciones y Valores S.A. is a "sociedad anónima", domiciled in Bogotá, Colombia and organized under Colombian laws and regulations. Grupo Aval was incorporated on January 7, 1994 under the name Administraciones Bancarias S.A. On April 18, 1997, the company changed its name to Sociedad A.B. S.A., and on January 8, 1998 to Grupo Aval Acciones y Valores S.A. Grupo Aval was created by our controlling shareholder, Mr. Sarmiento Angulo, to consolidate his interests in the Colombian financial sector.

The following are some of the main milestones in the development of the company:

- In 1971, Mr. Sarmiento Angulo acquired a majority stake in Banco de Occidente, and in 1972 founded Corporación de Ahorro y Vivienda Las Villas to focus on low- and middle-income mortgage financing. In 1981, Mr. Sarmiento Angulo purchased a minority stake in Banco de Bogotá, and in 1988 he acquired a majority stake and control, consolidating a major participation in the banking system. Banco de Bogotá acquired a substantial majority of, and absorbed, Banco del Comercio in 1992.

- In 1991, Banco de Bogotá and Banco de Occidente founded Porvenir as a severance fund manager, and following the creation in 1993 of the private pension fund system in Colombia, expanded the business to include pension fund management in 1994. In 1996, Banco Popular was acquired from the Colombian Government. In 1997, Mr. Sarmiento Angulo acquired Corporación de Ahorro y Vivienda Ahorramas, which was later merged with Corporación de Ahorro y Vivienda Las Villas in 2000 and became Banco AV Villas in 2002.

- Between 1997 and 1999, Corficolombiana (which was founded in 1959 as an affiliate of Banco de Bogotá) acquired and merged with several merchant banks, including Corfitolima, Corfiprogreso, Corfes, Corfiboyacá, Corfisantander, Corfiandes and Indufinanciera. In 2005, Corfivalle, also a merchant bank merged with Corficolombiana.

- In 1998, Mr. Sarmiento Angulo contributed a majority of his direct and indirect holdings in the financial institutions into Grupo Aval. The *Red Aval* (Grupo Aval Network) was also established in 1998 to provide an integrated service network of branches and ATMs.

- Our international expansion began in 2010, with the acquisition of BAC Credomatic from GE Consumer Finance Central Holdings Corp. and General Electric Capital Corporation. In December 2013, we expanded our Central American operations with the acquisitions of BBVA Panamá (merged into BAC International Bank, Inc.) and Grupo Reformador (merged into Banco de América Central S.A. (Guatemala)).

- On April 18, 2013, we acquired Horizonte and completed its merger into Porvenir on December 31, 2013.

- On June 21, 2016, Grupo Aval, Banco de Bogotá, Banco de Occidente and Banco Popular entered into the Amended Corficolombiana Shareholders' Agreement to provide for Grupo Aval to directly control Corficolombiana. Prior to June 21, 2016, Banco de Bogotá, which held a 38.3% equity interest in Corficolombiana, controlled Corficolombiana.

- On December 4, 2018, Aval Soluciones Digitales S.A. received an operating license issued by the Superintendency of Finance, to act as the first SEDPE (Specialized Companies in Deposits and Electronic Payments) created by a financial institution in Colombia.

- On December 31, 2018, our controlling shareholder registered Grupo Aval and some of its subsidiaries as part of the Sarmiento Angulo's economic group (*Grupo Empresarial Sarmiento Angulo*) before the Chamber of Commerce of Bogotá.

- On February 6, 2019, Law 1870 of 2017 came into force designating Grupo Aval as the holding company of the Aval Financial Conglomerate (which includes, aside from the holding company, all of the financial subsidiaries of the group). As such, Grupo Aval Acciones y Valores S.A. is now under surveillance of the Superintendency of Finance.

- On May 22, 2020, we acquired through BHI, 96.6% of the common shares of MFG, and in June 2020, BHI acquired an additional 3.0% of MFG's common shares.

- On July 28, 2021, Grupo Aval, Banco de Bogotá, Banco de Occidente, Fiduciaria Bogotá and Fiduciaria de Occidente entered into the Porvenir Shareholders' Agreement to provide for Grupo Aval to directly control Porvenir. Prior to July 28, 2021, Banco de Bogotá, which held a 36.5% equity interest in Porvenir, controlled Porvenir.

- On March 2022, 75% of BHI was spun-off to its shareholders. In December 2022, 20.89% was sold as part of a tender offer launched by Esadinco S.A. (an affiliate of Mr. Sarmiento Angulo). The remaining 4.11% was sold during March 2023 to Endor Capital Assets S.R.L. (an affiliate of Mr. Sarmiento Angulo).

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- On November 22, 2023, Grupo Aval, Banco de Bogotá, Banco de Occidente and Banco Popular amended the Corficolombiana Shareholders' Agreement, modified by certain amendment dated March 8, 2024, to agree that Banco Popular would directly control Corficolombiana. Prior to November 22, 2023, Grupo Aval controlled Corficolombiana directly.

- On December 11, 2024, Grupo Aval signed an agreement to acquire up to 99.9% of the ordinary shares of Fiduciaria Corficolombiana S.A. from Corficolombiana S.A. and Valora S.A.S., as well as the 40.77% of the ordinary shares of Casa de Bolsa S.A. from Corficolombiana S.A. and Organización Pajonales S.A. On December 16, Grupo Aval acquired 94.5% of Fiduciaria Corficolombiana S.A. and includes an option to acquire an additional 5.5% within a six-month period. Additionally, Grupo Aval acquired 40.77% of the ordinary shares of Casa de Bolsa S.A. from Corficolombiana S.A. and Organización Pajonales S.A.

Since 1999, Grupo Aval's common shares have traded on the Colombian Stock Exchange under the ticker symbol "GRUPOAVAL". Our preferred shares have been listed on the Colombian Stock Exchange since February 1, 2011 under the symbol "PFAVAL". On September 22, 2014, we completed a SEC-registered initial public offering in the United States. Our ADSs began to trade on the New York Stock Exchange, or NYSE, under the symbol "AVAL" on September 23, 2014. Each ADS represents 20 preferred shares. For more information see "Item 9. The Offer and Listing—C. Markets".

We have also completed three bond issuances in the international market through Grupo Aval Limited fully and unconditionally guaranteed by Grupo Aval Acciones y Valores S.A., in addition to those from our subsidiaries. Two of those were paid in full at maturity. Only Senior Notes due 2030 are outstanding:

- In February 2020, we completed our third international bond offering, issuing U.S.$1.0 billion (Ps 3,401.6 billion at the date of the issuance) of our 4.375% Senior Notes due 2030.

In addition, we have completed multiple issuances on the local markets with an outstanding balance of Ps 1,208.5 billion and Ps 1,137.2 billion at December 31, 2024 and December 31, 2023, respectively. The most recent of which are:

- Grupo Aval's sixth bond issuance in the local market in 2017 in an amount of Ps 400.0 billion.

- Grupo Aval's first tranche of its first issuance program of ordinary bonds in November 2019 in an amount of Ps 400.0 billion.

- Grupo Aval's ordinary note issuance in the local market in December 2024 in an amount of Ps 300.0 billion.

See Note 21 of our audited consolidated financial statements for further information on Grupo Aval's financial obligations from issued bonds.

The SEC maintains an internet website that contains reports, proxy, information statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov. The Company's website address is www.grupoaval.com. The information contained on, or that can be accessed through, the Company's website is not part of, and is not incorporated into, this Annual Report. The Company's headquarters are located at Carrera 13 # 26A – 47, 23rd floor in Bogotá, Colombia and our telephone number is (+57) (601)743-3222.

B. Business overview

Our strategy

Innovation and technological transformation, changes in global consumption trends, disruptions to supply chains and their effects on economic patterns, and the growing importance of sustainability, among others, have substantially modified the way businesses operate globally. The industries in which we operate have not been the exception and therefore, at Grupo Aval we have made progress on these fronts.

In terms of innovation and technological transformation, we created, centralized and strengthened the Group's innovation and digital transformation capabilities. Sales of products through digital channels in 2018 were an immaterial portion and by 2024 they account for more than 52% of consumer product sales (assets and liabilities). In the same period, the proportion of disbursements made through digital channels increased from less than 2% to close to 15%. In addition, the number of digital customers increased 22.8% to 7.2 million in 2024, reaching a 74% digital adoption from a total customer base of 9.7 million. We also migrated a significant portion of business processes from physical to digital, either end-to-end or partially, which enabled us to capture operational efficiencies along the way.

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The capabilities acquired through the consolidation, standardization and understanding of the Group's data in Augusta (a multi-cloud, 100% cloud-based technological platform) have enabled us to better serve the needs of our customers, allowing us to offer quality products and services in a timely manner, when most useful for them. These capabilities will play a key role in the advent of open data and its impact on the industry.

We have worked to adopt and comply with regulatory changes that have affected the traditional dynamics of our financial and non-financial businesses. Simultaneously, we have adapted to changes in the political, economic, social, technological, environmental and legal landscape that have occurred globally and locally.

Part of our efforts have been aimed at successfully adopting the Basel III regulatory framework in Colombia. The changes introduced have redefined the way in which commercial activities and comprehensive risk management interact. In particular, there have been relevant changes in the regulation of solvency ratios (regulatory minimums, operational risk, credit risk weightings), liquidity (changes in Liquidity Coverage Ratios and the adoption of the Net Stable Funding Ratio), financial conglomerates regulation, large exposures, interest rate risk in the banking book and stress testing schemes. The final phase of implementation of these regulatory work fronts will take place in 2025.

In addition, we have embarked on a journey of evolving and understanding the two-way impact of ESG issues; from and to our business. Through our entities, we have promoted and developed initiatives aimed at generating social and environmental value in Colombia. Being a leading financial group and one of the largest private sector employers in Colombia, with more than 70,000 employees, carries with it a great responsibility. We are convinced that individually actions are impactful, however we can do much more collectively and as a society, aligning our efforts to contribute to the Sustainable Development Goals. This is why, for several years now, we have followed a path of transformation and structural evolution, through the adoption of responsible and purposeful policies, strategies, partnerships and investments.

The evolution of our business within the framework of these global trends, together with our conviction that compassion towards the Environmental, Social relevance and Governance standards are paramount to a successful business, led us to restate our brand purpose, and update our mission, vision and corporate values. We also updated our strategy around 7 pillars, supported by 10 material topics.

Mission

Drive profitable and socially sustainable growth of the entities that comprise the Group, promoting through them, the protection of the environment and of the well-being and progress of Colombians, through attractive and innovative offerings, under strict corporate governance standards.

Vision

Consolidate our position as the leading financial conglomerate in the Colombian market, recognized for our solidity, profitability, sustainability, innovation and contribution to key economic sectors, thereby maximizing value for our investors and other stakeholders.

Corporate values

Integrity and ethics

Integrity is the cornerstone on which we build all our relationships and operations. We are committed to acting honestly, transparently and responsibly in all our interactions, both internally and externally. Guided by ethical principles, we make decisions and undertake actions that conform to the highest standards of conduct. We foster an environment where integrity is valued and encouraged, contributing to the creation of a strong and trustworthy business culture.

Leadership

We encourage the development of inspiring and motivating leaders at all levels of the organization. We believe that leadership is about empowering our people, stimulating value creation and providing an environment where everyone can reach their full potential. We value the ability to drive positive change, promote collaboration and maintain a strategic vision.

Innovation and creativity

We believe that innovation comes not only from the adoption of advanced technologies, but also from human creativity and the willingness to challenge ourselves every day. We inspire our team to think outside the box and embrace the opportunities offered by change, promoting a proactive approach to continuous improvement. We constantly seek new ways to address challenges, anticipate market needs and deliver cutting-edge solutions to our stakeholders.

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Fairness and respect

We value fairness and impartiality, committed to ensuring that every member of our team is treated with respect and dignity, regardless of their position. We promote fair treatment in all relationships. We encourage diversity, equity and inclusion, recognizing that the strength of our people lies in the multiplicity of perspectives and experiences.

Commitment to excellence

Excellence is a pillar that drives every aspect of our management. We are constantly striving to achieve the highest standards of quality in everything we do and in all aspects of our organization. Excellence is the fundamental tool that drives our daily performance and differentiates us in the market, exceeding expectations and building a legacy of quality that lasts over time.

Strategic Pillars

Following Grupo Aval's mission and vision, and incorporating the corporate values that represent our organizational identity, we established seven strategic pillars that will allow us to direct our actions towards the fulfilment of our objectives and our purpose of "partnering with Colombia to create conscientious progress". The seven strategic pillars are: (i) Market leadership, (ii) Innovation, (iii) Comprehensive risk management, (iv) Corporate synergies, (v) Employee well-being and organizational culture, (vi) Environmental commitment, and (vii) Social value generation.

(i) Market leadership

Our objective is to consolidate the group's position as a market leader by maintaining a strong and sustainable economic performance, addressing social and environmental aspects, as well as best standards in terms of governance. We will achieve these through financial practices that promote our entities as the main provider of choice, encompassed with a product and service offering focused on delivering the best consumer experiences overtime. We strive to maximize the value generated through a comprehensive strategic management of the entities that comprise the conglomerate, diversifying our revenue sources and creating market dynamics that positively impact our investors, while contributing to the sustainable development of the communities in which we operate.

For further information on our market leadership strategic pillar see "Item 4. Information on the company—B. Business overview—Our operations" and "Item 4. Information on the company—B. Business overview—Competition".

(ii) Innovation

Innovation is a cornerstone of our strategy to drive value across business lines, anchored in a customer-centric approach to developing new ideas, processes, products, and technologies. In 2024, we reached key milestones in our digital transformation journey, which is built on three pillars: (1) modernizing existing products, innovating new ones, and digitizing processes, (2) developing new digital assets and enhancing performance, and (3) participating in digital ecosystems.

1. Modernizing existing products, innovating new ones, and digitizing processes.

Grupo Aval continued advancing its digital transformation strategy in 2024, selling 1.46 million digital products—a 17.1% CAGR since 2019—despite a softer origination environment for consumer products. Digital channels accounted for 52% of total sales, down from 60% in 2023, partially offset by a 32% increase in average ticket size. Our base of active digital clients grew 22.8% year-over-year to 7.2 million, representing 74% of active clients across our banks and dale!, with dale! alone increasing its digital user base by 75.2%. Cloud migration advanced from 26% to 34%, supported by a DevFinOps pilot that accelerated software delivery and improved quality. ADL Digital Lab achieved a 38% reduction in cloud costs versus 2022, despite tripling usage—efficiencies we aim to scale across subsidiaries in 2025.

We also launched TAG Aval, our alphanumeric ID solution for free, real-time, and interoperable money transfers—positioning us ahead of the rollout of Colombia's Bre-B Immediate Payment System (Sistema de Pagos Inmediatos), led by the Central Bank. By the end of 2024, we had issued over 7.9 million TAGs. TAG Aval enables users to send and receive funds instantly without sharing personal information or bank account numbers, enhancing both privacy and user convenience—across Grupo Aval entities and beyond. Accessible via the mobile apps and online banking platforms of Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, and dale!, users can personalize their TAG for a seamless and secure experience. This solution supports national priorities such as reducing cash usage and promoting financial inclusion, while reinforcing Grupo Aval's leadership in Colombia's evolving digital payments landscape.

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2. Developing new digital assets and enhancing performance.

We continue building strategic digital platforms to improve operational efficiency, elevate the user experience, and scale our businesses. Our key ADL Digital Lab (ADL) platforms include Augusta 2.0, Mathilde-Ads and Tuplús, and dale!. The performance of the Aval network, supported by Aval Valor Compartido (AVC), is also central to this strategy.

Augusta 2.0, Colombia's largest First Party Data Network (FPDN), consolidates information from 20.3 million digital users—including 7.2 million clients across our banks and dale!—unlocking cross-selling opportunities that began materializing in 2024. Since its launch in 2022, we have integrated the CRM systems of all subsidiaries, completing the process in mid-2024 with Porvenir and Aportes en Línea. Augusta now also supports digital ecosystems and affiliated companies within Grupo Empresarial Sarmiento Angulo across sectors such as insurance, media, hospitality, and construction.

Mathilde-Ads, our proprietary programmatic advertising platform, has optimized digital media buying in a cookie-free environment, reducing Customer Acquisition Cost (CAC) by 30% since 2021. In 2024, it fully replaced third-party providers for our Colombian banks and dale!, boosting cross-selling and marketing ROI. Looking ahead, it will leverage Augusta 2.0 data to efficiently scale customer acquisition and deepen engagement.

Tuplús, our centralized loyalty platform, allows users to earn and redeem points for personalized rewards at over 100 affiliated businesses. Positioned as a loyalty and retail ecosystem, Tuplús enhances customer retention and long-term engagement across industries.

Dale!, Grupo Aval's digital wallet, enables individuals, businesses, and merchants to manage deposits, transfers, payments, and withdrawals via a mobile app or debit card. In 2024, dale! grew to 3.5 million users—including approximately 700,000 merchants—after onboarding 1.5 million new customers. CAC dropped 53% year-over-year thanks to synergies with Mathilde-Ads. Fully interoperable through Redeban's pilot, dale! expanded its offering to include savings and investment tools, credit services, payroll and remittance capabilities, rewards redemption, and more than 22,000 payment and collection agreements.

As part of our broader innovation journey, the transformation of ATH (A Toda Hora) into Aval Valor Compartido (AVC) in September 2024 plays a pivotal role in capturing synergies and driving efficiencies through process standardization and the provision of operational and technological services to Aval companies. This renewed role also seeks to strengthen corporate governance, enable more agile decision-making, and foster greater collaboration across the Group's business units.

AVC's evolution is guided by the integration of modern, scalable technology solutions that help the Group anticipate future needs, alongside a focus on operational excellence—consistently surpassing industry standards in service delivery. In 2024, AVC ensured high availability across the physical and digital channels it operates, including more than 2,800 ATMs—77.6% of which were renewed, with over 500 replaced in 2024—and digital platforms such as AvalPay Center, which processes over 31.8 million transactions annually. Platform availability averaged 99.86%, underscoring AVC's essential role in maintaining service continuity and improving customer satisfaction.

3. Participating in digital ecosystems

Our ecosystem strategy aims to embed financial services into seamless, multichannel digital journeys. We have built three core ecosystems aligned with this objective: Carroya (mobility), Metrocuadrado (housing), and ADL Seguros (insurance brokerage).

In 2024, Carroya generated over 50,000 leads and Ps 20 billion in disbursements, with average loan amounts up 123% year-over-year. Since its 2022 launch, the platform has generated 621,000 leads and Ps 3.0 trillion in loan opportunities. Complementing this, FacilPass—our in-vehicle electronic payment solution—reached 107,000 active tags and processed Ps 354.9 billion in toll payments across 13.9 million crossings. It also expanded into parking payments.

Metrocuadrado recorded more than 4.5 million monthly visits and 3.7 million customer interactions. In Q4 2024, a successful end-to-end housing sales pilot with Banco AV Villas led to Ps 46.9 billion in disbursements. The model is set to expand to Banco de Occidente in 2025.

ADL Seguros, our digital insurance brokerage, broadens our non-banking portfolio. In 2024, it issued 171,000 policies—including mandatory and comprehensive vehicle insurance—and 82,100 employee insurance policies. These products are distributed through our digital ecosystems and supported by Mathilde-Ads, enabling targeted, cost-efficient acquisition. These ecosystems remain strategic for scaling our platforms, deepening user engagement, and driving long-term value creation.

(iii) Comprehensive risk management

We seek financial stability and the integrity of the conglomerate while promoting an environment of profitable and sustainable growth across all business lines in which we operate. We work in coordination with the entities that conform the conglomerate to develop the

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necessary capabilities for a proactive, comprehensive and robust management of risk, allowing us to identify, assess and adequately mitigate financial, operational, strategic and compliance risks, while also considering environmental, social and governance (ESG) aspects, generating value in the short, medium and long term. We constantly monitor changes in the environment to assess our risk position and anticipate their impact on our business.

Grupo Aval employs a risk management process that aims to identify, measure, monitor and control all the risks that fall under our risk management policies. Our subsidiaries must comply with risk related regulations in each jurisdiction they operate. In addition, our corporate risk function develops a consolidated assessment of the risks we take as a group, defines corporate risk policies, leads the effort to set risk appetites for our subsidiaries and oversee the implementation of appropriate risk management controls. We also promote the strengthening of the internal control system, implementing compliance, anti-corruption and SOX compliance programs. In addition, our risk management function coordinates group wide transformational initiatives. For a discussion of our risk management guidelines, see “Item 11. Quantitative and Qualitative Disclosures About Market Risk”.

We monitor and analyze cybersecurity incidents, assess their consequences, take the most appropriate actions to remediate or mitigate a cyber-attack and implement additional controls such as fraud intelligence, strengthening the enrollment process in digital channels, among others. Also, we make sure that our third-party service providers follow our security standards and maintain insurance coverage given the increasing sophistication of cyber-attacks. For further information see “Item 4. Information on the company—B. Business overview—Other corporate information—Cybersecurity” and “Item 16K. Cybersecurity”.

(iv) Corporate synergies

In September 2024 we began the transformation of ATH into AVC (Aval Valor Compartido), consolidating it as the strategic partner of Grupo Aval entities to develop new cross-functional capabilities and drive value creation for all its stakeholders. AVC is designing a strategic roadmap that will enable it to capture synergies and efficiencies through agile processes and the provision of administrative, operational and technological services to the group’s companies, optimizing costs and enhancing service quality. AVC’s business evolution will focus on three fundamental pillars:

1. Technology: Integrating modern and scalable solutions that allow the Group to anticipate the future.
2. Operational Excellence: Exceeding industry standards in service delivery to clients.
3. Talent: Attracting, developing, and retaining top talent, fostering a collaborative and high-performance work environment that drives AVC’s growth and competitiveness.

Throughout 2024, AVC stood out for ensuring high availability in the physical and digital channels it operates. Specifically, the 2,831 ATMs that make up the Aval Network processed an average of 2,900 transactions per month, dispensing approximately Ps 47.5 trillion over the year. Meanwhile, around 82,000 active banking correspondents processed more than 105 million transactions, totaling nearly Ps 23 trillion, representing a 2.6% increase compared to the previous year. In digital channels such as Aval Pay Center, more than 31.8 million collection and payment transactions were processed, amounting to approximately Ps 27 trillion, reflecting a 38% growth compared to 2023. The average platform availability exceeded 99.86%.

During this same period, AVC played a key role in launching TAG Aval. Additionally, the mobile application for corporate banking clients was launched, and the company strengthened its cybersecurity posture, achieving a maturity level of 4 out of 5. Other notable milestones in 2024 include the renewal of 77.6% of the ATM network and the migration to cloud services, initiatives that contributed to a reduction of 786.65 metric tons of carbon dioxide emissions.

Finally, towards the end of the year, a key cross-functional project was launched under AVC leadership, aiming to capture synergies in the procurement and supply chain processes for all Grupo Aval entities. Additionally, in 2024 AVC was certified as a Great Place to Work (GPTW) for the first time, reinforcing its commitment to employee well-being and development.

(v) Employee well-being and organizational culture

We focus on taking care of our employees, our most valuable asset. Through proactive talent management, we seek a safe, healthy and enriching work environment, promoting an organizational culture that fosters inclusion, equity and diversity. This culture contributes to the group’s success by aligning employees with the organization’s goals and values, fostering collaboration, innovation and productivity, and promoting a strong sense of belonging and commitment. We prioritize the well-being and quality of life of our team, encouraging their personal and professional development in all facets of their interaction with the organization.

We are driven by working in a pluralistic, equitable and inclusive organization, where we guarantee equal opportunities for all our employees, recognizing the capacity of human talent for their merits and values, without discrimination. We have diverse and inclusive talent, where

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54.3% are women and 45.7% men. Within the framework of our Corporate Diversity and Inclusion Policy, we continue to strengthen our commitment to equitable and respectful work environments. As a reflection of this effort, we achieved the Friendly Biz recertification for Grupo Aval and all its material subsidiaries (Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, Corficolombiana and Porvenir), reaffirming our best practices in inclusion and respect for diversity. In addition, our work has been recognized in the Ranking of Inclusive Organizations in Latin America, where we reached 6th place, consolidating ourselves as a leading company in the promotion of a diverse and inclusive organizational culture in the region.

We seek to attract, remunerate, develop and retain the best talent. We recognize that the contribution and commitment of our employees is key to our success. Driven by this belief, we and our subsidiaries are committed to developing our human capital focusing on well-being and training programs, diversity and inclusion, and in-house talent scouting at a corporate level. We are developing corporate talent retention and promotion policies, supported on transparent goal setting and objective performance measurement and compensation.

In relation to training and developing programs, we continue to promote opportunities for our employees to constantly update their knowledge and have access to the tools to effectively adapt to changes, propose new work schemes and chart their line of growth and development. Some of the programs we offer include technical training and strengthening of organizational culture, and the Aval Guidelines program which aims to strengthen and update knowledge on regulatory issues of cross-cutting interest.

We have also invested in the design and implementation of actions that promote the well-being and life quality of our employees, contributing to the work environment and improving the performance of our organization. For this purpose, we have provided spaces for recreation, sports and health for our employees and their families, as well as activities aimed at promoting work-life balance.

With the well-being of our employees and their families in mind, we created Mi Grupo es Aval, a comprehensive platform that brings together the benefits of all our entities and strategic allies. Through this initiative, we offer access to exclusive discounts, wellness programs, aid, insurance, educational agreements, financing options, and many other benefits designed to improve the quality of life of those who are part of our Group. As of December 31, 2024, Mi Grupo es Aval covered 19,786 employees with more than 22 defined benefits.

(vi) Environmental commitment

We acknowledge our ability to support environmentally sustainable development, participating both directly and indirectly in the structuring, financing and implementation of projects that contribute significantly to building resilience to the physical and transition risks stemming from climate change in the economies where we are present. Moreover, at both individual and corporate levels, we commit to preserving and caring for the environment through responsible use of natural resources and protection of our surroundings. This is achieved by the implementation of sustainable business practices, emissions reduction and adoption of environmentally friendly technologies, aiming to minimize our ecological footprint.

In the double materiality analysis carried out by Grupo Aval, we identified that Climate Change Management and Mitigation is one of the main issues we need to address. In this sense, we have developed a roadmap aligned with the TCFD (Task Force on Climate-Related Financial Disclosure) recommendations on governance, strategy, risk management and metrics and targets, as a mechanism for managing the risks and opportunities associated with climate change. This exercise has been also developed by our entities, which due to the nature of their business generate a direct impact on the environment through their loan portfolios and are responsible for measuring and managing physical and transition risks.

We monitor different environmental aspects such as energy consumption, water consumption and waste generation, to develop actions in favor of the conscious use of these resources and their correct management. In this sense, we will continue to implement actions to encourage our employees to adopt responsible consumption habits. For further information see "Item 4. Information on the company—B. Business overview—ESG Strategy".

(vii) Social value generation

We are committed to driving inclusive socio-economic development. This entails prioritizing the allocation of resources and specialized knowledge into initiatives that promote equal opportunities and improve the quality of life of communities. Our focus is on providing access to financial services, supporting sustainable ventures and promoting financial inclusion. Additionally, we collaborate closely with key stakeholders, such as national, regional and local governments, non-profit organizations and other private sector entities, to design and implement innovative solutions that address the most relevant social and economic challenges in their environment, aiming to generate a positive and lasting impact on social wellness and human development. In this way, we contribute to the growth and prosperity of the communities we serve.

As part of our commitment to contribute to Colombia's progress through actions that promote the reduction of inequality and foster an environment of non-discrimination, we have developed initiatives aiming to provide the population with access to the financial sector and

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improve their living conditions. Innovation has been fundamental to reach an increasing number of customers, and to engage them in responsible financial habits.

Recognizing that the development of the country goes beyond the economic dimension, we carry out social projects aimed at promoting the well-being of the Colombian population, such as “Misión La Guajira”. La Guajira is Colombia’s most vulnerable region with the highest neonatal mortality rate, the highest death rate due to malnutrition, the lowest rate of access to drinking water and has one of the highest poverty indices. We are working together with several Government agencies and ministries to find structural solutions to Guajira’s lack of access to energy solutions, potable water supply, and food security, and to design solutions that are sustainable. So far, we are the only economic group in the country that has tried to work hand in hand in a philanthropic project with Colombia’s public sector and to prove that, as long as we agree on the objectives, it is possible to work with any form of Government. We are very hopeful that very soon our efforts will start to bear fruit, and that other economic groups in the country will follow suit with regard to other forgotten regions in Colombia.

ESG Strategy

At Grupo Aval, sustainability is more than a commitment, it's a core principle that drives our every decision. We are dedicated to building a future where financial strength and social and environmental stewardship go hand in hand, ensuring our positive impact for generations to come. We continue advancing with determination towards our sustainability impacts and goals.

In order to do so we have identified the material and relevant topics for our business and stakeholders through a comprehensive consultation process. Every two years, we update our double materiality assessment and annually we review the material topics with our Board of Directors and executive team, considering the national context, regulatory developments, best practices, and industry challenges, among others.

As a result of this process, our double materiality matrix, developed in 2023 and reviewed in 2024, prioritizes the following material topics in order of relevance: (i) Ethics, corporate governance, compliance, and internal control, (ii) Climate change management and mitigation, (iii) Profitable and sustainable economic performance, (iv) Financial inclusion and education, (v) Human talent, (vi) Sustainable finance, (vii) Diversity, equity, and inclusion, (viii) Information security, privacy, and data protection, (ix) ESG risk management, and (x) Corporate reputation and marketing.

We have also defined our interest groups and defined the main activities we undertake with them to continue strengthening our relationship and ensure transparent and timely information. These are: Board of directors, subsidiaries, shareholders and investors, employees, opinion leaders, government and regulatory bodies, suppliers.

We focus on aligning management with material issues, ESG factors, interest groups and regulatory changes, both globally and locally, within the financial industry.

We also adhere to global initiatives such as UNEP FI and the UN Global Compact, reinforcing our commitment to sustainable finance and the 2030 SDG Agenda. We prioritized the SDGs most impacted by our activities: Health and well-being (SDG 3), Gender equity (SDG 5), Decent work and economic growth (SDG 8), Industry, innovation and infrastructure (SDG 9), Reducing inequalities (SDG 10), Climate action (SDG 13), Peace, justice and strong institutions (SDG 16), Partnership to achieve the goals (SDG 17).

In addition, we integrate the highest international standards into our sustainability strategy and performance reporting. We use the Sustainability Accounting Standards Board (SASB) framework to ensure transparency on the ESG issues most relevant to our sector, report under the Global Reporting Initiative (GRI) standards to ensure comprehensive and comparable disclosure and follow the Dow Jones Sustainability Index (DJSI) criteria to assess our sustainability performance against global best practices.

In 2024, Grupo Aval and its subsidiaries received notable recognitions and certificates for our advancements in ESG impact:

- In the Corporate Sustainability Assessment (CSA) evaluation used to determine constituents of the DJSI, we have achieved continuous improvement in all dimensions: Environmental, Social and Governance, achieving an increase of 16 points in the 2024 measurement compared to 2023, and accumulating an improvement of 32 points since the beginning of our evaluation in 2021.
- In MSCI, Grupo Aval has an evaluation of BB.
- Banco de Bogotá was named "Best Real Estate Bank in Colombia" by Euromoney for its innovative approach and commitment to sustainable housing financing. This bank also received the “Sustainable Bond of the Year” award.
- Banco de Occidente was recognized as the "Best Workplace" for companies over 1.500 employees by Great Place to Work.

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- Banco AV Villas received the Silver Award in the "Customer Experience" category from Fintech Americas.
- Corficolombiana ranked as the third most sustainable company worldwide in its industry, according to the S&P Global Corporate Sustainability Assessment (CSA). Banco de Bogotá was also recognized among the top banks in the same assessment.
- Porvenir received the "Excellent Track Record Award," the highest recognition for management excellence in Ibero-America.

Environmental performance

At Grupo Aval, we recognize that environmental sustainability is vital for long-term economic and social development. We have embedded environmental management into our corporate strategy, promoting responsible practices and supporting initiatives that contribute to the conservation of natural resources. Our approach includes financing sustainable projects, reducing our environmental footprint, and driving the transition to a low-carbon economy. Through strategic partnerships and alignment with international frameworks, we reaffirm our commitment to protecting biodiversity and supporting the well-being of the communities where we operate.

Grupo Aval Holding conducts greenhouse gas (GHG) inventory assessments using the GHG Protocol methodology for Scopes 1, 2, and 3.

As for the subsidiaries, we will continue to improve the measurement of the carbon footprint so that all of them can be included in the consolidated report.

Also in terms of climate change risk management, some of our subsidiaries (Banco de Bogotá, Banco de Occidente, Corficolombiana and Porvenir) have defined their strategy according to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In 2025 we will design and implement Grupo Aval’s Decarbonization Roadmap, in accordance with the Paris Agreement and Colombia's environmental goals.

In 2024, we also reinforced our commitment to the environment through additional conservation and preservation initiatives. We participated in the COP 16 in Cali, Colombia, through our participation in over 40 academic events, showcasing key initiatives such as Banco de Bogotá´s Amazonia Debit Card, Banco de Occidente´s Planeta Azul Award, and Corficolombiana’s conservation efforts with the planting of more than 983.000 trees and the protection of 2,184 species of fauna and flora. During the COP 16 we also signed the Mansion House Declaration - United for Wildlife, for the fight against the illegal wildlife trafficking.

As per our sustainable financing advances, Grupo Aval´s banks (Banco de Bogotá and Banco de Occidente) sustainable portfolios reached over COP 23.05 trillion, funding projects in renewable energy, sustainable mobility, energy efficiency, housing solutions, and SME support.

Social performance

At Grupo Aval, we believe that sustainable growth goes hand in hand with social progress. We are committed to generating a positive impact by promoting financial inclusion, supporting community development, and fostering diversity, equity, and inclusion within our organization. Through strategic social investments, educational programs, and initiatives that empower vulnerable populations, we contribute to building more resilient and inclusive communities. Additionally, we prioritize the well-being, growth, and development of our employees, ensuring a safe, diverse, and equitable workplace. Our social commitment is guided by our core values and a deep sense of responsibility to the communities we serve.

In 2024, Grupo Aval Holding and its subsidiaries:

- Generated over 70,000 jobs. We are the second largest employer in Colombia.
- Implemented the Corporate Human Rights Policy and Corporate Diversity & Inclusion Policy
- Promoted financial inclusion and education, serving various demographic groups such as children and youth, seniors over 60, migrants and vulnerable population, with tailored products and services. We have positively impacted more than 36,000 people.
- We promote financial inclusion among small businesses, such as neighborhood stores, drugstores, stationery stores and other ventures. Through dale!, our digital wallet, we offer small businesses a secure, stable and free digital payment solution. In 2024, we achieved a significant increase of 445,521 customers in the popular economy segment.
- Led major social projects, such Misión La Guajira. Misión La Guajira is a public-private partnership between Grupo Aval, Promigas and the Presidency of the Republic, with the support of Grupo Prisa and La W, which seeks to address the most urgent needs of the municipalities of Manaure and Uribia, two of the most vulnerable areas of the department, through the implementation of sustainable

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solutions that guarantee access to water for human consumption, access to energy and food security. In 2024, the program impacted 21,000 people, 3,000 families, represented in more than 80 communities.

Governance performance

At Grupo Aval, we uphold the highest standards of corporate governance as the foundation of our business integrity and long-term success. Our governance framework is built on transparency, accountability, and ethical conduct, ensuring effective decision-making and protecting the interests of our stakeholders. We are committed to maintaining a robust Board of Directors, promoting diversity, and fostering a culture of compliance and risk management across the organization. Through clear policies, robust internal controls, and alignment with international best practices, we drive sustainable value creation and reinforce trust with our investors, clients, and communities.

The Board of Directors sits on the top of our hierarchy for ESG matters, approving the sustainability strategy and corporate policies related to social and environmental issues, including climate change.

We strengthened our sustainability governance model, creating an ESG committee within the Board of Directors to ensure strategic oversight, alignment with international best practices, and effective management of environmental, social, and governance risks and opportunities. The ESG committee, is composed of three Board members.

In addition, we created the Grupo Aval's VP for sustainability and strategic projects, that leads the execution of the ESG strategy, its integration into business decisions and coordinated its deployment in Grupo Aval's different entities.

As per our corporate governance advances, in March 2024, the General Shareholders' Meeting modified the board structure, transitioning from seven principal and seven alternate members to nine members without alternates. Below is the current Board composition:

- **Gender Diversity:** The Board comprises 8 male and 1 female director.
- **Nationality:** All directors are Colombian citizens.
- **Age Distribution:**
    - 3 directors are aged 50-60.
    - 4 directors are aged 60-70.
    - 2 directors are aged over 70.
- **Tenure:** The Board of Directors has an average tenure of 5.5 years.
- **Sector Expertise:** Directors possess extensive experience in the financial, energy, and technology sectors, as well as in law, marketing, and economics.
- **Meeting Frequency & Attendance:** In 2024, the Board held 25 meetings with an average attendance rate of 97.3%.

Grupo Aval's current Board demonstrates the expertise, diversity, and background necessary to effectively lead the Group, drive sustainable growth, and address emerging challenges, thereby creating long-term value for all stakeholders.

Our operations

As one of the largest banking groups in Colombia, we offer a comprehensive range of financial services that allow us to have diversified sources of income and enhance our profitability. We operate through a multi-brand strategy that enables us to capitalize on the strengths, particular knowledge and best practices of each of our subsidiaries and our qualified and experienced management teams, see "Item 6. Directors, Senior Management and Employees". We believe this strategy has led us to be well positioned to take advantage of market opportunities derived from economic cycles.

We manage our business through four main operating segments: Banking services, Pension and severance fund management, Merchant banking and our Holding company, which refers to the combined financial statements of Grupo Aval Acciones y Valores S.A. and Grupo Aval Ltd. (see Note 31 to our audited consolidated financial statements for more information).

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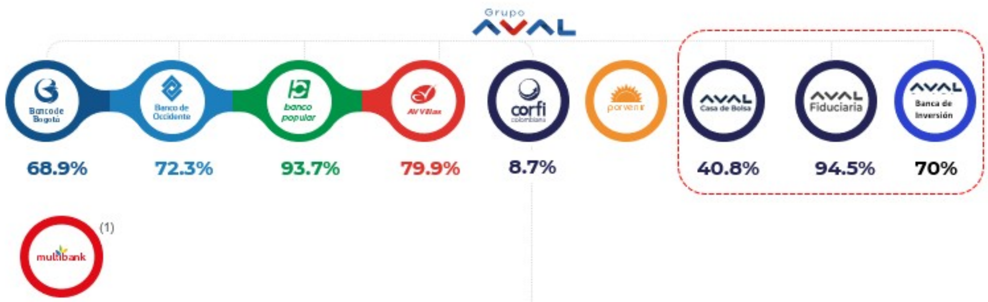

Owner		Total Shares				
Grupo Aval			20.0%			
Banco de Bogotá	99.6%	34.7%	46.9% (2)	22.8%		
Banco de Occidente		4.2%	33.1% (3)	7.9%		
Banco Popular		5.2%		25.8%		
Corfi					5.5% (4)	30.0%
Total	**99.6%**	**52.8%**	**100%**	**97.3%**	**100%**	**100.0%**
% Consolidated by Aval	**68.6%**	**40.5%**	**75.8%**	**86.4%**	**96.7%**	**82.2%**

(1) Ownership in Multibank
(2) Includes Banco de Bogotá and Fiduciaria Bogotá ownership
(3) Includes Banco de Occidente and Fiduciaria Occidente ownership
(4) Indirect ownership through Valora. On December 16, Grupo Aval acquired 94.5% of Fiduciaria Corficolombiana and the agreement includes an option to acquire this additional 5.5% within a six-month period.

Source: Company data at December 31, 2024. Porvenir is held in Banco de Bogotá as follows: 36.5% through Banco de Bogotá and 10.4% through Fiduciaria Bogotá. Porvenir is held in Banco de Occidente as follows: 24.2% through Banco de Occidente and 8.9% through Fiduciaria de Occidente.

In addition to Mr. Sarmiento Angulo's beneficial ownership through Grupo Aval, he beneficially owned 8.3% of Banco de Bogotá, 13.3% of Banco de Occidente, 15.5% of Banco AV Villas, 0.8% of Banco Popular and 11.5% of Corficolombiana, at April 22, 2025.

On December 31, 2024, 92.9% of our consolidated assets were recorded in our Colombian entities and 7.1% in Panama through MFH. In terms of businesses, 80.2% of our total consolidated assets were from our banking services segment, 18.6% were from our merchant banking segment, and 1.2% were on-balance sheet consolidated assets of our pension and severance fund management segment. On a consolidated basis, Grupo Aval manages Ps 327.9 trillion of on-balance sheet assets, and Ps 424.5 trillion of off-balance sheet assets (assets under management).

We closely monitor the performance of our subsidiaries and the performance of our competitors, promote best practices and create synergies and efficiencies that can be captured across our subsidiaries. We work to organically improve our market position, launch new products to serve new segments, improve our existing product and service offering and have cost-effective channels.

We seek to expand our product and service offerings and diversify our sources of income by focusing on: (i) improving our market share in profitable segments and products in which 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.

Banking services

We provide commercial banking services in Colombia and Panama. In Colombia, we operate through four commercial banks (Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas). In Panama we operate through MFH and its subsidiaries, the most relevant being its banking operation Multibank Inc. Through other subsidiaries we also offer bancassurance, insurance, trust and fiduciary services, bonded warehousing, real estate escrow services, merchandise and document storage and deposit, customs agency, cargo management, surety bond and merchandise distribution services, payment and collection services, and provide deposit and lending operations in foreign currencies.

Our *Red Aval* (Grupo Aval network) is one of the largest networks of ATMs and branches in Colombia and has been a key element of our competitive positioning in the Colombian market. Customers of any of our banks in Colombia may access Grupo Aval's other bank branches to carry out basic banking transactions throughout our *Red Aval* (Grupo Aval network).

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Under our multi-brand strategy, each of our banks focuses on particular types of customers, geographic regions and products. We believe that this strategy has contributed to our financial performance and allowed us to provide an integrated service network to our customers.

Our differentiated multi-brand business model builds on the individual strengths of our banks and the wide recognition of their brands. Each of our banks has developed over time a focus on particular and, to a degree, overlapping market sectors, geographic regions and services and products in Colombia. As a group, we are present in all banking segments and products in Colombia, as shown in the following chart:

Banco de Bogotá, founded in 1870, is Colombia's oldest financial institution and the third largest bank measured by gross loans with a 12.7% market share on December 31, 2024. It is a full-service bank with nationwide coverage and a comprehensive portfolio of services and products. Banco de Bogotá serves all market segments. While its historic emphasis is on commercial loans for large corporations, the bank has broadened its segment base and product offering in recent years, especially on consumer loans and mortgages. Banco de Bogotá had a 15.6% market share of commercial loans, 10.5% of consumer loans and 9.7% of mortgages, all at December 31, 2024. On the same date, Banco de Bogotá had an 12.6% market share of deposits. At and for December 31, 2024, Banco de Bogotá had consolidated total assets of Ps 150.7 trillion and net income attributable to controlling interest of Ps 1.1 trillion on a consolidated basis.

Banco de Bogotá is the group's universal bank with presence in all regions of the country and has a broad portfolio of services and products, from savings accounts and digital term deposits through its mobile application, to structured loans in the corporate segment. Banco de Bogotá serves all market segments, and although its historical emphasis has been on commercial loans for large companies, in recent years the bank has expanded its participation in other segments and products, increasing its market share in mortgages and in the consumer portfolio.

Banco de Bogota's strategy places customers at its core, closely monitoring trends in the industry, and delivering value to its clients through a continuous evaluation of its value proposition, enhancement of its products, initiatives, and efforts. Banco de Bogotá strives to constantly innovate, and stay ahead of its competitors, both traditional banks and fintechs. The bank's strategy consists of 4 pillars, namely: Growth, Profitability, Sustainability and Funding optimization.

Banco de Bogotá is currently pursuing a strategy to enhance its value proposition to customers, providing a wide array of products and services, and becoming the primary bank of its existing customers. The bank has been pursuing a greater share of state and local government clients, both in loans and in deposits. The bank decided to exit the microcredit service offering in 2024, redirecting the product's sales-force within the bank and sold its loans portfolio to an unrelated third-party in Colombia.

While maintaining a corporate focus, the bank is enhancing its customer service to SMEs, by allowing for digital signatures and paperwork that resulted in over Ps 1.0 trillion paperless loan disbursements. Artificial intelligence further improved credit document evaluation, enhancing efficiency and decision-making. Banco de Bogotá launched Cupo Ágil, an overdraft product including self-management options and simplification of processes for SMEs. Banco de Bogotá enabled online payment for collections at banking correspondents, impacting more than 1,100 companies.

In 2024, Banco de Bogotá achieved significant milestones in its digital transformation journey, reinforcing its commitment to innovation and delivering value to its clients. The bank introduced a suite of new digital products, including a digital checking account, credit card balance transfers, Ceropay, a 30-day digital time deposit, and a premium account. These offerings expand its portfolio and integrate financial solutions into customers' daily lives. Digital self-management capabilities were strengthened, allowing customers to perform tasks such as adjusting credit card installments, enabling Apple Pay, and creating a specialized portal to manage collections, aiding customers in their financial recovery. Enhanced authentication processes, leveraging facial recognition and artificial intelligence, expanded the accessibility of digital services to a broader customer base.

Additionally, The bank prioritized evolving its digital channels to remain competitive, achieving over 3.3 million monthly immediate transactions through Transfiya and Entre Cuentas. It simplified its portal for small businesses and strengthened PSE payment experiences enabling more than 3.5 million single-click payments.

These efforts were supported by an agile, business-oriented team with technological expertise, focused on delivering superior customer experiences. Awards such as "Best Mobile Banking App" and "Best User Experience (UX) Design" by the Global Finance Digital Bank Award 2024, and a gold award for Channel Innovation from Fintech Americas for the Aval Advisor initiative, underscored Banco de Bogota's leadership in digital banking.

Banco de Occidente is the fifth largest bank in Colombia measured by gross loans, with a market share of 7.2% at December 31, 2024. It focuses on mid-size and small and medium-sized (SME) corporate customers, state-owned entities and high net-worth customers and has a diversified revenue stream. Banco de Occidente had market shares of 9.3% of commercial loans and 6.8% of consumer loans on December 31, 2024. Banco de Occidente had a market share of 8.7% of Colombia's checking accounts on December 31, 2024. On December 31, 2024, Banco de Occidente had total consolidated assets of Ps 78,400.2 billion and net income attributable to owners of the parent of Ps 473.5 billion for the year ended December 31, 2024.

Banco de Occidente was recognized by the Great Place to Work® ranking (2024) as the best bank to work for in Latin America in the large companies category and, for the second consecutive year, as the best workplace in Colombia among companies with more than 1,500 employees.

Throughout 2024, Banco de Occidente S.A demonstrated its commitment to innovation, digital transformation, sustainability, and regulatory compliance. The bank's strategic initiatives have strengthened its market leadership, improved operational efficiency, and reinforced its position as a key player in the Colombian financial sector. Looking ahead, Banco de Occidente remains focused on delivering value to its customers, shareholders, and stakeholders while adapting to evolving regulatory and market conditions.

In 2024, Banco de Occidente continued to implement various strategic initiatives aimed at enhancing commercial effectiveness, optimizing distribution channels, and strengthening its organizational structure. The bank remains committed to maintaining leadership in its core business segments through the integration of its subsidiaries, offering innovative, relevant, and competitive value propositions that drive sustainable and profitable growth.

As a result of these efforts, Banco de Occidente has solidified its position in commercial banking, becoming one of the leading providers in the SME segment, mainly in its loan portfolio and in cash management services such as collections and payments management. Additionally, in the consumer and housing loan portfolios, Banco de Occidente has recorded sustained above-market growth, further consolidating its product offerings among the country's affluent client segment.

As part of its ongoing digitalization strategy, Banco de Occidente has successfully introduced innovative solutions for businesses and retail clients, among which are i) launch of interoperable QR for businesses: this solution enables immediate and interoperable payments, improving transactional efficiency, ii) enhancements in the GOU payment gateway such as the implementation of the "Botón AVAL" and Banking Correspondents, which has significantly optimized transactional costs and expanded collection channels, iii) customer migration and service redesign in corporate digital channels, for which over 3,000 clients have been successfully migrated to the new corporate app, and 33 services have been redesigned on the OcciRed portal to improve user experience, iv) the integration with Fiduciaria de Occidente, under which clients can now quickly and securely generate statements and certificates through a unified digital platform, v) launch of the CarroYa credit card, a new business credit card designed for electronic toll payments.

In the retail banking segment, Banco de Occidente has launched several new initiatives to improve customer experience and accessibility such as: i) a 100% digital term deposit available for existing customers through digital channels, the bank is currently working on an open-ended option for this product, ii) facial biometric authentication for account creation: enhancing security and convenience in onboarding processes, iii) mobile banking modernization with an improved user experience, enabling more efficient transactions and inquiries, iii) the

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introduction of the digital Occiflex credit card, a fully digital credit card that can be obtained in minutes, requiring no physical documents, and enabling purchases from electronic merchants.

As part of its sustainability strategy, Banco de Occidente achieved the following milestones in 2024: i) carbon neutral certification: awarded by ICONTEC, reaffirming the bank's commitment to environmental sustainability, ii) 30th anniversary of the "Blue Planet" award: celebrating three decades of recognizing and supporting environmental initiatives, iii) sustainable portfolio certification, under which 7% of the bank's credit portfolio has been officially certified as sustainable, reinforcing its commitment to responsible banking practices.

In 2024, Banco de Occidente carried out its first placement of subordinated bonds under Reg S in the international market for US$175 million at a rate of 10.875%, with a maturity of 10.25 years and an early redemption option after 5 years. This issuance was authorized by the Superintendency of Finance to be classified as Tier II capital.

Banco Popular is the eighth largest bank in Colombia measured by gross loans, with a market share of 3.1% at December 31, 2024. The bank operates primarily in the consumer segment with a particular focus to serve the silver economy (serving the 50+ age group) and in public sector businesses as a premier provider of financial solutions to Government entities nationwide with a particular strength in public sector deposits and loans. On December 31, 2024, Banco Popular had total consolidated assets of Ps 88,381.2 billion and market shares of 7.8% of consumer loans, 1.6% of commercial loans, 0.9% of mortgage loans and 3.2% in deposits. A significant part of its consumer portfolio is made up of payroll loans to pensioners and public sector employees. On December 31, 2024 the bank had a market share of 19.1% of payroll loans. As part of its strategy, Banco Popular is diversifying its presence in different consumer products, by strengthening its value proposition and adapting its service model, thus increasing its participation in the retail segment both in terms of loans and funding.

In 2024, continuing with its transformation process, Banco Popular made several adjustments to its Leadership Team: Risk, Finance, Corporate Affairs and Sustainability, Treasury and Subsidiaries, Strategy and Transformation and Commercial Banking. Under the leadership of Mrs. María Fernanda Suárez, these areas have identified a significant opportunity in the "silver economy," a market segment encompassing the elderly population. 2024 was the year in which the bank's strategy and plans were defined to capitalize on this opportunity, with a population that presents specific economic and financial needs that Banco Popular aims to address.

The bank is adapting channels and improving the services and products offered to this segment to better meet their needs. This includes the modernization of branches and the implementation of digital solutions to facilitate access to financial services. Additionally, the bank is focusing on improving service quality by implementing training programs for the staff, with the goal of offering a more personalized and efficient service.

The bank introduced new products, such as the 30-day term deposit to attract retail deposits. Banco Popular has focused on obtaining low-cost deposits, primarily from retail banking. The payroll loan portfolio is Banco Popular's flagship product. Additionally, the bank introduced an exclusive credit card for retirees with incomes between 1 to 2 minimum wages, the "PoSÍble" credit card.

In 2024, the bank's net interest margin showed a positive trend, driven by efficient loan portfolio management despite a challenging macroeconomic environment; this is largely due to the repricing strategy of the payroll loan portfolio. Regarding deposits, interest expenses benefited from lower interest rates and timely management focused on improving the balance sheet structure, prioritizing the acquisition of low-cost funds, primarily from retail banking. Financing has been prioritized with resources from individuals over institutions, thus optimizing the interest margin.

Moreover, effective expense management generated significant savings compared to 2023, amounting to Ps 22.9 billion, despite high inflation. This achievement is the result of rigorous control over purchases, contracts, renegotiations, and vacancies, improving efficiency indicators month by month.

Banco AV Villas is the eleventh largest bank in Colombia measured by gross loans. The bank focuses on services and products such as payroll loans and credit cards, its traditional line of mortgages and factoring in commercial loans. One of its key strengths is its leading in collection and payment services agreements for residential units, temporary service companies and schools. The bank has a broad service network throughout Colombia, with a concentration in Colombia's central region, including Bogotá and the southwestern region. Banco AV Villas had a market share of 2.3% of deposits, 2.2% of gross loans, 4.5% of consumer loans and 2.8% of mortgages at December 31, 2024. At December 31, 2024, Banco AV Villas had total consolidated assets of Ps 19,167.7 billion.

The bank's renewed strategy under Mr. Gerardo Hernández's leadership is focused on meeting customer needs through a strengthened and innovative value offering, supported by technology and analytics. In this way, the bank aims to achieve profitable and sustainable growth, while maintaining an appropriate risk appetite. In line with these objectives, the bank relaunched the AV Villas brand in October 2024, presenting its new brand role with a modern image and a renewed purpose of being the co-worker of Colombians and partner and ally of

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customers. The bank launched an advertising campaign that was widely disseminated in the media and on social networks. This rebranding and communications strategy was reinforced with a new brand slogan "AV Villas - Juntos trabajando (working together)".

AV Villas has implemented its digital banking, developing a 100% digital ecosystem and preparing to compete directly with new banking players entering the Colombian market under the neobank, fintech and digital subsidiary model. Various milestones were achieved in 2024, such as the authorization of transactions with QR codes (from the same device, no need to scan), greater visibility of caps and improvements to the credit card experience, agreements with Boomerang and CarroYa, firm pre-approvals for personal loans in virtual banking, credit balance consultation, assisted flow with multi-offer for mortgages, and the launch of the WhatsApp channel for customers. In synergy with ADL (Aval Digital Lab), the bank has several projects underway to offer digital products, including credit cards, savings accounts, CDTs (time deposits), consumer loans and mortgages, in addition to projects related to transaction platforms, the bank's app and infrastructure for open banking.

The bank's financial strategy is focused on achieving a significant change in the composition of its balance sheet lines in order to close the gap between assets and liabilities sensitive to interest rate fluctuations. In addition, the bank aims to strengthen stable and low-cost liabilities by consolidating and deepening payroll agreements, taking full advantage of the "digital payroll" product, as well as collection and payment agreements; likewise, the opening of savings accounts and CDTs (time deposits) for individuals was strengthened, taking advantage of digital products and channels.

As a measure to strengthen the bank's capital, in September 2024 the bank issued subordinated bonds in the amount of Ps 150.0 billion with a maturity of 10 years. These bonds are calculated at 100% in the Tier II capital and therefore strengthen the bank's solvency ratio.

In July 2024, Mr. Gerardo Alfredo Hernández succeeded Mr. Juan Camilo Ángel as president of Banco AV Villas. Mr. Hernández had been acting as Legal Vice-President of Banco de Bogotá.

MFH through MFG provides a wide variety of financial services in Panama, including corporate, commercial, and retail banking, as well as insurance, brokerage, and leasing services. The main subsidiary of MFG is Multibank Inc., a full-service bank operating since 1990, which consolidates the banking, insurance, and portfolio management operations of the company. At December 31, 2024 MFH had total consolidated assets of U.S.$ 5,249.8 million and net income attributable to its controlling interest of U.S.$ 6.4 million.

Multibank Inc. is the sixth largest privately owned bank in Panama measured by gross loans, with a market share of 4.3%, ninth measured by total deposits, with a market share of 3.5% as of December 31, 2024. At the same date, Multibank had a market share of 6.4% of commercial loans, 4.0% of residential mortgage loans and 6.7% of consumer loans in Panama. Multibank is the second largest provider of automobile loans in Panama with a market share of 16.6%. The third largest lender in agricultural loans with a market share of 14.1%, and the fifth largest in construction loans with a market share of 9.25%.

During 2024, MFG continued to focus on its core retail and commercial banking business, concentrating on improving digitalization, optimization of commercial effectiveness, and implementing ESG initiatives. Multibank continued segmenting its customer base and developing service platforms and product offerings tailored to the specific needs of its client segments. On the digitalization front, during 2024 Multibank mobile app surpassed the traffic of other traditional channels for the first time, the ACH Xpress service, among other digital services being one of the principal drivers. MFG invested over 700 hours of corporate volunteering distributed in 12 activities aligned with its ESG initiatives.

Corporate customers

Our banks provide services and products to public and private sector customers. Our banks segment their corporate customers into separate categories based principally on their annual revenues. We believe that these customer classifications, which are specific to each bank, allow our entities to tailor their services and products to the needs of each customer classification sector. The following table presents the number of corporate customers that our banks served at the dates indicated.

	Grupo Aval				
	Banco de Bogotá(1)	Banco de Occidente	Banco Popular	Banco AV Villas	Grupo Aval aggregate(2)
			(in thousands)		
Total corporate customers, as of:					
December 31, 2024	239.8	63.0	7.2	31.6	341.5
December 31, 2023	233.5	60.4	6.9	31.8	332.5

(1) These figures include MFG.
(2) Reflects aggregated amounts of our banking subsidiaries, these figures may include overlap of customers.

Individual customers

Our banks provide services and products to individuals throughout Colombia and Panama. Our banks classify their individual banking customers into separate categories based principally on income. The following table presents the number of individual customers that our banks served at the dates indicated.

	Grupo Aval					
	Banco de Bogotá(1)	Banco de Occidente	Banco Popular	Banco AV Villas	Corficolombiana	Grupo Aval aggregate(2)
	(in thousands)					
Total individual customers, as of:						
December 31, 2024	9,242.0	1,032.2	4,105.0	1,082.3	383.3	15,844.9
December 31, 2023	8,965.0	1,158.1	3,457.0	1,130.8	359.5	15,070.5

(1) These figures include MFG.
(2) Reflects aggregated amounts of our banking subsidiaries, these figures may reflect overlap of customers in Colombia.

Lending activities

We classify our banks' loans into the following categories: commercial, consumer, microcredit and mortgages. The following table presents our total loans, net at December 31, 2024.

	At December 31, 2024				
	Operating segments				
	Banking Services	Pension and Severance Fund Management	Merchant Banking	Holding(1)	Grupo Aval consolidated(2)
	(in Ps billions)				
Commercial	115,648.3	—	1,918.5	1,198.1	116,119.6
Commercial loans	114,943.8	—	1,917.9	1,198.1	115,414.6
Interbank and overnight funds	704.5	—	0.5	—	705.1
Consumer	60,905.0	—	1,071.3	—	61,976.3
Mortgages	22,009.1	—	26.7	—	22,035.7
Microcredit(3)	4.4	—	—	—	4.4
Total gross loans	**198,566.8**	**—**	**3,016.4**	**1,198.1**	**200,136.0**
Loss allowance	(9,915.2)	—	(91.9)	(1.7)	(10,006.6)
Total loans, net	**188,651.5**	**—**	**2,924.5**	**1,196.4**	**190,129.4**

(1) Commercial loans reflect the loans extended by Grupo Aval Acciones y Valores S.A. to an unconsolidated related party in December 2022.

(2) Includes eliminations for intercompany or intra-group operations between Grupo Aval subsidiaries.

(3) Microcredit loans are issued for the purpose of encouraging the activities of small businesses and are subject to the following requirements: the maximum amount to be lent is equal to 25 times the minimum wage (*salario mínimo mensual legal vigente*) without the balance of one single borrower exceeding such amount at any time, and the main source of payment for the corresponding obligation shall be the revenues obtained from the activities of the borrower's micro business. The borrower's outstanding indebtedness may not exceed 120 times the minimum wage.

On December 31, 2024, the aggregate outstanding loans to our banks' ten largest borrowers, our 11th to 50th largest borrowers and our 51st to 160th largest borrowers, represented 4.9%, 7.0% and 8.1%, respectively, of our consolidated total gross loan portfolio.

Commercial loan portfolio: consists of general purpose loans (loans with a maturity of over one year), working capital loans (loans with a maturity of up to one year), leases, loans funded by development banks, corporate credit cards and overdraft loans. Loans funded by development banks are loans granted to customers and focused on specific economic sectors and are funded by national or international government or government-related institutions. Interbank and overnight funds are short-term borrowings mostly entered into between banks. The following table presents our commercial loan portfolio at December 31, 2024.

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	At December 31, 2024				
	Operating segments				
	Banking Services	Pension and Severance Fund Management	Merchant Banking	Holding(1)	Grupo Aval consolidated(2)
			(in Ps billions)		
General purpose loans	83,342.7	—	—	1,198.1	82,145.3
Working capital loans	16,624.5	—	—	—	16,624.5
Leases	10,225.9	—	1,917.9	—	12,141.1
Loans funded by development banks	3,764.0	—	—	—	3,517.4
Overdrafts	648.1	—	—	—	648.1
Interbank and overnight funds	704.5	—	0.5	—	705.1
Credit cards	338.6	—	—	—	338.2
Commercial loans	**115,648.3**	**—**	**1,918.5**	**1,198.1**	**116,119.6**

(1) General purpose loans reflect the loans extended by Grupo Aval Acciones y Valores S.A. to an unconsolidated related party in December 2022.
(2) Includes eliminations for intercompany or intra-group operations between Grupo Aval subsidiaries.

Consumer loan portfolio: consists of payroll loans, personal loans, automobile and other vehicle loans, credit cards, overdrafts, leases, and general purpose loans. A payroll loan is a type of loan where payments are deducted directly from an employer's salary. The following table presents our consumer loan portfolio at December 31, 2024.

	At December 31, 2024				
	Operating segments				
	Banking Services	Pension and Severance Fund Management	Merchant Banking	Holding	Grupo Aval consolidated(1)
			(in Ps billions)		
Payroll loans	34,182.0	—	—	—	34,182.0
Personal loans(2)	13,370.8	—	1,071.3	—	14,442.1
Credit cards	7,266.7	—	—	—	7,266.7
Automobile loans and leases	5,834.5	—	—	—	5,834.5
General purpose loans	152.8	—	—	—	152.8
Overdrafts	79.3	—	—	—	79.3
Leases	18.8	—	—	—	18.8
Consumer loans	**60,905.0**	**—**	**1,071.3**	**—**	**61,976.3**

(1) Includes eliminations for intercompany or intra-group operations between Grupo Aval subsidiaries.

(2) Mostly composed of personal installment loans.

We provide credit card services to our bank customers mainly through the Visa and MasterCard networks. The following table presents the number of activated issued credit cards of our banks in Colombia at the dates indicated.

	Activated Issued Credit Cards	
Banking subsidiaries in Colombia	December 31, 2024	December 31, 2023
Banco de Bogotá	1,229,118	1,459,171
Banco de Occidente	503,362	572,918
Banco Popular	176,878	221,090
Banco AV Villas	445,620	461,490
Total activated issued credit cards	**2,354,978**	**2,714,669**

Mortgages portfolio: In Colombia, Banco de Bogotá, Banco de Occidente and Banco AV Villas are our main originators of loans to customers for the purchase of real estate secured by mortgages. We have implemented strict underwriting standards: we do not offer mortgage loans in amounts greater than 70% of the value of the property to be purchased. The weighted average maturity of the Colombian mortgage loan portfolio at December 31, 2024 was 193 months (contractual life at the time of origination). Borrowers must also meet certain minimum income levels, and payments may not exceed 30% of the borrower's monthly income in compliance with Colombian regulation. The weighted average maturity of MFH's mortgage portfolio at December 31, 2024 was 257 months (contractual life at the time of origination). MFH has no significant exposure to the higher risk sectors, such as vacation homes or second-home mortgages.

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Treasury operations

Our banks' treasury departments are responsible for managing their proprietary trading activities, liquidity and distribution of treasury services and products to customers. Our banks' proprietary trading activities include fixed income trading, derivatives and foreign exchange operations. We do not have any proprietary trading activities in equities and each of our banks has implemented trading activities policies. Our banks also take deposits from financial institutions as part of their treasury operations. These deposits are represented by certificates of interbank deposit, or "CDIs", and earn interest at the interbank deposit rate. Banco de Bogotá and Banco de Occidente have active treasury operations, while Banco Popular and Banco AV Villas have smaller operations.

Deposits

Our banks offer traditional deposit services and products, including checking accounts, savings accounts, time deposits and other deposits. Checking accounts typically bear low or no interest. Checking accounts and savings accounts are payable on demand, although a significant portion of these accounts tend to be stable in amount over time. Moving on to our time deposits, 80.6% have maturities below 12 months and commonly earn interest at a fixed rate. The following table presents our deposits by product type at the dates indicated.

	At December 31, 2024				
	Operating segments				
	Banking Services	Pension and Severance Fund Management	Merchant Banking	Holding	Grupo Aval consolidated(1)
	(in Ps billions)				
Checking accounts	24,914.2	—	—	—	24,579.5
Savings accounts	81,897.6	—	791.5	—	79,614.9
Time deposits	89,109.7	—	7,739.6	—	96,329.8
Other deposits	296.1	1.3	50.5	—	347.9
Customer deposits	**196,217.6**	**1.3**	**8,581.6**	**—**	**200,872.2**

(1) Includes eliminations for intercompany or intra-group operations between Grupo Aval subsidiaries.

Distribution channels

Our banks provide services and products to their customers through our network. Each of our banks manages its own distribution network. In 1998, we created *Red Aval* (Grupo Aval network) in Colombia, which allows customers of any of our banks to make transfers, payments and undertake other basic banking functions in the networks of our other banks, through traditional channels and electronic networks, with results posting in real time to the accountholder's bank with no additional fees. *Red Aval* (Grupo Aval network) services vary for each channel. In Panama, we serve our customers through a diversified distribution network that includes branches, ATMs, a standardized online banking platform, call centers and mobile phone banking.

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The following table describes the main channels of our distribution network.

Distribution Channel	Description
Full-service branches	Full-service branches act as part of our sales network and allow our bank customers to perform check cashing, deposits, savings account withdrawals, loan and credit card payments, transfers and advances. In Colombia, our clients can perform transactions of any of our banks at any of our branches thanks to the integration provided by *Red Aval* (Grupo Aval network).
ATMs and electronic service points	Through our ATMs, all of our bank customers can, among other services, consult their balances, execute loan and credit card payments, perform transfers and advances, and pay for certain third-party services where we have a payment collection agreement in place (such as utility service companies).
Payment collection centers (*centros de pagos)*	Payment collection centers allow our customers to pay for certain third-party services where we have a payment collection agreement in place (such as utility service companies).
Banking correspondents (*corresponsales bancarios*)	Our banks enter into agreements with various third parties, including convenience store owners, to provide all of our bank customers with certain services, which can include checking and savings account withdrawals, account balance consultation, loan and credit card payments, transfers and advances, and payments for certain third-party services where we have a payment collection agreement in place (such as utility service companies).
Automated telephone banking, mobile banking and online banking	Through our banks' websites, mobile banking services and automated telephone banking, customers may pay loan and credit card balances, make transfers between accounts and make payments for collection agreements originated in any of our banks.

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During 2024, we continued optimizing our footprint by either closing, relocating or adapting branches to increase the effectiveness of our distribution network. The following table presents our total full-service branches in Colombia and Panama, at December 31, 2024 and 2023.

	At December 31,		Change, December 31, 2024 vs. December 31, 2023	
	2024	2023	#	%
Banco de Bogotá	412	412	—	—
Banco de Occidente	175	175	—	—
Banco Popular	178	178	—	—
Banco AV Villas	231	236	(5)	(2.1)
Colombia	**996**	**1,001**	**(5)**	**(0.5)**
Panama	**19**	**19**	**—**	**—**
Full-service branches	**1,015**	**1,020**	**(5)**	**(0.5)**

We continued optimizing our ATM footprint by either closing, relocating or adapting ATMs to increase the effectiveness of our distribution network. The following table presents our total ATMs in Colombia and Panama, at December 31, 2024 and 2023.

	At December 31,		Change, December 31, 2024 vs. December 31, 2023	
	2024	2023	#	%
Banco de Bogotá	1,555	1,552	3	0.2
Banco de Occidente	269	267	2	0.7
Banco Popular	592	614	(22)	(3.6)
Banco AV Villas	417	427	(10)	(2.3)
Colombia	**2,833**	**2,860**	**(27)**	**(0.9)**
Panama	**20**	**49**	**(29)**	**(59.2)**
ATMs	**2,853**	**2,909**	**(56)**	**(1.9)**

The following table presents our other points of service in Colombia and Central America, at December 31, 2024 and 2023.

	At December 31,		Change, December 31, 2024 vs. December 31, 2023	
	2024	2023	#	%
Banco de Bogotá	27,763	22,729	5,034	22.1
Banco de Occidente	90,003	88,528	1,475	1.7
Banco Popular	109	120	(11)	(9.2)
Banco AV Villas	2,210	2,314	(104)	(4.5)
Colombia	**120,085**	**113,691**	**6,394**	**5.6**
Panama	**16**	**17**	**(1)**	**(5.9)**
Other points of service(1)	**120,101**	**113,708**	**6,393**	**5.6**

(1) In Colombia, other points of service include banking correspondents (*corresponsales bancarios*) or "CBs" and payment collection centers (*centros de pago*).

In 2024, our transaction mix continued shifting toward digital channels. As such, successful monetary transactions through non-physical channels accounted for 32.5% of total transactions in 2024, 4.1% more than in 2023. For the first time, our mobile banking transactions in Colombia exceed 20.0% of total transactions, showing the positive adoption of clients for our digital banking channels. The following tables present volumes for successful monetary transactions processed through our distribution channels and their share of total transactions, in Colombia, Panama and the aggregate number for Grupo Aval, at the dates indicated.

	At December 31,		Change, December 31, 2024 vs. December 31, 2023		% of total transactions for the year ended December 31,	
	2024	2023	#	%	2024	2023
	(in thousands)					
Branches	59,540	63,154	(3,614)	(5.7)	11.9	13.1
ATMs	114,617	120,188	(5,572)	(4.6)	22.9	24.9
Banking correspondents and other	164,368	162,251	2,117	1.3	32.8	33.6
Online banking	52,545	53,919	(1,374)	(2.5)	10.5	11.2
Mobile banking	110,465	83,415	27,050	32.4	22.0	17.3
Automated telephone banking	15	34	(19)	(56.6)	0.0	0.0
Colombia	**501,549**	**482,962**	**18,588**	**3.8**	**100.0**	**100.0**

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	At December 31,		Change, December 31, 2024 vs. December 31, 2023		% of total transactions for the year ended December 31,	
	2024	2023	#	%	2024	2023
	(in thousands)					
Branches	924	821	103	12.5	15.5	29.5
ATMs	683	866	(183)	(21.1)	11.4	31.2
Online banking	883	387	496	128.0	14.8	13.9
Mobile banking	3,484	705	2,778	393.8	58.3	25.4
Panama	**5,975**	**2,780**	**3,195**	**114.9**	**100.0**	**100.0**

	At December 31,		Change, December 31, 2024 vs. December 31, 2023		% of total transactions for the year ended December 31,	
	2024	2023	#	%	2024	2023
	(in thousands)					
Branches	60,464	63,975	(3,511)	(5.5)	11.9	13.2
ATMs	115,300	121,054	(5,754)	(4.8)	22.7	24.9
Banking correspondents and other	164,368	162,251	2,117	1.3	32.4	33.4
Online banking	53,428	54,307	(878)	(1.6)	10.5	11.2
Mobile banking	113,949	84,120	29,829	35.5	22.5	17.3
Automated telephone banking	15	34	(19)	(56.6)	0.0	0.0
Total	**507,524**	**485,742**	**21,782**	**4.5**	**100.0**	**100.0**

Trust activities and portfolio management services

Grupo Aval had traditionally operated in this business line indirectly through its subsidiaries. However, after a strategic review of the Group's non-banking revenue sources, in 2024 Grupo Aval decided to strengthen its asset management service offering. This implied Corficolombiana would exit from its financial businesses and focus exclusively on its non-financial businesses. In that sense, on December 16, 2024, Grupo Aval acquired 94.5% of the common shares of Fiduciaria Corficolombiana (currently Aval Fiduciaria) from Corficolombiana. Additionally, Grupo Aval acquired 40.77% of the common shares of Casa de Bolsa (currently Aval Casa de Bolsa) from Corficolombiana and Organización Pajonales. Both Aval Fiduciaria and Aval Casa de Bolsa were reported under the merchant banking segment up to December 31, 2024. The following table presents the assets under management (AUM) of Grupo Aval's four trust and fiduciary services companies at the dates indicated.

	At December 31,		Change, December 31, 2024 vs. December 31, 2023	
	2024	2023	#	%
	(in billions)			
Aval Fiduciaria	62,799.9	59,981.1	2,818.8	4.7%
Fiduciaria Bogotá	68,166.1	72,126.3	(3,960.2)	(5.5)%
Fiduciaria de Occidente	46,326.2	50,152.0	(3,825.9)	(7.6)%
Fiduciaria Popular	8,188.2	6,173.4	2,014.8	32.6%
Grupo Aval aggregate	**185,480.5**	**188,432.9**	**(2,952.4)**	**(1.6)%**

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Through our four trust and fiduciary services companies, the Group participates in all fiduciary activities with a higher concentration in management, warranty, real estate and collective investment, as shown in the table below. AUMs for other social security decreased driven by the end of the FONPET (pension fund for local and regional authorities) contract.

	At December 31,		Change, December 31, 2024 vs. December 31, 2023	
	2024	2023	#	%
	(in billions)			
Administration	91,277.0	90,566.3	710.7	0.8%
Warranty	26,658.5	23,843.2	2,815.4	11.8%
Real estate	25,546.6	27,535.8	(1,989.2)	(7.2)%
Collective investment	22,571.4	20,519.9	2,051.5	10.0%
Other social security	9,218.4	16,202.3	(6,983.9)	(43.1)%
Private equity	7,591.4	6,818.4	773.0	11.3%
Investment	2,578.0	2,867.7	(289.7)	(10.1)%
Social security	2.3	40.1	(37.8)	(94.3)%
Voluntary pension	36.8	39.3	(2.5)	(6.3)%
Total	**185,480.5**	**188,432.9**	**(2,952.4)**	**(1.6)%**

Investment banking

In line with the review of the Group's non-banking revenue sources, Grupo Aval's Board of Directors approved the incorporation of Aval Banca de Inversión S.A.S., a company whose corporate purpose will include structuring financial transactions, providing advisory services for project finance, assisting clients in obtaining funding from banking and capital markets, offering guidance in mergers and acquisitions processes, and delivering financial consulting services. Grupo Aval will hold 70% of the ordinary shares in the newly incorporated company, while Corficolombiana will hold the remaining 30%.

Merchant banking

Corficolombiana is the largest merchant bank in Colombia based on total assets at December 31, 2024. Corficolombiana focuses on two lines of business: (1) equity investments in strategic sectors of the Colombian economy, including infrastructure, energy and gas, agribusiness and hospitality and (2) treasury operations. As mentioned above, Corficolombiana recently exited the trust activities and portfolio management services and the investment banking businesses. Corficolombiana had consolidated total assets and shareholders' equity attributable to owners of the parent of Ps 60,633 billion and Ps 12,543 billion, respectively, at December 31, 2024. Net income attributable to owners of the parent was Ps 198,306 billion for the year ended December 31, 2024.

Corficolombiana's business model is based on the premise of investing in businesses in strategic sectors of the Colombian economy. Corficolombiana's equity investment strategy is to target acquiring and holding controlling or substantial stakes in strategic businesses. These investments enable Corficolombiana to exert influence or control over these businesses' operations and to promote revenue growth, operational efficiencies and optimization of the capital structures.

Corficolombiana is regulated as a merchant bank (*corporación financiera*) by the Superintendency of Finance. Under Colombian law, a merchant bank is permitted to hold equity ownership positions in both financial and non-financial companies, unlike banks, which may only invest in financial companies. See "Item 4. Information on the Company—B. Business overview—Supervision and regulation".

Corficolombiana's asset distribution by sectors

Corficolombiana primarily invests in four sectors of the Colombian economy: energy and gas; infrastructure; agribusiness and hotels. It generally seeks to invest in businesses with leading market positions, strong cash flows and growth potential.

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The following table provides information regarding Corficolombiana's consolidated assets distributed by sectors at December 31, 2024.

	At December 31, 2024					
	Energy and Gas	Infrastructure	Financial Services & Others	Hospitality	Agribusiness	Total
	(in Ps billions)					
Total assets(1)	**21,004**	**29,061**	**8,930**	**974**	**665**	**60,633.4**
As a percentage of total assets	34.6%	47.9%	14.7%	1.6%	1.1%	100.0%

(1) Eliminations are assigned to each operating segment.

Corficolombiana's main investments in the energy and gas sector include a 50.9% controlling stake in *Promigas S.A. E.S.P*., the second largest natural gas pipeline and distribution company in Colombia, and a minority stake in *Grupo Energía Bogotá S.A. E.S.P,* or "GEB", an electricity and gas group. Promigas is included in our consolidated financial statements as it is under our "control" as defined in IFRS 10. However, pursuant to Colombian Regulation (Code of Commerce) Promigas is not a company under direct or indirect control of Grupo Aval.

Corficolombiana's infrastructure investments are concentrated mainly in toll road concession projects, a sector in which it is a leading private investor in Colombia. The main investments of Corficolombiana in the infrastructure sector include *Proyectos de Infraestructura S.A. (Buga-Tuluá-La Paila), Concesionaria Vial de los Andes S.A.S. (Bogotá-Villavicencio), Concesiones CCFC S.A. (Fontibón-Los Alpes, concesión contract ended March 27, 2024), Concesionaria Panamericana S.A.S. (Los Alpes-Villeta and Chuguacal-Cambao), Concesionaria Vial del Pacífico S.A.S. (Ancón Sur-Bolombolo or "Conexión Pacífico 1"), Concesionaria Nueva Vía al Mar S.A.S. (Mulaló-Loboguerrero), Concesionaria Vial Andina S.A.S. (Bogotá-Villavicencio) and Concesionaria Vial del Oriente S.A.S. (Villavicencio-Yopal)*.

Corficolombiana also has investments in the hospitality sector, including controlling stakes in Hoteles Estelar de Colombia S.A. and Promotora y Comercializadora Turística Santamar S.A. In 2024, Corficolombiana acquired an additional 39.5% stake of the Hilton Hotel in Cartagena, consolidating an 89.76% stake and allowing the company to strengthen its operations in the hospitality industry.

Finally, Corficolombiana's main investments in agribusiness are centered in production of palm oil, rubber, rice and cotton mainly through Unipalma S.A., Valora S.A. and Organización Pajonales S.A.

For information on Corficolombiana's consolidated lending and deposit taking activities see "Item 4. Information on the Company—B. Business overview—Commercial Banking".

Treasury businesses

Corficolombiana is a relevant participant in Colombian capital markets, both in sovereign and corporate debt securities and foreign currency-denominated securities. It is also an active participant in the derivatives market, and an active market maker for Colombian sovereign debt securities. At December 31, 2024, Corficolombiana had consolidated total fixed income assets of Ps 5,790.9 billion.

Pension and severance fund management

Porvenir is controlled by and consolidated under Grupo Aval. Porvenir is the leading private pension and severance fund management business in Colombia, based on assets under management, with a 45.4% market share of assets under management at December 31, 2024. Pension funds provide individual savings for retirement, while severance funds provide temporary income to employees who become unemployed. Through Aportes en Línea, Porvenir manages social security related information systems designed to provide its clients with efficient payment solutions.

For the year ended December 31, 2024, 47.2% of Porvenir's revenues were derived from mandatory pension funds, 21.7% from severance funds, 7.6% from voluntary pension funds and 0.2% from third-party sponsored pension liability funds. Porvenir derived the remaining 23.3% of its revenues from a combination of the profitability of its own investment portfolio, stabilization reserves and other income.

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The following table presents a breakdown of Porvenir's assets under management at the dates indicated. Favorable capital market conditions throughout 2024 drove the 15.8% increase in the volume of funds managed by Porvenir, which in turn positively affected returns on the stabilization reserve.

	At December 31,		Change, December 31, 2024 vs. December 31, 2023	
	2024	2023	#	%
	(in Ps billions)			
Mandatory pension funds	218,233.3	188,572.0	29,661.3	15.7
Severance funds	10,806.3	9,282.5	1,523.8	16.4
Voluntary pension funds	6,757.8	5,754.3	1,003.5	17.4
Third-party sponsored pension funds	253.0	204.9	48.1	23.5
Total assets under management	**236,050.4**	**203,813.7**	**32,236.7**	**15.8**

The following table presents a breakdown of Porvenir's clients at the dates indicated.

	At December 31,		Change, December 31, 2024 vs. December 31, 2023	
	2024	2023	#	%
	(in thousands)			
Mandatory pension funds	11,750.1	11,565.9	184.2	1.6
Severance funds	5,687.7	5,424.3	263.4	4.9
Voluntary pension funds	150.4	142.4	8.0	5.6
Total clients	**17,588.2**	**17,132.6**	**455.6**	**2.7**

Porvenir's investments

Porvenir is required to own at least 1.00% of the funds it manages that are subject to a minimum return, known as the stabilization reserve. This stabilization reserve represents 74.7% of Porvenir's proprietary investments. In addition, Porvenir holds voluntary investments. Revenues related to Porvenir's stabilization reserve and its proprietary portfolio represented 21.2% and 26.9% of its total revenues for the years ended December 31, 2024 and December 31, 2023, respectively. In 2024 returns were positively affected by the overall capital markets performance described above.

Distribution channels

Porvenir attracts new individual customers mainly through its direct sales force (613 individuals) with direct report to five regional sales managers located in Bogotá, Antioquia, the Southern Region, the Eastern Region and the Northern Region. At December 31, 2024, Porvenir had 51 offices, 5 service modules and 64 electronic service centers. It maintains a presence in all regions of Colombia through its service agreements with Grupo Aval's banks.

Competition

Commercial banking

We are one of the largest financial banking groups in Colombia. We believe that this result has been achieved due to our banks' historically strong franchises, results-oriented philosophy and their disciplined risk management approach; all of which has been supported by our multi-brand business model.

The following market share and other data comparing us and our banking subsidiaries to our competitors in the Colombian market is based on information derived from the combined separate financial information reported to the Superintendency of Finance by our 4 commercial banks based on Colombian IFRS. Our main competitors in Colombia are Bancolombia, Davivienda and BBVA Colombia, which are the other three leading banking groups. Average balances are calculated using the 13 end-of-month average balances from December 2024 to December 2023. Grupo Aval figures reflect aggregated amounts of our separate banking subsidiaries in Colombia.

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The following table shows ROAA, ROAE, efficiency ratio and Colombian market share information of our Colombian banking subsidiaries, our aggregate operation and our principal competitors in accordance with Colombian IFRS on a separate basis.

	At and for the Year ended December 31, 2024								
	Grupo Aval entities								
	Banco de Bogotá(1)	Banco de Occidente	Banco Popular	Banco AV Villas	Grupo Aval Aggregate (1)	Bancolombia	Davivienda	BBVA Colombia	Rest of the Colombian market
	(in percentages)								
ROAA(2)	0.9	0.7	-0.8	-0.6	0.5	2.2	0.6	-0.4	0.4
ROAE(3)	7.3	9.3	-9.1	-7.3	5.1	14.5	6.2	-6.0	4.2
Cost to income(4)	51.6	52.8	101.6	87.8	60.5	42.0	47.2	57.9	61.0
Cost to assets(5)	2.6	2.8	4.2	5.2	3.1	3.8	3.7	2.9	4.8
Market share in Colombia:									
Net income	13.6	5.9	-2.7	-1.4	15.4	67.0	10.2	-4.4	11.8
Deposits	12.6	7.0	3.2	2.3	25.2	26.8	14.6	11.3	22.1
Gross loans	12.7	7.2	3.1	2.2	25.3	27.5	15.6	11.0	20.5
Assets	12.7	7.3	2.9	1.9	24.8	26.4	14.5	10.5	23.8
Branches	8.1	3.5	3.5	4.6	19.7	12.9	10.5	8.5	48.4
ATMs	9.7	1.7	3.7	2.6	17.7	32.6	14.0	9.2	26.6

Source: Company calculations based on separate information published by the Superintendency of Finance. Figures relating to branches and ATMs of Grupo Aval's entities are derived from internal data.

(1) Ratios and market share data reflect aggregated separate data of Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas.

(2) ROAA is calculated as net income divided by the 13-month average of month-end total assets.

(3) ROAE is calculated as net income divided by the 13-month average of month-end total equity.

(4) Cost to income efficiency ratio is calculated as total expenses divided by the 13-month average of the sum of month-end net interest income, net commissions and other income.

(5) Cost to assets efficiency ratio is calculated as total expenses divided by the 13-month average of month-end total assets.

Lending activities

At December 31, 2024, we had the second largest market share of gross loans in Colombia, with a 25.3% market share. We have a strong presence in commercial loans and in consumer loans (particularly in payroll loans, in which we had a 43.4% market share at December 31, 2024).

The following table presents a breakdown of the market share of our gross loans and that of our competitors by category at December 31, 2024.

	At December 31, 2024				
Colombian IFRS	**Grupo Aval aggregate**	**Bancolombia**	**Davivienda**	**BBVA Colombia**	**Rest of the Colombian market**
	(in percentages)				
Commercial loans	27.4	34.8	13.7	8.9	15.2
Consumer loans	29.5	19.3	12.5	14.7	23.9
Mortgages loans	16.2	22.4	29.9	13.5	18.1
Microcredit loans	0.0	3.3	0.0	0.0	96.7
Gross loans	**25.3**	**27.6**	**15.6**	**11.0**	**20.5**

Source: Company calculations based on separate information published by the Superintendency of Finance.

At December 31, 2024, consumer loans represented a larger share of our total gross loans than that of most of our principal competitor banks, and we had a higher concentration of payroll loans. The table below presents the total gross loan mix and average yield on gross loans across the Colombian market at December 31, 2024.

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	At and for the Year ended December 31, 2024								
	Grupo Aval entities								
	Banco de Bogotá	Banco de Occidente	Banco Popular	Banco AV Villas	Grupo Aval Aggregate	Bancolombia	Davivienda	BBVA Colombia	Rest of the Colombian market
	(in percentages)								
Gross loans:									
Commercial loans	64.7	67.6	26.1	22.7	57.1	66.7	46.4	42.6	39.2
Consumer loans	22.9	26.2	69.1	56.3	32.5	19.6	22.3	37.3	32.7
Mortgages loans	12.5	6.2	4.8	21.0	10.5	13.4	31.4	20.1	14.5
Microcredit loans	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	13.6
Gross loans	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average yield on Commercial loans	12.5	13.3	13.0	13.1	12.8	12.8	12.4	12.5	13.8
Average yield on Consumer loans	17.5	16.1	12.8	13.8	15.4	18.7	17.9	15.1	18.9
Average yield on Mortgages loans	10.0	11.5	8.8	10.3	10.2	14.6	11.6	9.9	10.6
Average yield on Microcredit loans	28.6	0.0	16.4	14.5	28.5	22.6	19.4	0.0	23.7
Average yield on gross loans	13.4	13.9	12.7	13.0	13.4	14.3	13.5	13.0	16.3

Loan Portfolio Quality

We believe that the credit quality of our gross loans compares favorably against our main competitors. The following table presents credit quality metrics for our gross loans and that of our competitors at the dates indicated.

Colombian IFRS	Loans past due more than 30 days / gross loans	Loans rated C, D, E / gross loans(1)	Gross provision expense / average gross loans(2)	Net provision expense / average gross loans(3)	Allowance / loans past due more than 30 days
	For the year ended December 31, 2024 (in percentages)				
Banco de Bogotá	4.8	6.3	2.0	1.7	98.6
Banco de Occidente	3.4	6.5	2.6	2.2	136.4
Banco Popular	3.5	4.5	0.9	0.6	134.4
Banco AV Villas	3.9	3.9	2.1	1.7	98.3
Grupo Aval aggregate	**4.2**	**5.9**	**2.0**	**1.7**	**111.2**
Bancolombia	4.8	7.4	3.3	2.9	147.0
Davivienda	6.9	7.6	4.8	4.3	90.3
BBVA Colombia	5.1	5.8	3.4	3.2	115.0
Rest of the Colombian market	5.6	7.2	3.8	3.3	108.4

Source: Company calculations based on separate information published by the Superintendency of Finance.

(1) For further information about loan classification categories, see "Item 11. Quantitative and Qualitative Disclosures About Market Risk".

(2) Gross provision expense is defined as provision expenses net of provision recoveries.

(3) Net provision expense is defined as gross provision expense minus recoveries of charged-off loans.

Deposits

At December 31, 2024, we had the second largest market share of total deposits in Colombia, with a market share of 25.2%. At the same date our principal competitors—Bancolombia, Davivienda and BBVA Colombia—had market shares of 26.8%, 14.6% and 11.3%, respectively.

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The following table presents a breakdown of market share of deposits by type of deposit at December 31, 2024.

Colombian IFRS	At December 31, 2024 Grupo Aval aggregate	Bancolombia	Davivienda	BBVA Colombia	Rest of the Colombian market
			(in percentages)		
Checking accounts	30.1	27.4	11.0	10.3	21.2
Savings accounts	25.0	31.6	12.9	10.2	20.4
Time deposits	24.9	22.2	17.9	13.1	21.8
Other deposits(1)	1.9	4.7	2.2	5.3	86.0
Total deposits	**25.2**	**26.8**	**14.6**	**11.3**	**22.1**

Source: Company calculations based on separate information published by the Superintendency of Finance.

(1) Other deposits include judicial deposits (mainly in Banco Agrario), electronic deposits, remittances payable and deposit guarantees, among others.

At December 31, 2024, checking accounts represented a larger share of our total deposits than that of most of our principal competitor banks. The table below presents the total funding mix, deposit mix and average rate paid on total funding across the Colombian market at December 31, 2024.

Colombian IFRS	At December 31, 2024 Grupo Aval aggregate	Bancolombia	Davivienda	BBVA Colombia	Rest of the Colombian market
			(in percentages)		
Funding:					
Deposits	80.7	89.8	80.9	87.2	74.4
Other funding(1)	19.3	10.2	19.1	12.8	25.6
Total funding	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Deposits:					
Checking accounts	13.4	11.4	8.4	10.1	10.7
Savings accounts	45.3	53.8	40.4	41.0	42.0
Time deposits	41.1	34.5	51.0	48.1	40.9
Other deposits	0.1	0.3	0.2	0.8	6.4
Total deposits	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Average rate paid on funding:					
Average rate paid on deposits	7.9	5.7	7.6	7.7	7.5
Average rate paid on other funding(1)	8.6	9.3	9.3	9.3	9.0
Average rate paid on total funding	8.0	6.2	7.9	7.9	7.9

Source: Company calculations based on information published by the Superintendency of Finance.

(1) Other funding includes interbank borrowings and overnight funds, borrowings from banks, bonds issued and borrowings from development entities.

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Distribution channels

Through our banking subsidiaries, we have the largest branch network in Colombia, with 1,001 branches and 2,833 ATMs at December 31, 2024. The following table presents the distribution of branches and ATMs across the market at December 31, 2024.

	At December 31, 2024			
	Branches		ATMs	
	# of branches	Market share %	# of ATMs	Market share %
Grupo Aval aggregate	**996**	**19.7%**	**2,833**	**17.7%**
Bancolombia	652	12.9%	5,216	32.6%
Davivienda	534	10.5%	2,243	14.0%
BBVA Colombia	432	8.5%	1,471	9.2%
Rest of the Colombian market	2,454	48.4%	4,260	26.6%

(1) *Source:* Company calculations based on separate information published by the Superintendency of Finance, except for information for Grupo Aval which reflects aggregate data obtained from our banking subsidiaries. ATMs for the Rest of the Colombian market include "*Servibanca*", an ATM network, as of December 31, 2024.

Trust activities and portfolio management services

The following market share and other data comparing us and our trust and fiduciary services subsidiaries to our competitors in the Colombian market is based on information derived from the combined separate financial information reported to the Superintendency of Finance by our 4 trust and fiduciary services subsidiaries based on Colombian IFRS. Our main competitors in Colombia are Fiduciaria Bancolombia, Alianza Fiduciaria and Fiduciaria Davivienda.

At December 31, 2024, we had the largest market share of AUM in Colombia, with a 25.1% market share. We have a strong presence in administration fiduciary, collective investment and real estate. The following table presents the market shares of the main market participants in the trust and fiduciary services business with respect to AUM at December 31, 2024.

	At and for the year ended December 31, 2024								
	Aval Fiduciaria	Fiduciaria Bogotá	Fiduciaria de Occidente	Fiduciaria Popular	Grupo Aval aggregate	Fiduciaria Bancolombia	Alianza Fiduciaria	Fiduciaria Davivienda	Rest of the Colombian market
					(in percentages)				
Assets under management:									
Administration	18.8	6.6	6.8	1.1	33.4	21.9	15.4	2.4	26.9
Private equity	4.6	—	15.1	—	19.7	36.2	31.9	—	12.2
Collective investment	4.4	10.4	5.9	1.8	22.6	26.6	14.7	9.3	26.8
Voluntary pension	—	—	—	0.6	0.6	—	25.7	50.7	23.0
Warranty	2.6	7.5	9.1	1.5	20.7	39.9	10.0	5.9	23.6
Real estate	1.3	19.6	1.2	0.3	22.4	5.8	34.3	12.2	25.4
Investment	0.4	7.2	1.2	0.1	9.0	12.6	1.1	8.6	68.7
Social security	—	—	0.5	—	0.5	86.8	—	12.7	—
Other social security	0.0	11.2	5.4	2.0	18.6	1.8	0.0	10.7	68.8
Total	**8.5**	**9.2**	**6.3**	**1.1**	**25.1**	**22.1**	**16.6**	**6.6**	**29.7**

Aval Casa de Bolsa was the seventh largest stockbroker in Colombia in terms of assets at December 31, 2024. Aval Casa de Bolsa faces competition from local and global banks focused on stock brokerage as Credicorp Capital, Corredores Davivienda, Acciones y Valores and Valores Bancolombia. The following table presents the market shares of Aval Casa de Bolsa and its principal competitors by assets, liabilities, equity and net income at and for the year ended December 31, 2024. Following the purchase of Aval Casa de Bolsa by Grupo Aval, we intend to integrate the firm's value proposition into our banks' value offering, especially in the mass affluent and affluent segments that are more prone to use these non-banking financial services.

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Colombian IFRS	Assets	Liabilities	Equity	Net income
		(in percentages)		
Aval Casa de Bolsa	**4.5**	**4.9**	**3.6**	**0.3**
Credicorp Capital Colombia S.A.	43.4	56.6	15.7	28.5
Corredores Davivienda S.A.	11.7	11.5	12.2	5.3
Acciones y Valores S. A.	10.4	12.9	5.0	4.9
Valores Bancolombia S. A.	9.0	4.0	19.5	14.4

Merchant banking

Corficolombiana was the largest merchant bank (*corporación financiera*) in Colombia in terms of assets and equity at December 31, 2024. Corficolombiana faces competition from local and global banks focused on merchant and investment banking. Bancolombia, through its subsidiary Banca de Inversión Bancolombia S.A., is Corficolombiana's largest local competitor. Corficolombiana also faces competition from global banks with local investment banking operations. In addition, as an equity investor, Corficolombiana faces competition from other equity investors such as hedge funds, private equity firms and others.

The following table presents the market shares of Corficolombiana and its principal competitors by assets, liabilities, equity and net income at and for the year ended December 31, 2024.

Colombian IFRS	Assets	Liabilities	Equity	Net income
		(in percentages)		
Corficolombiana	**85.8**	**97.6**	**75.4**	**47.7**
Banca de Inversión Bancolombia S.A.	4.7	0.3	8.5	(37.6)
BNP Paribas Colombia Corporación Financiera S.A.	1.4	1.7	1.1	4.8
Corporación Financiera GNB Sudameris S.A.	6.5	0.0	12.3	92.8
Corporación Financiera Davivienda S.A.	1.4	0.3	2.3	(7.1)

Source: Information published by the Superintendency of Finance.

Pension and severance fund management

Porvenir is the leading private pension fund manager in Colombia in terms of assets under management. Porvenir's principal private competitors are other pension fund managers, including Protección, Colfondos and Skandia. Based on separate data prepared under Colombian IFRS, at December 31, 2024, Porvenir was the most efficient pension and severance fund manager in Colombia, with an efficiency ratio of 38.2%.

The following table presents the market shares of the main market participants in the private pension and severance fund management business with respect to assets under management and individual customers at December 31, 2024, as well as net income for the year ended December 31, 2024.

	At and for the year ended December 31, 2024			
	Porvenir	Protección	Colfondos	Skandia
		(in percentages)		
Individual customers to pension funds:				
Mandatory	61.2	29.3	8.8	0.7
Severance	55.4	34.8	9.1	0.7
Voluntary	16.6	63.3	7.6	12.5
Total	**57.9**	**32.2**	**8.9**	**1.0**
Assets under management:				
Mandatory	46.9	35.0	12.8	5.2
Severance	48.3	39.0	10.1	2.6
Voluntary	21.1	41.7	6.4	30.8
Total	**45.4**	**35.6**	**12.3**	**6.7**
Net income:	**50.8**	**31.9**	**10.1**	**7.2**

Source: Information published by the Superintendency of Finance for private pension and severance fund managers. Information does not include data from third-party pension liability funds, which does not comprise a material portion of the market. Net income calculated under Colombian IFRS.

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Other corporate information

Technology

The corporate technology vice-presidency at Grupo Aval focuses on enhancing customer service, ensuring platform availability and security, developing innovative services, supporting digital transformation, strengthening cybersecurity, and optimizing costs. The Vice Presidency of Technology defines the corporate technology strategy and oversees the strategies of individual entities, prioritizing cybersecurity, cloud computing, architecture, infrastructure, and processes to drive synergies, standardization, and efficiency.

The main focus areas in 2024 were:

- **Customer Services, Platform Availability and Assurance**
  - CRM implementation was completed across the four banks and Porvenir.
  - Treasury Core (Calypso) was deployed at Corficolombiana and Porvenir.
  - Technology for the corporate data center telecommunications network was designed and selected.
  - ATMs were replaced due to obsolescence.
  - The average uptime of core systems in banks was 99.75%, and for electronic channels 99.72%.
- **Innovation and Digital Transformation**
  - Significant progress was made in implementing the Instant Payment System (SPI) for the four banks and digital wallet – Dale!, enabling real-time electronic transfers and interbank payments.
  - The Tag Aval digital payment solution was launched, enhancing security and privacy by eliminating the need to share sensitive personal information.
  - In Open Banking, the open finance consent architecture was implemented, along with the API Marketplace Aval, facilitating data commercialization.
  - Business Banking Mobile App was launched, providing balance inquiries, payment authorization management, virtual token, etc.
  - For digital channels, the integration between the front-end and the core banking system was streamlined for digital product onboarding, and biometric registration was introduced.
  - Artificial Intelligence implementations for virtual assistants, auditing tools, and PQR processes.
- **Operational Efficiency and Cost Optimization**
  - The migration of applications to the cloud progressed from 26% to 34%, highlighting the incorporation of Siebel, Calypso, CTIF, and Flexcube into Oracle Cloud (OCI).

Intellectual property

Grupo Aval, we actively manage and protect our intellectual property through the strategic registration and monitoring of our brands and trademarks. This approach aligns with our marketing and commercial strategies in each operating country. We dedicate ongoing efforts to evaluating the potential for registering and renewing our trademarks in key markets like Colombia, the United States, Mexico, and across South and Central America. These actions directly support Grupo Aval's overall business strategy. Our vigilance extends to proactively monitoring competitor activity. We continuously assess and, if necessary, object to third-party registrations in the region that could create confusion or mislead the public due to similarities with our logos and branding. As of today, our commitment to intellectual property protection is reflected in:

- 170 registered trademarks: Ensuring clear ownership and legal protection for our core brand identifiers.

- 2 deposited trade names: Securing unique identities for specific business operations.

- 8 registered trade names: Providing distinct, legally recognized names for specific segments of our business.

- 2 registered slogans: Protecting our impactful marketing messages that resonate with our audience.

This robust portfolio lays the foundation for a strong and recognizable brand presence across the region, fostering trust and clarity for our customers and stakeholders.

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Selected statistical data

The following tables present select statistical information in accordance with subpart 1400 of Regulation S-K.

For the years ended December 31, 2024, 2023 and 2022, the results of discontinued operations are presented separately on the consolidated statement of income; however, following the deconsolidation of a discontinued operation, no retrospective adjustments are permitted to be made to the prior period consolidated statements of financial position under IFRS. To facilitate meaningful analysis and comparability, average statement of financial position balances prior to the consummation of the spin-off executed during the fiscal year 2022, including as used to calculate average yields and average rates, have been adjusted to exclude the impact of discontinued operations substantially in accordance with Article 11 of Regulation S-X, and all information presented under "Item 4. Information on the Company — Selected statistical data" refers to financial data of continuing operations, unless otherwise specifically noted. For more information about the impact of the spin-off and subsequent tender offer, please refer to "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Principal factors affecting our financial condition and results of operations—Transactions related to BHI – Discontinued operations" and Note 1.1 "Discontinued Operations of BAC Holding" to our audited consolidated financial statements.

Distribution of assets, liabilities and equity, interest rates and interest differential

- average statement of financial position for 2024, 2023 and 2022 have been calculated as follows: the average of balances at December 31, at September 30, at June 30, and at March 31 of the corresponding year, and the balance at December 31, of the previous year, adjusted where applicable to exclude the impact of discontinued operations.

Average Statement of Financial Position

For the years ended December 31, 2024, 2023 and 2022, the following table presents:

- average balances for, and calculated using the average of balances for our assets and liabilities (based on a five-period average) according with the above paragraph;
- interest income earned on assets and interest paid on liabilities; and
- average yield and interest rate for our interest-earning assets of continuing operations and interest-bearing liabilities of continuing operations, respectively.

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Average statement of financial position and income from interest-earning and non-interest-earning assets for the years ended December 31,

	2024			2023			2022		
	Average balance	Interest income earned	Average yield	Average balance	Interest income earned	Average yield	Average balance	Interest income earned	Average yield
	(in Ps billions, except percentages)								
ASSETS									
Interest-earning assets									
Fixed Income Investments									
Domestic	31,768.2	2,604.7	8.2 %	28,616.8	2,298.2	8.0 %	27,454.1	1,757.7	6.4 %
Foreign	3,659.1	111.7	3.1 %	3,598.7	87.1	2.4 %	3,714.3	85.8	2.3 %
Total	**35,427.3**	**2,716.3**	**7.7 %**	**32,215.5**	**2,385.3**	**7.4 %**	**31,168.4**	**1,843.5**	**5.9 %**
Interbank and overnight funds (1)									
Domestic	2,745.9	741.9	27.0 %	2,879.1	1,039.7	36.1 %	3,245.5	477.8	14.7 %
Foreign	73.0	27.3	37.4 %	126.7	28.6	22.6 %	69.4	9.9	14.3 %
Total	**2,818.9**	**769.2**	**27.3 %**	**3,005.8**	**1,068.4**	**35.5 %**	**3,314.9**	**487.7**	**14.7 %**
Loans - Client portfolio									
Domestic	177,104.5	23,581.6	13.3 %	168,701.1	24,297.7	14.4 %	151,661.6	16,010.7	10.6 %
Foreign	15,216.0	1,114.8	7.3 %	16,030.4	1,168.1	7.3 %	15,674.1	1,061.1	6.8 %
Total	**192,320.5**	**24,696.4**	**12.8 %**	**184,731.4**	**25,465.7**	**13.8 %**	**167,335.7**	**17,071.8**	**10.2 %**
Loans (2)									
Domestic	179,850.4	24,323.5	13.5 %	171,580.2	25,337.4	14.8 %	154,907.1	16,488.5	10.6 %
Foreign	15,289.0	1,142.1	7.5 %	16,157.0	1,196.7	7.4 %	15,743.6	1,071.1	6.8 %
Total	**195,139.4**	**25,465.6**	**13.0 %**	**187,737.2**	**26,534.1**	**14.1 %**	**170,650.6**	**17,559.5**	**10.3 %**
Total interest-earning assets									
Domestic	211,618.6	26,928.2	12.7 %	200,197.0	27,635.6	13.8 %	182,361.1	18,246.2	10.0 %
Foreign	18,948.1	1,253.8	6.6 %	19,755.7	1,283.8	6.5 %	19,457.9	1,156.8	5.9 %
Total interest-earning assets	**230,566.7**	**28,181.9**	**12.2 %**	**219,952.7**	**28,919.4**	**13.1 %**	**201,819.0**	**19,403.0**	**9.6 %**
Total non-interest-earning assets	**86,212.8**	—	—	**78,536.3**	—	—	**72,812.5**	—	—
Total interest-earning and non interest-earning assets									
Domestic	**293,807.1**	**26,928.2**	**9.2 %**	**276,605.9**	**27,635.6**	**10.0 %**	**253,107.0**	**18,246.2**	**7.2 %**
Foreign	**20,825.8**	**1,253.8**	**6.0 %**	**21,883.1**	**1,283.8**	**5.9 %**	**21,524.5**	**1,156.8**	**5.4 %**
Total assets	**314,632.8**	**28,181.9**	**9.0 %**	**298,489.0**	**28,919.4**	**9.7 %**	**274,631.5**	**19,403.0**	**7.1 %**

(1) Reflects operations involving common short-term interbank funds, repurchase transactions (repos), simultaneous operations and transactions involving the temporary transfer of securities. The average for 2024 includes: a) the average of Ps. 672.1 included in "Loans" line and b) the average of Ps. 2,146.7 included in "Cash and cash equivalents" line.

(2) Includes loans and interbank and overnight funds.

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Average statement of financial position and income from interest-bearing and non-interest-bearing liabilities and equity for the years ended December 31,

	2024			2023			2022		
	Average balance	Interest expense paid	Average interest rate	Average balance	Interest expense paid	Average interest rate	Average balance	Interest expense paid	Average interest rate
	(in Ps billions, except percentages)								
LIABILITIES AND EQUITY									
Interest-bearing liabilities									
Interest-bearing checking accounts									
Domestic	5,279.7	201.5	3.8 %	5,814.3	220.9	3.8 %	6,482.6	148.5	2.3 %
Foreign	926.9	59.8	6.5 %	419.8	32.2	7.7 %	214.1	10.6	4.9 %
Total	**6,206.6**	**261.3**	**4.2 %**	**6,234.1**	**253.0**	**4.1 %**	**6,696.7**	**159.1**	**2.4 %**
Savings accounts									
Domestic	74,897.5	5,396.4	7.2 %	68,543.4	5,929.0	8.6 %	69,915.4	3,541.8	5.1 %
Foreign	2,044.6	37.7	1.8 %	1,932.8	24.5	1.3 %	1,805.1	14.1	0.8 %
Total	**76,942.1**	**5,434.1**	**7.1 %**	**70,476.2**	**5,953.4**	**8.4 %**	**71,720.4**	**3,555.8**	**5.0 %**
Time deposits									
Domestic	82,843.1	8,971.7	10.8 %	73,982.9	9,545.8	12.9 %	52,114.7	3,692.2	7.1 %
Foreign	9,758.4	527.0	5.4 %	9,764.9	462.0	4.7 %	9,316.6	349.3	3.7 %
Total	**92,601.5**	**9,498.7**	**10.3 %**	**83,747.8**	**10,007.8**	**11.9 %**	**61,431.3**	**4,041.5**	**6.6 %**
Total interest bearing deposits									
Domestic	163,020.4	14,569.5	8.9 %	148,340.6	15,695.6	10.6 %	128,512.7	7,382.4	5.7 %
Foreign	12,729.8	624.5	4.9 %	12,117.5	518.6	4.3 %	11,335.7	374.0	3.3 %
Total	**175,750.2**	**15,194.0**	**8.6 %**	**160,458.1**	**16,214.2**	**10.1 %**	**139,848.4**	**7,756.4**	**5.5 %**
Interbank and overnight funds (1)									
Domestic	16,851.8	1,649.6	9.8 %	12,068.5	1,842.1	15.3 %	10,249.6	670.9	6.5 %
Foreign	655.6	34.3	5.2 %	281.9	14.1	5.0 %	208.3	7.2	3.4 %
Total	**17,507.4**	**1,683.9**	**9.6 %**	**12,350.4**	**1,856.3**	**15.0 %**	**10,457.9**	**678.1**	**6.5 %**
Borrowings from banks and other									
Domestic	23,969.4	2,105.0	8.8 %	25,802.7	2,153.3	8.3 %	21,518.6	974.6	4.5 %
Foreign	2,398.7	140.6	5.9 %	4,625.2	248.7	5.4 %	5,131.9	162.4	3.2 %
Total	**26,368.1**	**2,245.6**	**8.5 %**	**30,427.8**	**2,402.0**	**7.9 %**	**26,650.5**	**1,137.0**	**4.3 %**
Long-term debt									
Domestic	22,849.8	1,676.6	7.3 %	24,566.7	2,049.3	8.3 %	28,909.9	2,033.9	7.0 %
Foreign	1,469.0	114.1	7.8 %	1,275.0	110.6	8.7 %	1,366.5	59.0	4.3 %
Total	**24,318.8**	**1,790.7**	**7.4 %**	**25,841.8**	**2,159.9**	**8.4 %**	**30,276.4**	**2,092.8**	**6.9 %**
Total interest-bearing liabilities									
Domestic	226,691.4	20,000.8	8.8 %	210,778.5	21,740.4	10.3 %	189,190.8	11,061.9	5.8 %
Foreign	17,253.1	913.6	5.3 %	18,299.6	892.0	4.9 %	18,042.5	602.5	3.3 %
Total interest-bearing liabilities	**243,944.5**	**20,914.3**	**8.6 %**	**229,078.1**	**22,632.4**	**9.9 %**	**207,233.3**	**11,664.4**	**5.6 %**
Total non-interest-bearing liabilities and equity	**70,688.4**	**—**	**—**	**69,410.9**	**—**	**—**	**67,398.2**	**—**	**—**
Total liabilities and equity	**314,632.8**	**20,914.3**	**6.6 %**	**298,489.0**	**22,632.4**	**7.6 %**	**274,631.5**	**11,664.4**	**4.2 %**

(1) Reflects operations involving: common short-term interbank funds, repurchase transactions (repos), simultaneous operations and transactions involving the temporary transfer of securities.

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Analysis of Changes in Volume and Rate on Interest Income and Interest Expense

The following tables allocate by currency of denomination, the changes in our interest income (interest-earning assets) and interest expense (interest-bearing liabilities) between the changes in average volume and changes in average yield (interest-earning assets) and average rates (interest-bearing liabilities) for the year ended December 31, 2024 compared to the year ended December 31, 2023 and the year ended December 31, 2023 compared to the year ended December 31, 2022. Volume and rate variances have been calculated based on variances in average balances over the period and changes in interest rates on average interest-earning assets and average interest-bearing liabilities as follows: (a) changes in volume (change in volume times new rate) and (b) changes in rates (change in rate times old volume). Net changes attributable to changes in both volume and interest rate have been allocated to changes in volume. You should read the following tables and the footnotes thereto in conjunction to our observations noted in "—Average statement of financial position".

	2024 - 2023 Increase (decrease) due to changes in			2023 - 2022 Increase (decrease) due to changes in		
	Volume	Rate	Net change	Volume	Rate	Net change
	(in Ps billions, except percentages)					
Interest-earning assets:						
Fixed Income Investments						
Domestic	258.4	48.1	306.5	93.4	447.1	540.5
Foreign	1.8	22.7	24.6	(2.8)	4.1	1.3
Total	**246.3**	**84.8**	**331.1**	**77.5**	**464.2**	**541.8**
Interbank and overnight funds [(1)]						
Domestic	(36.0)	(261.8)	(297.8)	(132.3)	694.3	562.0
Foreign	(20.1)	18.7	(1.3)	12.9	5.8	18.7
Total	**(51.0)**	**(248.1)**	**(299.1)**	**(109.9)**	**690.5**	**580.7**
Loans - Client portfolio						
Domestic	1,118.9	(1,835.0)	(716.1)	2,454.2	5,832.8	8,287.0
Foreign	(59.7)	6.4	(53.3)	26.0	81.0	106.9
Total	**974.5**	**(1,743.9)**	**(769.4)**	**2,398.0**	**5,995.9**	**8,393.9**
Sum interest-earnings assets						
Domestic	1,192.3	(1,899.8)	(707.5)	2,415.2	6,974.2	9,389.4
Foreign	(53.4)	23.4	(30.0)	36.1	90.8	126.9
Total interest-earnings assets	**1,044.7**	**(1,782.1)**	**(737.5)**	**2,365.7**	**7,150.7**	**9,516.4**
Interest-bearing liabilities						
Interest-bearing checking accounts						
Domestic	(20.4)	1.1	(19.3)	(25.4)	97.7	72.3
Foreign	32.7	(5.1)	27.6	15.8	5.8	21.6
Total	**(1.2)**	**9.4**	**8.3**	**(18.8)**	**112.7**	**93.9**
Saving accounts						
Domestic	457.8	(990.4)	(532.6)	(118.7)	2,505.9	2,387.2
Foreign	2.1	11.2	13.2	1.6	8.8	10.4
Total	**456.7**	**(976.0)**	**(519.4)**	**(105.1)**	**2,502.7**	**2,397.6**
Time deposits						
Domestic	959.5	(1,533.7)	(574.1)	2,821.6	3,032.0	5,853.6
Foreign	(0.3)	65.4	65.0	21.2	91.5	112.7
Total	**908.2**	**(1,417.3)**	**(509.1)**	**2,666.8**	**3,299.5**	**5,966.3**
Interbank and overnight funds [(1)]						
Domestic	468.2	(660.7)	(192.5)	277.6	893.6	1,171.2
Foreign	19.6	0.6	20.2	3.7	3.3	7.0
Total	**496.0**	**(668.3)**	**(172.3)**	**284.4**	**893.7**	**1,178.1**
Borrowings from banks and other						
Domestic	(161.0)	112.7	(48.3)	357.5	821.1	1,178.7
Foreign	(130.5)	22.5	(108.1)	(27.2)	113.6	86.3
Total	**(345.7)**	**189.4**	**(156.4)**	**298.2**	**966.8**	**1,265.0**
Long-term debt						
Domestic	(126.0)	(246.8)	(372.8)	(362.3)	377.8	15.5
Foreign	15.1	(11.5)	3.5	(7.9)	59.5	51.6
Total	**(112.1)**	**(257.1)**	**(369.2)**	**(370.7)**	**437.8**	**67.1**
Total interest-bearing liabilities						
Domestic	1,404.0	(3,143.6)	(1,739.6)	2,227.1	8,451.4	10,678.5
Foreign	(55.4)	76.9	21.5	12.3	277.2	289.5
Total interest-bearing liabilities	**1,274.6**	**(2,992.7)**	**(1,718.1)**	**2,158.2**	**8,809.8**	**10,968.0**

(1) Reflects operations involving common short-term interbank funds, repurchase transactions (repos), simultaneous operations and transactions involving the temporary transfer of securities. The average for 2024 includes: a) the average of Ps. 672.1 included in "Loans" line and b) the average of Ps. 2,146.7 included in "Cash and cash equivalents" line.

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Interest-earning assets – net interest margin and spread

The following table presents average balances of interest-earning assets as well as our yields on our average interest-earning assets, net interest earned, net interest margin and interest spread of continuing operations for the years ended December 31, 2024, 2023 and 2022.

	For the years ended December 31,		
	2024	2023	2022
	(in Ps billions, except percentages)		
Interbank and overnight funds [1]			
Domestic	2,745.9	2,879.1	3,245.5
Foreign	73.0	126.7	69.4
Total	**2,818.9**	**3,005.8**	**3,314.9**
Loans - Client portfolio			
Domestic	177,104.5	168,701.1	151,661.6
Foreign	15,216.0	16,030.4	15,674.1
Total	**192,320.5**	**184,731.4**	**167,335.7**
Fixed Income Investments			
Domestic	31,768.2	28,616.8	27,454.1
Foreign	3,659.1	3,598.7	3,714.3
Total	**35,427.3**	**32,215.5**	**31,168.4**
Total average interest-earning assets			
Domestic	209,471.9	200,197.0	182,361.1
Foreign	18,948.1	19,755.7	19,457.9
Total	**228,420.0**	**219,952.7**	**201,819.0**
Gross interest earned			
Domestic	26,928.2	27,635.6	18,246.2
Foreign	1,253.8	1,283.8	1,156.8
Total	**28,181.9**	**28,919.4**	**19,403.0**
Net interest income [2]			
Domestic	6,927.4	5,895.3	7,184.3
Foreign	340.2	391.7	554.3
Total	**7,267.6**	**6,287.0**	**7,738.6**
Average yield on interest-earning assets			
Total Domestic	12.9 %	13.8 %	10.0 %
Foreign	6.6 %	6.5 %	5.9 %
Total	**12.3 %**	**13.1 %**	**9.6 %**
Net interest margin [3]			
Total Domestic	3.3 %	2.9 %	3.9 %
Foreign	1.8 %	2.0 %	2.8 %
Total	**3.2 %**	**2.9 %**	**3.8 %**
Interest spread on loans [4]			
Total Domestic	4.4 %	3.8 %	4.8 %
Foreign	2.4 %	3.0 %	3.5 %
Total	**4.2 %**	**3.7 %**	**4.7 %**
Interest spread on total interest-earning assets [5]			
Total Domestic	4.0 %	3.5 %	4.2 %
Foreign	1.3 %	1.6 %	2.6 %
Total	**3.8 %**	**3.3 %**	**4.0 %**

(1) Reflects operations involving common short-term interbank funds, repurchase transactions (repos), simultaneous operations and transactions involving the temporary transfer of securities. The average for 2024 includes: a) the average of Ps. 672.1 included in "Loans" line and b) the average of Ps. 2,146.7 included in "Cash and cash equivalents" line.
(2) Net interest income is calculated as interest income less interest paid and includes accrued interest on interbank and overnight funds.
(3) Net interest margin is calculated as net interest income divided by total average interest-earning assets, of continuing operations. Such average interest-earning assets for 2024, 2023 and 2022 are calculated as the sum of such interest-earning assets at each quarter-end during the applicable year and the prior year end divided by five.
(4) Interest spread on loans is calculated as the difference between the average yield on interest-earning loans and leases and the average rate paid on interest-bearing deposits.
(5) Interest spread on total interest-earning assets is calculated as the difference between the average yield on interest-earning assets and the average rate paid on interest-bearing liabilities.

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Investment portfolio

The following tables summarizes the weighted average yield for each range of maturities by category of debt securities at fair value through OCI and at amortized cost as of December 31,2024.

Investments in debt securities at fair value through OCI	At December 31, 2024 In one year or less	After one year through five years	After five years through ten years	After ten years	Total
	Average Yield % (1)	Average Yield % (1)	Average Yield % (1)	Average Yield % (1)	Average Yield % (1)
Debt securities					
Peso-denominated					
Securities issued or secured by the Colombian government	8.5 %	7.9 %	10.9 %	11.7 %	8.4 %
Securities issued or secured by Colombian government entities	9.9 %	11.9 %	11.5 %	— %	11.4 %
Securities issued or secured by other financial entities	10.0 %	10.6 %	11.1 %	— %	10.3 %
Other securities	— %	12.9 %	14.8 %	— %	12.9 %
Total weighted average yield, peso-denominated	**8.8 %**	**8.1 %**	**10.9 %**	**11.7 %**	**8.6 %**
Foreign currency-denominated					
Securities issued or secured by the Colombian government	— %	5.9 %	6.4 %	6.5 %	6.0 %
Securities issued or secured by foreign Central Banks	— %	— %	6.9 %	— %	6.9 %
Securities issued or secured by Colombian government entities	— %	6.8 %	7.5 %	— %	7.0 %
Securities issued or secured by foreign governments	12.1 %	6.0 %	7.0 %	6.8 %	7.3 %
US government and agencies	4.2 %	4.3 %	4.4 %	3.2 %	4.1 %
Securities issued or secured by other financial entities	5.6 %	5.8 %	6.8 %	— %	5.8 %
Other securities	5.3 %	6.4 %	7.2 %	7.1 %	6.2 %
Total weighted average yield, foreign currency-denominated	**6.9 %**	**3.8 %**	**5.5 %**	**4.9 %**	**4.0 %**
Total Average Yield debt securities at fair value through OCI, net	**7.8 %**	**7.3 %**	**9.2 %**	**8.9 %**	**7.6 %**

(1) The weighted-average yield is computed using the internal rate of return, or "IRR", at December 31, 2024.

Investments in debt securities at amortized cost	At December 31, 2024 In one year or less	After one year through five years	After five years through ten years	After ten years	Total
	Average Yield % (1)	Average Yield % (1)	Average Yield % (1)	Average Yield % (1)	Average Yield % (1)
Debt securities					
Peso-denominated					
Securities issued or secured by the Colombian government	10.1 %	— %	— %	— %	10.1 %
Securities issued or secured by Colombian government entities	6.4 %	— %	— %	— %	6.4 %
Other securities	— %	11.6 %	— %	— %	11.6 %
Total weighted average yield, peso-denominated	**7.6 %**	**11.6 %**	**— %**	**— %**	**7.6 %**
Foreign currency-denominated					
US government and agencies	4.3 %	— %	— %	— %	4.3 %
Securities issued or secured by other financial entities	4.6 %	17.8 %	— %	10.0 %	10.0 %
Other securities	— %	5.8 %	8.2 %	7.4 %	7.0 %
Total weighted average yield, foreign currency-denominated	**4.4 %**	**8.9 %**	**8.2 %**	**10.0 %**	**9.8 %**
Total Average Yield debt securities at amortized cost, net	**7.5 %**	**9.5 %**	**8.2 %**	**10.0 %**	**8.1 %**

(1) The weighted-average yield is computed using the internal rate of return, or "IRR", at December 31, 2024.

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Loan portfolio

Maturity Profile of the Loan Portfolio

The following table presents the maturities of our loan portfolio at December 31, 2024.

	At December 31, 2024				
	In one year or less	After one year through five years	After five years through 15 years	After 15 years	Total
	(in Ps billions)				
Domestic					
Commercial					
General purpose loans	39,731.8	30,366.7	7,577.1	4.7	77,680.2
Loans funded by development banks	977.1	1,511.7	1,028.6	—	3,517.4
Working capital loans	10,526.0	1,754.2	55.2	—	12,335.3
Credit cards	218.6	119.4	0.2	—	338.2
Overdrafts	346.7	—	—	—	346.7
Leases	2,937.9	6,238.5	2,874.2	57.5	12,108.0
Interbank and overnight funds	581.8	—	—	—	581.8
Total commercial	**55,319.8**	**39,990.5**	**11,535.2**	**62.2**	**106,907.6**
Consumer					
Credit cards	3,487.7	3,267.2	165.7	—	6,920.6
Personal loans	3,856.2	9,557.8	854.6	7.4	14,276.0
Payroll loans	2,117.1	9,187.4	20,682.4	3.3	31,990.2
Automobile and vehicle loans	1,139.5	2,846.8	348.3	0.0	4,334.5
Overdrafts	41.6	—	—	—	41.6
General purpose loans	99.0	50.7	3.1	—	152.8
Leases	5.2	6.6	0.4	0.0	12.2
Total consumer	**10,746.3**	**24,916.5**	**22,054.5**	**10.7**	**57,728.0**
Mortgages					
Mortgages	825.3	2,539.8	8,657.3	4,150.8	16,173.2
Leases	164.7	485.8	1,199.0	472.2	2,321.7
Total Mortgages	**990.0**	**3,025.6**	**9,856.2**	**4,623.0**	**18,494.9**
Microcredit	**3.4**	**0.4**	**0.5**	**—**	**4.4**
Total domestic portfolio	**67,059.5**	**67,933.0**	**43,446.4**	**4,695.9**	**183,134.8**
Foreign					
Commercial					
General purpose loans	810.1	3,367.0	287.9	—	4,465.0
Working capital loans	3,641.5	623.7	24.0	—	4,289.2
Overdrafts	301.4	—	—	—	301.4
Leases	3.0	27.7	2.4	—	33.1
Interbank and overnight funds	123.3	—	—	—	123.3
Total commercial	**4,879.4**	**4,018.5**	**314.2**	**—**	**9,212.1**
Consumer					
Credit cards	34.6	304.0	7.5	—	346.1
Personal loans	—	0.6	15.6	149.9	166.2
Payroll loans	25.6	215.7	955.9	994.7	2,191.8
Automobile and vehicle loans	43.0	448.8	1,007.9	0.2	1,500.0
Overdrafts	37.7	—	—	—	37.7
Leases	0.2	5.8	0.6	—	6.6
Total consumer	**141.1**	**974.9**	**1,987.6**	**1,144.8**	**4,248.4**
Mortgages	**0.3**	**7.4**	**186.4**	**3,346.8**	3,540.9
Total foreign portfolio	**5,020.7**	**5,000.8**	**2,488.2**	**4,491.6**	**17,001.3**
Total loan portfolio	**72,080.2**	**72,933.8**	**45,934.6**	**9,187.5**	**200,136.1**

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The following table presents our loan portfolio due after one year and within one year or less as of December 31, 2024, broken down between fixed and variable rates.

	At December 31, 2024 (in Ps billions)
Loans with maturity of one year or less	
Variable rate:	
Domestic	43,773.9
Foreign	4,523.6
Total	**48,297.5**
Fixed rate:	
Domestic	23,285.6
Foreign	497.1
Total	**23,782.7**
Total loans with maturity of one year or less	**72,080.2**
Loans with maturity of more than one year	
Variable rate:	
Domestic	44,853.5
Foreign	11,669.1
Total	**56,522.6**
Fixed rate:	
Domestic	71,221.8
Foreign	311.5
Total	**71,533.3**
Total loans with maturity of more than one year	**128,055.9**
Total loan portfolio	**200,136.1**

Credit Ratios

The following table presents our credit ratios for the years indicated, adjusted where applicable to exclude the impact of discontinued operations:

	At December 31,		
	2024	2023	2022
	(in Ps billions, except percentages)		
Domestic			
Commercial (1)	1.1%	0.6%	0.8%
Net charge-off during the period	1,171.3	576.5	677.8
Average amount outstanding	103,309.0	97,531.0	87,306.2
Consumer	7.2%	6.0%	4.3%
Net charge-off during the period	4,128.1	3,371.1	2,197.5
Average amount outstanding	56,995.3	56,395.6	51,331.9
Microcredit	6.5%	8.9%	28.4%
Net charge-off during the period	11.2	24.2	80.6
Average amount outstanding	173.5	270.7	284.3
Mortgages	0.4%	0.3%	0.3%
Net charge-off during the period	71.0	42.4	32.6
Average amount outstanding	16,626.8	14,503.8	12,739.2
Total domestic	**3.0%**	**2.4%**	**2.0%**
Net charge-off during the period	**5,381.7**	**4,014.2**	**2,988.6**
Average amount outstanding	**177,104.5**	**168,701.1**	**151,661.6**
Foreign			
Commercial (1)	0.6%	1.0%	0.8%
Net charge-off during the period	48.5	91.5	68.4
Average amount outstanding	8,165.0	8,821.7	8,804.3

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	At December 31,		
	2024	2023	2022
	(in Ps billions, except percentages)		
Consumer	1.4%	1.7%	4.1%
Net charge-off during the period	51.6	62.2	145.7
Average amount outstanding	3,748.8	3,658.7	3,524.0
Mortgages	0.2%	0.2%	0.3%
Net charge-off during the period	5.1	8.7	9.2
Average amount outstanding	3,302.3	3,549.9	3,345.9
Total foreign	**0.7%**	**1.0%**	**1.4%**
Net charge-off during the period	**105.1**	**162.3**	**223.3**
Average amount outstanding	**15,216.0**	**16,030.4**	**15,674.1**
Total loans	**2.9%**	**2.3%**	**1.9%**
Net charge-off during the period	**5,486.8**	**4,176.5**	**3,211.9**
Average amount outstanding	**192,320.5**	**184,731.5**	**167,335.7**

(1) Reflects charge-offs of commercial loans entered into with clients, in the ordinary course of our business charge-offs for interbank and overnight funds are not usual.

For a discussion of Grupo Aval's net impairment loss on financial assets see "Item 5. Operating and Financial Review and Prospects—A. Operating Results".

See Note 4.1.5. "Risk Management" to our audited consolidated financial statements for the breakdown of allowance for credit losses by each loan category.

Deposits

The following table presents our average interest-bearing and non-interest bearing deposits by category for the periods indicated, adjusted where applicable to exclude the impact of discontinued operations:

	Average statement of financial position and income from interest-bearing and non-interest-bearing liabilities for the years ended December 31,								
	2024			2023			2022		
	Average balance	Interest expense paid	Average interest rate	Average balance	Interest expense paid	Average interest rate	Average balance	Interest expense paid	Average interest rate
	(in Ps billions, except percentages)								
Deposits									
Interest-bearing deposits									
Interest-bearing checking accounts									
Domestic	5,279.7	201.5	3.8 %	5,814.3	220.9	3.8 %	6,482.6	148.5	2.3 %
Foreign	926.9	59.8	6.5 %	419.8	32.2	7.7 %	214.1	10.6	4.9 %
Total	**6,206.6**	**261.3**	**4.2 %**	**6,234.1**	**253.0**	**4.1 %**	**6,696.7**	**159.1**	**2.4 %**
Savings accounts									
Domestic	74,897.5	5,396.4	7.2 %	68,543.4	5,929.0	8.6 %	69,915.4	3,541.8	5.1 %
Foreign	2,044.6	37.7	1.8 %	1,932.8	24.5	1.3 %	1,805.1	14.1	0.8 %
Total	**76,942.1**	**5,434.1**	**7.1 %**	**70,476.2**	**5,953.4**	**8.4 %**	**71,720.4**	**3,555.8**	**5.0 %**
Time deposits									
Domestic	82,843.1	8,971.7	10.8 %	73,982.9	9,545.8	12.9 %	52,114.7	3,692.2	7.1 %
Foreign	9,758.4	527.0	5.4 %	9,764.9	462.0	4.7 %	9,316.6	349.3	3.7 %
Total	**92,601.5**	**9,498.7**	**10.3 %**	**83,747.8**	**10,007.8**	**11.9 %**	**61,431.3**	**4,041.5**	**6.6 %**
Total interest bearing deposits									
Domestic	163,020.4	14,569.5	8.9 %	148,340.6	15,695.6	10.6 %	128,512.7	7,382.4	5.7 %
Foreign	12,729.8	624.5	4.9 %	12,117.5	518.6	4.3 %	11,335.7	374.0	3.3 %
Total	**175,750.2**	**15,194.0**	**8.6 %**	**160,458.1**	**16,214.2**	**10.1 %**	**139,848.4**	**7,756.4**	**5.5 %**
Non-Interest-bearing deposits									
Non-interest-bearing checking accounts									
Domestic	15,886.7	—	— %	16,398.7	—	— %	18,458.3	—	— %
Foreign	1,304.5	—	— %	1,381.4	—	— %	1,315.1	—	— %
Total	**17,191.1**	**—**	**— %**	**17,780.1**	**—**	**— %**	**19,773.4**	**—**	**— %**
Others deposits									
Domestic	345.1	—	— %	600.2	—	— %	511.4	—	— %
Foreign	6.0	—	— %	6.0	—	— %	8.9	—	— %
Total	**351.1**	**—**	**— %**	**606.2**	**—**	**— %**	**520.2**	**—**	**— %**
Total non-interest bearing deposits									
Domestic	16,231.8	—	— %	16,998.9	—	— %	18,969.7	—	— %
Foreign	1,310.5	—	— %	1,387.4	—	— %	1,323.9	—	— %

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Average statement of financial position and income from interest-bearing and non-interest-bearing liabilities for the years ended December 31,

	2024			2023			2022		
	Average balance	Interest expense paid	Average interest rate	Average balance	Interest expense paid	Average interest rate	Average balance	Interest expense paid	Average interest rate
	(in Ps billions, except percentages)								
Total	**17,542.2**	—	— %	**18,386.3**	—	— %	**20,293.6**	—	— %
Total deposits									
Domestic	179,252.1	14,569.5	8.1 %	165,339.5	15,695.6	9.5 %	147,482.4	7,382.4	5.0 %
Foreign	14,040.3	624.5	4.4 %	13,504.8	518.6	3.8 %	12,659.6	374.0	3.0 %
Total deposits	**193,292.4**	**15,194.0**	**7.9 %**	**178,844.3**	**16,214.2**	**9.1 %**	**160,142.1**	**7,756.4**	**4.8 %**

The following table presents the amount of uninsured deposits by geography:

	At December 31, 2024 (1) (in Ps billions)		
	Peso-denominated	Foreign currency-denominated	Total
Barbados…...............................	—	1,289.9	**1,289.9**
Colombia…...............................	145,968.4	7,827.1	**153,795.5**
Panamá..................................	—	22,925.4	**22,925.4**
Total...	**145,968.4**	**32,042.4**	**178,010.8**

(1) Includes uninsured: checking accounts, saving accounts, time deposits and other deposits.

The following table presents a maturity profile of our uninsured time deposits by geography:

	Colombia At December 31, 2024 (in Ps billions)		
	Peso-denominated	Foreign currency-denominated	Total
3 months or less...................................	15,712.1	1,356.5	**17,068.6**
Over 3 through 6 months.............................	15,085.7	3,094.9	**18,180.6**
Over 6 through 12 months...........................	23,983.7	815.6	**24,799.3**
Over 12 months..........................	13,271.3	140.5	**13,411.8**
Total..	**68,052.8**	**5,407.5**	**73,460.3**

	Barbados At December 31, 2024 (in Ps billions)		
	Peso-denominated	Foreign currency-denominated	Total
3 months or less...................................	—	305.6	**305.6**
Over 3 through 6 months.............................	—	311.3	**311.3**
Over 6 through 12 months...........................	—	127.6	**127.6**
Over 12 months..........................	—	196.0	**196.0**
Total..	**—**	**940.5**	**940.5**

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	Panamá At December 31, 2024 (in Ps billions)		
	Peso-denominated	Foreign currency-denominated	Total
3 months or less	—	3,111.8	**3,111.8**
Over 3 through 6 months	—	4,134.5	**4,134.5**
Over 6 through 12 months	—	6,692.0	**6,692.0**
Over 12 months	—	2,375.2	**2,375.2**
Total	**—**	**16,313.4**	**16,313.4**

Supervision and regulation

Colombian Banking Regulators

Pursuant to the Colombian Constitution, the Colombian Congress has the power to prescribe the general legal framework within which the Government and other authorities may regulate the financial system. The Colombian Constitution also permits the Colombian Congress to authorize Government intervention in the economy by statute. The agencies vested with the authority to regulate the financial system are the Board of Directors of the Colombian Central Bank, the Colombian Ministry of Finance, the Superintendency of Finance, the Superintendency of Industry and Commerce and the Securities Market Self-Regulatory Organization.

Central Bank

The Colombian Central Bank exercises the customary functions of a central bank, including price stabilization, legal currency issuance, regulation of currency circulation, credit and exchange rate monitoring and administration of international reserves. Its Board of Directors is the regulatory authority for monetary, currency exchange and credit policies, and is responsible for the direction and execution of the Colombian Central Bank duties. The Colombian Central Bank also acts as a lender of last resort to financial institutions.

Pursuant to the Colombian Constitution, the Colombian Central Bank is autonomous and independent from the Government in the formulation of monetary policy and currency exchange and credit policies. Specifically, the Constitution provides administrative, technical, budgetary and legal autonomy for the Colombian Central Bank and its Board of Directors with respect to monetary, credit and foreign exchange matters. The Colombian Central Bank reports to the Colombian Congress. Its Board of Directors has seven members: one member is the Minister of Finance and Public Credit, one member is the General Manager of the Colombian Central Bank, and the other five members, who are full-time employees, are appointed two at a time by the President of Colombia for four-year terms that can be extended. In 2024, the General Manager of the Colombian Central Bank, who has held the position since 2021, was reappointed for another four-year term, set to end in 2028. Additionally, in January 2025, the President of Colombia removed two directors and appointed two new members to the Board of Directors.

Ministry of Finance

The Ministry of Finance designs, coordinates, regulates and executes economic policy, seeking to create an optimal administration of public finances for the economic and social development of the country. The Ministry of Finance regulates all aspects of finance, securities and insurance activities, pursuant to powers conferred by the Colombian Constitution. As part of its duties, the Ministry of Finance issues decrees mainly related to financial, taxation, customs, public credit and budgetary matters that may affect banking transactions in Colombia. In particular, the Ministry of Finance is responsible for regulations relating to financial institutions' capital adequacy, risk limitations, authorized transactions, disclosure of information and accounting.

According to Decree 4172 of 2011, the *"Unidad Administrativa Especial, Unidad de Proyección Normativa y Estudios de Regulación Financiera"* (URF), an independent unit of the Ministry of Finance is responsible for preparing and drafting any new financial, monetary, credit, securities, foreign exchange and insurance regulation to be issued by the Colombian Government.

During 2024, the URF was actively drafting decrees and issuing new regulations compared to 2023. Along with the Ministry of Finance, there were issued 8 decrees: (i) Decree 0052 of 2024, which modifies certain numeration matters related with Decree 1533 of 2022 (Largest exposures) and provides a term for standards definitions; (ii) Decree 0079 of 2024, which modifies certain matters related with Public Acquisition Offers specifically concerning share swaps; Decree 0265 of 2024, which modifies rules for Colombian Collective Investment Funds (FICS) to enhance their liquidity and improve efficiency in structuring such funds, as well as streamlining regulations for foreign securities quotation systems (*sistemas de cotización de valores extranjeros*) and asset securitization companies for mortgage-backed

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securities (*sociedades titularizadoras de activos hipotecarios*); (iii) Decree 1239 of 2024, which introduces several amendments aimed at increasing liquidity in the local stock market. These changes include allowing credit for stock acquisitions, introducing the Liquidity Providers Program (*Programa de Formadores de Liquidez*), defining short selling, permitting recurrent repo operations over foreign stocks, reducing certain advisory requirements for investment services, and lifting the prohibition on OTC operations between related parties; (iv) Decree 1271 of 2024, which incorporates Financial Reporting Standard IFRS 17 (Insurance Contracts) into Decree 2420 of 2015; (v) Decree 1272 of 2024, which amends regulations concerning technical reserves for insurance companies; (vi) Decree 1358 of 2024, which establishes new criteria for determining related parties to Credit Establishments and sets policies for managing conflicts of interest; (vii) Decree 1544 of 2024 which incorporates new rules on related-party status, determines mechanism for identifying and managing transactions between related parties, modifies the transition regime established in Decree 1533 of 2022, and reviews the classification criteria for savings and credit cooperatives, as well as multi-active and integral cooperatives with savings and credit sections,; and finally, (viii) Decree 1558 of 2024 which regulates Law 2381 of 2024 (pension reform), allowing certain entities to manage additional pension funds exceeding 2.3 Colombian minimum wages and defining the requirements for competing in this sector. Following this regulation, these entities were designated as ACCAI (Acronym in Spanish for *Administrators of the Complementary Component of Individual Pension Savings*), as explained in the *Risk Factors* section. Furthermore, as of 2025, the URF has issued only one Decree (Decree 0034 of 2025) regulating collaborative financing, encompassing project classification, collaborative financing modalities, transaction management mechanisms, among other related matters.

Apart from Decree 1558 of 2024, none of these regulations appear to directly materially impact profitability or business lines of our companies. The implementation of Decree 1533 of 2022 (Great Exposures) is still ongoing. The Decree will take force in August 2025. "Item 4. Information on the Company—B. Business overview—Supervision and regulation. —Lending Limits".

Superintendency of Finance

The Superintendency of Finance is a technical entity affiliated to the Ministry of Finance that performs the inspection, supervision and control authority of persons involved in financial, insurance and securities exchange activities, and any other operations related to the management, use or investment of resources collected from the public. The Superintendency of Finance is responsible for supervising the Colombian financial system with the purpose of preserving its stability and trustworthiness, as well as promoting, organizing and developing the Colombian securities market and protecting the users of financial and insurance services and investors in general.

Financial institutions must obtain the authorization of the Superintendency of Finance before commencing operations. In addition, all public offerings of securities require the prior approval of the Superintendency of Finance.

Violations of the financial system rules and regulations are subject to administrative, and in some cases, criminal sanctions. The Superintendency of Finance may inspect Colombian financial institutions on a discretionary basis and has the authority to impose sanctions including admonitions, fines, removals, or administrative takeovers on such institutions and their directors and officers for violations of Colombian laws or regulations, or such financial institutions' by-laws.

The Superintendency of Finance exerts its supervisory powers over the financial sector on a consolidated and comprehensive basis. The consolidated supervision extends to all financial institutions including banks operating in Colombia and their subsidiaries abroad, in the latter case to the extent permitted by the laws of the respective country of incorporation. For these purposes, the Superintendency of Finance has executed several memorandums of understanding with foreign financial sector regulators, including the Superintendency of Banks of Panamá.

According to Decree 2555 of 2010, External Circular 029 of 2014 ("*Basic Legal Circular*") and External Circular 100 of 1995 ("*Basic Accounting and Financial Circular*") as amended, and to facilitate the Superintendency of Finance's supervision, financial institutions are required to consolidate the results of operations of all of their subsidiaries in order to present consolidated financial statements of the controlling entity and its subsidiaries, consolidated solvency ratios and capital adequacy requirements of the group.

The Superintendency of Finance may also conduct onsite inspections of Colombian financial institutions, financial holdings and even their subsidiaries located abroad, in the latter case, subject to the applicable laws of the subsidiary's country of incorporation.

According to Article 2.17.2.4.2.1 of Decree 1068 of 2015, when granting authorizations relating to foreign investment transactions made by direct shareholders of Colombian financial institutions in foreign financial entities, the Superintendency of Finance must take into account the possibility of exercising comprehensive and consolidated supervision. In addition, according to Law 1328 of 2009 and Decree 2555 of 2010: (1) direct capital investments by Colombian financial institutions in foreign financial, brokerage or insurance companies, branches or agencies, require the prior authorization by the Superintendency of Finance, and (2) indirect capital investment (i.e., through a subsidiary) in foreign financial, brokerage or insurance companies, branches or agencies, require the prior authorization by the Superintendency of Finance if: (a) the initial investment equals or exceeds 10% of the investor's paid-in capital, (b) additional investments equal or exceed 5% of the investor's paid-in capital or (c) the financial regulatory authority of the country where the investment is to be made has not executed a memorandum of understanding with the Superintendency of Finance. Other indirect investments do not require the approval of the Superintendency of Finance but must be reported to such entity prior to the respective investment.

As a financial holding and an issuer of securities traded on the Colombian Stock Exchange, Grupo Aval is subject to the inspection and surveillance of the Superintendency of Finance. Additionally, Grupo Aval's financial and stock brokerage subsidiaries located in Colombia (including banks, merchant banks, financing companies, trust companies, managers of pensions and severance payment funds, bonded warehouses and stock brokerage firms) are each subject to the regulatory supervision of the Superintendency of Finance. The level of supervision and regulation is different, though, taking into account that Grupo Aval is not a financial institution. Since February 6, 2019, Grupo Aval became subject to the supervision and regulation of the Superintendency of Finance as the financial holding of the Aval Financial Conglomerate and is required to comply with capital adequacy and additional regulations applicable to financial conglomerates. See "Item 4. Information on the Company—B. Business overview—Supervision and regulation.—Regulatory framework for Colombian Financial Conglomerates".

In 2024, the Superintendency of Finance issued 20 External Circulars ("CE" for its acronym in Spanish). The most significant ones include: (i) CE 03 of 2024 (which regulates pending matters related to Largest Exposures and establishes reporting formats for compliance); (ii) CE 04 of 2024 (which introduces rules for voluntary open finance and the commercialization of technology infrastructure to third parties); (iii) CE 010 of 2024 (which adjusts regulations to enhance stock market liquidity); (iv) CE 011 of 2024 (which amends the reference component used to calculate the obligatory minimum profitability of different types of mandatory pension funds); (v) CE 12 of 2024 (which clarifies rules pension funds transfers pursuant the Law 2381 of 2024); (vi) CE 014 of 2024 (which provides temporary guidelines for the release and accumulation of countercyclical provisions for commercial and consumer credit portfolios); and (vii) CE 015 of 2024 (which defines new unfair clauses and abusive practices in credit cards, housing loans, and international leasing contracts to enhance consumer protection in adhesion contracts). These are among the most relevant CE issued on 2024.

Fondo de Garantías de Instituciones Financieras

The *Fondo de Garantías de Instituciones Financieras* ("FOGAFIN") was created pursuant to Law 117 of 1985. The primary function of FOGAFIN is to administer the deposit insurance system, with the objective of guaranteeing the deposits and savings held by the general public in Colombian financial institutions. See "—Troubled Financial Institutions—Deposit Insurance". The other primary purposes for which FOGAFIN was formed were to support the banking industry, to facilitate the privatization of financial institutions by the Colombian Government, and to liquidate financial institutions under receivership.

FOGAFIN has tools and mechanisms that enable it to administer and temporarily take equity stakes in troubled financial institutions in order to allow it to determine whether a financial institution is viable or requires liquidation.

Securities Market Self-Regulatory Organization

Self-regulation in the capital markets was formally introduced in Colombia by Law 964 of 2005, and the securities market self-regulatory organization (*Autoregulador del Mercado de Valores de Colombia*), or "SRO", was created on June 12, 2006.

The SRO is a private entity that has the power to supervise, sanction and regulate the entities subject to self-regulation (i.e., including securities intermediaries and any entity that voluntarily submits itself to self-regulation).

The SRO's supervisory powers entitle it to review compliance with applicable laws and regulations and impose sanctions in the case of violations. The SRO may also propose regulation aimed at various matters, including conflicts of interest and improving the integrity and quality of the capital markets.

Superintendency of Industry and Commerce

According to Law 1340 of 2009, the Superintendency of Industry and Commerce is the competent national authority for all antitrust, intellectual property and data protection matters in every sector of the economy, including the financial sector.

As such, the Superintendency of Industry and Commerce is responsible for advancing administrative investigations of antitrust violations by financial and non-financial corporations and has the power to impose corresponding sanctions.

The Superintendency of Industry and Commerce is responsible for approving mergers, acquisitions and integrations between and among enterprises, except for mergers, acquisitions or integrations between financial entities. Pursuant to Law 1340 of 2009, the Superintendency of Finance is the authority responsible for approving mergers, acquisitions and integrations between financial institutions. For such approvals, the Superintendency of Finance must obtain a prior written opinion by the Superintendency of Industry and Commerce. Nonetheless, if any of the provisions set forth in numeral 4. of the Resolution 2751 of 2021 of the Superintendency of Industry and Commerce are met, the requirement to obtain such written opinion is not mandatory.

Regulatory framework for Colombian Financial Conglomerates

On September 21, 2017, the Colombian Congress enacted Law 1870 to strengthen the regulation and supervision of the financial conglomerates, also known as Law of Financial Conglomerates (*Ley de Conglomerados Financieros*). This Law sets out the scope of supervision and regulation of financial conglomerates in Colombia with the purpose of ensuring the stability of the financial system and providing the Colombian Government (Ministry of Finance) with regulatory powers to obtain complete and timely information that guarantees the transparency of the operations of the conglomerates and facilitates the exercise of consolidated supervision.

This law defines a financial conglomerate as a set of two or more local or foreign financial entities with a common controller requiring that at least one of these entities conduct financial activities in Colombia. Law 1870 also establishes the criteria for identifying the holding company of each financial conglomerate. Accordingly, any legal person or investment vehicle that exerts the first level of *control* or *significant influence* over the members of the financial conglomerate will be identified as the holding company. The Superintendency of Finance is in charge of identifying each financial conglomerate and its respective holding company.

As a result of Law 1870 of 2017, which became effective February 6, 2019, holding companies, such as Grupo Aval, became subject to the supervision of the Superintendency of Finance and are required to comply with this law. Law 1870 also granted the Colombian Government (Ministry of Finance) the authority to enact regulations regarding:

- Rules of capital adequacy and minimum capital requirements of individual entities within a financial conglomerate,
- Criteria pursuant to which the Superintendency of Finance will be allowed to exclude certain entities and investment companies from the scope of these regulations,
- Criteria for determining whether certain entities must be identified as members of the financial conglomerate for the purpose of identifying, administering, monitoring and revealing conflicts of interest, and
- Limits of exposure and concentration of risk applicable to the financial conglomerate.

The Law of Financial Conglomerates also provides the Superintendency of Finance with the authority to:

- Instruct holding companies with respect to risk management, internal control, disclosure of information, conflicts of interest and corporate governance of the financial conglomerate,
- Require changes in the organizational structure of the financial conglomerate when the existing structure does not allow adequate disclosure of information, comprehensive and consolidated supervision and the identification of its beneficial owner,
- Authorize the holding company to effect direct or indirect equity investments in financial entities, insurance companies and securities intermediaries,
- Request information and conduct on-site visits, and
- Cancel operating licenses of members of the financial conglomerate in cases where the controlling entity is domiciled in non-cooperative jurisdictions.

Financial conglomerates that have holding companies incorporated abroad may be exempted from the scope of these regulations if their holding company provides satisfactory evidence that the members of its financial conglomerate are subject to a regime of prudential regulation and comprehensive and consolidated supervision similar to the one established in Colombia. Otherwise, the Superintendency of Finance will have the power to request information that it deems appropriate to exercise a comprehensive and consolidated supervision of the member(s) of the financial conglomerate established in Colombia. If the Superintendency of Finance considers that the information received does not allow the proper exercise of its supervisory functions, it may revoke the operating license of the supervised entity(ies).

Pursuant to Law 1870, the Ministry of Finance enacted the following regulatory decrees:

- Decree 246 of 2018, set the criteria under which the Superintendency of Finance may exclude from the scope of its supervision, entities or investment vehicles of a financial conglomerate. The exclusion criteria are the following: (i) when the size of the entity is not significant in relation to the financial conglomerate to which it belongs, or (ii) when the level of interconnection and risk exposure of the entity has no significant impact on the financial conglomerate.

- Decree 774 of 2018, established the following criteria for the calculation of the capital adequacy applicable to financial conglomerates: (i) regulatory capital should not be lower than adequate capital, (ii) the financial holding is responsible for the compliance of the capital adequacy applicable to the financial conglomerate, and (iii) in order to determine the adequate and the regulatory capital applicable to a financial conglomerate, financial holdings shall select a calculation basis using: (a) consolidated information, b) separate information, or (c) a combination of consolidated and separate information. For these purposes, Grupo Aval selected a combination of consolidated and separate information.

- Decree 1486 of 2018, which established obligations for members of a financial conglomerate, with respect to: (i) identifying the entities and individuals that need to be considered as related parties to the financial conglomerate *(vinculados)*, (ii) policies regarding identification, disclosure, management and control of conflicts of interests, and (iii) policies and limits of exposure and concentration of risks for operations between entities of the conglomerate and between these and their related entities or individuals *(vinculados)*.

The technical capital for the Aval Financial Conglomerate complied with the adequate capital required by regulation for each of the reported interim quarterly filings as of December 31, 2024. See "Item 3. Key Information—D. Risk factors—Risks relating to our businesses and industry—Risks relating to our banking business" and "Item 11. Quantitative and Qualitative Disclosures About Market Risk".

Regulatory framework for Colombian financial institutions

Basic Framework: Decree 663 of 1993

The basic regulatory framework for the operations of the Colombian financial sector is set forth in the Financial System Organic Statute or "EOSF", as amended by Laws 510 of 1999, 546 of 1999, 795 of 2003, 964 of 2005, 1328 of 2009, 1555 of 2012 and 1735 of 2014, 1870 of 2017, Law Decree 2106 of 2019, 2069 of 2020, 2071 of 2020, 2186 of 2022, 2294 of 2023 and Law Decree 1962 of 2023. Decree 2555 of 2010 (as amended from time to time), as well as in External Resolution 01 of 2018 (exchange control regulation statute) and External Resolution 4 of 2006 issued by the Board of Directors of the Colombian Central Bank.

The EOSF defines the structure of the Colombian financial system and establishes various business entities, including (1) credit institutions (which are further categorized into banks, merchant banks, financing companies and finance cooperatives), (2) financial services entities, (3) capitalization corporations, (4) insurance companies and (5) insurance intermediaries.

The EOSF also provides that no financial, banking or credit institution may operate in Colombia without the prior approval of the Superintendency of Finance. Subject to prior approval of the Superintendency of Finance, foreign banks may operate in Colombia through their subsidiaries established and incorporated in Colombia. Under Law 1328 of 2009, foreign banks, as of July 15, 2013, are permitted to operate through their "branches" and are not obligated to incorporate a Colombian subsidiary. Operations through these branches will be subject to prior approval by the Superintendency of Finance. Among other legal requirements, branches have to meet the same minimum capital requirements as independent entities do.

The main role of banks, merchant banks and financing companies is to receive deposits. Banks place funds back into circulation by means of loans or any active credit operation; merchant banks place funds into circulation by means of active credit operations or investments, with the purpose of promoting the creation or expansion of enterprises; and financing companies place funds back into circulation by means of active credit operations, with the purpose of fostering the sale of consumer goods and services, including leasing operations.

Each credit institution must be authorized by the Superintendency of Finance before it may develop and provide financial services. Furthermore, the activities of credit institutions are subject to limitations and restrictions, including limitations and restrictions relating to the extension of credit, risk concentration, investments, conditional operations, foreign currency loans and negotiations, and the administration of third-party funds. One of the main restrictions on financial activities is that banks may not acquire or hold products, merchandise, equity shares of corporations operating in non-financial activities, income bonds, or other similar securities, except: (i) when the bank has received those goods or securities as collateral for loans it has made or (ii) with respect to shares, when they are issued by companies where banks are permitted to hold investments (mainly financial affiliates). Banks are also subject to other limitations, including limitations on lending activities.

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Modifications to Framework

Laws 510 of 1999, 546 of 1999, 795 of 2003 and 1328 of 2009 have substantially modified the control, regulation and surveillance powers of the Superintendency of Finance. In addition, Law 510 of 1999 and Law 1328 of 2009 streamlined the procedures and powers for FOGAFIN. The main purpose of Law 510 of 1999 was to increase the solvency and stability of Colombia's financial institutions by establishing rules regarding their incorporation, as well as the permitted investments of credit institutions, insurance companies and investment companies. Law 546 of 1999 was enacted in order to regulate the system of long-term housing loans.

Law 795 of 2003 was enacted with the purpose of broadening the scope of activities to be performed by financial institutions and to update Colombian regulations with the latest principles of the Basel Committee at that time. Law 795 of 2003 also increased the minimum capital requirements needed to incorporate a financial institution and authorized the Superintendency of Finance to take precautionary measures with respect to financial institutions whose capital falls below certain thresholds. For example, in order to avoid a temporary receivership or intervention by the Superintendency of Finance, troubled financial institutions must submit a restructuring program to the Superintendency of Finance.

Law 1328 of 2009, as amended by Law 1748 of 2014, provided a new set of rights and responsibilities for customers of the financial system and a set of obligations for financial institutions, in order to minimize disputes. This law also broadened the scope of permitted business activities by regulated entities: following its adoption, banks were allowed to operate leasing businesses under certain circumstances and to extend loans to third parties so that borrowers may acquire control of other companies.

In order to implement and enforce the provisions related to Colombia's financial system, the Superintendency of Finance has issued periodic circulars and resolutions. The External Circular 029 of 2014, known as the Basic Legal Circular, as amended, consolidates all of the rules and regulations applicable to financial institutions, including rules and regulations relating to the management, operations, investments, lending activities and money-laundering prevention activities of financial institutions. The External Circular 100 of 1995, known as the Basic Accounting and Financial Circular, consolidates all of the regulations applicable to the accounting and financial rules of financial institutions. Furthermore, the Basic Accounting and Financial Circular regulates the assessment of credit institutions' investments, risk management, financial statements, information disclosure and inter-banking credits.

Violations of Laws 510 of 1999, 546 of 1999, 795 of 2003 or 1328 of 2009, as well as of specific provisions of Decree 663 of 1993 and their relevant regulations, are subject to administrative sanctions and, in some cases, criminal sanctions.

Key interest rates

Colombian commercial banks, merchant banks (c*orporaciones financieras*) and financing companies are required to report data to the Colombian Central Bank on a weekly basis regarding the total volume (in pesos) of certificates of deposit issued during the prior week and the average interest rates paid for certificates of deposit with maturities of 90 days. Based on such reports, the Colombian Central Bank calculates the DTF rate, which is published at the beginning of the following week for use in calculating interest rates payable by financial institutions. The DTF rate is the weighted average interest rate paid by commercial banks, merchant banks and financing companies for certificates of deposit with maturities of 90 days.

The Colombian Central Bank also calculates the interbank rate (*Interés Bancario de Referencia*), or "IBR", which acts as a reference of overnight, one-month and three-month interbank loans, based on quotations submitted each business day by eight participating banks to the Colombian Central Bank. Using the median of the quotations submitted, the Colombian Central Bank calculates the overnight IBR each business day. The one-month and three-month IBRs are also calculated using the median of the quotations submitted each business day, based on the prices of interest rate swaps for each of these periods.

Under Article 884 of the Colombian Commercial Code, there is a limit on the amount of interest that may be charged on any loans granted in Colombia. Exceeding such limit is considered usury, which is a crime pursuant the Colombian Criminal Code. The usury limit is exceeding 1.5 times the current banking interest rate (*interés bancario corriente or 'IBC'*), certified and calculated by the Superintendence of Finance as the weighted average disbursement rate charged by banks on ordinary commercial loans, consumer loans and credit cards to retail customers during a specified period. The Superintendence of Finance amended the methodology to certify such usury rate, first, in August 2023, and finally, in May 2024. The current methodology increased the weight of ordinary commercial loan disbursements in the calculus, which limits the applicable interest rate as disbursement rates for these loans are considerably lower than those of consumer loans and credit cards to retail customers. According to law, the usury rate applies to any sum charged, there are no limitations for loans granted before changes in the usury rate.

The certification process is carried out for the following credit portfolios: consumer and ordinary; small consumer loans; and productive loans (*further divided into five subcategories*).

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On March 29, 2023, a major amendment to this rule was enacted by means of Decree 455 of 2023, which amended Decree 2555 of 2010 with regards to the certification of *Interés Bancario Corriente* and now includes five different certifications regarding new credit categories such as Rural Popular Productive Credit, Urban Popular Productive Credit, Rural Productive Credit, Urban Productive Credit, Productive Credit and Productive Credit of larger amounts. The certification of these banking interest rates may include any other source of credits (not only regulated banking entities) including lenders, credit originators and natural persons, among others. Given that this is a new regulation, it is uncertain the way in which its implementation will be undertaken. The Decree states that current banking interest rate will be in force for three months, until the methodology and sources for the new credit certifications are clearer.

Capital Adequacy Requirements

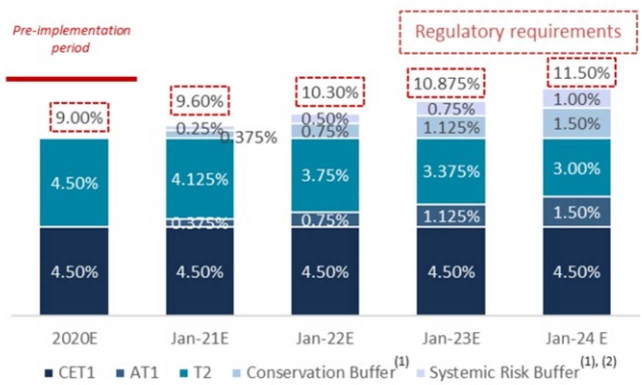
Decree 2555 of 2010 (as modified by Decree 1771 of 2012, Decree 1648 of 2014, Decree 2392 of 2015, Decrees 1477 of 2018 and 1421 of 2019) sets forth capital adequacy requirements for Colombian credit institutions. Regulatory capital (patrimonio técnico) for Colombian credit institutions consists of the sum of total Core Equity Tier I (CET1 or patrimonio básico ordinario), Additional Tier I capital (AT1 or patrimonio básico adicional), and Tier II capital (Tier II or patrimonio adicional). Tier I capital consist of the sum of CET1 (patrimonio básico ordinario) and AT1 (patrimonio básico adicional). Tier I and Tier II, as defined herein, may differ to the manner in which these terms are used in other jurisdictions.

Pursuant to Decrees 1477 of 2018 and 1421 of 2019, Basel III principles were introduced to estimate adequate capital in credit institutions as follows:

- Total solvency ratio is defined as the value of the regulatory capital (CET1, AT1 and Tier II) calculated under the terms of Decree 1477 of 2018 and Decree 1421 of 2019, divided by risk-weighted assets by level of credit, market and operational risk, at a minimum of 9%. Pursuant to Decree 2555 of 2010 (as amended), the Superintendency of Finance must grant prior approval of the eligibility of a debt, equity or hybrid instrument in order to be classified as AT1;
- A minimum CET1 of 4.5%;
- A minimum Tier I of 6%;
- A capital conservation buffer of 1.5% consisting of CET1;
- A systemic risk buffer of 1.0% for systemically important financial institutions (SIFIS) consisting of CET1; and
- In addition, these Decrees established a minimum leverage ratio of 3%.

Banco de Bogotá is considered one of the systemically important financial institutions, according to Carta Circular 74 of November 28, 2024 and Carta Circular 70 of November 23, 2023, issued by the Superintendency of Finance, and therefore had to comply with the systemic buffer (explained above). Furthermore, according to Carta Circular 74 of November 28, 2024, issued by the Superintendency of Finance, Banco de Occidente is also considered one of the systemically important financial institutions and was allowed a two-year transition period to comply with the systemic buffer, which must be fully implemented by November 2026.

The following chart presents the statutory transition period as set forth in the Decrees 1477 of 2018 and 1421 of 2019:



(1) Requires highest quality of capital.

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(2) Only apply to SIFIs as defined by the Superintendency of Finance. Banco de Bogotá is the only systemic bank among our Colombian banking subsidiaries, in accordance with the methodology defined for the identification of entities with systemic importance (External Circular 030 of 2019 issued by the same Superintendency).

In addition to compliance with minimum regulatory capital requirements, Grupo Aval's entities aim to maintain capital positions that foster investor, creditor, and market confidence and to sustain future growth of their respective businesses. The capital allocation decision guards that there is balance between a more aggressive structure that can deliver higher returns on equity and a more conservative approach that encourages excess capitalization. Capital allocation decisions also considers each subsidiary's long-term strategic objectives.

As of December 31, 2024, and 2023, all of Grupo Aval´s individually regulated operations have complied with the minimum regulatory capital requirements.

The following tables show the separate and consolidated (where applicable) capitalization information of our main direct and indirect subsidiaries. Consolidated solvency only applies to Banco de Bogotá, Banco de Occidente and Banco Popular. Corficolombiana was required to comply with consolidated solvency measures until September, 2024.

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Banco de Bogotá

	Separate basis		Consolidated basis	
	At December 31,		At December 31,	
	2024	2023	2024	2023
	(in Ps billions)		(in Ps billions)	
Subscribed and paid-in capital	4	4	4	4
Reserves and retained earnings	14,980	14,636	15,427	14,989
Other comprehensive income	246	8	244	(123)
Net income for the period	1,129	1,025	1,090	954
Non-controlling interests	—	—	—	—
Deductions:				
Unconsolidated financial sector investments	—	—	—	—
Goodwill and other intangibles	(1,388)	(1,220)	(1,710)	(1,504)
Deferred tax assets	(783)	(815)	(672)	(673)
Other	—	—	(1)	(1)
CET1	**14,187**	**13,637**	**14,381**	**13,645**
Hybrid instruments recognized as additional primary capital	—	—	—	—
Other	—	—	—	—
AT1	**—**	**—**	**—**	**—**
Tier I	**14,187**	**13,637**	**14,381**	**13,645**
Subordinated instruments	2,459	2,574	2,459	2,574
Plus/minus others	135	161	—	—
Tier II capital	**2,594**	**2,734**	**2,459**	**2,574**
Other deductions from regulatory capital	—	—	—	—
Regulatory capital	**16,781**	**16,371**	**16,840**	**16,219**
Risk-weighted assets	81,153	76,812	97,961	91,626
Market risk	154	492	318	639
Market risk exposure(1)	1,706	5,462	3,536	7,103
Operational risk	565	521	664	613
Operational risk exposure(1)	6,282	5,790	7,382	6,806
Risk-weighted assets including regulatory market risk and operational risk	**89,140**	**88,064**	**108,879**	**105,534**
CET1 solvency ratio	**15.92%**	**15.49%**	**13.21%**	**12.93%**
AT1 contribution to solvency ratio	0.00%	0.00%	0.00%	0.00%
Tier 1 capital solvency ratio	**15.92%**	**15.49%**	**13.21%**	**12.93%**
Tier II contribution to solvency ratio	2.91%	3.10%	2.26%	2.44%
Total solvency ratio(2)	**18.83%**	**18.59%**	**15.47%**	**15.37%**
Capital measure	14,187	13,637	14,381	13,645
Exposure measure	129,645	120,115	154,517	141,767
Leverage ratio	**10.94%**	**11.35%**	**9.31%**	**9.62%**

(1) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by (100/9) as required by the Superintendency of Finance.
(2) Solvency ratio is calculated as regulatory capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

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Banco de Occidente

	Separate basis At December 31,		Consolidated basis At December 31,	
	2024	2023	2024	2023
	(in Ps billions)		(in Ps billions)	
Subscribed and paid-in capital	5	5	5	5
Reserves and retained earnings	4,997	4,782	5,253	4,996
Other comprehensive income	54	29	209	176
Net income for the period	495	431	474	474
Non-controlling interests	—	—	17	12
Deductions:				
Unconsolidated financial sector investments	—	—	—	—
Goodwill and other intangibles	(694)	(643)	(652)	(595)
Deferred tax assets	(234)	(252)	—	—
Other	(3)	(3)	(3)	(3)
CET1	**4,620**	**4,348**	**5,303**	**5,065**
Hybrid instruments recognized as additional primary capital	—	—	—	—
Other	—	—	—	—
AT1	**—**	**—**	**—**	**—**
Tier I	**4,620**	**4,348**	**5,303**	**5,065**
Subordinated instruments	1,358	649	1,358	649
Plus/minus others	31	26	—	—
Tier II capital	**1,388**	**675**	**1,358**	**649**
Other deductions from regulatory capital	—	—	—	—
Regulatory capital	**6,008**	**5,024**	**6,661**	**5,714**
Risk-weighted assets	40,396	38,074	44,446	41,324
Market risk	339	185	382	218
Market risk exposure(1)	3,771	2,053	4,244	2,426
Operational risk	283	236	284	236
Operational risk exposure(1)	3,144	2,618	3,151	2,625
Risk-weighted assets including regulatory market risk and operational risk	**47,310**	**42,745**	**51,841**	**46,375**
CET1 solvency ratio	**9.77%**	**10.17%**	**10.23%**	**10.92%**
AT1 contribution to solvency ratio	0.00%	0.00%	0.00%	0.00%
Tier 1 capital solvency ratio	**9.77%**	**10.17%**	**10.23%**	**10.92%**
Tier II contribution to solvency ratio	2.93%	1.58%	2.62%	1.40%
Total solvency ratio(2)	**12.70%**	**11.75%**	**12.85%**	**12.32%**
Capital measure	4,620	4,348	5,303	5,065
Exposure measure	75,194	65,856	81,254	70,759
Leverage ratio	**6.14%**	**6.60%**	**6.53%**	**7.16%**

(1) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by (100/9) as required by the Superintendency of Finance.

(2) Solvency ratio is calculated as regulatory capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

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Banco Popular

	Separate basis		Consolidated basis	
	At December 31,		At December 31,	
	2024	2023	2024	2023
	(in Ps billions)		(in Ps billions)	
Subscribed and paid-in capital	77	77	77	77
Reserves and retained earnings	2,497	2,840	2,546	2,982
Other comprehensive income	83	79	252	222
Net income for the period	(227)	(347)	(315)	(403)
Non-controlling interests	—	—	6,867	6,794
Deductions:				
Unconsolidated financial sector investments	—	—	—	—
Goodwill and other intangibles	(391)	(361)	(460)	(446)
Deferred tax assets	—	—	—	—
Other	(95)	(88)	(95)	(89)
CET1	**1,945**	**2,200**	**8,873**	**9,138**
Hybrid instruments recognized as additional primary capital	—	—	—	—
Other	—	—	—	—
AT1	**—**	**—**	**—**	**—**
Tier I	**1,945**	**2,200**	**8,873**	**9,138**
Subordinated instruments	319	327	69	77
Plus/minus others	15	21	—	—
Tier II capital	**335**	**348**	**69**	**77**
Other deductions from regulatory capital	—	—	(42)	(37)
Regulatory capital	**2,279**	**2,548**	**8,900**	**9,178**
Risk-weighted assets	17,070	16,670	37,340	36,166
Market risk	17	83	291	337
Market risk exposure(1)	189	924	3,235	3,741
Operational risk	144	136	414	462
Operational risk exposure(1)	1,605	1,516	4,605	5,138
Risk-weighted assets including regulatory market risk and operational risk	**18,863**	**19,109**	**45,180**	**45,046**
CET1 solvency ratio	**10.31%**	**11.51%**	**19.64%**	**20.29%**
AT1 contribution to solvency ratio	0.00%	0.00%	0.00%	0.00%
Tier 1 capital solvency ratio	**10.31%**	**11.51%**	**19.64%**	**20.29%**
Tier II contribution to solvency ratio	1.77%	1.82%	0.15%	0.17%
Total solvency ratio(2)	**12.08%**	**13.33%**	**19.70%**	**20.37%**
Capital measure	1,945	2,200	8,873	9,138
Exposure measure	29,037	29,394	55,603	56,066
Leverage ratio	**6.70%**	**7.49%**	**15.96%**	**16.30%**

(1) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by (100/9) as required by the Superintendency of Finance.

(2) Solvency ratio is calculated as regulatory capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

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Banco AV Villas

	Separate basis At December 31,	
	2024	2023
	(in Ps billions)	
Subscribed and paid-in capital	22	22
Reserves and retained earnings	1,546	1,658
Other comprehensive income	124	57
Net income for the period	(116)	(117)
Non-controlling interests	—	—
Deductions:		
Unconsolidated financial sector investments	—	—
Goodwill and other intangibles	(195)	(160)
Deferred tax assets	(10)	(10)
Other	(117)	(124)
CET1	**1,253**	**1,327**
Hybrid instruments recognized as additional primary capital	—	—
Other	0	0
AT1	**0**	**0**
Tier I	**1,254**	**1,327**
Subordinated instruments	150	—
Plus/minus others	32	24
Tier II capital	**182**	**24**
Other deductions from regulatory capital	—	—
Regulatory capital	**1,435**	**1,352**
Risk-weighted assets	10,474	10,054
Market risk	23	47
Market risk exposure(1)	251	522
Operational risk	103	96
Operational risk exposure(1)	1,144	1,064
Risk-weighted assets including regulatory market risk and operational risk	**11,869**	**11,640**
CET1 solvency ratio	**10.56%**	**11.40%**
AT1 contribution to solvency ratio	0.00%	0.00%
Tier 1 capital solvency ratio	**10.56%**	**11.40%**
Tier II contribution to solvency ratio	1.53%	0.21%
Total solvency ratio(2)	**12.09%**	**11.61%**
Capital measure	1,254	1,327
Exposure measure	19,171	18,873
Leverage ratio	**6.54%**	**7.03%**

(1) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by (100/9) as required by the Superintendency of Finance.

(2) Solvency ratio is calculated as regulatory capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

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Corficolombiana

	Separate basis At December 31,		Consolidated basis At December 31,	
	2024	2023	2024	2023
	(in Ps billions)		(in Ps billions)	
Subscribed and paid-in capital	3	3	—	3
Reserves and retained earnings	12,017	11,233	—	10,830
Other comprehensive income	(12)	(77)	—	366
Net income for the period	328	809	—	886
Non-controlling interests	—	—	—	1
Deductions:				
Unconsolidated financial sector investments	—	—	—	—
Goodwill and other intangibles	(105)	(99)	—	(78)
Deferred tax assets	—	—	—	—
Other	(2)	(1)	—	(6)
CET1	**12,230**	**11,868**	**—**	**12,003**
Hybrid instruments recognized as additional primary capital	—	—	—	—
Other	0	0	—	0
AT1	**0**	**0**	**—**	**0**
Tier I	**12,230**	**11,869**	**—**	**12,003**
Subordinated instruments	—	—	—	—
Plus/minus others	—	—	—	—
Tier II capital	**—**	**—**	**—**	**—**
Other deductions from regulatory capital	(42)	(37)	—	(37)
Regulatory capital	**12,188**	**11,832**	**—**	**11,966**
Risk-weighted assets	20,631	19,894	—	20,190
Market risk	320	236	—	240
Market risk exposure(1)	3,557	2,618	—	2,667
Operational risk	272	291	—	299
Operational risk exposure(1)	3,022	3,229	—	3,319
Risk-weighted assets including regulatory market risk and operational risk	**27,209**	**25,741**	**—**	**26,176**
CET1 solvency ratio	**44.95%**	**46.11%**	—	**45.85%**
AT1 contribution to solvency ratio	0.00%	0.00%	—	0.00%
Tier 1 capital solvency ratio	**44.95%**	**46.11%**	—	**45.85%**
Tier II contribution to solvency ratio	0.00%	0.00%	—	0.00%
Total solvency ratio(2)	**44.80%**	**45.96%**	—	**45.71%**
Capital measure	12,230	11,869	—	12,003
Exposure measure	27,239	27,069	—	27,699
Leverage ratio	**44.90%**	**43.85%**	**—**	**43.33%**

(1) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by (100/9) as required by the Superintendency of Finance.

(2) Solvency ratio is calculated as regulatory capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

At December 31, 2024 Corficolombiana was not required to comply with consolidated solvency measures as it no longer had investments in financial subsidiaries, following the sale of Fiduciaria Corficolombiana and Casa de Bolsa to Grupo Aval.

Porvenir

In Colombia, pension and severance fund administrators are subject to specific regulation regarding capital adequacy. On February 3, 2022 the Decree 175, which amended Decree 2555 of 2010, modified regulatory capital requirements for pension and severance fund administrators, migrating definitions on regulatory capital and risk-weighted assets closer to the Basel III framework. The Superintendency of Finance published instructions corresponding to the application of this Decree in December 2022. Pension and severance fund managers had a twelve-month transition period starting on January 2023 and were fully compliant with this regulation starting on February 2024.

	Separate basis At December 31,	
	2024	2023
	(in Ps billions)	
Subscribed and paid-in capital	109	109
Reserves and retained earnings	2,544	2,266
Other comprehensive income	(20)	—
Net income for the period	653	—
Non-controlling interests	—	—
Deductions:		
Unconsolidated financial sector investments	—	—
Goodwill and other intangibles	(381)	—
Deferred tax assets	(26)	—
Others	(54)	(51)
Primary capital	**2,825**	**2,324**
Subordinated instruments	—	—
Unrealized gains/losses on securities available for sale(1)	—	(8)
Secondary capital (Tier II)	**—**	**(8)**
Deductions:		
Value of the stabilization reserve	(2,269)	(1,912)
Regulatory capital	**556**	**404**
Risk-weighted assets	672	887
Market risk	4	11
Market risk exposure(2)	43	121
Operational risk	121	122
Operational risk exposure(2)	1,349	1,360
Risk-weighted assets including regulatory market risk and operational risk	**2,064**	**2,368**
Solvency ratio(3)	**26.95%**	**17.07%**

(1) Unrealized gains/losses on securities available for sale do not flow through the Statement of Income until such securities are disposed of and the gain or loss is realized.

(2) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by (100/9) as required by the Superintendency of Finance.

(3) Solvency ratio is calculated as regulatory capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

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Aval Fiduciaria

In Colombia, fiduciaries managers are subject to specific regulation regarding capital adequacy. On February 3, 2022 the Decree 175, which amended Decree 2555 of 2010, modified regulatory capital requirements for fiduciaries managers, migrating definitions on regulatory capital and risk-weighted assets closer to the Basel III framework. The Superintendency of Finance published instructions corresponding to the application of this Decree in December 2022. Fiduciaries managers had a twelve-month transition period starting on January 2023 and were fully compliant with this regulation starting on February 2024.

	Separate basis At December 31,	
	2024	2023
	(in Ps billions)	
Subscribed and paid-in capital	31	31
Reserves and retained earnings	20	20
Other comprehensive income	(7)	—
Net income for the period	13	—
Non-controlling interests	—	—
Deductions:		
Unconsolidated financial sector investments	—	—
Goodwill and other intangibles	(20)	—
Deferred tax assets	(4)	—
Other	—	—
Primary capital	**33**	**51**
Subordinated instruments	—	—
Unrealized gains/losses on securities available for sale(1)	—	(3)
Secondary capital (Tier II)	**—**	**(3)**
Deductions:		
Value of the stabilization reserve	—	—
Other deductions from regulatory capital	—	—
Regulatory capital	**33**	**49**
Risk-weighted assets	30	51
Market risk	1	1
Market risk exposure(1)	8	10
Operational risk	13	11
Operational risk exposure(1)	143	125
Risk-weighted assets including regulatory market risk and operational risk	**181**	**185**
Solvency ratio(2)	**18.14%**	**26.31%**

(1) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by specific weightings as defined the Superintendency of Finance.

(2) Solvency ratio is calculated as regulatory capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

Aval Casa de Bolsa

	Separate basis At December 31,	
	2024	2023
	(in Ps billions)	
Subscribed and paid-in capital	16	16
Reserves and retained earnings	36	36
Other comprehensive income	(3)	—
Net income for the period	1	0
Non-controlling interests	—	—
Deductions:	—	—
Unconsolidated financial sector investments	—	—
Goodwill and other intangibles	(4)	(2)
Deferred tax assets	—	(0)
Other	—	(0)
Primary capital	**46**	**49**
Subordinated instruments	—	—
Unrealized gains/losses on securities available for sale(1)	—	—
Secondary capital (Tier II)	**—**	**—**
Deductions:		
Value of the stabilization reserve	—	—
Other deductions from regulatory capital	—	—
Regulatory capital	**46**	**49**
Risk-weighted assets	14	19
Market risk	7	4
Market risk exposure(1)	75	40
Operational risk	3	2
Operational risk exposure(1)	35	28
Risk-weighted assets including regulatory market risk and operational risk	**124**	**87**
Solvency ratio(2)	**37.32%**	**56.33%**

(1) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by specific weightings as defined the Superintendency of Finance.

(2) Solvency ratio is calculated as regulatory capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

Mandatory Investments

Colombian banking institutions are required to invest in agricultural development bonds (*Títulos de Desarrollo Agropecuario*, or “TDAs”) issued by Finagro, a Government entity, according to External Resolution 3 of 2000 of the Colombian Central Bank, as amended from time to time.

A major amendment over TDAs was enacted by means of Law 2186 of 2022, allowing financial entities to substitute up to the 50% of the investments over TDAs in credits to small and medium agropecuary producers, as regulated by the National Commission of Agropecuary Loans. Such limit of 50% shall be accomplished during the next two years of this Law. (January 2024). Nonetheless, these provisions were revoked by Law 2186 of 2022 (National Development Plan). Therefore, the only applicable regulations regarding mandatory investments are those set forth below.

The Colombian Central Bank requires that each bank maintains a total investment in these bonds equal to 5.61% of its checking and savings deposits minus legal reserves, plus 4.25% of its time deposits minus legal reserves with a maturity of up to 18 months. Finagro may issue two different types of agricultural development bonds:

- Class A with an interest rate of four percentage points below the DTF effective annual rate (DTF-4%) or with an interest rate of three-point sixty-seven percentage points below the IBR 3-month nominal rate (IBR-3.67%).

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- Class B with an interest rate of two percentage points below the DTF effective annual rate (DTF-2%) or with an interest rate of one point seventy one percentage points below the IBR 3-month nominal rate (IBR-1.71%).

If the DTF interest rate falls to 4% or less, the profitability of the Class A TDAs will be 0%, and if the DTF rate falls to 2% or less, the profitability of the Class B TDAs will be 0%. The same applies to IBR rate. Banks are required to invest 50% of the total mandatory investment in Class A TDAs and 50% in Class B TDAs.

Under Government discretion, authorities may extend the scope of current regulations or require additional disbursements on current or new types of mandatory investments.

Minimum Incorporation Capital Requirements

The Decree 2555 of 2010 establishes minimum incorporation capital requirements for different financial institutions. When a financial institution fails to comply with the minimum required capital after a cure period granted by law, the Superintendency of Finance may intervene, causing the financial institution to be liquidated, merged with another institution or its corporate form may be converted into another category of financial institution, notwithstanding the fact that the institution may be subject to fines imposed by the Superintendency of Finance.

The minimum incorporation capital requirement for Colombian banks on a separate basis for 2024 was Ps 133,321 million. As of the date of this annual report, all our banks have consistently satisfied this incorporation capital requirement.

Capital Investment Limit

All investments in subsidiaries and other authorized capital investments, other than those carried out in order to fulfill legal provisions, may not exceed 100% of the total aggregate of the capital, equity reserves and the equity reappraisal account of the respective bank, financial corporation or financing company, excluding unadjusted fixed assets and including deductions for accumulated losses.

Foreign Currency Position Requirements

According to External Resolution No. 1 of 2018 and External Regulatory Circular DODM-398 issued by the Board of Directors of the Colombian Central Bank on March 22, 2019, which modified the foreign currency position requirements of Colombian banks, the foreign currency position (defined as the difference between rights and obligations denominated in foreign currencies) based on a three-business-day average, cannot exceed 20% of the bank's regulatory capital. If the foreign currency position is negative, it cannot exceed 5% of the bank's regulatory capital.

Currency exchange intermediaries such as Banco de Bogotá, with controlling interest of its overseas investments, are required to exclude those investments and any declared and approved hedging instruments (derivatives or debt) from their foreign currency positions starting on March 26, 2019. At December 31, 2024, Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas had unconsolidated net foreign currency positions of U.S.$56.83 million, U.S.$4.07 million, U.S.$(0.42) million and U.S.$(0.02) million, respectively, which fell within these regulatory guidelines.

Lending Limits

As amended from time to time, Decree 2555 of 2010 provides that banking entities may not lend, individually or in the aggregate, to a single borrower an amount in excess of 10% of their regulatory capital (p*atrimonio técnico*) if the only security for such operation is the borrower's equity. However, commercial banks can lend to a single person an amount equivalent to 25% of their regularory capital (*patrimonio técnico*), if such loan is secured by eligible collateral and sufficient to secure a risk exceeding 5% of such equity.

Notwithstanding the general rule set above regarding the lending limit of 10%, a 2014 Decree was issued to promote the financing of Fourth Generation Concessions toll roads established that commercial banks are allowed to lend to a single borrower, a sum up to 25% of regulatory capital (*patrimonio técnico*).

In no event may a loan to a shareholder that holds, directly or indirectly, 20% or more of a bank's share capital exceed 20% of their regulatory capital (*patrimonio técnico*). In addition, this Decree establishes no loan to a single financial institution may exceed 30% of a bank's regulatory capital (p*atrimonio técnico*), with the exception of loans funded by Colombian development banks for which no limit exists.

If a financial institution exceeds these limits, the Superintendency of Finance may impose a fine equal to up to twice the amount by which any such loan exceeded the limit.

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On a consolidated basis, Grupo Aval is not a subject to concentration limits, however, since 2020, pursuant to the Law of Financial Conglomerates, and its regulatory decrees, the Board of Directors of Grupo Aval approved the policies and limits of exposure and concentration of risks for operations between entities belonging to its financial conglomerate and between these and their related entities or individuals *(vinculados)*. These policies include the identification of material risks, operations between entities of the financial conglomerate and between them and their related parties, responsibilities and obligations of administrators and governing bodies, certain quantitative limits and an early warning scheme, as well as disclosure mechanisms.

On August 4th, 2022, the Colombian Government issued Decree 1533. On February 1st, 2024, the Superintendence of Finance issued CE 03 (together, the "New Large Exposures Regulation"). These regulations amend the current regime related to large exposures and lending limits. They limit the maximum loss that financial institutions could face in relation to their Tier 1 capital (*patrimonio básico*), ensuring it does not endanger their solvency, due to the failure of: (i) an individual counterparty; or (ii) a group of related counterparties, considered the same risk consistent with international standards. The New Large Exposures Regulation will be enforceable on August 4th, 2025, and sets forth new or updated rules for:

- Identification and measurement of large exposures.
- The maximum size of the exposures to an individual counterparty or group of connected counterparties to be taken as the same risk.
- The total maximum limit for the large exposures that a financial institution can take.
- Eligible credit risk mitigation measures in order to reduce the value of a large exposures.
- Requirements for the recognition of collateral that may limit a large exposure.
- The creation of groups of connected counterparties (control relationship, financial conglomerates, economic interdependence, family relationship, investment vehicles), with respect to which the exposures must be added and taken as the same risk.
- Exclusion of exposures that should not be included in the calculations of large exposures.
- Specialized project financing as an exception for aggregating exposures.
- Reporting regime
- Determining economic interdependency between two counterparties to accumulate exposures.
- Determining the reporting formats for compliance with the new regulations.

At December 31, 2024, pursuant to Decree 2555 of 2010, our banks were subject to the following lending limits for unsecured and secured loans: Banco de Bogotá's lending limit per borrower on a separate basis was Ps 1.68 billion for unsecured loans and Ps 4.20 billion for secured loans, Banco de Occidente's lending limit per borrower on a separate basis was Ps 0.60 billion for unsecured loans and Ps 1.50 billion for secured loans, Banco Popular's lending limit per borrower on a separate basis was Ps 0.23 billion for unsecured loans and Ps 0.57 billion for secured loans, and Banco AV Villas' lending limit per borrower on a separate basis was 0.14 billion for unsecured loans and Ps 0.36 billion for secured loans.

The Colombian Central Bank also has the authority to establish maximum limits on the interest rates that commercial banks and other financial institutions may charge on loans.

Reserve Requirements

Grupo Aval's Colombian banking subsidiaries and Corficolombiana maintain as deposits in Colombian Central Bank or cash on hand to comply with the reserve requirements of the Colombian Central Bank and the Superintendency of Finance. Daily averages of these funds are taken into account to determine the compliance with reserve requirements. On August 30, 2024, the Board of Directors of the Central Bank of Colombia (Banco de la República) issued External Resolution No. 3, which reduces the reserve requirements as follows:

- Reduction of one percentage point in the reserve requirement for checking accounts and savings accounts, from 8% to 7%.

- Reduction of one percentage point in the reserve requirement for time deposits with a term up to 18 months, from 3.5% to 2.5%.

- For time deposits with maturities greater than 18 months, the reserve requirement remains at 0%.

Credit institutions must maintain these reserves in their accounts at the Colombian Central Bank or in cash.

Foreign Currency Loans

Colombian residents may only obtain foreign currency loans from foreign entities that obtain a code from the Colombian Central Bank. Such code has to be requested from the foreign exchange intermediary by the resident that wishes to obtain a loan from foreign entities or foreign individuals. Foreign currency loans must be either channeled through foreign exchange intermediaries (such as Colombian financial

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institutions) or deposited in offshore compensation accounts (i.e., specially designated accounts at foreign banks held by Colombian residents and registered before the Colombian Central Bank).

Under regulations issued by the Colombian Central Bank, every Colombian resident and institution borrowing funds in foreign currency is generally required to post with the Colombian Central Bank non-interest-bearing deposits for a specified term; however, the percentage of the required deposit is currently zero. No such deposits are required for foreign currency loans aimed at financing Colombian investments abroad or for short-term export loans (provided the loan is disbursed against the funds of Banco de Comercio Exterior—Bancóldex).

In addition, pursuant to Law 9 of 1991, the Board of Directors of the Colombian Central Bank is entitled to impose conditions and limitations on the incurrence of foreign currency indebtedness in order to avoid pressure in the foreign exchange market.

Restrictions on Foreign Investment in Colombia

Colombia's foreign investment statute regulates the manner in which non-residents are permitted to invest in Colombia and participate in the Colombian securities market. Among other requirements, Colombian law requires foreign investors to register certain foreign exchange transactions with the Colombian Central Bank and obtain authorization for certain types of investments. Certain foreign exchange transactions, including those between residents and non-residents, must be made through authorized foreign exchange intermediaries.

Non-residents are permitted to hold portfolio investments in Colombia, through a registered stock brokerage firm, a trust company or an investment firm. Investors would only be allowed to transfer dividends abroad after the foreign investment registration procedure with the Colombian Central Bank has been completed. The failure of a non-resident investor to report or register foreign exchange transactions with the Colombian Central Bank relating to investments in Colombia on a timely basis may prevent the investor from remitting dividends, or an investigation that may result in a fine may be commenced.

Loss Allowance

In the consolidated financial statements of Colombian credit institutions, the following rules about loan loss allowances apply:

Regarding the entire loan portfolio, in accordance with IFRS 9, financial institutions must evaluate at the end of each accounting period if there is or has been a significant increase in the credit risk (SICR) of a loan measured in accordance with the amortized cost methodology. Impairment indicators include significant economic difficulties faced by the borrower, payment default and the probability that the borrower will seek protection from creditors. If impairment is determined, a loan loss provision charged to income is calculated as follows:

- For loans deemed individually significant and impaired, an individual analysis is carried out in accordance with IFRS 9, which takes into consideration expected cash flows, interest rates, the amortization schedule, collateral and information from credit bureaus. A loan is considered impaired when, based on historical and current information and events, including forward-looking information such as macroeconomic indicators, it is concluded that there is a probability that the lender will be unable to collect in full the amounts owed as per the loan agreement, including interest and commissions. When a loan has been identified as impaired, the value of the loss is measured as: (i) the difference between the book value of the loan and the present value of expected future flows (taking into consideration the condition of the borrower), discounted by the interest rate initially established on the loan, or (ii) the present value of the collateral that guarantees the loan (after deducting the estimated selling costs of the collateral) when it is concluded that the fundamental source of repayment is the sale of the collateral. For the calculation of loss allowances considered individually significant, which are based on their guarantee, estimates of the fair value of such guarantee are established using independent expert appraisers.

- For those loans which are not individually significant and for loans individually significant but not impaired, a collective assessment is effected with loans grouped together by segments having similar characteristics, using statistical assessment techniques based on the analysis of historical losses to determine an estimate of percentage of expected losses in such assets as of the date of the financial statements, but which have not been identified on an individual basis.

For the calculation of expected losses of loan portfolios analyzed collectively, statistical models are utilized which take into consideration three fundamental factors: exposure, probability of default and loss given default.

The calculation process includes analyses of specific, historical and qualitative components. The methodologies used include the following elements: a) detailed periodical analysis of the loan portfolio, b) credit classification system by risk levels, c) periodic review of the summary of loss allowances, d) identification of loans to be evaluated individually due to impairment, e) consideration of internal factors, such as our size, organizational structure, loan portfolio structure, loan administration process, analysis of overdue portfolio and experiences of historical losses, f) consideration of risks inherent to different types of loans, and g) consideration of external factors, including local, regional and national, as well as economic factors.

As of January 1, 2018, IASB adopted the expected credit loss ("ECL") model according to IFRS 9. For more information regarding loss allowance calculations see "Item 11. Quantitative and Qualitative Disclosures About Market Risk".

Separate financial statements for us and our financial subsidiaries in Colombia are based on Colombian IFRS and pursuant to certain requirements under Colombian regulations. Loss allowances are calculated based on specific rules of the Financial and Accounting Basic Circular (*"Circular Básica Contable y Financiera*") issued by the Superintendency of Finance.

Requirements for acquiring shares of a financial entity in Colombia.

Pursuant to Article 88 of EOSF, any transaction of national or foreign investors whose purpose is the acquisition of ten percent (10%) or more of the subscribed shares of any kind of entity subject to the supervision of the Superintendency of Finance, whether it is carried out through one or several operations of any nature, simultaneous or successive, or those by means of which said percentage is increased, shall require, under penalty of ineffectiveness, the prior approval of the Superintendency of Finance, who shall examine the suitability and responsibility of the persons interested in acquiring the equity in such entities.

Additionally, the Superintendency of Finance shall ascertain whether the public welfare will be protected during these transactions. Subsequently, the Superintendency of Finance will assure that none of the acquirers of the shares are under any situation that pursuant to the EOSF would not allow such acquirer or acquirers to incorporate a new financial entity, such as AML/TF measures or the breach of Legal Lending Limits, among others. The failure to request the Superintendency of Finance's prior approval may result in the share transfer transaction being declared ineffective. Therefore, any effects of the transaction would be canceled and nullified as a matter of law, without the need for a judicial declaration.

However, the law provides certain exceptions to the requirement to obtain such prior approval. If an investor has been approved by the Superintendency of Finance for the acquisition of 10% or more of the shares of a financial entity during the last three years, such an investor is allowed to notify the compliance with certain capital relations as provided by law, without the need to request a new approval. This also applies to financial entities, such as Credit Unions, whose capital is not composed of or represented by shares.

Public Tender Offer Rules

Pursuant to Colombian law, the acquisition of the beneficial ownership of 25.0% or more of the outstanding shares with voting rights of a listed company, or the purchase of 5.0% or more of the outstanding shares with voting rights by a shareholder or group shareholders beneficially owning 25.0% or more of such outstanding shares of a listed company, should be made pursuant to the public tender offer rules. The preferred shares are not shares with voting rights for purposes of this requirement.

Under Article 6.15.2.1.1 of Decree 2555 of 2010, any entity or group of entities ultimately representing the same beneficial owner, directly or through one or more intermediaries, may only become the beneficial owner of more than 25.0% of the outstanding shares with voting rights of a company that is publicly traded in Colombia by making a public tender offer directed to all holders of such shares of that company, following the procedures established by the Superintendency of Finance as per the applicable law.

Moreover, any beneficial owner of more than 25.0% of the outstanding shares with voting rights of a company who wants to acquire additional shares of the company representing more than 5.0% of the company's outstanding shares with voting rights may only do so by making a public tender offer directed to all holders of such company's shares, following the procedures established by the Colombian Superintendency of Finance as per the applicable.

These requirements do not need to be met in certain circumstances described in Article 6.15.2.1.2 of Decree 2555 of 2010, including: (i) if the purchase is approved by 100% of the holders of the outstanding shares of the company, (ii) if the purchaser acquires the percentages indicated above through an offer in a privatization process, (iii) if the company reacquires its own shares or (iv) if the company issues voting shares, among others.

In 2024, and as of the date of this annual report, there have been no public tender offers by third parties with respect to the Company's shares or by Grupo Aval in respect to another company's shares.

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Sales of Publicly Traded Stock

Any transaction involving the sale of publicly traded stock of any Colombian company, including any sale of our preferred shares for the peso equivalent of 66,000 UVRs (U.S.$ 5,639.9) or more must be effected through the Colombian Stock Exchange. At December 31, 2024, one UVR equaled Ps 376.8 and 66,000 UVRs equal Ps 24,867,235.8.

Intervention Powers of the Superintendency of Finance – Bankruptcy Considerations

Pursuant to Colombian banking regulations, the Superintendency of Finance has the power to intervene in the operations of a bank in order to prevent it from, or to control and reduce the effects of, a bank failure.

The Superintendency of Finance may intervene in a bank's business: (i) prior to the liquidation of the bank, by taking precautionary measures in order to take remedial actions and prevent the bank from being taken over by the Superintendency of Finance, or (ii) to take control of the bank to either administer the bank or order its liquidation, depending on the severity of the situation.

The purpose of taking control is to allow the Superintendency of Finance to decide: (i) whether the entity should be liquidated, (ii) whether it is possible to place it in a position to continue doing business in the ordinary course, or (iii) whether other measures may be adopted to secure better conditions so that depositors, creditors and investors may obtain the full or partial payment of their credits.

If the Superintendency of Finance takes control of a bank, FOGAFIN must appoint a special agent (who must be accepted by the Superintendency of Finance) to administer the affairs of the bank during such process and until the bank is ordered to be liquidated or the entity is reestablished to continue doing business in the ordinary course.

During the period of the Superintendency of Finance's control (which ends when the liquidation process begins), Colombian banking laws prevent any creditor of the bank from (i) initiating any procedure for the collection of any amount owed by the bank, (ii) enforcing any judicial decision rendered against the bank to secure payment of any of its obligations, (iii) placing a lien or attachment on any of the assets of the bank to secure payment of any of its obligations, or (iv) making any payment, advance or compensation or assuming any obligation on behalf of the bank, with the funds or assets that may belong to it and are held by third parties, except for payments that are made by way of set-off between regulated entities of the Colombian financial and insurance systems.

In the event that the bank is liquidated, the Superintendency of Finance must, among other measures, provide that all term obligations of the bank are due and payable at the date when the order to liquidate becomes effective.

During the liquidation process, bank deposits and other types of saving instruments will be excluded from the liquidation process and, claims of creditors, as a general rule, rank as follows: (i) the first class of credits includes the court expenses incurred in the interest of all creditors, wages and other obligations related with employment contracts and tax obligations owed to tax authorities regarding national and local taxes; (ii) the second class of credits comprises the credits secured by a security interest on movable assets; (iii) the third class of credits includes the credits secured by real estate collateral, such as mortgages; (iv) the fourth class of credits contains some other obligations before the tax authorities against the debtor that are not included in the first class of credits and debts owed to suppliers of raw materials and other inputs; and (v) finally, the fifth class of credits includes all other obligations without any priority or privilege; provided however, which among credits of the fifth class, subordinated debt shall be ranked junior to the external liabilities (*pasivos externos*), senior only to capital stock. Each category of creditors will collect in the order indicated above, whereby distributions in one category will be subject to completing full distribution in the prior category.

Troubled Financial Institutions – Deposit Insurance

Subject to specific limitations, FOGAFIN is authorized to provide equity and/or secured loans to troubled financial institutions and to insure deposits of commercial banks and certain other financial institutions. In 1998 and 1999, to address the adverse effects of the economic crisis, certain regulations were adopted, among others, Law 546 of 1999 (*Ley de Vivienda*) and Law 550 of 1999 (*Ley de Reactivación Económica*).

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To protect the customers of commercial banks and certain financial institutions, Resolution No. 1 of 1988 of FOGAFIN, as amended from time to time, requires mandatory deposit insurance. Under this resolution, banks must pay an annual premium of 0.3% of total funds received on savings accounts, checking accounts, certificates of deposit, special savings deposits, mortgage bonds, special accounts, bank collection services and electronic deposits. If a bank or financial institution is liquidated, the deposit insurance will cover the funds deposited by an individual or corporation with such bank, up to a maximum of Ps 50 million, regardless of the number of accounts held.

Anti-Money-Laundering Provisions

The regulatory framework to prevent and control money laundering is contained in, among others, the EOSF, Part I, Title IV, Chapter IV of Legal Basic Circular (*Circular Básica Jurídica*), as amended, issued by the Superintendency of Finance, as well as the Colombian Criminal Code.

Colombian laws adopt the latest guidelines related to anti-money laundering and other terrorist activities established by the Financial Action Task Force on Money Laundering, or "FATF". Colombia, as a member of the GAFI-SUD (a FATF-style regional body) follows all of FATF's 40 recommendations and nine special recommendations.

Anti-money laundering provisions have been complemented with provisions aimed at deterring terrorism financing. For that purpose, by means of the Legal Basic Circular, the Superintendency of Finance has issued regulations requiring the implementation by financial institutions of a system of controls for money laundering and terrorism financing.

The requirements include "know your customer" including ultimate beneficial owners identification, rules and procedures to protect financial institutions from being used directly by shareholders and executives in money-laundering activities, for channeling funds for terrorist activities, or for the concealment of assets from such activities; these rules and procedures set forth detailed instructions for monitoring these risks.

Part III, Title I, Chapter VII of Legal Basic Circular, as amended, issued by the Superintendency of Finance and applicable to issuers of securities in the capital markets, provides rules and guidelines regarding the prevention of money laundering and terrorism financing.

Finally, the Colombian Criminal Code includes criminal rules and regulations to prevent, control, detect, eliminate and prosecute all matters related to financing terrorism and money laundering. The criminal rules and regulations cover the omission of reports on cash transactions, mobilization or storage of cash, and the lack of controls.

On January 18, 2022, Colombia enacted Law 2195 (Anti-bribery law), which increases the penalties, fines, crimes and sanctions that may be emplaced to local and branches of foreign companies, on the matter of corruption and the commitment of certain conducts that may result in crimes or felonies against the public administration, environment, economic and social order, terrorism financing and organization of terrorism groups, money laundering, private corruption, unlawful administration, among others. The new penalties include fines, suspensions or bans on contracting with the government, the disclosure of the conducts in media, the prohibition to receive any subsidy from the government, the dismissal of the staff that has been involved with the conduct, and the dismissal of the staff that tolerated or agreed to the conduct resulting in the crimes once determined by a judge.

Insolvency Law

On July 12, 2012, the Colombian Congress enacted Law 1564, which provides insolvency protection for non-merchant individuals. Under the new insolvency regulation, which came into effect on October 1, 2012, once a non-merchant individual has ceased paying his or her debts, such individual can initiate a voluntary insolvency proceeding before a notary public or mediator to reach an agreement with his or her creditors. The terms of any agreement reached with two or more creditors that represent more than 50% of the total amount of the claims against such individual will be mandatorily applicable to all relevant creditors. The law also provides for increased debtor protections, including an automatic stay for a maximum of 90 days.

Furthermore, Law 1116 of 2006 and Law 2437 of 2024 regulate insolvency proceedings for companies in Colombia. Law 1116 sets forth the procedures and conditions under which a company may seek admission to a reorganization proceeding to negotiate a debt restructuring agreement with its creditors (*acuerdo de reorganización empresarial*) or initiate a liquidation proceeding to settle its liabilities and distribute its assets. Building upon this framework, Law 2437 of 2024 enhances insolvency mechanisms by introducing three streamlined procedures for creditors: (i) the Business Recovery Procedure, a three-month mediation-based process before the Chambers of Commerce (*Cámaras de Comercio*); (ii) the Abbreviated Reorganization, tailored for small companies with assets up to 5,000 minimum wages, offering simplified restructuring; and (iii) the Simplified Judicial Liquidation, providing an expedited asset adjudication process for companies within the same asset threshold.

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Prepayment of Credit Operations without Penalty

On July 9, 2012, the Colombian Congress enacted Law 1555, allowing consumers of financial services to prepay obligations denominated in pesos owed to financial institutions, without incurring in any penalty. Law 1555 also requires that financial institutions disclose the possibility of such prepayment to borrowers prior to the extension of any loan.

Law 1555 does not apply to (i) mortgage loans, for which prepayment is always allowed according to Law 546 of 1999, (ii) loans having a balance that exceeds 880 times the legal monthly minimum wages, or (iii) to financial obligations acquired prior to this Law's effective date (July 9, 2012), and for which prepayments are governed by the relevant contractual provisions, or absent an agreement by the parties, by the laws in force at the time when the relevant agreement was executed.

Data Protection Law

On October 17, 2012, Law 1581 of 2012, as amended by Law 2157 of 2021 and Law 2300 of 2023 a new data protection regime that applies to any person that administers databases in Colombia, and this Law was regulated on June 27, 2013, by Decree 1377 of 2013 and Decree 886 of 2014. Although it does not apply in its solely to financial institutions, it provides a set of principles (legality, freedom, truthfulness, quality, transparency, access, confidentiality, among others) that apply to us in the administration of our databases. Additionally, there is a general prohibition of transferring personal data to other countries that do not provide adequate levels of data protection according to the standards set by the Superintendency of Industry and Commerce. This prohibition does not apply to transfers of data that are inherent to banking and securities activities under the applicable law. The 2021 amendment included a new term of permanence in databases from clients of financial services and notification process to execute the report.

In 2023, Law 2300, also known as the "Stop Bothering Law," was enacted. This law regulates the communication frequency and channels used by entities when contacting clients regarding debt collection and product offerings. Its framework aims to reduce the number of times clients are contacted through various channels, such as email, SMS, and calls, within the same week and only using one channel. Additionally, it regulates the timeframe during which such activities can occur.

Regulation on Liens over Movable Assets

On August 20, 2013, the Colombian Congress enacted Law 1676 with the purpose of increasing the public access to credit by providing a new regulation on liens over movable assets. Law 1676 introduced substantial modifications to Colombian regulation on liens over movable assets, including: (a) the creation of a single unified lien public registry, (b) the ability for creditors to directly foreclose on the secured assets for a value determined in an appraisal conducted by an independent expert appointed by the Superintendency of Companies, (c) the ability for creditors to enforce the security upon insolvency of the debtor, provided that the movable assets are not essential for the continuing of business of the insolvent debtor, and (d) an upgrade of priority upon liquidation.

Regulation on Payroll Loans

On April 27, 2012, the Colombian Congress enacted Law 1527, as amended by Law 1607 of 2012 and by Law 1902 of 2018, which consolidated the then existing regulatory framework on payroll deduction loans. Under Law 1527, payroll loans are secured by an irrevocable order or authorization from the clients to their respective employers or to the entity that pays their salary or other financial benefits arising from their employment to directly pay the loan. As opposed to the prior regulatory regime, employees may currently freely determine the financial institution granting the relevant financial product or service. Similarly, Law 1527 provides that the employer is jointly and severally liable for the employee's payment obligation if the employer fails to effect the deductions required for the debt service of its employee's obligation.

Regulatory Framework for Non-Financial Subsidiaries

Our Colombian subsidiaries that are not part of the financial sector are governed by the laws and regulations of the Colombian Civil Code and the Colombian Code of Commerce, as well as any regulations issued by the Colombian Superintendency of Industry and Commerce and the Superintendency of Corporations or any other type of special regulations that may be applicable to corporations, and the commercial and industrial activities carried out by these subsidiaries.

Service of Process and Enforcement of Judgments

Grupo Aval is incorporated under the laws of Colombia. All of our directors and officers reside outside the United States. Substantially all of our assets are located outside the United States, primarily in Colombia. As a result, it may not be possible, or it may be difficult, for you to effect service of process upon us or these other persons within the United States or to obtain recognition and enforcement of judgments

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obtained in U.S. courts against us or them, including those predicated upon the civil liability provisions of the U.S. federal securities laws or otherwise.

The Colombian Supreme Court will determine whether to recognize a U.S. judgment predicated on the U.S. securities laws through a proceeding known under Colombian law as "exequatur". Enforcement of U.S. judgments may require a separate court procedure in Colombia. After the exequatur has been granted, if the judicial decision imposes an obligation to pay a sum of money or to comply with certain obligations, an executive judicial proceeding (*proceso ejecutivo)* before a local court is available. Such proceeding would follow the same rules applicable for the enforcement of local judicial decisions.

The Colombian Supreme Court will recognize a foreign judgment, without reconsideration of the merits, only if the judgment satisfies the requirements of Articles 605, 606 and 607 of Law 1564 of 2012 (*Código General del Proceso*), provided that the parties affected by the judgment were summoned in the exequatur proceedings in accordance with applicable rules. Law 1564 of 2012 provides that the foreign judgment will be recognized if:

- a treaty or convention exists between Colombia and the country where the judgment was granted relating to the recognition and enforcement of foreign judgments or, in the absence of such treaty or convention, there is reciprocity in the recognition of foreign judgments between the courts of the relevant jurisdiction and the courts of Colombia;

- the foreign judgment does not refer to "in rem" rights vested in assets that were located in Colombia at the time the suit was filed in the foreign court which issued the judgment;

- the foreign judgment does not contravene or conflict with Colombian laws relating to public order (i.e., provision considered to be international public policy) other than those governing judicial procedures;

- the foreign judgment is final and not subject to appeal in accordance with the laws of the country in which it was obtained. The copy of the judgment provided to the Colombian Supreme Court must be authenticated and legalized by a Colombian Consul and translated into Spanish by an authorized translator, duly registered at the Ministry of Foreign Affairs;

- the foreign judgment does not refer to any matter upon which Colombian courts have exclusive jurisdiction;

- no proceedings are pending in Colombia with respect to the same cause of action, and no final judgment has been awarded in any proceeding in Colombia on the same subject matter and between the same parties;

- in the proceedings commenced in the foreign court that issued the judgment, the defendant was served properly in accordance with the applicable laws in such jurisdiction, and was given a reasonable opportunity to defend itself against the action; and

- the Colombian Supreme Court has granted exequatur upon the foreign judgment.

The United States and Colombia do not have a bilateral treaty providing for automatic reciprocal recognition and enforcement of judgments in civil and commercial matters. The Colombian Supreme Court, which is the only Colombian court that can recognize foreign judgments, has generally accepted that reciprocity exists when it has been proven that either a U.S. court has recognized a Colombian judgment or that a U.S. court would recognize a foreign judgment, including a judgment issued by a Colombian court. However, the Colombian legal system is not based on precedents and exequatur decisions are made on a case-by-case basis.

We have appointed Banco de Bogotá S.A., New York Agency as our authorized agent upon whom process may be served in any action instituted in any U.S. federal or state court having subject matter jurisdiction in the Borough of Manhattan in New York, New York, arising out of or based upon the ADSs or the underwriting agreement related to the ADSs.

Notwithstanding the foregoing, we cannot assure you that a Colombian court would recognize or enforce a judgment issued by a state or federal court in the United States with respect to the preferred shares or ADSs based on U.S. securities laws. We have been advised by our Colombian counsel that there is no legal basis for a Colombian court to exert jurisdiction over original actions to be brought against us or our directors and executive officers predicated solely upon the provisions of U.S. securities laws. In addition, certain remedies available under U.S. securities laws may not be admitted or enforced by Colombian courts.

Grupo Aval's articles of incorporation and by-laws contain an arbitration clause that provides for the exclusive jurisdiction of an arbitral tribunal to be seated in Bogotá, D.C., Colombia. The arbitration provision provides that any conflict arising among shareholders, or between shareholders and Grupo Aval in connection with the by-laws, must be resolved by an arbitral tribunal.

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Risk Management Framework

In order to comply with the provisions of Law 1870 of 2018, (Conglomerate Law), and specifically the provisions of External Circular 013 of 2019, now Chapter XXX of the CBCF issued by the SFC, enforceable as of June 21, 2021, Grupo Aval implemented these regulations through the Risk Management Framework ("Marco de Gestión de Riesgos" or "MGR" for its acronym in Spanish) of the Financial Conglomerate, which corresponds to the set of policies, procedures, methodologies, and controls that act in an integrated manner.

These metrics allow the Financial Holding, as the visible head of the financial conglomerate Aval, the management of its own risks, which are: (i) Risk of Contagion, (ii) Risk of Concentration; and (iii) Strategic Risk. through the identification, measurement, control and monitoring of such risks; as well as having a general knowledge of the risks of the entities that make up the financial conglomerate Aval.

Pension and Severance Fund Management

Pension business overview

The Ministry of Finance limits the range of assets in which pension and severance fund managers ("AFP") can invest and sets concentration limits regarding the funds under administration. In addition, each AFP is required by law to provide a minimum return on investment for each of its mandatory pension and severance funds. This minimum return is determined pursuant to certain formulas established by means of Decree 2555 of 2010, which vary pursuant to the type of fund. Under the current multi-fund scheme, a risk profile system which differentiates conservative, moderate and aggressive risk portfolios for individual clients of mandatory pension funds, the time horizon for the calculation of the minimum return is between 36 to 60 months, depending on the risk profile of each portfolio. For severance funds, the long-term portfolio will have a 24-month time horizon, and the short-term portfolio will have a three-month time horizon.

If a fund's cumulative return for any month is lower than the minimum return, the AFP must supplement the necessary amount to cover the difference within a period of five days. To do so, the AFP must first apply funds from its "stabilization reserve", which is a portion of the AFP's capital invested in the fund administered by the AFP and which must represent at least 1.0% of the value of that fund. If the stabilization reserve is insufficient to cover the difference, the AFP must provide resources from its remaining capital. If the AFP does not have enough resources to cover the difference, the Superintendency of Finance may order the capitalization of the AFP to its shareholders. If, notwithstanding the above, an AFP fails to observe either the minimum return or the stabilization requirements or the order of capitalization, the Superintendency of Finance may take control over the AFP, in which case FOGAFIN, the Colombian deposit insurance fund, is required to supply funds to cover the shortfall. In that event, the AFP may be dissolved and the funds under administration transferred to another AFP. See "Item 3. Key Information—D. Risk Factors—Risks relating to our businesses and industry—Risks relating to our pension and severance fund management business".

Third party assets under management are held in trusts independent from the assets of the AFP, where the contributions made by each individual customer and its returns are held in an individual account.

Mandatory pension funds

Contributions to pension funds are mandatory for all employees in Colombia and are jointly funded by the employer and the employee. In the case of contributing clients, the base contribution rate is 16.0% (up to 18.0% for employees meeting a certain salary threshold) of an employee's base salary, whereby the employer contributes 3/4 (12%) and the employee 1/4 (4%) of the base contribution rate. Contributions are paid on a monthly basis. Of the 16.0%-18.0% total contribution, 11.5% goes to the individual customer's account. The current pension system provides that 300 basis points (3.0%) of the contribution are distributed between (i) life and disability insurance and (ii) compensation for the AFP. In 2023, Porvenir's funds subscribed to life and disability coverage insurance with a 2.47% premium, which resulted in a 0.53% retained as compensation. The remainder is distributed between the National Solidarity Fund (Fondo de Solidaridad Pensional), depending on the employee's salary (up to 2.0%), and the National Minimum Pension Warranty Fund (Fondo de Garantía de Pensión Mínima) (at 1.5%).

In the case of non-contributing clients, regulations allow private pension funds to charge a performance-based commission considering that these customers have to be served in the same manner as a contributing client through branches, call-centers, billing and managing of their individual customer fund. The established performance-based commission is 4.5% of monthly returns of the clients' individual customer fund, with a cap at 50% of the last value charged as commission over the clients' contribution as an active customer.

Employees may freely select their mandatory pension fund, a private pension and severance fund manager of their choice or the Government-sponsored defined public benefit plan, administered by Colpensiones, and can change plans after meeting minimum tenure requirement of five years to switch from the public fund to a private plan and only up to ten years prior to the retirement age, and six months to switch between private fund providers with no limitation prior to retirement age. Whenever an employee changes from one AFP to another, his/her

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entire savings balance at the fund is transferred to the pension fund administered by the new AFP. Mandatory pension funds cannot be withdrawn prematurely, and they generally expand over the individual's working years.

On July 16, 2024, the Government signed into effect Law 2381 of 2024, which had been previously approved by Congress. This law introduces significant reforms to the current pension system, aiming to extend its coverage to more Colombians. The reform is based on a "pillar structure." Under this system:

- Employees earning up to 2.3 times the monthly minimum legal wage are required to contribute to Colpensiones, a public administrative entity.

- Those earning above 2.3 times the monthly minimum legal wage must allocate their contributions that are applicable to the first 2.3 times the monthly minimum legal wage to Colpensiones. Any contributions exceeding this threshold are directed to a pension fund administrator (AFP) of their choice. Law 2381 authorizes AFPs to manage the pillar known as "Pilar Contributivo en su Componente Complementario de Ahorro Individual" (ACCAI). Additionally, fiduciary companies and insurance companies are also permitted to manage this pillar.

The law includes a transition regime. Its provisions will not apply to women who have contributed to the pension system for more than 750 weeks or men who have contributed for more than 900 weeks. In terms of asset administration and investment, Law 2381 introduces a generational fund structure. This system groups clients of similar ages into the same fund, with investment strategies tailored to each group's stage of life.

Regarding corporate governance, entities authorized to manage the ACCAI pillar must adjust the composition of their boards of directors. They are required to appoint two new members, along with their alternates, who will represent the clients of this pillar.

Law 2381 will take effect on July 1, 2025. The Government is tasked with issuing further regulations to implement its provisions. Meanwhile, severance and voluntary pension funds will continue under their existing terms and conditions. Since the issuance of Law 2381, the Constitutional Court has received approximately 143 lawsuits challenging its constitutionality. Of these, 14 have been admitted for review. The Court is expected to issue its first ruling soon. The Constitutional Court's review could have the following outcomes:

- *Total enforceability:* The law becomes fully effective starting July 1, 2025.

- *Total unconstitutionality:* If deemed unconstitutional, the reform would have no legal effect and would not be implemented.

- *Partial unconstitutionality:* Specific provisions may be nullified while the rest of the reform takes effect.

- *Conditional enforceability:* The Court could declare the law constitutional under specific conditions or interpretations, guiding its future application.

The law also reforms the fee structure for AFPs, shifting from a contribution-based scheme to one based on assets under management. AFPs may charge a maximum fee of 0.7% on assets managed up to June 30, 2025, and 0.8% on new contributions exceeding 2.3 monthly minimum wages. Further details on these fees are to be defined by the Government.

As of 2024, approximately 86% of formal employees and independent contractors contributing to the pension system earned up to three monthly minimum salaries.

Severance funds

Severance funds are independent trusts formed by the accumulated severance payment allowance required by Colombian labor law. The severance payment allowance is a social benefit granted to employees for which employers are responsible under an employment agreement. The allowance consists of the payment of one month's salary per year of service and pro rata amounts for fractions of a year. This amount is deposited directly with the AFP by the employer. Porvenir and all other pension and severance fund managers in Colombia charge a fee (per year for assets under management) of 1.0% for amounts in the mandatory investments short-term portfolio and 3.0% in the long-term portfolio.

Voluntary pension funds

Voluntary pension funds are independent trusts formed by contributions from their participants and/or sponsors and their respective yields, for the purpose of complying with one or several voluntary retirement or disability pension plans. Porvenir earns annual management

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commissions for assets under management that range between 0.6% and 3.0%, depending on the balance of the customer and the selected portfolios (lower commissions for liquidity portfolios and higher commissions for more complex portfolios).

In 2020, the Colombian Government, through Decree 1207 issued a new legal framework applicable to voluntary pension funds. This legal framework required AFP to adopt higher standards of corporate governance rules and operating guidelines including a general investment policy. In 2022 Porvenir implemented all the required adjustments and procedures to fulfill the obligations arising from Decree 1207. In 2023, Porvenir adopted the applicable laws for the correct duty of advice (Also known as "*deber de asesoría*") to its clients at the moment of investing their funds in the voluntary pension fund administered by Porvenir. The regulations applicable to the correct duty of advice can be found on the Decree 661 of 2018.

Third-party sponsored pension liability funds

Third-party sponsored pension liability funds are independent trusts made up of deposits from different institutions (both private and publicly owned) that require a professional institution to manage a fund that is usually created to finance special pension regimes (i.e., pensions that are paid by the employer; before 1994, companies were allowed to establish their own internal pension systems).

Third-party sponsored pension liability funds enable Porvenir to receive performance-based commissions, in few cases these funds have a minimum guaranteed return pursuant to their specific terms. Porvenir retains a percentage of the yearly returns of each third-party sponsored pension liability fund, and in some cases, a portion of assets under management.

On April 25, 2023, the agreements numbered 6.002-2012 and 6.004-2012, entered into by the Ministry of Finance and Porvenir, and by Fiduciara Bogotá, Porvenir, and BBVA Fiduciaria under consortium and temporary union schemes, respectively, for the management of FONPET, were terminated. Following the termination of the agreements, the administrators, including the aforementioned temporary union and consortium in which Porvenir participates, delivered the entire portfolio (Ps 21. trillion and related to agreements 6.002 and 6.004) to the Ministry in three installments: April 26, 2023, May 12, 2023, and June 13, 2023. This entity and the above mentioned consortium and temporary union executed the contract settlement agreement in which the parties declared that no obligations were pending to be fulfilled. This document has been executed on August 30th, 2024.

Pension fund solvency measures

For information regarding pension and severance fund solvency measures see "Item 4. Information on the Company—B. Business overview—Supervision and regulation—Capital Adequacy Requirements—Porvenir".

C. Organizational structure

See Note 1 of our consolidated financial statements for information on our organizational structure. We conduct our operations through our four banks (Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas), a pension and severance fund manager (Porvenir), and our merchant bank (Corficolombiana).

D. Property, plant and equipment

We have listed below the carrying amount of property, plant and equipment of each of our operating segments at December 31, 2024.

	Buildings and land(1)	Machinery	Equipment	Bearer plants	Other properties	Total
			(Ps billions)			
Banking services	942.6	11.8	587.3	—	94.6	1,636.4
Pension and Severance Fund Management	52.8	1.2	16.9	—	0.9	71.9
Merchant Banking	1,185.8	1,347.9	59.6	272.1	23.9	2,889.3
Holding	—	—	0.8	—	0.8	1.5
Consolidation adjustments and eliminations	1.0	—	—	—	0.0	1.0
Grupo Aval	**2,182.3**	**1,361.0**	**664.6**	**272.1**	**120.2**	**4,600.1**

(1) Includes ongoing constructions.

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ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating results

The following discussion of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements prepared in accordance with IFRS at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 and the related notes thereto, and with the other financial information included in this annual report. The preparation of our audited consolidated financial statements requires the adoption of assumptions and estimates that affect the amounts recorded as assets, liabilities, revenue and expenses in the years and periods addressed and are subject to certain risks and uncertainties. Our future results may vary substantially from those indicated because of various factors that affect our business, including, among others, those identified under "Forward-Looking Statements" and "Item 3. Key Information—D. Risk factors", "Item 5. Operating and Financial Review and Prospects—D. Trend information", and other factors discussed in this annual report. For information regarding the calculation methodology of the main key performance indicators used throughout this section see "Item 3. Key Information—A. Selected Financial Data".

Volume and rate variances are calculated based on changes in average balances over the period. This includes changes in interest rates on average interest-earning assets and average interest-bearing liabilities. The calculations involve: (a) changes in volume (change in volume times new rate) and (b) changes in rates (change in rate times old volume). Net changes attributable to changes in both volume and interest rate have been allocated to changes in volume. Calculations are done on a line-by-line basis to account for changes in mix when analyzing each group of interest-earning assets (gross loans, total gross loans and total interest-earning assets) and interest-bearing liabilities (customer deposits, other funding and total funding). In Item 5, we refer to "N.A." as not applicable.

We have not included a discussion of year-over-year comparisons between 2023 and 2022 in this annual report on Form 20-F. This discussion can be located in "Item 5. Operating and Financial Review and Prospects—Results of Operations for the Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022" in our annual report on Form 20-F for the year ended December 31, 2023, filed with the SEC on April 16, 2024.

Principal factors affecting our financial condition and results of operations

International context

Projected growth for the global economy in 2024 is 3.2%, exceeding initial expectations of 2.9%. Weakness in advanced economies such as Germany and Japan, and a deceleration in China, was offset by positive dynamics in the United States. Growth in the United States is estimated at 2.8%, above the initial forecast of 1.5%. During the year, the moderation trend in inflation strengthened, following a normalization of global supply chains and lower commodity prices. Lower inflation enabled a less contractionary monetary policy in advanced economies, joining the emerging economies that started lowering reference rates in 2023. Inflation in the United States, measured by the Consumer Price Index, stood at 2.9% in 2024 versus 3.4% in 2023, which in turn allowed the Federal Reserve to cut the Federal Funds Effective Rate by 1 percentage point during the second half of 2024.

Colombian economic conditions

In Colombia, GDP growth recovered across sectors in 2024 with a 1.7% real GDP growth that compared favorably to the 0.7% GDP growth in 2023, which had marked the most challenging year in recent history for the Colombian economy. Although still below potential GDP growth figures, this recovery was driven by household consumption, which showed a better performance than a year earlier.

Household consumption drove economic growth, this component explains 76% of real GDP and 69% of real GDP growth in 2024. This performance was explained by strong inflows from remittances, the resilience of the labor market, lower interest rates and the moderation of inflation. Gross fixed capital formation (investment) grew 3.0% in 2024 and now represents 17.2% of GDP, remaining at historically low levels relative to the 2010 – 2019 period average of 22.1%. The country's trade balance was negative in 2024, standing at -9.8% of GDP and increasing 7.6% with exports and imports posting 2.0% and 4.2% growth respectively. Finally, the public spending component represents 15.9% of GDP in 2024 and contributed negatively to GDP dynamics after posting an annual contraction of 0.5%.

The average unemployment rate in 2024 was 10.2%, unchanged from 2023. However, the unemployment rate at the end of 2024, at 9.1%, was the lowest recorded in a year-end month since 2016. In 2024, 10 out of the 13 measured sectors of the economy recorded an increase in employment compared to 2023; the sectors with the largest increases in employment rates were industry and entertainment, while professional activities had the largest negative impact on employment in 2024.

Fiscal accounts

Finally, on the fiscal front, the deficit for 2024 closed at 6.8% of GDP, a significant deterioration from the 4.3% recorded in 2023 and the highest fiscal deficit in 20 years (excluding 2020 and 2021 due to fiscal pressures derived from the COVID-19 pandemic). This situation is mainly the result of lower tax collections compared to the government's target as well as an increase in government spending, presenting a challenging fiscal outlook for the Colombian economy and the government's ability to adjust expenditures to new collection levels.

This resulted in a weaker outlook on Colombia's fiscal accounts that increased the country's risk premium. Colombia's CDS increased to 212 basis points in 2024 from 157 basis points in 2023. However, the average annual exchange rate appreciated 5.9% to 4,073.75 Colombian pesos per U.S. dollar between 2024 and 2023. The current account deficit ended the year at 1.8% of GDP, a marked improvement relative to the 2.7% deficit during 2023. Colombia's sovereign curve in Pesos steepened during the year, with the 4 year TES increasing 104 basis points to 10.5%, 10 year TES increasing 192 basis points to 11.9% and the 30 year TES increasing 236 basis points to 12.6%.

Interest rates and inflation

Inflation in Colombia continued to decline in 2024 closing the year at 5.20%, from 9.28% recorded a year earlier, marking the fourth consecutive year in which the year-end inflation exceeded the Central Bank's target range of 2% to 4%. Favorable disinflationary trends in goods and regulated price sub-baskets led to this performance. Inflation for goods was 0.6%, supported by the lagged effect of the appreciation of the Colombian peso against the U.S. Dollar between July 2023 and August 2024. Inflation in the regulated prices sub-basket fell from 17.2% to 7.3% in 2024, mainly due to the stability of gasoline prices.

Despite a 408 basis points reduction in inflation, the Central Bank cut its interest rate by 350 basis points, from 13.0% in December 2023 to 9.50% in December 2024, increasing real interest rates above the initial expectations of economic analysts and capital market participants. The Central Bank maintained a conservative monetary policy with 50 basis points rate cuts in six sessions and 25 basis points in the remaining two meetings. Monetary policy in 2024 considered the slow pace at which inflation fell, more adverse global financial conditions and the country's challenging fiscal situation. As a result, real interest rates remain high and contractionary. The Central Bank's average interest rate decreased 165 basis points from 13.0% in 2023 to 11.4% in 2024.

Methodological changes implemented by the Superintendency of Finance to the formula used to set the *Interés Bancario Corriente* (see "Item 4. Information on the Company—B. Business overview—Supervision and Regulation—Key interest rates"), and in turn the *Tasa de Usura* (interest rate cap) negatively impacted our banks' ability to reprice consumer loans.

The end of period interest rate cap decreased 11.18 percentage points to 26.39% from 37.56% in 2023, while the average rate cap decreased 12.34 percentage points to 30.73% in 2024 from 43.06% in 2023. Our internal estimates indicate these methodological changes could have lowered the interest rate caps in excess of 5.00 percentage points, relative to what would have been the end of period rate cap under the previous methodology. As a result, new originations were disbursed at lower rates than anticipated and our banks were unable to charge the contractual interest rates on a portion of existing loans that were disbursed at rates exceeding the rate caps.

Exchange rates

The Colombian Peso was the third weakest Latin American currency, with an annual depreciation of 15.4%, to 4,409.15 per U.S. dollar at December 31, 2024 from 3,822.05 pesos per U.S. dollar at December 31, 2023. External factors heavily influenced the currency's performance. Amongst these factors were the upward revision of the Federal Reserve's inflation and interest rate forecasts following Donald Trump's victory in the U.S. presidential elections, as well as a weaker outlook on Colombia's fiscal accounts.

Grupo Aval continues to be subject to impacts on our consolidated financial statements derived from fluctuations of the Colombian peso against the U.S. dollar, the currency in which most of our foreign long-term debt is denominated. At December 31, 2024, 19.9% of our average consolidated assets and 23.9% of our average consolidated liabilities were denominated in foreign currency. On a consolidated basis, we had U.S.$ 3.8 billion (Ps 16.7 trillion) of long-term debt denominated in U.S. dollars as of December 31, 2024.

Banking industry overview

At December 31, 2024, gross loans in the Colombian banking system grew 3.4% annually, while at the previous year-end, growth was 2.0% (3.4% and 1.9% when adjusted for securitized mortgage loans, respectively). As Colombia's nominal GDP expanded 7.6%, the ratio of bank loans (adjusted for securitized mortgage loans) to GDP decreased to 39.9% from 41.8% in 2023, lower than the 46.9% three-year average between 2020 and 2022. Commercial loans grew 5.8% compared to 2.3% the previous year, consumer loans contracted 3.6% in 2024 after decreasing 2.3% in 2023, and mortgages grew 8.1% compared to 8.2% the previous year.

Results of Operations for the Year Ended December 31, 2024 Compared to the Year Ended December 31, 2023

Attributable net income increased 37.4% to Ps 1,015.1 billion, compared to Ps 739.0 billion in 2023. Return on average assets was 0.7% and a return on average equity was 6.0%. This improvement was based on a recovery in our net interest margin, which in turn was captured through a decrease in the cost of funding. Cost of funds decreased in line with a less contractive monetary policy and was aided by the normalization of funding rate pressures introduced by an adjustment to the Net Stable Funding Ratio (NSFR or CFEN in Spanish) after regulation was implemented in 2023. In addition, the consolidation of a positive evolution in asset quality reaffirms our view on the end of the consumer loans credit cycle and enabled a decrease in cost of risk metrics.

We have steadily outgrown the market for the past three years. In 2024 we achieved a 69 bps market share gain in total loans, with a 29 basis points gain in commercial loans, 160 bps in consumer loans, and 167 bps in mortgages. This has been achieved amidst weak growth metrics for our main peers and despite having tighter risk policies for loan origination in consumer loans relative to 2021.

The contribution of our non-financial sector to our net income decreased in 2024 relative to 2023 mainly driven by a lower income from the infrastructure sector. Income from the *Bogotá – Villavicencio* concession (Coviandina) was lower as the concession entered the operation and maintenance phase in 2023. In addition, concessions still under construction are nearing their final stages (Pacifico 1 and Villavicencio – Yopal), contributing to a reduction in construction income. This in turn was partially offset by a 7.1% increase in gross profit from sales of goods and services from the energy and gas companies, and a 118.4% increase in the agribusiness sector.

Finally, Porvenir recorded its highest net income ever for a year in 2024, driven by record high AUMs, commissions from mandatory pension contributions, and a strong performance of its stabilization reserve.

This context is reflected in the following results:

- Grupo Aval's consolidated loan portfolio grew 7.3% in 2024, with peso denominated loans growing 5.0% and USD denominated loans growing 3.4% in dollar terms; a 19.3% increase when translated to pesos. Commercial loans grew 7.8% (Peso: 4.6% and USD: 3.0% in dollars), consumer loans grew 3.3% (Peso: 1.8% and USD: 10.5% in dollars) and mortgages grew 19.2% (Peso: 20.4% and USD: -1.7% in dollars). Total deposits grew 10.4% in 2024, with Peso denominated deposits growing 8.9% and USD denominated deposit growing 2.8% in dollar terms.

- Our net interest margin (NIM) on loans was 4.30%, up from 4.01% in 2023, while NIM on loans for our banking segment was 4.97%, up from 4.85% in 2023. Our cost of funds decreased in line with a less contractive monetary policy and aided by the normalization of marginal cost of funds, following the adjustment of the banking system's funding structures after the implementation of a phase-in adjustment to Net Stable Funding Ratio (NSFR or CFEN in Spanish) in 2023. NIM on investments including trading investment income for the year was -0.01%, down from 1.18% in 2023. Performances for NIM on loans and NIM on investments including trading investment income resulted in a total NIM including trading investment income for Grupo Aval and our banking segment to be 3.37% and 4.18% for 2024 respectively.

- Cost of risk decreased 10 basis points in 2024 mainly driven by an improvement in the asset quality of consumer portfolio, while commercial loans and mortgages slightly deteriorated. Year-over-year, the mix of IFRS Stage 1 loans increased by 16 basis points, while that of Stage 2 loans decreased by 13 basis points and Stage 3 loans by 3 basis points. Loans past due more than 90 days were 4.0% at December 31, 2024, stable relative to December 31, 2023.

- Cost control initiatives implemented throughout the year limited the increase in personnel expenses to 5.1% (well below the minimum wage increase of 12.1% applicable for the year) and that of administrative and other expenses to 2.4% (well below the inflation rate of 9.3% for 2023).

- Net income from commissions and fees grew 6.9% during the year, driven by a strong fees performance of pension and severance fund management and trust and portfolio management activities, which increased 20.0% and 7.1%, respectively.

Our results for the year should be read in conjunction with our audited consolidated financial statements.

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Grupo Aval

Overview

The following discussion describes the main drivers of Grupo Aval's results of operations for the year ended December 31, 2024 compared to the year ended December 31, 2023. Further detail is provided in the Management Discussion and Analysis of Operating Segments.

Grupo Aval's net income attributable to owners of the parent for the year ended December 31, 2024 was Ps 1,015.1 billion (Ps 42.75 per share, including common and preferred shares), increasing 37.4% or Ps 276.1 billion compared to the year ended December 31, 2023. Return on average equity for 2024 was 6.0% as compared to 4.5% in 2023.

	Grupo Aval Consolidated			
	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Total interest income	28,181.9	28,919.4	(737.5)	(2.6)
Total interest expense	(20,914.3)	(22,632.4)	1,718.1	(7.6)
Net interest income	**7,267.6**	**6,287.0**	**980.6**	**15.6**
Impairment loss on loans and other accounts receivable	(4,755.1)	(4,751.0)	(4.1)	0.1
Impairment (loss) recovery on other financial assets	(4.2)	12.9	(17.0)	(132.3)
Recovery of charged-off financial assets	574.3	555.8	18.5	3.3
Net impairment loss on financial assets	**(4,185.0)**	**(4,182.4)**	**(2.7)**	**0.1**
Net interest income, after impairment losses	**3,082.6**	**2,104.6**	**978.0**	**46.5**
Net income from commissions and fees	3,583.8	3,352.5	231.3	6.9
Gross profit from sales of goods and services	2,477.4	3,218.0	(740.6)	(23.0)
Net trading income (loss)	1,404.4	(916.0)	2,320.5	(253.3)
Net income from other financial instruments mandatorily at fair value through profit or loss	350.9	323.7	27.2	8.4
Other income	890.7	3,751.3	(2,860.6)	(76.3)
Other expenses	(8,651.8)	(8,346.5)	(305.3)	3.7
Net income before tax expense	**3,137.9**	**3,487.6**	**(349.7)**	**(10.0)**
Income tax	(946.4)	(1,310.4)	364.0	(27.8)
Net income for the year	**2,191.5**	**2,177.1**	**14.3**	**0.7**
Net income attributable to owners of the parent	1,015.1	739.0	276.1	37.4
Net income attributable to non-controlling interests	1,176.4	1,438.1	(261.7)	(18.2)
Net income for the year	**2,191.5**	**2,177.1**	**14.4**	**0.7**

Net interest income

Net interest income increased 15.6% or Ps 980.6 billion to Ps 7,267.6 billion in 2024. Total interest income decreased 2.6% or Ps 737.5 billion driven by an 81 basis points decrease in the average yield of interest-earning assets, offset by a 3.8% or Ps 8,467.3 billion increase in the average balance of interest-earning assets. Total interest expense decreased 7.6% or Ps 1,718.1 billion, more than total interest income, resulting from a 131 basis points reduction in interest rates paid on interest-bearing liabilities, slightly offset by a 6.5% or Ps 14,866.4 billion increase in the average balance of interest-bearing liabilities. Yields and rates paid decreased due to monetary policy in place throughout the year and to the normalization of interest rate pressures following the adjustment of the banking system's funding structures after the implementation of a phase-in adjustment to NSFR regulation in 2023, particularly toward time deposits. The interest spread between the average yield on gross loans and the average rate paid on interest-bearing liabilities increased by 36 basis points to 4.3% and net interest margin expanded by 32 basis points to 3.2%.

The merchant banking segment inherently has significantly more interest-bearing liabilities than interest-earning assets, as a result of a substantial portion of funding used to finance both the ordinary course of non-financial businesses and Corficolombiana's investment portfolio in debt and equity securities. Therefore, the merchant banking segment has a negative net interest margin, which reduces the overall net interest margin of Grupo Aval. Net interest expense contributed (net of eliminations) by our merchant banking segment increased to Ps 1,695.5 billion, 15.3% or Ps 305.7 billion less than in 2023. This performance is explained under "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Management Discussion and Analysis of Operating Segments—Merchant Banking".

The following tables show: (i) the average balance, average yield and interest income on interest-earning assets from continuing operations with an analysis of impacts derived from changes in the average balance and the average yield, per type of interest-earning asset; interbank and overnight funds are shown separate from gross loans due to their characteristics and short-term nature and (ii) the average balance,

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average rate paid and interest expense on interest-bearing liabilities with an analysis of impacts derived from changes in the average balance and the average rate, per type of interest-bearing liabilities.

(i)	Average balance for the year ended December 31,		Change, 2024 vs. 2023		Average yield for the year ended December 31,		Interest income for the year ended December 31,		Impact on interest income due to changes in			Change, 2024 vs. 2023
	2024	2023	#	%	2024	2023	2024	2023	Balance	Yield	Total	%
	(in Ps billions)						(in Ps billions)		(in Ps billions)			
Commercial	111,473.9	106,352.7	5,121.2	4.8	12.2%	13.6%	13,572.2	14,497.9	623.5	(1,549.3)	(925.7)	(6.4)
Consumer	60,744.1	60,054.2	689.8	1.1	15.0%	15.3%	9,127.7	9,208.5	103.7	(184.5)	(80.8)	(0.9)
Mortgages	19,929.1	18,053.8	1,875.3	10.4	9.8%	9.3%	1,947.8	1,688.0	183.3	76.6	259.8	15.4
Microcredit	173.5	270.7	(97.3)	(35.9)	28.1%	26.4%	48.7	71.4	(27.3)	4.7	(22.6)	(31.7)
Gross loans	**192,320.5**	**184,731.4**	**7,589.1**	**4.1**	**12.8%**	**13.8%**	**24,696.4**	**25,465.7**	**974.5**	**(1,743.9)**	**(769.4)**	**(3.0)**
Interbank and overnight funds	672.1	3,005.8	(2,333.6)	(77.6)	114.4%	35.5%	769.2	1,068.4	(2,670.7)	2,371.6	(299.1)	(28.0)
Total gross loans	**192,992.7**	**187,737.2**	**5,255.5**	**2.8**	**13.2%**	**14.1%**	**25,465.6**	**26,534.1**	**693.5**	**(1,762.0)**	**(1,068.5)**	**(4.0)**
Investments in debt securities	35,427.3	32,215.5	3,211.8	10.0	7.7%	7.4%	2,716.3	2,385.3	246.3	84.8	331.1	13.9
Total interest-earning assets	**228,420.0**	**219,952.7**	**8,467.3**	**3.8**	**12.3%**	**13.1%**	**28,181.9**	**28,919.4**	**1,044.7**	**(1,782.1)**	**(737.5)**	**(2.6)**

(ii)	Average balance for the year ended December 31,		Change, 2024 vs. 2023		Average rate paid for the year ended December 31,		Interest expense for the year ended December 31,		Impact on interest expense due to changes in			Change, 2024 vs. 2023
	2024	2023	#	%	2024	2023	2024	2023	Balance	Rate	Total	%
	(in Ps billions)						(in Ps billions)		(in Ps billions)			
Checking accounts	6,206.6	6,234.1	(27.5)	(0.4)	4.2%	4.1%	(261.3)	(253.0)	1.2	(9.4)	(8.3)	3.3
Time deposits	92,601.5	83,747.8	8,853.7	10.6	10.3%	11.9%	(9,498.7)	(10,007.8)	(908.2)	1,417.3	509.1	(5.1)
Savings accounts	76,942.1	70,476.2	6,465.9	9.2	7.1%	8.4%	(5,434.1)	(5,953.4)	(456.7)	976.0	519.4	(8.7)
Total interest-bearing deposits	**175,750.2**	**160,458.1**	**15,292.1**	**9.5**	**8.6%**	**10.1%**	**(15,194.0)**	**(16,214.2)**	**(1,322.0)**	**2,342.2**	**1,020.2**	**(6.3)**
Interbank borrowings and overnight funds	17,507.4	12,350.4	5,157.0	41.8	9.6%	15.0%	(1,683.9)	(1,856.3)	(496.0)	668.3	172.3	(9.3)
Borrowings from banks and others	26,368.1	30,427.8	(4,059.7)	(13.3)	8.5%	7.9%	(2,245.6)	(2,402.0)	345.7	(189.4)	156.4	(6.5)
Bonds issued	24,318.8	25,841.8	(1,523.0)	(5.9)	7.4%	8.4%	(1,790.7)	(2,159.9)	112.1	257.1	369.2	(17.1)
Other funding	**68,194.3**	**68,620.0**	**(425.7)**	**(0.6)**	**8.4%**	**9.4%**	**(5,720.3)**	**(6,418.2)**	**35.7**	**662.2**	**697.9**	**(10.9)**
Total interest-bearing liabilities	**243,944.5**	**229,078.1**	**14,866.4**	**6.5**	**8.6%**	**9.9%**	**(20,914.3)**	**(22,632.4)**	**(1,274.6)**	**2,992.7**	**1,718.1**	**(7.6)**

Grupo Aval's average balance of gross loans increased 4.1% or Ps 7,589.1 billion in 2024 and the average yield was 12.8%, 94 basis points lower than in 2023. Growth of average balances of 4.1% was lower than that of closing balances of 7.3%, driven by mortgages and U.S. dollar denominated loans. Mortgages grew vigorously during the second half of the year and average U.S. dollar denominated loans, which represent 18.2% of our loan portfolio, were affected by an annual 5.9% appreciation in the average exchange rate, while closing balances benefited from a 15.4% year-over-year depreciation of the end of period exchange rate.

Commercial loans and mortgages drove loan portfolio growth in 2024, while consumer loans dynamics were sluggish during the first half of the year and started to improve during the second half. Peso denominated loans grew 5.0% year-over-year on closing balances and 4.8% on average balances. Commercial loans grew 4.6% and 5.9%, consumer loans grew 1.8% and 1.0%, mortgage loans grew 20.4% and 14.6%, and microcredit loans decreased 98.4% and 35.9%, respectively on a closing balance and average balance basis. As for U.S. dollar denominated loans in U.S. dollar terms, year-over-year growth was 3.4% for closing balances and 5.9% for average balances. Commercial loans grew 3.0% and 6.7%, consumer loans grew 10.5% and 8.1% and mortgages decreased 1.7% and 1.9%, respectively on a closing balance and average balance basis.

Interest rate dynamics for gross loans were driven by changes in the Central Bank rate in Colombia and negatively affected by external factors as well. The average Central Bank rate decreased by 165 basis points from 13.0% in 2023 to 11.4% in 2024. The end of period Central Bank rate closed at 9.5% at December 31, 2024, down 350 basis points from 13.00% a year earlier. Given that 81.7% of Grupo Aval's commercial loans are variable rate mostly referenced to the 1-month, 3-month or 6-month inter-bank rate (IBR), average yields on commercial loans decreased 146 basis points to 12.2%. In addition, spreads for commercial loans were pressured due to strong competition for high credit quality customers amidst slow origination volumes for the entire system.

Considering that 89.5% of Grupo Aval's consumer loans are fixed rate, the average yields on these loans priced in a small portion of the reduction in reference rates, decreasing 31 basis points during 2024. In addition, methodological changes implemented by the Superintendency of Finance to the formula used to set the *Interés Bancario Corriente* (see "Item 4. Information on the Company—B. Business overview—Supervision and Regulation—Key interest rates"), and in turn the *Tasa de Usura* (interest rate cap) negatively impacted the pricing of certain consumer loans, mostly credit cards and personal loans.

Finally, 81.5% of Grupo Aval's mortgages are fixed rate and their average yield increased 42 basis points due to the repricing effect of new portfolio disbursements at higher interest rates. In mortgages, our banks as well as other peers pledged to aid the country's economic reactivation and committed to extending mortgages at preferential rates which dampened repricing efforts.

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The average balance of interest-earning investments in debt securities increased 10.0% or Ps 3,211.8 billion. The average yield for interest-earning investments in debt securities increased 26 basis points as higher yields in Banking Services segment were partially offset by a lower yield in Merchant Banking segment, mainly due to the impact of lower inflation on the CPI or UVR (*Unidad de Valor Real*) indexed portfolio. For further detail on average yield for interest-earning investments in debt securities, please refer to "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Management Discussion and Analysis of Operating Segments—Banking Services" and "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Management Discussion and Analysis of Operating Segments—Merchant Banking".

The end of period balance of interest-bearing liabilities increased 11.2% or Ps 25,606.9 billion, driven by an 11.9% or Ps 8,465.0 billion increase in savings accounts, an 11.2% or Ps 9,732.4 billion increase in time deposits and a 22.7% or Ps 3,427.8 billion increase in interbank borrowings and overnight funds. The average balance of interest-bearing liabilities increased 6.5% or Ps 14,866.4 billion, driven by a 10.6% or Ps 8,853.7 billion increase in time deposits and a 9.2% or Ps 6,465.9 billion increase in savings accounts.

Average funding rates moved downwards in line with the average Central Bank rate. Additionally, the normalization of the funding distortions generated in 2023 by the implementation of more demanding NSFR requirements, as reported in our annual report on Form 20-F for the year ended December 31, 2023, filed with the SEC on April 16, 2024 under "Item 5. Operating and Financial Review and Prospects—A. Operating results—Grupo Aval", also contributed to the decrease in average funding rates. Consequently, the average rate paid for interest bearing liabilities decreased 131 basis points to 8.6%, mainly driven by a 169 basis points reduction in time deposits and a 138 basis points reduction in savings accounts.

Net impairment loss on financial assets

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Impairment loss on loans and other accounts receivable	(4,755.1)	(4,751.0)	(4.1)	0.1
Impairment (loss) recovery on other financial assets	(4.2)	12.9	(17.0)	(132.3)
Recovery of charged-off financial assets	574.3	555.8	18.5	3.3
Net impairment loss on financial assets	**(4,185.0)**	**(4,182.4)**	**(2.7)**	**0.1**

Grupo Aval's impairment loss on loans and other accounts receivable remained relatively stable, increasing 0.1% or Ps 4.1 billion to Ps 4,755.1 billion, driven by an improvement in the quality of the consumer portfolio, explained by the economic recovery and the tighter origination policies put in place in 2023. For more information regarding risk management please see "Item 11. Quantitative and Qualitative Disclosures About Market Risk".

The following table provides detail by category of impairment loss on loans and other accounts receivable, cost of risk and cost of risk, net. For more information on the calculation methodology please refer to "Item 3. Key Information—A. Selected Financial Data."

	Impairment loss on loans and other accounts receivable				Cost of risk for the year ended December 31,		Change, 2024 vs. 2023	Cost of risk, net for the year ended December 31,		Change, 2024 vs. 2023
	Year ended December 31,		Change, 2024 vs. 2023							
	2024	2023	#	%	2024	2023	basis points	2024	2023	basis points
	(in Ps billions)									
Commercial	(758.4)	(203.1)	(555.3)	273.5	0.7%	0.2%	49	0.6%	0.1%	50
Consumer	(3,839.5)	(4,426.0)	586.6	(13.3)	6.3%	7.4%	(105)	5.5%	6.6%	(109)
Mortgage	(145.5)	(65.9)	(79.7)	121.0	0.7%	0.4%	37	0.7%	0.3%	37
Microcredit	10.9	(31.9)	42.8	(134.2)	(6.3)%	11.8%	(1,807)	(7.7)%	9.8%	(1,759)
Gross loans	**(4,732.5)**	**(4,726.8)**	**(5.6)**	**0.1**	**2.5%**	**2.6%**	**(10)**	**2.2%**	**2.3%**	**(10)**
Interbank and overnight funds	(0.8)	1.4	(2.2)	(154.3)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total gross loans	**(4,733.2)**	**(4,725.4)**	**(7.8)**	**0.2**	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Other accounts receivable	(21.9)	(25.6)	3.7	(14.5)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Impairment loss on loans and other accounts receivable	**(4,755.1)**	**(4,751.0)**	**(4.1)**	**0.1**	**2.5%**	**2.6%**	**(10)**	**2.2%**	**2.3%**	**(10)**

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The evolution of asset quality continues to point to the end of the credit cycle on consumer loans, with Stage reclassification and formation of loans past due more than 30 days having peaked in the first quarter of 2024. Our product mix, richer in lower risk products and segments, supported the improvement of our cost of risk and asset quality metrics.

Impairment losses for consumer loans decreased 13.3% or Ps 586.6 billion in 2024, driven by lower impairment losses on Stage 2 credit cards and personal loans. This improvement in asset quality enabled credit cards classified as Stage 1 to increase to 85.2% in 2024 from 82.5% in 2023 and personal loans classified as Stage 1 to increase to 80.8% from 79.8%. As a result of better asset quality, the coverage ratio (loss allowance as a percentage of gross loans) for the consumer loan portfolio decreased to 6.7% in 2024 from 7.2% in 2023, given that Stage 1 loans have lower coverage ratios as they have lower probabilities of default.

The 273.5% or Ps 555.3 billion increase in impairment losses for commercial loans was driven by lower impairment losses in 2023 due to the reversal of the remaining impairment losses booked as overlays for customers relieved during the pandemic as reported in our annual report on Form 20-F for the year ended December 31, 2023, filed with the SEC on April 16, 2024 under "Item 5. Operating and Financial Review and Prospects—A. Operating results—Grupo Aval,". This was reflected in an increase in impairment losses on all Stages of commercial loans and led to a normalized level of impairment losses for the commercial loan portfolio in 2024.

Finally, impairment losses for mortgages increased in 2024 due to a slight credit deterioration related to higher transfers from Stage 2 to Stage 3. The decrease in impairment losses for microcredit loans is explained by the reversal of impairment losses given the sale of Banco de Bogota's loan portfolio to an unrelated financial institution in Colombia.

For more information on loss allowance calculations, please refer to Note 4 of our audited consolidated financial statements. The following table shows our gross loan classification by Stages in accordance with IFRS 9 (interbank and overnight funds are not included as they tend to be mostly Stage 1 and with low loss allowance due to their characteristics and short-term nature).

	At December 31,								Change, 2024 vs. 2023			
	2024				2023							
	Stage 1	Stage 2	Stage 3	Gross loans	Stage 1	Stage 2	Stage 3	Gross loans	Stage 1	Stage 2	Stage 3	Gross loans
	(in Ps billions)								%			
Commercial	101,927.9	3,464.3	10,022.5	**115,414.6**	94,328.3	3,530.5	9,189.0	**107,047.8**	8.1	(1.9)	9.1	**7.8**
Consumer	54,689.3	4,687.3	2,599.8	**61,976.3**	52,856.1	4,408.8	2,734.7	**59,999.6**	3.5	6.3	(4.9)	**3.3**
Mortgages	19,873.5	1,367.0	795.2	**22,035.7**	16,721.0	1,160.8	604.4	**18,486.2**	18.9	17.8	31.6	**19.2**
Microcredit	0.8	0.0	3.6	**4.4**	226.5	14.0	37.0	**277.5**	(99.7)	(99.7)	(90.4)	**(98.4)**
Gross loans	**176,491.5**	**9,518.6**	**13,421.0**	**199,431.1**	**164,132.0**	**9,114.0**	**12,565.2**	**185,811.2**	7.5	4.4	6.8	**7.3**
Commercial	88.3%	3.0%	8.7%	**100.0%**	88.1%	3.3%	8.6%	**100.0%**				
Consumer	88.2%	7.6%	4.2%	**100.0%**	88.1%	7.3%	4.6%	**100.0%**				
Mortgages	90.2%	6.2%	3.6%	**100.0%**	90.5%	6.3%	3.3%	**100.0%**				
Microcredit	17.8%	0.9%	81.3%	**100.0%**	81.6%	5.0%	13.3%	**100.0%**				
Gross loans	**88.5%**	**4.8%**	**6.7%**	**100.0%**	**88.3%**	**4.9%**	**6.8%**	**100.0%**				
Commercial	0.7%	6.3%	44.1%	**4.6%**	0.6%	6.2%	48.6%	**4.9%**				
Consumer	2.0%	19.8%	82.0%	**6.7%**	2.2%	22.5%	79.4%	**7.2%**				
Mortgages	0.3%	5.3%	42.9%	**2.1%**	0.3%	5.7%	44.4%	**2.1%**				
Microcredit	7.5%	36.2%	99.6%	**82.7%**	5.3%	45.6%	95.1%	**19.3%**				
Loss allowance as a percentage of gross loans per Stage	**1.1%**	**12.8%**	**51.4%**	**5.0%**	**1.1%**	**14.1%**	**55.2%**	**5.4%**				

The following table shows the balance of loans at least 91 days past due, delinquency ratios, charge-offs and charge-offs as a percentage of average gross loans for Grupo Aval (interbank and overnight funds are not included as they tend not to be past due or charged-off due to their characteristics and short-term nature).

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	Loans at least 91 days past due				Delinquency ratio (1)		Change,
	At December 31,		Change, 2024 vs. 2023		at December 31,		2024 vs. 2023
	2024	2023	#	%	2024	2023	basis points
	(in Ps billions)						
Commercial	5,116.6	4,502.9	613.7	13.6	4.4%	4.2%	23
Consumer	2,003.1	2,138.5	(135.4)	(6.3)	3.2%	3.6%	(33)
Mortgages	872.0	717.6	154.4	21.5	4.0%	3.9%	8
Microcredit	3.6	37.0	(33.5)	(90.4)	81.3%	13.3%	6,801
Gross loans	**7,995.3**	**7,396.1**	**599.2**	**8.1**	**4.0%**	**4.0%**	**3**

	Charge-offs				Charge-offs as a percentage		Change,
	At December 31,		Change, 2024 vs. 2023		of average gross loans		2024 vs. 2023
	2024	2023	#	%	2024	2023	basis points
	(in Ps billions)						
Commercial	1,219.8	668.0	551.9	82.6	1.1%	0.6%	47
Consumer	4,179.7	3,433.2	746.4	21.7	6.9%	5.7%	116
Mortgages	76.1	51.0	25.0	49.0	0.4%	0.3%	10
Microcredit	11.2	24.2	(13.0)	(53.8)	6.5%	8.9%	(250)
Total charge-offs	**5,486.8**	**4,176.5**	**1,310.3**	**31.4**	**2.9%**	**2.3%**	**59**

(1) Calculated as loans past due more than 90 days divided by gross loans.

Delinquency coverage ratio for gross loans, measured as loss allowance divided by past due gross loans more than 90 days decreased to 125.1% in 2024 from 135.7% in 2023. The delinquency ratio for microcredit loans reflects a small portion of delinquent loans that were not included in the sale of the overall portfolio, which are classified as Stage 3 and have a 99.6% coverage ratio, and will be ultimately charged-off. Charge-offs as a percentage of average gross loans increased due to lagged effects of asset quality deterioration in 2023 on charge-offs in 2024. Recovery of charged-off financial assets increased 3.3% or Ps 18.5 billion, benefiting from the improvement in economic conditions.

Impairment (loss) recovery on other financial assets decreased Ps 17.0 billion, driven by a deterioration in the credit rating of fixed income investments.

Net income from commissions and fees

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Banking and other fees	2,763.8	2,726.4	37.4	1.4
Bonded warehouse services	181.8	188.2	(6.4)	(3.4)
Trust activities and portfolio management services	495.9	463.2	32.7	7.1
Pension and severance fund management	1,174.6	978.5	196.1	20.0
Income from commissions and fees	**4,616.1**	**4,356.3**	**259.8**	**6.0**
Expenses from commissions and fees	(1,032.3)	(1,003.8)	(28.5)	2.8
Net income from commissions and fees	**3,583.8**	**3,352.5**	**231.3**	**6.9**

Net income from commissions and fees increased 6.9% or Ps 231.3 billion in 2024. Income from commissions and fees increased 6.0% or Ps 259.8 billion, positively impacted by a 20.0% or Ps 196.1 billion increase in pension and severance fund management fees and a 7.1% or Ps 32.7 billion increase in fees from trust activities and portfolio management services. The increase in expenses from commissions and fees was mainly driven by an increase in payment processor expenses and higher fees paid to third-party sales-forces.

The increase in pension and severance fund management is related to (i) higher mandatory pension fund contributions resulting from a 12.1% increase in minimum wage, which drove contribution-based fees, (ii) strong market returns that drove AUM based fees and (iii) a lower volume of reimbursement of fees in 2024 due to lawsuits declaring that the affiliation to the fund was null and void. For more information see “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Management Discussion and Analysis of Operating Segments—Pension and Severance Fund Management”. Fees from trust activities and portfolio management services increased 7.1% or Ps

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32.7 billion amidst favorable capital market conditions and client acquisition efforts, resulting in an increase in AUMs, particularly those relating to warranty trust funds and collective investment funds.

Banking and other fees increased 1.4% or Ps 37.4 billion driven by a positive performance in banking service fees, partially mitigated by lower debit and credit card fees related to slower transactional volumes and a decrease in the number of outstanding activated credit cards, following a syst-wide trend in Colombia. Bonded warehouse services decreased due to the closure of unprofitable warehouses in 2024, which in turn led to cost savings on other line items.

Gross profit from sales of goods and services

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Income from sales of goods and services	11,048.6	11,223.6	(175.0)	(1.6)
Costs and expenses of sales of goods and services	(8,571.2)	(8,005.6)	(565.6)	7.1
Gross profit from sales of goods and services	**2,477.4**	**3,218.0**	**(740.6)**	**(23.0)**

Gross profit from sales of goods and services mainly reflects income and expenses related to non-financial assets and liabilities of Grupo Aval's non-financial subsidiaries. Results related to financial assets and liabilities of these companies are presented under: i) interest income, ii) interest expense, iii) net income from other financial instruments mandatorily at FVTPL, iv) net trading (loss) income, v) in Other income under foreign exchange gains (losses) and share of profit of equity accounted investees, net of tax (equity method).

	Year ended December 31, 2024					
	Infrastructure	Energy & Gas	Hotels	Agribusiness	Other Services	Total
	(in Ps billions)					
Income from sales of goods and services	**2,950.0**	**6,908.9**	**631.2**	**309.9**	**248.5**	**11,048.6**
Costs from sales of goods and services	(1,131.0)	(4,590.3)	(225.3)	(210.7)	(47.5)	(6,204.8)
Personnel expenses	(45.9)	(165.4)	(76.7)	(16.4)	(417.2)	(721.7)
Administrative and other expenses	(61.5)	(523.0)	(217.6)	(36.3)	(102.5)	(940.8)
Depreciation and amortization	(112.8)	(405.1)	(16.5)	(6.1)	(21.5)	(562.0)
Expenses from commissions and fees	(4.0)	(13.1)	(5.7)	(0.6)	(26.4)	(49.8)
Allowance for impairment of receivables	(0.4)	(65.2)	(0.3)	(2.5)	(2.8)	(71.2)
Other expenses	—	(21.0)	(0.0)	—	(0.0)	(21.0)
Costs and expenses from sales of goods and services	**(1,355.5)**	**(5,783.0)**	**(542.1)**	**(272.6)**	**(617.9)**	**(8,571.2)**
Gross profit from sales of goods and services	**1,594.5**	**1,125.9**	**89.1**	**37.3**	**(369.4)**	**2,477.4**

	Year ended December 31, 2023					
	Infrastructure	Energy & Gas	Hotels	Agribusiness	Other Services	Total
	(in Ps billions)					
Income from sales of goods and services	**3,954.2**	**6,158.6**	**598.9**	**296.8**	**215.0**	**11,223.6**
Costs from sales of goods and services	(1,120.8)	(4,191.0)	(209.7)	(222.4)	(55.8)	(5,799.7)
Personnel expenses	(34.1)	(130.4)	(67.7)	(15.6)	(377.8)	(625.5)
Administrative and other expenses	(325.4)	(332.6)	(215.0)	(30.9)	(85.4)	(989.3)
Depreciation and amortization	(60.3)	(374.0)	(14.8)	(10.5)	(21.1)	(480.7)
Expenses from commissions and fees	(0.6)	(9.1)	(5.9)	(0.4)	(23.5)	(39.5)
Allowance for impairment of receivables	(0.9)	(50.0)	(0.1)	(0.1)	(0.0)	(51.0)
Other	(0.0)	(19.9)	(0.0)	—	(0.0)	(19.9)
Costs and expenses from sales of goods and services	**(1,542.2)**	**(5,106.9)**	**(513.2)**	**(279.7)**	**(563.5)**	**(8,005.6)**
Gross profit from sales of goods and services	**2,412.0**	**1,051.7**	**85.7**	**17.1**	**(348.5)**	**3,218.0**

Infrastructure companies remained the largest contributor to this line item with a Ps 1,594.5 billion gross profit from sales of goods and services in 2024. This sector drove the overall performance in gross profit from sales of goods and services, with a 33.9% or Ps 817.5 billion decrease compared to 2023, mainly explained by a 25.4% or Ps 1,004.1 billion decrease in income that was partially offset by a 12.1% or Ps 186.6 billion decrease in costs and expenses. The decrease in income was driven by three main effects: (i) Coviandina entered operation and maintenance phase in 2023 and is no longer recognizing construction income as it did up to the last quarter of 2023, (ii) given that concessions under construction are nearing their final stages (Pacifico 1 and Villavicencio – Yopal), work progress was slower than in 2023, which in turn drove the reduction in construction income and (iii) the normalization of inflation in 2024 relative to 2023 led to a lower adjustment to future cash flow projections and the value of financial assets at amortized cost, therefore financial income related to concession arrangements was Ps 631.9 billion lower in 2024 relative to a year earlier.

Costs and expenses of sales of goods and services for infrastructure companies decreased 12.1% or Ps 186.6 billion. In 2023 the one-time expense of Ps 253.0 billion (U.S.$60.6 million) resulting from the resolutions with DOJ and SEC was recognized. Expenses other than the aforementioned increased 5.1% or Ps 66.4 billion, primarily due to (i) costs associated with the final stage of construction of 4G road concessions Pacifico 1 and Villavicencio – Yopal, which will enable their completion and start of the operation and maintenance phase and (ii) cost overruns that have not yet been recognized under income (as per IFRS 15) as they are pending formal recognition from the Government, upon which income will be recognized.

Gross profit for energy and gas companies in 2024 was Ps 1,125.9 billion, 7.1% or Ps 74.2 billion higher than in 2023. Income increased 12.2% or Ps 750.3 billion and costs and expenses increased 13.2% or Ps 676.1 billion. In 2024, weather conditions throughout the country derived from El Niño favored thermal energy generation volumes, due to lower hydroelectric generation capacity. As a result, higher income from this sector is mainly explained by the favorable spillover effects of weather phenomena on (i) gas transportation volumes, (ii) gas commercialization volumes both to the thermal energy sector and the industrial sector, and (iii) LNG regasification volumes at Sociedad Portuaria del Callao (SPEC) to meet the high demand from the thermal energy sector. Gas transportation volumes increased 16.1% to 682 MMSCFD and gas distribution volumes decreased 2.6% to 10,915 million m^3.

Gross profit for hospitality companies in 2024 was Ps 89.1 billion, a 4.0% Ps 3.4 billion improvement relative to 2023. Income increased 5.4% or Ps 32.3 billion driven by stable average occupancy rates and higher prices on food and rooms, driven by the strength of the country's tourism sector. Costs increased 5.6% or Ps 28.9 billion, outpacing income growth due to the reinforcement of key areas such as cybersecurity, human resources and accounting, as well as the elimination of subsidy for utilities to hotels on the Colombian Caribbean coast.

Gross profit for agribusiness companies in 2024 was Ps 37.3 billion, 118.4% or Ps 20.2 billion more than in 2023. Income increased 4.4% or Ps 13.1 billion due to higher rubber prices and increased production. Costs and expenses decreased 2.6% or Ps 7.1 billion due to efficiencies in fertilizers and maintenance expenses.

Gross loss for other sectors was Ps 369.4 billion in 2024, mainly reflecting operating costs of other services companies (mainly call-centers) that provide Grupo Aval's entities and third parties with call center, BPO and external sales-force services, Ps 20.9 billion more than the Ps 348.5 billion gross loss in 2023.

For a detailed analysis of the different sectors see "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Management Discussion and Analysis of Operating Segments—Merchant Banking" and for information related to concession arrangements rights see Note 16 of our audited consolidated financial statements.

Net trading (loss) income

Grupo Aval's net trading income (refer to Note 29 of our audited consolidated financial statements) was Ps 1,404.4 billion in 2024, Ps 2,320.5 billion or 253.3% higher than in 2023, resulting from a Ps 2,996.8 billion increase in net trading (loss) income from derivatives and partially offset by a Ps 676.3 billion decrease in income from investment securities at fair value through profit or loss. It is worth noting that net trading (loss) income from derivatives should be analyzed in conjunction with foreign exchange gains (losses); in this sense, the performance of net trading (loss) income from derivatives was offset by a Ps 2,708.7 billion increase in foreign exchange gains (losses), net, recognized under other income as described below.

Net trading (loss) income from investment securities at fair value through profit or loss consisted of three main drivers: (i) income contributed (net of eliminations) by our banking services segment decreased Ps 275.1 billion to a Ps 530.5 billion gain in 2024, (ii) income contributed (net of eliminations) by our merchant banking segment decreased Ps 361.8 billion to a Ps 189.0 billion gain in 2024, and (iii) income contributed (net of eliminations) by our pension and severance fund management segment decreased Ps 39.5 billion to a Ps 269.1 billion gain in 2024.

Total income from investment securities

Grupo Aval's securities portfolio is classified in the following categories: (i) equity and fixed income investments at FVTPL (described in this section as net trading (loss) income in investment securities at FVTPL), (ii) fixed income investments at FVOCI and (iii) fixed income investments at amortized cost or "AC" (results from (ii) and (iii) are included in net interest income as interest income on investments in debt securities). Grupo Aval manages its investment portfolio in a comprehensive and integral manner that considers individual return of each one of these three categories and the total return of the investment securities portfolio.

Total income from investment securities for Grupo Aval (comprised of interest income on investments in debt securities and net trading (loss) income from investment securities at FVTPL) was Ps 3,705.1 billion for 2024, 8.5% or Ps 345.3 billion less than in 2023. This was

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primarily driven by a 211 basis points decrease in the average yield on total investment securities to 7.2% in 2024 down from 9.3% in 2023, generating a Ps 921.5 billion decrease in interest income. This was partially offset by an 18.4% or Ps 8,047.0 billion increase in the average balance of total investment securities to Ps 51,741.6 billion in 2024, which resulted in a Ps 576.2 billion increase in interest income. The main drivers for this performance were discussed above in net interest income and net trading (loss) income.

Net income from other financial instruments mandatorily at FVTPL

Net income from other financial instruments mandatorily at FVTPL reflect the fair value of certain concession arrangements entered between Promigas and the Colombian Government, that meet the requirements for mandatory recognition at FVTPL, and increased by Ps 27.2 billion to Ps 350.9 billion in 2024 as compared to 2023.

Other income

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Foreign exchange gains (losses), net	(454.8)	2,253.9	(2,708.7)	(120.2)
Share of profit of equity accounted investees, net of tax	378.4	371.4	7.0	1.9
Net gain (loss) on sale of debt and equity securities	150.2	108.8	41.4	38.1
Dividends	148.5	126.3	22.2	17.6
Gain (loss) on the sale of non-current assets held for sale	23.6	48.6	(25.0)	(51.4)
Gain on sale of property, plant and equipment	81.1	360.7	(279.6)	(77.5)
Net gain (loss) in asset valuation	27.0	74.9	(47.9)	(63.9)
Gain on loss of control of subsidiaries	—	—	—	N.A.
Other	536.7	406.7	130.0	32.0
Other income	**890.7**	**3,751.3**	**(2,860.6)**	**(76.3)**

Other income decreased Ps 2,860.6 billion to Ps 890.7 billion, mainly driven by a Ps 2,708.7 billion decrease in foreign exchange gains (losses), net and by a Ps 279.6 billion decrease in gain on sale of property, plant and equipment.

The Ps 2,708.7 billion decrease in foreign exchange gains (losses), net to a Ps 454.8 billion loss should be analyzed in conjunction with net trading (loss) income from derivatives, as described above under net trading income. The net result of both activities (foreign exchange and derivatives) for 2024 was a Ps 39.2 billion loss compared to a Ps 327.2 billion loss in 2023. In 2024, the interest rate differential between the Colombian Peso and the U.S. dollar narrowed, generating lower expectations of depreciation for the Colombian Peso (implicit in derivatives contracts) and leading to a lower cost of the hedging strategy when compared to 2023.

During 2024, our subsidiaries continued their PP&E structure optimization program, although at a lower volume compared to the previous year, by transferring some non-strategic property, plant and equipment in exchange for equity in private equity funds specialized in real estate asset management (NEXUS Real Estate Capital Funds), some of which were part of sale & lease-back operations. As such, we recorded a Ps 279.6 billion decrease in gain on the sale of property, plant and equipment (as fair value of derecognized PP&E was higher than book value).

The Ps 25.0 billion decrease in gain (loss) on the sale of non-current assets held for sale is related to the transferal of assets to NEXUS. In addition, net gain (loss) in asset valuation decreased Ps 47.9 billion (see Note 15 to our audited consolidated financial statements for more information), driven by diverging results in two of our operating segments. Net gain (loss) in asset valuation from our merchant banking segment decreased Ps 86.5 billion due to a one-time income in 2023 (see "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Management Discussion and Analysis of Operating Segments—Merchant Banking") and was partially offset by a Ps 38.1 billion increase in our banking services segment.

The Ps 41.4 billion increase in net gain on sale of debt and equity securities was explained by the decline in market interest rates over the year that enabled profit-taking strategies.

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Other expenses

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Losses from sales of non-current assets held for sale	(2.2)	(0.6)	(1.6)	263.0
Personnel expenses	(3,211.6)	(3,055.2)	(156.4)	5.1
Administrative and other expenses	(4,473.4)	(4,367.0)	(106.4)	2.4
Depreciation and amortization	(712.6)	(670.5)	(42.2)	6.3
Impairment loss on other assets	(5.0)	(2.9)	(2.0)	68.3
Other	(247.0)	(250.3)	3.2	(1.3)
Other expenses	**(8,651.8)**	**(8,346.5)**	**(305.3)**	**3.7**

In 2024 we continued with our initiatives of cost containment. Other expenses increased 3.7% or Ps 305.3 billion, mainly due to a 5.1% or Ps 156.4 billion increase in personnel expenses and a 2.4% or Ps 106.4 billion increase in administrative and other expenses. Growth in personnel expenses resulted from a 6.3% or Ps 182.0 billion increase in salaries and employee benefits, which was partially offset by a 17.1% or Ps 25.6 billion decrease in labor severances and bonus plan payments. For reference, the minimum wage in Colombia increased by 12.1% in 2024 as compared to 2023.

Administrative and other expenses increased 2.4% or Ps 106.4 billion. Deposit insurance expenses increased 11.7% or Ps 57.9 billion, in line with higher volumes of deposits; operating taxes decreased 9.8% or Ps 118.7 billion, mainly due to a court decision that limited the rate of the industry and commerce tax (ICA) charged in certain departments or municipalities. The remaining expenses increased 6.3% or Ps 167.2 billion, was mainly driven by higher corporate strategy consulting expenses, cloud migration costs and marketing expenses.

The ratio of other expenses as a percentage of average assets reached 2.7% in 2024, down from 2.8% in 2023.Cost to income efficiency ratio was 54.2% in 2024 as compared to 52.1% in 2023, given that Grupo Aval's other expenses increased by 3.7% and its total income before net impairment losses on financial assets (defined as the sum of net interest income, net income from commissions and fees, gross profit (loss) from sales of goods and services, net trading (loss) income, net income from other financial instruments mandatorily at fair value through profit or loss "FVTPL" and other income) decreased by 0.3%.

Tax expense

Income tax expense for Grupo Aval decreased by 27.8% or Ps 364.0 billion, to Ps 946.4 billion in 2024. This was driven by (i) a higher use of deductions from nontaxable income in 2024 compared to 2023, and (ii) a 10.0% or Ps 349.7 billion decrease in net income before tax expense led to lower income tax expense.

Grupo Aval's income tax expense divided by net income before income tax expense excluding dividends and share of profit of equity accounted investees, net of tax (as they are non-taxable income), was 36.2% in 2024 and 43.8% in 2023. For more information on income tax expense, please refer to Note 19 of our audited consolidated financial statements.

Net income attributable to non-controlling interest

Net income attributable to non-controlling interest decreased 18.2%, or Ps 261.7 billion, to Ps 1,176.4 billion in 2024 compared to 2023. The ratio of net income attributable to non-controlling interest to net income decreased to 53.7% in 2024 from 66.1% in 2023. The decrease in this ratio is mainly attributable to a change in the mix of our segment's contribution to net income driven by (i) a higher contribution to net income from our banking services segment, (ii) a lower relative contribution from our merchant banking segment of which 59.5% is attributable to non-controlling interest (see Note 26 of our audited consolidated financial statements) and (ii) a higher contribution from our pension and severance fund management segment, of which 24.2% is non-controlling interest.

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Management Discussion and Analysis of Operating Segments

In the following section we will refer to the consolidated results of our main operating segments. Overall, the principal drivers for our operating segments are the same as those discussed under Grupo Aval's Management Discussion and Analysis. As such, the following section will focus on the drivers affecting each of our operating segments rather than revisiting the general discussion.

The presentation format in the following tables follows the structure of the consolidated Statement of income in our audited consolidated financial statements and may differ from the presentation of our operating segments in Note 31 of our audited consolidated financial statements in that the following tables aggregate intersegment and external income.

Banking Services

Overview

Net income for the year ended December 31, 2024 was Ps 1,137.6 billion, increasing 37.5% or Ps 310.4 billion compared to the year ended December 31, 2023.

	Banking Services			
	For the year ended December 31,		Change 2024 vs 2023	
	2024	2023	#	%
	(in Ps billions)			
Total interest income	27,050.4	27,669.6	(619.1)	(2.2)
Total interest expense	(17,922.4)	(19,260.2)	1,337.9	(6.9)
Net interest income	**9,128.1**	**8,409.4**	**718.7**	**8.5**
Impairment loss on loans and other accounts receivable	(4,691.9)	(4,721.5)	29.5	(0.6)
Impairment (loss) recovery on other financial assets	(4.0)	0.8	(4.8)	(582.1)
Recovery of charged-off financial assets	569.8	550.6	19.2	3.5
Net impairment loss on financial assets	**(4,126.2)**	**(4,170.0)**	**43.9**	**(1.1)**
Net interest income, after impairment losses	**5,001.9**	**4,239.3**	**762.6**	**18.0**
Net income from commissions and fees	2,386.6	2,362.1	24.5	1.0
Gross loss from sales of goods and services	(358.9)	(333.7)	(25.2)	7.6
Net trading income (loss)	767.7	(1,245.2)	2,013.0	(161.7)
Other income	1,358.3	3,329.7	(1,971.4)	(59.2)
Other expenses	(8,045.5)	(7,710.0)	(335.5)	4.4
Net income before tax expense	**1,110.2**	**642.2**	**467.9**	**72.9**
Income tax (expense) recovery	27.4	184.9	(157.5)	(85.2)
Net income for the year	**1,137.6**	**827.2**	**310.4**	**37.5**

Net interest income

Net interest income increased 8.5% or Ps 718.7 billion to Ps 9,128.1 billion in 2024. Average yields on interest-earning assets and average rates paid on interest-bearing liabilities decreased due to monetary policy in place throughout the year and to the normalization of interest rate pressures introduced following the adjustment of the banking system's funding structures after the implementation of a phase-in adjustment to NSFR regulation in 2023; however, the Central Bank's interest rate and cost of funds remains high compared to historical levels. The interest spread between the average yield on gross loans and the average rate paid on interest-bearing liabilities expanded 30 basis points to 4.4%, while net interest margin increased 18 basis points to 4.1%. The main drivers impacting interest-earning assets and interest-bearing liabilities during 2024, are as described under Grupo Aval's analysis.

Total interest income decreased 2.2% or Ps 619.1 billion, driven by a 77 basis points reduction in the average yield of interest-earning assets that was partially offset by a 3.9% or Ps 8,342.7 billion increase in the average balance of interest-earning assets. Total interest expense decreased 6.9% or Ps 1,337.9 billion, more than total interest income, resulting from a 124 basis points contraction in interest rates paid on interest-bearing liabilities, partially offset by a 6.9% or Ps 13,861.9 billion increase in the average balance of interest-bearing liabilities.

Average balance of interest-earning assets for the year ended December 31,		Change, 2024 vs. 2023		Net interest margin for the year ended December 31,		Net interest income for the year ended December 31,		Change, 2024 vs. 2023	
2024	2023	#	%	2024	2023	2024	2023	#	%
(in Ps billions)						(in Ps billions)			
221,259.2	212,916.6	8,342.7	3.9	4.1%	3.9%	9,128.1	8,409.4	718.7	8.5

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The following tables show: (i) the average balance, average yield and interest income on interest-earning assets with an analysis of impacts derived from changes in the average balance and the average yield, per type of interest-earning asset; interbank and overnight funds are shown separate from gross loans due to their characteristics and short-term nature and (ii) the average balance, average rate paid and interest expense on interest-bearing liabilities with an analysis of impacts derived from changes in the average balance and the average rate, per type of interest-bearing liabilities.

(i)	Average balance for the year ended December 31,		Change, 2024 vs. 2023		Average yield for the year ended December 31,		Interest income for the year ended December 31,		Impact on interest income due to changes in			Change, 2024 vs. 2023
	2024	2023	#	%	2024	2023	2024	2023	Balance	Yield	Total	%
	(in Ps billions)						(in Ps billions)		(in Ps billions)			
Commercial	111,167.8	106,096.3	5,071.5	4.8	12.1%	13.6%	13,418.8	14,414.7	612.2	(1,608.1)	(995.9)	(6.9)
Consumer	59,704.3	59,178.8	525.5	0.9	14.9%	15.1%	8,889.1	8,920.2	78.2	(109.3)	(31.1)	(0.3)
Mortgages	19,903.5	18,033.4	1,870.1	10.4	9.8%	9.4%	1,946.3	1,686.6	182.9	76.8	259.7	15.4
Microcredit	173.5	270.7	(97.3)	(35.9)	28.1%	26.4%	48.7	71.4	(27.3)	4.7	(22.6)	(31.7)
Gross loans	**190,949.1**	**183,579.3**	**7,369.8**	**4.0**	**12.7%**	**13.7%**	**24,302.9**	**25,092.8**	**938.0**	**(1,727.9)**	**(789.9)**	**(3.1)**
Interbank and overnight funds	411.1	2,450.5	(2,039.5)	(83.2)	136.9%	31.3%	562.5	768.0	(2,791.1)	2,585.6	(205.5)	(26.8)
Total gross loans	**191,360.1**	**186,029.8**	**5,330.3**	**2.9**	**13.0%**	**13.9%**	**24,865.4**	**25,860.9**	**692.6**	**(1,688.1)**	**(995.4)**	**(3.8)**
Investments in debt securities	29,899.1	26,886.8	3,012.3	11.2	7.3%	6.7%	2,185.0	1,808.7	220.1	156.2	376.3	20.8
Total interest-earning assets	**221,259.2**	**212,916.6**	**8,342.7**	**3.9**	**12.2%**	**13.0%**	**27,050.4**	**27,669.6**	**1,019.9**	**(1,639.1)**	**(619.1)**	**(2.2)**

(ii)	Average balance for the year ended December 31,		Change, 2024 vs. 2023		Average rate paid for the year ended December 31,		Interest expense for the year ended December 31,		Impact on interest expense due to changes in			Change, 2024 vs. 2023
	2024	2023	#	%	2024	2023	2024	2023	Balance	Rate	Total	%
	(in Ps billions)						(in Ps billions)		(in Ps billions)			
Checking accounts	6,354.9	6,398.1	(43.2)	(0.7)	4.4%	4.5%	(277.4)	(287.4)	1.9	8.1	10.0	(3.5)
Time deposits	85,234.5	77,790.7	7,443.8	9.6	10.1%	11.8%	(8,584.5)	(9,140.6)	(749.7)	1,305.8	556.1	(6.1)
Savings accounts	79,084.0	72,490.8	6,593.2	9.1	6.8%	8.2%	(5,384.5)	(5,977.1)	(448.9)	1,041.6	592.7	(9.9)
Total interest-bearing deposits	**170,673.5**	**156,679.6**	**13,993.8**	**8.9**	**8.3%**	**9.8%**	**(14,246.4)**	**(15,405.2)**	**(1,168.1)**	**2,326.9**	**1,158.8**	**(7.5)**
Interbank borrowings and overnight funds	12,334.0	7,418.3	4,915.7	66.3	9.8%	15.8%	(1,214.4)	(1,170.9)	(484.0)	440.5	(43.5)	3.7
Borrowings from banks and others	17,208.3	21,224.2	(4,015.9)	(18.9)	7.8%	6.6%	(1,344.7)	(1,391.3)	313.8	(267.2)	46.6	(3.4)
Bonds issued	14,211.9	15,243.6	(1,031.7)	(6.8)	7.9%	8.5%	(1,116.8)	(1,292.8)	81.1	94.8	175.9	(13.6)
Other funding	**43,754.1**	**43,886.1**	**(131.9)**	**(0.3)**	**8.4%**	**8.8%**	**(3,676.0)**	**(3,855.1)**	**11.1**	**168.0**	**179.1**	**(4.6)**
Total interest-bearing liabilities	**214,427.6**	**200,565.7**	**13,861.9**	**6.9**	**8.4%**	**9.6%**	**(17,922.4)**	**(19,260.2)**	**(1,158.6)**	**2,496.5**	**1,337.9**	**(6.9)**

Average balance of gross loans increased 4.0% or Ps 7,369.8 billion in 2024 and the average yield was 12.7%, 94 basis points lower than in 2023. Growth of average balances of 4.0% was lower than growth of closing balances of 7.2%, mainly because average U.S. dollar denominated loans, which represent 17.0% of our loan portfolio, were affected by an annual 5.9% appreciation in the average exchange rate. On the other hand, closing balances benefited from a 15.4% year-over-year depreciation of the end of period exchange rate.

Peso denominated loans grew 4.8% year-over-year on average balances; commercial loans grew 6.0%, consumer loans grew 0.8%, mortgage loans grew 14.6%, and microcredit loans decreased 35.9%. Banco de Bogotá decided to exit from microcredit loans in August 2024, and sold the majority of its loan portfolio to an unrelated financial institution in Colombia, for further detail see "Item 4. Information on the Company—B. Business overview—Our operations" As for U.S. dollar denominated loans in U.S. dollar terms, year-over-year growth was 5.1% for average balances; commercial loans grew 5.7%, consumer loans increased 7.9% and mortgages decreased 1.9%.

The average Central Bank rate in Colombia decreased by 165 basis points to 11.4% in 2024 from 13.0% in 2023. The end of period Central Bank rate in Colombia decreased by 350 basis points to 9.5% at December 31, 2024 from 13.00% a year earlier. Given that 82.1% of the segment's commercial loans are variable rate, mostly referenced to the 1-month, 3-month or 6-month inter-bank rate (IBR), average yield on commercial loans decreased 152 basis points to 12.1%, slightly below the 165 basis points decrease in the average Central Bank rate. On the other hand, 91.1% of the segment's consumer loans are fixed rate; consequently, the average yield priced in a small portion of the reduction in reference rates in 2024, decreasing 18 basis points. Regarding the segment's mortgages, 81.5% of the closing balance is at fixed rate and average yield increased 43 basis points due to the repricing effect of new portfolio disbursements at higher interest rates than the average for the stock. For an analysis regarding external factors affecting the average yield on loans see "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Management Discussion and Analysis of Operating Segments—Grupo Aval".

The average balance of interest-earning investments in debt securities increased 11.2% or Ps 3,012.3 billion following the segment's strategy to increase its position in securities. The still sluggish growth of the loan portfolio incentivized the segment to capture high yields, that enabled capturing positive carry and forward-looking gapping. Marginal funding rates and available liquidity for deposit taking activities favored this strategy as well. This resulted in a 58 basis points increase in the average yield for interest-earning investments in debt securities, as the Colombian sovereign yield curve (TES) shifted downwards, following global sovereign fixed income rates and aided by the decrease

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in Colombia's sovereign risk premium. The average balance of interbank and overnight funds decreased 83.2% or Ps 2,039.5 billion given that the proceeds received from BHI's tender offer in December 2022 gradually migrated into other interest-earning assets.

Finally, average funding rates continued moving downwards and in line with the reduction in the average Central Bank rate in 2024. In addition, average rates paid on interest-bearing liabilities also benefited from the normalization of distortions in marginal funding rates generated by more demanding NSFR requirements in 2023. The end of period balance of interest-bearing liabilities increased 11.7% or Ps 23,489.8 billion, due to an increase in almost all types of interest-bearing liabilities, and mainly explained by an 11.6% increase in time deposits and savings accounts. On the other hand, the average balance of interest-bearing liabilities increased 6.9% or Ps 13,861.9 billion, driven by a 9.6% or Ps 7,443.8 billion increase in time deposits and a 9.1% or Ps 6,593.2 billion increase in savings accounts. As mentioned above, interest-bearing liabilities priced in the reduction in the average Central Bank rate and the normalization of distortions generated by the NSFR in 2023, registering a decrease of 124 basis points in the average rate paid.

Net impairment loss on financial assets

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	**2023**	**#**	**%**
	(in Ps billions)			
Impairment loss on loans and other accounts receivable	(4,691.9)	(4,721.5)	29.5	(0.6)
Impairment (loss) recovery on other financial assets	(4.0)	0.8	(4.8)	(582.1)
Recovery of charged-off financial assets	569.8	550.6	19.2	3.5
Net impairment loss on financial assets	**(4,126.2)**	**(4,170.0)**	**43.9**	**(1.1)**

Net impairment loss on financial assets decreased 1.1% or Ps 43.9 billion to Ps 4,126.2 billion, resulting from lower impairment losses and higher recoveries of charged-off financial assets.

Impairment loss on loans and other accounts receivable decreased 0.6% or Ps 29.5 billion to Ps 4,691.9 billion, driven by an improvement on the loan portfolio's ECL, particularly in the consumer portfolio, explained by the country's economic recovery and its effect on borrowers' credit risk. For more information regarding risk management please see "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

In addition, recovery of charged-off financial assets increased 3.5% or Ps 19.2 billion to Ps 569.8 billion, due to the drivers discussed under Grupo Aval's analysis.

The following table provides detail by category of impairment loss on loans and other accounts receivable, cost of risk and cost of risk, net. For more information on the calculation methodology please refer to "Item 3. Key Information—A. Selected Financial Data".

	Impairment loss on loans and other accounts receivable				Cost of risk for the year ended December 31,		Change, 2024 vs. 2023	Cost of risk, net for the year ended December 31,		Change, 2024 vs. 2023
	Year ended December 31,		Change, 2024 vs. 2023							
	2024	**2023**	**#**	**%**	**2024**	**2023**	**basis points**	**2024**	**2023**	**basis points**
	(in Ps billions)									
Commercial	(760.4)	(205.0)	(555.4)	270.9	0.7%	0.2%	49	0.6%	0.1%	50
Consumer	(3,781.5)	(4,396.8)	615.3	(14.0)	6.3%	7.4%	(110)	5.5%	6.7%	(114)
Mortgage	(145.5)	(65.9)	(79.7)	121.0	0.7%	0.4%	37	0.7%	0.3%	37
Microcredit	10.9	(31.9)	42.8	(134.2)	(6.3)%	11.8%	(1,807)	(7.7)%	9.8%	(1,759)
Gross loans	**(4,676.5)**	**(4,699.6)**	**23.1**	**(0.5)**	**2.4%**	**2.6%**	**(11)**	**2.2%**	**2.3%**	**(11)**
Interbank and overnight funds	(0.8)	1.4	(2.2)	(154.3)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total gross loans	**(4,677.3)**	**(4,698.2)**	**20.9**	**(0.4)**	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Other accounts receivable	(14.6)	(23.2)	8.6	(37.1)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Impairment loss on loans and other accounts receivable	**(4,691.9)**	**(4,721.5)**	**29.5**	**(0.6)**	**2.5%**	**2.6%**	**(11)**	**2.2%**	**2.3%**	**(11)**

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Cost of risk, net decreased to 2.2% driven by a 114 basis points decrease in cost of risk, net of consumer loans that was partially offset by a 50 basis points increase in cost of risk, net of commercial loans. The reduction in impairment losses for consumer loans was driven by an improvement in the asset quality across all consumer segments, mainly in personal loans and credit cards, which have higher PDs than other secured products such as payroll loans and automobile loans and leases.

The evolution of asset quality continues to point to the end of the credit cycle on consumer loans, with Stage reclassification and past due loans formation peaking in the first quarter of 2024. This explains the lower impairment loss for consumer loans in 2024 that was driven by lower impairment losses on Stage 2 credit cards and personal loans compared to 2023. This improvement in asset quality enabled credit card classified as Stage 1 to increase to 85.2% in 2024 from 82.5% in 2023, while personal loans classified as Stage 1 increased to 81.3% from 80.2%. As a result of better asset quality, the coverage ratio (loss allowance as a percentage of gross loans) for the consumer loan portfolio decreased to 6.7% in 2024 from 7.2% in 2023, given that Stage 1 loans have lower coverage ratios as they have lower probabilities of default.

The increase in impairment losses for commercial loans was driven by lower impairment losses in 2023 due to the reversal of the remaining impairment losses booked as overlays for customers relieved during the pandemic. This was reflected in an increase in impairment losses on all Stages of commercial loans and led to a normalized level of impairment losses for the commercial loan portfolio in 2024. Impairment losses for mortgages increased in 2024 due to a slight credit deterioration related to higher transfers from Stage 2 to Stage 3. The decrease in impairment losses for microcredit loans is explained by the reversal of impairment losses given the sale of Banco de Bogota's loan portfolio to an unrelated financial institution in Colombia.

The following table shows the banking services segment's gross loan classification by Stages in accordance with IFRS 9 (interbank and overnight funds are not included as they tend to be mostly Stage 1 and with low loss allowance due to their characteristics and short-term nature).

	At December 31,								Change, 2024 vs. 2023			
	2024				2023							
	Stage 1	Stage 2	Stage 3	Gross loans	Stage 1	Stage 2	Stage 3	Gross loans	Stage 1	Stage 2	Stage 3	Gross loans
	(in Ps billions)								%			
Commercial	101,457.1	3,464.3	10,022.5	**114,943.8**	94,084.6	3,530.5	9,189.0	**106,804.1**	7.8	(1.9)	9.1	7.6
Consumer	53,886.4	4,475.4	2,543.2	**60,905.0**	52,143.4	4,218.7	2,669.1	**59,031.2**	3.3	6.1	(4.7)	3.2
Mortgages	19,846.9	1,367.0	795.2	**22,009.1**	16,697.9	1,160.8	604.4	**18,463.1**	18.9	17.8	31.6	19.2
Microcredit	0.8	0.0	3.6	**4.4**	226.5	14.0	37.0	**277.5**	(99.7)	(99.7)	(90.4)	(98.4)
Gross loans	**175,191.1**	**9,306.7**	**13,364.5**	**197,862.2**	**163,152.5**	**8,924.0**	**12,499.6**	**184,576.0**	7.4	4.3	6.9	**7.2**
Commercial	88.3%	3.0%	8.7%	**100.0%**	88.1%	3.3%	8.6%	**100.0%**				
Consumer	88.5%	7.3%	4.2%	**100.0%**	88.3%	7.1%	4.5%	**100.0%**				
Mortgages	90.2%	6.2%	3.6%	**100.0%**	90.4%	6.3%	3.3%	**100.0%**				
Microcredit	17.7%	0.9%	81.4%	**100.0%**	81.6%	5.0%	13.3%	**100.0%**				
Gross loans	**88.5%**	**4.7%**	**6.8%**	**100.0%**	**88.4%**	**4.8%**	**6.8%**	**100.0%**				
Commercial	0.7%	6.3%	44.1%	**4.7%**	0.6%	6.2%	48.6%	**5.0%**				
Consumer	2.0%	20.0%	82.0%	**6.7%**	2.2%	23.0%	80.2%	**7.2%**				
Mortgages	0.3%	5.3%	42.9%	**2.1%**	0.3%	5.7%	44.4%	**2.1%**				
Microcredit	7.3%	29.6%	99.7%	**82.7%**	5.3%	45.6%	95.1%	**19.3%**				
Loss allowance as a percentage of gross loans per Stage	**1.1%**	**12.7%**	**51.3%**	**5.0%**	**1.1%**	**14.2%**	**55.3%**	**5.4%**				

For further detail on credit risk model and transitioning between stages, please refer to Grupo Aval's analysis. For more information on loss allowance calculations and a description of PD risk categories under IFRS 9, please refer to Note 4.1 of our audited consolidated financial statements.

The following table shows the balance of loans at least 91 days past due, delinquency ratios, charge-offs and charge-offs as a percentage of average gross loans for the segment (interbank and overnight funds are not included as they tend not to be past due or charged-off due to their characteristics and short-term nature).

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	Loans at least 91 days past due				Delinquency ratio (1)		Change,
	At December 31,		Change, 2024 vs. 2023		at December 31,		2024 vs. 2023
	2024	2023	#	%	2024	2023	basis points
	(in Ps billions)						
Commercial	5,116.6	4,502.9	613.7	13.6	4.5%	4.2%	24
Consumer	1,972.8	2,113.9	(141.1)	(6.7)	3.2%	3.6%	(34)
Mortgages	872.0	717.6	154.4	21.5	4.0%	3.9%	8
Microcredit	3.6	37.0	(33.5)	(90.4)	81.4%	13.3%	6,803
Gross loans	**7,964.9**	**7,371.4**	**593.5**	**8.1**	**4.0%**	**4.0%**	**3**

	Charge-offs				Charge-offs as a percentage		Change,
	At December 31,		Change, 2024 vs. 2023		of average gross loans		2024 vs. 2023
	2024	2023	#	%	2024	2023	basis points
	(in Ps billions)						
Commercial	1,219.8	668.0	551.9	82.6	1.1%	0.6%	47
Consumer	4,152.8	3,423.1	729.8	21.3	7.0%	5.8%	117
Mortgages	76.1	51.0	25.0	49.0	0.4%	0.3%	10
Microcredit	11.2	24.2	(13.0)	(53.8)	6.5%	8.9%	(250)
Total charge-offs	**5,459.9**	**4,166.3**	**1,293.6**	**31.0**	**2.9%**	**2.3%**	**59**

(1) Calculated as loans past due more than 90 days divided by gross loans.

Delinquency ratio remained stable, with (i) an improvement of 34 basis points in consumer loans, explained by the recovery of the country's economic growth and the effect of a tighter underwriting policy introduced in 2023 on the quality of consumer loans, and (ii) an increase of 24 basis points in commercial loans, due to a deterioration in the quality of the portfolio in 2024, which showed a recovery in the last quarter of the year. Delinquency coverage ratio for gross loans, measured as loss allowance divided by past due gross loans more than 90 days, was 124.6% in 2024 and 135.3% in 2023, in line with higher past due commercial loans. Charge-offs as a percentage of average gross loans increased from 2.3% in 2023 to 2.9% in 2024, mainly as a result of higher charge-offs in consumer portfolio.

Net income from commissions and fees

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Banking and other fees	2,775.3	2,731.1	44.2	1.6
Bonded warehouse services	182.9	189.2	(6.3)	(3.3)
Trust activities and portfolio management services	375.0	352.0	23.1	6.6
Pension and severance fund management	0.7	0.7	(0.0)	(0.6)
Income from commissions and fees	**3,333.8**	**3,272.9**	**61.0**	**1.9**
Expenses from commissions and fees	(947.2)	(910.8)	(36.5)	4.0
Net income from commissions and fees	**2,386.6**	**2,362.1**	**24.5**	**1.0**

Income from commissions and fees increased 1.9% or Ps 61.0 billion. This growth was driven by a 6.6% increase in trust activities and portfolio management services and a 1.6% increase in Banking and other fees, partially offset by a 3.3% decrease in bonded warehouse services. Growth in trust activities and portfolio management services was driven by favorable capital market conditions and client acquisition efforts, resulting in an increase in AUMs and therefore fee income. Banking and other fees' performance was driven by a 4.4% or Ps 73.3 billion increase in banking service fees, partially offset by a 2.1% or Ps 21.0 billion decrease in debit and credit card fees explained by (i) a 2.6% or Ps 12.0 billion reduction in income from merchant acquiring and (ii) a 1.6% or Ps 9.0 billion decrease in debit and credit card management fees, driven by lower card volumes that negatively impacted transactional activity as compared to 2023. On the other hand, bonded warehouse services decreased due to the closure of unprofitable warehouses in 2024. Expenses from commissions and fees increased 4.0% or Ps 36.5 billion, driven by higher payment processor expenses and commissions paid to external salesforces.

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Gross loss from sales of goods and services

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Income from sales of goods and services	132.0	110.2	21.8	19.8
Costs and expenses of sales of goods and services	(490.9)	(443.8)	(47.1)	10.6
Gross loss from sales of goods and services	**(358.9)**	**(333.7)**	**(25.2)**	**7.6**

Gross loss from sales of goods and services increased by Ps 25.2 billion to a gross loss of Ps 358.9 billion in 2024. The gross loss from sales of goods and services results from services provided by the non-financial subsidiaries of Banco de Bogotá and Banco de Occidente to the segment's businesses, for which income is eliminated in the consolidation process. This reflects the non-financial results of Megalinea and Nexa BPO.

Income from sales of goods and services increased 19.8% or Ps 21.8 billion to Ps 132.0 billion in 2024, mainly as a result of the increase in tariffs and the strengthening of the commercial offer in our BPO services. Costs and expenses of sales of goods and services increased 10.6% or Ps 47.1 billion to Ps 490.9 billion in 2024, this increase resulted from a 10.3% or Ps 36.3 billion increase in personnel expenses and a 8.3% or Ps 4.8 billion increase in administrative expenses.

Net trading (loss) income

Net trading income for 2024 was Ps 767.7 billion, Ps 2,013.0 billion higher than the Ps 1,245.2 billion loss in 2023, resulting from a Ps 2,288.0 billion increase in income from derivatives and partially offset by a Ps 275.1 billion decrease in net trading (loss) income from investment securities. The performance of net trading (loss) income from derivatives was partially offset by a Ps 1,684.2 billion decrease in foreign exchange gains (losses), net, recognized under other income. The performance of net trading (loss) income from derivatives figures also result from lower costs of the hedging strategy compared to 2023, due to (i) the narrowing of the interest rate differential between Colombia and the United States in 2024, and consequently lower expectations of depreciation for the Colombian Peso (implicit in derivative contracts) and (ii) lower use of international funding sources in 2024 given the normalization of time deposit funding costs in Colombia.

Total income from investment securities

The segment's securities portfolio is classified in the following categories: (i) equity and fixed income investments at FVTPL (described in this section as net trading (loss) income in investment securities at FVTPL), (ii) fixed income investments at FVOCI and (iii) fixed income investments at AC (results from (ii) and (iii) are included in net interest income as interest income on investments in debt securities). The segment's businesses manage their investment portfolio in a comprehensive and integral manner that considers individual return of each one of these three categories and the total return of the investment securities portfolio.

Total income from investment securities (comprised of interest income on investments in debt securities and net trading (loss) income from investment securities at FVTPL) was Ps 2,715.5 billion for 2024, 3.9% or Ps 101.2 billion more than in 2023. This was mainly driven by an increase of Ps 7,433.2 billion in the average balance of investment securities, resulting in a Ps 507.2 billion growth in income; nevertheless, this improvement in interest income was partially mitigated by a 125 basis points decrease in the average yield on total investment securities, primarily investment securities at FVTPL, which resulted in a Ps 406.0 billion decrease in interest income and was partially offset by an increase in the net result of income from derivatives and foreign exchange gains (losses), net.

Other income

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Foreign exchange gains (losses), net	(109.1)	1,575.0	(1,684.2)	(106.9)
Share of profit of equity accounted investees, net of tax	679.5	872.0	(192.5)	(22.1)
Net gain (loss) on sale of debt and equity securities	80.6	64.5	16.2	25.1
Dividends	13.7	11.7	2.0	17.3
Gain (loss) on the sale of non-current assets held for sale	23.6	48.6	(25.0)	(51.4)
Gain on sale of property, plant and equipment	81.0	360.7	(279.7)	(77.5)
Net gain (loss) in asset valuation	18.3	(19.7)	38.1	(192.9)
Other	570.7	417.0	153.7	36.9
Other income	**1,358.3**	**3,329.7**	**(1,971.4)**	**(59.2)**

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Other income decreased 59.2% or Ps 1,971.4 billion, mainly driven by a Ps 1,684.2 billion reduction in foreign exchange gains (losses), net, a Ps 279.7 billion decrease in gain on sale of property, plant and equipment, and a Ps 192.5 billion reduction in share of profit of equity accounted investees, net of tax. The Ps 1,684.2 billion decrease in foreign exchange gains (losses), net to a Ps 109.1 billion loss should be analyzed in conjunction with net trading (loss) income from derivatives. The net result of both activities (foreign exchange and derivatives) was a Ps 128.1 billion gain in 2024 compared to a Ps 475.8 billion loss in 2023. In 2024, the interest rate differential between the Colombian Peso and the U.S. dollar narrowed, generating lower expectations of depreciation for the Colombian Peso (implicit in derivatives contracts) and leading to a lower cost of the hedging strategy when compared to 2023.

During 2024, the segment continued its PP&E structure optimization program, although at a lower volume compared to the previous year, by transferring some non-strategic property, plant and equipment in exchange for equity in private equity funds specialized in real estate asset management (NEXUS), some of which were part of lease-back operations. The resulting effects of these transactions were discussed above in "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Management Discussion and Analysis of Operating Segments—Grupo Aval".

The Ps 192.5 billion decrease in share of profit of equity accounted investees, net of tax (equity method) was driven by the decrease in Corficolombiana's net income that was partially offset by a better performance in Porvenir. For more information on the performance of the segments under which these companies are reported refer to "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Management Discussion and Analysis of Operating Segments—Pension and Severance Fund Management" and "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Management Discussion and Analysis of Operating Segments—Merchant Banking". The Ps 16.2 billion increase in net gain on sale of debt and equity securities was explained by temporary favorable conditions in fixed income markets during 2024.

Other expenses

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Losses from sales of non-current assets held for sale	(2.2)	(0.6)	(1.6)	263.0
Personnel expenses	(2,824.4)	(2,672.7)	(151.7)	5.7
Administrative and other expenses	(4,293.9)	(4,185.2)	(108.7)	2.6
Depreciation and amortization	(677.8)	(639.7)	(38.0)	5.9
Impairment loss on other assets	(4.8)	(2.9)	(1.9)	64.0
Other	(242.4)	(208.8)	(33.6)	16.1
Other expenses	**(8,045.5)**	**(7,710.0)**	**(335.5)**	**4.4**

Other expenses increased 4.4% or Ps 335.5 billion to Ps 8,045.5 billion. The 5.7% or Ps 151.7 billion increase in personnel expenses resulted from (i) a 6.2% or Ps 158.7 billion increase in salaries and employee benefits and (ii) a 6.0% or Ps 7.0 billion reduction in labor severances and bonus plan payments due to increased expenses in 2023 explained by adjustments made to the size of our banks' payrolls.

Administrative and other expenses increased 2.6% or Ps 108.7 billion over the year. Deposit insurance expenses grew 10.6% or Ps 50.6 billion in line higher volumes of deposits; operating taxes decreased 10.2% or Ps 115.3 billion mainly due to (i) a court decision that limited the rate of the industry and commerce tax (ICA) charged in certain cities, and (ii) less taxes and levies expenses in connection with lower transfer of non-strategic PP&E in 2024 compared to 2023. The remaining expenses increased 6.7% or Ps 173.3 billion driven by cloud migration costs, higher fee and marketing expenses.

Other expenses increased by 16.1% or Ps 33.6 billion and depreciation and amortization expenses grew 5.9% or Ps 38.0 billion. Given that total income before net impairment losses on financial assets (defined as the sum of net interest income, net income from commissions and fees, gross profit (loss) from sales of goods and services, net trading (loss) income and other income) increased by 6.1%, the cost to income efficiency ratio improved 100 basis points to 60.6% in 2024 from 61.6% in 2023. The ratio of other expenses as a percentage of average assets remained relatively unchanged, presenting a slight improvement of three basis points to 3.0% in 2024 from 3.1% in 2023.

Tax (expense) recovery

Income tax recovery decreased by Ps 157.5 billion, to Ps 27.4 billion in 2024. Deferred taxes amounted to a Ps 137.8 billion tax recovery in 2024, Ps 207.4 billion less than the Ps 345.2 billion tax recovery in 2023. This was driven by a higher use of deductions from nontaxable income in 2024 compared to 2023.

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Merchant Banking

Overview

Net income for the year ended December 31, 2024 was Ps 865.8 billion, decreasing 43.4% or Ps 664.3 billion compared to the year ended December 31, 2023. The following discussion describes the main drivers of our merchant banking segment's results of operations for the year ended December 31, 2024 compared to the year ended December 31, 2023.

	Merchant Banking			
	For the year ended December 31,		Change 2024 vs 2023	
	2024	2023	#	%
	(in Ps billions)			
Total interest income	1,129.9	1,307.3	(177.5)	(13.6)
Total interest expense	(3,064.9)	(3,471.8)	406.9	(11.7)
Net interest income (expense)	**(1,935.0)**	**(2,164.4)**	**229.4**	**(10.6)**
Impairment loss on loans and other accounts receivable	(58.0)	(33.0)	(25.0)	75.5
Impairment (loss) recovery on other financial assets	(0.8)	(0.3)	(0.5)	167.3
Recovery of charged-off financial assets	4.5	5.2	(0.7)	(13.7)
Net impairment loss on financial assets	**(54.4)**	**(28.2)**	**(26.2)**	**93.0**
Net interest income, after impairment losses	**(1,989.4)**	**(2,192.6)**	**203.2**	**(9.3)**
Net income from commissions and fees	134.1	120.1	14.0	11.6
Gross profit from sales of goods and services	2,851.5	3,572.1	(720.6)	(20.2)
Net trading income (loss)	380.2	36.6	343.6	939.2
Net income from other financial instruments mandatorily at fair value through profit or loss	350.9	323.7	27.2	8.4
Other income	187.9	1,287.3	(1,099.4)	(85.4)
Other expenses	(381.2)	(348.7)	(32.5)	9.3
Net income before tax expense	**1,533.9**	**2,798.4**	**(1,264.5)**	**(45.2)**
Income tax	(668.1)	(1,268.3)	600.2	(47.3)
Net income for the year	**865.8**	**1,530.2**	**(664.3)**	**(43.4)**

Net interest income (expense)

Net interest expense was Ps 1,935.0 billion and Ps 2,164.4 billion in 2024 and 2023, respectively. Net interest expenses are mainly the result of interest-bearing liabilities surpassing interest-earning assets by Ps 24,015.7 billion and Ps 22,682.8 billion in 2024 and 2023, respectively. The decrease of 10.6% or Ps 229.4 billion in net interest expense is mainly explained by lower funding costs in 2024, slightly offset by a higher average balance of interest-bearing liabilities.

Net interest expense of the segment's financial businesses decreased to Ps 1,198.7 billion, 9.8% or Ps 129.9 billion less than in 2023. In addition, net interest expense of the segment's non-financial businesses decreased to Ps 736.4 billion, 11.9% or Ps 99.5 billion lower than in 2023.

The merchant banking segment inherently has significantly more interest-bearing liabilities than interest-earning assets, as a result of a substantial portion of funding used to finance both the ordinary course of non-financial businesses and Corficolombiana's investment portfolio in debt and equity securities. Consolidated non-financial subsidiaries' net interest result has been and is expected to continue to be negative in the future as these entities are not financial entities and thus pay interest expenses to fund returns of assets that are mostly not considered interest-earning assets. The returns on those assets are primarily registered in the gross profit (loss) from sales of goods and services and net income from other financial instruments mandatorily at FVTPL, and to a lesser extent, in Other income under share of profit of equity accounted investees, net of tax (equity method). Income and expenses related to financial assets and liabilities, in addition to net interest expense, are recognized under net trading (loss) income and foreign exchange gains (losses), net.

The segment's infrastructure business' projects moved closer to the operation phase after being built over the course of the last years, particularly *Conexión Pacífico 1* (Covipacífico) and *Villavicencio – Yopal* (Covioriente), and accordingly, funding volumes reached an all-time high in 2024. Nevertheless, the moderation of inflation and the consequent decrease in average interest rates during the year allowed the reduction in interest expense.

Average balance of interest-earning assets for the year ended December 31,		Change, 2024 vs. 2023		Net interest margin for the year ended December 31,		Net interest income for the year ended December 31,		Change, 2024 vs. 2023	
2024	2023	#	%	2024	2023	2024	2023	#	%
(in Ps billions)						(in Ps billions)			
6,467.7	5,712.3	755.4	13.2	(29.9)%	(37.9)%	(1,935.0)	(2,164.4)	229.4	(10.6)

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The following tables show: (i) the average balance, average yield and interest income on interest-earning assets with an analysis of impacts derived from changes in the average balance and the average yield, per type of interest-earning asset; interbank and overnight funds are shown separate from gross loans due to their characteristics and short-term nature and (ii) the average balance, average rate paid and interest expense on interest-bearing liabilities with an analysis of impacts derived from changes in the average balance and the average rate, per type of interest-bearing liabilities.

(i)	Average balance for the year ended December 31,		Change, 2024 vs. 2023		Average yield for the year ended December 31,		Interest income for the year ended December 31,		Impact on interest income due to changes in			Change, 2024 vs. 2023
	2024	2023	#	%	2024	2023	2024	2023	Balance	Yield	Total	%
	(in Ps billions)						(in Ps billions)		(in Ps billions)			
Commercial	1,706.3	1,321.4	384.9	29.1	21.3%	24.8%	364.2	328.0	82.2	(45.9)	36.2	11.0
Consumer	1,039.8	875.4	164.4	18.8	22.9%	32.5%	238.6	284.7	37.7	(83.8)	(46.1)	(16.2)
Mortgages	25.6	20.4	5.2	25.6	5.9%	6.7%	1.5	1.4	0.3	(0.1)	0.2	11.9
Gross loans	**2,771.7**	**2,217.2**	**554.5**	**25.0**	**21.8%**	**27.7%**	**604.3**	**614.0**	**120.9**	**(130.6)**	**(9.7)**	**(1.6)**
Interbank and overnight funds	261.1	555.1	(294.0)	(53.0)	96.3%	72.3%	251.5	401.1	(283.2)	133.6	(149.6)	(37.3)
Total gross loans	**3,032.8**	**2,772.3**	**260.5**	**9.4**	**28.2%**	**36.6%**	**855.8**	**1,015.1**	**73.5**	**(232.8)**	**(159.3)**	**(15.7)**
Investments in debt securities	3,434.9	2,940.0	494.9	16.8	8.0%	9.9%	274.1	292.2	39.5	(57.6)	(18.1)	(6.2)
Total interest-earning assets	**6,467.7**	**5,712.3**	**755.4**	**13.2**	**17.5%**	**22.9%**	**1,129.9**	**1,307.3**	**132.0**	**(309.4)**	**(177.5)**	**(13.6)**

(ii)	Average balance for the year ended December 31,		Change, 2024 vs. 2023		Average rate paid for the year ended December 31,		Interest expense for the year ended December 31,		Impact on interest expense due to changes in			Change, 2024 vs. 2023
	2024	2023	#	%	2024	2023	2024	2023	Balance	Rate	Total	%
	(in Ps billions)						(in Ps billions)		(in Ps billions)			
Time deposits	7,778.2	6,265.2	1,513.0	24.1	12.0%	14.0%	(932.1)	(876.5)	(181.3)	125.7	(55.6)	6.3
Savings accounts	839.3	858.6	(19.2)	(2.2)	11.7%	13.8%	(98.4)	(118.3)	2.3	17.7	19.9	(16.8)
Total interest-bearing deposits	**8,617.5**	**7,123.8**	**1,493.8**	**21.0**	**12.0%**	**14.0%**	**(1,030.5)**	**(994.8)**	**(178.6)**	**143.0**	**(35.7)**	**3.6**
Interbank borrowings and overnight funds	5,140.2	4,797.8	342.4	7.1	9.1%	13.2%	(465.9)	(635.7)	(31.0)	200.9	169.8	(26.7)
Borrowings from banks and others	11,330.1	11,025.3	304.8	2.8	10.5%	12.0%	(1,190.9)	(1,322.7)	(32.0)	163.8	131.8	(10.0)
Bonds issued	5,395.6	5,448.3	(52.7)	(1.0)	7.0%	9.5%	(377.6)	(518.6)	3.7	137.3	140.9	(27.2)
Other funding	**21,865.9**	**21,271.4**	**594.5**	**2.8**	**9.3%**	**11.6%**	**(2,034.4)**	**(2,476.9)**	**(55.3)**	**497.9**	**442.5**	**(17.9)**
Total interest-bearing liabilities	**30,483.4**	**28,395.1**	**2,088.3**	**7.4**	**10.1%**	**12.2%**	**(3,064.9)**	**(3,471.8)**	**(210.0)**	**616.8**	**406.9**	**(11.7)**

The segment derives its interest income on total interest-earning assets mainly from the following activities: (i) interests on investment in debt securities and interbank and overnight funds, mainly corresponding to Corficolombiana's treasury operations, (ii) income on commercial loans from the Sociedad Portuaria del Callao (SPEC) LNG regasification terminal, which is classified as a financial lease in accordance with IFRS 16, and (iii) income on consumer loans from Promigas' non-banking financing program under the Brilla brand.

The 13.6% or Ps 177.5 billion decline in total interest income in 2024 was mainly the result of a 542 basis points reduction in the average yield of interest-earning assets to 17.5%, resulting in a Ps 302.9 billion decrease in interest income; this was partially offset by a 13.2% or Ps 755.4 billion increase in the average balance of interest-earning assets, that resulted in a Ps 132.0 billion increase in interest income. The decrease in the average yield of interest-earning assets was primarily explained by: (i) changes introduced by the Superintendency of Finance in the formula used to set interest caps, which drove to the reduction in the average interest cap rate from 43.1% in 2023 to 30.7% in 2024, and negatively affected the yield consumer loans under the Brilla brand, and (ii) the effects of a lower inflation on the yield of investments in debt securities linked to either CPI or UVR, considering that 23.9% of the available-for-sale and held-to-maturity debt securities portfolio is indexed to these references and the average inflation was 6.6% or 515 basis points lower than in 2023.

Total interest expense decreased 11.7% or Ps 406.9 billion in 2024 mainly because of a 217 basis points decrease in the average rate paid on interest-bearing liabilities to 10.1%; this was slightly offset by a 7.4% or Ps 2,088.3 billion increase in the average balance of interest-bearing liabilities to Ps 30,483.4 billion. The contraction in net interest expense was in line with a 165 basis points reduction in the average Central Bank rate from 13.0% in 2023 to 11.4% in 2024. This positively impacted interest rates paid on interest-bearing liabilities of the segment. The Ps 1,513.0 billion growth in the average balance of time deposits was primarily used to fund the segment's non-financial business, particularly in infrastructure.

Net impairment loss on financial assets

Corficolombiana's net impairment loss on financial assets increased Ps 26.2 billion to Ps 54.4 billion in 2024. This was driven by a Ps 25.0 billion increase in impairment loss on loans and accounts receivable, mainly as a result of a deterioration of delinquency of consumer loans under the Brilla brand during 2024. These loans were impaired and charged-off throughout the year.

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Net income from commissions and fees

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Banking and other fees	28.3	24.0	4.4	18.2
Trust activities and portfolio management services	122.9	112.3	10.6	9.4
Income from commissions and fees	**151.2**	**136.2**	**14.9**	**11.0**
Expenses from commissions and fees	(17.1)	(16.1)	(1.0)	6.1
Net income from commissions and fees	**134.1**	**120.1**	**14.0**	**11.6**

Net income from commissions and fees increased 11.6% or Ps 14.0 billion in 2024. This performance was mainly the result of (i) an increase of 9.4% or Ps 10.6 billion in trust and portfolio management activities as Fiduciaria Corficolombiana increased its assets under management by 4.7% amidst favorable capital market conditions for open-ended mutual funds, and (ii) an increase of 18.2% or Ps 4.4 billion in banking and other fees due to positive results in investment banking business and in Casa de Bolsa, mainly explained by an increase in fixed income fees (due to higher transaction volumes) and an enhanced commercial offering and improvements in operational processes.

Gross profit from sales of goods and services

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Income from sales of goods and services	10,867.4	11,070.9	(203.5)	(1.8)
Costs and expenses of sales of goods and services	(8,015.9)	(7,498.9)	(517.1)	6.9
Gross profit from sales of goods and services	**2,851.5**	**3,572.1**	**(720.6)**	**(20.2)**

Gross profit from sales of goods and services mainly reflects the result of the segment's non-financial companies. The Ps 720.6 billion decrease was driven by companies in the infrastructure sector. The following discussion identifies the main drivers contributing to the performance by industry:

Infrastructure

Infrastructure companies continued as the largest contributor to this line item with Ps 1,591.5 billion in 2024. This sector drove the overall performance in gross profit from sales of goods and services decreasing 34.0% or Ps 818.4 billion compared to 2023 mainly explained by a 25.4% or Ps 1,004.3 billion decrease in income. The reduction in income is explained by three main effects: (i) Coviandina entered operation and maintenance phase in 2023 and is no longer recognizing construction income as it did up to the last quarter of 2023, (ii) given that concessions under construction are nearing their final stages (Pacifico 1 and Villavicencio – Yopal), work progress was slower than in 2023, which in turn drove the reduction in construction income and (iii) the normalization of inflation in 2024 relative to 2023 led to a lower adjustment to future cash flow projections and the value of intangible assets, therefore financial income related to concession arrangements was Ps 631.9 billion lower in 2024 relative to a year earlier.

Costs and expenses of sales of goods and services decreased 12.0% or Ps 185.9 billion. In 2023, the one-time expense of Ps 253.0 billion (U.S.$60.6 million) resulting from the resolutions with DOJ and SEC was recognized. Expenses other than the aforementioned increased 5.2% or Ps 67.1 billion, primarily due to (i) costs associated with the final stage of construction of 4G road concessions Pacifico 1 and Villavicencio – Yopal, which will enable their completion and start of the operation and maintenance phase and (ii) cost overruns that have not yet been recognized under income (as per IFRS 15) as they are pending formal recognition from the Government, upon which income will be recognized.

Energy and Gas

Gross profit for energy and gas companies was Ps 1,122.9 billion in 2024, 6.9% or Ps 72.2 billion higher than in 2023. Income increased 12.2% while costs and expenses increased 13.3%. In 2024, weather conditions throughout the country derived from El Niño favored thermal energy generation volumes, due to lower hydroelectric generation capacity. As a result, higher income from this sector is mainly explained by the favorable spillover effects of weather phenomena on (i) gas transportation volumes, (ii) gas commercialization volumes both to the thermal energy sector and the industrial sector, and (iii) LNG regasification volumes at Sociedad Portuaria del Callao (SPEC) to meet the high demand from the thermal energy sector. Costs and expenses of sales of goods and services increased 13.3% or Ps 678.3 billon mainly due to (i) an increase in fuel gas costs, resulting from higher gas prices and a greater use of the Caracolí and Palomino compressors due to the early start of gas transportation bidirectionality, and (ii) higher labor expenses driven by the annual salary adjustment and costs related to severance and transfer of personnel from Enlace, Promigas' shared services company, to an outsourcing company.

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Other sectors

Gross profit for hospitality companies in 2024 was Ps 87.3 billion, a 3.7% or Ps 3.1 billion improvement relative to Ps 84.2 billion in 2023. Income increased 5.5% or Ps 32.8 billion driven by stable average occupancy rates and higher prices on rooms and food; these results are attributed to the strength of the country's tourism sector. Costs increased 5.7% or Ps 29.7 billion, outpacing income growth due to the reinforcement of key areas such as cybersecurity, human resources and accounting, as well as the elimination of subsidy for utilities to hotels on the Colombian Caribbean coast.

Gross profit for agribusiness companies was Ps 37.2 billion in 2024, Ps 20.2 billion higher than in 2023. Income grew 4.4% or Ps 13.1 billion mainly due to higher rubber prices and increased production. Costs and expenses decreased by 2.5%, or Ps 7.1 billion, especially in fertilizers and maintenance expenses.

Gross profit for other companies, mainly Tesicol, was Ps 12.6 billion, Ps 2.3 billion more than in 2023. Income increased 7.4% or Ps 4.5 billion and costs expanded 4.3% or Ps 2.2 billion.

Net trading (loss) income

Corficolombiana's net trading (loss) income was Ps 380.2 billion in 2024, Ps 343.6 billion higher than in 2023, due to (i) a net trading (loss) income from derivatives of Ps 190.4 billion, Ps 706.8 billion higher than in 2023, and (ii) a Ps 189.7 billion income from investment securities at fair value through profit or loss, which decreased Ps 363.2 billion in 2024.

Net trading (loss) income from this segment's non-financial businesses decreased Ps 92.1 billion to a Ps 66.0 billion gain, resulting from a Ps 65.5 billion contraction in net trading (loss) income from investment securities at fair value through profit or loss and a Ps 26.6 billion decrease in net trading (loss) income from derivatives.

Total income from investment securities

The segment's securities portfolio is classified in the following categories: (i) equity and fixed income investments at FVTPL (described in this section as net trading (loss) income in investment securities at FVTPL), (ii) fixed income investments at FVOCI and (iii) fixed income investments at AC (results from (ii) and (iii) are included in net interest income as interest income on investments in debt securities). The investment portfolio is managed in a comprehensive and integral manner that considers individual return of each one of these three categories and the total return of the investment securities portfolio.

Total income from investment securities (comprised of interest income on investments in debt securities and net trading (loss) income from investment securities at FVTPL) was Ps 463.9 billion in 2024, 45.1% or Ps 381.4 billion less than in 2023. This was primarily driven by a 611 basis points annual decrease in the average yield on total investment securities, from 12.3% to 6.2%, resulting in a Ps 420.6 billion reduction in interest income, of which Ps 369.8 billion corresponds to investment securities at FVTPL. Nevertheless, the deterioration in income from the average yield on total investment securities was slightly mitigated by an increase of 9.2% or Ps 635.1 billion in the average balance of total investment securities to Ps 7,514.8 billion in 2024.

Net income from other financial instruments mandatorily at FVTPL

Net income from other financial instruments mandatorily at FVTPL reflect the fair value of certain concession arrangements entered between Promigas and the Colombian Government, that meet the requirements for mandatory recognition at FVTPL and increased by Ps 27.2 billion to Ps 350.9 billion in 2024 as compared to 2023.

Other income

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Foreign exchange gains (losses), net	(370.9)	692.1	(1,063.1)	(153.6)
Share of profit of equity accounted investees, net of tax	318.1	326.0	(7.9)	(2.4)
Net gain (loss) on sale of debt and equity securities	90.5	46.0	44.5	96.7
Dividends	137.7	116.5	21.2	18.2
Gain on sale of property, plant and equipment	0.1	0.0	0.1	N.A.
Net gain (loss) in asset valuation	6.8	93.3	(86.5)	(92.7)
Other	5.6	13.4	(7.8)	(58.5)
Other income	**187.9**	**1,287.3**	**(1,099.4)**	**(85.4)**

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Other income decreased Ps 1,099.4 billion, mainly as a result of a decrease of Ps 1,063.1 billion in foreign exchange gains (losses), net, driven by the effects on foreign currency liabilities of an annual depreciation of 15.4% of the Colombian peso in 2024. However, this was partially offset by favorable results of net trading income from derivatives, as mentioned above.

The decrease of Ps 86.5 billion in net gain (loss) in asset valuation was due to a one-time income in 2023, given the update of valuations on a foreclosed asset held by Corficolombiana, for which land use rules changed favorably thus increasing its commercial value. The Ps 7.9 billion decrease in share of profit of equity accounted investees, net of tax (equity method) was mainly driven by a decline in the income from Promigas' share of profit in Cálidda, due to the appreciation of the average exchange rate in 2024 as compared to 2023.

The Ps 44.5 billion increase in net gain (loss) on sale of debt and equity securities to Ps 90.5 billion in 2024 was explained by the profit generated from the sale of certain debt securities, which benefited from the reduction in interest rates during 2024, allowing for profitable sales. The Ps 21.2 billion increase in dividends was driven by an increase in dividend income from Grupo Energía de Bogotá (GEB).

Other expenses

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Personnel expenses	(159.1)	(147.3)	(11.8)	8.0
Administrative and other expenses	(199.3)	(178.9)	(20.4)	11.4
Depreciation and amortization	(15.2)	(14.0)	(1.1)	8.1
Impairment loss on other assets	(0.1)	(0.0)	(0.1)	N.A.
Other	(7.6)	(8.5)	0.9	(10.4)
Other expenses	**(381.2)**	**(348.7)**	**(32.5)**	**9.3**

Other expenses increased 9.3% or Ps 32.5 billion. The 11.4% or Ps 20.4 billion increase in administrative and other expenses is mainly explained by a 36.6% or Ps 7.3 billion growth in deposit insurance, a Ps 4.3 billion increase in lease expense for computer equipment and a 37.0% or Ps 3.3 billion growth in maintenance and repair expenses. These higher expenses were slightly mitigated by a 31.4% or Ps 3.3 billion decrease in legal advisory fees and a 32.7% or Ps 3.9 billion reduction in marketing expenses due to increased expenses in 2023 for the rebranding of Corficolombiana. The 8.0% or Ps 11.8 billion increase in personnel expenses in 2024 results primarily from a 7.8% or Ps 11.1 billion growth in salaries and employee benefits. This figure was well below the 12.1% increase in the minimum wage for the year 2024.

Tax expense

Income tax expense decreased Ps 600.2 billion or 47.3% to Ps 668.1 billion in 2024. The segment's income tax expense divided by net income before income tax expense excluding dividends and the equity method (as both are non-taxable income), was 62.0% in 2024 and 53.8% in 2023.

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Pension and Severance Fund Management

Overview

Net income for the year ended December 31, 2024 was Ps 654.1 billion, increasing 16.8% or Ps 93.9 billion compared to the year ended December 31, 2023. The following discussion describes the main drivers of our pension and severance fund management segment's results of operations for the year ended December 31, 2024 compared to the year ended December 31, 2023.

	Pension and Severance Fund Management			
	For the year ended December 31,		Change 2024 vs 2023	
	2024	2023	#	%
	(in Ps billions)			
Total interest income	51.3	120.7	(69.3)	(57.4)
Total interest expense	(6.3)	(56.9)	50.7	(89.0)
Net interest income	**45.1**	**63.7**	**(18.6)**	**(29.3)**
Impairment loss on loans and other accounts receivable	(6.9)	1.6	(8.5)	(518.5)
Impairment (loss) recovery on other financial assets	0.1	0.3	(0.1)	(51.5)
Net impairment loss on financial assets	**(6.8)**	**1.9**	**(8.7)**	**(453.2)**
Net interest income, after impairment losses	**38.3**	**65.6**	**(27.3)**	**(41.6)**
Net income from commissions and fees	1,074.7	873.8	200.9	23.0
Gross profit from sales of goods and services	6.9	5.2	1.7	32.5
Net trading income (loss)	256.5	300.1	(43.6)	(14.5)
Other income	12.2	(7.4)	19.6	(266.3)
Other expenses	(471.8)	(504.3)	32.5	(6.4)
Net income before tax expense	**916.9**	**733.1**	**183.8**	**25.1**
Income tax	(262.8)	(172.9)	(89.8)	51.9
Net income for the year	**654.1**	**560.2**	**93.9**	**16.8**

Net interest income

Net interest income was Ps 45.1 billion and Ps 63.7 billion in 2024 and 2023, respectively. Net interest income is mainly the result of interest accrued on interest-earning investments in debt securities corresponding to the segment's proprietary investment portfolio (at fair value through other comprehensive income and at amortized cost) and on interbank and overnight funds.

Interest income decreased 57.4% or Ps 69.3 billion to Ps 51.3 billion in 2024, mainly as a result of a Ps 49.5 billion decrease in interest income on interbank and overnight funds. Income from this type of activity returned closer to historical levels, given that the local interest rate environment distortions that increased demand for interbank funds present in 2023 were normalized in 2024. On the other hand, interest income on investment securities decreased Ps 16.8 billion. This decrease was mainly driven by a 320 basis points decline in the average yield of interest-earning investments in debt securities to 9.6% in 2024, that resulted in a Ps 15.0 billion reduction in income; additionally, a 4.1% or Ps 19.2 billion decline in the average balance of interest-earning investments in debt securities to Ps 449.2 billion in 2024, that resulted in a Ps 1.8 billion decrease in income.

Interest expense was Ps 6.3 billion in 2024 and decreased 89.0% or Ps 50.7 billion mainly because of lower usage of repo operations in relation to the opportunities arising in 2023 around the aforementioned interest rate environment distortions.

Net impairment loss on financial assets

Net impairment loss on financial assets increased Ps 8.7 billion to Ps 6.8 billion in 2024. This variation is explained by a Ps 8.4 billion recovery of life and disability insurance claims (accounts receivable) in 2023 that had been previously impaired.

Net income from commissions and fees

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Banking and other fees	2.0	0.8	1.2	163.3
Pension and severance fund management	1,174.0	977.8	196.1	20.1
Income from commissions and fees	**1,175.9**	**978.6**	**197.3**	**20.2**
Expenses from commissions and fees	(101.2)	(104.8)	3.5	(3.4)
Net income from commissions and fees	**1,074.7**	**873.8**	**200.9**	**23.0**

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Net income from commissions and fees increased 23.0% or Ps 200.9 billion in 2024, in line with an expansion of pension and severance fund management fees of 20.1% or Ps 196.1 billion, driven by (i) a 22.2% or Ps 131.2 billion increase in fee income from mandatory pension fund management, (ii) a 21.5% or Ps 58.9 billion increase in fee income from severance fund management driven by strong returns and a 21.4% growth of average assets under management (AUMs), (iii) a 24.3% or Ps 22.8 billion increase in revenues received from voluntary pension fund management driven by a 18.8% growth of average AUMs and a 9 basis points increase in the weighted average fee rising to 1.91% in 2024 from 1.82% in 2023, and (iv) a Ps 16.8 billion decrease in fee income from third-party pension fund management, mainly due to the end of the contract with FONPET (pension fund for local and regional authorities), which resulted in a reduction in income of Ps 13.9 billion in 2024.

Mandatory pension fund management income was driven by (i) a 17.4% or Ps 88.0 billion increase in fees charged to contributing clients (contribution-based), explained by a 12.4% increase in total mandatory contributions (driven by a 12.1% increase in the minimum wage) and a lower volume of reimbursement of fees in 2024 due to lawsuits declaring that the affiliation to the fund was null and void compared to 2023, and (ii) a 50.2% or Ps 43.3 billion increase in fees charged to non-contributing clients (performance-based) due to favorable returns on AUMs.

Life and disability insurance coverage cost on mandatory pension contributions remained stable at 2.47% of base income used to calculate contributions (*Ingreso Base de Cotización – IBC*).

Gross profit from sales of goods and services

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Income from sales of goods and services	94.0	85.0	9.0	10.6
Costs and expenses of sales of goods and services	(87.1)	(79.8)	(7.3)	9.1
Gross profit from sales of goods and services	**6.9**	**5.2**	**1.7**	**32.5**

Gross profit from sales of goods and services mainly reflects the results of Porvenir’s subsidiary Aportes en Línea, the largest information platform and payment provider for the Social Security System in Colombia. Among its business lines, Aportes en Línea provides technical and administrative services to Porvenir and third parties, among which are Grupo Aval and its subsidiaries.

Gross profit from sales of goods and services increased 32.5% or Ps 1.7 billion in 2024, due to a 10.6% or Ps 9.0 billion increase in income from sales of goods and services as employment improved in 2024, driving growth in social security contributions and outpacing costs and expenses, which were contained through operating efficiencies and the implementation of new technology.

Net trading (loss) income

Net trading income was Ps 256.5 billion in 2024, Ps 43.6 billion less than the Ps 300.1 billion income in 2023. This performance was driven by a Ps 45.5 billion decrease in income from investment securities measured at fair value through profit or loss and a Ps 1.9 billion decrease in net trading loss from derivatives.

Income from investment securities measured at fair value through profit or loss mainly reflects the result of the stabilization reserve, a mandatory investment of the pension and severance fund manager’s capital equivalent to a minimum 1.0% of mandatory pension and severance fund AUMs. At December 31, 2024, Porvenir’s stabilization reserve amounted to Ps 2.4 trillion and its income decreased Ps 35.6 billion to Ps 255.1 billion in 2024. Income resulting from the proprietary investment portfolio held for trading measured at fair value through profit or loss decreased Ps 9.9 billion to Ps 13.4 billion in 2024.

Other income

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Foreign exchange gains (losses), net	20.4	(11.8)	32.2	(273.7)
Net gain (loss) on sale of debt and equity securities	(16.1)	(1.7)	(14.4)	838.0
Net gain (loss) in asset valuation	1.9	1.4	0.5	36.2
Other	6.0	4.7	1.3	27.6
Other income	**12.2**	**(7.4)**	**19.6**	**(266.3)**

Other income increased Ps 19.6 billion, mainly as the result of an improvement of Ps 32.2 billion in foreign exchange gains (losses), net. This result was partially offset by a Ps 14.4 billion decrease in net loss on sale of debt and equity securities in 2024, to a Ps 16.1 billion loss,

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which was intended to roll over a portion of the segment's proprietary portfolio to increase its overall return taking advantage of market conditions.

Other expenses

	Year ended December 31,		Change, 2024 vs. 2023	
	2024	2023	#	%
	(in Ps billions)			
Personnel expenses	(185.9)	(195.5)	9.6	(4.9)
Administrative and other expenses	(269.3)	(259.3)	(10.0)	3.8
Depreciation and amortization	(19.8)	(16.8)	(3.0)	17.8
Other	3.1	(32.7)	35.8	(109.5)
Other expenses	**(471.8)**	**(504.3)**	**32.5**	**(6.4)**

Other expenses decreased 6.4% or Ps 32.5 billion, mainly driven by a reduction of Ps 35.8 billion in Other, explained by the recovery of provisions for expenses related to lawsuits seeking to declare affiliations to the fund as null and void compared to 2023.

The decrease of 4.9% or Ps 9.6 billion in personnel expenses in 2024 results from (i) a Ps 19.0 billion reduction in labor severances and bonus plan payments due to elevated restructuring costs in 2023 as the segment adjusted its payroll in anticipation of the estimated impacts of the pension reform, and (ii) a 5.6% or Ps 9.4 billion increase in salaries and employee benefits.

Administrative and other expenses increased 3.8% or Ps 10.0 billion. This figure was well below the inflation rate of 9.28% in 2023, mainly explained by (i) higher expenses in 2023 due to the implementation of projects postponed in 2022 and (ii) a reduction of 7.28% in advertising expenses.

Depreciation and amortization expenses grew 17.8% or Ps 3.0 billion in 2024 as a result of the amortization of new IT investments in CRM and investment management platforms.

Tax expense

Income tax expense increased by Ps 89.8 billion or 51.9%, to Ps 262.8 billion in 2024. Income tax expense as a percentage of net income before income tax expense, excluding dividends and the equity method (as both are non-taxable income), was 28.7% in 2024 and 23.6% in 2023.

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B. Liquidity and capital resource

The following table sets forth our sources of liquidity and capital resources at the dates indicated.

	At December 31,	
	2024	2023
	(in Ps billions)	
Liabilities and equity:		
Trading liabilities	1,011.9	2,154.4
Hedging derivatives liabilities	21.7	217.6
Customer deposits	200,872.2	181,987.4
Interbank borrowings and overnight funds	18,509.8	15,081.9
Borrowings from banks and others	28,098.2	27,031.6
Bonds issued	26,215.8	23,427.8
Provisions	1,102.7	1,083.3
Income tax liabilities	5,864.0	5,815.0
Employee benefits	1,003.3	907.8
Other liabilities	11,997.0	11,954.4
Total liabilities	**294,696.5**	**269,661.2**
Equity attributable to owners of the parent	17,451.3	16,782.7
Non-controlling interest	15,711.7	14,737.7
Total equity	**33,162.9**	**31,520.4**
Total liabilities and equity	**327,859.4**	**301,181.6**

Capitalization ratios

All of our banking subsidiaries (Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas), Porvenir and Corficolombiana, are subject to inspection and supervision as financial institutions by the Superintendency of Finance. Grupo Aval is now also subject to the inspection and supervision of the Superintendency of Finance as a result of Law 1870 of 2017, also known as Law of Financial Conglomerates, which came in effect on February 6, 2019. Grupo Aval, as the holding company of its financial conglomerate is responsible for the compliance with capital adequacy requirements, corporate governance standards, risk management and internal control and criteria for identifying, managing and revealing conflicts of interest, applicable to its financial conglomerate. See "Item 4. Information on the Company—B. Business Overview—Supervision and regulation—Capital Adequacy Requirements".

Funding

Our banking subsidiaries fund most of their loans with customer deposits. Other sources of funding include interbank borrowings and overnight funds, borrowings from banks and others and bonds issued. For more information on funding, refer to Note 21 of our audited consolidated financial statements.

The following table summarizes Grupo Aval's consolidated funding structure at the dates indicated.

	At December 31,	
	2024	2023
	(in Ps billions)	
Customer deposits	200,872.2	181,987.4
Interbank borrowings and overnight funds	18,509.8	15,081.9
Borrowings from banks and others	28,098.2	27,031.6
Bonds issued	26,215.8	23,427.8
Total funding	**273,696.0**	**247,528.7**

Total funding increased by 10.6% between December 31, 2024 and December 31, 2023, mainly due to an increase in customer deposits and interbank borrowings and overnight funds.

Between December 31, 2024 and December 31, 2023, interbank borrowings and bonds issued as a percentage of total funding increased by 67 basis points and 11 basis points to 6.8% and 9.6%, respectively. Borrowings from banks and others and customer deposits as a percentage of total funding decreased by 65 basis points and 13 basis points to 10.3% and 73.4%, respectively.

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Each of our four Colombian banking subsidiaries and each of Corficolombiana and Porvenir, achieved the highest available local credit ratings as assigned by BRC Investor Services S.A., an affiliate of Standard & Poor's Investors Services LLC, or "S&P". Banco Popular and Banco AV Villas have also achieved the highest available local credit ratings as assigned by Value and Risk Rating S.A. S.C.V.

The following table presents Grupo Aval's and its direct subsidiaries international and local ratings as issuers at April 22, 2025. Outlooks for Grupo Aval and Banco de Bogotá's ratings are in line with the agencies' outlooks on Colombia's sovereign rating.

		International						Local	
		Moody's		Fitch Ratings		Standard & Poor's		Fitch Ratings	BRC Standard
		Rating	Outlook	Rating	Outlook	Rating	Outlook	Nacional	& Poor's
Grupo Aval	Foreign currency - Long term	Ba2	Negative	BB+	Negative				
	Foreign currency - Short term			B					
	Local currency - Long term	Ba2		BB+					AAA
	Local currency - Short term			B					
Banco de Bogotá	Foreign currency - Long term	Baa2	Negative	BB+	Negative	BB+	Negative		
	Foreign currency - Short term	P-2		B					
	Local currency - Long term	Baa2	Negative	BB+	Negative	BB+	Negative		AAA
	Local currency - Short term	P-2		B		B			BRC1+
Banco de Occidente	Foreign currency - Long term			BB+	Negative				
	Foreign currency - Short term			B					
	Local currency - Long term			BB+				AAA	AAA
	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+	Negative				
	Foreign currency - Short term			B					
	Local currency - Long term			BB+	Negative			AAA	AAA
	Local currency - Short term			B				F1+	BRC1+

The following tables present our consolidated funding from deposits at the dates indicated.

	At December 31,	
	2024	2023
	(in Ps billions)	
Interest-bearing customer deposits:		
Checking accounts	6,199.1	6,072.1
Time deposits	96,329.8	86,597.5
Savings deposits	79,614.9	71,149.9
Total interest-bearing customer deposits	**182,143.9**	**163,819.4**
Non-interest-bearing customer deposits:		
Checking accounts	18,380.4	17,737.8
Other deposits(1)	347.9	430.2
Total non-interest-bearing customer deposits	**18,728.3**	**18,168.0**
Total customer deposits	**200,872.2**	**181,987.4**

(1) Consists of deposits from correspondent banks, cashier checks and collection services.

Checking accounts. Our consolidated balance of checking accounts was Ps 24,579.5 billion at December 31, 2024 and Ps 23,809.9 billion at December 31, 2023, representing 9.0% and 9.6% of total funding, respectively.

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Time deposits. Our consolidated balance of time deposits was Ps 96,329.8 billion at December 31, 2024 and Ps 86,597.5 billion at December 31, 2023, representing 35.2% and 35.0% of total funding, respectively.

The following table presents time deposits held by amount and maturity for deposits at the date indicated.

	At December 31, 2024		
	Peso-denominated	Foreign currency-denominated (in Ps billions)	Total
Domestic			
Up to 3 months	15,559.1	5,482.8	21,041.8
From 3 to 6 months	10,295.5	3,245.1	13,540.6
From 6 to 12 months	24,047.1	2,807.2	26,854.4
More than 12 months	10,367.8	142.7	10,510.5
Time deposits less than U.S.$100,000(1)	13,398.8	524.3	13,923.1
Total domestic	**73,668.3**	**12,202.1**	**85,870.5**
Foreign	—	10,459.4	10,459.4
Total time deposits	**73,668.3**	**22,661.5**	**96,329.8**

(1) Equivalent to Ps 440.9 million at the representative market rate at December 31, 2024 of Ps 4,409.2 per U.S.$1.00.

Savings deposits. Our consolidated balance of savings deposits was Ps 79,614.9 billion at December 31, 2024 and Ps 71,149.9 billion at December 31, 2023, representing 29.1% and 28.7% of total funding, respectively.

Other deposits. Our consolidated balance of other deposits, which consist mainly of deposits from correspondent banks, cashier checks and collection services, was Ps 347.9 billion at December 31, 2024 and Ps 430.2 billion at December 31, 2023, representing 0.1% and 0.2%, respectively.

Interbank borrowings and overnight funds. Our consolidated balance of interbank borrowings and overnight funds was Ps 18,509.8 billion at December 31, 2024 and Ps 15,081.9 billion at December 31, 2023, representing 6.8% and 6.1% of total funding, respectively.

The following table sets forth our short-term borrowings consisting of interbank borrowings at and for the year ended December 31, 2024.

	At and for the year ended December 31, 2024	
	Amount	Nominal weighted average rate
	(in Ps billions, except percentages)	
Short-term borrowings		
Interbank borrowings and overnight funds		
End of period	18,509.8	—
Average during period	17,507.4	9.6%
Maximum amount of borrowing at any month-end	21,296.0	—
Interest paid during the period	1,683.9	—

As part of their interbank transactions, our banks maintain a portfolio of Government securities and private sector liquid debt instruments that can be used to obtain overnight funds from other financial institutions or investment funds by selling such securities and simultaneously agreeing to repurchase them. Due to the short-term nature of this source of funding, the balance of these transactions is volatile.

Borrowings from banks and others. Our consolidated balance of borrowings from banks and others was Ps 28,098.2 billion at December 31, 2024 and Ps 27,031.6 billion at December 31, 2023, representing 10.3% and 10.9% of total funding requirements, respectively.

Bonds issued. Grupo Aval and its subsidiaries issue bonds in the Colombian and international markets. Our consolidated balance of bonds issued outstanding was Ps 26,215.8 billion at December 31, 2024 and Ps 23,427.8 billion at December 31, 2023, representing 9.6% and 9.5% of total funding requirements, respectively.

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We and our subsidiaries have also issued bonds in pesos and US$ in the local and international markets. The following bond issuances were placed in the market in 2024:

Local currency issuances	Issuance date	Amount (in Ps billion)	Expiration date	Interest rate
Banco de Bogota	2024	500.0	January 2027 and July 2028	Fixed 10.38% to 10.45%
Banco Av. Villas	2024	150.0	September 2034	IBR 6.70%
Grupo Aval Acciones y Valores S.A.	2024	300.0	December 2027 and December 2039	Fixed 10.08% and CPI 6.16%
Promigas S.A.E.S.P.	2024	808.1	October 2034 and December 2034	IBR 3.75% and CPI 6.30%

Foreign currency issuances	Issuance date	Amount (in Ps billion) (1)	Expiration date	Interest rate
Multi Financial Holding	2024	38.7	May 2025 to December 2033	Fixed 6.0% to 7.25%
Banco de Occidente	2024	680.4	August 2034	Fixed 10.88%

(1) Translated to pesos using the representative market rate as computed and certified by the Superintendency of Finance at the date of each issuance.

Amounts referred to in the table above reflect the gross amounts issued by each issuer. These are subject to eliminations in the consolidation process if an entity consolidated by Grupo Aval is a bondholder of the issuance.

Capital expenditures

Grupo Aval incurred in Ps 497.1 billion of net capital expenditures in tangible assets in 2024, as compared to Ps 405.2 billion in 2023.

Off-balance sheet arrangements

In the ordinary course of business, our banking subsidiaries have entered into various types of off-balance sheet arrangements, including credit lines, letters of credit and financial guarantees. Our banking subsidiaries utilize these instruments to meet their customers' financing needs. The contractual amount of these instruments represents the maximum possible credit risk should the counterparty draw down the entire commitment or our bank fulfills its entire obligation under the guarantees, and the counterparty subsequently fails to perform according to the terms of the contract. Our banking subsidiaries may hold cash or other liquid collateral to support these commitments, and they generally have legal recourse to recover amounts paid but not recovered from customers under these instruments. Most of these commitments and guarantees expire undrawn. As a result, the total contractual amount of these instruments may not represent our banking subsidiaries' future credit exposure or funding requirements under normal circumstances. In addition, some of these commitments, primarily those related to consumer financing, are cancelable by our banks upon notice.

The following table presents the maximum potential amounts of future payments under these instruments and other contingencies at the dates presented for Grupo Aval on a consolidated basis.

Grupo Aval	At December 31, 2024	At December 31, 2023
	(in Ps billions)	
Unused credit card limits	12,933.4	12,449.3
Issued and confirmed letters of credit	383.0	735.5
Unused lines of credit	6,845.0	6,487.7
Bank guarantees	3,082.9	3,052.6
Approved credits not disbursed	5,432.2	4,818.5
Civil demands against our banks	915.2	798.3
Other	2,833.4	2,311.3
Total	**32,425.0**	**30,653.1**

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Contractual obligations

The following tables present our contractual obligations at December 31, 2024.

	At December 31, 2024				
	Payments due by period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
	Grupo Aval (in Ps billions)				
Liabilities:					
Bonds issued	26,215.8	1,363.5	9,252.8	3,167.2	12,432.3
Time deposits	96,329.8	77,635.6	14,926.1	1,868.8	1,899.4
Borrowings from banks and others	28,098.2	12,015.9	7,537.8	3,666.4	4,878.1
Interbank and overnight funds	18,509.8	18,509.8	—	—	—
Employee benefits	1,003.3	524.3	180.5	85.8	212.7
Other liabilities	11,997.0	7,979.3	518.2	2,094.4	1,405.1
Total	**182,153.9**	**118,028.4**	**32,415.3**	**10,882.6**	**20,827.6**

See Note 21 to our audited consolidated financial statements at December 31, 2024.

C. Research and development, patents and licenses, etc.

N/A.

D. Trend information

During 2024, we observed an initial recovery of the Colombian economy. Some signs of this can be seen in an increase in economic growth, the downward trend in inflation, the decrease in the rate of the Central Bank and the resilience of employment rates. On the other hand, the dynamics of investment and the fiscal sustainability of the country continue to be the most relevant factors that underpin further consolidation of favorable trends and dampen the country's potential growth.

Loan portfolio growth in 2024 was 3.4% (a contraction of 1.7% in real terms). By type of portfolio, real growth rates were: 0.6% for commercial portfolio, -8.4% for consumer portfolio, and 2.7% for mortgages. For 2025, the analyst consensus expects GDP growth of 2.6%. We expect that better GDP dynamics will support stronger loan growth in the system, converging toward positive territory in real terms.

Regarding the commercial portfolio, the system grew 5.8% in nominal terms in 2024. Looking ahead to 2025, a higher pace of economic activity would result in a rebound in credit demand by companies, and the recovery in investment could result in an increase in the tenure of disbursements (which today are mostly short-term and for working capital) at better spreads relative to reference rates.

On the other hand, the system's consumer portfolio contracted by approximately 3.6% in nominal terms in 2024, but on a positive note, it grew by 0.1% in the last quarter of the year after having contracted for seven consecutive quarters. We expect a rebound in consumer portfolio growth for 2025, supported by the recovery in household confidence and consumption.

The combined outstanding gross loan balance for Grupo Aval's banks grew in real terms as follows: 2.1% in gross portfolio, 2.3% in commercial portfolio, -1.9% in consumer portfolio, and 13.3% in mortgages, gaining market share in all portfolios. We expect this trend observed in 2022, 2023 and 2024 to continue in 2025.

Considering our consolidated financial statements, and particularly our banking services segment, gross loans increased by 7.2% in 2024. The banking services segment consolidates, in addition to Grupo Aval's banks and their financial services subsidiaries in Colombia, other banking and financial services operations, such as our local operation in Panama through Multi Financial Holding Inc. (MFH) and other Banco de Bogotá and Banco de Occidente operations abroad.

The commercial portfolio of our banking segment increased by 7.6%, the consumer portfolio by 3.2%, the mortgage portfolio by 19.2%, and the microcredit portfolio decreased by 98.4% as Banco de Bogotá made the strategic decision to exit the segment and sell its portfolio. The 15.4% appreciation of the peso had a favorable impact on our dollar-denominated portfolio, which increased by 3.7% in U.S. dollar terms and represented 17.0% of the segment's gross portfolio as of December 31, 2024.

For the banking services segment, the spread between the average yield on gross loans and the average rate paid on interest-bearing deposits improved by 30 basis points to 4.4% in 2024, while the net interest margin, including net trading income, remained stable at 4.2%. The net

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interest margin for loans improved by 12 basis points to 5.0%, incorporating a 93 basis points improvement in the retail portfolio (consumer, mortgages, and microcredit) to 5.9% and a 45 basis points contraction in the commercial portfolio to 4.3%. Finally, the net interest margin of investments decreased by 50 basis points to 0.4%, which was offset by a better result in derivative operations and exchange rate differences. This segment hedges fixed income trading positions with non-derivable forward contracts that are recorded in the Total net derivatives income (loss) line items in the consolidated statement of income, and is not included in the calculations for net interest margin on investments.

The combination of a less restrictive monetary policy and the continuation of the normalization of funding costs lead us to forecast a favorable outlook for the net interest margin of the banking services segment. Although we view inflation returning closer to the Central Bank's target range (2.0% - 4.0%), it will experience pressures from the international context, the country's fiscal situation, and household consumption as a result of a historically high real minimum wage increase.

During the first months of 2025, our expectations and those of analysts indicated a Central Bank rate of around 7.75% by the end of 2025. However, the latest expectations of analysts have moved to a 7.0 – 8.5% range. This change in projections incorporates a more cautious stance by the Central Bank given the economic context, which led its board of directors to decide to cut only 25 basis points in its December 2024 meeting and left the rate stable in its January and March 2025 meetings. In any case, we view an improvement in our net interest margin considering that the starting point for 2025 of the Central Bank rate of 9.50% is 188 basis points below the average Central Bank rate for 2024.

The final phase of the transition plan for the full adoption of the NSFR comes into effect in September 2025. The main change in the regulation consists of separating the operational and non-operational portions of some demand deposits and differentially weighing them. Operational demand deposits from non-financial government entities, collective investment funds, and financial entities will maintain their weighting at 50%. Non-operational demand deposits from these segments will see their weighting decrease from 50% to 0%. This could generate some distortions in the funding markets, as seen throughout 2022 and 2023, which could negatively impact the funding costs of credit institutions.

Regarding the cost of risk, the banking segment reached 2.2% in 2024, 11 basis points lower than in 2023. In the first quarter of 2024, we reached the peak of risk cost deterioration in the consumer segment, and from this quarter on, we saw favorable signs. The results of progressive adjustments to the origination criteria of our banks, especially in higher-risk products, were evident. However, as we had anticipated, there was a slight deterioration in the commercial portfolio, concentrated in the deterioration of specific clients in the SME and corporate segments. In 2025, we expect the improvement of the cost of risk in the consumer portfolio to consolidate and the risk cost of the commercial portfolio to stabilize.

Efficiency strategies and cost control growth allowed a 4.4% increase in total expenses for the banking segment, 2.6% in administrative expenses, and 5.7% in personnel expenses, lower growth rates than the 9.28% inflation observed in 2023 and the 12.07% minimum wage increase. During 2025, Aval Valor Compartido will be a fundamental piece in capturing transversal synergies at the corporate level to increase the efficiency and impact of spending and investment executed by Grupo Aval and its subsidiaries.

In summary, we expect the recovery of the banking segment to consolidate in 2025, and profitability levels to converge to historical levels. This is based on improving commercial dynamics, especially in the consumer portfolio, the expansion of the net interest margin, similar levels of cost of risk, and an improvement in administrative efficiency.

On the other hand, in 2024, Grupo Aval's merchant banking segment achieved net income from the sale of goods and services of Ps 2,851.5 billion, a contraction of 20.2% compared to 2023, impacted by the reduced contribution of the infrastructure sector, due to the mechanics of revenue recognition in projects nearing the end of the construction phase (according to IFRS 15, revenues are recognized in proportion to the work progress in the construction stage) and migrating to the operation stage (where operating margins are lower). Additionally, the segment continued to be pressured by high interest expenses. As a result, the net interest income (interest income – interest expenses) of this segment reached Ps 1,935.0 billion, a reduction of 10.6% or Ps 229.4 billion, but still far from the historical levels observed closer to one trillion Pesos. In 2025, we expect a similar contribution from the energy and gas and infrastructure sectors, which, accompanied by the reduction in funding cost at the level of operational subsidiaries, for which indebtedness is tied to IBR or DTF, will increase the segment's contribution to consolidated net income.

Our pension and severance fund management segment achieved the best results in its history in 2024. With returns above 10% in some of the managed funds, Porvenir benefited through the stabilization reserve. It is worth remembering that AFPs must invest a significant part of their equity in the funds managed as a stabilization reserve, reflecting the same profitability as their affiliates. The favorable evolution of employment and the number of contributors allowed for a positive performance in income from commissions.

The future performance of the pension and severance administration segment will have two different drivers. In the first half of the year and under the current pension scheme, it will largely depend on (i) the performance of the labor market and the flow of commissions obtained

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from contributing and non-contributing affiliates, and (ii) the performance of national and international stock markets. Starting July 1, 2025, with the start of the reference framework for Administrators of the Individual Contributory Component (ACCAI), Porvenir's performance will greatly depend on the definitions resulting from the regulation and implementation of the new pension system, where the regulation of the remuneration rate on AUM (legal maximum of 0.7%) will be determinant in Porvenir's results.

E. Critical accounting estimates

Critical accounting estimates are those that require us to exercise judgment or involve a higher degree of complexity in the application of the accounting policies that currently affect our financial condition and results of operations. The accounting estimates we make in these contexts require us to calculate variables and make assumptions about matters that are highly uncertain. In each case, if we had made other estimates, or if changes in the estimates occur from period to period, our financial condition and results of operations could be materially affected.

Significant accounting policies, including those affected by critical accounting estimates and judgements, are described in Note 3 of our audited consolidated financial statements. See Note 3 to our audited consolidated financial statements for a complete list of the critical accounting judgments and estimates. There are many other areas in which we use estimates about uncertain matters, but we believe the reasonably likely effect of changed or different estimates would not be material to our financial statements.

The following are the critical accounting policies that have the most significant effects on the amounts recognized in our audited consolidated financial statements:

- Impairment of amortized cost financial assets and financial assets measured at fair value through other comprehensive income (FVOCI): the most significant judgments relate to establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL. A high degree of uncertainty is involved in making estimations using assumptions that are highly subjective and very sensitive to the risk factors. See Note 4 (4.1.5) of our audited consolidated financial statements.
- Revenue recognition and fair value of concession arrangements: the most significant judgments relate to establishing the criteria for recognizing revenues from concessions in the construction phase and measuring the fair value of concession arrangements. See Note 16 of our audited consolidated financial statements.
- Recognition of deferred tax assets: the most significant judgments relate to availability of future taxable profit against which carry-forward tax losses can be used. See Note 19 of our audited consolidated financial statements.
- Fair value of financial instruments: a variety of valuation techniques are used, some of which are determined using significant unobservable inputs. See Note 5 of our audited consolidated financial statements.
- Impairment testing for CGUs containing goodwill: a high degree of uncertainty is involved in estimating the recoverable amounts resulting from future cash flows of the cash-generating units (CGU) and discount rates. See Note 17 of our audited consolidated financial statements.
- Recognition and measurement of provisions and contingencies: significant judgment may be required due to the high degree of uncertainty associated with the likelihood and magnitude of an outflow of resources that may arise. See Note 23 of our audited consolidated financial statements.
- Defined benefit obligations: the most significant judgments relate to key assumptions involved in the measurement, including discount rate, inflation rate and mortality, among others. See Note 22 of our audited financial statements.
- Classification of financial assets: the most significant judgments relate to the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. See Note 2 (2.5) (ii) of our audited financial statements.
- Determination of control over investees. See Note 2 (2.1) of our audited financial statements.

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ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and senior management

Board of Directors

The current members of the Board of Directors were appointed at a shareholders' meeting held on March 28, 2025. The following table presents the names of the current members of the Board of Directors. The term for the current directors expires on March 31, 2026.

Board member
Luis Carlos Sarmiento Gutiérrez
Mauricio Cárdenas Müller
Fabio Castellanos Ordóñez (1)(2)(3)
Andrés Escobar Arango (2) (3)
Luis Fernando López Roca (1)(2)(3)
Esther América Paz Montoya (1)(2)(3)
Jose Mauricio Salgar Hurtado (2)(3)
Jorge Silva Luján
Álvaro Velásquez Cock

(1) Member of the Audit committee.

(2) Independent director under Colombian requirements.

(3) Independent director under SEC Audit Committee rules.

Luis Fernando Pabón Pabón is the secretary of our Board of Directors.

Biographical information of the members of our Board of Directors and the secretary of our board is set forth below. Ages of members of our Board of Directors throughout this annual report are as of April 28, 2025.

Luis Carlos Sarmiento Gutiérrez, age 63, is the President of Grupo Aval's Board of Directors since March 2024. Mr. Sarmiento served as President of Grupo Aval from 2000 until March 2024. Mr. Sarmiento Gutiérrez acted as President of Cocelco S.A. from 1997 until 2000. Previously he served as Executive Vice President at First Bank of the Americas in New York and as an analyst and financial manager at Procter & Gamble's corporate headquarters. He served as Chairman of the Board of Directors of Banco de Bogotá from May 2004 to March 2024, and has been a member of the Board of Directors of BAC International Corporation since 2024 and Corficolombiana since 2006, currently acting as a Chairman. He holds a Bachelor of Science degree, magna cum laude, in civil engineering from the University of Miami and a MBA with a concentration in Finance from the Johnson Graduate School of Management at Cornell University. Mr. Sarmiento Gutiérrez's business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

Mauricio Cárdenas Müller, age 55, has served as member of the Board of Directors of Grupo Aval since 2014. Previously, when pursuant to the by-laws of the company the Board of Directors was composed by principal and alternate members, Mr. Cárdenas served as a principal member from 2010 until 2014, and as an alternate member since 2002 until 2010. Mr. Cárdenas Müller has acted as chief advisor to Luis Carlos Sarmiento Angulo since 2004. He is a member of the Board of Directors of Seguros Alfa S.A. and of Seguros de Vida Alfa S.A. since 2014, and previously served from 2002 until 2011. He has also served as a member of the Board of Directors of Fundación para el Futuro de Colombia – Colfuturo since 2007, and of Casa Editorial El Tiempo since 2011. Mr. Cárdenas holds a degree in Electronic Engineering from Universidad Javeriana and a MBA from Escuela de Dirección y Negocios de la Universidad de la Sabana – INALDE. Mr. Cárdenas Müller's business address is Carrera 13 No. 26A–47, Bogotá, D.C., Colombia.

Fabio Castellanos Ordóñez, age 68, has served as a member of the Board of Directors of Grupo Aval since March 2018 and previously, when pursuant to the by-laws of the company the Board of Directors was composed by principal and alternate members, he served as an alternate member between September 2015 and March 2018. He was, until 2019 the local representative in Colombia of AMF (*Ascending Markets Financial Guaranty Corporation*) and, between 2002-2010 served as Chief Country Officer and Executive Director of ABN-AMRO Bank (*Colombia*) S.A., The Royal Bank of Scotland (*Colombia*) S.A., Scotiabank Colombia S.A . He also worked for 22 years at The Chase Manhattan Bank N.A. in Latin America with posts in Colombia, New York and Argentina as a Corporate Finance Executive and Senior Credit Officer, among other positions. Mr. Castellanos serves as member of the Board of Directors of Ignacio Gómez IHM S.A. He holds a degree in Business Administration from California State Polytechnic University and a Master's Degree in Management in the Network Economy from Universitá Cattolica del Sacro Cuore. Mr. Castellanos Ordóñez's business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

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Andres Escobar Arango, age 55, has served as a member on the Board of Directors of Grupo Aval since March 2024. Mr. Escobar is currently the President of EConcept AEI. Previously, he has served as Deputy Director General of the National Planning Department, Deputy Finance Minister and Professor at the Faculty of Economics of Universidad de los Andes and Universidad Nacional. He also serves as an economic and political advisor on Colombia to major international financial institutions through Global Source Partners (a New York-based company that covers 30+ emerging market economies). He holds a degree in Economics from Universidad de los Andes, a master's degree in economics from Universidad de los Andes, a master's degree in economics from New York University, and is a Ph.D. candidate in Economics from New York University. Mr. Escobar Arango's business address is Carrera 13 No. 26A 47, Bogotá, D.C., Colombia.

Luis Fernando López Roca, age 68, has served as member on the Board of Directors of Grupo Aval since March 2018 (as an alternate member when pursuant to the by-laws of the company the Board of Directors was composed by principal and alternate members). Dr. López Roca is a partner of López Montealegre Abogados S.A.S, Director of the Financial Law Department at Universidad Externado de Colombia, Alternate Judge of the Constitutional Court for the 2018-2021 period and arbitrator. Dr. López Roca has acted as Superintendent of Securities, President of the Colombian Association of Commercial Financing Companies, and Advisor to the Inter-American Development Bank. He also held several positions in the Superintendency of Corporations, the Chamber of Commerce of Bogotá and the Superintendency of Banks (Superintendency of Finance). Dr. López Roca holds a Law Degree and PhD from Universidad Externado de Colombia, with an LLM in International Business Law at Universidad Francisco Vitoria and graduate studies in Economic, Commercial and Financial law at Universidad Externado de Colombia and Universidad de los Andes. Dr. López Roca's business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

Esther América Paz Montoya, age 70, has served as a member on the Board of Directors of Grupo Aval since 2010, and previously as an alternate member thereof since 2005, when pursuant to the by-laws of the company the Board of Directors was composed by principal and alternate members. Ms. Paz Montoya is a former President of Banco AV Villas, where she also served as Vice President of Finance and Vice President of Operations, and a former President of Ahorramás Corporación de Ahorro y Vivienda. Ms. Paz Montoya has served as a member of the Board of Directors of Agremiación Cívica Centro Internacional San Diego S.A., Edentainment and Admincentros S.A.S. She holds a degree in Business Administration from the Universidad del Valle and graduate studies in finance from Universidad de Los Andes. Ms. Paz Montoya's business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

Jose Mauricio Salgar Hurtado, age 55 has served as member on the Board of Directors of Grupo Aval since March 2024. Mr. Salgar is currently an independent advisor with Advent International, and a board member of Holding Hotelera GHL in Colombia and Logistics Properties of the Americas (NYSE: LPA). Previously, he served as Managing Director and Head of Andean Region of Advent International in Colombia between 2012 and 2023. As part of his role with Advent, he led various investments in Latin America and served on the board of the following companies: Alianza Fiduciaria, Alianza Valores, Grupo Biotoscana, GTM Holdings, Oleoducto Central (Ocensa), Enjoy S.A., LifeMiles, Canvia and Sophos Solutions. Previously, he was Vice President and member of the executive committee of Grupo Sanford, COO of Ecopetrol S.A., Country manager and co-founder with Despegar.com, and was an associate with Booz & Co. Mr. Salgar holds a BS in Industrial Engineering from the Universidad de los Andes and an MBA from the MIT Sloan School of Management. Mr. Salgar´s business address is Carrera 13 No. 26A 47, Bogotá, D.C., Colombia

Jorge Silva Lujan, age 66, has served as a member of the Board of Directors of Grupo Aval since March, 2024. Mr. Silva is currently the CEO of Plan de Vida SAS and board member of Promigas, Corporación Juego y Niñez – Best Buddies Colombia and Los Nogales School. Previously, he held various leadership positions, including North of Latam Country Manager and Public Sector Andino Country Manager Andean Region at Amazon Web Services (Public Sector), General Manager of Microsoft Mexico and Colombia, and Public Sector Andino Country Manager Colombia. He brings over 35 years of experience in management, primarily in the IT industry. Additionally, he possesses a strong background in the hardware, software, and consulting businesses. Mr. Silva holds an Industrial Engineer degree from the Universidad de los Andes and an MBA from California State University. He has also complemented his education with studies in leadership, marketing, and corporate strategy. Mr. Silva Lujan's business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia

Álvaro Velásquez Cock, age 85, has served as a member of the Board of Directors of Grupo Aval since 2013 and previously as an alternate member thereof since 2008, when pursuant to the by-laws of the company the Board of Directors was composed by principal and alternate members. Mr. Velásquez Cock has served as advisor to Grupo Ethuss since 1994. He has acted as Dean of the Faculty of Economics of the Universidad de Antioquia, Chief of the Departamento Nacional de Estadística—DANE, President of Pedro Gómez & Cía. S.A., Manager of the Corporación Financiera Nacional and as a member of the Advisory Committee of the Superintendence of Finance. He has been a member of the Board of Directors of Unipalma since 1996, Proindesa and of BAC entities since 2011. He holds a degree in Economics from the Universidad de Antioquia. Mr. Velásquez Cock's business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

Luis Fernando Pabón Pabón, age 66, has served as Secretary of the Board of Grupo Aval since 2000. Mr. Pabón Pabón formerly served as Legal Vice President of Banco de Colombia and as Legal Counsel to the President of Banco de Bogotá. He has been a member of the Board of Directors of Banco AV Villas since 1998, of Porvenir since 2003, Organización Luis Carlos Sarmiento Angulo Ltda. since 2006, Corporación Excelencia en la Justicia, and of Casa Editorial El Tiempo and CEET TV since 2011. He also serves as legal counsel to Organización Luis Carlos Sarmiento Angulo Ltda. Mr. Pabón Pabón holds a law degree from Universidad Javeriana and graduate studies in financial law from the Universidad de los Andes. Mr. Pabón Pabón's business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

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Executive officers

The executive officers of Grupo Aval are responsible for the day-to-day management of our company. The following table lists the names and positions of our executive officers and the presidents of our banking subsidiaries, Corficolombiana and Porvenir. Certain of our executive officers are also members of the boards of directors of our subsidiaries.

Name	Position
Maria Lorena Gutiérrez Botero	President
Diego Fernando Solano Saravia	Chief Financial Officer
Jorge Adrián Rincón Plata	Chief Legal Officer
Eduardo Duque Suárez	Chief Risk Officer
Rafael Eduardo Neira Torres	Chief of Internal Control
Paula Durán Fernández	Chief of Sustainability and Strategic Projects
Jorge Castaño Gutiérrez	Chief of Financial Assets and Efficiency
Rodolfo Vélez Borda	Chief of Information Technology
María Edith González Flórez	Vice President of Accounting
Banco de Bogotá	
Cesar Prado Villegas	President
Banco de Occidente	
Gerardo Silva Castro	President
Banco Popular	
Maria Fernanda Suárez Londoño	President
Banco AV Villas	
Gerardo Hernández Correa	President
Corficolombiana	
Ana Milena López Rocha	President
Porvenir	
Miguel Largacha Martínez	President

Biographical information of our executive officers and key employees who are not directors is set forth below. Ages of our executive officers throughout this annual report are as of April 28, 2025.

María Lorena Gutiérrez Botero, age 56, has served as President of Grupo Aval since April 1, 2024. She previously served as President of Corficolombiana since August, 2018. Ms. Gutiérrez serves as a member on the Board of Directors of Banco de Bogotá, Porvenir, Aval Valor Compartido – AVC, Proindesa, Promigas S.A. and previously served as Minister of Commerce, Industry and Tourism from 2017 to 2018, Ambassador of Colombia in Germany from 2016 to 2017 and Minister to the Presidency from 2010 to 2016. She has also served in the past as Dean of the Business School at Universidad de Los Andes from 2003 to 2010. Ms Gutiérrez served as a member on the Board of Directors of Fiduciaria Corficolombiana, Gas Comprimido del Perú, Gases del Caribe. She holds a degree in Industrial Engineering with a specialization in finance from Universidad de los Andes, a Master of Business Administration (MBA) and a PhD in Finance from the A.B. Freeman School of Business at Tulane University. Her principal business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

Diego Fernando Solano Saravia, age 59, has served as Chief Financial Officer since 2010, and formerly as Vice President of Corporate Planning, of Grupo Aval since 2006. Mr. Solano serves as a member on the Board of Directors of Banco de Popular and Aval Banca de Inversión S.A.S. He previously served as associate principal at McKinsey & Co. and Corporate Banking Vice President at Banco Santander Colombia. He holds a degree in Systems Engineering from the Universidad de los Andes and a MBA from the Wharton School at the University of Pennsylvania. His business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

Jorge Adrián Rincón Plata, age 45, has served as our Chief Legal Officer since May 2012. Mr. Rincón previously served as Legal Counsel to Banco de Bogotá. Mr. Rincón serves as a member on the Board of Directors of Banco de Bogotá S.A. and alternate Director in Aval Fiduciaria's Board. He holds a degree in law from the Universidad Autónoma de Bucaramanga and a Masters in International Business Law from Queen Mary University & Westfield College, University of London. Mr. Rincón Plata's business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

Eduardo Duque Suárez, age 60, has served as Chief Risk Officer since March 2022. He serves as a member on the Board of Directors of Banco de Occidente. Previously, he served as Mexico and Latam Global Functions Independent Compliance Risk Management Head in Citi, Regional ICG Risk Manager Senior Credit officer Level 2 for Colombia, Ecuador and Venezuela, Risk Manager Country Officer Chile, Perú and Bolivia, Deputy Country Credit Risk Manager and Vice-president Emerging Markets Corporate Banking EMCB – Institutional Client Group. He also worked as Director in Waventure S.A. de C.V in Mexico, Director in NM Rothschild & Sons Mexico, Assistant Director in NM Rothschild & Sons Colombia and Assistant Director in Deutsche Morgan Grenfell Group Public Limited Company from 1997 to 2005.

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He holds a degree in Economics and a MSc in Economics from Universidad de Los Andes. Mr. Duque Suarez' business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

Rafael Eduardo Neira Torres, age 67, has served as Chief of Internal Control of Grupo Aval since 2009. Mr. Neira Torres acted as Deputy Superintendent of Finance, and formerly as Adjunct Superintendent, at the Superintendency of Finance from 2006 to 2008. He previously worked as Operations Vice President at Banco Davivienda. He holds a degree in Accounting from the Universidad Jorge Tadeo Lozano and graduate studies in Banking Management from the Universidad de los Andes. Mr. Neira Torres' business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

Paula Durán Fernández, age 47, has served as Chief of Sustainability and Strategic Projects since 2024. She previously served as Vice – President of Strategy and Sustainability of Corficolombiana from 2023 to 2024. Ms Durán serves as a principal member on the Board of Directors of Banco Popular and alternate member of Aval Valor Compartido – AVC and Ventas y Servicios S.A. She holds a degree in Economy from W. Sydney University and a MBA from Universidad de los Andes. Her principal business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

Jorge Castaño Gutiérrez, age 49, has served as Chief of Financial Assets and Efficiency since 2024. Previously, he served as Colombian Superintendent of Finance. Mr. Castaño serves as a member on the Board of Directors of Aval Valor Compartido S.A. - AVC. He holds a degree in law and post-graduate studies in Capital Markets and Banking Law from the Universidad Externado de Colombia and holds a Master's in Economic Developments Law from Universidad Carlos III de Madrid. Mr Castaño served as Director of Fondo de Garantías de Instituciones Financieras (Fogafin). Mr. Castaños' business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

Rodolfo Vélez Borda, age 60, has served as Chief of Information Technology at Grupo Aval since 2012 and formerly as Vice President of Technology and Operations of Banco AV Villas and Corporación Ahorramás. He has been a member of the Board of Directors of Fondo de Empleados FEVI since 2002 and Aval Valor Compartido S.A. - AVC since 2005. He holds a degree in Systems Engineering from the Universidad de Los Andes, graduate studies in Telecommunications from the Universidad de Los Andes and a Business Management specialty from Aden Business School and MIT. Mr. Vélez Borda's business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

María Edith González Flórez, age 66, has served as Vice President of Accounting since 2010, and formerly as Financial and Administrative Manager, of Grupo Aval since 2004. Ms. González Flórez previously worked as Financial Manager at Cocelco S.A. and Movistar. She holds a degree in Public Accounting from the Universidad de Santiago de Cali and graduate studies in finance from Universidad ICESI. Ms. González Flórez' business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia.

César Prado Villegas, age 53, has served as CEO of Banco de Bogotá since August 2023 and as member of the Board of Directors of Porvenir since March 2024, and of the Boards of Directors of Porvenir, Multi Financial Group, Multibank Inc and Multi Financial Holding since January 2025. Mr. Prado previously served as CEO of Banco de Occidente from October 2018 to July 2023, Administrative Vice-president of Banco de Bogotá from April to September 2018, CEO of Fiduciaria Bogotá from 2010 to 2018 and Superintendent of Finance from 2007 to 2008. He holds a law degree from Universidad del Rosario, a graduate degree in commercial law from Universidad de los Andes and a LLM from The London School of Economics. His business address is Calle 36 No. 7-47, Bogotá, Colombia.

Gerardo Silva Castro, age 68, has served as CEO of Banco de Occidente since August 2023. Mr. Silva Castro has over 25 years of experience working in the financial sector in different management positions. At Banco de Occidente, he previously served as Vice President of Business, Official and Intermediate Banking, beginning in 1994, and Vice President of Companies, beginning in 2014. He currently serves on the Board of Directors of Porvenir and Anif. He holds a degree in Civil Engineering from Universidad Javeriana de Bogotá and a Master's Degree in Business Administration from Babson College. He has completed programs with the Universidad Icesi de Ejecutivo de Alto Gobierno Municipal and with the Centro de Liderazgo y Gestión Transformative Business Leadership. His business address is Carrera 4 No. 7-61, Cali, Colombia.

María Fernanda Suárez Londoño, age 50, has served as President of Banco Popular since 2023. She holds a degree in business administration from the Colegio de Estudios Superiores de Administración – CESA and holds a master's degree in public policy management from Georgetown University in Washington D.C., USA. Her extensive experience includes more than 25 years of experience in both the public and private sectors where she has held positions such as CEO of Accenture Colombia, Minister of Mines and Energy of Colombia, Executive Vice President of Strategy and Finance of Ecopetrol, as well as other important positions in the Ministry of Finance and Public Credit, Porvenir, Citibank and Bank of America. She also has been a member of the Board of Directors in many important organizations in the country. Ms Suárez currently serves on the Boards of Directors of Promigas, Corficolombiana and Aval Valor Compartido - AVC. Her principal business address is Calle 17 No. 7-35, Bogotá, D.C., Colombia.

Gerardo Hernández Correa, age 63, has served as President of Banco AV Villas. He holds a law degree from the University of the Andes, with a specialization in Administrative Law from the Colegio Mayor de Nuestra Señora del Rosario University and a postgraduate degree in Economics from the New School for Social Research N.Y. In his professional experience, he has served, among other positions, as Advisor to the Executive Director for Colombia and Peru at the IDB, Deputy Minister of Labor and Social Security, Executive Manager and Secretary

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of the Board of Directors of the Bank of the Republic, Financial Superintendent, Co-Director of the Board of Directors of the Bank of the Republic, and Legal Vice President of Banco de Bogotá. Mr. Hernández currently serves on the Boards of Directors of Aval Fiduciaria S.A. His business address is Carrera 13 No. 26A-47, Bogotá, D.C., Colombia

Ana Milena López Rocha, age 43, has served as President of Corficolombiana since August 2024. She is an Economist from Harvard University and holds an MBA in Finance from Columbia Business School. With over 20 years of professional experience, she has held significant positions, including Chief Financial Officer (CFO) of Ecopetrol S.A. and Cenit Transporte y Logística de Hidrocarburos, capital markets manager at Sociedades Bolívar, a member company of the Bolívar Group, and partner at Newfoundland Capital Management in Brazil. She has also worked at JP Morgan Chase Bank in London and New York in various roles. Additionally, she served as the Director General of Public Credit and the National Treasury at the Ministry of Finance and Public Credit. She has been a member of the Boards of Directors of Banco Davivienda, TAESA, Cenit, Compañía de Seguros Bolívar, Invercolsa, Ocensa, ISA, CTEEP, Ecopetrol, FDN, and Isagen. Ms. López currently serves on the Boards of Directors of Banco AV Villas S.A. Her principal business address is Carrera 13 No. 26-45, Bogotá, D.C., Colombia.

Miguel Largacha Martínez, age 61, has served as President of Porvenir since 2008. Mr. Largacha Martínez previously served as President of Horizonte Sociedad Administradora de Fondos de Pensiones y de Cesantías S.A., and held other positions within BBVA Colombia S.A., including Executive Vice President and Vice President of Banco Ganadero (the predecessor to BBVA Colombia S.A.) and has been a member of the Board of Directors of Fundación Grupo Aval since 2011. He holds a law degree from Universidad Javeriana and has further completed graduate studies in Financial Legislation and Executive Management at the Universidad de los Andes. His business address is Carrera 13 No. 26 A- 65, Bogotá, D.C., Colombia.

B. Compensation

Our common shareholders must approve the compensation of our Board of Directors at the shareholders' ordinary meeting held in March of every calendar year.

Each member of our Board of Directors, receives a fee based on attendance at each Board of Directors' session. Committee members, including our audit committee, also receive an additional fee for attending audit committee meetings.

For the March 20, 2024, to March 31, 2025, period the Board of Directors and support committees' session fee per member was Ps 11,000,000 per meeting. For the April 1, 2025, to March 31, 2026 period, the Board of Directors' session fee per member is Ps 11,572,000 and support committee's session fee per member is Ps 2,104,000 per meeting.

We are not required under Colombian law to publish information regarding the compensation of our individual executive officers, and we do not make this information public. Our shareholders, however, can request this information prior to our general shareholders' meetings. The aggregate amount of compensation, inclusive of bonuses, which we and our subsidiaries paid to directors, alternate directors and senior executive officers was Ps 48.1 billion in 2024. We pay bonuses to our executive officers which vary according to each officer's performance and the achievement of certain goals, and, therefore, the amounts paid may vary for each officer.

We do not have, and have not had in the past, any share option plans.

C. Board practices

Principal differences between Colombian and U.S. corporate governance practices

Grupo Aval, as a listed company that qualifies as a foreign private issuer under the NYSE listing standards in accordance with the NYSE corporate governance rules, is permitted to follow home-country practice in some circumstances in lieu of the provisions of the corporate governance rules contained in Section 303A of the NYSE Listed Company Manual that are applicable to U.S. companies. We follow corporate governance practices applicable to Colombian companies and those described in our Corporate Governance Code, which in turn follow Colombian corporate governance rules. The Corporate Governance Code is available at Grupo Aval's website at www.grupoaval.com. Information on our website is not incorporated into this annual report.

The following is a summary of the significant differences between the corporate governance practices followed by Grupo Aval and those applicable to domestic issuers under the NYSE listing standards.

Independence of directors

Under NYSE corporate governance rules, a majority of a U.S. company's Board of Directors must be composed of independent directors, although as a foreign private issuer and a company that is controlled, directly or indirectly, by Mr. Luis Carlos Sarmiento Angulo, we would

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not be required to comply with this rule. Law 964 of 2005 requires that our Board of Directors consist of five to ten members and that at least 25% of such members be independent directors, and Decree 3923 of 2006 regulates their election. "Independence" within the meaning of Law 964 of 2005 is primarily concerned with independence from management and the absence of material related-party transactions between the director and the company. See "Item 10. Additional Information—B. Memorandum and articles of association". In compliance with Colombian law and our by-laws, Grupo Aval's Board of Directors is composed of nine members, of which six are independent under Colombian rules. In addition, Colombian law mandates that all directors exercise independent judgment under all circumstances.

Non-executive director meetings

Pursuant to the NYSE listing standards, non-executive directors of U.S. listed companies must meet on a regular basis without management being present. Under Colombian regulations, there is no prohibition against officers being members of the Board of Directors.

Committees of the Board of Directors

Under NYSE listing standards, all U.S. companies listed on the NYSE must have an audit committee, a compensation committee and a nominating/corporate governance committee, each with a written charter addressing certain minimum specified duties, and all members of such committees must be independent. In each case, the independence of directors must be established pursuant to highly detailed rules promulgated by the NYSE and, in the case of the audit committee, the NYSE and the SEC. We have established an audit committee, a corporate matters committee, compensation committee, IT committee, ESG committee and risk committee as further described below.

Audit committee

Our audit committee is composed of three principal members and three alternate members, appointed by the Board of Directors, the following members were appointed as principal: Esther América Paz Montoya, Fabio Castellanos Ordónez and Luis Fernando Lopez Roca. Fabio Castellanos Ordóñez is the financial expert on the audit committee. Additionally, the following members were appointed as alternate: Jorge Silva Luján, Andrés Escobar Arango and José Mauricio Salgar Hurtado.

All members of our audit committee are independent under the NYSE and SEC corporate governance rules applicable to us. Company officers are not members of the audit committee; however, the meetings and work product of the audit committee are supported by reports and presentations by company officers. Pursuant to Colombian Securities regulation (Law 964 of 2005), the audit committee has a charter approved by the Board of Directors, which sets forth the main aspects related to the operation of such committee, including, among others, its composition and duties. The audit committee charter addresses various corporate governance subjects. Our external auditor KPMG, as our independent registered public accounting firm, is invited to attend all meetings of the audit committee. Pursuant to Colombian law, the audit committee must meet at least quarterly.

Our audit committee advises the Board of Directors generally on internal control matters, and it specifically undertakes to:

- review financial statements prior to their submission to the Board of Directors and to the general shareholders' meeting;
- supervise the internal auditor to verify if its actions address the internal control needs of the company and to identify limitations with respect to its duties;
- review all internal control reports of the company and supervise compliance with such reports by the company's management;
- issue its opinion on the independence of the external auditor, based on standards set forth by Colombian and U.S. regulations;
- monitor the company's levels of risk exposure at least every six months and propose mitigation measures as needed;
- propose to the Board of Directors control systems to prevent, detect and adequately respond to the risk of fraud and improper conduct by company employees;
- provide assistance to our Board of Directors in fulfilling its responsibilities with respect to our compliance with legal and regulatory requirements;
- make recommendations to the general shareholders meeting concerning the engagement of the independent accounting firm; and
- issue reports to the Board of Directors on matters deemed relevant.

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Corporate matters committee

Our corporate matters committee is composed of three members, appointed by the Board of Directors: Mrs. Esther América Paz Montoya, Mr. Fabio Castellanos Ordóñez and Mr. Álvaro Velásquez Cock. The corporate matters committee is responsible for overseeing the activities executed by the internal control of Grupo Aval and its subsidiaries.

Compensation committee

Our compensation committee is composed of two members: Mr. Luis Carlos Sarmiento Angulo and Mr. Mauricio Cárdenas Müller. Our Board of Directors may change the members of the committee at any time. The compensation committee advises the board on remuneration matters and specifically undertakes to (i) review the remuneration of our President and (ii) review the criteria upon which our President will determine the remuneration of our senior management and employees. Colombian law does not require the creation of a compensation committee and the Board of Directors is not required by law to adopt a compensation committee charter.

Risk Committee

Our risk committee is composed of three directors: Mr. Fabio Castellanos Ordóñez, Mr. Jorge Silva Luján and Mr. Andrés Escobar Arango. The committee, which charter is approved by the Board of Directors, assists and advises the board in aspects related to supervision of Grupo Aval's risk management policies.

Technology and Innovation Committee

Our TI committee is composed of three directors: Mr. Luis Carlos Sarmiento Gutiérrez, Mr. Mauricio Salgar Hurtado and Mr. Jorge Silva Luján. The Committee's charter, which is approved by the Board of Directors, assists and advises the board in aspects related to analyzing management reports on Grupo Aval's and its subsidiaries' strategies for technology systems, digital transformation, and related investments.

ESG Committee

Our ESG committee is composed of three directors: Mr. Luis Fernando López Roca, Mr. Andrés Escobar Arango and Mr. Mauricio Salgar Hurtado. The committee, which charter is approved by the Board of Directors, assists and advises the board in aspects related to strategically integrate ESG factors into the Grupo Aval's operations and those of its subsidiaries, setting targets and objectives to ensure Grupo Aval remains a responsible and competitive stakeholder.

D. Employees

At December 31, 2024, on a consolidated basis, we employed 70,271 individuals, with 46,912 direct employees, 4,477 personnel provided by staffing service companies and 18,882 outside contractors.

The following table presents the approximate breakdown of the employees, personnel provided by staffing service companies and outside contractors of our banking subsidiaries, Corficolombiana, Porvenir, Aval Fiduciaria, Aval Casa de Bolsa and Grupo Aval (separate), at December 31, 2024.

	Banco de Bogotá(1)(2)	Banco de Occidente(3)	Banco Popular(4)	Banco AV Villas(5)	Corficolombiana(6)	Porvenir	Aval Fiduciaria	Aval Casa de Bolsa	Grupo Aval (separate)	Total
Employees	11,910	14,503	3,667	4,526	9,303	2,328	413	143	119	46,912
Personnel provided by staffing service companies	1,029	—	622	391	2,412	8	12	3	—	4,477
Outside contractors	2,693	2,297	1,391	1,380	10,969	128	13	6	5	18,882
Total	**15,632**	**16,800**	**5,680**	**6,297**	**22,684**	**2,464**	**438**	**152**	**124**	**70,271**

(1) Includes employees of MFH and its respective subsidiaries.

(2) 48,54% (4.394) of Banco Bogotá's (separate) direct employees (9,053) are represented by unions and 53,42% (4.836) of such employees are covered by collective bargaining agreements that expire in August 2025.

(3) 40.76% (2,729) of Banco de Occidente's (separate) direct employees (6,695) are represented by unions and are covered by collective bargaining agreements that expire in December 2026.

(4) 59.21% (1,768) of Banco Popular's (separate) direct employees (2,986) are represented by unions and 94.68% (2,827) of such employees are covered by collective bargaining agreements that expire in December 2026.

(5) 15.32% (588) of Banco AV Villas' (separate) direct employees (3,838) are represented by unions and 84.68% (3,250) of such employees are covered by collective bargaining agreements that expire in December 2026.

(6) Corficolombiana's total employees reflect 22,124 employees from non-financial entities.

The direct employees (unconsolidated) of Corficolombiana, Porvenir, Aval Casa de Bolsa, Aval Fiduciaria and Grupo Aval are not represented by unions.

E. Share ownership

Mr. Sarmiento Angulo beneficially owns 97.8% of our outstanding common shares and 45.5% of our preferred shares as determined under SEC rules at April 22, 2025. See "Item 7. Major Shareholders and Related Party Transactions—A. Major shareholders". The following table provides the names of our other directors and key executive officers who owned shares of Grupo Aval at April 22, 2025.

Shareholder	Common shares	Percentage of outstanding common shares	Preferred shares	Percentage of outstanding preferred shares
Esther América Paz Montoya	251,718	*	423,076	*
Diego Fernando Solano Saravia	53,191	*	163,135	*
Luis Fernando Pabón Pabón	83,924	*	123,773	*
Mauricio Cárdenas Müller	40,616	*	76,923	*
Álvaro Velásquez Cock	8,264	*	11,538	*
Rodolfo Vélez Borda	7,112	*	11,538	*
Luis Carlos Sarmiento Gutiérrez	—	*	—	*
Fabio Castellanos Ordóñez	—	*	—	*
Luis Fernando López Roca	—	*	—	*
Andrés Escobar Arango	—	*	—	*
José Mauricio Salgar Hurtado	—	*	—	*
Jorge Silva Luján	—	*	—	*
María Lorena Gutiérrez Botero	—	*	—	*
Rafael Eduardo Neira Torres	—	*	—	*
Jorge Adrián Rincón Plata	—	*	—	*
María Edith González Flórez	—	*	—	*
Eduardo Duque Suárez	—	*	—	*
Jorge Castaño Gutiérrez	—	*	—	*
Paula Durán Fernández	—	*	—	*
César Prado Villegas	—	*	—	*
Gerardo Silva Castro	—	*	—	*
María Fernanda Suárez Londoño	—	*	—	*
Gerardo Hernández Correa	—	*	—	*
Ana Milena López Rocha	—	*	—	*
Miguel Largacha Martínez	—	*	—	*

* less than 0.1%.

F. Disclosure of a registrant's action to recover erroneously awarded compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major shareholders

Mr. Luis Carlos Sarmiento Angulo controls Grupo Aval and was the beneficial owner of 81.2% of our issued and outstanding share capital at April 22, 2025. He retained 97.8% of our voting power by virtue of his beneficial ownership of 97.8% of our outstanding common shares, and beneficially owned 45.5% of our outstanding preferred shares, as determined under SEC rules, at April 22, 2025. Beneficial ownership is defined in Form 20-F and generally includes voting or investment power over securities. Percentage of beneficial ownership is based on

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23,743,475,754 of our aggregate equity securities outstanding comprised of 16,200,754,109 common shares outstanding and 7,542,721,645 preferred shares outstanding at April 22, 2025.

The principal shareholder, as a common shareholder and a preferred shareholder, does not have any different or special voting rights in comparison to any other common shareholder or preferred shareholder, respectively.

The following table sets forth information, as of April 22, 2025, regarding the beneficial ownership of our equity securities by:

- Mr. Sarmiento Angulo, who beneficially owns 81.2% of our outstanding share capital;
- all directors and executive officers as a group; and
- other shareholders.

	At April 22, 2025			
Principal beneficial owners	**Common shares**	**Percentage of outstanding common shares**	**Preferred shares**	**Percentage of outstanding preferred shares**
Luis Carlos Sarmiento Angulo	15,844,485,878	97.8%	3,435,043,780	45.5%
Other directors and officers as a group*	444,825	0.0%	809,983	0.0%
Other shareholders	355,823,406	2.2%	4,106,867,882	54.4%
Total	**16,200,754,109**	**100.0%**	**7,542,721,645**	**100.0%**

* Other directors and officers as a group at April 22, 2025 represent less than 0.1%.

As of April 22, 2025, we had 35,978 holders of preferred shares registered in Colombia in addition to JPMorgan Chase Bank, N.A. as depositary of the American Depositary Receipts, or “ADRs”, evidencing ADSs. As of April 14, 2025, there were a total of 6,286 ADR holders of record and as of April 22, 2025 there were 13,850,418 ADRs outstanding, representing 277,008,360 preferred shares or 3.67% of outstanding preferred shares. Since some of these ADRs are held by nominees, the number of record holders may not be representative of the number of beneficial holders.

B. Related party transactions

We currently engage in, and expect from time to time in the future to engage in, financial and commercial transactions with “related parties” (within the meaning of the SEC rules). Unless otherwise indicated below, such transactions are conducted on an arm’s-length basis in the ordinary course of business, on terms that would apply to transactions with third parties.

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The following chart presents outstanding amounts of related party transactions involving assets or liabilities between Grupo Aval and its consolidated subsidiaries, and each of the following individuals and entities.

	Transactions between Grupo Aval and its subsidiaries, and			
	Grupo Aval's directors and key management and their affiliates(1)	Close family members of Mr. Sarmiento Angulo and their affiliates	Mr. Sarmiento Gutiérrez and his affiliates	Mr. Sarmiento Angulo and his affiliates
	(in Ps billions)			
At December 31, 2024				
Assets				
Cash and cash equivalents	—	—	—	1.5
Financial assets in investments(2)	—	—	—	4,075.3
Loans(2)	65.1	22.1	—	3,502.8
Accounts receivable	0.2	0.0	—	1,646.1
Other assets	0.7	—	—	76.5
Liabilities				
Deposits(3)	48.4	26.1	—	1,802.8
Financial obligations	—	—	—	1.5
Accounts payable	1.0	0.3	—	291.8
Other liabilities	0.0	—	—	25.5
At December 31, 2023				
Assets				
Cash and cash equivalents	—	—	—	0.9
Financial assets in investments(2)	—	—	—	3,541.8
Loans(2)	183.4	14.1	0.0	3,589.8
Accounts receivable	0.2	0.0	0.0	1,980.4
Other assets	0.2	—	—	71.9
Liabilities	—	—	—	—
Deposits(3)	46.7	27.0	2.9	1,669.0
Financial obligations	1.2	0.1	—	4.8
Accounts payable	1.1	0.7	0.0	437.3
Other liabilities	—	—	—	0.1

(1) Excludes Mr. Sarmiento Angulo and his affiliates. Key management includes executive officers of Grupo Aval as well as each of the presidents of our banks, Corficolombiana and Porvenir at December 31, 2024.

(2) Figures based on gross outstanding balances of financial assets. See "—Financial assets and liabilities with related parties". Financial assets in question were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features.

(3) Deposits of related parties held with us were made in the ordinary course of business, were made on substantially the same terms, including interest rates, as those prevailing at the time for comparable transactions with other persons.

For information on related party transactions in accordance with IFRS disclosure rules, see Note 34 to our audited consolidated financial statements. For the purposes of Note 34 to our audited consolidated financial statements, "related parties" includes entities and persons that must be identified as such pursuant to IAS 24. For the purposes of this section, and as required by SEC rules, "related parties" includes enterprises that control, or are under common control with Grupo Aval, associates, individuals owning directly or indirectly an interest in the voting power that gives them significant influence over Grupo Aval, close family members, key management personnel (including directors and senior management) and any enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any of the persons listed above. We determine beneficial ownership under SEC rules. See "—A. Major shareholders".

In the past, affiliates of Mr. Sarmiento Angulo, have obtained authorizations of Grupo Aval's Board of Directors to acquire either common or preferred shares of Grupo Aval. On February 12, 2020, Grupo Aval's Board of Directors authorized companies controlled by Mr. Sarmiento Angulo to acquire up to one hundred million common and/or preferred shares of the company in one or multiple operations during a term of up to two years. Pursuant to such authorizations, as of February 12, 2022 through affiliate companies, Mr. Sarmiento Angulo acquired 1,724,001 preferred shares or Ps 1.4 billion in open market transactions. On May 11, 2022, Grupo Aval's Board of Directors

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authorized companies controlled by Mr. Sarmiento Angulo to acquire up to 3.0% of common and/or preferred shares of the company in one or multiple operations, during a term of up to two years. Pursuant to such authorizations, during the year ended December 31, 2023 through affiliate companies, Mr. Sarmiento Angulo acquired 62,309,162 preferred shares or Ps 35.2 billion in open market transactions.

On October 18, 2022, Esadinco S.A., an entity controlled by Mr. Sarmiento Angulo, launched an unsolicited tender offer for up to 25% of BHI's shares. Banco de Bogotá tendered all its shares in BHI, of which 9,030,422,813 BHI shares or 20.89% of equity interest in BHI (representing approximately 14.4% of Grupo Aval's then-remaining beneficial ownership interest in BHI) were accepted for tender and sold to Esadinco, S.A. at a price of Ps 293 per share in December 2022. The total consideration received by Banco de Bogotá amounted to Ps 2,645.9 billion. On March 17, 2023, Banco de Bogotá sold its remaining 4.11% equity interest representing 1,774,622,820 shares of BHI to Endor Capital Assets S.R.L, an entity controlled by Mr. Sarmiento Angulo at a price of Ps 293 per share. The total consideration received by Banco de Bogotá amounted to Ps 520.0 billion.

Certain members of our Board of Directors and key management own shares of Grupo Aval which, other than in the case of Mr. Sarmiento Angulo, were acquired in the open market or in one of our public offerings and represent less than 0.1% of our total outstanding shares.

Financial assets and liabilities with related parties

In the past, we and some of our subsidiaries have entered into operations with BHI and its subsidiaries in the ordinary course of business. Most recently, in December 2021, Grupo Aval Limited extended a short-term loan to BAC Holding International Corp. in an amount of U.S.$75.0 million that matured in September 2022. In 2020, through Resolution No. 208-20 of May 14, 2020 issued by the Superintendency of the Securities Market of the Republic of Panama, BAC International Bank, Inc. issued perpetual subordinated corporate bonds convertible into common shares for a nominal value of up to U.S.$700.0 million. The bonds bear an interest rate of 10.0% payable quarterly unless the issuer exercises its right not to pay interest. Grupo Aval Limited, a wholly-owned subsidiary of Grupo Aval, subscribed U.S.$520.0 million and as of December 31, 2024 the full balance remained outstanding.

Following the guidelines approved by Grupo Aval's General Shareholders Meeting and authorized by its Board of Directors, Grupo Aval extended a loan operation to Esadinco S.A., subsequently endorsed to Endor Capital Assets S.R.L (affiliate companies of Mr. Sarmiento Angulo) on December 2, 2022 to finance the tender offer of 25% of BHI's shares. The loan operation consisted of two tranches: (i) a peso denominated loan for the equivalent of U.S.$270.0 million with a 3-year (36 months) tenor at 3-month SOFR + 3.5% and (ii) a Ps 200.0 billion loan with a 2-year (24 months) tenor at 3-month IBR + 4.5%. The second tranche matured on December 2, 2024, and was paid in full. The remaining tranche is bullet, with interest payable on a quarterly basis. Collateral was established at a minimum of 115% of the capital outstanding and the underlying assets deemed acceptable were shares of BHI or any other subsidiary under Grupo Aval's direct control. The transaction was conducted on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features. At December 31, 2024, the outstanding balance at amortized cost of these loans was Ps 1,196.4 billion.

Business and financial reasons for borrowing from entities affiliated with Mr. Sarmiento Angulo

In the past, we have borrowed from entities beneficially owned by Mr. Sarmiento Angulo. These loans have been entered into on an arm's-length basis with us, the holding company, at a rate substantially consistent with rates that would have been available to the holding company from other lenders at the time those borrowings were entered into. In addition to the global and local bond markets, companies affiliated with our controlling shareholder are among our funding alternatives. There are no outstanding loans granted to Grupo Aval by shareholders of Grupo Aval and their respective affiliates since December 20, 2013.

Loans granted to related parties by our banking subsidiaries

Key management of Grupo Aval and our banks, and their respective affiliates, who meet our credit eligibility requirements may subscribe to loans in the ordinary course of business on market terms and conditions available to the general public.

All outstanding loans with our related parties are made in the ordinary course of business and on terms and conditions, including interest rates and collateral, not substantially different from those available to the general public and did not involve more than the normal risk of collectability or present other unfavorable features.

Other transactions with Mr. Sarmiento Angulo and his affiliates

Beneficial ownership in our banking subsidiaries (outside of Grupo Aval)

In addition to his beneficial ownership in Grupo Aval, Mr. Sarmiento Angulo beneficially owns at April 22, 2025, 8.3% of Banco de Bogotá, 13.3% of Banco de Occidente, 15.5% of Banco AV Villas, 0.8% of Banco Popular, and 11.5% of Corficolombiana.

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Except as stated above, Mr. Sarmiento Angulo does not have any other beneficial ownership in our banking subsidiaries. For information on the dividend history of our banking subsidiaries, see "Item 10. Additional Information—F. Dividends and paying agents—Dividend history of our banking subsidiaries".

Insurance services

Seguros de Vida Alfa S.A., or "Vida Alfa", a life insurance affiliate of Mr. Sarmiento Angulo, provides insurance required by law, as well as annuities, relating to the mandatory pension funds managed by Porvenir. The insurance provider is selected by Porvenir through a competitive bidding process once every four years. Premiums under this insurance policy are deducted by Porvenir from the individual customers' account and transferred to Vida Alfa on behalf of the individual customer.

The table below presents the insurance premiums for life and disability insurance paid for the periods indicated.

Period	Amount (in Ps billions)
For the year ended December 31,	
2024	2,773.3
2023	2,520.7
2022	2,095.8

Vida Alfa also provides:

- life insurance, as sole provider and as co-insurer with non-affiliated insurers (pursuant to a competitive bidding process), for individual borrowers of our banking subsidiaries to cover the risk of non-payment upon death. Premiums are paid by the borrowers; and

- labor risks insurance for employees of Grupo Aval and its subsidiaries in Colombia.

Seguros Alfa S.A., or "Alfa", a property and casualty insurance affiliate of Mr. Sarmiento Angulo, provides fire and earthquake insurance for mortgage loans granted by certain banks of ours. In addition, Alfa provides surety bonds and property insurance for our subsidiaries. Our banking subsidiaries also sell bancassurance products affiliated with Vida Alfa and Alfa. These transactions are conducted on an arm's-length basis in the ordinary course of business.

Other

The following companies are beneficially owned by Mr. Sarmiento Angulo at December 31, 2024, and may continue to provide services to us and our subsidiaries for amounts that are immaterial: Construcciones Planificadas S.A. (office renovations) and Vigía S.A. (security services). At December 31, 2024 we have significant influence with a 34.0% equity interest in ADL Digital Lab S.A.S. (digital development), a company beneficially owned by Mr. Sarmiento Angulo.

C. Interests of experts and counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated statements and other financial information

Financial statements

See "Item 18. Financial Statements", which contains our audited consolidated financial statements prepared in accordance with IFRS.

Legal proceedings

We, our banking subsidiaries, Corficolombiana, Porvenir and our other subsidiaries are party to lawsuits and administrative proceedings incidental to the normal course of our business.

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We record contingency provisions when the risk of loss is probable, in which case, we would consider settling. In cases where we litigate a claim, we record a provision for our estimate of the probable loss based on historical data for similar claims. As of December 31, 2024 and 2023, we and our banking subsidiaries had recorded consolidated provisions relating to administrative fines, indemnifications and legal proceedings for a total amount of Ps 192.5 billion and Ps 217.7 billion, respectively. These figures are presented before minority interest and thus do not reflect their potential impact on Grupo Aval's net income attributable to owners of the parent.

Other litigation

We, our banking subsidiaries, Corficolombiana, Porvenir and our other subsidiaries are, from time to time, subject to claims and parties to legal proceedings incidental to the normal course of our business, including in connection with our lending activities, employees, taxation matters and other general commercial matters. Due to the inherent difficulty of predicting the outcome of legal disputes, we cannot predict the eventual outcome of these pending matters, the timing of the ultimate resolution of these matters or the eventual loss, fines or penalties related to each pending matter may be. We believe that we have recorded adequate provisions for the anticipated costs in connection with these claims and legal proceedings and believe that liabilities related to such claims and proceedings should not, taken together, have a material adverse effect on our business, financial conditions, or results of operations. However, considering the uncertainties involved in such claims and proceedings, the ultimate resolution of these matters may exceed the provisions that we have currently recorded. As a result, the outcome of a particular matter could be material to our operating results for a particular period.

B. Significant changes

Not applicable.

ITEM 9. THE OFFER AND LISTING

A. Offering and listing details

Not applicable.

B. Plan of distribution

Not applicable.

C. Markets

Market price and volume information

Trading history of our ADSs

On September 22, 2014, we completed a SEC-registered initial public offering in the United States. We raised Ps 2.6 trillion (U.S.$1.3 billion) in gross proceeds. Our ADSs began to trade on the New York Stock Exchange, or NYSE, under the symbol "AVAL" on September 23, 2014. Each ADS represents 20 preferred shares.

Trading history of our common and preferred shares

In 1999, we conducted our initial public equity offering in Colombia and listed our common shares on the Colombian Stock Exchange under the ticker symbol "GRUPOAVAL", raising Ps 62.5 billion (U.S.$35.3 million) in gross proceeds. Grupo Aval's initial public offering was the first large-scale equity offering of a Colombian company to the general public, which allowed several thousand investors to become our shareholders. In 2007, we conducted our second public offering of common shares pursuant to a preemptive rights offering in Colombia, raising Ps 372.0 billion (U.S.$210.4 million) in gross proceeds.

Our preferred shares have been listed since February 1, 2011 on the Colombian Stock Exchange under the symbol "PFAVAL". We registered our preferred shares with the SEC and concluded our first offering of our preferred shares pursuant to a preemptive rights offering in Colombia, raising Ps 2.1 trillion (U.S.$1.1 billion) in gross proceeds. On January 17, 2014, we completed our third public offering of common shares pursuant to a preemptive rights offering, or the "Common Share Rights Offering", raising Ps 2.4 trillion (U.S.$1.3 billion). In September 2014, we completed our second public offering of preferred shares pursuant to an initial public offering in the United States, as stated above in "—Trading history of our ADSs".

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Trading on the Colombian Stock Exchange

The Colombian Stock Exchange is the sole trading market for our common and preferred shares. The aggregate equity market capitalization of the 68 issuers listed on the Colombian Stock Exchange at April 22, 2025 was Ps 376.9 trillion.

Regulation of Colombian Securities Markets

Colombian securities markets are subject to the supervision and regulation of the Superintendency of Finance, which was created in 2005 following the merger of the Superintendency of Banking and the Superintendency of Securities. The Superintendency of Finance is an independent regulatory entity ascribed to the Ministry of Finance. The Superintendency of Finance has the authority to inspect, supervise and control the financial, insurance and securities exchange sectors and any other activities related to the investment or management of public savings. Accordingly, we are subject to the control of the Superintendency of Finance as an issuer of securities, and our subsidiaries are subject to its control, supervision and regulation as financial institutions and issuers of securities. See "Item 4. Information on the Company—B. Business Overview—Supervision and regulation—Colombian banking regulators—Ministry of Finance" and "—Superintendency of Finance".

Registration of the ADR Program and Investment in Our ADSs by Non-Residents of Colombia

The International Investment Statute of Colombia as provided by Decree 1068 of 2015, as amended, regulates the manner in which foreign investors may participate in the Colombian securities markets and undertake other types of investment, prescribes registration with the Colombian Central Bank of certain foreign exchange transactions and specifies procedures under which certain types of foreign investments are to be authorized and administered.

The International Investment Statute provides specific procedures for the registration of ADR programs as a form of foreign portfolio investment, which is required for the acquisition of the preferred shares to be offered in the form of ADSs. In addition, a holder of our ADSs or preferred shares may under certain circumstances be required to comply directly with certain registration and other requirements under the foreign investment regulations. Under these regulations, the failure of a non-resident investor to report or register foreign exchange transactions relating to investments in Colombia with the Colombian Central Bank on a timely basis may prevent the investor from obtaining remittance payments, including for the payment of dividends, and constitute an exchange control violation and/or result in a fine.

Each individual investor who deposits preferred shares into the ADR facility in exchange for our ADSs will be required, as a condition to acceptance by Fiduciaria Bogotá S.A., or "Fidubogotá", as custodian of such deposit, to provide or cause to be provided certain information to Fidubogotá and/or the Depositary to enable it to comply with the registration requirements under the foreign investment regulations relating to foreign exchange. A holder of ADSs who withdraws preferred shares from the ADS deposit facility under certain circumstances may be required to comply directly with certain registration and other requirements under the foreign investment regulations. Under these regulations, the failure of a non-resident investor to report or register foreign exchange transactions relating to investments in Colombia with the Central Bank on a timely basis may prevent the investor from obtaining remittance payments, including for the payment of dividends, constitute an exchange control violation and/or result in a fine.

Under Colombian law, foreign investors receive the same treatment as Colombian citizens with respect to the ownership and voting of our ADSs and preferred shares. See "Item 3. Key Information—D. Risk factors—Risks relating to our businesses and industry—Risks relating to our preferred shares and ADSs" and "Item 4. Information on the Company—B. Business overview—Supervision and regulation—Restrictions on foreign investment in Colombia".

D. Selling shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the issue

Not applicable.

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ITEM 10. ADDITIONAL INFORMATION

A. Share capital

Not applicable.

B. Memorandum and articles of association

The following is a summary of certain significant provisions of our by-laws, Colombian corporate law, the rules and regulations of the Superintendency of Finance and the Listing Rules of the Colombian Stock Exchange that pertain to our capital, management, periodical and occasional disclosures, as well as other corporate issues applicable to us. The description below includes the material provisions of our by-laws and Colombian corporate law. In Colombia, by-laws are the principal governing document of a corporation.

Our by-laws provide for an authorized share capital of 120,000,000,000 shares of par value of Ps 1.00 each, which may be either of two classes: common shares or shares with a preferred dividend, liquidation preference and no voting. At April 22, 2025, we had 16,200,754,109 common shares outstanding, and 7,542,721,645 preferred shares outstanding.

Our shareholders' meeting held on December 7, 2010, determined that outstanding common shares may be converted into preferred shares on a 1-to-1 basis. Conversion of common shares into preferred shares may only be made once a month, provided that, as required by Colombian law and in accordance with our by-laws, our preferred shares shall not exceed 50% of our subscribed capital.

Our by-laws also provide for the conversion of common shares into preferred shares only when such conversion is approved or authorized at a general shareholders' meeting. A shareholders' meeting must define, in each case, the procedure to be followed for such conversion and must determine, among other matters, the maximum number or percentage of shares that may be converted. The shareholders' meeting may also authorize the Board of Directors or the President of our Company to approve the agreements, forms and other documents to be executed in order to give effect to a conversion.

For a description of offerings of our shares see "Item 4. Information on the Company—A. History and development of the company—Our history".

Voting Rights

Common Shares

The holders of common shares are entitled to vote on the basis of one vote per share on any matter subject to approval at a general shareholders' meeting according to articles 14 through 19 of the by-laws, as amended from time to time. These general meetings may be ordinary meetings or extraordinary meetings. Ordinary general shareholders' meetings occur once a year, no later than the last business day of March, for the following purposes:

- to review the general situation of the Company;
- to determine the general economic policy of the Company;
- to consider the approval of our report for the preceding year ending on December 31, as applicable, including the financial statements for the above-mentioned term;
- to review the report prepared by the external auditor for the preceding year ending on December 31;
- to elect directors and the external auditor (on an annual basis);
- to determine the compensation of the members of the Board of Directors and the external auditor (on an annual basis); and
- to determine the dividend to be distributed and the allocation of profits, if any, of the preceding year ending on December 31, as well as any retained earnings from twelve months.

Pursuant to Law 964 of 2005, at least 25% of the members of our Board of Directors must be independent within the meaning of Colombian rules. A person who is an "independent director" is understood to mean a director who is not:

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- an employee or executive officer of the issuer or any of its parent or subsidiary companies, including any person acting in such capacity during the year immediately preceding that in which they were appointed to the board, except in the case of an independent member of the Board of Directors being re-elected;

- a shareholder, who either directly or by virtue of an agreement directs, guides or controls the majority of the entity's voting rights or who determines the majority composition of the administrative, directing or controlling bodies of this same entity;

- a partner or employee of any association or firm that provides advisory or consultancy services to the issuer or to companies belonging to the same economic group to which such issuer belongs, in the event that income obtained from such services represent for said association or firm at least twenty percent (20.0%) of its total operating income;

- an employee or executive officer of a foundation, association, partnership or corporation that receives significant donations from the issuer. The term "significant donations" is quantified as twenty percent (20.0%) or more of the total amount of donations received by the respective institution;

- an administrator of any entity on whose Board of Directors a legal representative of the issuer participates; or

- a board member who receives from the issuer any kind of remuneration other than fees as a member of the Board of Directors, member of the audit committee or any other committee established by the Board of Directors.

Pursuant to Decree 3923 of 2006, the election of independent directors must be in a ballot separate from the ballot to elect the rest of the directors, unless the reaching of the minimum number of independent directors required by law or by the by-laws is assured, or when there is only one list that includes the minimum number of independent directors required by law or by the by-laws.

Both elections are made under a proportional representation voting system named electoral quotient "*cociente electoral*" (except for the elections unanimously approved by the general shareholders' meeting). Under that system:

- each holder of common shares is entitled at the annual general shareholders' meeting to nominate candidates for the election of directors;

- each nomination of one or more directors by a shareholder constitutes a list for the purposes of the election;

- each list of nominees must contain a hierarchy as to the order of preference for nominees in that list to be elected;

- once all lists have been nominated, holders of common shares may cast one vote for each common share held in favor of a particular list of nominees. Votes may not be cast for particular nominees in a list; they may be cast only for the entire list;

- the total number of votes cast in the election is divided by the number of directors to be elected. The resulting quotient is the quota of votes necessary to elect particular directors. For each time that the number of votes cast for a list of nominees is divisible by the quota of votes, one nominee from that list is elected, in the order of the hierarchy of that list; and

- when no list has enough remaining votes to satisfy the quota of votes necessary to elect a director, any remaining board seat or seats are filled by electing the next nominee from the list with the highest number of remaining votes cast until all available seats have been filled.

There is no maximum age limit requirement for the election or retirement of directors. No minimum number of shares is required for a director's qualification. Directors may be removed in a general shareholders' meeting prior to the expiration of their term.

Extraordinary general shareholders' meetings may take place when duly called for a specified purpose or purposes, or, without prior notice, when holders representing all outstanding shares entitled to vote on the issues presented are present at the meeting. Extraordinary meetings of shareholders may be called by our president, our Board of Directors or Auditor, directly or by request of a plural number of shareholders representing no less than 25.0% of the company's common voting shares, in which case an announcement must be made by the Board of Directors, the legal representative or Auditor. In addition, meetings may be called by the Superintendency of Finance, directly or by request of shareholders holding at least 15.0% of the common voting shares. Notice of extraordinary meetings should be given at least five calendar days in advance.

Quorum for ordinary and extraordinary general shareholders' meetings to be convened at first call requires the presence of multiple shareholders who represent at least 50.0% plus one of the outstanding shares entitled to vote at the relevant meeting. If no quorum is present

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for a general shareholders' meeting, a subsequent meeting may be called within 10 to 30 business days at which the presence of two or more shareholders entitled to vote at the relevant meeting constitutes quorum, regardless of the number of shares represented.

Notice of ordinary general meetings must be published in one newspaper of wide circulation, at least 15 business days prior to the proposed date of a general shareholders' meeting. Notice of extraordinary general meetings, listing the matters to be addressed at such meetings, must be published in one newspaper of wide circulation, at least five calendar days prior to the proposed date of an extraordinary general shareholders' meeting.

Except where Colombian law requires a supermajority, decisions made at a shareholders' meeting must be approved by a majority of the shares present. Pursuant to Colombian law and/or our by-laws, special-majorities are required in the following cases:

- the vote of at least 70.0% of the shares present and entitled to vote at a shareholders' meeting is required to approve the issuance of common shares not subject to preemptive rights;
- the Company must distribute (i) at least 50.0% of the annual's net profits according to Article 155 of the Colombian Code of Commerce, or (ii) at least 70.0% of the annual's net profits if the total amount segregated in the legal, statutory and other reserves exceeds the Company's outstanding capital, according to Article 454 of the Colombian Code of Commerce; however, the vote of at least 78.0% of the shares represented and entitled to vote may approve the distribution of a lower percentage of dividends;
- the vote of at least 80.0% of the shares present and entitled to vote is required to approve the payment of dividends in shares; however, according to Law 222 of 1995, if a "situation of control" exists, whereby the decision-making power is subject to the will of a person or group of persons, a company may only pay dividends by issuing shares, to the shareholders that so accept;
- unanimity is required to replace a vacancy on the Board of Directors without applying the electoral quotient system described above; and
- the vote of 70.0% of the issued and outstanding common shares and 70.0% of the outstanding and issued preferred shares is required to approve any amendment that may impair the rights of the preferred shares.

The adoption by a shareholders' meeting of certain corporate actions such as mergers, spin-offs, and share conversions are also subject to authorization by the Superintendency of Finance.

Preferred Shares

The holders of preferred shares are not entitled to receive notice of, attend or vote at any general shareholders' meeting of holders of common shares, except as described below.

The holders of preferred shares will be entitled to vote on the basis of one vote per share at any shareholders' meeting, whenever a shareholder vote is required on the following matters:

- in the event that amendments to our by-laws may impair the conditions or rights assigned to such preferred shares and when the conversion of such shares into common shares is to be approved. In both such cases, the vote of 70.0% of the outstanding and issued common shares and preferred shares is required; and
- if at the end of any accounting period, our profits are not sufficient to pay the minimum dividend on the preferred shares and the Superintendency of Finance, by its own decision or upon request of holders of at least 10.0% of preferred shares, determines that benefits were concealed or shareholders were misled with regard to benefits thereby decreasing the profits to be distributed, the Superintendency of Finance may resolve that holders of preferred shares should participate with deliberation and voting rights at the general shareholders' meeting, in the terms established by law.

We must issue a notice of any meeting at which holders of preferred shares are entitled to vote. The notice must be published in a newspaper of wide circulation. Depending on the matters to be subjects of the shareholders meeting, notice to preferred shareholders must be delivered at least 15 business days prior to the ordinary meeting or 5 calendar days before the extraordinary meetings. Each notice must contain the following:

- the date of the meeting;

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- a description of any resolution to be proposed for adoption at the meeting on which the holders of preferred shares are entitled to vote; and
- instructions for the delivery of proxies.

Redemption

All shareholders (whether holders of common or preferred shares) have, at their option, a redemption right in the following cases:

- if, as a result of a merger, transformation or spin-off of the Company, (a) the shareholders must assume a higher level of liability (i.e., by transforming a corporation into a partnership), or (b) the economic rights of the shareholders are impaired. In these events, the shareholders that were not present at the meeting in which the decision was taken or that voted against it, may exercise the redemption right.

Pursuant to Colombian Law (Article 12 of Law 222 of 1995), the economic rights of shareholders are deemed to be impaired if:

- their ownership percentage is reduced as a result of the merger, transformation or spin-off of the Company;
- the equity value or the par value of the shares is reduced (in the latter case, only to the extent that the reduction of the par value implies a decrease in the Company's stock capital); and
- the negotiability of the shares is restricted or diminished.
- If the Company decides to withdraw the listing of its shares from a stock exchange or its registration before the National Registry of Shares and Issuers.

The exercise of this right is regulated by Articles 15 and 16 of Law 222 of 1995. According to Article 15, within five days following notice of the exercise of this right by a shareholder, the Company must offer to the other shareholders the shares owned by the exercising shareholder. Within the following 15 days, the other shareholders may acquire the shares on a pro rata basis. If all or a part of the shares are not acquired by the other shareholders, then the Company must reacquire them to the extent there are profits or reserves built up by the Company for those purposes. If neither the shareholders nor the Company acquires all of the shares owned by the exercising shareholder, then pursuant to Article 16 of Law 222 of 1995, such exercising shareholder is entitled to the reimbursement of the capital contributions made to the Company.

In both cases, the redemption price of the shares will be established by the agreement of seller and buyer. In the absence of such agreement, the redemption price will be determined by an expert appraiser. Notwithstanding the above, the by-laws may establish other methods for determining the redemption price to be paid in the foregoing circumstances. Our current by-laws do not contemplate such other methods.

Dividends

Common Shares

Following the approval of the financial statements at a general shareholders' meeting, shareholders may determine the allocation of distributable profits, if any, of the preceding accounting period by a resolution approved by the majority of the holders of common shares present at the ordinary general shareholders' meeting, pursuant to the recommendation of the Board of Directors and Management.

Under the Colombian Code of Commerce, a company must, after payment of income taxes and appropriation of legal reserves, and after off-setting losses from prior periods distribute at least 50.0% of net profits to all shareholders, payable in cash, or as determined by the shareholders, within a period of one year following the date on which the shareholders determine the payment of dividends. If the total amount segregated in the legal, statutory and occasional reserves of a company exceeds its outstanding capital, this percentage is increased to 70.0%. The minimum common shares dividend payment requirement of 50.0% or 70.0%, as the case may be, may be waived by a favorable vote of the holders of 78.0% of a company's common shares present at the meeting, in which case the shareholders may distribute any percentage of the net profits. The dividends may be paid in shares if such proposal is approved by representatives of eighty (80%) of the shares present at the meeting.

Under Colombian law and our by-laws, net profits obtained in each accounting period are to be allocated as follows:

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- first, an amount equivalent to 10.0% of net profits is segregated to build a legal reserve, until that reserve is equal to at least 50.0% of our subscribed capital;
- second, payment of the minimum dividend on the preferred shares; and
- third, allocation of the balance of the net profits is determined by the holders of a majority of the common shares entitled to vote on the recommendation of the Board of Directors and the president and may, subject to further reserves required by the by-laws, be distributed as dividends.

Under Colombian law, the dividends payable to the holders of common shares, for each common share, cannot exceed the dividends per share payable to holders of the preferred shares, for each preferred share. All common shares that are fully paid-in and outstanding at the time a dividend or other distribution is declared are entitled to share equally in that dividend or other distribution. Common shares that are only partially paid-in participate in a dividend or distribution in the same proportion as the shares have been paid in at the time of the dividend or distribution.

The general shareholders' meeting may allocate a portion of the profits to, among others, welfare, education or civic services.

Preferred Shares

Holders of preferred shares are entitled to receive a minimum dividend after deducting losses and deducting any amounts set aside for legal reserve, but before creating or accruing for any other reserve and before any declared dividends are paid to holders of common shares, so long as dividends have been approved by the shareholders' meeting of Grupo Aval. Dividends to holders of common and preferred shares must be approved by the shareholders. If no dividends are declared, no holder of Grupo Aval's preferred or common shares will be entitled to payment. Pursuant to the offering memorandum of the preferred shares, the minimum dividend will be equal to Ps 1.00 in each calendar semester, so long as this value is higher than the dividend paid to the holders of common shares. If the minimum preferred dividend is not equal or higher than the per share dividend on the common shares, the minimum dividend will be equal to the dividend paid to the holders of common shares, if any. So long as the dividend declared is equal to or in excess of the aforementioned minimum, the same dividend must be paid on both the common and the preferred shares.

Payment of the preferred dividend shall be made at the time and in the manner established in the general shareholders' meeting and with the priority indicated by Colombian law.

Grupo Aval is "under control" (whereby the decision-making power is subject to the will of a person or group of persons). As a result, the Company may only pay stock dividends to the shareholders that so accept it. Those shareholders that do not accept to receive a stock dividend, are entitled to receive their dividend in cash.

For additional information regarding dividends, see "—F. Dividends and paying agents—Dividend policy of Grupo Aval".

General Aspects Involving Dividends

The dividend periods may be different from the periods covered by the balance sheet. In the general shareholders' meeting, shareholders will determine such dividend periods, the effective date, and the method and the place for payment of dividends.

Dividends declared on the common shares and the preferred shares will be payable to the record holders of those shares, as they are recorded on our share registry, on the appropriate dates as determined in the general shareholders' meeting. However, in accordance with Decree 4766 of December 14, 2011 (which amended articles 2.23.1.1.4 and 2.23.1.1.5 of Decree 2555 of 2010), issued by the Ministry of Finance:

- companies whose shares are registered with the National Registry of Shares and Issuers must establish a period of at least three trading days between the date that they receive approval to distribute profits from the General Shareholders Meeting and the date of payment; and
- the ex-dividend period (*fecha ex-dividendo*) is the period during which it is understood that a purchase of shares does not include the right to receive dividends. The ex-dividend date shall be set forth by stock exchanges, and it cannot be less than two trading days. According to Colombian Stock Exchange regulations, a transaction is "ex-dividend" if it takes place between the first day of dividend payment and the four trading days preceding that date.

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Liquidation Rights

We will be dissolved if certain events take place, including the following:

- Pursuant to our by-laws, unless otherwise extended by the shareholders, our term of existence will expire at May 25, 2044;
- losses cause the decrease of our shareholders' equity below 50% of the amount of outstanding share capital, unless one or more of the corrective measures described in the Colombian Code of Commerce are adopted by the shareholders within six months;
- by decision at the general shareholders' meeting; and
- in certain other events expressly provided by law and in the by-laws.

Upon dissolution, a liquidator must be appointed by a general meeting of the shareholders to wind up the affairs of our company.

Upon liquidation, and out of the surplus assets available for distribution to shareholders, holders of fully paid preferred shares are entitled to a preference in the reimbursement of the portion of their contribution ("*aporte*" as provided by Article 63 of Law 222 of 1995) to Grupo Aval attributable to the nominal value of the outstanding preferred shares (i.e., Ps 1.00 per share). This reimbursement, if any, is payable in pesos before any distribution or payment may be made to holders of common shares. If, upon any liquidation, assets that are available for distribution among the holders of preferred shares are insufficient to pay in full their respective liquidation preferences, such assets will be distributed among those holders pro rata.

Subject to the preferential liquidation rights of holders of preferred shares, and provided there are still sufficient assets remaining, all fully paid common shares will be entitled to participate in any distribution upon liquidation. Partially paid common shares must participate in a distribution upon liquidation in the same proportion that those shares have been paid at the time of the distribution.

To the extent there are surplus assets available for distribution after full payment to the holders of preferred and common shares of their contribution to Grupo Aval, the surplus assets will be distributed among all holders of shares of share capital (common or preferred), pro rata, in accordance with their respective holdings of shares.

Preemptive Rights and Other Anti-Dilution Provisions

Pursuant to the Colombian Code of Commerce, we are allowed to have an outstanding amount of share capital that is less than the authorized share capital set out in our by-laws. Under our by-laws, the holders of common shares determine the amount of authorized share capital, and our Board of Directors has the power to (1) order the issuance and regulate the terms of subscription of common shares up to the total amount of authorized share capital, and (2) regulate the issuance of preferred shares, when expressly delegated at the general shareholders' meeting. The issuance of preferred shares must be approved by the general shareholders' meeting, which shall determine the nature and extent of any rights, according to our by-laws and Colombian law.

At the time of incorporation of a Colombian company, its outstanding share capital must represent at least 50% of the authorized capital. Any increases in the authorized share capital or decreases in the outstanding share capital must be approved by the majority of shareholders required to approve a general amendment to the by-laws.

Colombian law requires that, whenever we issue new common shares, we must offer to the holders of common shares the right to subscribe a number of common shares sufficient to maintain their existing ownership percentage of the aggregate share capital. These rights are preemptive rights. On the other hand, holders of preferred shares are entitled to preemptive rights only in the specific situations that the shareholders' meeting so decides. See "Item 3. Key Information—D. Risk factors—Risks relating to our businesses and industry—Risks relating to our preferred shares and ADSs."

Common shareholders at a general shareholders' meeting may waive preemptive rights of common shares with respect to a particular capital increase by the favorable vote of at least 70.0% of the shares represented at the meeting. Preemptive rights must be exercised within the period stated in the share placement terms of the increase, which cannot be less than 15 business days following the publication of the notice of the public offer of that capital increase. From the date of the notice of the share placement terms, preemptive rights may be transferred separately from the corresponding shares.

The Superintendency of Finance will authorize a decrease in the outstanding share capital approved by the holders of common shares only if:

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- we have no outstanding liabilities;
- our creditors consent in writing; or
- the outstanding share capital remaining after the reduction represents at least twice the amount of our liabilities.

Restrictions on Purchases and Sales of Share Capital by Related Parties

Pursuant to the Colombian Code of Commerce, the members of our Board of Directors and certain of our principal executive officers may not, directly or indirectly, buy or sell shares of our share capital, unless they obtain the prior approval of the Board of Directors passed with the vote of two-thirds of its members (excluding, in the case of transactions by a director, such director's vote). Furthermore, pursuant to Article 262 of the Colombian Code of Commerce, Grupo Aval's subsidiaries are prohibited from owning (directly or indirectly) shares of Grupo Aval.

In addition, as our shares are publicly traded on the Colombian Stock Exchange, the transfer of the shares is subject to the applicable securities regulation and the rules of the Colombian Stock Exchange.

Pursuant to Article 23 of Law 222 of 1995, the members of our Board of Directors and our legal representatives generally must perform their duties according to the principles of good faith, due diligence and loyalty. In particular, the directors and legal representatives must refrain from entering into any transaction (including any sale and purchase of shares) which may imply competition with the Company or a conflict of interest, unless they obtain the prior approval of the General Shareholders Meeting, which, in any case, shall only be granted if the respective transaction does not harm the Company's interests. The Company, in the ordinary course of its business, may enter into transactions with its directors.

Under the Company's by-laws, directors have no power to vote on compensation to themselves or any members of the Board of Directors. This task is specifically assigned to the shareholders entitled to vote.

Transfer and Registration of Shares

Grupo Aval's common and preferred shares are listed on the Colombian Stock Exchange. According to Colombian regulations, shares listed on a stock exchange must be sold and transferred only through such exchange, unless such shares were issued outside Colombia and are transferred outside Colombia, or unless the share purchase transaction amounts to a value that is lower than the regulatory threshold of 66,000 UVRs, as required by Article 6.15.1.1.2 of Decree 2555 of 2010. In addition, among others, the following transactions are not required to be undertaken through the relevant stock exchange:

- transfers between shareholders with the same beneficial owner;
- transfers of shares owned by financial institutions that are being liquidated under the control and supervision of the Superintendency of Finance;
- issuer repurchases;
- transfers by the State; and
- any other transactions as may be authorized by the Superintendency of Finance.

Under Colombian law, shares may be traded either in physical form or electronic form. Transfers of shares are subject to a registry system which differs depending on whether the shares are evidenced in electronic form or physical form. Transfers of shares evidenced by electronic certificates must first be registered with a securities central depositary through a stockbroker. The main purpose of the securities central depositary is to receive, safe keep and manage securities certificates issued by corporations in order to keep a record of the transactions undertaken over such securities, including transfers, pledges and withdrawals. Accordingly, they are not allowed to hold, invest or otherwise use the securities held under their custody.

Transfer of shares evidenced by electronic or physical certificates, as the case may be, must be registered on the company's share ledger. Only those holders registered on the share ledger are recognized as shareholders. Registration requires endorsement of the certificates or a written instruction from the holder. In the case of electronic certificates, the securities central depositary notifies us regarding the transfer of shares after registering it in its system.

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All of our shares are currently deposited with the securities central depositary (Deceval).

C. Material contracts

On February 4, 2020, we entered into an indenture in connection with our issuance of U.S.$1.0 billion (Ps 3,401.6 billion at the date of the issuance) of 4.375% Senior Notes due 2030. The indenture was among us, as guarantor, Grupo Aval Limited, as Issuer, Deutsche Bank Trust Company Americas, as Trustee, Registrar, Paying Agent and Transfer Agent. Such Indenture was supplemented and amended on February 23, 2022 in connection with the spin-off of BHI.

D. Exchange controls

Restrictions on Foreign Investment in Colombia

Colombia's foreign investment statute regulates the way in which non-residents are permitted to invest in Colombia and participate in the Colombian securities market. Among other requirements, Colombian law requires foreign investors to register certain foreign exchange transactions with the Colombian Central Bank and obtain authorization for certain types of investments. Certain foreign exchange transactions, including those between residents and non-residents, must be made through authorized foreign exchange intermediaries.

Non-residents are permitted to hold portfolio investments in Colombia, through a registered stock brokerage firm, a trust company or an investment firm. Investors would only be allowed to transfer dividends abroad after the foreign investment registration procedure with the Colombian Central Bank has been completed. The failure of a non-resident investor to report or register foreign exchange transactions with the Colombian Central Bank relating to investments in Colombia on a timely basis may prevent the investor from remitting dividends, or an investigation, that may result in a fine, may be commenced.

E. Taxation

The following summary contains a description of certain Colombian and U.S. federal income tax considerations in connection with ownership and disposition of ADSs and preferred shares, but it does not purport to be a comprehensive description of all of the Colombian and United States tax considerations. The summary is based upon the tax laws of Colombia and regulations thereunder and on the tax laws of the United States and regulations thereunder as of date hereof, which are subject to change. A change in such laws and regulations could apply retroactively and could affect the validity of this summary.

Colombian Tax Considerations

For Colombian tax purposes, the residence status is triggered depending on the type of individual as follows:

- *Aliens*: Residence is established by the continuous or discontinuous presence in the country for more than 183 days including entry and exit days, within any period of 365 consecutive calendar days taking into account the day of the arrival and the day of departure of the individual. For this purpose, when the continuous or discontinuous presence in the country takes place in more than one taxable year, the person would be considered as a Colombian resident for the second taxable year.

- *Diplomatic employees of the Colombian State and their companions*: These persons are totally or partially exempted from income tax or capital gains tax in the country in which they are performing their work, according to the Vienna Conventions on Diplomatic and Consular Relations.

- *Colombian Nationals*:

  Individuals:

  An individual is considered a tax resident under different circumstances, one of which is the permanence in Colombian territory either continuously or discontinuously (considering days between arrival and departure) for 183 days in any given 365-day period. If the 365-day period covers more than one taxable year, the individual will be deemed as a taxpayer for the second year.

  Additionally, domestic tax law considers individuals who hold the Colombian nationality and meet at least one of the following criteria in the relevant corresponding taxable year: (i) the individual's spouse or permanent companion or dependent children are Colombian tax residents in the corresponding tax year; or, (ii) 50% or more of the individual's income is considered to be generated in Colombia; or, (iii) 50% or more of the individual's assets are managed within Colombia; or, (iv) 50% or more of the individual's assets are deemed to be possessed in Colombia; or, (v) if once required by the Tax Authorities, the Colombian national fails to

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demonstrate that the tax residence is held abroad or, (vi) the tax residence is held in non-cooperative jurisdictions as defined by the Colombian Government.

As an exception to the previous rule, if the referred individual (who holds the Colombian nationality) (i) perceives 50% or more of their income in the country of domicile, or (ii) has 50% or more of their assets possessed in that country they will not be considered a tax resident in Colombia.

Legal entities:

For Colombian tax purposes, a legal entity is considered a tax resident generally when its effective place of management is located in Colombia during the relevant taxable year. (although there is a possibility that nonresident entities have an effective place of management in Colombia can exist based on their day-to-day activities). Additionally, a Legal Entity incorporated under the laws of Colombia or whose principal place of business is located in Colombia, is also considered a Colombian resident.

Pursuant to the Colombian Tax Code, resident individuals and Colombian entities are subject to tax over their worldwide income, while non-resident individuals and foreign entities are taxed only on their Colombian-source income. Foreign entities with permanent establishments (e.g. branches in Colombia) are subject to tax on the worldwide income attributable to the permanent establishment.

Colombian tax law includes a definition of permanent establishment for foreign entities or individuals which applies when the entity or individual trigger the events described in Article 20-1 of the Colombian Tax Code. In this case, as stated above, the permanent establishment is considered a Colombian taxpayer with respect to its attributable worldwide income.

Taxation of Dividends

As a general rule, dividends distributed out of profits that have been taxed at the level of a Colombian entity (e.g., because of the application of the tax benefit, a difference in treatment between the accounting books and the Colombian tax framework, the amortization of Net Operating Losses –NOLs– amortization, etc.), are subject to the corresponding income tax rate applicable in the year in which the dividends are paid or become payable to the shareholder. In this case, the Colombian entity should apply a withholding which may be credited by the shareholder against its income tax liability. The applicable withholding tax rate is the same as the general income tax, 35% for 2025.

Financial institutions, insurance and reinsurance companies, stockbrokers, among others, will be subject to a 5% corporate tax surcharge until 2027 (bringing the total corporate income tax rate of 40%) if their taxable income exceeds 120,000 UVT (COP $5,975.8 billion).

The Colombian tax legal framework has modified the tax rate applicable to dividends paid after January 1, 2023. This special tax will be levied by the entity paying the dividend. In the case of a distribution to foreign legal entities or non-resident individuals, a withholding tax of 20% relative to the payment or book entry will be applied.

Regarding tax resident individuals, dividends paid after January 1, 2023, must be taxed under the progressive rate under Section 241 of the Colombian Tax Code (capped at a rate of 39%). Under specific situations, the national dividend paying entity should apply a withholding tax of 15%.

Before applying the previously mentioned tax rate, the following scenarios must be considered:

- **Dividends that were taxed at a corporate level:** In accordance with current regulations, dividends which have been taxed at a corporate level will be subject to:

    - When the investor is a national entity, dividends distributed out of profits taxed at the corporate level will be subject to a 10% withholding tax. Such withholding tax may be offset against the dividend taxed on the shareholder in the case of individuals tax residents in Colombia and foreign investors. The exceptions for the application of the dividend withholding tax will still apply.

    - When the investor is a foreign entity or non-resident individual, dividends distributed from profits taxed at the corporate level will be subject to a 20% withholding tax.

    - When the investor is a resident individual, dividends distributed from profits taxed at the corporate level must be taxed under the progressive rate of Section 241 of the Colombian Tax Code.

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- **Dividends that have not been taxed at a corporate level:** In cases where the dividends subject to distribution have not been taxed at a corporate level, they should first be taxed at the current general income tax rate in the period of distribution (hereinafter "recapture tax"); and subsequently, the rules mentioned above must be applied.

- **Dividends distributed within a corporate group / under a situation of control / Colombian Holding Companies Regime ("Compañía Holding Colombiana" or CHC):** when the first dividend distribution payment is executed by a national entity to another national entity and both pertain to: (i) an enterprise group, (ii) are under situation of control, or (iii) are duly registered under CHC Regime, the dividend withholding tax does not apply.

- **Transition regime for tax on dividends:** If the profits were generated prior to December 31, 2016 ("pre-2017") and appropriated to be distributed in the future, dividends are not subject to the provisions of the current regulations **in the case of profits that were taxed at the corporate income tax rate**. For profits that were not **taxed at the corporate income tax rate, the recapture tax will be applicable**.

Based on the above, the following table summarizes the tax treatment of dividends in the absence of a tax treaty:

Dividend	Rate
Dividend distribution made out of pre-2017 profits that were subject to tax at the Colombian corporate level distributed to Tax Resident Individuals, Colombian entities and Non-Colombian Tax Residents.	Non taxed or no applicable withholding tax Non taxed or no applicable recapture tax of 35%
Dividend distribution to Colombian Tax Residents Individuals made out of pre-2017 profits that did NOT pay tax at the Colombian corporate level	Non taxed or no applicable dividends withholding tax, but must apply recapture tax of 35% if the dividend was non taxed at a corporate level
Dividend distribution to Colombian entities made out of pre-2017 profits that did NOT pay tax at the Colombian corporate level	Non taxed or no applicable dividends withholding tax, but must apply recapture tax of 35% if the dividend was non taxed at a corporate level
Dividend distribution to Non-Colombian Tax Residents made out of pre-2017 profits that did NOT pay tax at the Colombian corporate level	Non taxed or no applicable dividends withholding tax, but must apply recapture tax of 35% if the dividend was non taxed at a corporate level
Portfolio Investments: Dividend distribution to Non-Colombian Tax Residents made out of pre-2017 profits that did NOT pay tax at the Colombian corporate level	25%
WTH on Dividend distributions paid to Tax Resident Individuals out of post-2016 profits that did pay tax at the Colombian corporate level	1. The individual must include the dividend profit in its income tax return (taxed at a maximum of 39%). 2. The national entity that grant the dividend could have to apply a withholding tax of 15% (if the dividend amount is equal or superior of 1.090 UVTs)
WTH on Dividend distributions paid to Colombian entities out of post-2016 profits that did pay tax at the Colombian corporate level	10% since January 1*st* 2023
WTH on Dividend distributions paid to Non-Colombian Tax Residents (including dividend distributions made to permanent establishments) out of post-2016 profits that did pay tax at the Colombian corporate level	20% since January 1*st* 2023
Dividend distribution paid to tax residents individuals out of post-2016 profits that did NOT pay tax at the Colombian corporate level	1. Recapture tax of 35% if the dividend was non taxed at a corporate level. 2. The individual must include the dividend profit in its income tax return (taxed at a maximum of 39%). 3. The national entity that grants the dividend could have to apply a withholding tax of 15% (if the dividend amount is equal to or more than 1,090 UVTs)
Dividend distribution paid to Colombian entities out of post-2016 profits that did NOT pay tax at the Colombian corporate level. The rates shown consist of a combined rate (i.e. Income Tax withholding of 32% -taxable period 2020- and dividends withholding tax rate of 7.5% result in 36.18%).	40.50% as of 2023

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Dividend	Rate
Dividend distribution paid to Non-Tax Residents (including dividend distributions made to permanent establishments) out of post-2016 profits that did NOT pay tax at the Colombian corporate level. The rates shown consist of a combined rate (i.e. income tax withholding of 32% - taxable period 2021- and dividends withholding tax rate of 10% result in 37.90%)	48% as of 2023
Portfolio Investments: Dividend distribution paid to Non-Tax Residents (including dividend distributions made to permanent establishments) out of post-2016 profits that did NOT pay tax at the Colombian corporate level	40.00%

The dividend payment approved by Grupo Aval's General Meeting of Shareholders held on March 20, 2024, will be distributed from the profits of year 2019, subject to be distributed with benefit for the shareholders. The tax on dividend tax from profits generated by the company depends on the recipient (Colombian tax resident individuals, Colombian entities, Non-Colombian tax residents or Non-Colombian tax residents complying with the portfolio investment definitions under the Colombian Tax Code).

Dividends paid to Non-Colombian tax residents complying with the portfolio investment definitions under the Colombian Tax Code who hold ADSs through the depositary will be subject to income taxes and withholding in Colombia as mentioned in the previous chart.

As a general rule, foreign companies, foreign investment funds, and Non- Colombian tax residents are not required by law to file an income tax return in Colombia. However, they are subject to the withholding tax, which can be considered as the dividend tax for the foreign entity or Non-resident individual (in accordance with Section 592 of the Colombian Tax Code).

"UVT" or "*Unidad de Valor Tributario*" refers to a tax unit established each year by the Colombian Tax Authority ("DIAN") for the calculation of tax returns. UVT was established at an equivalent to Ps 47,065 for 2024 and Ps 49,799 for 2025.

Taxation of Capital Gains Derived from the Sales of ADSs

Pursuant to Article 24 of the Colombian Tax Code, gains derived by non-resident entities or non-resident individuals of Colombia from the sale of the ADSs are not subject to income, withholding, remittance or other taxes in Colombia. If the holder is a resident in Colombia, this capital gain will be taxed in Colombia according to the general tax rules.

Taxation of Capital Gains Derived from the Sales of Shares in Colombia

Since 2023, according to Article 36-1 of the Colombian Tax Code, capital gains from the sale of shares listed on the Colombian Stock Exchange are not subject to income tax in Colombia, provided that the shares sold by the same beneficial owner during each fiscal year do not represent more than 3% of the issued and outstanding shares of the listed company. ADSs are not subject to the same tax framework as equity investments in Colombia. Although ADSs represent our preferred shares, they are subject to a different tax regulatory regime.

Tax on Foreign Portfolio Investment Income in Colombia

The 2012 Tax Reform (see "Item 4. Information on the Company-B. Business Overview-Supervision and regulation-Regulation on Payroll Loans") established a new tax regime for foreign capital portfolio investments. Investors will be required to pay income tax for the profits obtained in the development of their activities, regardless of the vehicle used to carry them out, pursuant to Article 18-1 of the Colombian Tax Code.

The withholding rate of such tax is generally 14%; however, a 5% rate will apply for investments in fixed income securities or in derivatives whose underlying assets is a fixed income security, and a 25% rate will apply to investors domiciled in non-cooperative tax jurisdictions. Article 260-7 of Colombian Tax Code was modified by Law 1819 of 2016 which establishes a new legal framework and provides criteria pursuant to which certain jurisdictions may be classified as non-cooperative jurisdictions with low or no taxation or as jurisdictions with preferential tax regimes.

Payment of this tax will be accomplished through withholding that is performed on a monthly basis by the administrator of such investment portfolio, based on the profits earned by the investor during the corresponding month. When the income corresponds to dividends, the withholding will be made by the company paying the dividend at the time of payment. Generally, the withholding, performed according to the rules established in the Colombian Tax Code, shall constitute a final tax and investors will not be required to file an income tax return.

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Other Colombian Taxes

- Financial institutions, insurance and reinsurance companies, stockbrokers, among others, will be subject to a 5% income tax surcharge (total corporate income tax rate of 40%) until 2027, to the extent their taxable income exceeds 120,000 UVTs (Ps 5,975.84 billion).

- **15% minimum tax rate (adjusted tax rate):** Law 2277 of 2022 established a 15% minimum tax rate (referred to as adjusted tax rate - ATR). The ATR will be determined based on the ratio between the adjusted income tax (AIT) divided by the adjusted income (AI). Law establishes the factors to be considered when calculating the AIT and AI. If the ATR is lower than 15%, income tax must be adjusted to achieve the 15% rate. This rule does not apply, among others, to non-residents, hotels and concessions.

- **Significant economic presence:** Non-residents with a "significant economic presence" (SEP) in Colombia will be subject to a general 10% withholding tax (unless another withholding tax rate applies). Nevertheless, the non-resident entity may opt to assess its income tax liability at a 3% rate over the gross income of Colombian source, subject to the filing of an income tax return.

  Law 2277 of 2022 allows a Double Tax Treaty to prevail over Colombian domestic law. In case Colombia has subscribed to international agreements forbidding this form of taxation, this does not apply to fiscal periods following the effective date of the international agreement.

  Significant Economic Presence is triggered when the following criteria are met:

  - The non-resident entity has a deliberate and systematic interaction with the Colombian market. This type of interaction is presumed to exist when the non-resident has interaction or marketing activities with more than 300,000 users in Colombia during the prior year, or within the relevant tax year, or displays the price of goods in Colombian Pesos or allows payment in Colombian Pesos.

  - Gross income for the non-resident entity from transactions with customers in Colombia is higher than 31,300 UVTs (Ps 1,558.7 billion) during the prior year or the current taxable year.

  If the activities in Colombia are developed by different related parties, the above criteria will consider the aggregate transactions of all related entities. This rule came into force on January 1, 2024.

- **Tax deductions, benefits and incentives**: Certain non-taxable income, special deductions, exempt income, and tax credits will be limited to 3% of net taxable income prior to the special deductions subject to the limitation. The limitation will apply only to the tax benefits expressly provided by the rule. Although some special treatments were repealed, it is generally provided that acquired rights should be respected until the term originally provided by the repealed Law.
- **Effective place of management ("*Sede Efectiva de Administración*")**: The considerations that qualify a non-resident entity to have an effective place of management in Colombia were broadened. Amongst the new considerations, an effective place of management may exist based on the day-to-day activities as opposed to previously considered strategic activities. A non-resident that has an effective place of management is considered by tax authorities as a Colombian tax resident. There are no Colombian stamp, issue, registration, transfer, or similar taxes or duties payable by holders of shares or ADSs

As of the date of this annual report, there was no income tax treaty and no inheritance or gift tax treaty in effect between Colombia and the United States. Pursuant to Articles 24 and 36-1 of the Colombian Tax Code, transfers of ADSs from non-residents or residents to non-residents of Colombia by gift or inheritance are not subject to Colombian income tax. Transfers of ADSs by gift or inheritance from residents to residents or from non-residents to residents will be subject to Colombian income tax at the income tax rate applicable for capital gains obtained by residents of Colombia. There is no Colombian stamp, issue, registration, transfer or similar taxes or duties payable by holders of shares or ADSs.

United States Federal Income Taxation Considerations for U.S. Holders

The following is a description of the material U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of our ADSs or preferred shares, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to hold the securities. This discussion applies only to a U.S. Holder that holds our ADSs or preferred shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of the U.S. Holder's particular circumstances, including alternative minimum tax consequences, the potential application of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") known as the Medicare contribution tax, and tax consequences applicable to U.S. Holders subject to special rules, such as:

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- certain financial institutions;
- dealers in securities or currencies or traders in securities that use a mark-to-market method of tax accounting;
- persons holding ADSs or preferred shares as part of a hedging transaction, straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the ADSs or preferred shares;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";
- persons that own or are deemed to own ten percent or more of the voting power or value of our stock;
- persons who acquired our ADSs or preferred shares pursuant to the exercise of an employee stock option or otherwise as compensation; or
- persons holding our ADSs or preferred shares in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds our ADSs or preferred shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding our ADSs or preferred shares and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of holding and disposing of the ADSs or preferred shares.

This discussion is based on the Code, administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect. It is also based in part on representations by the depositary and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.

A "U.S. Holder" is a beneficial owner of our ADSs or preferred shares that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, a U.S. Holder who owns ADSs will be treated as the owner of the underlying preferred shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying shares represented by those ADSs.

U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of our ADSs or preferred shares in their particular circumstances.

Except as described in "—Passive Foreign Investment Company Rules" below, this discussion assumes that we have not been, and will not become, a passive foreign investment company, or "PFIC", for any taxable year.

Taxation of Distributions

The preferred shares constitute equity of our company for U.S. federal income tax purposes. Distributions paid on our ADSs or preferred shares will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Subject to applicable limitations (including a minimum holding period requirement), dividends paid to certain non-corporate U.S. Holders that constitute "qualified dividend income" will be taxable at rates applicable to long-term capital gains. Dividends paid on our ADSs will generally constitute qualified dividend income, provided the ADSs are readily tradable on an established securities market in the United States (such as the NYSE, where our ADSs are traded). It is

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unclear whether these reduced rates will apply to dividends paid with respect to our preferred shares that are not backed by ADSs. U.S. Holders should consult their tax advisers regarding the availability of the reduced tax rate on dividends in their particular circumstances.

The amount of a dividend generally will include any amounts withheld by our company in respect of Colombian taxes. The amount of the dividend will generally be treated as foreign-source dividend income to U.S. Holders and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Dividends will be included in a U.S. Holder's income on the date of the depositary's receipt of the dividend, in the case of ADSs, or on the date actually or constructively received by the U.S. Holder, in the case of the preferred shares. The amount of any dividend income paid in Colombian pesos will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the applicable date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the applicable date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

The rules governing foreign tax credits are complex. For example, Treasury regulations impose additional requirements for foreign taxes to be eligible for credit. We have not determined whether these requirements have been met with respect to any withholding tax imposed on dividends on ADSs or preferred shares. However, recent notices from the IRS indicate that the Treasury and the IRS are considering proposing amendments to such regulations and allow taxpayers, subject to certain conditions, to defer the application of many aspects of such regulations until the date when a notice or other guidance withdrawing or modifying this temporary relief is issued (or any later date specified in such notice or other guidance). U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits for any amounts withheld with respect to distributions on ADSs or preferred shares. In lieu of claiming a foreign tax credit, U.S. Holders may, at their election, deduct foreign taxes, including the Colombian tax, in computing their taxable income, subject to generally applicable limitations under U.S. law. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year.

Sale, Redemption or Other Taxable Disposition of ADSs or Preferred Shares

Subject to the PFIC rules described below, for U.S. federal income tax purposes, gain or loss realized on the sale, redemption or other taxable disposition of our ADSs or preferred shares will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the ADSs or preferred shares for more than one year, provided that in the case of redemption, (i) the U.S. Holder does not actually or constructively own any of our voting stock after giving effect to such redemption or (ii) the redemption is not otherwise treated as essentially equivalent to a dividend under the Code. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the ADSs or preferred shares disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes.

Passive Foreign Investment Company Rules

Based on proposed Treasury regulations, including those which are proposed to be effective for taxable years beginning after December 31, 1994, we believe we were not a PFIC for U.S. federal income tax purposes for the 2024 taxable year. However, because the proposed Treasury regulations may not be finalized in their current form, because the application of the proposed regulations is not entirely clear and because the composition of our income and assets will vary over time, there can be no assurance that we were not or will not be a PFIC for any taxable year. The determination of whether we are a PFIC is made annually and is based upon the composition of our income and assets (including the income and assets of, among others, entities in which we hold at least a 25% interest) and the nature of our activities. In general, we will be a PFIC for any taxable year in which at least 75% of our gross income is passive income, or at least 50% of the value (determined on a quarterly basis) of our assets is attributable to assets that produce or are held for the production of passive income.

If we were a PFIC for any taxable year during which a U.S. Holder held our ADSs or preferred shares, any gain recognized by a U.S. Holder on a sale or other disposition of ADSs or preferred shares (including certain pledges) would be allocated ratably over the U.S. Holder's holding period for the ADSs or preferred shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year within the holding period would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the tax on such amount. Further, any distribution in respect of ADSs or preferred shares in excess of 125% of the average of the annual distributions on ADSs or preferred shares received by the U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter, would be subject to taxation in the same manner as described immediately above with respect to gains. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the ADSs or preferred shares. U.S. Holders should consult their tax advisers to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

If we were a PFIC or, with respect to a particular U.S. Holder, were treated as a PFIC for the taxable year in which we paid a dividend or for the prior taxable year, the favorable dividend rates discussed above with respect to qualified dividend income paid to non-corporate holders

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would not apply. In addition, if we are a PFIC for any taxable year during which a U.S. Holder owned our ADSs or preferred shares, the U.S. Holder will generally be required to file IRS Form 8621 (or any successor form) with their annual U.S. federal income tax returns, subject to certain exceptions.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.- related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is an exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals (and certain specified entities) may be required to report information relating to their ownership of shares of a non-U.S. entity or non-U.S. accounts through which such shares are held. U.S. Holders are urged to consult their tax advisers regarding any reporting obligation with respect to our ADSs or preferred shares.

F. Dividends and paying agents

Dividend policy of Grupo Aval

The amount of dividends, if any, that we pay are influenced by the amount of dividends received from our subsidiaries. Our subsidiaries declared Ps 686.6 billion and Ps 567.1 billion of dividends payable to us based on the net income reported for the years ended December 31, 2024 and 2023, respectively. We declared an aggregate of Ps 655.3 billion and Ps 569.8 billion of dividends to our shareholders with respect to net income for the years ended December 31, 2024 and 2023, respectively.

Unless noted otherwise, the following table presents the net profits of, and dividends (cash and stock) declared by us and each of our direct subsidiaries, and the amount of dividends that we would be entitled to receive from each of them during the periods indicated.

	Dividends declared with respect to net income for the year ended December 31,																	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Banco de Bogotá		Banco de Occidente		Banco Popular		Banco AV Villas		Corficolombiana		Porvenir		Aval Fiduciaria		Aval Casa de Bolsa		Total	
	(in Ps billions, except percentages)																	
Direct ownership interest held by Grupo Aval	68.9%	68.9%	72.3%	72.3%	93.7%	93.7%	79.9%	79.9%	8.7%	8.7%	20.0%	20.0%	94.5%	0.0%	40.8%	0.0%	—	—
Separate net profits	1,128.5	1,024.9	495.0	430.6	(226.7)	(347.4)	(116.3)	(117.1)	327.7	809.0	652.6	558.7	12.9	17.5	0.8	2.0	2,274.6	2,378.1
Dividends declared	622.4	515.8	248.8	215.1	—	—	—	—	23.0	21.8	326.3	280.5	12.9	17.5	0.7	1.8	1,234.2	1,052.5
Dividends contributed to Grupo Aval	429.0	355.5	179.8	155.5	—	—	—	—	—	—	65.3	56.1	12.2	—	0.3	—	686.6	567.1
Dividends declared by Grupo Aval	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	655.3	569.8

The allocation of our distributable profits, if any, is determined by our common shareholders following approval of our annual financial statements. Our general shareholders' meetings generally take place during March.

In the past we have usually paid and received most of our dividends on a monthly basis. We have not, however, adopted a specific dividend policy with respect to future dividends. The amount of any distributions will depend on many factors, such as the results of operations and financial condition of our company and our subsidiaries, their cash requirements and other factors deemed relevant by our Board of Directors and shareholders.

Our company pays dividends based on our net income as reported in our separate audited financial statements prepared under Colombian IFRS. For the year ended December 31, 2024 separate net income as reported in our Colombian IFRS financial statements was Ps 999.9 billion. For the year ended December 31, 2023 separate net income as reported in our Colombian IFRS financial statements was Ps 723.0 billion, 2.2% lower than net income attributable to the owners of the parent as reported in our audited consolidated financial statements.

We expect that differences between Colombian IFRS and IFRS financial statements will continue to occur in future periods. The amount of dividends expected from our subsidiaries will also depend on the future share ownership in our subsidiaries.

Dividend history of Grupo Aval

The following table presents the annual cash dividends paid by Grupo Aval on each share during the periods indicated.

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Dividends declared with respect to net income	Total dividends per share (Ps)	Total dividends per share (U.S.$)
Year ended:		
2022	43.20	0.010
2023	24.00	0.005
2024	27.60	0.006

Given that Grupo Aval's dividends have been to some extent dependent on the dividends received from its direct stakes in each of its equity investments, we detail below the cash and stock dividends per share paid by each of Grupo Aval's direct equity investments for the periods indicated.

Banco de Bogotá

Dividends declared with respect to net income	Total dividends per share (Ps)	Total dividends per share (U.S.$)
Year ended:		
2022	3,132.00	0.710
2023	1,452.00	0.329
2024	1,752.00	0.397

Banco de Occidente

Dividends declared with respect to net income	Total dividends per share (Ps)	Cash dividends per share (U.S.$)
Year ended:		
2022	1,612.08	0.366
2023	1,380.00	0.313
2024	1,596.00	0.362

Banco Popular

Dividends declared with respect to net income	Total dividends per share (Ps)	Cash dividends per share (U.S.$)
Year ended:		
2022	—	—
2023	—	—
2024	—	—

Banco AV Villas

Dividends declared with respect to net income	Total dividends per share (Ps)	Cash dividends per share (U.S.$)
Year ended:		
2022 (1)	1.85	0.000
2023	—	—
2024	—	—

(1) Cash dividend paid to preferred shares, corresponding to 4.5% of the respective issuance price for each issuance between 1994 and 2005.

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Porvenir

Dividends declared with respect to net income	Total dividends per share (Ps)	Cash dividends per share (U.S.$)
Year ended:		
2022	1,836.00	0.416
2023	2,568.00	0.582
2024	2,988.00	0.678

Banco de Bogotá, Fiduciaria Bogotá, Banco de Occidente and Fiduciaria de Occidente received dividend payments from Porvenir in their respective ownership of the company (see Item 4—B. Business overview—Our operations).

Corficolombiana

Dividends declared with respect to net income	Total dividends per share (Ps)	Total dividends per share (U.S.$)
Year ended:		
2022 (1)	1,368.00	0.310
2023 (1)	1,135.00	0.257
2024 (1)	1,194.00	0.271

(1) Cash dividend to be paid in one installment to 19,227,075 preferred shares.

Banco de Bogotá, Banco de Occidente and Banco Popular received dividend payments from Corficolombiana in their respective ownership of the company (see Item 4—B. Business overview—Our operations).

Aval Fiduciaria

Dividends declared with respect to net income	Total dividends per share (Ps)	Total dividends per share (U.S.$)
Year ended:		
2022	479.19	0.109
2023	557.87	0.127
2024	411.87	0.093

Aval Casa de Bolsa

Dividends declared with respect to net income	Total dividends per share (Ps)	Total dividends per share (U.S.$)
Year ended:		
2022	980.67	0.222
2023	114.86	0.026
2024	47.90	0.011

General aspects involving dividends

The dividend periods may differ from the periods covered by our financial statements. Shareholders will determine, in the general shareholders' meeting, such dividend periods and the effective date.

Dividends declared on the shares of common and preferred shares will be payable to the record holders of those shares, as they are recorded on our stock registry, on the appropriate record dates. However, pursuant to External Circular 13 of 1998 issued by the former Superintendency of Securities (currently, the Superintendency of Finance), if a shareholder sells shares during the ten business days immediately preceding the payment date, dividends corresponding to those shares will be paid by us to the seller.

The vote of at least 80.0% of the shares present and entitled to vote is required to approve the payment of dividends in shares; however, according to Law 222 of 1995, if the company is in a situation "under control", whereby the decision-making power is subject to the will of another person or group of persons, a company may only pay dividends by issuing shares, to the shareholders that so accept.

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G. Statement by experts

Not applicable.

H. Documents on display

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website, where you can inspect those reports and other information filed with the SEC, is www.sec.gov.

I. Subsidiary information

Not applicable.

J. Annual Report to Security Holders

Not applicable

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK

Risk Management

Grupo Aval and its subsidiaries in the financial sector including, among others, Banco de Bogotá, Banco de Occidente, Banco AV Villas, Banco Popular, Corficolombiana and Porvenir, manage risk pursuant to the applicable regulations in each country where they operate and those according to Grupo Aval's policies.

The Board of Directors leads the process of establishing a sound risk management culture, that supports and provides appropriate standards for responsible behavior. The risk framework fully approved by the Board of Directors requires risk management practices to be integrated into key processes across Grupo Aval, ensuring risks are appropriately identified, assessed, monitored, and mitigated in a timely manner, depending on a range of factors, including the nature, size, complexity, and risk profile.

The risk management team should ensure the identification and assessment of the inherent risks of material activities, processes and systems pertaining to the holding nature of Grupo Aval to make sure those inherent risks are properly controlled and mitigated in alignment with the approved risk appetite.

The following sections outline the key risks that are inherent to the business activities of our subsidiaries, as well as the way in which those are managed:

1. **Financial risks:** Financial risks managed by Grupo Aval's financial subsidiaries include liquidity risk, market risk, credit risk, interest rate risk and operational risk. For further details, see note 4 of our audited consolidated financial statements.

2. **Non-Financial risks:** The main non-financial risks managed by Grupo Aval include anti-money laundering and terrorist financing, anti-bribery and anticorruption and compliance with local regulation, the U.S. Sarbanes-Oxley Act of 2002, among others.

3. **Conglomerate risks:** Law 1870 of 2017 (Financial Conglomerates Law) requires financial conglomerates to manage the risks to which they are exposed. For this purpose, the Superintendency of Finance, through External Circular 013 of June 20, 2019, established the risks that financial conglomerates must manage from June 2021 onwards. These risks are Concentration risk, Contagion risk, and Strategic risk.

Control Environment and Risk Culture

Our risk management system ("Sistema de Gestión de Riesgos" or SGR) seeks to comply not only with local regulation but also to align with best practices and international standards as many jurisdictions move to adopt Basel Committee principles. Accordingly, the SGR

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model adopts commonly accepted risk taxonomy and provides oversight and guidance to our subsidiaries who operate under a similarly guided regulatory defined relevant risks, related to the business model and characterization of each subsidiary.

At the holding level, our risk control environment is governed independently, and is based on 14 principles, focusing on concentration, contagion and strategic risk. The holding level risk control principles align with the applicable local holding regulations, which have been introduced and developed particularly since 2017 under Law 1870 of September 2017. Based on a general risk appetite framework established and approved by the Board of Directors and the limits and thresholds thereby approved, we ensure effective risk identification and assessment, monitoring and reporting, and control and mitigation. Furthermore, our risk management team implements processes and procedures to regularly report to the Board, senior management, and business line levels. These and other procedures allow us to assure a strong risk management based fundamentally on:

- active Board and senior management oversight;
- adequate policies, procedures, processes and limits;
- adequate risk measurement, assessment, monitoring, and management information systems;
- comprehensive internal controls; and
- an independent assessment by internal audit.

Grupo Aval promotes a culture of risk management that reaches all the entities, whether they are financial or non-financial, under a strict, permanent and cohesive "tone from the top".

The risk culture is conveyed to all our entities and units, relying on the following elements:

- we have independent risk management, monitored at the individual entity level and at consolidated level;
- we use detailed manuals on policies and processes to manage the risks we are subject to;
- we use different technological tools, for the analysis, monitoring and control of risks;
- we have a risk limit system that is updated on a regular basis to address new market conditions and risks to which we are exposed;
- we use information systems to monitor risk exposure on a recurring basis, seeking to ensure that approval limits are systematically met and, if necessary, allow for appropriate corrective actions;
- our main risks are analyzed on a continuous basis; and
- we provide ongoing training on risk, at every level within the organization.

Risk Governance in Grupo Aval

As part of Grupo Aval's risk management and control architecture, the following corporate structure has been established:

Grupo Aval Board of Directors

The Board of Directors is responsible for establishing the risk appetite and for the approval of the general scope of the risk management function. It also sets and oversees risk management corporate policies applicable at the Grupo Aval level.

Boards of Directors of the Financial Subsidiaries

The responsibilities of the boards of directors of Grupo Aval's financial subsidiaries regarding risk management include:

- to define and approve the general policies and strategies related to internal control systems for risk management;
- to approve risk management policies;

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- to approve trading and counterparty limits;
- to approve risk appetite and exposure limits;
- to approve procedures and methodologies for risk management;
- to ensure the adequate assignment of resources required for an effective risk management;
- to set forth responsibilities and attributes for risk management roles;
- to set forth and define committees' functions leading to a proper organization, control and monitoring of risk generating operations;
- to require Grupo Aval financial subsidiaries' management to submit periodic reports on risk exposure levels; and
- to periodically review any risk-management reports on control or mitigation of risks, submitted by the Audit Committee.

Audit Committee of Grupo Aval and Audit Committees of our Financial Subsidiaries:

The Audit Committees' principal objective is to evaluate and monitor the Internal Control System.

The Audit Committee is responsible for:

- assessing the structure of the internal control function to establish: (i) whether the procedures are appropriate to protect our assets, and those of third parties under our administration and custody, and (ii) whether transactions are being properly authorized and registered. For such purpose, the areas in charge of the administration of the risk systems, the External and Internal Auditors present any established periodical or occasional reports to the Committee;
- monitoring risk exposure levels and their potential consequences; and
- overseeing the risk management policy applicable to Grupo Aval.

Corporate Risk Unit

The corporate risk unit is led by Grupo Aval's Chief Risk Officer, whose responsibilities include:

- to identify and transfer best practices regarding corporate risk management;
- to support the Board of Directors and the financial subsidiaries in structuring their risk appetites;
- to establish and ensure compliance with policies and guidelines aimed at maintaining an adequate risk exposure;
- to consolidate and monitor Grupo Aval's risk exposures;
- to lead and align risk management processes across Grupo Aval subsidiaries, through corporate guidelines and processes; and
- to report the outcomes of risk management to Grupo Aval's Presidency and Audit Committee.

Risk Management Committees of the financial subsidiaries

Grupo Aval´s financial subsidiaries have Risk Management Committees which periodically and proactively are engaged in anticipating, identifying and are also being constantly informed by the risk management units of each of the subsidiaries. Activities, procedures and systems allow them to identify early and in advance, measure, control and analyze the integral risk management system (SIAR in Spanish) that includes credit risk, market risk, operating risk and business continuity plan management (PCN for its initials in Spanish).

Additionally, our financial subsidiaries have established asset-liability committees (ALCOs), that decides on matters related to asset liability management and evaluate the effectiveness of the interest rate risk of banking book (RTILB for its initials in Spanish) and liquidity risk management system (SARL for its initials in Spanish). The ALCOs set each bank's policies for balance sheet management and evaluate the potential impact on revenue under various scenarios.

These policies establish general guidelines on the type and extent of risk exposure the bank can undertake, including setting limits by product type, desk, geographic area, and across the maturity spectrum. The ALCO actively measures interest-rate risk exposure at regular intervals, reports to senior management on risk management practices, exposure levels, and limit breaches, and ensures that risk management policies and procedures are monitored by an independent middle office function.

The risk management approach adopted by banks varies according to their specific circumstances and risk appetite. Legal risk is monitored by general counsel in each subsidiary of the financial sector. These different committees are constantly developing and assessing processes that allow them to anticipate and proactively manage the risks they face. In the same way, they follow up on the activities to handle, mitigate, hedge and/or reduce risks to levels agreed upon through risk appetite thresholds defined and approved by the higher levels of each of the subsidiaries through the risk appetite limits they permanently have to comply with. They are also actively engaged in the follow up of remedial actions defined. Core activities of all risk management units is to make sure they anticipate as early as possible potential risks and mitigate them also as soon as feasible.

The main functions of the Risk Management Committees include among others:

- reviewing and proposing risk appetite and exposure limits to the Board of Directors;
- designing systems to measure risk appetite and exposure limits;
- assessing inherent risks involved in entering new markets, products, segments and countries, among others; and
- ensuring that risk management and measurement methodologies are appropriate and aligned with the characteristics and activities of the entity.

Risk Management Unit and its equivalent in our financial subsidiaries

The Risk Management Unit and their equivalents, have the following functions:

- to oversee the adequate compliance with the policies and procedures established by the Board of Directors and the Risk Management Committees;
- to design methodologies and procedures for risk management;
- to ensure the timely identification of deviations relating to compliance with the policies established for risk management; and
- to prepare timely reports for the Board of Directors, the risk committees, and the Government entities in charge of the control and supervision of the financial subsidiaries' risk policies compliance.

Internal Audit and Internal Control Unit

The internal audit units at each financial subsidiary have independent criteria and carry out periodic independent compliance assessments of risk management policies and procedures, regarding risk management and control environment. Reports are submitted directly to the audit committees responsible for monitoring risks and proposing corrective measures, if necessary.

In addition to the internal audit units at the financial subsidiaries, there is a Corporate Internal Control unit that ensures the compliance of our subsidiaries with corporate policies. The Chief of Internal Control participates in the audit committees of significant subsidiaries. The corporate internal control unit performs periodic independent audits of Grupo Aval's subsidiaries to monitor their compliance with corporate risk management policies. Its reports are presented directly to senior management at each of the subsidiaries and to the corresponding audit committees, including the corporate matters committee of Grupo Aval.

Non-financial Subsidiaries

Corficolombiana consolidates most of our interests in non-financial subsidiaries. As such, its Government, Risk and Compliance (GRC) Vice Presidency provides oversight through these subsidiaries' risk management and internal controls. This monitoring activity covers subsidiaries in the infrastructure and the energy and gas sectors, where most of Corficolombiana's investment portfolio is concentrated, and

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is currently being expanded to the remaining sectors. Corficolombiana ensures that its non-financial sector subsidiaries follow guidelines in relation to risk management set forth by Corficolombiana and Grupo Aval's policies and best practices established by law.

For all other non-financial subsidiaries of Grupo Aval, the Board of Directors of each consolidating financial entity has the faculty to establish guidelines in terms of risk policies and risk monitoring processes, which must be implemented at each of such subsidiaries.

Financial Conglomerate Risk

On February 6, 2019, the Colombian national government, through Law 1870 of 2017, defined the regulatory framework applicable to financial conglomerates in Colombia and the scope of supervision of the Superintendency of Finance, aimed to ensure the stability of the financial system and aligning the regulatory framework to international standards. This law created the category of financial holding and financial conglomerates. Whilst developing this law, the Superintendency of Finance identified Grupo Aval as a financial conglomerate and determined the entities belonging to the Aval Financial Conglomerate.

For more information, see "Item 4. Information on the Company — B. Business overview—Supervision and regulation—Regulatory framework for Colombian Financial Conglomerates".

Risk Management Systems

Financial Risk

Credit Risk Management

The credit risk management processes of our banks take into consideration the requirements of the Superintendency of Finance, local regulators, Grupo Aval's credit-risk management guidelines and the composition of each of our bank's loan portfolio. See Note 4 to our audited consolidated financial statements.

The guiding principles of risk management at Grupo Aval and our banks are the following:

- collective decision making for commercial loans of significant amounts at the Board level of each of our banks;
- extensive and in-depth market knowledge, a result of our market leadership and our experienced, stable and seasoned senior management;
- clear top-down guidelines in accordance with: (i) know-your-customer policies; and (ii) commercial loan credit structures based on the clear identification of sources of repayment and the cash-flow generating capacity of the borrower;
- use of common credit analysis tools and risk based loan pricing tools across all our banks;
- diversification of the commercial loan portfolio with respect to industries and economic groups;
- specialization in retail banking product niches; and
- extensive use of continuously updated rating and scoring models to ensure the growth of high-credit quality consumer loans;

For more information, see Note 4 of our audited consolidated financial statements.

Commercial Lending

At December 31, 2024, 58.02% of our total gross consolidated loan portfolio was commercial loans to corporate, small, and medium sized enterprises. However, the share of commercial loans varies across of our banks. As of December 31, 2024, the percentage of commercial loans was 63.72%, 69.92%, 30.32%, 22.78% and 63.79% for Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas and Corficolombiana, respectively.

The credit approval process for commercial loans at each of our banks in Colombia follows the policies and lending authorities established by each banking subsidiary. The highest lending authority in all banks, other than the Board of Directors, is the national credit committee (*Comité Nacional de Crédito* at Banco de Bogotá and Banco AV Villas, *Comité de Crédito Dirección General* at Banco de Occidente and

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Comité de Presidencia at Banco Popular). These have approval authority of lending limits that range between Ps 8.8 billion at Banco AV Villas and Ps 50.0 billion at Banco de Bogotá.

Following the approval of an application by the national credit committee of any of our banks, information regarding the approval is sent to the Grupo Aval Credit Projects unit if it could result in aggregate exposure to the borrower exceeding Ps 5.5 billion. The credit approval process includes the presentation to Grupo Aval's credit committee of all potential credit exposures per client (or client's economic group) that, across all our banks, represent an exposure in excess of Ps 32.0 billion, or if it is considered to be part of a sector under special watch.

The committee consolidates requests for loans across all banks and evaluates our total exposure to potential borrowers. In each case, the committee evaluates the relevant bank's application of its credit analysis policy and it may make recommendations according to the structure of the loan.

Grupo Aval evaluates, when applicable based on concentration thresholds, credit applications submitted to it by Grupo Aval's banks and makes recommendations with respect to such loans. The Boards of Directors of the banks make the final decisions with respect to such applications. To facilitate the analysis of commercial loan applications which meet the threshold and are thus reviewed by Grupo Aval, we have developed certain tools, including a standardized "*Proyecto de crédito*".

We seek to achieve a profitable, high-quality commercial loan portfolio and an efficient procedure for analyzing potential loans across our banks. For that purpose, we have established policies and procedures for the analysis and approval of potential commercial credit transactions that seek to focus lending on:

- borrowers whose shareholders and management have, in our opinion, solid character (considering not only an analysis of the borrower's credit profile but also its reputation in the business community, among other factors);
- borrowers that participate in key industries;
- borrowers that are leaders or strong players in the industries where they participate;
- clearly identify and quantify primary and secondary sources of repayment, with a bias towards operational cash flow;
- transaction structures, including covenants and guarantees, which provide adequate protection; and
- adequate pricing to properly compensate capital invested and market and credit risks incurred.

As part of our commercial banking activity, we make loans to public sector entities. For purposes of evaluating the extension of credit to public sector entities, our banks follow two criteria: (i) the loan must be used to finance an investment that has been approved by local authorities; and (ii) a source of repayment, primarily tax revenues, must be clearly identified.

For more information, see Note 4 of our audited consolidated financial statements.

Consumer Lending

Consumer lending represented 30.97% of the total gross consolidated loan portfolio as of December 31, 2024. However, our share of consumer lending and specialization by product varies across of our banks. As of December 31, 2024, Banco Popular's consumer lending represented 65.27% of its total gross loan portfolio and is concentrated mainly in payroll loans (*libranzas*), a product in which it is one of the leaders in Colombia. Consumer lending represented 55.89% at Banco AV Villas, 22.71% at Banco de Bogotá and 24.36% at Banco de Occidente. At Corficolombiana, 35.60% of total gross loans were consumer loans granted primarily by Promigas and its subsidiaries to its residential gas utility users.

The credit approval process for consumer loans at each of our banks follows the policies and lending authorities established by each bank. The highest consumer lending authority at all banks, other than the Board of Directors, is the Consumer Management Committee or National Consumer Credit Committee.

For consumer banking, each bank has developed statistical risk models for the origination and evaluation of customer behavior using descriptive and predictive analytical tools, which allow the mitigation of consumer risk.

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Mortgage Lending

Mortgage lending represented 11.01% of our total gross consolidated loan portfolio as of December 31, 2024, with Banco de Bogotá and Banco AV Villas being the highest share. Mortgage lending represented 13.57% and 21.32% of Banco de Bogotá's and Banco AV Villas' total gross loan portfolios, respectively, as of December 31, 2024.

Microcredit Lending

Microcredit loans represented 0.002% of the total gross loan portfolio as of December 31, 2024.

Credit Classification and Provisioning

Our banks are continually engaged in the determination of risk factors associated with their credit-related assets, through their duration, including restructurings. For such purposes, they have designed and adopted the credit risk administration system in accordance with Superintendency of Finance guidelines. The SARC (*Sistema de Administración de Riesgo de Crédito*) has integrated credit policies and procedures for the administration of credit risks, models of reference for the determination and calculation of anticipated losses, allowances for coverage of credit risks and internal control procedures.

Our banks are required to classify the loan portfolio in accordance with the rules of the Superintendency of Finance, which established the following loan classification categories: "AA", "A", "BB", "B", "CC" and "Default", depending on the strength of the credit and its past due status.

Each bank reviews the outstanding loan portfolio components under the above-mentioned criteria and classifies individual loans under the risk-rating categories below, based on minimum objective criteria, such as balance sheet strength, profitability, and cash generation capacity. The classification of new commercial loans is made based on these objective criteria. The criteria are also evaluated on an ongoing basis, together with loan performance, in reviewing the classification of existing commercial loans.

Category	Approval	Commercial loan portfolio	Consumer loan portfolio
"AA"	New loans with risk rating at approval of "A"	Outstanding loans and financial leases with past due payments not exceeding 29 days (i.e., between 0 and 29 days past due). The debtor's financial statements or its projected cash flows, as well as all other credit information available to the financial subsidiaries, reflect excellent paying capacity.	Loans whose risk rating is "AA" according to the methodology of the Consumer Reference Model (MRCO), as established by the Superintendency of Finance
"A"	New loans with risk rating at approval of "B"	Outstanding loans and financial leases with delayed payments in excess of 30 days but not exceeding 59 days (i.e., between 30 and 59 days past due). The debtor's financial statements or its projected cash flows, as well as all other credit information available to the financial subsidiaries, reflect appropriate paying capacity.	Loans whose risk rating is "A" according to the methodology of the MRCO as established by the Superintendency of Finance
"BB"	New loans with risk rating at approval of "B"	Outstanding loans and financial leases past due more than 60 days but less than 90 days (i.e., between 60 and 89 days past due). Loans in this category are acceptably serviced and collateralized, but there are weaknesses which may potentially affect, on a transitory or permanent basis, the debtor's ability to pay or its projected cash flows, to the extent that, if not timely corrected, would affect the normal collection of credit or contracts.	Loans whose risk rating is "BB" according to the methodology of the MRCO as established by the Superintendency of Finance
"B"	New loans with risk rating at approval of "C"	Outstanding loans and financial leases past due over 90 days but less than 120 days (i.e., between 90 and 119 days past due). The debtor shows insufficient paying capacity of its obligations.	Loans whose risk rating is "B" according to the methodology of the MRCO as established by the Superintendency of Finance
"CC"	New loans with risk rating approval of "C"	Outstanding loans and financial lessees past due more than 120 days but less than 150 days (i.e., between 120 and 149 days past due). Loans in this category represent grave insufficiencies in the debtors' paying capacity or in the project's cash flow, which may compromise the normal collection of the obligations.	Loans whose risk rating is "CC" according to the methodology of the MRCO as established by the Superintendency of Finance
"Default"	–	Outstanding loans and financial leases past due for 150 days or more, or that, being restructured, reach days past due greater than or equal to 60 days This category is deemed uncollectible. These loans are considered in default.	Consumer loan portfolio past due over 90 days or more, or that, being restructured, reach days past due greater than or equal to 60 days

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For new consumer loans, our banks use their internal statistical origination models to develop an initial classification category ("AA", "A", "BB", "B" and "CC"). Once the loan is disbursed, the banks use formulas provided by the Superintendency of Finance, which incorporate payment performance of the borrower to calculate a score which in turn is used to determine the loan classification.

For financial leases the risk categories are established in the same manner as commercial or consumer loans.

For separate financial statement reporting purposes under Colombian IFRS, the Superintendency of Finance requires that loans and leases be given a risk category on the scale of "A", "B", "C", "D" and "E". As a result, the risk classifications are aligned to the risk categories as follows.

	Risk classification – Banks	
Risk category – Superintendency of Finance	Commercial	Consumer
"A"	"AA"	"AA"
		"A" – between 0 and 30 days past due
"B"	"A"	"A" – more than 30 days past due
	"BB"	"BB"
"C"	"B"	"B"
	"CC"	"CC"
"D"	"Default"	"Default" – all past due loans not classified in "E"
"E"	"Default"	"Default" – past due loans with a Loss given default (LGD) of 100%(1)

(1) LGD is defined as a percentage to reflect the credit loss incurred if an obligor defaults. LGD for debtors depends on the type of collateral and as a percentage would gradually increase depending on the number of days elapsed after being classified in each category.

For our mortgage and microcredit loan portfolios the risk categories, based on past due status, are as follows.

Category	Microcredit	Mortgage
"A" Normal Risk	In compliance or up to date and up to 30 days past due	In compliance or up to 60 days past due
"B" Acceptable Risk	Past due between 31 and 60 days	Past due between 61 and 150 days
"C" Appreciable Risk	Past due between 61 and 90 days	Past due between 151 and 360 days
"D" Significant Risk	Past due between 91 and 120 days	Past due between 361 and 540 days
"E" Uncollectable	Past due over 120 days	Past due over 540 days

Loss allowance

Grupo Aval's banks regularly review their loan portfolio to evaluate for impairment; while determining if an impairment should be recorded with a charge to results of the year, management performs judgments for determining if there is observable data indicating a decrease in the estimated cash flow of the loan portfolio before the decrease in such flow may be identified for a particular loan of the portfolio.

The loan loss allowance calculation process includes analysis of specific, historical and subjective components. The methodologies used by our banking subsidiaries include the following elements:

- a detailed periodic analysis of the loan portfolio;
- a credit classification system by risk levels;
- a periodic review of the summary of loss allowances;
- identification of individually evaluated loans due to impairment;
- consideration of internal factors such as size, organizational structure, loan portfolio structure, loan administration process, analysis of overdue portfolio and experiences of historical losses;
- consideration of risks inherent to different types of loans; and

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- consideration of external factors, including local, regional, and national, as well as economic factors.

For credits individually considered as significant and impaired, the amount of the loan loss allowance is calculated using the discounted cash flow method. Management of each financial entity makes assumptions regarding the amount to be recovered for each client and the time in which such amount will be recovered. During the calculation of allowances for credits considered individually as significant and impaired, based on their guarantee, management performs estimates of the fair value of such guarantees with the support of independent expert appraisers.

For loans not considered individually significant, or for those credits individually significant but not impaired, loan loss allowances are calculated collectively using elements such as the historical loss rate, periodically updated data reflecting current economic conditions, performance trends of the industry, geographic concentrations of debtors within each portfolio of the segment and any other relevant information that may affect the payment. Grupo Aval's banking subsidiaries also determine whether the credit risk (i.e., risk of default) of a financial instrument has increased significantly since initial recognition. They consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on their historical experience, expert credit assessment and forward-looking information.

To quantify expected credit losses in portfolios evaluated collectively the banking subsidiaries of Grupo Aval have calculation methodologies that consider three fundamental factors: exposure, probability of default and loss given default.

- Exposure at default – "EAD" is the expected exposure from a counterparty at the time of a possible default.

- Probability of default – "PD" is the probability that the counterpart defaults in its payment obligations of capital and/or interest. The probability of default is associated to the rating/scoring or level of delinquency of the borrower. When a financial instrument's credit risk has increased significantly since initial recognition, a PD for the remaining life of the credit (PD-lifetime) is used, while a PD for the next 12 months is used when the credit risk has not increased significantly.

- Loss given default – "LGD" is the estimated loss in case a payment default occurs taking into consideration the guarantees and the corresponding appraisal.

For more information, see Note 4.1 Credit Risk.

Liquidity Risk Management

In each of our financial subsidiaries, the asset and liability management (ALM) team is responsible for managing the bank´s balance sheet and ensuring that the bank can meet its financial obligations. This includes managing the bank´s liquidity, interest rate risk, and other financial risks. The ALM team works closely with other teams within the bank, such as the treasury, risk management, and investment teams, to ensure that the bank´s overall risk profile is consistent with the risk appetite and regulatory requirement. The financing and liquidity models are decentralized and based on the autonomous management of each subsidiary. However, liquidity risk policies at the financial subsidiaries are compliant with guidelines established by the Superintendency of Finance and local regulators.

These guidelines require Grupo Aval's Colombian financial subsidiaries to establish a liquidity risk management system (*Sistema de Administración de Riesgo de Liquidez*), which includes the identification, measurement, control and monitoring functions to ensure the management of day-to-day liquidity needs, adjust minimum liquidity buffers and establish liquidity contingency plans to deal with unexpected situations. Grupo Aval, as a holding company, is not required to maintain minimum liquidity positions.

During 2024, Grupo Aval's financial subsidiaries in Colombia maintained adequate levels of high-quality liquid assets to meet the 30-day liquidity requirements, according to the methodology of the Superintendency of Finance. There is no evidence of any upcoming liquidity risk threat. Notwithstanding the foregoing, the liquidity units of the financial subsidiaries have worked to measure the future impacts on the index considering the economic and commercial environment.

See Note 4.3. of our audited consolidated financial statements for liquidity risk management, the regulatory methodology and results.

The Net Stable Funding Ratio (CFEN for its initials in Spanish) based on the Basel standard aimed to limit excessive dependence on unstable funding resources for strategic assets that are often illiquid and at the same time, allows entities to maintain a stable funding profile in relation to their assets.

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The CFEN ratio is defined as a ratio of the available amount of stable funding (ASF) to a required amount of stable funding (RSF). "Stable funding" is defined as those types and amounts of equity and liability financing, expected to be reliable sources of funds over a one-year time horizon under conditions of long-term stress.

Available stable funding (ASF) is defined as the sum of: (i) capital; (ii) preferred stock with maturity of equal to or greater than one year; (iii) liabilities with effective maturities of one year or greater multiplied by an ASF factor of 100%; and (iv) the portion of "stable" non-maturity deposits and/or term deposits with maturities of less than one year that would be expected to stay with the institution for an extended period in a stress scenario multiplied by an ASF factor between 0% and 90%.

The required amount of stable funding is calculated as the sum of the value of the assets held and funded by the institution, multiplied by a specific required stable funding (RSF) factor assigned to each particular asset type, multiplied by its associated RSF factor. The total RSF is the sum of the corresponding weighted amounts. RSF factors are intended to approximate the amount of a specific asset that would have to be financed, either because it will be renewed, it could not be liquidated through its sale, or it is engaged in a money market operation, during a year without incurring in significant losses. That amount must be financed with ASF.

Since the CFEN ratio was introduced into liquidity risk regulation in 2019, the Superintendencia Financiera de Colombia (SFC) has progressively enhanced this framework by incorporating additional requirements, including new segments and risk factors. As stipulated in Circular Externa 013, issued in 2023, entities are required to develop a qualitative and quantitative methodology to classify deposits from supervised financial entities (currently its factor is 25%), collective investment funds without permanency agreements (currently its factor is 25%), and the real sector (currently its factor is 90%), into operating and non-operating categories based on their stability. This methodology must be submitted to the SFC for approval by August 30, 2025, with the objective of applying differentiated risk factors according to their stability levels: supervised financial entities (operating 50%, non-operating 0%), collective investment funds without permanency agreements (operating 50%, non-operating 0%) and the real sector (operating 90%, non-operating 50%).

Aval Fiduciaria S.A. and Aval Casa de Bolsa S.A. are exempt from calculating the CFEN ratio.

The following tables show the consolidated CFEN ratio for each of our banks in Colombia as well as for Corficolombiana, expressed as a percentage as of December 31, 2024, and 2023 as follows:

	At December 31, 2024				
	Banco de Bogotá S.A.	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.
	(in Percentage)				
CFEN	107.0	105.6	112.5	107.2	97.2

	At December 31, 2023				
	Banco de Bogotá S.A.	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.
	(in Percentage)				
CFEN	108.6	108.8	108.8	111.1	98.2

Market Risk Management

Market risk management focuses on the probability of changes in the value of the investment's portfolios due to fluctuations in financial instruments' prices.

The holding company of Grupo Aval does not have material market risk on its own. However, it monitors and oversees market risk at a consolidated entities level through reports received from its financial subsidiaries, which have the primary responsibility of managing their market risk. The financial subsidiaries present market risk, primarily derived from the banks' lending, trading and investment activities. The main sources of market risks to which financial subsidiaries are exposed to are interest rate risk, foreign exchange rate risk, variations in stock price risk and investment fund risk.

Grupo Aval and its financial subsidiaries' respective Boards of Directors, through their Risk Management Committees, are responsible for establishing policies, procedures, and risk limits regarding market risk (banking and trading book). Additionally, these committees monitor overall performance considering the risks assumed. These policies and procedures describe the control framework used by Grupo Aval and its financial subsidiaries to identify, measure, and manage market risk exposures inherent in financials activities. The main purpose of these policies and procedures is to set risk limits.

See Note 4.2. of our audited consolidated financial statements for the regulatory value-at-risk methodology and results, structural foreign exchange risk, interest rate risk in the banking book and sensitivity of Grupo Aval's consolidated balance sheet .

Operational Risk Management

Grupo Aval defines operational risk as "the risk of incurring losses due to deficiencies, failures or inadequate functioning of our processes, technology, infrastructure or human resources, as well as the occurrence of external events associated with them, including legal risk". Operational risk is inherent to all services, products, activities, processes and systems, and affects all business and support areas, so all employees are responsible for managing and controlling the risks that arise in the development of their activities.

The operational risk policies in Grupo Aval and financial subsidiaries are approved by the Board of Directors of each of them and are aimed at complying with the guidelines established by Superintendency of Finance. These guidelines require that we establish a system of operational risk management (SARO) that includes identification, measurement, control and monitoring of functions required to ensure adequate risk management..

As a part of the processes achieved in the management of operational risk the execution of missionary, strategic and support processes and implements the necessary controls to meet its obligations with clients, shareholders and other stakeholders. SARO's management is complemented by the definition, implementation, testing and maintenance of the Business Continuity Plan, which is part of strengthening the operational risk control stage.

To comply with the implementation of SARO, each of our financial subsidiaries established within its organizational structure an Operational Risk Unit independent of the operational and control areas of each financial subsidiary. The responsibilities of these units are the establishment and definition of policies, methodologies and procedures for communicating within each organization all information related to operational risk. In addition to the staff of each Operational Risk Unit, the financial subsidiaries have established the role of operational risk leaders, which are employees in key areas who, in addition to their functional responsibilities, are required to report events or situations which may result in eventual operational losses. Additionally, each financial subsidiary has an operational risk management committee which meets on a periodical basis to review operational risks policies and follow up on the execution of action plans.

The Operational Risk Unit (URO) maintains its monitoring process to the risk profile of the entity, reports to senior management, and validated that risks levels are adequate and accepted.

Grupo Aval and its subsidiaries participate in the corporate operational risk management committee, made up of the heads of the Operational Risk Units of each financial subsidiary and Grupo Aval's risk management personnel. The main activities of this committee are as follows:

- reviewing, studying and updating corporate policies and guidelines for operational risk management.;
- coordinate the analysis of regulation and the impact in Grupo Aval's financial subsidiaries;
- identify and apply operational risk management best practices;
- Supervise the operational risk management systems of the financial subsidiaries, including corporate indicators and their results;
- coordinate the standardization of operational risk methodologies; and
- identify and implement operational risk management tools.

Grupo Aval and its subsidiaries comply with the minimum capital requirements for operational risk in their solvency calculation, in accordance with the instructions established in the Basic Accounting and Financial Circular (CBCF). The credit institutions base their calculation on the standard method to determine the exposure to operational risk; currently the subordinates have operational risk event bases certified by the regulator, so the internal loss indicator (IPI) is determined based on this element.

In the case of the pension and severance fund management company, the Superintendency of Finance has established a different methodology in the same circular.

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According to the standard model, the operational risk for Grupo Aval´s financial subsidiaries consolidated at their level and their respective value in basis points of regulatory capital of December 31, 2024 and 2023 was as follows:

	At December 31, 2024		At December 31, 2023	
Entity	Value	Basis Points of Regulatory Capital	Value	Basis Points of Regulatory Capital
	(in Ps millions)			
Banco de Bogotá and subsidiaries	7,382	112	6,806	106
Banco de Occidente and subsidiaries	3,151	83	2,625	74
Banco Popular and subsidiaries	4,605	224	5,138	109
Banco AV Villas S.A.	1,144	129	1,064	117
Corficolombiana and subsidiaries	3,022	560	3,319	664
Porvenir S.A.	1,349	5,089	1,360	2,302
Aval Fiduciaria	143	7,117	125	5,422
Aval Casa de Bolsa	35	1,452	28	2,619

[1] *The information about Banco Popular and subsidiaries includes the operational risk of Corficolombiana and subsidiaries. However, taking into account the materiality of operational risk in Corficolombiana and subsidiaries it is also presented separately in this table.*

Business Continuity Management

The maturity of the Business Continuity Management system represents our commitment to a strong and resilient culture, providing all stakeholders with contingency solutions that enable them to increase their confidence in managing events that disrupt the normal operation of our business. The execution of business continuity testing has been developed to identify strengths and opportunities for improvement in the entities' operation scheme. As a result, the strategies and preparation of the functional teams and technological processes proved to be effective in facing disruption scenarios.

The guidelines established by Grupo Aval's Corporate Business Continuity Committee aim to support compliance with business continuity requirements based on knowledge of the policies and activities developed by each entity. The main activities of this committee are as follows:

- Best practices in relation to business impact analysis (BIA), risk assessment, evaluation of critical suppliers, among others.
- Follow-up of compliance with corporate policy and guidelines.
- Monitoring of corporate indicators and follow-up of reports to Grupo Aval.
- Crisis management for each of the subsidiaries.

Furthermore, recovery and restoration strategies have been strengthened, increasing the levels of business resilience, and strengthening the continuity plans of the subsidiaries. The review of critical suppliers and cloud services continue to be pillars of improvement in the business continuity strategies of Grupo Aval and its subsidiaries.

Risk of external transactional fraud

In 2024 Grupo Aval and its subsidiaries, maintained its analysis of external transactional fraud events, identifying their modalities and causes in order to generate mitigating actions that protect the service offered by our entities. Identifying the vulnerabilities of products and services allows executing action plans that look to improve the service to customers and users.

The articulation with the operation of other risks such as cybersecurity, operational risk and conduct risk, allow creating synergies for the definition and implementation of controls that seek to mitigate the risk of transactional external fraud.

Non-Financial Risk Review

Grupo Aval and its subsidiaries are committed to the preservation of integrity through compliance with applicable laws, regulations, and ethical standards in each of the markets in which we operate. All employees are expected to adhere to these laws, regulations and ethical standards and management of each subsidiary is responsible for ensuring such compliance. Compliance is an essential ingredient of good corporate governance.

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The compliance function covers all matters relating to regulatory compliance, the prevention of money laundering and terrorist financing, consumer protection, antibribery and anticorruption, as well as compliance with the standards of the U.S. Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley) in some subsidiaries including the most significant from a quantitative perspective.

The compliance function is independent of the business areas in all our subsidiaries and promotes adherence to the rules, oversight requirements, principles, and values of good conduct through all our companies. The corporate governance structure at Grupo Aval establishes standards, policies and best practices that apply to each company to enforce the standard requirements, that business units should follow. The compliance or risk units in each subsidiary enforce the application of the corporate and internal policies providing advice and information in the interest of employees, customers, shareholders, and supervisors.

The compliance function in our financial subsidiaries is incorporated into the risk areas with access to the Board of Directors and its committees through the Chief Risk Officer or its equivalent. In addition, the legal departments of each financial subsidiary, have access to these bodies on a regular basis. This structure is aligned with banking regulatory requirements and supervisory expectations.

The compliance unit assists Senior Management at the entity level in identifying and assessing potential compliance issues as well as providing guidance to staff on compliance laws, rules, and standards, and performs a monitoring and reporting role. The legal departments or its equivalent in our subsidiaries have the primary responsibility for identifying and interpreting compliance laws, rules, and standards, and for aiding in drafting related policies and procedures. The internal audit units review the adequacy of controls established to ensure compliance with policies, plans, procedures, and business objectives, in accordance with the annual internal audit plan and legal requirements, as well as COSO 2013 as internal control framework.

Anti-money laundering and terrorist financing

Grupo Aval and its financial subsidiaries must comply with the guidelines established by local authorities and the Superintendency of Finance of Colombia (which, in turn, follows international standards). These guidelines require that Colombian financial entities establish a risk management system for risks related to money laundering and terrorist financing (Sistema de Administración de Riesgo de Lavado de Activos y Financiación del Terrorismo - SARLAFT) which includes the identification, measurement, control, and monitoring functions to prevent and mitigate the materialization of risks related to money laundering and terrorist financing.

In compliance with the regulations of the Superintendency of Corporations, our non-financial sector entities that are regulated by this superintendency, have implemented the control system for the prevention of the money laundering and financing of terrorism called SAGRILAFT (*Sistema de Autogestión de Riesgo Integral de Lavado de Activos y Financiación del Terrorismo*). A methodology for measuring the maturity level of the system to prevent money laundering and terrorist financing was defined, consisting of an annual self-evaluation that includes qualitative factors of the compliance program ranging from the control environment to monitoring the effectiveness of the controls.

Bimonthly Corporate Committees are held with the participation of the Compliance Officers of the principal entities. Through these instances, Grupo Aval ensures that best practices are adopted by the entities, and undertakes a periodic review of the methodology, risk factors and risks materializations. Depending on their impact an assessment is made in these committees to determine if there are gaps in the factors considered (ranging from policies, organization, knowledge of the client, identification of unusual operations, status of communications, acquisition, development and maintenance of systems, incident management, degree of compliance, strategy, government, and control architecture, among others) or improvement opportunities. Compliance Officers in each subsidiary are required to report periodically the main findings and assessment of the anti-money laundering risk to the Board of Directors.

All local financial subsidiaries and those in the non-financial sector that are required to implement the control system for the prevention of money laundering and financing of terrorism – SAGRILAFT, in compliance with local regulations, must report suspicious transactions to the UIAF (*Unidad de Información y Análisis Financiero*) of the Ministry of Finance.

Annually, each subsidiary must certify to Grupo Aval holding the degree of compliance with corporate policies and procedures for the calendar year that ends, based on program maturity goals. According to this, each of our subsidiaries must comply the standards defined by Grupo Aval, in addition to those set by applicable regulation.

Anti-bribery and anti-corruption

Grupo Aval has designed controls to safeguard that its employees act with integrity in all their dealings and strictly prohibits bribery and corruption in any form. Grupo Aval is committed to a policy of zero tolerance against corruption. Anti-corruption principles are stated in the Corporate Anti-Corruption Policy and are summarized below, based on the fundamental principle of zero tolerance:

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- Employees of Grupo Aval and of all its subsidiaries must conduct their business fairly, honestly, accountably and transparently; therefore, all forms of corruption, including facilitation payments, are strictly prohibited;
- Ethical lines of Grupo Aval and its subsidiaries are available to employees and third-parties. Any complaints are carefully investigated, ensuring appropriate actions and the whistleblowers anonymity. Other means such as email and web pages can be used to report corruption events;
- Gifts or entertainment must always be proportionate and reasonable, must have a legitimate purpose and must not create a conflict of interest or the perception thereof;
- Donations, sponsorships and other operations are controlled, regulated by strict principles, and should be reported to Compliance Officers; and
- Questionable behavior should be challenged, and rumors of improper payments or activities should be reported to management or could be reported via the whistleblower reporting channels.

In accordance with the above, Grupo Aval monitors that the accounting records of transactions with high exposure to anti-corruption and anti-bribery laws accurately reflect such transactions and their proper accountancy.

A corporate methodology has been established to identify, assess, document and manage corruption risks. It includes semi-annually updating of the risk – controls matrix, applying the approved methodology and annual evaluation of the risk of corruption at the level of each entity.

We have designed a process of self-assessment and annual certification applicable to all the Grupo Aval subordinates which consists of evaluating the environment of control and the way in which each subordinate is mitigating the anti-corruption risks identified, with a special emphasis on donations, gifts, invitations, sponsorships, and TPI (third parties intermediaries) administration. The policies also apply to acquisitions and joint ventures.

Legal Risk

Each subsidiary's legal department supports operational risk management in its area of expertise. These areas define and establish the necessary procedures to adequately control the legal risks inherent in financial subsidiaries' operations, making sure legal risks are well mitigated and that the controls meet legal standards. It also analyzes and drafts contracts for operations carried out by the different business units.

With respect to the legal situation of each subsidiary, each legal department ensures that the allowances for contingencies have been appropriately created whenever required. Grupo Aval has assessed the relevant claims filed against it, based on the analysis and criteria of the lawyers in charge.

Regarding copyrights, Grupo Aval and each of its subsidiaries exclusively use software or licenses that have been legally acquired.

Details of the litigation filed against Grupo Aval are disclosed in Note 23 and 27 to our audited consolidated financial statements.

Conglomerate Risk

As of December 31, 2024, Aval Financial Conglomerate includes 28 Colombian and foreign entities that undertake activities under the supervision of the Superintendency of Finance (SFC).

Grupo Aval S.A., as holding company defined by the Superintendency of Finance, approved the Risk Management Framework (MGR) in its Board of Directors, and through the Risk Committee, studied and approved the MGR and the Early Warning System methodology and procedure for the implementation.

To develop the guidelines established in the Risk Management Framework Policy of the Aval Financial Conglomerate, through MGR's methodology, the aspects that the Financial Holding must consider for risks management of Financial Conglomerate's risks are:

1. **Contagion Risk**: Risk that results from the deterioration of the financial conditions of one or more of the entities belonging to a financial conglomerate, the stability of this or any of its entities will be compromised, or that of the financial system.

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To assess this risk, Grupo Aval's risk management unit, considers the relationships and exposures between entities of the conglomerate, and between these and their related entities or affiliates. Once those relationships are considered, through subject matter expert criteria and correlation analysis, it considers if also due to market perception and/or the potential materialization of reputational risk, those related entities can be affected by potential contagion. Reputational risk is defined broadly as: "risk arising from negative perception on the part of customers, counterparties, shareholders, investors, debt-holders, market analysts, other relevant parties or regulators that can adversely affect a bank's ability to maintain existing, or establish new, business relationships and continued access to sources of funding"-Basel definition. This risk is understood by local regulators as the possibility of loss incurred by a financial conglomerate's entity due to dispute, bad image, negative publicity, true or not, with respect to the same institution or its business practices, which causes loss of customers or decrease in income.

The materiality of the risk will depend, among other factors, on the amount, type, and frequency of interconnections that entities of the financial conglomerate have and those with which they relate.

2. **Strategic risk:** this risk arises from the inadequate consideration of risks in the strategic planning process of the Financial Holding and its implementation, as well as the impossibility of adapting to changes or the development of the economies and markets where the financial conglomerate operates.

This risk can also arise when the Financial Conglomerate ventures into new markets.

Grupo Aval as the Financial Holding of the Aval Financial Conglomerate, if required, will establish additional corporate governance policies that allow to identify circumstances that lead to materialization of this risk and mechanisms that allow its mitigation.

3. **Concentration risk:** Corresponds to the risk that an exposure to a single counterparty can: (i) generate losses that compromise the stability and financial position of the financial conglomerate, or (ii) disturbs the normal development of its business; or (iii) generate a material change in the risk profile of the financial conglomerate.

As part of the management of concentration risk in the financial conglomerate, Grupo Aval analyzes risk factors such as lines of business, geographical location, economic sector, and counterparties. Additionally, the concentration of service providers, shared service centers and the eventual occurrence of natural disasters are analyzed.

The Financial Holding has an organizational structure that promotes and facilitates the risk management of the financial conglomerate, while recognizing the organizational structure and the legal and governance autonomy of the entities that belong to the financial conglomerate.

Grupo Aval, with the support of Risk Committee, monitors Risk Management Framework, Risk Appetite Framework of the Financial Holding, and the Financial Conglomerate's Risk Profile to communicate in a timely manner to the Board of Directors about possible deviations from risk levels established and issue recommendations to take corrective actions and/or to modify policies when it is necessary.

Throughout 2024, financial conglomerate's risks management function was carried out in accordance with the defined policies, procedures, and methodologies.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt securities

Not applicable.

B. Warrants and rights

Not applicable.

C. Other securities

Not applicable.

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D. American depositary shares

Fees and Expenses

The depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of preferred shares, issuances in respect of preferred share distributions, rights and other distributions, issuances pursuant to a share dividend or share split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities in any manner permitted by the deposit agreement or whose ADRs are cancelled or reduced for any other reason, up to U.S.$5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, cancelled or surrendered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect of a preferred share distribution, rights and/or other distribution prior to such deposit to pay such charge.

The following additional charges will be incurred by the ADR holders, by any party depositing or withdrawing preferred shares or by any party surrendering ADSs or to whom ADSs are issued (including, without limitation, issuances pursuant to a share dividend or share split declared by our company or an exchange of securities regarding the ADRs or the deposited securities or a distribution of ADSs), whichever is applicable:

1. a fee of U.S.$0.05 or less per ADS for any cash distribution made pursuant to the deposit agreement;
2. a fee of U.S.$1.50 per ADR or ADRs for transfers of ADRs;
3. a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the fee for the execution and delivery of ADSs that would have been charged as a result of the deposit of such securities (treating all such securities as if they were preferred shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the depositary to those holders entitled thereto;
4. an aggregate fee of U.S.$0.05 per ADS per calendar year (or portion thereof) for services performed by the depositary in administering our ADR program (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders as of the record date or record dates set by the depositary during each calendar year and will be payable at the sole discretion of the depositary by billing such holders or by deducting such charge from one or more cash dividends or other cash distributions);
5. any other charge payable by any of the depositary, any of the depositary's agents, including, without limitation, the custodian, or the agents of the depositary's agents in connection with the servicing of our preferred shares or other deposited securities (which charge will be assessed against registered holders of our ADRs as of the record date or dates set by the depositary and will be payable at the sole discretion of the depositary by billing such registered holders or by deducting such charge from one or more cash dividends or other cash distributions);
6. stock transfer or other taxes and other governmental charges;
7. cable, telex and facsimile transmission and delivery charges incurred at your request in connection with the deposit or delivery of shares;
8. transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities;
9. expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars; and
10. such fees and expenses as are incurred by the depositary (including without limitation expenses incurred in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable laws, rules or regulations.

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary. The charges described above may be amended from time to time.

Direct and indirect payments

Our depositary has agreed to reimburse us for certain expenses we incur that are related to the establishment and maintenance of the ADR program upon such terms and conditions as we and the depositary may agree from time to time. The depositary may make available to us a

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set amount or a portion of the depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the depositary may agree from time to time.

The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions, by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary will generally set off the amounts owing from distributions made to holders of ADSs. If, however, no distribution exists and payment owing is not timely received by the depositary, the depositary may refuse to provide any further services to holders that have not paid those fees and expenses owing until such fees and expenses have been paid. At the discretion of the depositary, all fees and charges owing under the deposit agreement are due in advance and/or when declared owing by the depositary. The depositary may generally refuse to provide services to any holder until the fees and expenses owing by such holder for those services or otherwise are paid.

For the year ended December 31, 2024 we received U.S.$57,250 in payments from J.P. Morgan Chase Bank, N.A. as depositary of the ADR program.

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PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

A. Defaults

No matters to report.

B. Arrears and delinquencies

No matters to report.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

A. Material modifications to instruments

Not applicable.

B. Material modifications to rights

Not applicable.

C. Withdrawal or substitution of assets

Not applicable.

D. Change in trustees or paying agents

Not applicable.

E. Use of proceeds

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure controls and procedures

As of December 31, 2024, under the supervision and with the participation of our management, including our President and Chief Financial Officer, we performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). There are inherent limitations to the effectiveness of our disclosure controls and procedures system, including the possibility of human error and circumventing or overriding them. Even if effective, disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives.

Based on such evaluation, our President and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that the information we are required to disclose in the reports we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management to allow timely decisions regarding required disclosures.

B. Management's annual report on internal control over financial reporting

Our management is responsible for establishing and maintaining an adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act.

Our internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officers, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes, in accordance with generally accepted accounting principles. These include those policies and procedures that:

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1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of our assets;

2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements, in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorization of our management and directors; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, effective control over financial reporting cannot, and does not, provide absolute assurance of achieving our control objectives. Also, projections of and any evaluation of effectiveness of the internal controls in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We have adapted our internal control over financial reporting based on the guidelines set by the Internal Control – Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

Under the supervision and with the participation of our management, including our President, our Chief Financial Officer, our Chief Risk Officer and our Chief of Internal Control, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2024, based on the guidelines set forth by the COSO 2013.

Based on this assessment, management believes that, as of December 31, 2024, its internal control over financial reporting was effective.

C. Attestation report of the registered public accounting firm

The effectiveness of the internal control over financial reporting, as of December 31, 2024, has been audited by KPMG, an independent registered public accounting firm. KPMG’s Report of Independent Registered Public Accountant Firm appears on page F-2.

D. Changes in internal control over financial reporting

There was no significant change in our internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. Audit committee financial expert

The Board of Directors has determined that Fabio Castellanos Ordóñez is an audit committee financial expert. All members of our audit committee, including Esther América Paz Montoya, Luis Fernando López Roca, Fabio Castellanos Ordóñez, and the alternates Andrés Escobar Arango, Jorge Silva Lujan and José Mauricio Salgar are independent audit committee members under the standards of the New York Stock Exchange, which applies the audit committee independence requirements of the Securities and Exchange Commission.

ITEM 16B. Code of ethics

New York Stock Exchange rules for U.S. companies require that listed companies adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. We have in place a code of ethics that applies to the Company’s officers and employees, which is available on Grupo Aval’s website (www.grupoaval.com).

ITEM 16C. Principal accountant fees and services

Amounts billed by KPMG for audit and other services were as follows:

	2024	2023
	(In Ps millions)	
Audit fees	33,800	30,857
Audit-related fees	—	—
Tax fees	54	61
All other fees paid	—	—

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The aggregate fees billed under the caption audit fees for professional services rendered to Grupo Aval for the audit of its financial statements and for services that are normally provided to Grupo Aval, in connection with statutory or regulatory filings or engagements totaled Ps 33,800 million and Ps 30,857 million for the years 2024 and 2023, respectively.

Additionally, tax fees paid, which include other consultancy fees different from audit and audit-related fees, totaled Ps 54 million and Ps 61 million for the years ended 2024 and 2023, respectively.

The services commissioned from our auditors meet the independence requirements stipulated by the Board of Accountants (*Junta Central de Contadores*) and by SEC rules and regulations, and they did not involve the performance of any work that is incompatible with the audit function.

If we are required to engage an auditing firm for audit and audit-related services, those services have to be pre-approved by the Audit Committee.

The Audit Committee is regularly informed of all fees paid to the auditing firms by our company.

ITEM 16D. Exemptions from the listing standards for audit committees

All the members of our audit committee satisfy the independence requirements of the NYSE applicable to foreign private issuers.

ITEM 16E. Purchases of equity securities by the issuer and affiliated purchasers

Grupo Aval may repurchase its shares only with retained earnings. On the other hand, Colombian law prohibits the repurchase of shares of entities under the comprehensive supervision of and subject to inspection and surveillance as financial institutions by, the Superintendency of Finance. As such, Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, Corficolombiana and Porvenir and their respective financial subsidiaries are not permitted to repurchase their shares or Grupo Aval's shares.

The following table presents the number of our preferred shares approved for purchase by our company or by "affiliated purchasers" (as that term is defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
January, 2024	—	—	—	578,495,052
February, 2024	—	—	—	578,495,052
March, 2024	—	—	—	578,495,052
April, 2024	—	—	—	578,495,052
May, 2024	—	—	—	578,495,052
June, 2024	—	—	—	—
July, 2024	—	—	—	—
August, 2024	—	—	—	—
September, 2024	—	—	—	—
October, 2024	—	—	—	—
November, 2024	—	—	—	—
December, 2024	—	—	—	—

ITEM 16F. Change in registrant's certifying accountant

Not applicable.

ITEM 16G. Corporate governance

Grupo Aval, as a listed company that qualifies as a foreign private issuer under the NYSE listing standards in accordance with the NYSE corporate governance rules is permitted to follow home-country practice in some circumstances in lieu of the provisions of the corporate governance rules contained in Section 303A of the NYSE Listed Company Manual that are applicable to U.S. companies. We follow corporate governance practices applicable to Colombian companies and those described in our Corporate Governance Code, which in turn follow Colombian corporate governance rules. The Corporate Governance Code is available at Grupo Aval's website at www.grupoaval.com. Information on our website is not incorporated into this annual report.

The following is a summary of the significant differences between the corporate governance practices followed by Grupo Aval and those applicable to domestic issuers under the NYSE listing standards.

Independence of directors

See "Item 6. Directors, Senior Management and Employees—C. Board practices— Principal differences between Colombian and U.S. corporate governance practices—Independence of directors".

Non-executive director meetings

See "Item 6. Directors, senior management and employees—C. Board practices— Principal differences between Colombian and U.S. corporate governance practices—Non-executive director meetings".

Committees of the Board of Directors

See "Item 6. Directors, senior management and employees—C. Board practices— Principal differences between Colombian and U.S. corporate governance practices—Committees of the Board of Directors".

Shareholder approval of equity compensation plans

Under NYSE listing standards, shareholders of U.S. companies must be given the opportunity to vote on all equity compensation plans and to approve material revisions to those plans, with limited exceptions set forth in the NYSE rules. Grupo Aval and its subsidiaries currently have no equity compensation plans. Under Colombian law, shareholder approval is required for the compensation of members of the Board of Directors.

Shareholder approval of dividends

While NYSE corporate governance standards for U.S. companies do not require listed companies to have shareholders approve or declare dividends, in accordance with the Colombian Code of Commerce, all dividends must be approved by Grupo Aval's shareholders.

Corporate governance guidelines

NYSE rules for U.S. companies require that listed companies adopt and disclose corporate governance guidelines. The Superintendency of Finance recommends, but does not require, that listed companies adopt corporate governance guidelines; instead, it requires an annual corporate governance survey that compares a company's corporate governance practices to those recommended by the Superintendency of Finance, and mandates periodic disclosure thereof to the Colombian securities market information system. The annual corporate governance survey is available at Grupo Aval's website at www.grupoaval.com.

Code of business conduct and ethics

See "Item 16B. Code of Ethics."

Compliance with corporate governance rules

NYSE rules require the chief executive officer to certify annually that such officer is not aware of any non-compliance with NYSE corporate governance rules, and executive officers are required to promptly notify the NYSE of any material non-compliance. Companies must also submit a written affirmation annually or promptly upon the occurrence of certain changes in corporate governance. No similar requirements exist under Colombian law.

Internal audit function

NYSE rules for U.S. companies require that listed companies maintain an internal audit function to provide management and the audit committee with ongoing assessments of the company's risk management processes and system of internal control. Grupo Aval maintains an internal auditor, and a Chief of Internal Control to coordinate this function at the corporate level.

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ITEM 16H. Mine safety disclosure

Not applicable.

ITEM 16I. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections

Not Applicable.

ITEM 16J. Insider Trading Policies

We have adopted a Securities Trading Policy that governs the trading in our securities by our directors, officers and certain other covered persons, and which is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to the Company. A copy of the Securities Trading Policy is included as an exhibit to this annual report. Since its effective date, we have not waived compliance with our statement of trading policies

ITEM 16K. Cybersecurity

At Grupo Aval and its subsidiaries, cybersecurity risk management is an integral part of our enterprise risk management program. We establish policies, methodologies, and procedures aligned with local regulations, international standards, and industry best practices. In recent years, we have significantly expanded our capabilities to counteract the increasing number of attempts to breach our security barriers, the growing use of the Internet and automated processes, and the diversification of financial transaction channels. Our cybersecurity risk management framework provides a structured approach for handling threats and incidents, including those linked to third-party service providers. It includes steps for assessing the severity of threats, identifying their sources, implementing mitigation strategies, and informing management and the Board of Directors of material cybersecurity risks.

We and our financial subsidiaries engage third-party security experts for risk assessment and system enhancements. Additionally, our cybersecurity team provides annual training to all employees.

One of the greatest cybersecurity risks in 2024 is the increasing sophistication of AI-based attacks, which are growing exponentially in speed and success rate. Quantum computing also presents a significant risk, as it threatens to render current cryptographic protocols obsolete, posing substantial security challenges for data and communication systems. Grupo Aval actively monitors and mitigates these risks through a robust control environment based on industry best practices, specialized security frameworks, and proactive measures.

To strengthen transactional security, we have implemented risk engines that leverage predictive AI based on neural networks and self-learning algorithms. These systems detect fraudulent behavior in real time with high accuracy, reducing user friction and enhancing customer experience.

To mitigate risks associated with the increasing use of digital channels, we have implemented additional security controls, including:

- Restricting channels for sending multi-factor authentication codes.
- Enhancing fraud intelligence through AI-driven statistical models.
- Strengthening the digital channel enrollment process with new technologies, such as facial biometrics.
- Expanding transaction monitoring processes.
- Reinforcing client cybersecurity awareness campaigns.
- Establishing a process requiring each subsidiary to report changes to security controls or the implementation of new measures.

Throughout 2024, we maintained and enhanced security controls for remote work environments to restrict and protect access to information and technological resources for our employees.

The Board of Directors of our financial subsidiaries has overall oversight of cybersecurity risk management. This responsibility is delegated to the Cybersecurity and Information Security Committee and its equivalents at the Board level. These committees ensure that management has processes in place to identify and evaluate cybersecurity risks, implement mitigation strategies, and report material cybersecurity threats to the Board and the Corporate Vice Presidency of Risk and Compliance.

Grupo Aval's Board of Directors has designated a member to oversee cybersecurity risk management at a corporate level. Management is responsible for continuously assessing material cybersecurity risks, monitoring potential exposures, implementing mitigation measures, and maintaining cybersecurity programs. Our cybersecurity programs are directed by the Corporate Vice Presidency of Risk and Compliance and the Corporate Vice Presidency of Information Technology. These teams consist of certified and experienced professionals in information systems security and cybersecurity risk management.

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Grupo Aval's management, including the Vice Presidency of Risk and Compliance and cybersecurity teams, regularly update their Boards of Directors and Cybersecurity and Information Security Committees on the company's cybersecurity programs, risks, and mitigation strategies. Reports are provided semi-annually or quarterly in some subsidiaries, covering third-party assessments, developments in cybersecurity, and updates to mitigation strategies.

In 2024, we did not identify any cybersecurity threats that materially affected or are likely to materially affect our business strategy, operations, or financial condition. However, despite our efforts, we acknowledge that cybersecurity risks cannot be entirely eliminated, and we cannot guarantee that we have not experienced an undetected cybersecurity incident.

For more information on these risks, please refer to: "Item 3. Key Information—Risk Factors—Other Risks Relating to Our Businesses—We Are Subject to Cybersecurity Threats" and "Item 3. Key Information—Risk Factors—Other Risks Relating to Our Businesses—Failure of Our Information Systems Could Materially and Adversely Affect Our Risk Management, Internal Controls, and Financial Condition".

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PART III

ITEM 17. Financial statements

We have responded to Item 18 in lieu of this item.

ITEM 18. Financial statements

Financial Statements are filed as part of this annual report, see page F-1.

ITEM 19. Exhibits

1.1	English translation of By-laws of Grupo Aval.
2.1	Form of Deposit Agreement among Grupo Aval, JPMorgan Chase Bank, N.A., as depositary, and the holders from time to time of American depositary shares issued thereunder, including the form of American depositary receipts (incorporated by reference to Exhibit 99(a) to our Registration Statement on Form F-6 (File No. 333-198614) filed with the SEC on September 8, 2014).
2.2	Indenture among Grupo Aval Limited, as Issuer, Grupo Aval Acciones y Valores S.A., as Guarantor, Deustche Bank Trust Company Americas, as Trustee, Registrar, Paying Agent and Transfer Agent, dated as of February 4, 2020. (incorporated by reference Exhibit 2.3 to our Annual Report on Form 20 – F for the year ended December 31, 2020, filed with the SEC on April 12, 2021)
2.3	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
2.4	Supplemental Indenture to the Indenture dated as of February 4, 2020 among Grupo Aval Limited, as Issuer, Grupo Aval Acciones y Valores S.A., as guarantor and Deutsche Bank Trust Company Americas, as Trustee, Registrar, Paying Agent and Transfer Agent, dated as of February 23, 2022. (incorporated by reference Exhibit 2.6 to our Annual Report on Form 20 – F for the year ended December 31, 2021, filed with the SEC on April 21, 2022).
8.1	Subsidiaries of the registrant.
11.1	Securities Trading Policy (incorporated by reference to Exhibit 11.1 to our Annual Report on Form 20–F for the year ended December 31, 2023, filed with the SEC on April 17, 2024).
12.1	Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
13.2	Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Grupo Aval Clawback Policy (incorporated by reference to Exhibit 97.1 to our Annual Report on Form 20–F for the year ended December 31, 2023, filed with the SEC on April 17, 2024).
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104.	Inline XBRL Cover Page Interactive Data File (embedded within the Inline XBRL document).

We will furnish to the SEC, upon request, copies of any unfiled instruments that define the rights of holders of long-term debt of Grupo Aval.

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Grupo Aval Acciones y Valores S.A.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Grupo Aval Acciones y Valores S.A. and subsidiaries (Grupo Aval) as of December 31, 2024 and 2023, the related consolidated statements of income, other comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). We also have audited Grupo Aval's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grupo Aval as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board. Also in our opinion, Grupo Aval maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

Grupo Aval's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's annual report on internal control over financial reporting". Our responsibility is to express an opinion on Grupo Aval's consolidated financial statements and an opinion on Grupo Aval's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Grupo Aval in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of

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financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

(i) Assessment of the loss allowance on the loan portfolio

As discussed in Notes 4.1.5 and 11 to the consolidated financial statements, Grupo Aval's loss allowance for its loan portfolio was 10,006,639 million of Colombian pesos as of December 31, 2024. The Group measures the loss allowance for its loan portfolio at an amount equal to lifetime Expected Credit Losses (ECL), except for those loans that have not experienced a Significant Increase in Credit Risk (SICR) since their initial recognition for which Grupo Aval calculates a twelve-month ECL. The loss allowance for the loan portfolio reflects a probability weighted outcome that considers multiple economic scenarios based on forecasts of future economic conditions and is determined as a function of Grupo Aval's estimate of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) of each loan. Grupo Aval uses complex models which incorporate inputs and assumptions that require knowledge of the market and experience in the industry. In addition, for significant impaired loans, allowance estimates are made through individual evaluation based on quantitative criteria, such as the methods of discounted cash flow and fair value of the guarantee, and qualitative criteria that involve knowledge of the customer's current situation, the environment in which it carries out its activities, legal or bankruptcy proceedings and expert judgment, among other aspects.

We identified the assessment of the loss allowance for the loan portfolio as a critical audit matter. Significant auditor judgment was required because there is a high degree of measurement uncertainty due to significant judgments inherent to the methodology, including judgments on forward-looking information and credit impaired clients or exposures. Assessment of the loss allowance on the loan portfolio required significant auditor attention and complex auditor judgment as well as specialized skills and industry knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to Grupo Aval's process for calculating the loss allowance for loans. This included controls related to: (i) the models and assumptions used; (ii) the economic forecasting; (iii) the completeness and accuracy of data; and (iv) the review of the overall allowance for impairment losses, including the application of judgment applied by Grupo Aval We involved credit risk professionals with specialized skills and knowledge who assisted in: (i) evaluating the models and key inputs used in determining PD, LGD and EAD parameters; (ii) evaluating the forecasts of macroeconomic variables and the probability weighting of scenarios; (iii) assessing the qualitative adjustments applied to the loss allowance for loans; (iv) for a sample of individually significant loans, checking the accuracy of the impairment calculation and analyzing the values of the guarantees; and (v) for a sample of individually significant loans, assessing the credit risk rating assigned by Grupo Aval.

(ii) Assessment of the fair value of financial assets related to concession arrangements.

As discussed in Notes 2.20, 5 and 16 to the consolidated financial statements Grupo Aval has 4,181,835 million of Colombian pesos of financial assets arising from concession contracts which are measured at fair value and classified as level 3 as of December 31, 2024. Grupo Aval is party to concession arrangements with the Colombian Government for the construction and subsequent maintenance of infrastructure, for a given period of time. In exchange Grupo Aval is entitled to receive direct payments from the government and / or fees charged to the end users of the infrastructure. During the construction phase Grupo Aval recognizes revenue and a financial asset for payments that are unconditionally guaranteed, and / or an intangible asset for payments which are linked to the use of the infrastructure. Performance obligations related to the construction services are satisfied over time and the amount of revenue recognized is dependent on the stage of completion of the

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construction services and the fair value of the asset being recognized. Grupo Aval has designated some of the financial assets related to concession arrangements to be measured at fair value through profit or loss subsequent to initial recognition.
We identified the fair value of financial assets related to concession arrangements as a critical audit matter. It involved significant auditor judgment and audit effort, including the involvement of valuation professionals with specialized skills and knowledge. For financial assets related to concession arrangements subsequently measured at fair value through profit or loss, auditor judgment was required to evaluate the models developed by Grupo Aval to estimate their fair value as well as the significant unobservable inputs and assumptions to these models. The significant unobservable inputs and assumptions to the models include the weighted average cost of capital (WACC) and the future inflation rates.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to Grupo Aval's process to determine the fair value of financial assets arising from concession contracts. This included controls related to: (i) the review of the inputs and assumptions used; and (ii) the review and approval of the fair value of the assets. We involved valuation professionals with specialized skills and knowledge who assisted in: (i) assessing whether the internally developed models are consistent with valuation practices generally used for that purpose and IFRS; (ii) comparing the WACC to a range determined using market-verified macroeconomic assumptions and (iii) evaluating the future inflation rates by comparing to available market data.

/s/ KPMG S.A.S.

KPMG S.A.S

We have served as Grupo Aval's auditor since 1985.

Bogotá, Colombia
April 28, 2025

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Grupo Aval Acciones y Valores S.A.
Consolidated Statements of Financial Position
As of December 31, 2024 and 2023
(Amounts expressed in millions of Colombian pesos)

	Notes		2024		2023
Assets					
Cash and cash equivalents	**6, 7**	**Ps.**	**16,998,859**	**Ps.**	**18,597,861**
Trading assets	**6, 8**		**20,163,214**		**15,451,121**
Investment securities	**6, 9**		**39,162,618**		**34,425,693**
Hedging derivative assets	**6, 10**		**54,019**		**48,662**
Loans	**4.1, 6, 11**				
Commercial			116,119,698		107,440,424
Consumer			61,976,325		59,999,611
Mortgages			22,035,727		18,486,206
Microcredit			4,375		277,529
			200,136,125		**186,203,770**
Loss allowance	4.1.5		(10,006,639)		(10,035,715)
Total loans, net			**190,129,486**		**176,168,055**
Other accounts receivable, net	**6, 12**		**27,958,402**		**25,617,225**
Non-current assets held for sale	**13**		**105,214**		**101,184**
Investments in associates and joint ventures	**14**		**1,430,596**		**1,290,683**
Tangible assets	**15**				
Property, plant and equipment for own-use and given in operating lease			4,680,543		4,521,792
Right-of-use assets			1,351,624		1,336,957
Investment properties			972,935		906,469
Biological assets			238,339		230,672
			7,243,441		**6,995,890**
Intangibles					
Concession arrangement rights	16		14,314,560		13,557,267
Goodwill	17		2,223,608		2,202,222
Other intangible assets	18		2,758,318		2,382,427
			19,296,486		**18,141,916**
Income tax assets	**19**				
Current			3,149,902		2,596,837
Deferred			1,628,201		1,280,912
			4,778,103		**3,877,749**
Other assets			**538,945**		**465,557**
Total assets		**Ps.**	**327,859,383**	**Ps.**	**301,181,596**

The accompanying notes are an integral part of these Consolidated Financial Statements

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Grupo Aval Acciones y Valores S.A.
Consolidated Statements of Financial Position, continued
As of December 31, 2024 and 2023
(Amounts expressed in millions of Colombian pesos)

	Notes		2024		2023
Liabilities and equity					
Liabilities					
Trading liabilities	**6, 8**	**Ps.**	**1,011,934**	**Ps.**	**2,154,361**
Hedging derivative liabilities	**6, 10**		**21,658**		**217,566**
Customer deposits	**20**				
Checking accounts			24,579,536		23,809,859
Savings accounts			79,614,904		71,149,883
Time deposits			96,329,827		86,597,460
Other			347,910		430,194
			200,872,177		**181,987,396**
Financial obligations	**21**				
Interbank borrowings and overnight funds			18,509,769		15,081,920
Borrowings from banks and others			28,098,159		27,031,593
Bonds issued			26,215,847		23,427,826
			72,823,775		**65,541,339**
Provisions	**23**				
Legal related			192,526		217,689
Non legal related			910,145		865,594
			1,102,671		**1,083,283**
Income tax liabilities	**19**				
Current			247,502		268,347
Deferred			5,616,464		5,546,640
			5,863,966		**5,814,987**
Employee benefits	**22**		**1,003,303**		**907,808**
Other liabilities	**24**		**11,996,981**		**11,954,440**
Total liabilities			**294,696,465**		**269,661,180**
Equity					
Owners of the parent	**25**				
Subscribed and paid-in capital			23,744		23,744
Additional paid-in capital	21.4		9,508,062		9,571,374
Retained earnings	25.1		8,163,434		7,731,773
Other comprehensive income	25.5		(243,983)		(544,219)
Equity attributable to owners of the parent			**17,451,257**		**16,782,672**
Non-controlling interests	**26**		**15,711,661**		**14,737,744**
Total equity			**33,162,918**		**31,520,416**
Total liabilities and equity		**Ps.**	**327,859,383**	**Ps.**	**301,181,596**

The accompanying notes are an integral part of these Consolidated Financial Statements

Grupo Aval Acciones y Valores S.A.
Consolidated Statements of Income
For the years ended December 31, 2024, 2023 and 2022
(Amounts expressed in millions of Colombian pesos)

		For the years ended		
Continuing operations	**Notes**	**2024**	**2023**	**2022**
Interest income calculated using the effective interest method				
Loan portfolio	11	Ps. 25,465,582	Ps. 26,534,115	Ps. 17,559,516
Investments in debt securities		2,716,350	2,385,289	1,843,516
Total interest income		**28,181,932**	**28,919,404**	**19,403,032**
Interest expense	**21.3**			
Deposits		(15,194,029)	(16,214,226)	(7,756,432)
Financial obligations		(5,720,304)	(6,418,204)	(3,907,963)
Total interest expense		**(20,914,333)**	**(22,632,430)**	**(11,664,395)**
Net interest income		**7,267,599**	**6,286,974**	**7,738,637**
Impairment (losses) recoveries on financial assets				
Loans and other accounts receivable		(4,755,134)	(4,751,039)	(3,120,403)
Other financial assets		(4,163)	12,871	(16,723)
Recovery of charged-off financial assets		574,260	555,774	643,978
Net impairment loss on financial assets		**(4,185,037)**	**(4,182,394)**	**(2,493,148)**
Net interest income, after impairment losses		**3,082,562**	**2,104,580**	**5,245,489**
Income from commissions and fees		4,616,144	4,356,336	3,874,439
Expenses from commissions and fees		(1,032,350)	(1,003,813)	(970,676)
Net income from commissions and fees	**28**	**3,583,794**	**3,352,523**	**2,903,763**
Income from sales of goods and services		11,048,600	11,223,556	12,141,327
Costs and expenses of sales goods and services		(8,571,245)	(8,005,597)	(7,596,231)
Gross profit from sales of goods and services	**28**	**2,477,355**	**3,217,959**	**4,545,096**
Net trading income (loss)	**29**	**1,404,404**	**(916,049)**	**1,559,626**
Net income from other financial instruments mandatorily at fair value through profit or loss	**16**	**350,919**	**323,685**	**278,751**
Other income	**30**	**890,668**	**3,751,306**	**(848,571)**
Other expenses	**30**	**(8,651,798)**	**(8,346,454)**	**(7,409,783)**
Net income before tax expense		**3,137,904**	**3,487,550**	**6,274,371**
Income tax	19	(946,427)	(1,310,434)	(2,271,404)
Net income from continuing operations		**Ps. 2,191,477**	**Ps. 2,177,116**	**Ps. 4,002,967**
Net income from discontinued operations, net of tax	**1.1**	**—**	**—**	**866,166**
Net income for the year		**Ps. 2,191,477**	**Ps. 2,177,116**	**Ps. 4,869,133**
Net income attributable to owners of the parent				
Net income for the period from continuing operations		1,015,087	739,003	1,888,895
Net income for the period from discontinued operations, net of tax	1.1	—	—	593,990
Owners of the parent	**25**	**Ps. 1,015,087**	**Ps. 739,003**	**Ps. 2,482,885**
Net income attributable to non-controlling interests				
Net income for the period from continuing operations		1,176,390	1,438,113	2,114,072
Net income for the period from discontinued operations, net of tax	1.1	—	—	272,176
Non-controlling interests	**26**	**Ps. 1,176,390**	**Ps. 1,438,113**	**Ps. 2,386,248**
Net income for the year		**Ps. 2,191,477**	**Ps. 2,177,116**	**Ps. 4,869,133**
Net income per share basic and diluted (in Colombian pesos, see note 25.3)		**42.75**	**31.12**	**107.29**

The accompanying notes are an integral part of these Consolidated Financial Statements

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Grupo Aval Acciones y Valores S.A.
Consolidated Statements of Other Comprehensive Income
For the years ended December 31, 2024, 2023 and 2022
(Amounts expressed in millions of Colombian pesos)

	Notes		2024		2023		2022
Net income for the year		**Ps.**	**2,191,477**	**Ps.**	**2,177,116**	**Ps.**	**4,869,133**
Other comprehensive income							
Items that will be reclassified to profit or loss							
Net gain (loss) on hedges of net investments in foreign operations:	10.1, 25.5						
Hedged items			514,713		(797,514)		(6,675,329)
Hedging derivative instrument			—		—		4,051,499
Hedging non-derivative instrument			(500,007)		760,997		2,549,821
Cash flow hedges	10.2, 25.5		55,081		(35,923)		(2,396)
Foreign currency translation differences from unhedged foreign operations	25.5		247,019		(409,671)		1,356,213
Unrealized (losses) gains on securities at FVOCI							
Debt financial instruments	9.2, 25.5		(112,692)		1,795,666		(2,187,495)
Investments in associates and joint ventures	14, 25.5		15,329		(35,892)		81,730
Income tax	19.6, 25.5		238,675		(818,733)		(1,926,071)
			458,118		**458,930**		**(2,752,028)**
Items that will not be reclassified to profit or loss							
Transfer from owner-occupied property to investment property	25.5		16,741		(1,963)		461
Unrealized gains (losses) on equity securities at FVOCI	9.4, 25.5		301,497		156,383		(439,150)
Actuarial (losses) gains from defined benefit pension plans	25.5		(17,739)		(56,324)		95,819
Income tax	19.6, 25.5		(12,484)		5,501		(67,977)
			288,015		**103,597**		**(410,847)**
Other comprehensive income, net of taxes	**25.5**	**Ps.**	**746,133**	**Ps.**	**562,527**	**Ps.**	**(3,162,875)**
Total comprehensive income, net of taxes		**Ps.**	**2,937,610**	**Ps.**	**2,739,643**	**Ps.**	**1,706,258**
Total comprehensive income for the year attributable to:							
Owners of the parent			1,315,323		1,341,349		219,138
Non-controlling interests			1,622,287		1,398,294		1,487,120
		Ps.	**2,937,610**	**Ps.**	**2,739,643**	**Ps.**	**1,706,258**

The accompanying notes are an integral part of these Consolidated Financial Statements

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Grupo Aval Acciones y Valores S.A.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2024, 2023 and 2022
(Amounts expressed in millions of Colombian pesos)

	Subscribed and paid-in capital	Additional paid – in capital	Appropriated retained earnings	Other comprehensive income (OCI)	Equity attributable to owners of the parent	Non-controlling interest (NCI)	Total equity
Balance at January 1, 2022	**Ps. 22,281**	**Ps. 8,490,799**	**Ps. 13,383,391**	**Ps. 1,117,182**	**Ps. 23,013,653**	**Ps. 16,457,994**	**Ps. 39,471,647**
Issuance of shares	1,463	1,082,307	—	—	**1,083,770**	572,085	**1,655,855**
Dividends declared in shares [1]	—	—	(1,083,770)	—	**(1,083,770)**	(572,008)	**(1,655,778)**
Dividends declared in cash [1]	—	—	(119,405)	—	**(119,405)**	(550,390)	**(669,795)**
Equity transactions	—	(1,732)	—	—	**(1,732)**	(13,359)	**(15,091)**
Spin Off [2]	—	—	(6,638,961)	—	**(6,638,961)**	(3,019,613)	**(9,658,574)**
Effect of realization	—	—	(5,188)	—	**(5,188)**	(2,312)	**(7,500)**
Other comprehensive income	—	—	—	(2,263,747)	**(2,263,747)**	(899,128)	**(3,162,875)**
Withholding Tax over dividends	—	—	(535)	—	**(535)**	(4,828)	**(5,363)**
Net income	—	—	2,482,885	—	**2,482,885**	2,386,248	**4,869,133**
Balance at December 31, 2022	**Ps. 23,744**	**Ps. 9,571,374**	**Ps. 8,018,417**	**Ps. (1,146,565)**	**Ps. 16,466,970**	**Ps. 14,354,689**	**Ps. 30,821,659**
Dividends declared in cash [1]	—	—	(1,025,718)	—	**(1,025,718)**	(1,014,789)	**(2,040,507)**
Effect of realization	—	—	1,423	—	**1,423**	317	**1,740**
Other comprehensive income	—	—	—	602,346	**602,346**	(39,819)	**562,527**
Deconsolidation of entities	—	—	(1,041)	—	**(1,041)**	(914)	**(1,955)**
Withholding Tax over dividends	—	—	(311)	—	**(311)**	147	**(164)**
Net income	—	—	739,003	—	**739,003**	1,438,113	**2,177,116**
Balance at December 31, 2023	**Ps. 23,744**	**Ps. 9,571,374**	**Ps. 7,731,773**	**Ps. (544,219)**	**Ps. 16,782,672**	**Ps. 14,737,744**	**Ps. 31,520,416**
Dividends declared in cash [1]	—	—	(569,843)	—	**(569,843)**	(618,579)	**(1,188,422)**
Effect of realization	—	—	(9,573)	—	**(9,573)**	(4,405)	**(13,978)**
Other comprehensive income	—	—	—	300,236	**300,236**	445,897	**746,133**
Equity transactions [3]	—	(63,312)	—	—	**(63,312)**	(13,511)	**(76,823)**
Withholding Tax over dividends	—	—	(4,010)	—	**(4,010)**	(11,875)	**(15,885)**
Net income	—	—	1,015,087	—	**1,015,087**	1,176,390	**2,191,477**
Balance at December 31, 2024	**Ps. 23,744**	**Ps. 9,508,062**	**Ps. 8,163,434**	**Ps. (243,983)**	**Ps. 17,451,257**	**Ps. 15,711,661**	**Ps. 33,162,918**

(1) See note 25.2 "Declared Dividends".
(2) See note 1.1. "Discontinued operations of BAC Holding".
(3) See note 25.4 "Equity transactions"

The accompanying notes are an integral part of these Consolidated Financial Statements

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Grupo Aval Acciones y Valores S.A.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024, 2023 and 2022
(Amounts expressed in millions of Colombian pesos)

	Notes		2024		2023		2022 [1]
Cash flows from operating activities:							
Net income before income tax		Ps.	3,137,904	Ps.	3,487,550	Ps.	6,274,371
Reconciliation of net income before taxes and net cash (used) provided by operating activities:							
Depreciation of tangible assets and right-of-use assets	15, 28, 30		588,288		557,062		559,875
Amortization of intangible assets	28, 30		686,337		594,109		530,625
Impairment losses on loans and other accounts receivable	4.1.5		4,826,291		4,802,074		3,179,476
Net interest income			(7,267,599)		(6,286,974)		(7,738,637)
Accrued dividends	30		(148,452)		(126,274)		(119,888)
Net gains on sales of non-current assets held for sale			(21,498)		(47,994)		(9,687)
Gain on sale of property plant and equipment for own-use			(75,508)		(344,742)		(140,229)
Loss on sale of investment property			14,398		22,177		17,305
Gain on biological assets			(9,377)		(10,467)		(13,041)
Valuations and interest from concession agreements			(2,850,244)		(3,916,465)		(5,136,704)
Foreign exchange losses (gains)	30		454,818		(2,253,925)		1,825,718
Profit of equity accounted on investments in associates and joint ventures	14, 30		(378,396)		(371,397)		(372,777)
Net (gains) or losses on fair value adjustments of:							
Derivatives	29		(415,640)		2,581,132		(1,529,855)
Non-current assets held for sale	13		4,662		268		76
Investment properties	15		(35,841)		(84,958)		(55,930)
Biological assets	15		(7,589)		(18,601)		(56,859)
Changes in operating assets and liabilities:							
Trading assets			(5,566,417)		(2,764,761)		545,497
Other accounts receivable			(719,903)		(975,734)		(2,376,815)
Derivatives			238,494		(2,091,326)		1,379,945
Other assets			(136,824)		(78,251)		121,837
Other liabilities and provisions			1,085,770		1,434,088		462,871
Employee benefits			49,199		(27,517)		7,928
Loans			(13,964,962)		(7,600,446)		(27,840,725)
Customer deposits			14,823,718		15,352,172		17,835,153
Interbank borrowings and overnight funds			3,326,240		5,881,960		(1,352,653)
Borrowings from banks and others			(1,213,612)		(4,105,107)		9,127,800
Interest received			**28,017,616**		**26,104,288**		**16,944,928**
Interest paid			**(21,411,250)**		**(21,529,719)**		**(10,608,415)**
Interest paid on leases			**(239,745)**		**(202,362)**		**(146,275)**
Income tax paid			**(2,008,589)**		**(1,974,359)**		**(1,537,039)**
Net cash provided (used in) operating activities		**Ps.**	**782,289**	**Ps.**	**6,005,501**	**Ps.**	**(222,124)**

(1) See note 1.1, Information was not modified with respect to previous years.
The accompanying notes are an integral part of these Consolidated Financial Statements

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Grupo Aval Acciones y Valores S.A.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024, 2023 and 2022, continued
(Amounts expressed in millions of Colombian pesos)

	Notes		2024		2023		2022 [1]
Cash flows from investing activities:							
Acquisition of property, plant and equipment for own use and operating lease	15	Ps.	(636,099)	Ps.	(589,071)	Ps.	(519,368)
Acquisition of investment property	15		(793)		(163)		(2,266)
Additions of cost of biological assets	15		(26,572)		(26,118)		(28,368)
Capitalization and payments in concession contracts			305,686		853,778		452,612
Additions of others intangibles assets			(658,589)		(683,457)		(598,177)
Acquisition of investments at FVOCI			(15,351,132)		(24,353,596)		(21,008,926)
Proceeds from sale of investments at FVOCI			12,048,278		25,675,840		23,492,758
Proceeds from sale of own property and equipment			78,499		76,699		72,991
Proceeds from sale of investment properties			66,358		111,542		76,306
Proceeds from sale of biological assets			35,871		37,144		40,624
Proceeds from sale of non-current assets held for sale			49,699		61,652		41,635
Purchases of financial assets at amortized cost			(7,822,526)		(8,016,108)		(6,914,604)
Redemptions of financial assets at amortized cost			8,326,666		8,219,792		6,403,372
Dividends received from investments			445,602		477,568		411,369
Acquisition of investments in associates	14		(2,486)		(2,433)		(7,267)
Capitalized leasing cost			(335)		(132)		(690)
Proceeds from sale of investments in associates	1.1		—		—		2,645,914
Deconsolidation of entities			—		(2,290)		—
Discontinued operation	1.1		—		—		(17,570,390)
Net cash (used) provided in investing activities		**Ps.**	**(3,141,873)**	**Ps.**	**1,840,647**	**Ps.**	**(13,012,475)**
Cash flows from financing activities:							
Dividends paid to shareholders	21.4		(728,181)		(766,537)		(414,267)
Dividends paid to non-controlling interest	21.4, 26		(667,330)		(915,933)		(615,177)
Issuance of debt securities	21.4		2,262,527		2,609,994		695,136
Payment of outstanding debt securities	21.4		(1,758,387)		(4,072,742)		(7,837,898)
Leases	21.4		(416,640)		(391,667)		(383,472)
Equity transaction	21.4, 25.4		(55,000)		—		(15,014)
Net cash used in financing activities			**(1,363,011)**		**(3,536,885)**		**(8,570,692)**
Effect of foreign currency changes on cash and cash equivalents			**2,123,593**		**(2,744,259)**		**3,588,921**
Decrease in cash and cash equivalents from discontinued operations	1.1		—		—		**(1,393,602)**
(Decrease) increase in cash and cash equivalents			**(1,599,002)**		**1,565,004**		**(19,609,972)**
Cash and cash equivalents at beginning of year	**7**	**Ps.**	**18,597,861**	**Ps.**	**17,032,857**	**Ps.**	**36,642,829**
Cash and cash equivalents at end of year	**7**	**Ps.**	**16,998,859**	**Ps.**	**18,597,861**	**Ps.**	**17,032,857**

(1) See note 1.1, information was not modified with respect to previous years.

The accompanying notes are an integral part of these Consolidated Financial Statements

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Grupo Aval Acciones y Valores S.A.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024, 2023 and 2022
(Amounts expressed in millions of Colombian pesos)

NOTE 1 – REPORTING ENTITY

Grupo Aval Acciones y Valores S.A. (hereinafter the "The Group" or "Grupo Aval") was established under Colombian law in January 7, 1994, with its main offices and business address registered in Bogotá, D.C., Colombia. The corporate purpose of Grupo Aval is the purchase and sale of securities issued by financial and commercial entities. Grupo Aval is the majority shareholder of *Banco de Bogotá S.A., Banco de Occidente S.A., Banco Popular S.A.* and *Banco Comercial AV Villas S.A.*, entities whose main purpose is to perform all transactions, operations and services inherent to the banking business, pursuant to applicable laws and regulations. Furthermore, through its direct and indirect investments in *Corporación Financiera Colombiana S.A.* ("Corficolombiana"), in *Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.* ("Porvenir"), in *Aval Fiduciaria S.A.* and in *Aval Casa de Bolsa S.A. – Sociedad Comisionista de Bolsa.* Grupo Aval also engages in investment banking activities, trust services and investment management of trust funds, securities brokerage activities, investments in the non-financial sector and manages pensions and severance funds in Colombia.

In performing its activities and pursuant to the corporate bylaws, Grupo Aval may (i) promote the creation of all types of companies relating to its corporate purpose; (ii) represent individuals and companies involved in similar or complementary activities; (iii) grant or receive loans with or without interest; (iv) submit its properties as collateral; (v) issue, endorse, acquire, protest, cancel, or pay bills of exchange, checks, promissory notes or any other type of financial instruments, accept or submit them as payment; (vi) acquire, sell, tax, lease or manage any kind of assets; (vii) subscribe or acquire any kind of investments and sell or otherwise dispose of them; (viii) acquire and sell shares in companies that purse similar or complementary corporate interests ; (ix) render services in areas relating to its activities, experience and knowledge; and (x) carry out or participate, in acts and contracts relating to the aforementioned activities, enabling the exercise of rights and compliance of the obligations of The Group.

The duration of Grupo Aval set forth under the bylaws is until May 24, 2044, but the Company may be dissolved before such term expires, or it may be extended by free decision of Grupo Aval shareholders meeting.

When preparing its Consolidated Financial Statements, Grupo Aval Acciones y Valores S.A., directly consolidates the following entities:

Banco de Bogotá S.A.

Banco de Bogotá S.A., in which Grupo Aval holds 68.93% of the voting rights and 68.93% of the ownership interest as of December 31, 2024; was established as a bank on November 15, 1870. It was authorized to operate under the terms of the renewal resolution No. 3140 dated September 24, 1993 issued by the Superintendency of Finance. The commercial purpose of Banco de Bogotá is to participate and perform all operations and contracts legally authorized to commercial banking, subject to the limitations and requirements set forth under Colombian laws and regulations.

The following table presents details of Banco de Bogotá's most significant subsidiaries which are indirectly consolidated by Grupo Aval as of December 31, 2024:

Subsidiary	Core business	Location	Total voting rights held by Grupo Aval	Total ownership interest held by Grupo Aval
Main local direct subsidiaries				
Fiduciaria Bogotá S.A.	Management of trust funds.	Bogotá, Colombia	94.99%	65.47%
Almaviva S.A.	Logistics services.	Bogotá, Colombia	95.81%	66.04%
Megalínea S.A.	Technical and administrative services	Bogotá, Colombia	94.90%	65.41%
Main international direct subsidiaries (*)				
Banco de Bogotá Panamá S.A.	Commercial banking services.	Panamá, Republic of Panamá	100%	68.93%
Multi Financial Holding	Holding company of Multi Financial Group Inc. (MFG)	Panamá, Republic of Panamá	100%	68.93%

(*) Discontinued operations of BAC Holding Corp. (BAC Holding) (see note 1.1.)

(Amounts expressed in millions of Colombian pesos)

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Banco de Occidente S.A.

Banco de Occidente S.A., in which Grupo Aval holds 72.27% of the voting rights and 72.27% of the ownership interest as of December 31, 2024; was established as a banking entity on April 30, 1965. It was authorized to operate under the terms of the renewal resolution No. 3140 dated September 24, 1993 issued by the Superintendency of Finance. The commercial purpose of Banco de Occidente is to participate and perform all operations and contracts legally authorized to commercial banks, subject to the limitations and requirements set forth under Colombian laws and regulations.

The following table presents the details of Banco de Occidente's most significant subsidiaries, which are indirectly consolidated by Grupo Aval, as of December 31, 2024:

Subsidiary	Core business	Location	Total voting rights held by Grupo Aval	Total ownership interest held by Grupo Aval
Fiduciaria de Occidente S.A.	Management of trust funds.	Bogotá, Colombia	94.98%	70.86%
Banco de Occidente (Panamá), S.A.	Commercial banking services.	Panamá, Republic of Panamá	95.00%	68.66%
Occidental Bank Barbados Ltd.	Commercial banking services.	Barbados	100%	72.27%

Banco Popular S. A.

Banco Popular S. A., in which Grupo Aval holds 93.74% of the voting rights and 93.74% of the ownership interest as of December 31, 2024; was established as a banking entity on July 5, 1950. It was authorized to operate under the terms of the renewal resolution No. 3140 dated September 24, 1993 issued by the Superintendency of Finance. Its commercial purpose is to participate in and perform all operations and contracts legally authorized to commercial banks, subject to the limitations and requirements set forth under Colombian laws and regulations.

On November 22, 2023, Grupo Aval, Banco de Bogotá S.A., Banco de Occidente S.A. and Banco Popular S.A., entered into a shareholders' agreement pursuant to which Banco Popular S.A. will act as the controlling entity of Corporación Financiera Colombiana S.A. ("Corficolombiana") according to the terms of articles 260 and 261 of the Colombian Code of Commerce, as well as the requirements established in IFRS 10. The execution of the aforementioned agreement does not entail any change in the share ownership of Corficolombiana currently held by the parties to the agreement, nor any modification of the beneficial owner of Corficolombiana

The following table presents the details of Banco Popular's most significant subsidiaries which are indirectly consolidated by Grupo Aval, as of December 31, 2024:

Subsidiary	Core business	Location	Total voting rights held by Grupo Aval	Total ownership interest held by Grupo Aval
Alpopular S.A.	Conservation and custody of documents; transportation of products at national and international levels.	Bogotá, Colombia	71.10%	66.65%
Fiduciaria Popular S.A.	Management of trust funds.	Bogotá, Colombia	94.85%	88.91%
Corporación Financiera Colombiana – Corficolombiana S.A. (1)	Active management of a diversified equity portfolio through controlled and uncontrolled investments in strategic sectors including infrastructure, energy and gas, agribusiness and hotels.	Bogotá, Colombia	55.73%	40.53%

(1) Corficolombiana S.A., (in which Grupo Aval and its subsidiaries own 55.73% of the aggregate voting rights and Grupo Aval has 40.53% of the ownership interest as of December 31, 2024).

(Amounts expressed in millions of Colombian pesos)

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Corficolombiana is a merchant bank authorized to operate by the Superintendency of Finance by the resolution of October 18, 1961. Corficolombiana´s core business is the active management of an equity portfolio through controlling and non-controlling investments in key strategic sectors that include infrastructure, energy and gas, agribusiness and hotels.

The following table presents the details of Corficolombiana´s most significant subsidiaries which are indirectly consolidated by Grupo Aval, as of December 31, 2024:

Subsidiary	Core business	Location	Total voting rights held by Grupo Aval	Total ownership interest held by Grupo Aval
Colombiana de Licitaciones y Concesiones S.A.S.	Infrastructure projects.	Bogotá, Colombia	100%	40.53%
Estudios y Proyectos del Sol S.A.S.	Infrastructure projects.	Bogotá, Colombia	100%	40.53%
Promigas S.A. E.S.P.	Transportation and distribution of natural gas.	Barranquilla, Colombia	50.88%	20.62%
Proyectos y Desarrollos Viales del Pacífico S.A.S.	Infrastructure projects.	Bogotá, Colombia	100%	40.53%
Concesionaria Vial Del Oriente S.A.S.	Infrastructure projects.	Bogotá, Colombia	100%	40.53%
Concesionaria Vial Del Pacifico S.A.S.	Infrastructure projects.	Sabaneta Antioquia	100%	40.53%
Estudios, Proyectos e Inversiones de los Andes S.A.S. y subsidiarias	Infrastructure projects.	Bogotá, Colombia	100%	40.52%
CFC Gas Holding S.A.S.	Investment Company	Bogotá, Colombia	100%	40.53%

Banco Comercial AV Villas S. A.

Banco Comercial AV Villas S. A., in which Grupo Aval holds 80.39% of the voting rights and 79.87% of the ownership interest as of December 31, 2024; was incorporated as a banking entity on October 24, 1972. It was authorized to operate under the terms of the renewal resolution No. 3352 dated August 21, 1992 issued by the Superintendency of Finance. The commercial purpose of Banco AV Villas is to participate and perform all operations and contracts legally authorized to commercial banks, subject to the limitations and requirements imposed by Colombian laws and regulations.

The following table presents the details of Banco AV Villas' subsidiary which is indirectly consolidated by Grupo Aval, as of December 31, 2024:

Subsidiary	Core business	Location	Total voting rights held by Grupo Aval	Total ownership interest held by Grupo Aval
Aval Valor Compartido S.A. – AVC [(1)]	ATM network services and maintenance	Bogotá, Colombia	100%	78.93%

[(1)] Corresponds to the new corporate name of A Toda Hora S.A.

Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.

Porvenir S.A., in which Grupo Aval and its subsidiaries own 100% of the aggregate voting rights and Grupo Aval has an economic interest of 75.76% as of December 31, 2024, was established by Public Deed No. 5307 of Notary 23 of Bogotá on October 23 of 1991, it has an operating permit granted by the Superintendency of Finance through Resolution number 3970 of October 30, 1991; Porvenir is an administrator of pension and severance funds authorized by law.

(Amounts expressed in millions of Colombian pesos)

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The following table presents the details of Porvenir's subsidiary which is indirectly consolidated by Grupo Aval, as of December 31, 2024:

Subsidiary	Core business	Location	Total voting rights held by Grupo Aval	Total ownership interest held by Grupo Aval
Aportes en Línea S.A.	Technical and administrative services.	Bogotá, Colombia	100%	75.18%

Grupo Aval Limited

Grupo Aval Limited is a 100% owned subsidiary of Grupo Aval in Cayman Islands. It was established on December 29, 2011. Grupo Aval Limited is a limited liability company registered with the Assistant of the Registrar of Companies of Cayman Islands under registry number MC-265169, with its Main Office located in Ugland House, South Church Street, George Town, Grand Cayman KY1-1104. It was constituted as a special purpose vehicle for issuing foreign debt. Likewise, this company may, as part of its corporate purpose, develop any business activity within the framework of the law.

Aval Fiduciaria S.A.

Aval Fiduciaria S.A. (the Fiduciary), in which Grupo Aval holds 100% of the voting rights and 96.73% of the ownership interest as of December 31, 2024; is a private corporation subject to the control and supervision by the Superintendency of Finance. The exclusive purpose of Aval Fiduciaria is to carry out all fiduciary businesses regulated by law and by the norms that complement and add thereto on all kinds of movable and immovable, tangible and intangible assets. Its primary domicile is the city of Cali, and it operates through agencies in Bogota, D.C., Medellín, Barranquilla, and Bucaramanga.

Aval Casa de Bolsa S.A. – Sociedad Comisionista de Bolsa

Aval Casa de Bolsa S.A. – Sociedad Comisionista de Bolsa, in which Grupo Aval holds 97.30% of the voting rights and 86.40% of the ownership interest as of December 31, 2024; is a private entity whose corporate purpose is carrying out a commission contract for the purchase and sale of securities registered in the Colombian Securities Exchange and the National Registry of Securities and Issuers (RNVE), the administration of collective investment funds, the administration of securities, the performance of operations on its own account, securities brokerage and the provision of advisory services regarding the capital markets, among others.

Legal and regulatory restrictions

Grupo Aval and its Colombian subsidiaries are subject to the following restrictions to transfer profits or perform transactions, in accordance with the legal requirements in Colombia:

- Before distributing any dividends to their shareholders, the companies should assign 10% of their profits to a legal reserve until the reserve equals 50% of paid-in capital.
- The subsidiaries of Grupo Aval that operate in the financial sector in Colombia may not grant loans to a counterpart that exceed 10% of their regulatory capital if the loan is unsecured or 25% if it is granted with an acceptable security or third-party guarantee, as per Superintendency of Finance rules. There is an exception to this rule that extends the maximum limit of up to 25% (without guarantee) when it refers to loans to fourth generation toll roads "4G" infrastructure projects.
- Pursuant to article 2.1.2.1.8 of Decree 2555 of 2010, banks in Colombia have a lending limit of 30% of their regulatory capital with respect to loans granted to financial entities. These same limits apply all financial entities.

Foreign subsidiaries of Grupo Aval do not have any restriction to transfer dividends to the parent company. Lending operations in general have restrictions similar to those of banks in Colombia, as described above.

Grupo Aval and its subsidiaries do not have significant restrictions on their ability to access or use their assets and settle their liabilities other than those resulting from the supervisory frameworks within which subsidiaries of the financial sector operate. The supervisory frameworks require subsidiaries of the financial sector to keep certain levels of regulatory capital (see note 4.4) and liquid assets (see note 4.3), limit their exposure to other parts of Grupo Aval and its subsidiaries and comply with other ratios.

(Amounts expressed in millions of Colombian pesos)

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NOTE 1.1 DISCONTINUED OPERATIONS OF BAC HOLDING

On March 31, 2022, a 75% equity interest held in BAC Holding by Banco Bogotá was spun off. As a result of the spin-off, Banco de Bogotá lost control of BAC Holding, retaining a 25% equity interest recognized as an investment in associates. On December 6, 2022, Banco de Bogotá agreed to sell its 25% equity interest in the outstanding shares of BAC Holding, under a tender offer extended by a related party on October 18, 2022. Afterwards, the Tender Offer was oversubscribed 1.20x, and as a result, Banco de Bogotá sold and transferred 20.89% of its equity interests to the related party on December 19, 2022. The remaining 4.11% ceased to be an investment in associate and was recognized as a financial asset at fair value with changes in OCI (FVOCI) (see note 5.5). On March 17, 2023 Banco de Bogotá sold 4.11% of the shares of BAC Holding International Corp's outstanding ordinary shares.

A) SPIN-OFF BAC Holding International Corp. (BAC Holding)

In March 2022, Grupo Aval completed the spin-off process that resulted in the loss of control of BAC Holding, through the subsidiary Banco de Bogotá, which at the time had a 100% of the ownership interest in BAC Holding, spinning off 75% of its shares in favor of Banco de Bogota´s shareholders and subsequently to Grupo Aval´s shareholders.

The following are the impacts on assets, liabilities and equity recognized in the Consolidated Financial Statements as a result of BAC Holding´s spin-off as of March 31, 2022:

Spin-off		**Value**
Total assets	**Ps.**	**111,185,832**
Total liabilities		**98,305,772**
Non-controlling interest		1,961
BAC Holding´s equity as of March 31, 2022	**Ps.**	**12,878,099**
Spin-off percentage		75.00%
Spin-off amount	Ps.	9,658,574
Percentage of Grupo Aval over BAC Holding		68.74%
Effect of the spin-off on owners of the parent	Ps.	(6,638,961)
Effect of the spin-off on non-controlling interest	Ps.	(3,019,613)

The following is the effect of the realization of Other Comprehensive Income a result of the loss of control of the subsidiary BAC Holding as of March 31, 2022:

Other Comprehensive Income items which were reclassified to profit or loss		**Value**
Hedged items	Ps.	6,551,200
Hedging derivative instruments		(4,013,210)
Hedging non-derivative instruments		(2,761,143)
Foreign currency translation differences from unhedged foreign operations		(1,267,033)
Unrealized gains on debt securities at FVOCI		98,947
Income tax expense		2,443,861
Total reclassifications of Other Comprehensive Income to profit or loss	**Ps.**	**1,052,622**
Grupo Aval´s ownership over BAC Holding		68.74%
Attributable to owners of the parent	Ps.	723,535
Attributable to non-controlling interest	Ps.	329,087
Total reclassifications of Other Comprehensive Income to retained earnings	**Ps.**	**(7,735)**
Grupo Aval´s ownership over BAC Holding		68.74%
Attributable to owners of the parent	Ps.	(5,317)
Attributable to non-controlling interest	Ps.	(2,418)

(Amounts expressed in millions of Colombian pesos)

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The following are BAC Holding´s assets and liabilities which were derecognized at their carrying values as a result of the spin off as of March 31, 2022:

Assets		
Cash and cash equivalents	**Ps.**	17,570,390
Trading assets		158,850
Investment securities		14,286,296
Loans, net		69,778,334
Other accounts receivable, net		915,840
Non-current assets held for sale		63,957
Tangible assets		1,899,743
Goodwill		5,902,410
Other Intangibles		196,106
Income tax assets		227,872
Other assets		186,034
Total assets	**Ps.**	**111,185,832**
Liabilities and equity		
Liabilities		
Trading liabilities	**Ps.**	904
Customer deposits		83,778,961
Financial obligations		10,938,587
Provisions		39,670
Income tax liabilities		481,239
Employee benefits		246,186
Other liabilities		2,820,225
Total liabilities	**Ps.**	**98,305,772**
Owners of the parent:		
Equity attributable to owners of the parent	**Ps.**	**12,878,099**
Non-controlling interest		**1,961**
Total equity		**12,880,060**
Total liabilities and equity	**Ps.**	**111,185,832**

Income Statement of discontinued operations

The following is discontinued operations Income Statement for the three-month period ended March 31 2022:

		From January 1, to March 31, 2022
Interest income calculated using the effective interest method		
Loan portfolio	Ps.	1,684,995
Investments in debt securities		164,424
Total interest income		**1,849,419**
Interest expense		
Deposits		
Checking accounts		(47,739)
Savings accounts		(53,608)
Time deposits		(324,670)
		(426,017)
Financial obligations		
Interbank borrowings and overnight funds		(253)
Borrowings from banks and others		(66,621)
Bonds issued		(61,195)
		(128,069)
Net interest income		**1,295,333**
Impairment losses on financial assets		
Loans and other accounts receivable		(264,926)
Other financial assets		(2,850)
Net impairment loss on financial assets		**(267,776)**
Net interest income, after impairment losses		**1,027,557**
Income from commissions and fees		753,523

(Amounts expressed in millions of Colombian pesos)

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		From January 1, to March 31, 2022
Expenses from commissions and fees		(30,396)
Net income from commissions and fees		**723,127**
Net trading income		**953**
Other income		**291,413**
Other expenses		**(1,274,056)**
Net income before tax expense		**768,994**
Income tax expense		(224,104)
Net income from discontinued operations	**Ps.**	**544,890**
Net reclassifications of Other Comprehensive Income	**Ps.**	**1,052,622**
Net income from discontinued operations, net of tax	**Ps.**	**1,597,512**
Net income for the year attributable to:		
Owners of the parent	Ps.	1,098,073
Non-controlling interests		499,439
Net income from discontinued operations, net of tax	**Ps.**	**1,597,512**
Net income per share basic and diluted (in Colombian pesos, see note 25.3 "Earnings per share").	**Ps.**	**47.45**

Cash Flows of spin-off

The following is the detail of the Cash Flow of discontinued operations from January 1 to March 31, 2022:

		March 31, 2022
Gain of discontinued operations, net of taxes	**Ps.**	**(1,597,512)**
Reconciliation of net income before taxes and net cash provided by operating activities:		
Effect of realization OCI to income	Ps.	1,052,622
BAC Holding Corp's participation in results		544,890
Net cash provided by operating activities	**Ps.**	**-**
Cash flows from investing activities:		
Loss of control in subsidiary	Ps.	(17,570,390)
Net cash by investing activities	**Ps.**	**(17,570,390)**
Decrease in cash and cash equivalents	Ps.	(1,393,602)
Decrease in cash and cash equivalents		(18,963,992)
Cash and cash equivalents at beginning of year	**Ps.**	**18,963,992**
Cash and cash equivalents at end of year	**Ps.**	**-**

B) SALE OF BAC HOLDING

Upon completion of the 75% spin-off, BAC Holding was recognized as an investment in associates with a 25% interest and it continued to represent a geographical segment that generated significant income for the Bank through its equity participation, in the geographic area of Central America, in which said entity operates.

On December 14, 2022, the Colombian Stock Exchange communicated to the market the results of the Public Offer for Acquisition (OPA was carried out by a related party controlled by the ultimate beneficial owner of the Group - see note 34) – BAC Holding´s of ordinary shares, stating the acceptance of shares at a price per share of Ps. 293 pesos. As a result of this transaction, Banco de Bogotá sold 9,030,424,454 shares for a value of Ps. 2,645,914, maintaining a 4.11% stake in BAC Holding (see note 5.5) On March 17, 2023 Banco de Bogotá sold 4.11% of the shares of BAC Holding International Corp's outstanding ordinary shares.

The aforementioned transaction was partially financed by the Group through a loan to the acquiring entity (see note 34).

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Grupo Aval Acciones y Valores S.A.
Notes to the Consolidated Financial Statements
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(Amounts expressed in millions of Colombian pesos)

The following are the details of the transaction:

Disposal of BAC Holding		**Value**
BAC shares before the sale		10,805,047,272
Investment carrying amount as of April 1, (The fair value of the retained interest).	Ps.	3,356,952
Equity method		
Share of profit of equity accounted investees, net of tax		251,660
Other Comprehensive Income, investments in associates		(15,364)
Other Comprehensive Income, foreign currency translation differences from hedged		930,900
Other Comprehensive Income, cumulative translation adjustment of the investments		1,439
Derecognition of BAC Holding as an investment in associate	**Ps.**	**4,525,587**
Effects on the Income Statement for the period		**Value**
Derecognition of BAC Holding as an investment in associate	**Ps.**	(4,525,587)
Recognition of retained interest		519,964
Consideration received		2,645,914
Amount reclassified to discontinued operations as a Share of profit of equity accounted investees, net of tax	**Ps.**	**251,660**
Other Comprehensive Income items are reclassified to the Income Statement		
Net gain (loss) on hedges of net investments in foreign operations:		
Foreign currency translation differences from hedged		930,900
Non-derivative hedging instrument		(900,454)
Foreign currency translation differences from unhedged foreign operations		**30,446**
Equity method		(15,364)
Cumulative translation adjustment of the investments		1,439
Deferred tax		360,182
Total Other Comprehensive Income reclassifications to the Income Statement	**Ps.**	**376,703**
Grupo Aval´s ownership over BAC Holding		68.93%
Attributable to owners of the parent		259,644
Attributable to non-controlling interest		117,059
Total Other Comprehensive Income reclassifications to the Income Statement		**376,703**
Net income from discontinued operations	**Ps.**	**(731,346)**

Cash Flows of sale

		December 31, 2022
Net income from discontinued operations	**Ps.**	**(731,346)**
Effect of realization OCI to income		(376,703)
Net income net, tax expense	**Ps.**	**(1,108,049)**
Changes in operating assets and liabilities		1,108,049
Net cash provided by operating activities		-
Net cash used in provided by investing activities		2,645,914
Net cash used by financing activities		-
Effect of foreign currency changes on cash and equivalents		-
Increase in cash and cash equivalents		**2,645,914**
Cash and cash equivalents at beginning of period	**Ps.**	**-**
Cash and cash equivalents at end of period	**Ps.**	**2,645,914**

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Grupo Aval Acciones y Valores S.A.
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For the years ended December 31, 2024, 2023 and 2022
(Amounts expressed in millions of Colombian pesos)

Summary discontinued operations during the year 2022 BAC Holding Corp. (BAC Holding)

	Spin-off	Sale	Net
	From January 1, to March 31, 2022	December 2022	December 2022
Interest income calculated using the effective interest method			
Loan portfolio	Ps. 1,684,995	Ps. —	Ps. 1,684,995
Investments in debt securities	164,424	—	164,424
Total interest income	**1,849,419**	**—**	**1,849,419**
Interest expense			
Deposits			
Checking accounts	(47,739)	—	(47,739)
Savings accounts	(53,608)	—	(53,608)
Time deposits	(324,670)	—	(324,670)
	(426,017)	**—**	**(426,017)**
Financial obligations			
Interbank borrowings and overnight funds	(253)	—	(253)
Borrowings from banks and others	(66,621)	—	(66,621)
Bonds issued	(61,195)	—	(61,195)
	(128,069)	**—**	**(128,069)**
Net interest income	**1,295,333**	**—**	**1,295,333**
Impairment (losses) recoveries on financial assets			
Loans and other accounts receivable	(264,926)	—	(264,926)
Other financial assets	(2,850)	—	(2,850)
Net impairment loss on financial assets	**(267,776)**	**—**	**(267,776)**
Net interest income, after impairment losses	**1,027,557**	**—**	**1,027,557**
Income from commissions and fees	753,523	—	753,523
Expenses from commissions and fees	(30,396)	—	(30,396)
Net income from commissions and fees	**723,127**	**—**	**723,127**
Net trading income	**953**	**—**	**953**
Other income	**291,413**	**251,660**	**543,073**
Other expenses	**(1,274,056)**	**(1,359,709)**	**(2,633,765)**
Net income before tax expense	**768,994**	**(1,108,049)**	**(339,055)**
Income tax expense	(224,104)	—	(224,104)
Net income from discontinued operations	**Ps. 544,890**	**Ps. (1,108,049)**	**Ps. (563,159)**
Net reclassifications of Other Comprehensive Income	**Ps. 1,052,622**	**Ps. 376,703**	**Ps. 1,429,325**
Net income from discontinued operations, net of tax	**Ps. 1,597,512**	**Ps. (731,346)**	**Ps. 866,166**
Net income for the year attributable to:			
Owners of the parent	Ps. 1,098,073	Ps. (504,083)	Ps. 593,990
Non-controlling interests	499,439	(227,262)	272,177
Net income from discontinued operations, net of tax	**Ps. 1,597,512**	**Ps. (731,346)**	**Ps. 866,166**
Net income per share basic and diluted (in Colombian pesos, see note 25.3 "Earnings per share").	**Ps. 47.45**	**Ps. (21.78)**	**Ps. 25.67**

(Amounts expressed in millions of Colombian pesos)

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Impact on the cash flow report:

The impacts on cash flow for the periods ended are detailed below:

		December 31, 2022
Gain of discontinued operations, net of taxes	**Ps.**	**(866,166)**
Reconciliation of net income before taxes and net cash provided by operating activities:		
Effect of realization OCI to income		1,429,325
BAC Holding Corp's participation in results		796,550
Loss on sale of investment and recognition of retained interest		(1,359,709)
Net cash provided by operating activities	**Ps.**	**-**
Cash flows from investing activities:		
Loss of control in subsidiary	Ps.	(17,570,390)
Proceeds from sale of investments in associates		2,645,914
Net cash by investing activities	**Ps.**	**(14,924,476)**
Decrease in cash and cash equivalents	Ps.	(1,393,602)
Decrease in cash and cash equivalents		(16,318,078)
Cash and cash equivalents at beginning of year	**Ps.**	**18,963,992**
Cash and cash equivalents at end of year	**Ps.**	**2,645,914**

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NOTE 2 – BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

The Consolidated Financial Statements of Grupo Aval have been prepared in accordance with International Financial Reporting Standards – Accounting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

The Consolidated Financial Statements have been prepared on the basis of historical cost, except for financial assets at Fair Value Through Profit or Loss (“FVTPL”), at Fair Value Through Other Comprehensive Income (“FVOCI”), derivative financial instruments, investment properties, non-current assets held for sale and biological assets which are measured at fair value. Additionally, non-current assets held for sale are measured at the lower value of their carrying value at the time of transfer and fair value, minus estimated costs of disposal and employee benefits which are measured at the present value of the defined benefit obligation (see note 2.22).

The Consolidated Financial Statements were authorized for issuance by the Audit Committee on April 25, 2025.

The following are the main accounting policies applied in preparing the Consolidated Financial Statements of Grupo Aval as of December 31, 2024, 2023 and 2022.

2.1 Basis of preparation of Consolidated Financial Statements

a) Presentation of Consolidated Financial Statements

The Consolidated Financial Statements are prepared as follows:

- The Consolidated Statement of Financial position presents the company´s assets and liabilities based on liquidity since it provides reliable and more relevant information than separate current and non-current classifications.

- The Consolidated Statements of Income and Other Comprehensive Income are presented separately. The Consolidated Statement of Income is presented according to the function of expenses, as this method provides reliable and more relevant information.

- The Consolidated Statement of Cash Flows is presented using the indirect method. Accordingly, net cash flows from operating activities are determined by reconciling net income before tax expense, with the effects of non-cash items, net changes in assets and liabilities from operating activities, and for any other effects that are not classified as investing or financing activities. Revenues and expenses due to interest received and paid are part of operating activities.

b) Consolidated Financial Statements

Grupo Aval prepares its Consolidated Financial Statements incorporating its controlled entities. Grupo Aval controls an investee if and only if it complies with the following elements:

- Power over the investee entitling Grupo Aval to direct any relevant activities that significantly affect the investee's performance.
- Exposure, or rights to variable returns from its involvement with the investee.
- Ability to affect those returns through its power over the investee.

Grupo Aval carries out an annual assessment of all its contractual relationships in order to identify new controlled entities or entities where control has been lost. For the year 2024 and 2023, no new entities were identified which had to be consolidated.

The financial statements for Grupo Aval´s subsidiaries are included in the consolidated financial statements since the date on which Grupo Aval acquires control or following control until the date on which control is lost.

During the consolidation process, Grupo Aval combines the assets, liabilities and profits or losses of those entities under control, previously aligning the accounting policies in all the subsidiaries and translating its financial statements to Colombian Pesos. This process includes eliminating intra-group balances and transactions and any unrealized and realized income and

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expense except for foreign currency translation gains or losses and those taxes which are not subject to elimination arising from intra-group transactions. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests are presented under total equity in the Consolidated Statement of Financial Position of Grupo Aval separately from equity attributable to owners of the parent company.

For consolidation purposes, the Consolidated Statements of Financial Position and Income of entities with a functional currency different form Grupo Aval are translated to Colombian pesos as follows:

- Assets and liabilities are translated at the closing exchange rate at the reporting date;
- Income, expense and cash flows are translated at the corresponding month's average exchange rate since they approximate the exchange rates of each specific transaction;
- All resulting exchange differences are recognized in other comprehensive income ("OCI") and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When Grupo Aval ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

c) Investments in associates

Associates are companies in which Grupo Aval has significant influence but not control and are accounted for under the equity method. They are presented in the Consolidated Statement of Financial Position as "Investments in associates and joint ventures" (see Note 2.1.(d) "Joint arrangements"). Grupo Aval exercises significant influence over another entity if it owns, directly or indirectly, 20% or more of the voting power of the investee, unless it is clearly evidenced that such influence does not exist. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Grupo Aval's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Dividends received from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

In the case that Grupo Aval´s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, Grupo Aval does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between Grupo Aval and its associates are eliminated to the extent of Grupo Aval's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Grupo Aval.

The carrying amount of associates are tested for impairment.

d) Joint arrangements

A joint arrangement is one in which two or more parties have joint control of the arrangement. Joint arrangements are divided into joint operations or joint ventures, the classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement, under joint operations the parties having joint control of the agreement have rights to the assets and obligations to the liabilities relating to the agreement. Under joint ventures, the parties having joint control, are entitled to the net assets of the agreement.

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Grupo Aval recognizes joint operations in the Consolidated Financial Statements based on their proportional and contractual participation in each of the assets, liabilities and profit or loss of the contract or entity wherein the agreement is held. Grupo Aval recognizes joint ventures through the equity method, in the same manner as investments in associates.

2.2 Functional and presentation currency

Considering that the majority of the Group´s business activities as well as the generation and use of cash is in Colombian pesos, the Colombian peso is the currency that most accurately represents the economic environment of Grupo Aval's operations, both for the Consolidated Financial Statements and for the parent company. Foreign entities have functional currencies different from the Colombian peso, which are translated to Colombian pesos for presentation purposes. The main functional currency these foreign entities is the US dollar.

2.3 Transactions in foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the prevailing exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies in terms of historical costs are measured using the exchange rate at the transaction date. Financial instruments measured at fair value are converted using the exchange rate at the date the fair value was determined. Profits or losses resulting from the translation process are recognized in profit or loss, except for financial instruments designated as hedging instruments.

As of December 31, 2024 and 2023, the representative market rates reported by the official price provider (for the U.S. dollar which is the most representative foreign currency for Grupo Aval´s transactions) were Ps 4,409.15 and Ps. 3,822.05 per U.S. $1, respectively.

2.4 Operating segments

An operating segment is a component of an entity which:

a) Engages in business activities from which it can earn revenue and incur expenses (including revenue and expenses from transactions with other components of the same entity);
b) Operating profit or losses are regularly reviewed by the chief operating decision maker, who decides on the resources allocation to the segment and assesses its performance; and
c) Discrete financial information is available,

Segment results that are reported to the Chief Operating Decision Maker (CODM) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Management regularly evaluates the performance for each segment; Grupo Aval discloses information separately for each identified operating segment, meeting any of the following quantitative thresholds:

a) The segment´s reported revenue from the ordinary activities, including revenue from external customers as well as revenue from intersegment transfers, is equal or greater than 10% of the revenue of combined ordinary activities, internal and external, of all operating segments.
b) The amount of the segment´s reported net income is, in absolute terms, equal or greater than 10% of the amount greater of: (i) the combined reported net income of all the segments not reporting a loss; and (ii) the reported combined loss of all segments of the operations with incurred losses.
c) The segment´s assets are equal to or greater than 10% of the combined assets of all segments of the operation.

The information regarding other activities of the business of operating segments that do not have to be reported is combined and disclosed within the category of "Others".

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2.5 Financial assets and financial liabilities

i. Recognition and initial measurement

Grupo Aval initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-purchases and sales of financial assets) are recognized on the trade date, which is the date in which Grupo Aval becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value. Additionally, for instruments measured at amortized cost or FVOCI, transaction costs are added if directly attributable to its acquisition or issuance.

ii. Classification

Financial assets

On initial recognition, a financial asset is classified as: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model in which the objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial asset; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, Grupo Aval may irrevocably elect to present subsequent changes in fair value in Other Comprehensive Income (“OCI”). This election is made on an investment-by-investment basis.

All other financial assets are classified and measured at FVTPL.

Business model assessment

Grupo Aval makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The established policies and objectives for the portfolio and their actual application. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets;
- How the performance of the portfolio is evaluated and reported to Grupo Aval’s management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and its expectations about future sale activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how Grupo Aval’s stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading, for which performance is evaluated on a fair value basis are measured at FVTPL because their objective is neither to collect contractual cash flows nor to collect contractual cash flows and sell the financial assets.

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Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI), Grupo Aval considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. Upon assessment Group Aval considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage covenants;
- Prepayment and extension terms;
- Terms that limit Grupo Aval’s claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money.

Interest rates on certain commercial and consumer loans originated by Grupo Aval are pegged to standard variable rates, generally used in each country where Grupo Aval operates and includes a spread. In Colombia, the standard variable rates are based on the DTF (rate interest calculated as the average for time deposits) or the interbank rate (in Spanish Interés Bancario de Referencia), or IBR rates, both of which are calculated weekly by the Central Bank based on information collected from the Colombian financial system, plus a spread. In the case of loans in foreign currency issued in Colombian entities and in other countries Grupo Aval uses SORF interest rates (Secured Overnight Funding Rate) plus a spread.

In these cases, Grupo Aval assesses whether the discretionary feature is consistent with the SPPI criteria by considering a number of factors, including whether:

- Borrowers are able to prepay the loans without significant penalties;
- Market competition ensures that interest rates are consistent between banks; and
- Any regulatory or customer protection framework is in place that requires banks to treat customers fairly.

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

In addition, a prepayment feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its contractual par amount, and the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant upon initial recognition.

Financial liabilities

Grupo Aval classifies its financial liabilities, other than derivatives, financial guarantees and loan commitments, as measured at amortized cost.

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iii. Reclassifications

Financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after Grupo Aval's entities changes their business model for managing financial assets.

iv. Derecognition

Financial assets

Grupo Aval derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire (see also (v)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which Grupo Aval neither transfers nor retains substantially all of the risks and rewards of ownership but it does not retain control of the financial asset.

At derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities, as explained in (2.10). Any interest in transferred financial assets that qualify for derecognition that is created or retained by Group Aval is recognized as a separate asset or liability.

Grupo Aval enters into transactions whereby it transfers assets recognized on its Consolidated Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and repurchase transactions, given that Grupo Aval retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which it neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, Grupo Aval continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

Grupo Aval derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

v. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then Grupo Aval assesses whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, the contractual rights to cash flows from the original financial asset are deemed to have expired. In that case, the original financial asset is derecognized (see (iv)) and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

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If cash flows are modified when the borrower is in financial distress, the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If Group Aval plans to modify a financial asset in a way that would result in foregoing of cash flows, it considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then Grupo Aval recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a recovery or impairment in the Consolidated Statement of Income. For variable-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and fees received as part of the modification are incorporated into the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

Financial liabilities

Grupo Aval derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the Consolidated Statement of Income.

If the modification of a financial liability measured at amortized cost does not result in derecognition of the financial liability, then Grupo Aval first recalculates the gross carrying amount of the financial liability using the original effective interest rate of the liability and recognizes the resulting adjustment as interest expense in the Consolidated Statement of Income. For variable-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and fees received as part of the modification are incorporated into the gross carrying amount of the modified financial liability and are amortized over the remaining term of the modified financial liability.

vi. Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is recognized in the Consolidated Statement of Financial Position, when there is a legally enforceable right to offset recognized amounts and management intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as Grupo Aval's trading activity.

vii. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which Grupo Aval has access at that date.

Grupo Aval measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, Grupo Aval uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If Grupo Aval determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are deemed to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in the Consolidated Statement of Income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk, managed by Grupo Aval on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is no less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

Grupo Aval recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. See Note 5.

viii. Repurchase agreements and reverse repurchase agreements

Purchases of financial instruments under a non-optional resale agreement are measured at fair value and recognized as financial assets in the Consolidated Statement of Financial Position under interbank and overnight funds.

The excess of the purchase prices over the resale prices is recognized as interest income over the contractual term.

Sales of financial instruments under a non-optional repurchase agreement are measured at fair value and recognized as liabilities in the Consolidated Statement of Financial Position under Interbank borrowings, overnight funds and borrowings from banks and others.

The excess of the sales prices over the repurchase prices is recognized as interest expense over the contractual term.

Retained interests (i.e. the assets that collateralize the repurchase agreements) are primarily classified as fair value through OCI and measured at fair value.

ix. Impairment of financial assets

Grupo Aval recognizes loss allowances for Expected Credit Losses – (“ECL”) on the following financial instruments that are not measured at FVTPL:

- Debt investment instruments;
- Loans and receivables;
- Financial guarantee contracts issued;
- Loan commitments issued, and
- Other accounts receivable

No credit impairment loss is recognized on equity investments.

Grupo Aval measures loss allowances at an amount equal to lifetime ECL (Stage 2 and stage 3), except the following cases, for which they are measured as 12-month ECL (Stage 1):

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments (other than loans and lease receivables) on which credit risk has not increased significantly – (“SICR”) since their initial recognition.

Grupo Aval considers a financial asset is classified as a low credit risk asset if the issuer is related to an investment grade credit rating.

12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.

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Measurement of ECL

Measurement of ECL is described in Note 4(4.1.5 Amounts arising from Expected Credit Loss (ECL)).

Modified Financial Assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial distress of the borrower, an assessment is made of whether the financial asset should be derecognized (see (iv)) and ECL are measured as follows:

- If the restructuring is not expected to result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see Note 4(4.1.1)).
- If the restructuring is expected to result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, Grupo Aval assesses whether financial assets carried at amortized cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by Grupo Aval on terms that Grupo Aval' entities would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has decreased significantly and there are no other indicators of impairment. In addition, a loan different to a mortgage that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, Grupo Aval considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

x. Presentation of allowance for ECL in the Consolidated Statement of Financial Position

Loss allowances for ECL are presented in the Consolidated Statement of Financial Position and the impact is showed in the Consolidated Statement of Income line "Impairment (losses) recoveries on financial assets" as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally presented as provisions;

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- Where a financial instrument includes both a drawn and an undrawn component, and Grupo Aval cannot identify the ECL on the loan commitment component separately from those on the drawn component: Grupo Aval presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognized in the Consolidated Statement of Financial Position because the carrying amount of these assets is their fair value. However, the ECL is disclosed and is recognized as part of the net change recognized in the fair value reserve under other comprehensive income.

xi. Write-offs

Loans and debt securities are written off (either partially or in full) when there is no prospect of recovery. This is generally the case when Grupo Aval determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to be written-off.

Recoveries of amounts previously written off are included in “recovery of charged off financial assets” in the Consolidated Statement of Income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with Grupo Aval’s procedures for recovery of amounts due. The contractual amount outstanding on the financial assets that were written off during the reporting period are disclosed in note 4.1.5 Amounts arising from ECL; Loss Allowance reconciliation tables.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, and other short-term investments with original maturities of three months or less from the date of their acquisition that are subject to an insignificant risk of changes in their fair value and are used by Grupo Aval in the management of its short-term commitments.

2.7 Trading assets and liabilities

‘Trading assets and liabilities’ are those assets and liabilities that Grupo Aval mainly acquires or incurs for the purpose of selling or repurchasing in the near term or holds as part of a portfolio that is managed comprehensively for short-term profit or position taking. Trading assets and liabilities are initially recognized and subsequently measured at fair value in the Consolidated Statement of Financial Position, with transaction costs recognized in Consolidated Statement of Income. All changes in fair value are recognized as part of net trading income (loss) in Consolidated Statement of Income.

2.8 Derivatives

a) Derivatives and hedge accounting

A derivative is a financial instrument for which value changes respond to changes in one or more variables denominated as “underlying” (e.g. a specific interest rate, the price of a financial instrument, a listed commodity, a foreign currency exchange rate, etc.). A derivative requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Grupo Aval and its subsidiaries trades in financial markets, forward contracts, future contracts, swaps and options that fulfil the definition of a derivative.

Financial assets and liabilities arising from transactions with derivatives are generally not offset in the Consolidated Statement of Financial Position. However, when there is a legal and exercisable right to offset the recognized values and Grupo Aval intends to settle them on a net basis or to realize the assets and settle the liability simultaneously, derivatives are presented as net values in the Consolidated Statement of Financial Position.

Derivative transactions are initially recognized at fair value. Subsequent changes in the fair value are recognized in profit or loss, unless the derivative instrument is designated as a hedging instrument and, in this case, the accounting criteria will depend on the nature of the hedged item, as described below.

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At the beginning of the hedging transaction, Grupo Aval formally documents the existing relationship between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedging relationship. It also documents its assessment, both initially as well as on a recurring basis, of whether the hedging relationship is highly effective in offsetting the changes in fair value or cash flows of the hedged items.

The applicable policy for hedging and embedded derivatives is described below:

(i) For fair value hedge of assets or liabilities and firm commitments, changes in the fair value of the derivative instrument are recognized in profit or loss, as well as any other change in the fair value of the asset, liability or firm commitment attributable to the hedge risk,

(ii) For cash flow hedge of a particular risk associated with a recognized asset or liability or a projected highly probable transaction, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income. The gain or loss relating to the portion that is not effective for hedging or that does not relate to the hedged risk is immediately recognized in profit or loss.

The values accumulated in other comprehensive income are transferred to profit or loss in the same period in which the hedged item is recognized in profit or loss; and

(iii) Hedging of net investments in a foreign operation is recognized similarly to cash flow hedging: the effective portion of changes in fair value of the hedging instrument is recognized in other comprehensive income, and the ineffective portion of the changes in fair value of the derivative is recognized in profit or loss. The hedging instrument’s gains or losses accumulated in equity will be recognized in profit or loss when the net investment in foreign operations is sold or partially disposed of.

b) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). Grupo Aval accounts for an embedded derivative separately from the host contract when:

- The host contract is not a financial asset in the scope of IFRS 9;
- The host contract is not itself carried at FVTPL;
- The terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognized in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship. Separated embedded derivatives are presented in the Consolidated Statement of Financial Position together with the host contract.

2.9 Loans

The ‘Loans’ line in the Consolidated Statement of Financial Position includes:

- Loans measured at amortized cost (see 2.5(ii)); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method;
- Financial lease receivables measured at amortized cost (see 2.5(ii)).

When Grupo Aval purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan, and the underlying asset is not recognized in Grupo Aval’s Consolidated Financial Statements.

The effective interest rate method is a method of calculating the amortized cost of a financial asset and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that discounts future cash payments or receipts (without consideration of future credit losses, over the expected life of the financial instrument) to the net carrying amount of the financial asset at initial recognition. In the process of calculating the effective interest rate, Grupo Aval estimates the cash flows considering the contractual terms including prepayment expectations of the financial instrument for portfolios with high prepayment levels, except

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for future credit losses and considering the initial fair value plus transaction costs and premiums granted, minus commissions and discounts received which form integral part of the effective rate.

2.10 Investment securities

The 'investment securities' line in the Consolidated Statement of Financial Position includes:

- Debt investment securities measured at amortized cost (see 2.5(ii)); These are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method;
- Debt and equity investment securities mandatorily measured at FVTPL (see 2.5(ii)); These are at fair value with changes recognized immediately in profit or loss;
- Debt securities measured at FVOCI; and
- Equity investment securities designated as at FVOCI.

For debt investment securities measured at FVOCI, gains and losses are recognized in OCI, except for the following, which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost:

- Interest revenue using the effective interest method;
- ECL impairments and reversals of impairments; and
- Foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity and recognized as profit or loss in the Consolidated Statement of Income under "Other income" under line "net gain (loss) on sale of debt securities".

Grupo Aval elects to present changes in the fair value of certain investments in equity instruments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognized in profit or loss. Cumulative gains and losses recognized in OCI are transferred to retained earnings upon disposal of an investment. Dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in OCI.

After initial recognition, net gains and losses resulting from changes in fair value for financial assets classified and measured at fair value, are presented either (i) in the Consolidated Statement of Income in the account "net trading income - trading investment securities" for financial assets at FVTPL or (ii) in OCI for financial instruments at FVOCI, in accordance with note 2.5 ii) above.

In turn, after their initial recognition, financial assets classified at amortized cost are adjusted to reflect interest accrued at the effective interest rate method, less payments received from borrowers.

See detail of effective interest rate method in note 2.9 Loans.

Income from dividends from financial assets in equity instruments at FVOCI is recognized in income in the account of "other income dividends" when the right to receive payment is established, regardless of the decision that has been made to record the variations in fair value in results or OCI.

2.11 Financial liabilities

A financial liability is any contractual liability in which Grupo Aval commits to deliver cash or other financial asset to another entity or person, or to exchange financial assets or financial liabilities under potentially unfavorable conditions for Grupo Aval, or a contract which will be terminated or could be settled using equity instruments owned by the entity. Financial liabilities are initially recognized based on their fair value, which is usually equal to the transaction value adjusted by directly attributable costs. Subsequently, such financial liabilities are measured at their amortized cost according to the effective interest rate method determined at initial recognition and recognized in profit or loss.

(Amounts expressed in millions of Colombian pesos)

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Financial liabilities are only derecognized from the Consolidated Statement of Financial Position when the obligations are extinguished, that is, when the obligations are discharged, cancelled, or expire.

2.12 Financial guarantees

Financial guarantees are those contracts requiring that the issuer carries out specific payments to reimburse the creditor for losses incurred when a specific debtor defaults in its payment obligation, in accordance with the original or modified conditions, of a debt instrument; regardless of its legal form.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured:

- As at the highest value between the amount initially recognized net of the loss allowance determined in accordance with IFRS 9 (see 2.5 (vii)) and the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15.

Credit risk impairment losses established over financial guarantee contracts under IFRS 9, are recognized as liabilities under “Provisions – other provisions” and recognized in profit or loss under “other expenses”, (see note 2.5 (x)) “Presentation of allowance for ECL in the Consolidated Statement of Financial Position”.

2.13 Non-current assets held for sale and discontinued operations

Foreclosed assets and non-current assets held for sale, which Grupo Aval intends to sell in a period of less than one year, are recognized as "non-current assets held for sale". These assets are measured at the lower of their carrying value at the time of transfer and fair value, less estimated disposal costs.

A discontinued operation is a component of the entity that has been disposed or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Consolidated Statement of Income.

2.14 Property, plant and equipment for own use

Property, plant and equipment include the assets, owned or under financial leases held by Grupo Aval for current or future use for more than one period.

They are recognized in the Consolidated Statement of Financial Position at their acquisition or construction cost, less the corresponding accumulated depreciation and, if applicable, the estimated impairment losses resulting from comparing the carrying amount of each asset with its recoverable value.

Depreciation is calculated by applying the straight-line method over the acquisition cost of the assets (except for the bearer plants, which are depreciated based on production units), less any residual value; land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

Asset	Useful Life
Own use buildings	According to appraisals
Equipment, furniture and accessories	From 3 to 25 years
Machinery and equipment (*)	From 5 to 25 years
Computer equipment	From 2 to 12 years
Vehicles	From 5 to 10 years
Bearer plants	From 25 to 35 years

(*) Except for the gas pipelines, these are depreciated according to appraisals (70 years).

Conservation and maintenance expense is recognized when incurred as “Administrative Expense”.

At each reporting date, the Group analyzes whether there are signs, that an asset may be impaired for such purposes, develops what is established in policy 2.21 "Impairment of non-financial assets".

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Biological assets that meet the concept of bearer plant are accounted for as property, plant and equipment.

A bearer plant is a live plant that meets the following requirements:

a) It is used for the manufacturing or supply of agricultural products;
b) It is expected to produce for more than one period; and
c) It has a remote probability of being sold as an agricultural product, except for irregular sales related to thinning and trimming.

Bearer plants under the set-up and growing phase are subject to a biological transformation which is reflected through cost accumulation until they reach their maturity level. In the case of the African oil palm, maturity is reached in the second year, while maturity for rubber plants is reached in the seventh year. After reaching their maturity, bearer plants are considered developed and the future economic benefits arise from the sale of the fruit produced during the useful life of the plant.

Bearer plants are measured at their cost less accumulated depreciation and any impairment losses. The useful life is equal to the plants´ production periods. The useful life of the rubber plant is thirty-five years while the useful life of the African oil palm is twenty-five years. The depreciation method used is the estimated production units as it most accurately reflects the usage of the assets If the bearer plant is sold for timber at the end of the useful life the value received is considered the residual value of the asset.

2.15 Investment properties

Land and buildings, considered in whole or in part, that are held to earn rental income or for capital appreciation, rather than for own use or sale in the ordinary course of business. Investment properties are recognized initially at cost, including all costs associated with the transaction, and subsequently measured at fair value, with changes in fair value recognized in profit or loss.

2.16 Leases

Lessee accounting

At inception of a contract, Grupo Aval assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Grupo Aval recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Grupo Aval determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset; or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Grupo Aval presents right-of-use assets in 'Tangible assets' and lease liabilities in 'Borrowings from banks and others' in the Consolidated Statement of Financial Position.

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Short-term leases and leases of low-value assets

Grupo Aval has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets (five thousand dollars or less) and short-term leases (maximum term 12 months or less). The Grupo Aval recognizes the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term.

Lessor accounting

When Grupo Aval acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset. Lease contracts classified as financial leases are included in the Consolidated Statement of Financial position as “Loans” and are recognized in the same way as other loans, as explained in note 2.9.

2.17 Biological assets

Biological assets are measured at fair value less disposal cost, both at the time of initial recognition and at the end of reporting period, except for biological assets for which fair value cannot be measured reliably; in which case they are measured at cost less accumulated depreciation and impairment loss. Gains and losses arising from the initial and subsequent fair value measurement of the agricultural products are included in the Consolidated Statement of Income. Costs incurred in the agricultural production process are also recognized directly in the Consolidated Statement of Income.

The fair value of biological assets is determined using valuations performed by experienced internal professionals, using discounted cash flow models. The expected cash flows of the crop’s total life are determined by using the market price of the agricultural product currently in effect and the estimated productive life of plants, net of maintenance and harvest costs and of any other costs required for plant maintenance during the production period. The productive life of plants is estimated considering the age, location and type of product. The fair value of the biological assets is dependent on current market prices for each product.

2.18 Business combinations and goodwill

Business combinations are accounted for using the “acquisition method”, when control is transferred to the controlling entity. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Goodwill is measured as the excess of the aggregate of consideration transferred, over the amount of any interest previously acquired and the net of identifiable assets acquired and liabilities assumed at acquisition date. Goodwill acquired in a business combination is assigned to each of the groups of cash-generating units from which benefit are expected as a result of the acquisition. Goodwill is not subsequently amortized; however, it is subject to an annual impairment assessment in relation to the cash-generating unit to which it has been assigned and, from which benefits are expected deriving from the synergies of business combinations. A loss due to impairment recognized on Goodwill cannot be reversed in subsequent periods.

2.19 Other intangible assets

Other intangible assets mainly comprise software and licenses, which are initially measured at the cost of acquisition or cost of development. Costs incurred during the research phase are expensed as incurred.

Development expenses which are directly attributable to design and performance tests of software and identifiable, unique and controlled by Grupo Aval are recognized as intangible assets, if following conditions are met:

- Technically, it is possible to complete the intangible asset production, so it can be available for use;
- Management intends to complete the corresponding intangible asset for use;
- Management has the capacity of using the intangible asset;
- It is probable that future economic benefits that are attributable to the asset will flow to the entity;

- There is availability of adequate technical or financial resources or other type, for completion and usage of the intangible asset; and
- Costs attributable to the intangible asset during its development phase can be estimated and measured in a reliable manner.

Costs that are directly attributable and capitalized as part of intangible assets include personnel expense directly related to developing such intangibles and overhead expenses that can be capitalized.

Expenses that do not satisfy these criteria are recognized as incurred expenses. Disbursements over intangible assets are initially recognized as expenses of the period and they are not subsequently recognized as intangible assets.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortization and any accumulated impairment losses. The annual amortization rates estimate for each type of assets are:

Intangible Asset	Useful Life
Software and computer applications	From 1 to 20 years
Licenses	From 1 to 15 years
Trademarks	Indefinite
Customer-related assets	From 1 to 10 years
Intellectual property rights	From 1 to 20 years
Models, formulas, designs and prototypes	10 years
Easements	From 20 to 50 years

At the end of each period, the Group will test whether an intangible asset with an indefinite useful life has experienced an impairment loss by comparing its recoverable amount with its carrying amount on an annual basis and not only when there are indications of impairment. Likewise, that the useful life of an intangible asset that is not being amortized will be reviewed every period to determine if there are facts and circumstances that allow continuing to maintain an indefinite useful life for that asset. Any impairment loss or subsequent reversal is recognized in the Consolidated Statement of Income; such impairment is determined by the excess of the book value over the recoverable value.

2.20 Concession arrangements rights

Concession contracts, are those in virtue of which certain subsidiaries of Grupo Aval make a commitment with the Governments in the countries in where they operate for the construction or maintenance of infrastructure, for a period of time during which, said entities receive the revenue derived from the contract, either through direct payments from the Government, through tolls or other types of fees charged to the end users of the project, which, are recognized as financial assets or intangible assets.

A financial asset is recognized when pursuant to the contractual conditions, there is an entitlement to an unconditional contractual right of receiving cash or other financial assets from the grantor or from the Government, due to construction services or when the Government guarantees minimum income from tolls or fees charged to the users of the concession work during the term of the concession agreement.

An intangible asset is recognized if in the concession contract does not include an unconditional right for the concessionaire to receive cash and, on the contrary, its revenue depends on the right it has for the use of the infrastructure under concession. In some cases, contracts can contain both financial and intangible assets.

Concession arrangements are recognized as follows:

(a) During the construction stage, all estimated income for construction services as well as the costs associated to the construction are recognized in the Consolidated Statement of Income based on the stage of completion of the work performed. In the event that there is an expected loss, this is recognized as an expense immediately.

(b) If all or part of the concession arrangement is classified as a financial asset, it is recognized in accordance with the accounting policy for financial assets as set out in note 2.5.

(c) If all or part of the concession contract is classified as an intangible asset, the revenues are accumulated as intangible assets during the construction phase of the project, assets and are amortized over the term of the arrangement in a manner that reflects the pattern in which the concession asset's economic benefits are consumed by the entity, from the moment the asset enters into service.

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2.21 Impairment of non-financial assets

At each reporting date, Grupo Aval reviews the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or Cash Generating Units "CGU". Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The "recoverable amount" of an asset or CGU is the greater of its value in use and its fair value less costs to sell. "Value in use" is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating units "CGU".

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss of goodwill cannot be reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.22 Employee Benefits

Grupo Aval´s entities provide the following benefits to employees in exchange of services rendered to the Group:

a) Short-term employee benefits

Pursuant to Colombian and other countries labor rules, such benefits are comprised of salaries, premiums, vacations, severance payments and payroll tax contributions to the local Government designated agencies which are paid within 12 months following the end of the reporting period. Such benefits are accumulated on an accrual basis and recognized in profit or loss.

b) Post-employment benefits (defined benefit plans)

Grupo Aval pays to its employees certain benefits when they retire or upon completion of their employment period, other than indemnities. These benefits include retirement pensions which are directly assumed by Grupo Aval's entities, pending severance payments to employees belonging to the labor regime prior to Law 50 1990 in Colombia, and certain extra-legal benefits or benefits agreed in collective bargaining agreements.

Post-employment benefits liabilities are determined based on the present value of estimated future payments, calculated based on actuarial assessments using the projected unit of credit method, and applying actuarial assumptions about mortality rate, increase of salaries and personnel turnover, and interest rates determined with reference to bond market returns of local Government' bonds or high-quality business liabilities in effect at the reporting date. Under the projected unit of credit method, future benefits to be paid to employees are assigned to each accounting period in which the employee renders the service. Therefore, the corresponding expense due to these benefits recognized in profit or loss of Grupo Aval includes the present service cost assigned in the actuarial calculation plus the financial cost of calculated liabilities. Changes in liabilities due to changes in actuarial assumptions are recognized in Other Comprehensive Income.

Changes in actuarial liabilities due to changes in employment benefits granted to employees that have a retroactive effect are recognized as an expense in the earlier of the following dates:

- When a modification of the granted employment benefits takes place, or
- When provisions for restructuring costs are recognized by a subsidiary.

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c) Other long-term employee benefits

Long term benefits are different from employee short-term benefits, post-employment benefits and termination benefits. In accordance with the collective bargaining agreements and regulations of each company of Grupo Aval, such benefits are mainly related to seniority bonuses.

Long-term liabilities for employee benefits are determined in the same manner as post-employment benefits described in item (b) above; the only difference is that the changes in the actuarial liability due to changes in the actuarial assumptions are recognized in the Consolidated Statement of Income.

d) Termination benefits

These benefits are payments which must be made by Grupo Aval´s entities derived from their taking the unilateral decision of terminating and employee´s labor contract or from and employee´s decision to accept benefits offered by an entity in exchange for terminating the employment contract, such payments correspond to severances for dismissal or redundancy and other benefits that entities unilaterally decide to grant to their employees under such circumstances.
Termination benefits are recognized as a liability and in profit or loss at the earlier of the following dates:

- When Grupo Aval´s entities formally inform to the employee about its decision of dismissal; or
- When provisions for restructuring costs are recognized by a subsidiary.

2.23 Income taxes

Income tax expense includes both current and deferred tax. Tax expense is recognized in the Consolidated Statement of Income except for items recognized in Other Comprehensive Income or directly in equity.

Current income tax expense is calculated based on the tax laws in force (enacted or substantively enacted) in each of the countries in which we operate as of the reporting date of the Consolidated Financial Statements is subject to the income tax. Management of each subsidiary of Grupo Aval periodically assesses tax return positions with respect to situations where the applicable tax regulation is subject to interpretation and establishes provisions, when appropriate, on the basis of amounts expected to be paid to tax authorities.

Deferred taxes are recognized with respect to temporary differences arising between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred taxes are not recognized for: (i) temporary differences on the initial recognition of goodwill; (ii) temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither the accounting nor the taxable profit or loss and (iii) temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred taxes are measured using the tax rates that are expected to be applied to the temporary differences upon reversal, using enacted tax rates or substantively enacted at the reporting date.

Deferred taxes assets are only recognized to the extent it is probable that future taxable income is expected to be available to offset temporary differences.

Deferred tax liabilities arise from taxable temporary differences, except for the deferred tax liabilities on investments in subsidiaries, when the opportunity of reversal of temporary differences is controlled by Grupo Aval and it is not expected to be reversed in the near future. Generally, Grupo Aval has the ability to control the temporary differences of investments in associates.

Current taxes are offset only when the entity has a legally enforceable right to offset and the entity intends to either settle on a net basis or to realize the asset and settle the liability simultaneously. Deferred taxes are offset when the entity has a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities are related to income taxes levied by the same tax authority over the same taxable entity or over different entities but these entities have an intention to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously, for each period in which these differences reverse.

In determining the amount of current and deferred taxes, Grupo Aval considers the impact of uncertain tax exposures on current tax liabilities, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes Grupo Aval to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

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2.24 Capitalization of borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset which requires a substantial period of time to get ready for its intended use are part of the cost of the asset. Other borrowing costs are recognized as expenses.

Grupo Aval begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. This is the date when the entity first meets all of the following conditions:

(a) it incurs expenditures for the asset;
(b) it incurs borrowing costs; and
(c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

2.25 Provisions

Provisions for environmental dismantling and recovery, restructuring costs and legal claims are recognized when Grupo Aval has a present legal or assumed obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation. Restructuring provisions include penalties due to cancelation of leases.

Provisions are measured at the present value of outflows expected to be necessary to settle the obligation, using a discount rate before taxes, reflecting the assessments of the time value of money of the current market as well as the specific risks of the obligation. The subsequent increase of the provision due to the unwinding of the discount rate is recognized as "financial expense".

2.26 Non-voting rights of preferred shares

Preferred shares represent partial ownership and do not provide shareholders with any of the voting rights of common shares. Grupo Aval has classified as an equity instrument all the non-voting preferred shares. See note 25 equity attributable to owners of the parent.

2.27 Revenues

- **Net interest income**

(i) Effective interest rate

Interest income and expense are recognized in the Consolidated Statement of Income using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, Grupo Aval estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

(ii) Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method

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of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount' of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

(iii) Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability to calculate the interest income and expenses.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see note 2(2.5) (ix).

(iv) Presentation

Interest income and expense presented in the Consolidated Statement of Income include interest calculated on an effective interest basis:

- Interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis, see note 2.27 (i);
- Interest on debt instruments measured at FVOCI calculated on an effective interest basis see note 2.27 (i);

Interest income and expense on all trading assets and liabilities are considered to be incidental to Grupo Aval's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities mandatory at FVTPL are presented in "Net trading income" and financial assets in concessions arrangements rights at FVTPL under "Net income from other financial instruments mandatorily at fair value through profit or loss".

Net trading income

'Net trading income' comprises net gains or losses related to held for trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

Revenue from contracts with customers (other than interest income).

Contract assets

A contract asset is Grupo Aval's right to consideration in exchange for goods or services that Grupo Aval has transferred to a customer when that right is conditional on something other than the passage of time (for example, invoicing or delivery of other elements of the contracts).

Contract costs eligible for capitalization as incremental costs of obtaining a contract are recognized as a contract asset. Contract costs are capitalized when are incurred if Grupo Aval expects to recover those costs. Contract costs are amortized on a systematic basis consistent with the transfer of the services to the customer and the related revenues are recognized. Contract costs capitalized are impaired if the customer retires or if the asset's carrying amount exceeds projected discounted cash flows relating to the contract.

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Contract liabilities

Contract liabilities comprise Grupo Aval's obligation to transfer goods or services to a customer for which Grupo Aval has received consideration from the end customer or the amount is due. Additionally, it includes deferred income relating to goods or services that will be delivered in the future, which are charged to a customer in advance but not yet due.

Steps for revenue recognition

Grupo Aval recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met. Contracts can be written, oral or implied by an entity's customary business practices.
- Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which Grupo Aval expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, Grupo Aval allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which Grupo Aval expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognize revenue when (or as) Grupo Aval satisfies a performance obligation.

Grupo Aval satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

a) Grupo Aval´s performance does not create an asset with an alternate use to Grupo Aval, and Grupo Aval has as an enforceable right to payment for the performance completed to date.
b) Grupo Aval´s performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided as Grupo Aval´s performs its obligation.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When Grupo Aval satisfies a performance obligation by delivering the promised goods or services it creates a contract asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Grupo Aval recognizes revenue when it transfers control over a good or service to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intra-group sales.

Grupo Aval assesses its revenue arrangements to determine if it is acting as principal or agent.

Revenue is recognized to the extent it is probable that the economic benefits will flow to Grupo Aval and the revenue and costs, if applicable, can be measured reliably.

The following is a description of principal activities from which Grupo Aval generates revenue from contracts with customers:

(i) Banking (Financial Services)

Grupo Aval often enter into contracts that cover a number of different services. Such contracts might contain components within, and components outside, the scope of IFRS 15. Therefore, Grupo Aval only applies the IFRS 15 guidance where it has contracts that are all or partly outside the scope of IFRS 9.

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The main revenue streams earned by the banks from contracts with customers are the following:

- *Commissions*:

Banks receive bancassurance commissions for introducing new clients to third party insurers, where the bank does not underwrite the insurance policy itself. These commissions are usually paid periodically (for example, monthly) to banks based on the volume of new policies (and/or renewal of existing policies) originating from clients introduced by the bank. The transaction price might include an element of consideration that is variable or contingent on the outcome of future events, such as policy cancellations, which is estimated and included in the transaction price based on the most likely amount only when it is highly probable that the resolution of the uncertainty will not result in a significant reversal of revenue.

Performance obligations are fulfilled over time, taking into account that customers (insurers) receive benefits as time progresses. Where the commission calculation is made on a monthly basis or in a shorter period, the total amount of the commission is recognized in the results when its determination is made. If the settlement of commissions is defined in periods longer than a monthly basis, the expected income to recognize revenues is estimated as time progresses.

Loan commitment fees are within the scope of IFRS 15 when it is unlikely that a specific lending arrangement will be entered into and the loan commitment is not measured at FVTPL. Loan syndication fees received by a bank that arranges a loan and retains no part of the loan package for itself (or retains a part at the same Effective Interest Rate “EIR” for comparable risk as other participants) are within the scope of IFRS 15.

Income from performance obligations to provide such services, which are met at a point in time, are recognized when the particular event defined in the contracts occurs (e.g., approval of the syndicated loan). The obligations met over time are recognized during the period of the commitment; If income is received in advance, it is deferred over the period of the commitment. If income is received upon expiration, it is estimated periodically.

- *Credit cards: Interchange fees, Annual-quarterly-monthly fees, Loyalty programs*

There are contracts that create enforceable rights and obligations between the Bank and the cardholders or merchants under which the bank will provide services, sometimes in exchange for annual and other fees. The following are some of the services that might exist in a contract with a cardholder:

- Issuance of loyalty points (which are options to acquire goods/services for free or at a discount in the future), usually based on the monetary volume of card transactions;
- Payment processing service;
- Insurance where the bank is not the insurer;
- Fraud protection; and
- Processing of certain transactions, such as purchases in a foreign currency and Advances.

The transaction price is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer. The allocation of the transaction price to each of the separate performance obligations will not necessarily be required where there is more than one performance obligation and the performance obligations all satisfied at the same time or evenly over the period.

Performance obligations are fulfilled over time, taking into account that customers receive benefits as time goes on. Given that the entity's efforts or resources are expended evenly throughout the performance period, income is recognized on a linear basis during the period defined under the credit card conditions. The costs of plastic or security elements are capitalized as contract signing costs.

In connection with Grupo Aval the credit and debit card processing fee, customers receive benefits every time they make purchases. In this context, income is recognized periodically (daily or monthly) on the basis of the amounts traded. Income that would be deferred by the valuation of the points granted for customer loyalty programs to the cardholders will be extracted from the total amount of commissions recorded periodically. See section (vi) Customer loyalty program below.

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- *Savings and checking accounts: Account and transaction fees*

Savings and checking accounts contracts usually allow customers access to a variety of services, including wire transfer processing, ATM use for cash withdrawals, issuance of debit cards, and account statements; they might also include other benefits. Fees are charged on a periodic basis and give the customer access to banking services and additional benefits. Performance obligations are fulfilled over time, taking into account that customers receive benefits as time progresses. As a result, banks recognize fees from providing services in the accounting period in which the services are rendered.

- *Investment banking: Underwriting fees and Advisory fees*

Advisory contracts with customers are not standardized. These contracts might differ between customers, and they often include variable consideration, including contingent fees, that are only payable upon meeting agreed milestones.

Income from performance obligations to provide such services, which are met at a point in time, are recognized when the particular event defined in the contracts occurs. The obligations met over time are recognized considering method of milestones achieved (when only one milestone that considers the delivery of results, income is recognized at a single moment when the final delivery is made).

(ii) Asset management

Revenues of asset portfolios management correspond to fees which arise from the rendering of management and advisory services and usually are measured based on performance and profit of asset portfolios of asset portfolios, which are recognized based on amounts calculated under the formulas established by the contracts when such amount is no longer subject to adjustments resulting from future events.

If the fee expected is variable, the variable consideration included in the transaction price is limited to the amount for which it is highly probable that a significant reversal of the amount of cumulative revenue recognized will not occur when the uncertainty is resolved. In the estimation, Grupo Aval considers both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, (i) the amount of consideration is highly susceptible to factors outside the entity’s influence, (ii) the uncertainty about the amount of consideration is not expected to be resolved for a long period of time, and (iii) the contract has a large number and broad range of possible consideration amounts.

Fees are often based on net assets under management or returns generated by the underlying investments held by the funds subject to certain thresholds.

The contractual measurement period for performance fees of fund managers is often a month, quarter or year, and in some rare cases longer. In some cases, the fees will be constrained until the contractual measurement period is completed. The Group assess if there is a portion (a minimum amount) of the variable consideration that should be recognized prior to the end of the contractual measurement period. The full amount of the fee will likely be recognized as of the end of the contractual measurement period when the asset manager becomes certain of the amount. In certain cases, the full amount of the fee will be recognized upon redemption when is no longer subject to reversal.

(iii) Construction and operation services (Concessions)

In concession arrangements, Grupo Aval determines that its performance obligations (construction, operation and maintenance) are satisfied over time and measures progress toward completion to determine the timing of revenue recognition using a method that depicts the transfer of the goods or services to the customer.

Grupo Aval considers the nature of the product or services provided and the terms of the contract, such as termination rights, the rights to demand or retain payments, and the legal title to work in process in determining the best input or output method for measuring progress toward satisfaction of the performance obligation.

Grupo Aval applies a single method to measure progress for each performance obligation within a contract. The method can be either an input method (cost incurred, labor hours) or output method (units produced, milestones reached).

Estimations of revenues, costs or progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

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(iv) Power and utilities

Contracts between a customer and a public utility company establish the rates and terms of service for the purchase, delivery, and sale of electricity or gas. Grupo Aval determines that its obligation is represented in a single performance obligation which is to sell electricity or gas, and it is satisfied over time (over the term of the agreement) through a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

Some contracts include multiple deliverables, such as the installation of fixtures or repairs, which are accounted as separate performance obligations. The transaction price is allocated to each performance obligation based on the stand-alone selling prices (regulated rates). If contracts include the installation of fixtures, the associated revenue is recognized at the point in time when goods are installed, the ownership has been transferred and the customer has accepted the property.

(v) Logistic activities

Grupo Aval´s transport and logistics companies offer multiple products or services to their customers as part of a single agreement. Separate performance obligations are identified in an agreement based on the terms of the contract and Grupo Aval's usual business practices.

Revenue recognition criteria generally applies separately to each performance obligation. In certain circumstances, it may be necessary to separate a transaction into identifiable components to reflect the content of the transaction. It may be necessary to group two or more transactions when they are linked in such a way that the commercial effect cannot be understood without reference to the series of transactions as a whole.

The transaction price is assigned to performance obligations separately in a contract based on the relative independent selling price of each separate performance obligation.

(vi) Customer loyalty program

Financial entities and hotels of Grupo Aval manage loyalty programs in which the customers accumulate points for their purchases, entitling them to redeem such points for prizes in accordance with the policies and the prize plan in force as of the redemption date. Reward points are recognized as an identifiable component separate from income for the service rendered, at their fair value. Income from loyalty programs is deferred and recognized in the Consolidated Statement of Income until the entity has fulfilled its obligations to supply the products under the terms of the program or when it is no longer probable that the points under the program will be redeemed.

Grupo Aval acts as the principal in a customer loyalty program if it obtains control of the goods or services of another party in advance of transferring control of those goods or services to a customer. Grupo Aval is an agent if its performance obligation is to arrange for another party to provide the goods or services.

(vii) Hotel services

Revenue is derived from the following sources:

i) Management fees: earned from hotels managed by Grupo Aval, usually under long-term contracts with the hotel owner. Management fees include a base fee, generally a percentage of hotel revenue, which is recognized when earned in accordance with the terms of the contract and an incentive fee, generally based on the hotel’s profitability or cash flows and recognized when the related performance criteria are met under the terms of the contract.

ii) Owned and leased: primarily derived from hotel operations, including the guests accommodation and sales of food and beverage from owned and leased hotels operated under Grupo Aval brand names.

Revenue is recognized at the point when the goods are sold or services are rendered.

(viii) Agriculture products

Grupo Aval grows and sells agricultural products through companies owned by Corficolombiana. Sales are recognized when control of the products has been transferred, meaning when the products are delivered to the wholesaler, the wholesaler has full discretion

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over the channel and price to sell the products, and there is no unfulfilled obligation. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or Grupo Aval has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognized based on the price specified in the contract, net of discounts. Accumulated experience is used to estimate and provide for the discounts, using the most likely amount, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ix) Financing components.

Grupo Aval adjusts transaction prices for the time value of money for contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

2.28 Earnings per share

Earnings per share is calculated as net income for the period attributable to Grupo Aval's shareholders divided by the weighted average number of common and preferred shares outstanding during the period. Diluted earnings per share are determined in the same way, on the basis of net income, but the weighted average number of shares outstanding is adjusted to account for the potential dilutive effect of stock options. Grupo Aval does not have financial instruments with potential dilutive effects. As a consequence, only basic earnings per share are disclosed in these financial statements.

2.29 New and amended IFRS

New standards and amendments to standards are effective for annual periods beginning after January 1, 2024 and earlier application is permitted; however, Grupo Aval has not early adopted them in preparing these Consolidated Financial Statements.

New or Amended Standard	Title of the Standard	Effective for Annual Periods Beginning on or After
Forthcoming requirements		
Lease Liability in Sale and Leaseback	Amendments to IFRS 16 Leases	January 1,2024
Classification of Liabilities as Current or Non-current	Amendments to IAS 1 Presentation of Financial Statements	January 1,2024
Supplier Finance Arrangements	Amendments to IAS 7 and IFRS 7	January 1,2024
Lack of Exchangeability	Amendments to IAS 21	January 1,2025
Classification and Measurement of Financial Instruments	Amendments to IFRS 7 and IFRS 9 (1)	January 1,2026
Presentation and Disclosure in Financial Statements	IFRS 18 (2)	January 1,2027
Subsidiaries without Public Accountability. Disclosure	IFRS 19	January 1,2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Amendments to IFRS 10 and IAS 28	Available for optional adoption/ effective date deferred indefinitely

(1) Classification and measurement of financial instruments. In May 2024, IFRS issued Amendments to the classification and measurement of financial instruments which amended IFRS 9 and IFRS 7. The requirements will be effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted, and are related to:

- Settling financial liabilities using electronic payment system; and
- Assessing contractual cash flow characteristics of financial assets, including those with sustainability - linked features.

The Group is in the process of assessing the impact of the new amendments.

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(2) Presentation and Disclosure to Financial Statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 1, 2027. The new standards introduce the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard.

NOTE 3 – JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES IN APPLYING ACCOUNTING POLICIES

Grupo Aval's management makes estimates and assumptions that affect the amounts recognized in the consolidated financial statements and the carrying value of the assets and liabilities within the fiscal year. The judgments and estimates are continuously evaluated and are based on the experience of management and other factors, including the occurrence of future events that are believed to be reasonable under the current circumstances. Management also makes certain judgments besides those which involve estimates during the process of applying accounting policies. The judgments that have the most significant effects on the amounts recognized in the Consolidated Financial Statements and the estimates that may cause an important adjustment to the book value of assets and liabilities in the following year include the following:

A. Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes.

– Note 2 (2.1) – determination of control over investees.

– Note 2 (2.5) (ii) – classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

– Note 4 (4.1.5) – establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended is included in the following notes.

– Note 4 (4.1.5) – impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

– Note 4 (4.1.5) – impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

– Note 5 – determination of the fair value of financial instruments with significant unobservable inputs.

– Note 16 – measurement and revenue recognition of concession arrangements.

– Note 17 – impairment testing for CGUs containing goodwill: key assumptions underlying recoverable amounts.

– Note 19 – recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.

– Note 22 – measurement of defined benefit obligations: key actuarial assumptions.

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– Notes 23 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

NOTE 4 – RISK MANAGEMENT

Grupo Aval and its subsidiaries in the financial sector, Banco de Bogotá, Banco de Occidente, Banco AV Villas, Banco Popular, Corficolombiana, Porvenir, Aval Fiduciaria and Aval Casa de Bolsa manage risk pursuant to the applicable regulations in each country where they operate and according to Grupo Aval's policies.

The risk framework requires that strong risk management practices are integrated in the key processes across Grupo Aval with a goal of ensuring risks are appropriately considered, evaluated and responded to in a timely manner. Grupo Aval employs a risk management process that aims to identify, measure, monitor and control, as part of the daily activities, all the risks that Grupo Aval is exposed to.

Three lines model: in addition to the roles of Executive Officers in managing risk, management has ownership and accountability across the three lines of defense: (1) First Line: Business Units, (2) Second Line: mainly concentrated in the Independent Risk Management units and (3) Third line: Corporate Audit.

- *Business Units*: Include the business lines as well as the Technology and Operations areas which are responsible for appropriate assessment and effective management of all risks associated with their processes.

- *Independent Risk Management Units:* Risk management areas include risk management and compliance departments. Grupo Aval has other control functions that are not part of these areas but are also key in risk mitigation of non-financial risks, including legal, human resources certain activities within the financial and administrative processes.

- *Corporate Audit*: Corporate audit maintains its independence from the first and second lines by reporting directly to the Audit Committee or the Board. Corporate Audit provides independent assessment and validation through testing of key processes and controls across Grupo Aval.

The following sections outline the key financial risks that are inherent to the business activities of the subsidiaries:

Financial risks

i) **Credit risk:** the risk of financial loss if a debtor fails to meet their contractual obligations.

ii) **Market risk:** the risk of loss arising from potential adverse movements in the value of the subsidiaries in the financial sector assets and liabilities or future results, arising as a result of changes in market variables such as interest rates, foreign exchange rates, equity prices, commodity prices, implied volatilities or credit spreads; this includes the structural interest rate and foreign exchange risks.

iii) **Interest rate risk:** it is the current or potential risk to equity and profits that arise from adverse movements in interest rates, which affect the positions of the banking book.

iv) **Liquidity risk:** the risk of being unable to meet contractual and contingent obligations or that the subsidiaries in the financial sector do not have the appropriate amount, composition and tenor of funding and liquidity to support the financial assets and liabilities requirements (funding liquidity risk). Also includes the capability to manage its investment portfolio in terms of liquidity, duration and currency (market liquidity risk).

Additionally, the risk areas are responsible for supporting capital management by determining risk levels of the calculation of capital adequacy requirements, impact assessment of the risk materialization on compliance with capital levels and determining the levels of risk appetite.

Objective and general guidelines of financial risk management

Grupo Aval's and its subsidiaries of the financial sector objective is to maximize returns for its investors through strong risk management. The guiding principles of risk management at Grupo Aval are as follows:

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a) Make risk management a part of every institutional process.
b) Collective decision making for the approval of commercial lending of significant amounts.
c) Extensive and in-depth industry and market knowledge, as a result of sound leadership and experienced, stable and seasoned senior management..
d) Clear risk management policies based on a top-down approach with respect to:
   - Compliance with know-your-customer policies.
   - Commercial loans credit structure based on clear identification of sources of repayment as well as cash flow generation capacity of the borrower.
e) Use of similar credit analysis tools for analysis across Grupo Aval's subsidiaries of financial sector.
f) Diversification of the commercial loan portfolio with respect to industries and economic groups.
g) Specialization in consumer product niches.
h) Extensive use of continuously updated scoring models and up-to-date credit ratings to ensure quality growth of loans with high credit quality.
i) Conservative policies in terms of:
   - Trading portfolio composition with bias towards lower volatility instruments.
   - Proprietary trading position.
   - Variable compensation for the trading staff.
j) Control the position-level exposures based on market risk sensitivities (such as VaR, DV01, Delta, Rho and Vega) and credit risk exposures by counterparties.
k) Concentration and diversification limits which are based on market liquidity and volatility, operational capacity, valuation and credit quality of counterparties.
l) Control and follow up on the funding and liquidity risk with independent oversight. This includes setting limits related to high quality liquid assets and maturity concentration of financial liabilities among others.
m) Ensuring compliance with regulatory limits and reviewing how the current and projected strategy can affect those limits.
n) Use of our market experience in the identification and implementation of best practices for risk management.

Main premises for risk management

Grupo Aval´s risk culture is based on the principles indicated in the section above, which are transmitted to all subsidiaries of the financial sector and business units. The strategy related to risk management is supported by the following guidelines:

a) In the financial sector subsidiaries of Grupo Aval, the risk function is independent of the business units. The segregation of functions between the business areas and the risk areas in charge of risk measurement analysis, control and reporting, provide enough independence and autonomy for proper risk control.
b) The decision-making process at the subsidiaries of the financial sector requires that transactions of significant amounts are sent to decision centers such as risk committees. The frequency of meetings of these committees ensures a high degree of agility regarding proposal resolution, and continuous participation of senior management in management of various risks.
c) Grupo Aval has corporate policies for the risks to which it is exposed. The business and risk units of Grupo Aval and its subsidiaries of the financial sector hold orientation meetings based on approaches to risk that are consistent with Grupo Aval´s risk culture.
d) Grupo Aval has implemented a risk system that is updated on a regular basis to address new conditions in the markets and the risks to which Grupo Aval is exposed.
e) There are adequate information systems to monitor risk exposure, ensure compliance with the approved policies and implement appropriate corrective actions as and when necessary.
f) Key risks are analyzed on a regular basis, not only when risks materialize or problems occur during the normal course of business but in a continuous process of risk management.
g) Grupo Aval and its subsidiaries of the financial sector have training courses on risk culture for all hierarchy levels in the organization.
h) A risk culture has been integrated throughout the organization, consisting of a series of attitudes, values, skills and guidelines to action.

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Financial Risk Review

4.1 Credit Risk

4.1.1 Consolidated Credit Risk Exposure

Grupo Aval´s subsidiaries are exposed to credit risk, consisting of the risk of financial loss as a result of a failure of a debtor to meet their contractual obligations in financial transactions on a timely and complete manner. Exposure to credit risk for Grupo Aval and its subsidiaries is a result of credit activities and transactions with counterparties.

The maximum exposure to credit risk of Grupo Aval, at a consolidated level is reflected in the carrying value of financial assets in the Consolidated Statement of Financial position of Grupo Aval as of December 31, 2024, and 2023 as follows:

Assets		December 31, 2024		December 31, 2023
Cash and cash equivalents (*)	Ps.	13,256,505	Ps.	14,788,750
Trading investments in debt securities		11,937,414		7,113,380
Investments in debt securities mandatorily at FVTPL		1,425		1,889
Investments in debt securities at FVOCI		27,050,198		23,326,776
Investments in debt securities at amortized cost		10,708,367		9,996,561
Derivatives instruments		969,294		2,077,567
Hedging derivatives		54,019		48,662
Loans				
Commercial		115,414,643		107,047,817
Consumer		61,976,325		59,999,611
Mortgage		22,035,727		18,486,206
Microcredit		4,375		277,529
Interbank and overnight funds		705,055		392,607
Other accounts receivable FVTPL		4,181,835		3,830,916
Other accounts receivable at amortized cost		24,138,538		22,171,973
Total financial assets with credit risk	**Ps.**	**292,433,720**	**Ps.**	**269,560,244**
Financial instruments with credit risk outside of the statement of financial position at its nominal value				
Financial guarantees and letters of credit		3,082,949		3,052,607
Credit commitments		28,316,543		26,745,937
Total exposure to credit risk outside of the statement of financial position (**)	**Ps.**	**31,399,492**	**Ps.**	**29,798,544**
Total maximum exposure to credit risk	**Ps.**	**323,833,212**	**Ps.**	**299,358,788**

(*) Not including funds in the entity's custody (cash, tellers, vaults), because there is no credit risk regarding Grupo Aval entities. See Note 4.1.3 h)
(**) See details in note 4.1.9.

With regard to guarantees and commitments to extend credit amounts, the maximum credit risk exposure is the amount of a commitment. Credit risk is mitigated by guarantees and collaterals as described in note 4.1.4 Mitigation of Credit Risk, Collateral and Other Credit Risk Enhancements.

Each of Grupo Aval´s financial subsidiaries assume the credit risk for both the credit activities, which includes commercial, consumer, mortgage and microcredit credit lending, and treasury activities including interbank loans, investment portfolio management, derivatives and foreign currency trading activities among others. Despite being independent businesses, the nature of insolvency risk of a borrower or counterparty is similar and therefore the criteria in which they are evaluated is similar.

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4.1.1.A. Loan portfolio disclosure

Loans are recorded at amortized cost in the Consolidated Statement of Financial Position, and are classified as commercial, consumer, residential mortgage, microcredit, interbank and overnight funds. The following table presents the portfolio balances, provision balances and net value portfolio by segment:

December 31, 2024

Portfolio segment		Loan Portfolio		Loss allowance		Total loan Portfolio, net
Commercial	Ps.	116,119,698	Ps.	5,363,688	Ps.	110,756,010
Interbank and overnight funds		705,055		795		704,260
Client portfolio		115,414,643		5,362,893		110,051,750
Consumer		61,976,325		4,166,018		57,810,307
Residential mortgage		22,035,727		473,315		21,562,412
Microcredit (1)		4,375		3,618		757
Total portfolio	**Ps.**	**200,136,125**	**Ps.**	**10,006,639**	**Ps.**	**190,129,486**

(1) The decrease corresponds to the sale of portfolio by Banco de Bogotá for Ps.236,805

December 31, 2023

Portfolio segment		Loan Portfolio		Loss allowance		Total loan Portfolio, net
Commercial	Ps.	107,440,424	Ps.	5,294,622	Ps.	102,145,802
Interbank and overnight funds		392,607		22		392,585
Client portfolio		107,047,817		5,294,600		101,753,217
Consumer		59,999,611		4,307,446		55,692,165
Residential mortgage		18,486,206		379,987		18,106,219
Microcredit		277,529		53,660		223,869
Total portfolio	**Ps.**	**186,203,770**	**Ps.**	**10,035,715**	**Ps.**	**176,168,055**

4.1.1.B Loan portfolio given as collateral

In 2024 and 2023, there were no portfolio operations delivered as collateral in resource auction operations with Banco República.

4.1.2 Loan and Counterparty Approval Process for subsidiaries in the financial sector

The principles and rules for credit management and credit risk for each financial subsidiary are contained in the credit manual, both for commercial banking activities and treasury activities. Evaluation criteria to measure credit risk follows the principal instructions set forth by the Treasury and Credit Risk Committees.

The maximum authority regarding lending is the Board of Directors for each bank, which approves the general policy and has the capacity to approve large size transactions. In the normal banking operation, authorizations for approval of loans and lines of credit depend on the amounts, credit quality, tenor and security collateral or guarantees offered by the client. The Board of Directors of each bank has delegated part of its lending authorities to different committees and executives who process the credit requests and are responsible for the analysis and credit review.

Additionally, for the approval of credits, certain considerations are considered including but not limited to the probability of default, the recovery percentage of guarantees received, current customer exposure and tenor & concentration by economic sector.

Regarding treasury operations, the Boards of Directors of the financial subsidiaries approve lines of credit for counterparties. Risk control is essentially carried out through three mechanisms: periodic approval of lines of credit, evaluation of the conditions of the issuers at least annually and a report on concentrations for each client or economic group.

Although each financial subsidiary is responsible for its credit decisions and risk management, Grupo Aval as the holding entity, oversees the implementation of appropriate risk management controls at the financial subsidiaries through the Corporate Risk Unit. The holding's risk management staff meets on a periodically basis to discuss Grupo Aval subsidiaries' loan portfolio, developments in industry, risks and opportunities. Additionally, Grupo Aval through the Credit Projects Unit reviews credit exposures approved by

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the Group's financial entities, in accordance with guidelines established based on financial indicators, group exposure, economic sectors, among others. This process was developed to effectively leverage the combined equity of its Banks and manage any risk issues.

Each subsidiary of the financial sector has a Credit Risk Management System, which is managed by the risk vice-presidency or its equivalent, and includes, among others, the design, implementation and evaluation of policies and risk mechanisms defined by the Risk Committee and the Board of Directors of each entity. The operation of the Credit Risk Management System has resulted in the integration of risk measurement tools into the credit approval process in each of the financial subsidiaries.

Each subsidiary of the financial sector in Colombia has two models for evaluating credit risk for the approval of commercial loans. The first is the financial ratings model, which consists of statistical models based on the client´s financial information, which are used in the approval process and for portfolio management and monitoring. The second model is based on the client´s financial ratings and their historical payment behavior with the bank.

For retail loans (including mortgage loans and auto loans) models are based on product line characteristic, sociodemographic variables and the historical payment behavior of the clients with the bank and the financial sector, among others.

As a result of the changes caused by the national and international economic and political situation, periodically review and analyze whether it is necessary to adjust origination strategies, along with approved debt limits in accordance with individual risk analysis, especially for customers identified in high-risk sectors, segments, credit lines and among others.

4.1.3 Credit quality analysis

The Credit-risk Monitoring Process and Credit rating of the loan portfolio

The monitoring process and credit risk review of each financial subsidiary is carried out in several steps including portfolio analysis by vintages, risk level rating, permanent high-risk clients' review, restructuring processes of operations and the receipt of foreclosed assets as payment.

Periodically the financial subsidiaries classify each client in one of these risk categories: Category Normal, Acceptable, Appreciable, Significant and Non - recoverability, based on the statistical models that each subsidiary has.

In addition, each financial subsidiary evaluates the commercial portfolio by economic sectors, where macro-sectors are evaluated with the purpose of monitoring the concentration per economic sector and the risk level of each one.

At least once a year, each financial subsidiary carries out an individual analysis of credit risk based on updated financial information of the client, payment record, collateral security/guarantees received, credit bureau reports and other qualitative information available; based on the information, clients are classified by risk level as mentioned above.

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Each risk category is explained as follows:

Category	PD*	Risk	Description
1	0%- 7.5%	Normal	Appropriately serviced. The debtor's financial statements or their projected cash flows, as well as all other credit information available to us, reflect adequate paying capacity
2 3	7.5% - 15% 15% - 22.5%	Acceptable above normal	Adequately serviced and protected, but there are weaknesses which may potentially affect, on a temporary or permanent basis, the debtor's paying capacity or their projected cash flows to the extent that, if not timely corrected, would affect the collection of the credits as contracted
4 5	22.5% - 30% 30% - 45%	Appreciable	Have debtors with insufficient paying capacity or relate to projects with insufficient cash flow, which may compromise the normal collection of the obligations
6 7	45% - 60% 60% - 90%	Significant	Have the same deficiencies as loans in category 4-5, but to a larger extent; consequently, the probability of collection is highly doubtful
8	> 90%	Non-recoverability	Deemed uncollectible.

(*) Probability of default – "PD" is the probability that the counterpart defaults in their payment obligations of capital and/or interest.

For mortgage loans and microcredits, the previous classification by risk levels is carried out monthly considering the number of days past due.

In addition, the credit risk exposure is managed through a periodic analysis of the borrowers (or potential borrowers) to determine the repayment capacity of capital and interest. The credit risk exposure is also mitigated partly by obtaining collateral security, corporate and personal guarantees.

The following table sets out information about the credit quality of financial assets measured at amortized cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively. Based on the foregoing classifications, each financial subsidiary establishes and executes collection strategies directed at maximizing the collection of the loan portfolio.

As of December 31, 2024, and 2023, the following is a summary of the credit portfolio by probability of default. Explanation of the terms: Stage 1, Stage 2 and Stage 3 are included in Note 2 (2.5) (ix) and explained in detail in Note 4.1.5 (Measurement of Expected Credit Loss).

Total Portfolio

	December 31, 2024			
	Total Exposure			
PD Range	Stage 1	Stage 2	Stage 3	Total
0%- 7.5%	Ps. 165,325,376	Ps. 2,733,552	Ps. 74,867	Ps. 168,133,795
7.5% - 15%	10,731,075	1,379,780	614	12,111,469
15% - 22.5%	535,897	447,250	97	983,244
22.5% - 30%	344,972	556,641	246	901,859
30% - 45%	185,460	1,570,202	1,795	1,757,457
45% - 60%	62,448	948,971	148	1,011,567
60% - 90%	9,205	1,818,316	105,882	1,933,403
> 90%	2,098	63,862	13,237,371	13,303,331
TOTAL	**Ps. 177,196,531**	**Ps. 9,518,574**	**Ps. 13,421,020**	**Ps. 200,136,125**

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Grupo Aval Acciones y Valores S.A.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024, 2023 and 2022
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	December 31, 2023			
	Total Exposure			
PD Range	Stage 1	Stage 2	Stage 3	Total
0%- 7.5%	Ps. 155,352,194	Ps. 2,123,462	Ps. 1,662	Ps. 157,477,318
7.5% - 15%	8,001,193	1,491,965	18	9,493,176
15% - 22.5%	635,366	454,652	13	1,090,031
22.5% - 30%	372,476	657,258	17	1,029,751
30% - 45%	122,410	2,115,980	48	2,238,438
45% - 60%	10,436	594,121	382	604,939
60% - 90%	30,479	1,640,781	3,085	1,674,345
> 90%	7	35,828	12,559,937	12,595,772
TOTAL	**Ps. 164,524,561**	**Ps. 9,114,047**	**Ps. 12,565,162**	**Ps. 186,203,770**

Commercial – Client portfolio

	December 31, 2024			
	Total Exposure			
PD Range	Stage 1	Stage 2	Stage 3	Total
0%- 7.5%	Ps. 95,690,974	Ps. 1,061,196	Ps. 74,525	Ps. 96,826,695
7.5% - 15%	5,926,757	789,697	603	6,717,057
15% - 22.5%	91,248	147,840	8	239,096
22.5% - 30%	113,165	213,759	225	327,149
30% - 45%	69,485	950,652	1,711	1,021,848
45% - 60%	33,092	223,917	38	257,047
60% - 90%	2,895	76,708	97,492	177,095
> 90%	289	481	9,847,886	9,848,656
TOTAL	**Ps. 101,927,905**	**Ps. 3,464,250**	**Ps. 10,022,488**	**Ps. 115,414,643**

	December 31, 2023			
	Total Exposure			
PD Range	Stage 1	Stage 2	Stage 3	Total
0%- 7.5%	Ps. 89,446,752	Ps. 922,338	Ps. 30	Ps. 90,369,120
7.5% - 15%	4,619,984	672,515	14	5,292,513
15% - 22.5%	149,734	141,027	—	290,761
22.5% - 30%	75,014	296,926	—	371,940
30% - 45%	35,159	1,384,320	—	1,419,479
45% - 60%	—	29,600	44	29,644
60% - 90%	1,652	79,911	249	81,812
> 90%	5	3,897	9,188,646	9,192,548
TOTAL	**Ps. 94,328,300**	**Ps. 3,530,534**	**Ps. 9,188,983**	**Ps. 107,047,817**

Consumer

	December 31, 2024			
	Total Exposure			
PD Range	Stage 1	Stage 2	Stage 3	Total
0%- 7.5%	Ps. 49,327,615	Ps. 1,473,359	Ps. 339	Ps. 50,801,313
7.5% - 15%	4,600,920	439,437	11	5,040,368
15% - 22.5%	377,855	148,417	89	526,361
22.5% - 30%	230,075	231,107	21	461,203
30% - 45%	115,355	342,328	84	457,767
45% - 60%	29,356	511,606	110	541,072
60% - 90%	6,280	1,478,181	8,389	1,492,850
> 90%	1,809	62,817	2,590,765	2,655,391
TOTAL	**Ps. 54,689,265**	**Ps. 4,687,252**	**Ps. 2,599,808**	**Ps. 61,976,325**

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	December 31, 2023			
	Total Exposure			
PD Range	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
0%- 7.5%	Ps. 48,882,951	Ps. 959,967	Ps. 1,624	Ps. 49,844,542
7.5% - 15%	3,162,195	630,148	3	3,792,346
15% - 22.5%	407,118	221,512	13	628,643
22.5% - 30%	287,632	303,389	17	591,038
30% - 45%	83,212	511,700	46	594,958
45% - 60%	5,394	403,500	335	409,229
60% - 90%	27,605	1,347,432	2,836	1,377,873
> 90%	2	31,127	2,729,853	2,760,982
TOTAL	**Ps. 52,856,109**	**Ps. 4,408,775**	**Ps. 2,734,727**	**Ps. 59,999,611**

Mortgage

	December 31, 2024			
	Total Exposure			
PD Range	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
0%- 7.5%	Ps. 19,602,506	Ps. 198,997	Ps. 3	Ps. 19,801,506
7.5% - 15%	201,894	150,646	—	352,540
15% - 22.5%	66,794	150,993	—	217,787
22.5% - 30%	1,718	111,771	—	113,489
30% - 45%	617	277,207	—	277,824
45% - 60%	—	213,437	—	213,437
60% - 90%	—	263,418	1	263,419
> 90%	—	564	795,161	795,725
TOTAL	**Ps. 19,873,529**	**Ps. 1,367,033**	**Ps. 795,165**	**Ps. 22,035,727**

	December 31, 2023			
	Total Exposure			
PD Range	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
0%- 7.5%	Ps. 16,462,013	Ps. 241,157	Ps. 8	Ps. 16,703,178
7.5% - 15%	192,612	189,280	1	381,893
15% - 22.5%	64,124	92,026	—	156,150
22.5% - 30%	1,654	56,932	—	58,586
30% - 45%	594	219,707	2	220,303
45% - 60%	—	160,222	3	160,225
60% - 90%	—	200,657	—	200,657
> 90%	—	804	604,410	605,214
TOTAL	**Ps. 16,720,997**	**Ps. 1,160,785**	**Ps. 604,424**	**Ps. 18,486,206**

Microcredit

	December 31, 2024			
	Total Exposure			
PD Range	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
0%- 7.5%	Ps. 418	Ps. —	Ps. —	Ps. 418
7.5% - 15%	312	—	—	312
15% - 22.5%	—	—	—	—
22.5% - 30%	14	4	—	18
30% - 45%	3	15	—	18
45% - 60%	—	11	—	11
60% - 90%	30	9	—	39
> 90%	—	—	3,559	3,559
TOTAL	**Ps. 777**	**Ps. 39**	**Ps. 3,559**	**Ps. 4,375**

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	December 31, 2023							
	Total Exposure							
PD Range	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
0%- 7.5%	Ps.	167,871	Ps.	—	Ps.	—	Ps.	167,871
7.5% - 15%		26,402		22		—		26,424
15% - 22.5%		14,390		87		—		14,477
22.5% - 30%		8,176		11		—		8,187
30% - 45%		3,445		253		—		3,698
45% - 60%		5,042		799		—		5,841
60% - 90%		1,222		12,781		—		14,003
> 90%		—		—		37,028		37,028
TOTAL	**Ps.**	**226,548**	**Ps.**	**13,953**	**Ps.**	**37,028**	**Ps.**	**277,529**

Interbank and overnight funds

	December 31, 2024							
	Total Exposure							
PD Range	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
0%- 7.5%	Ps.	703,863	Ps.	—	Ps.	—	Ps.	703,863
7.5% - 15%		1,192		—		—		1,192
15% - 22.5%		—		—		—		—
22.5% - 30%		—		—		—		—
30% - 45%		—		—		—		—
45% - 60%		—		—		—		—
60% - 90%		—		—		—		—
> 90%		—		—		—		—
TOTAL	**Ps.**	**705,055**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**705,055**

	December 31, 2023							
	Total Exposure							
PD Range	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
0%- 7.5%	Ps.	392,607	Ps.	—	Ps.	—	Ps.	392,607
7.5% - 15%		—		—		—		—
15% - 22.5%		—		—		—		—
22.5% - 30%		—		—		—		—
30% - 45%		—		—		—		—
45% - 60%		—		—		—		—
60% - 90%		—		—		—		—
> 90%		—		—		—		—
TOTAL	**Ps.**	**392,607**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**392,607**

Loan commitments and financial guarantee contracts

	December 31, 2024							
	Total Exposure							
PD Range	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
0%- 7.5%	Ps.	27,724,323	Ps.	65,537	Ps.	666	Ps.	27,790,526
7.5% - 15%		460,057		437,341		46		897,444
15% - 22.5%		79,091		2,207,502		39		2,286,632
22.5% - 30%		22,053		6,514		29		28,596
30% - 45%		12,330		133,364		179		145,873
45% - 60%		539		74,023		52		74,614
60% - 90%		244		2,867		334		3,445
> 90%		5		2,370		169,987		172,362
TOTAL	**Ps.**	**28,298,642**	**Ps.**	**2,929,518**	**Ps.**	**171,332**	**Ps.**	**31,399,492**

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	December 31, 2023							
	Total Exposure							
PD Range	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
0%- 7.5%	Ps.	26,560,070	Ps.	74,846	Ps.	205	Ps.	26,635,121
7.5% - 15%		217,078		901,543		14		1,118,635
15% - 22.5%		30,108		1,684,982		17		1,715,107
22.5% - 30%		8,822		4,715		74		13,611
30% - 45%		1,059		145,865		138		147,062
45% - 60%		2		2,821		252		3,075
60% - 90%		9		1,050		426		1,485
> 90%		1		301		164,146		164,448
TOTAL	**Ps.**	**26,817,149**	**Ps.**	**2,816,123**	**Ps.**	**165,272**	**Ps.**	**29,798,544**

Credit quality of financial assets (excluding loan portfolio)

The following is the breakdown of the different financial assets excluding loan portfolio, by credit risk level and type of issuer based on the rating issued by the independent credit ratings agency. A financial asset is considered investment grade if its credit rating is BBB- or higher by Standard & Poor's or Fitch Ratings scale, Baa3 or higher by Moody's scale, F3 or higher by Fitch Ratings Colombia S.A or BRC3 or higher by BRC of Colombia. Otherwise, the financial asset is considered speculative.

a) Trading investment in debt securities

	December 31, 2024		**December 31, 2023**	
Investment grade				
Sovereign (*)	Ps.	10,699,113	Ps.	5,764,699
Other public entities (**)		12,450		18,886
Corporate		3,996		3,412
Financial entities		161,465		349,273
Total investment grade	Ps.	**10,877,024**	**Ps.**	**6,136,270**
Speculative grade				
Sovereign (*)	Ps.	17,824	Ps.	62,213
Other public entities (**)		171,310		136,851
Corporate		30,527		42,581
Financial entities		840,729		735,187
Total Speculative grade	**Ps.**	**1,060,390**	**Ps.**	**976,832**
Without grade or not available				
Corporate	Ps.	—	Ps.	278
Total without grade or not available	**Ps.**	—	**Ps.**	**278**
	Ps.	**11,937,414**	**Ps.**	**7,113,380**

(*) A sovereign credit rating considers the risk of Treasury issuer or similar agency (government debt portfolio).
(**) Corresponds to operations with government entities, including public administrations in general (including regional and local governments).

b) Investments in debt securities mandatorily at FVTPL

	December 31, 2024		**December 31, 2023**	
Speculative grade				
Corporate	Ps.	1,425	Ps.	1,889
Total Speculative grade	**Ps.**	**1,425**	**Ps.**	**1,889**

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c) Investments in debt securities at FVOCI

	December 31, 2024							
	Stage 1		Stage 2		Stage 3		Total	
Investment grade								
Sovereign (*)	Ps.	19,577,886	Ps.	—	Ps.	—	Ps.	19,577,886
Other public entities (**)		33,584		—		—		33,584
Central banks		204,855		—		—		204,855
Corporate		66,347		—		—		66,347
Financial entities		1,447,702		—		—		1,447,702
Multilaterals		333,279		—		—		333,279
Total investment grade	**Ps.**	**21,663,653**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**21,663,653**
Speculative grade								
Sovereign (*)	Ps.	3,192,832	Ps.	—	Ps.	—	Ps.	3,192,832
Other public entities (**)		429,161		—		—		429,161
Corporate		367,087		—		—		367,087
Financial entities		1,134,852		—		—		1,134,852
Multilaterals		4,274		—		—		4,274
Total speculative grade	**Ps.**	**5,128,206**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**5,128,206**
Without Grade or Not available								
Corporate	Ps.	214,110	Ps.	—	Ps.	—	Ps.	214,110
Financial entities		44,229		—		—		44,229
Total Without Grade or Not available	**Ps.**	**258,339**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**258,339**
	Ps.	**27,050,198**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**27,050,198**

(*) Sovereign credit rating is considered as the risk of the Treasury issuer or a similar agency (government debt portfolio).
(**) Corresponds to operations with government entities; including public administrations in general (includes regional and local governments).

	December 31, 2023							
	Stage 1		Stage 2		Stage 3		Total	
Investment grade								
Sovereign (*)	Ps.	16,879,453	Ps.	—	Ps.	—	Ps.	16,879,453
Other public entities (**)		123,996		—		—		123,996
Central banks		145,489		—		—		145,489
Corporate		93,637		—		—		93,637
Financial entities		1,085,737		—		—		1,085,737
Multilaterals		330,748		—		—		330,748
Total investment grade	**Ps.**	**18,659,060**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**18,659,060**
Speculative grade								
Sovereign (*)	Ps.	2,418,378	Ps.	—	Ps.	—	Ps.	2,418,378
Other public entities (**)		739,792		—		—		739,792
Corporate		273,144		—		—		273,144
Financial entities		1,056,910		—		—		1,056,910
Multilaterals		3,549		—		—		3,549
Total speculative grade	**Ps.**	**4,491,773**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**4,491,773**
Without Grade or Not available								
Corporate	**Ps.**	175,943	**Ps.**	—	**Ps.**	—		175,943
Total Without Grade or Not available	**Ps.**	**175,943**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**175,943**
	Ps.	**23,326,776**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**23,326,776**

(*) Sovereign credit rating is considered as the risk of the Treasury issuer or a similar agency (government debt portfolio).
(**) Corresponds to operations with government entities; including public administrations in general (includes regional and local governments).

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d) Investments in debt securities at amortized cost

	December 31, 2024							
	Stage 1		Stage 2		Stage 3		Total	
Investment grade								
Sovereign (*)	Ps.	2,584,348	Ps.	—	Ps.	—	Ps.	2,584,348
Financial entities		2,321,902		—		—		2,321,902
Total investment grade	**Ps.**	**4,906,250**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**4,906,250**
Speculative grade								
Other public entities (**)	Ps.	5,563,208	Ps.	—	Ps.	—	Ps.	5,563,208
Corporate		64,709		—		—		64,709
Financial Entities		6,647		—		—		6,647
Total speculative grade	**Ps.**	**5,634,564**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**5,634,564**
Without Grade or Not available								
Corporate	Ps.	76,915	Ps.	68,638	Ps.	—	Ps.	145,553
Financial Entities		22,000		—		—		22,000
Total Without Grade or Not available	**Ps.**	**98,915**	**Ps.**	**68,638**	**Ps.**	**—**	**Ps.**	**167,553**
	Ps.	**10,639,729**	**Ps.**	**68,638**	**Ps.**	**—**	**Ps.**	**10,708,367**

(*) Sovereign credit rating is considered as the risk of the Treasury issuer or a similar agency (government debt portfolio).
(**) Corresponds to operations with government entities; including public administrations in general (includes regional and local governments).

	December 31, 2023							
	Stage 1		Stage 2		Stage 3		Total	
Investment grade								
Sovereign (*)	Ps.	2,593,978	Ps.	—	Ps.	—	Ps.	2,593,978
Financial entities		2,016,078		—		—		2,016,078
Total investment grade	**Ps.**	**4,610,056**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**4,610,056**
Speculative grade								
Other public entities (**)	Ps.	5,112,355	Ps.	—	**Ps.**	—	Ps.	5,112,355
Corporate		63,824		—		—		63,824
Financial entities		5,761		—		—		5,761
Total speculative grade	**Ps.**	**5,181,940**	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**5,181,940**
Without Grade or Not available								
Corporate	Ps.	83,066	Ps.	60,344	Ps.	—	Ps.	143,410
Financial Entities		61,155		—		—		61,155
Total Without Grade or Not available	**Ps.**	**144,221**	**Ps.**	**60,344**	**Ps.**	**—**	**Ps.**	**204,565**
	Ps.	**9,936,217**	**Ps.**	**60,344**	**Ps.**	**—**	**Ps.**	**9,996,561**

(*) Sovereign credit rating is considered as the risk of the Treasury issuer or a similar agency (government debt portfolio).
(**) Corresponds to operations with government entities; including public administrations in general (includes regional and local governments).

e) Other accounts receivable at FVTPL

	December 31, 2024		December 31, 2023	
Investment grade				
Sovereign (*)(**)	Ps.	4,181,835	Ps.	3,830,916
Total investment grade	**Ps.**	**4,181,835**	**Ps.**	**3,830,916**

(*) Sovereign credit rating is considered as the risk of the Treasury issuer or a similar agency (government debt portfolio).
(**) Sovereign corresponds to the financial assets in concession arrangements rights at fair value.

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f) Other accounts receivable at amortized cost

	December 31, 2024				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Other receivables using general approach					
Other accounts receivable and contract assets for government and corporate customers	Ps. 15,962,982	Ps. —	Ps. 1,298	Ps. —	Ps. **15,964,280**
Other accounts receivable related to gas, energy services, contributions and others	1,497,946	130,745	144,634	—	**1,773,325**
Other receivables using simplified approach					
Other accounts receivable from individual customers	—	—	—	6,400,933	**6,400,933**
Total other receivables	**Ps. 17,460,928**	**Ps. 130,745**	**Ps. 145,932**	**Ps. 6,400,933**	**Ps. 24,138,538**

	December 31, 2023				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Other receivables using general approach					
Other accounts receivable and contract assets for government and corporate customers	Ps. 14,569,999	Ps. —	Ps. 1,535	Ps. —	Ps. **14,571,534**
Other accounts receivable related to gas, energy services, contributions and others	1,143,548	119,607	184,829	—	**1,447,984**
Other receivables using simplified approach					
Other accounts receivable from individual customers	—	—	—	6,152,455	**6,152,455**
Total other receivables	**Ps. 15,713,547**	**Ps. 119,607**	**Ps. 186,364**	**Ps. 6,152,455**	**Ps. 22,171,973**

Evaluated using general approach

The following table provides information about the exposure to credit risk for other accounts receivable and contract assets for corporate customers as of December 31, 2024 and 2023. The credit quality of these financial assets follows the methodology of the probability of default of debt securities and other liquid financial assets (See note 4.1.5).

	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Investment grade				
Sovereign (*)	Ps. 15,962,982	Ps. —	Ps. —	Ps. 15,962,982
Corporate	—	—	1,298	1,298
Total investment grade	**Ps. 15,962,982**	**Ps. —**	**Ps. 1,298**	**Ps. 15,964,280**

(*) Sovereign credit rating is considered as the risk of the Treasury issuer or a similar agency (government debt portfolio).

	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Investment grade				
Sovereign (*)	Ps. 14,569,999	Ps. —	Ps. —	Ps. 14,569,999
Corporate	—	—	1,535	1,535
Total investment grade	**Ps. 14,569,999**	**Ps. —**	**Ps. 1,535**	**Ps. 14,571,534**

(*) Sovereign credit rating is considered as the risk of the Treasury issuer or a similar agency (government debt portfolio).

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The following table provides information about the exposure to credit risk by segment for accounts receivable related to gas and energy services, the methodology used to estimate the ECLs is the same used for Loan and Receivable (See note 4.1.5):

	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Segmentation				
Contributions	Ps. 308,014	Ps. —	Ps. —	Ps. 308,014
Gas	843,852	119,622	90,587	1,054,061
Energy	110,794	11,123	54,047	175,964
Other accounts receivable	235,286	—	—	235,286
Total segmentation	**Ps. 1,497,946**	**Ps. 130,745**	**Ps. 144,634**	**Ps. 1,773,325**

	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Segmentation				
Contributions	Ps. 88,148	Ps. —	Ps. —	Ps. 88,148
Gas	709,422	111,786	102,077	923,285
Energy	84,960	7,821	82,752	175,533
Other accounts receivable	261,018	—	—	261,018
Total segmentation	**Ps. 1,143,548**	**Ps. 119,607**	**Ps. 184,829**	**Ps. 1,447,984**

Evaluated using simplified approach

Grupo Aval uses a probability matrix to measure the ECL for other receivables from individual customers, which have small balances.

The weighted-average loss rate is calculated using a "rolling rate" method based on the probability that a receivable will progress through successive stages of default until write off. The rolling rate is calculated for exposures in different segments and separately in accordance with the following common features of credit risk.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as of December 31, 2024 and 2023.

December 31, 2024	Weighted-(average loss rate)	Gross carrying amount	Loss allowance	Credit-impaired
0–30 days past due	0.54 %	Ps. 5,021,674	Ps. 26,971	Ps. —
31–60 days past due	1.11 %	128,404	1,428	—
61–90 days past due	0.94 %	179,719	1,682	—
More than 90 days past due	13.88 %	1,071,136	148,658	1,071,136
		Ps. 6,400,933	**Ps. 178,739**	**Ps. 1,071,136**

December 31, 2023	Weighted-(average loss rate)	Gross carrying amount	Loss allowance	Credit-impaired
0–30 days past due	0.18 %	Ps. 4,949,057	Ps. 8,889	Ps. —
31–60 days past due	0.36 %	173,165	621	—
61–90 days past due	1.89 %	106,196	2,007	—
More than 90 days past due	19.26 %	924,037	177,968	924,037
		Ps. 6,152,455	**Ps. 189,485**	**Ps. 924,037**

The loss rates are based on the experience of real credit loss during a year and the balance of accounts receivable at the cut-off date for previously defined homogeneous segments. It takes into consideration elements such as: segmentation by type of receivable account, date of analysis, definition of loss, among others. Based on the characteristics of the short-term receivable accounts, these portfolios result from operations where there are no non-linear impacts, therefore, the application of macroeconomic scenarios is not considered.

(Amounts expressed in millions of Colombian pesos)

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g) Derivative instruments

The details of credit rating determined by independent credit rating agents of counterparties in trading derivatives and hedge derivatives in active position are as follows.

Credit worthiness		**December 31, 2024**		**December 31, 2023**
Investment grade	Ps.	622,273	Ps.	1,398,093
Speculative		774		22,274
Without grade or not available		400,266		705,862
Total	**Ps.**	**1,023,313**	**Ps.**	**2,126,229**

The following table shows an analysis of counterparty credit exposures that arise from derivative transactions. Transactions derived from Grupo Aval are generally fully guaranteed with cash:

Trading derivatives

		Total				**Central counterparties**		
		Notional amount		**Fair value**		**Notional amount**		**Fair value**
2024								
Derivative assets	Ps.	104,988,291	Ps.	969,294	Ps.	14,317,598	Ps.	10,246
Derivative liabilities		64,053,439		1,011,934		10,715,432		6,646
2023								
Derivative assets	Ps.	77,206,096	Ps.	2,077,567	Ps.	30,658,137	Ps.	4,272
Derivative liabilities		64,716,179		2,154,361		15,739,527		10,399

Hedging derivatives

		Total				**Central counterparties**		
		Notional Amount		**Fair value**		**Notional amount**		**Fair value**
2024								
Derivative assets	Ps.	7,330,349	Ps.	54,019	Ps.	—	Ps.	—
Derivative liabilities		2,355,232		21,658		—		—
2023								
Derivative assets	Ps.	3,765,455	Ps.	48,662	Ps.	—	Ps.	—
Derivative liabilities		5,109,351		217,566		—		—

Derivative transactions of Grupo Aval are collateralized by cash of Ps. (246,003) as of December 31, 2024, and of Ps. (1,035,846) as of December 31, 2023, see note 4.1.10 "Offset of financial assets and financial liabilities".

h) Cash and cash equivalents

Grupo Aval held cash and cash equivalents of Ps. 16,998,859 as of December 31, 2024 (2023: Ps. 18,597,861). The cash and cash equivalents are held in central banks and financial institution counterparties. The following table shows an analysis of counterparty credit exposures:

		December 31, 2024		**December 31, 2023**
Investment grade	**Ps.**	**13,256,226**	**Ps.**	**14,788,284**
Central bank		4,166,796		6,857,510
Financial entities		9,089,430		7,930,774
Speculative grade		**279**		**466**
Central bank		279		466
Cash and cash equivalent with third parties	**Ps.**	**13,256,505**	**Ps.**	**14,788,750**
Cash held by entity (*)	Ps.	3,742,354	Ps.	3,809,111
Total	**Ps.**	**16,998,859**	**Ps.**	**18,597,861**

(*) Cash held by each Grupo Aval's bank in custody in vaults, ATMs and cash.

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4.1.4 Mitigation of Credit Risk, Collateral and Other Credit Risk Enhancements

The exposure to credit risk for each of Grupo Aval´s financial subsidiaries is reduced by collateral and other credit enhancements. The existence of collateral security or guarantees can be a requirement but not a determining factor in approval of a credit. Credit risk policies of Grupo Aval require an evaluation of the debtor's payment capacity based on the debtor´s ability to generate the resources needed for the timely and complete payment of their obligations.

Credit risk management includes the following activities:

- Analysis of credit risk: For commercial lending, tools are used for the individual evaluation of credits based on payment capacity supported on cash generation, credit rating models with inputs from historical and projected financial condition, and on the payment history of the debtor with the financial sector. For interbank and overnight funds, the Camel Model is used to analyze financial institutions according to six factors represented by capital adequacy, assets quality, management, earnings, liquidity, and sensitivity. For consumer lending (including mortgages and auto financing), scoring models are based on characteristics of each credit line and in terms of clients, sociodemographic variables and payment behavior with both then bank and the financial sector.
- Evaluation of collateral security / guarantees with appropriate debt coverage in accordance with the credit policies of each financial subsidiary. Collateral security includes mortgages on real estate, pledge on assets, cash deposits and investments.
- Evaluation of the liquidity of the collateral security / guarantees received.

The methods used for the evaluation of collateral security / guarantees are aligned with the market practices and include the use of independent real estate appraisers or the market value of securities. All collateral security / guarantees must be legally evaluated and drafted following the parameters of applicable legal regulations.

Mortgage lending

The following tables classify credit exposures for mortgage loans and advances to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount of the loan commitments – to the value of the collateral. The value of the collateral for mortgage loans is based on the collateral value at origination updated based on changes in house price indices.

	December 31, 2024		December 31, 2023	
LTV ratio				
Less than 50%	Ps.	9,427,666	Ps.	7,784,742
51 – 70%		7,820,690		6,379,677
71 – 90%		3,964,073		3,281,508
91 – 100%		556,783		771,664
More than 100%		266,515		268,615
Total	**Ps.**	**22,035,727**	**Ps.**	**18,486,206**

Credit-impaired mortgage loans

For credit-impaired loans the value of collateral is based on the most recent appraisals.

	December 31, 2024		December 31, 2023	
LTV ratio				
Less than 50%	Ps.	205,345	Ps.	146,489
51 – 70%		320,667		252,655
More than 70%		269,153		205,280
Total	**Ps.**	**795,165**	**Ps.**	**604,424**

(Amounts expressed in millions of Colombian pesos)

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As of December 31, 2024, and 2023, the following chart shows the detail of the credit portfolio per type of guarantees received.

December 31, 2024	**Commercial**	**Consumer**	**Mortgages**	**Microcredit**	**Interbank and overnight funds**	**Total**
Unsecured credits	Ps. 66,304,089	Ps. 55,712,783	Ps. 804	Ps. 3,601	Ps. 477,144	Ps. 122,498,421
Loans secured by other banks	95,043	247	—	—	—	95,290
Collateralized credits:						
Mortgages	1,558,240	136,137	19,694,826	42	—	21,389,245
Other real estate	13,157,554	255,098	862	481	—	13,413,995
Investments in equity instruments	358,719	—	—	—	—	358,719
Deposits in cash or cash equivalents	1,117,748	202,268	—	—	—	1,320,016
Leased machineries and vehicles	8,923,078	18,212	2,320,866	—	—	11,262,156
Fiduciary agreements, standby letters and guarantee funds	10,201,495	20,411	18,366	245	—	10,240,517
Pledged income	3,681,176	—	—	—	—	3,681,176
Pledges	3,345,798	5,554,335	3	—	—	8,900,136
Other assets	6,671,703	76,834	—	6	227,911	6,976,454
Total gross loan portfolio	**Ps. 115,414,643**	**Ps. 61,976,325**	**Ps. 22,035,727**	**Ps. 4,375**	**Ps. 705,055**	**Ps. 200,136,125**

December 31, 2023	**Commercial**	**Consumer**	**Mortgages**	**Microcredit**	**Interbank and overnight funds**	**Total**
Unsecured credits	Ps. 60,462,815	Ps. 54,320,369	Ps. 1,277	Ps. 257,610	Ps. 88,588	Ps. 115,130,659
Loans secured by other banks	202,667	109	—	—	—	202,776
Collateralized credits:						
Mortgages	1,388,044	147,499	16,370,941	497	—	17,906,981
Other real estate	11,949,592	226,614	1,603	112	—	12,177,921
Investments in equity instruments	392,474	—	—	—	—	392,474
Deposits in cash or cash equivalents	1,101,686	145,901	—	—	—	1,247,587
Leased machineries and vehicles	8,715,508	14,947	2,066,476	—	—	10,796,931
Fiduciary agreements, standby letters and guarantee funds	9,654,206	21,705	45,909	18,927	—	9,740,747
Pledged income	3,710,759	—	—	—	—	3,710,759
Pledges	3,498,054	5,064,634	—	27	—	8,562,715
Other assets	5,972,012	57,833	—	356	304,019	6,334,220
Total gross loan portfolio	**Ps. 107,047,817**	**Ps. 59,999,611**	**Ps. 18,486,206**	**Ps. 277,529**	**Ps. 392,607**	**Ps. 186,203,770**

As of December 31, 2024, and 2023, the following chart sets out the carrying amount and the value of identifiable collateral (mainly commercial property) for commercial loans held by Grupo Aval at a consolidated level:

	December 31, 2024		**December 31, 2023**	
	Carrying Amount	**Collateral**	**Carrying Amount**	**Collateral**
Stages 1 and 2	Ps. 34,004,844	Ps. 25,569,949	Ps. 23,484,250	Ps. 15,996,375
Stage 3	3,404,067	2,840,416	2,952,217	2,429,026
	Ps. 37,408,911	**Ps. 28,410,365**	**Ps. 26,436,467**	**Ps. 18,425,401**

4.1.5 Amounts arising from Expected Credit Loss (ECL)

Definition of Default

Grupo Aval considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to Grupo Aval in full. Without prejudice, Grupo Aval takes actions such as realizing collateral (if any is held); or
- The borrower is more than 90 days past due on any material credit obligation other than mortgages to Grupo Aval. Overdrafts are considered past due once the customer has breached the allowed tenor or been advised of the reduction of the limit;
- For mortgages, when the borrower is more than 180 days past due;
- The borrower is in a state of restructuring, bankruptcy proceedings or business reorganization.
- In the case of fixed income financial securities, the following concepts among others apply:

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- External rating of the issuer or instrument in rating D under Standard & Poor's and Fitch Ratings scale or rating C under Moody's scale;
- Contractual payments are not made on the due date;
- There is a very high probability of suspension of payments;
- The issuer likely to go bankrupt or file for bankruptcy or similar action; or
- The financial asset no longer has an active market given its financial difficulties.

In assessing whether a borrower is in default, Grupo Aval considers indicators as follows:

- Qualitative: e.g. breaches of non-financial covenants;
- Quantitative: e.g. breaches of financial covenants, overdue status and non-payment of another obligation of the same issuer to Grupo Aval; and
- Based on internally historical or developed data and obtained from external sources.

Inputs used in the assessment of whether a financial instrument is in default may vary over time to reflect changes in circumstances.

Inputs, assumptions and techniques used to estimate expected credit loss allowance

Credit risk models measure the exposure for individual counterparties, based on the following parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD). For a specific credit facility (loans, debt securities, other liquid financial assets, other accounts receivable, loan commitments and financial guarantee contracts) the product of these three parameters results in the expected credit loss. See accounting policy in Note 2 (2.5 ix).

Measurement of ECL

The measurement of expected credit losses is a calculation that involves an important number of interrelated inputs and assumptions, such as the financial asset's probability of default, loss given default and exposure at default, which are modelled based on macroeconomic variables. Furthermore, the determination of the ECL requires the application of expert credit judgment to assess the current situation.

As mentioned above, the key inputs for the measurement of ECLs are usually the following variables:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

The estimation of these parameters depends on the credit facility. Loans and receivables methodology uses information derived from internally developed statistical models, comprising both quantitative and qualitative factors, and other historical data. On the other hand, debt securities methodology incorporates relevant external market information or international credit ratings.

PD is the probability that a counterparty defaults in its payment obligations of capital and/or interest. Credit risk grades are the primary input in the determination of the term structure of PD for exposures. Grupo Aval collects performance and default information about its credit risk exposures analyzed by jurisdiction or region, by type of product and borrower, and by credit risk grade. For some portfolios, information purchased from external credit bureaus may also be used.

Grupo Aval employs statistical models to analyze the data collected and generates estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

LGD is an estimate of the loss arising at default, which is computed as a percentage of exposure that the entity ultimately expects to lose in the event of a default in a financial instrument.

Grupo Aval estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models considers the collateral structure, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured/ guaranteed by real estate, loan-to-value (LTV) ratios will be a key parameter in determining LGD. Estimates are calibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices.

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The EAD represents the expected exposure in the event of default. Grupo Aval derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortization and prepayments. The EAD of a financial asset is the gross carrying amount at default. For lending commitments and financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which are estimated based on historical observations and forward-looking forecasts.

Subject to using the Lifetime PD for financial assets for which credit risk has significantly increased, Grupo Aval measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which there is exposure to credit risk, even if for risk management purposes, Grupo Aval considers a longer period. The maximum contractual period extends to the date at which Grupo Aval has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For retail overdrafts, credit cards, and certain corporate revolving facilities that include both a loan and an undrawn commitment component, Grupo Aval measures ECLs over a period longer than the maximum contractual period if Grupo Aval's contractual ability to demand repayment and cancel the undrawn commitment does not limit Grupo Aval's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. Grupo Aval can cancel them with immediate effect, but the contractual right is not enforced in the normal day-to-day management, but rather when Grupo Aval becomes aware of an increase in credit risk of a particular facility. This period is estimated considering the credit risk management actions that Grupo Aval expects to mitigate ECLs. These include a reduction in the limits and the cancellation of the credit.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped based on shared risk characteristics that include:

- Instrument type;
- Credit risk ratings;
- Collateral type;
- Date of initial recognition;
- Remaining term to maturity; and
- Industry.

The groups are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

In addition , for significant impaired loans, allowance estimates are made through individual evaluation based on quantitative criteria, such as the methods contemplated in IFRS of discounted cash flow and fair value of the guarantee, and qualitative criteria that involve knowledge of the customer's current situation, the environment in which it carries out its activities, legal or bankruptcy proceedings and expert judgment, among other aspects.

Credit Risk Model: Loans and receivables

I. Transitions between stages

Significant Increase in Credit Risk

When determining whether the credit risk (i.e. risk of default) of a financial instrument has increased significantly since initial recognition, Grupo Aval considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on Grupo Aval's historical experience, expert credit assessment and forward-looking information.

The following criteria are used to determine if a significant increase in credit risk has occurred:

- Comparison of the remaining lifetime probability of default (PD) at the reporting date with the lifetime PD at initial recognition of the exposure.
- Quantitative aspects such as credits with 30 days past due.
- Qualitative criteria from analysts is also considered based on expert and supportable information.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include a backstop based on delinquency.

(Amounts expressed in millions of Colombian pesos)

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Grupo Aval will monitor the effectiveness of the criteria used in identifying significant increases in credit risk through regular reviews to confirm that:

- The criteria are useful in identifying significant increases in credit risk before an exposure is in default;
- The criteria align with the point in time when an asset becomes over 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable;
- Exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- There is unwarranted volatility in loss allowance from transfers between 12-month ECL and lifetime ECL measurements.

II. PD – Probability of Default

Term structure of PD

Credit risk grades are the primary input in the determination of the term structure of PD for exposures. Grupo Aval collects performance and default information about its credit risk exposures by type of product and borrower, and by credit risk grade. For some portfolios, information purchased from external credit bureaus may also be used.

Grupo Aval employs statistical models to analyze the data collected and generates estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of the relation between changes in default rates and changes in key macro-economic factors, as well as an in-depth analysis of the impact of certain other factors on the risk of default. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

For stage 1 the PD estimates the probability that the credit will default in the next 12 months, while the PD in stage 2 is the result of the probabilities for the remaining life of the credit. The probability in Stage 3 is defined as 100%.

Grupo Aval's approach to incorporating forward-looking information into this assessment is discussed below.

Forward-Looking Information

Grupo Aval incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECLs. Grupo Aval formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on forecasts provided by economic experts and considering a forecast of multiple variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

The B scenario (base case) represents a most-likely outcome. It is aligned with information used by Grupo Aval for other purposes, such as budgeting. The other scenarios represent more optimistic (C) and more pessimistic (A) outcomes with their respective probability of occurrence.

Grupo Aval has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Changes in economic conditions will be monitored by Grupo Aval´s Entities and subsidiaries to be incorporated into the macroeconomic parameters used to prepare stress scenarios and financial projections. Forward looking information was adjusted, recognizing macroeconomic impacts based on the available information about past events, current conditions and forecasts of economic conditions.

The following table presents one-year projections for Colombia made in December 2023, compared to the official data for December 2024. Specifically, for used home prices, it was compared to actual 2024 data, using most recent data as of September 2024:

	2024	**Expected for 2024 in 2023**		
	Real Scenario	Scenario A	Scenario B	Scenario C
Inflation	5.20%	4.44%	6.05%	8.26%
DTF Interest rate	9.22%	7.10%	9.04%	10.62%
GDP Growth	1.74%	(1.07%)	0.99%	2.70%
Used home prices	0.79%	(3.15%)	(2.11%)	(1.02%)
Unemployment rate	9.10%	11.96%	10.43%	8.77%

(Amounts expressed in millions of Colombian pesos)

The economic scenarios used as of December 31, 2024, and 2023 (one-year projections) include the following expected scenarios of key indicators (among others) for Colombia.

	One year projection in 2024			One year projection in 2023		
	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Unemployment rate	11.46%	10.46%	9.99%	11.96%	10.43%	8.77%
GDP Growth	0.55%	2.68%	3.75%	(1.07%)	0.99%	2.70%
Inflation	3.90%	3.90%	3.67%	4.44%	6.05%	8.26%
Interest rate	5.25%	6.25%	6.25%	6.25%	8.50%	10.25%

The following additional variables were relevant to the models used by our banks in 2023.

	One year projection in 2024			One year projection in 2023		
	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
DTF Interest rate	4.97%	6.03%	5.82%	7.10%	9.04%	10.62%
Used home prices	1.07%	2.20%	3.10%	(3.15%)	(2.11%)	(1.02%)

The following table presents one-year projections for Panama made in December 2023, compared to the official data for December 2024, for the GDP growth with the data for September 2024:

	2024	Expected for 2024 in 2023		
	Real Scenario	Scenario A	Scenario B	Scenario C
Inflation	(0.20%)	2.80%	2.32%	1.83%
Nominal interest rate variation	0.20%	0.57%	0.52%	0.48%
GDP Growth	2.00%	7.03%	7.64%	8.25%

The economic scenarios used as of December 31, 2024, and 2023 (one-year projections) include the following expected scenarios of key indicators (among others) for Panamá.

	One year projection in 2024			One year projection in 2023		
	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Inflation	2.33%	2.15%	1.51%	2.80%	2.32%	1.83%
Nominal interest rate variation	0.14%	0.10%	(0.02%)	0.57%	0.52%	0.48%
IMAE (1)	2.79%	3.03%	3.42%	—	—	—
GDP Growth	—	—	—	7.03%	7.64%	8.25%

(1) Monthly Indicator of Economic Activity.

The scenario probability weightings applied as of December 31, 2024, and 2023 in measuring ECL are as follows:

Colombia

	2024			2023		
	Scenario A	**Scenario B**	**Scenario C**	**Scenario A**	**Scenario B**	**Scenario C**
Scenario probability weighting	27%	56%	17%	27%	56%	17%

Panamá

	2024			2023		
	Scenario A	**Scenario B**	**Scenario C**	**Scenario A**	**Scenario B**	**Scenario C**
Scenario probability weighting	15%	75%	10%	10%	50%	40%

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The table below shows the loss allowance on loans assuming each forward-looking scenario (e.g. scenario A, B and C) were weighted 100% instead of applying scenario probability weights across the three scenarios.

	December 31, 2024			December 31, 2023		
	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Gross Exposure						
Commercial	Ps. 115,414,643	Ps. 115,414,643	Ps. 115,414,643	Ps. 107,047,817	Ps. 107,047,817	Ps. 107,047,817
Consumer	61,976,325	61,976,325	61,976,325	59,999,611	59,999,611	59,999,611
Mortgages	22,035,727	22,035,727	22,035,727	18,486,206	18,486,206	18,486,206
Microcredit	4,375	4,375	4,375	277,529	277,529	277,529
Interbank and overnight founds	705,055	705,055	705,055	392,607	392,607	392,607
Total gross exposure	**Ps. 200,136,125**	**Ps. 200,136,125**	**Ps. 200,136,125**	**Ps. 186,203,770**	**Ps. 186,203,770**	**Ps. 186,203,770**
Loss Allowance for each scenario						
Commercial	Ps. 5,309,528	Ps. 5,336,949	Ps. 5,430,691	Ps. 5,272,129	Ps. 5,289,159	Ps. 5,341,865
Consumer	4,118,656	4,168,736	4,239,720	4,246,126	4,273,465	4,336,939
Mortgages	468,275	471,634	480,073	372,739	378,986	384,902
Microcredit	3,611	3,610	3,613	53,754	53,618	53,662
Interbank and overnight founds	2,505	2,619	3,029	127	126	136
Total Loss Allowance	**Ps. 9,902,575**	**Ps. 9,983,548**	**Ps. 10,157,126**	**Ps. 9,944,875**	**Ps. 9,995,354**	**Ps. 10,117,504**

The table below shows the loan portfolio in Stage 2 for each scenario.

Proportion of Assets in Stage 2						
Commercial	3.2 %	3.2 %	3.8 %	3.6 %	3.6 %	3.9 %
Consumer	7.6 %	8.2 %	8.7 %	6.9 %	7.1 %	7.6 %
Mortgages	6.0 %	8.4 %	8.4 %	5.6 %	5.7 %	5.7 %
Microcredit	0.9 %	0.9 %	0.9 %	5.0 %	5.0 %	5.0 %
Interbank and overnight founds	— %	— %	— %	— %	— %	— %

Credit Risk Rating

Grupo Aval allocates each exposure to a credit risk grade based on a variety of data intended to be predictive of the probability of default and applying experienced credit judgment. Grupo Aval uses these grades with the purpose identifying significant increases in credit risk. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves using of the following data:

Commercial	Consumer	Mortgage	Microcredit
-Information from the audited financial statements obtained during periodic reviews.	-Information collected internally about the behavior of customers.	-Information collected internally about the behavior of customers.	-Information collected internally about the behavior of customers.
-Data from credit reference agencies.	- Data from credit reference agencies.	- Data from credit reference agencies.	- Data from credit reference agencies.
-Information collected internally about the behavior of customers.	-Information of the different sectors.		
-Information from the different economics sectors.			

III. LGD – Loss Given Default

LGD is a measure of the likely loss in the event of a default. To estimate LGD, Grupo Aval uses information of the collateral security / guarantee which covers each individual credit, when available. In any case, Grupo Aval uses historical and forward-looking information (the same information described above in II. PD – Probability of Default - Forward-Looking Information) to estimate the expected potential recovery in case of a default. The LGD is estimated in groups by type of credit, collateral security / guarantee or maturity.

IV. EAD – Exposure at Default

EAD represents the expected exposure from a counterparty at the time of a possible default. For stage 2 Grupo Aval incorporates in the analysis of the exposure at default the probability of payments and increase in exposure during the lifetime of the credit.

These probabilities are estimated using the historical information collected by the financial subsidiaries and are grouped by type of product. The probabilities are constantly reviewed in order to accurately estimate them and calibrate them.

Credit Risk Model: Debt securities

This model estimates the impairment of credit risk in debt securities. In general, at the moment of inception, all financial assets originate ECLs for the next 12 months. If credit risk increases significantly and there is enough objective evidence of increase of probability of default, then the reserve is adjusted for the remaining life of the financial asset.

I. Transition between stages

A financial asset is classified as a low credit risk asset if the issuer is related to an investment grade credit rating.

Financial assets different than low credit risk must be evaluated individually. The first step in the methodology consist in evaluating a *significant increase in credit risk* by comparing the current status against the status at initial recognition of the security.

External elements related to a significant increase in credit risk are detailed below:

- Negative changes in external credit ratings.
- Changes in external market variables such as credit spreads, prices of issuer's CDS and other prices of debt instruments and equities.
- Changes in business, economic, financial, regulatory or technological environment which can affect the payment capacity of the issuer.
- Changes in operational results that can compromise the payment capacity of the issuer.

If the financial asset loses its low credit risk condition or if changes in external environment results in a review of the condition, then this probably shows a significant increase in credit risk. Consequently, the financial asset will be analyzed to determine if there is a significant increase of credit risk (stage 2) or if the asset should be classified as stage 3.

Objective evidence of impairment is the second step in making changes between stages. It is concluded that there is objective evidence of impairment if one the following situations is met:

- The external credit rating of the issuance, issuer or counterparty is reduced to D on the Standard & Poor´s and Fitch Ratings scale or up to C on the Moody´s scale.
- Contractual payments are not made on the established dates, terms or grace periods.
- There is a certainty of suspension of payments.
- There is a probability that the issuer or counterparty will go into a bankruptcy process.
- Due to financial difficulties there is no market for financial assets.

II. PD – Probability of default

PD depends of the external credit rating of the issuance, issuer or counterparty. Credit rating information is published by international credit rating corporations, such as Standard & Poor's, Moody's and Fitch Ratings, or national credit rating corporations, such as Fitch Ratings Colombia S.A. or BRC. In any case, international ratings have priority over national ratings.

Credit ratings from S&P have priority over the other rating corporations. If the issuance, issuer or counterparty is not rated by S&P, credit ratings from Moody's or Fitch Ratings can be used but they must be translated to the S&P rating scale. The order of priority in credit rating corporations is as follows: S&P in first place, Moody's in second place and Fitch Ratings in the third one. The reason for

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choosing this hierarchy is to avoid discretion at the time of assigning a rating. National credit ratings can be used only if international credit ratings are not available, and the translation condition to the S&P rating scale must be followed as well.

For financial assets classified as stage 1, PD correspond to the probability of default for the next 12 months established in accordance to “Cumulative Default Rates by Rating Modifiers” for both sovereign and corporate issuers, expressed at an annual basis. If the remaining life of the assets is less than 12 months, the resulting PD will correspond to the weighted 12 months-PD with the remaining life of the financial asset.

For financial assets classified as stage 2, lifetime PD must be used and computed using the “Cumulative Default Rates by Rating Modifiers” for both sovereign and corporate issuers, expressed at an annual basis and according to the term of each flow.

For financial assets classified as stage 3, lifetime PD will equal 100% for any issuance, issuer or counterparty.

PD value tables are available in S&P Global Ratings: *“2023 Annual Sovereign Default Study and Rating Transitions”* and *“2023 Annual Global Corporate Default Study and Rating Transitions Study” in 2024.*

Forward-Looking Information

Grupo Aval incorporates forward-looking information into its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. This information will directly affect the PD and the stage classification.

When rating the sovereign and corporate issuers, credit ratings agencies incorporate prospective information, as well as forecasting of macroeconomic variables and the influence of these factors over the business conditions. Grupo Aval’s methodology includes external credit ratings which, under the previous argument, have already considered prospective information.

Furthermore, credit ratings are also subject to rating outlooks which can modify the current credit ratings. Details are provided below. Rating outlooks are published by credit rating corporations and reflect the perspective of the potential long-term credit rating over the next 6 to 24 months.

- If the Rating Outlook is categorized as “STABLE”, no adjustments in credit ratings are needed.
- If the Rating Outlook is “POSITIVE”, PD will be adjusted as the average between the current PD and the applicable PD in the case credit rating improves one notch. However, this would only take place if the resulting PD is lower than the current PD.
- If the Rating Outlook is “NEGATIVE”, PD will be adjusted as the average between the current PD and the applicable PD in the case credit rating deteriorates one notch. However, this would only take place if the resulting PD is higher than the current PD.

III. LGD – Loss given default

LGD is a measure of the potential loss if a default scenario occurs. To establish the LGD, Grupo Aval’s methodology uses information published by Moody’s credit rating corporation. LGD is based on relevant external default data, such as the historical recovery rates, which is defined as the complement of LGD calculation.

Moody’s computes Recovery Rates as the ratio between market prices after 30 days of the default or the debt swap price at the closing date, and the market price of the issuance at the beginning of the default. In the case of unavailable market prices, recovery rates will be the resulting ratio between present value of expected cash flows of the new instruments received with the debt swap and the present value of the initial instruments.

Grupo Aval´s methodology assigns weights for recovery rates for Sovereigns Debt and Corporates Debt. Sovereign Debt recovery rates increased from 50% to 53% in 2024, also Corporate Debt recovery rates decreased moderately from 47.1% in 2023 to 46.9% in 2024.

Further information is available and published annually by Moody’s in the “Sovereign default and recovery rates, 1983-2023” and “Annual default study: Corporate default rate to moderate in 2024 but remain near its long-term average” reports.

IV. EAD – Exposure at default

EAD represents the amount owed from a counterparty at the time of a possible default and only for securities classified at amortized cost or FVOCI. See accounting policy in Note 2 (2.5 ix).

(Amounts expressed in millions of Colombian pesos)

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For stage 1 and stage 3 financial assets, EAD will correspond to the full valuation of the assets at amortized cost.

For stage 2 financial assets, EAD will consider the financial asset amortized scheme assuming no default in the previous years.

In the case that financial assets present a guarantees or security collateral, these could reduce total EAD. This is a typical case of collateralized interbank loans.

Credit Risk Model: Other accounts receivable

Grupo Aval uses two approaches to estimate ECL of financial assets classified as other accounts receivables.

The first one is the simplified approach where Grupo Aval uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small amounts.

Loss rates are calculated using a ‘roll rate’ method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics like type of product purchased.

Loss rates are based on the experience of real credit loss during a year and the balance of accounts receivable at the cut-off date for previously defined homogeneous segments. It takes into consideration elements such as: segmentation by type of receivable account, date of analysis, definition of loss, among others. Based on the characteristics of the short-term receivable accounts, these portfolios result from operations where there are no non-linear impacts, therefore, the application of macroeconomic scenarios is not considered.

The second one is the general approach, it considers the methodologies explained above for loans and debt securities. For non-financial companies in the oil and gas sector, the loans methodology is considered, while the debt securities methodology is considered for government and other government related entities.

Loss allowance

The table below shows the loss allowance balances as of December 31, 2024, and 2023:

	December 31, 2024				
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Simplified approach	Total
Loan portfolio					
Loan commercial portfolio	Ps. 724,075	Ps. 217,588	Ps. 4,421,230	Ps. —	Ps. 5,362,893
Loan consumer portfolio	1,105,918	927,310	2,132,790	—	4,166,018
Loan mortgage portfolio	60,088	71,839	341,388	—	473,315
Loan microcredit portfolio	59	14	3,545	—	3,618
Loan interbank and overnight founds portfolio	794	1	—	—	795
Total loan portfolio	**Ps. 1,890,934**	**Ps. 1,216,752**	**Ps. 6,898,953**	**Ps. —**	**Ps. 10,006,639**
Investments in debt securities at amortized cost	14,329	4,346	—	—	18,675
Other accounts receivable	31,226	22,196	117,508	191,041	361,971
Total loss allowance financial assets at amortized cost	**Ps. 1,936,489**	**Ps. 1,243,294**	**Ps. 7,016,461**	**Ps. 191,041**	**Ps. 10,387,285**
Investments in debt securities at FVOCI	Ps. 18,310	Ps. —	Ps. —	Ps. —	Ps. 18,310
Loan commitments and financial guarantee contracts	62,509	7,671	2,234	—	72,414
Total loss allowance	**Ps. 2,017,308**	**Ps. 1,250,965**	**Ps. 7,018,695**	**Ps. 191,041**	**Ps. 10,478,009**

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Grupo Aval Acciones y Valores S.A.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024, 2023 and 2022
(Amounts expressed in millions of Colombian pesos)

	December 31, 2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Simplified approach	Total
Loan portfolio					
Loan commercial portfolio	Ps. 612,441	Ps. 218,824	Ps. 4,463,335	Ps. —	Ps. 5,294,600
Loan consumer portfolio	1,141,997	993,268	2,172,181	—	4,307,446
Loan mortgage portfolio	45,080	66,333	268,574	—	379,987
Loan microcredit portfolio	12,068	6,366	35,226	—	53,660
Loan interbank and overnight founds portfolio	22	—	—	—	22
Total loan portfolio	**Ps. 1,811,608**	**Ps. 1,284,791**	**Ps. 6,939,316**	**Ps. —**	**Ps. 10,035,715**
Investments in debt securities at amortized cost	12,613	4,269	—	—	16,882
Other accounts receivable	25,965	19,188	141,129	199,382	385,664
Total loss allowance financial assets at amortized cost	**Ps. 1,850,186**	**Ps. 1,308,248**	**Ps. 7,080,445**	**Ps. 199,382**	**Ps. 10,438,261**
Investments in debt securities at FVOCI	Ps. 12,972	Ps. —	Ps. —	Ps. —	Ps. 12,972
Loan commitments and financial guarantee contracts	61,637	7,682	949	—	70,268
Total loss allowance	**Ps. 1,924,795**	**Ps. 1,315,930**	**Ps. 7,081,394**	**Ps. 199,382**	**Ps. 10,521,501**

The table below presents impairment losses per portfolio:

	As of December 31, 2024	As of December 31, 2023	As of December 31, 2022
Commercial	Ps. 758,365	Ps. 203,061	Ps. 622,783
Consumer	3,839,464	4,426,014	2,498,699
Mortgage	145,522	65,856	(25,202)
Microcredit	(10,902)	31,901	5,497
Interbank and overnight funds	773	(1,422)	(942)
Total loan portfolio	**Ps. 4,733,222**	**Ps. 4,725,410**	**Ps. 3,100,835**
Other receivables[1]	93,069	76,664	78,641
Net portfolio provision impact on income statement	**Ps. 4,826,291**	**Ps. 4,802,074**	**Ps. 3,179,476**

[1] Includes net of loss allowance presented as part of "Costs and expenses of sales goods and services" as of December 2024 Ps. (71,157) as of December 2023 Ps. (51,035) and as of December 2022 Ps. (59,073).

The table below shows for loans stage 3 individually assessed for ECL the gross amount and loss allowance balances as of December 31, 2024, and 2023.

	December 31, 2024		
	Gross Amount Registered	Collateral Guarantees	Allowance Recognized
Without recognized provision			
Commercial	Ps. 262,667	Ps. 262,373	Ps. —
Repos, interbank loans portfolio	—	—	—
Subtotal	**Ps. 262,667**	**Ps. 262,373**	**Ps. —**
With recognized provision			
Commercial	Ps. 7,775,982	Ps. 1,348,148	Ps. 2,950,023
Consumer	6,512	4,332	3,868
Residential mortgage	19,828	1,970	11,541
Repos, interbank loans portfolio	—	—	—
Subtotal	**Ps. 7,802,322**	**Ps. 1,354,450**	**Ps. 2,965,432**
Totals			
Commercial	Ps. 8,038,649	Ps. 1,610,521	Ps. 2,950,023
Consumer	6,512	4,332	3,868
Residential mortgage	19,828	1,970	11,541
Repos, interbank loans portfolio	—	—	—
Total	**Ps. 8,064,989**	**Ps. 1,616,823**	**Ps. 2,965,432**

(Amounts expressed in millions of Colombian pesos)

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	December 31, 2023					
	Gross Amount Registered		Collateral Guarantees		Allowance Recognized	
Without recognized provision						
Commercial	Ps.	240,358	Ps.	239,937	Ps.	—
Repos, interbank loans portfolio		—		—		—
Subtotal	**Ps.**	**240,358**	**Ps.**	**239,937**	**Ps.**	**—**
With recognized provision						
Commercial	Ps.	7,080,758	Ps.	1,075,446	Ps.	3,196,800
Consumer		3,144		—		1,959
Residential mortgage		12,515		1,970		10,507
Repos, interbank loans portfolio		—		—		—
Subtotal	**Ps.**	**7,096,417**	**Ps.**	**1,077,416**	**Ps.**	**3,209,266**
Totals						
Commercial	Ps.	7,321,116	Ps.	1,315,383	Ps.	3,196,800
Consumer		3,144		—		1,959
Residential mortgage		12,515		1,970		10,507
Repos, interbank loans portfolio		—		—		—
Total	**Ps.**	**7,336,775**	**Ps.**	**1,317,353**	**Ps.**	**3,209,266**

The difference between the value of the loan and the guarantees disclosed in the table above corresponds to unsecured loans valued under the discounted cash flow method. When using this method, it is implied that it is possible for the customer to make future payments.

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period;
- Impact of the measurement of ECL due to changes made to models and assumptions;
- Decrease within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for asset denominated in foreign currencies and other movements; and
- Financial assets derecognized during the period and write-offs of allowances related to assets than were written off during the period.

The following tables show the reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Total Loan portfolio

	Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit-impaired		Stage 3 Lifetime ECL credit-impaired		Total	
Loss allowance as of January 1, 2022	**Ps.**	**1,824,446**	**Ps.**	**2,703,117**	**Ps.**	**6,748,049**	**Ps.**	**11,275,612**
Transfers:								
Transfer from stage 1 to stage 2		(183,333)		183,333		—		—
Transfer from stage 1 to stage 3		(105,447)		—		105,447		—
Transfer from stage 2 to stage 3		—		(625,769)		625,769		—
Transfer from stage 3 to stage 2		—		165,584		(165,584)		—
Transfer from stage 2 to stage 1		377,758		(377,758)		—		—
Transfer from stage 3 to stage 1		98,057		—		(98,057)		—
Net remeasurement of loss allowance (5)		(184,532)		695,126		2,404,266		2,914,860
New financial assets originated or purchased		902,226		316,329		595,011		1,813,566
Financial assets that have been derecognized		(462,600)		(269,020)		(895,971)		(1,627,591)
Unwind of discount (2)		—		28		550,935		550,963

(Amounts expressed in millions of Colombian pesos)

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
FX and other movements	3,449	28,302	26,477	58,228
Discontinued operations [1]	(3,843)	14,798	253,502	264,457
Loss of control in subsidiary [1]	(640,049)	(1,003,291)	(1,197,326)	(2,840,666)
Write-offs	(131,245)	(404,857)	(2,675,813)	(3,211,915)
Loss allowance as of December 31, 2022	**Ps. 1,494,887**	**Ps. 1,425,922**	**Ps. 6,276,705**	**Ps. 9,197,514**
Transfers:				
Transfer from stage 1 to stage 2	(332,307)	332,307	—	—
Transfer from stage 1 to stage 3	(450,063)	—	450,063	—
Transfer from stage 2 to stage 3	—	(1,180,705)	1,180,705	—
Transfer from stage 3 to stage 2	—	309,622	(309,622)	—
Transfer from stage 2 to stage 1	479,360	(479,360)	—	—
Transfer from stage 3 to stage 1	113,974	—	(113,974)	—
Net remeasurement of loss allowance [4]	327,913	1,284,696	2,815,219	4,427,828
New financial assets originated or purchased	809,886	307,919	693,438	1,811,243
Financial assets that have been derecognized	(501,840)	(157,015)	(854,806)	(1,513,661)
Sales of portfolio [6]	(2,369)	(1,809)	(357,202)	(361,380)
Unwind of discount [2]	12	62	724,674	724,748
FX and other movements	(13,826)	(16,568)	(43,684)	(74,078)
Write-offs	(114,019)	(540,280)	(3,522,200)	(4,176,499)
Loss allowance as of December 31, 2023	**Ps. 1,811,608**	**Ps. 1,284,791**	**Ps. 6,939,316**	**Ps. 10,035,715**
Transfers:				
Transfer from stage 1 to stage 2	(332,518)	332,518	—	—
Transfer from stage 1 to stage 3	(422,672)	—	422,672	—
Transfer from stage 2 to stage 3	—	(1,229,034)	1,229,034	—
Transfer from stage 3 to stage 2	—	174,006	(174,006)	—
Transfer from stage 2 to stage 1	339,075	(339,075)	—	—
Transfer from stage 3 to stage 1	112,495	—	(112,495)	—
Net remeasurement of loss allowance [3]	391,903	1,357,110	3,014,696	4,763,709
New financial assets originated or purchased	623,901	182,736	597,562	1,404,199
Financial assets that have been derecognized	(571,130)	(140,828)	(722,728)	(1,434,686)
Sales of portfolio [6]	(3,063)	(793)	(130,799)	(134,655)
Unwind of discount [2]	1	77	816,010	816,088
FX and other movements	9,649	7,609	25,775	43,033
Write-offs	(68,315)	(412,365)	(5,006,084)	(5,486,764)
Loss allowance as of December 31, 2024	**Ps. 1,890,934**	**Ps. 1,216,752**	**Ps. 6,898,953**	**Ps. 10,006,639**

(1) See note 1.1 “Discontinued operations of BAC Holding”
(2) The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)
(3) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2024 versus parameters as of 2023 and the loan portfolio as of 2024.

December 31, 2024			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (221,533)	Ps. (1,913)	Ps. 42,208	Ps. (181,238)

(4) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2023 versus parameters as of December 31,2022 and the loan portfolio as of December 31, 2023.

December 31, 2023			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. 66,298	Ps. 35,139	Ps. (6,894)	Ps. 94,543

(Amounts expressed in millions of Colombian pesos)

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(5) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2022 versus parameters as of December 31,2021 and the loan portfolio as of December 31, 2022.

December 31, 2022			
Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Ps. (171,007)	Ps. 42	Ps. 73,226	Ps. (97,739)

(6) Sale of loan portfolio corresponds mainly to sale of microcredit portfolio, and impaired portfolio and/ or with an increase in credit risk.

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above.

	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Total portfolio as of January 1, 2022	**Ps. 190,819,121**	**Ps. 26,898,573**	**Ps. 13,855,743**	**Ps. 231,573,437**
Transfers:				
Transfer from stage 1 to stage 2	(8,276,152)	8,276,152	—	—
Transfer from stage 1 to stage 3	(1,659,371)	—	1,659,371	—
Transfer from stage 2 to stage 3	—	(2,939,477)	2,939,477	—
Transfer from stage 2 to stage 1	8,288,205	(8,288,205)	—	—
Transfer from stage 3 to stage 2	—	646,995	(646,995)	—
Transfer from stage 3 to stage 1	367,294	—	(367,294)	—
New financial assets originated or purchased	138,932,725	2,450,770	1,294,360	142,677,855
Financial assets that have been paid	(104,212,015)	(6,284,621)	(4,053,745)	(114,550,381)
Net remeasurement of amortized cost and other receivables	(1,008,007)	213,598	2,341,971	1,547,562
Write-offs	(131,245)	(404,857)	(2,675,813)	(3,211,915)
Discontinued operations (1)	4,985,907	(1,228,725)	(2,082,045)	1,675,137
Loss of control in subsidiary (1)	(68,298,203)	(8,288,834)	(847,564)	(77,434,601)
FX and other movements	5,097,764	723,539	214,964	6,036,267
Total portfolio as of December 31, 2022	**Ps. 164,906,023**	**Ps. 11,774,908**	**Ps. 11,632,430**	**Ps. 188,313,361**
Transfers:				
Transfer from stage 1 to stage 2	(10,951,993)	10,951,993	—	—
Transfer from stage 1 to stage 3	(2,059,976)	—	2,059,976	—
Transfer from stage 2 to stage 3	—	(3,372,104)	3,372,104	—
Transfer from stage 2 to stage 1	9,137,025	(9,137,025)	—	—
Transfer from stage 3 to stage 2	—	865,781	(865,781)	—
Transfer from stage 3 to stage 1	509,414	11,192	(520,606)	—
New financial assets originated or purchased	111,919,244	2,583,927	8,250,075	122,753,246
Financial assets that have been paid	(103,065,373)	(3,798,676)	(7,734,476)	(114,598,525)
Net remeasurement of amortized cost and other receivables	841,002	164,973	784,473	1,790,448
Write-offs	(114,019)	(540,280)	(3,522,200)	(4,176,499)
Sale of loan portfolio-loss allowance (2)	(2,369)	(1,809)	(357,202)	(361,380)
Sale of loan portfolio-cash (2)	—	(694)	(112,766)	(113,460)
Gain or loss on sale portfolio (2)	—	(59)	3,390	3,331
FX and other movements	(6,594,417)	(388,080)	(424,255)	(7,406,752)
Total portfolio as of December 31, 2023	**Ps. 164,524,561**	**Ps. 9,114,047**	**Ps. 12,565,162**	**Ps. 186,203,770**
Transfers:				
Transfer from stage 1 to stage 2	(9,506,321)	9,506,321	—	—
Transfer from stage 1 to stage 3	(2,324,339)	—	2,324,339	—
Transfer from stage 2 to stage 3	—	(3,841,435)	3,841,435	—
Transfer from stage 2 to stage 1	4,633,197	(4,633,197)	—	—
Transfer from stage 3 to stage 2	—	717,343	(717,343)	—
Transfer from stage 3 to stage 1	488,967	—	(488,967)	—
New financial assets originated or purchased	114,075,745	2,713,749	6,287,304	123,076,798
Financial assets that have been paid	(98,949,745)	(3,690,211)	(6,354,775)	(108,994,731)

(Amounts expressed in millions of Colombian pesos)

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Net remeasurement of amortized cost and other receivables	257,686	(151,844)	903,065	1,008,907
Write-offs	(68,315)	(412,365)	(5,006,084)	(5,486,764)
Sale of loan portfolio-loss allowance [2]	(3,063)	(793)	(130,799)	(134,655)
Sale of loan portfolio-cash [2]	(218,936)	(12,540)	(51,151)	(282,627)
Gain or loss on sale portfolio [2]	(20)	(558)	664	86
FX and other movements	4,287,114	210,057	248,170	4,745,341
Total portfolio as of December 31, 2024	**Ps. 177,196,531**	**Ps. 9,518,574**	**Ps. 13,421,020**	**Ps. 200,136,125**

[1] See note 1.1 "Discontinued operations of BAC Holding"
[2] Sale of loan portfolio corresponds mainly to sale of microcredit portfolio, and impaired portfolio and/ or with an increase in credit risk.

The total loan portfolio is composed of commercial loans – client portfolio, consumer loans, mortgage loans, microcredit loans and interbank and overnight funds loan. The following tables show the movement in provisions and gross amounts of these portfolios separately:

(Amounts expressed in millions of Colombian pesos)

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Commercial – Client portfolio

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loss allowance as of January 1, 2022	**Ps. 655,655**	**Ps. 1,006,822**	**Ps. 4,192,268**	**Ps. 5,854,745**
Transfers:				
Transfer from stage 1 to stage 2	(33,511)	33,511	—	—
Transfer from stage 1 to stage 3	(33,401)	—	33,401	—
Transfer from stage 2 to stage 3	—	(88,123)	88,123	—
Transfer from stage 3 to stage 2	—	61,402	(61,402)	—
Transfer from stage 2 to stage 1	93,285	(93,285)	—	—
Transfer from stage 3 to stage 1	26,793	—	(26,793)	—
Net remeasurement of loss allowance (5)	(124,267)	(192,441)	1,129,665	812,957
New financial assets originated or purchased	392,719	137,383	317,361	847,463
Financial assets that have been derecognized	(213,019)	(109,718)	(714,900)	(1,037,637)
Unwind of discount (2)	—	14	405,090	405,104
FX and other movements	10,954	9,586	21,774	42,314
Discontinued operations (1)	12,101	(2,612)	3,496	12,985
Loss of control in subsidiary (1)	(185,786)	(244,715)	(268,521)	(699,022)
Write-offs	(2,985)	(2,622)	(740,556)	(746,163)
Loss allowance as of December 31, 2022	**Ps. 598,538**	**Ps. 515,202**	**Ps. 4,379,006**	**Ps. 5,492,746**
Transfers:				
Transfer from stage 1 to stage 2	(44,743)	44,743	—	—
Transfer from stage 1 to stage 3	(18,381)	—	18,381	—
Transfer from stage 2 to stage 3	—	(130,514)	130,514	—
Transfer from stage 3 to stage 2	—	40,868	(40,868)	—
Transfer from stage 2 to stage 1	150,216	(150,216)	—	—
Transfer from stage 3 to stage 1	31,836	—	(31,836)	—
Net remeasurement of loss allowance (4)	(148,865)	(99,159)	678,828	430,804
New financial assets originated or purchased	320,101	61,148	155,464	536,713
Financial assets that have been derecognized	(262,000)	(51,476)	(450,980)	(764,456)
Sales of portfolio	—	—	(194,305)	(194,305)
Unwind of discount (2)	—	16	517,513	517,529
FX and other movements	(10,958)	(9,657)	(35,823)	(56,438)
Write-offs	(3,303)	(2,131)	(662,559)	(667,993)
Loss allowance as of December 31, 2023	**Ps. 612,441**	**Ps. 218,824**	**Ps. 4,463,335**	**Ps. 5,294,600**
Transfers:				
Transfer from stage 1 to stage 2	(55,649)	55,649	—	—
Transfer from stage 1 to stage 3	(18,703)	—	18,703	—
Transfer from stage 2 to stage 3	—	(141,584)	141,584	—
Transfer from stage 3 to stage 2	—	42,213	(42,213)	—
Transfer from stage 2 to stage 1	69,270	(69,270)	—	—
Transfer from stage 3 to stage 1	25,801	—	(25,801)	—
Net remeasurement of loss allowance (3)	78,801	116,498	793,560	988,859
New financial assets originated or purchased	314,904	40,087	119,881	474,872
Financial assets that have been derecognized	(304,000)	(45,074)	(356,292)	(705,366)
Sales of portfolio	—	—	(94,960)	(94,960)
Unwind of discount (2)	1	51	593,517	593,569
FX and other movements	5,748	3,974	21,427	31,149
Write-offs	(4,539)	(3,780)	(1,211,511)	(1,219,830)
Loss allowance as of December 31, 2024	**Ps. 724,075**	**Ps. 217,588**	**Ps. 4,421,230**	**Ps. 5,362,893**

(1) See note 1.1 "Discontinued operations of BAC Holding"
(2) The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)
(3) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2024 versus parameters as of 2023 and the loan portfolio as of 2024.

(Amounts expressed in millions of Colombian pesos)

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December 31, 2024			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (72,973)	Ps. (25,391)	Ps. 4,822	Ps. (93,542)

(4) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2023 versus parameters as of December 31,2022 and the loan portfolio as of December 31, 2023.

December 31, 2023			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. 3,952	Ps. (20,629)	Ps. 2,916	Ps. (13,761)

(5) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2022 versus parameters as of December 31,2021 and the loan portfolio as of December 31, 2022.

December 31, 2022			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (51,598)	Ps. 54,452	Ps. 83,149	Ps. 86,003

The following table further explains changes in the gross carrying amount of the commercial portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Total portfolio as of January 1, 2022	**Ps. 100,858,380**	**Ps. 11,747,975**	**Ps. 9,421,449**	**Ps. 122,027,804**
Transfers:				
Transfer from stage 1 to stage 2	(3,412,530)	3,412,530	—	—
Transfer from stage 1 to stage 3	(1,183,677)	—	1,183,677	—
Transfer from stage 2 to stage 3	—	(1,259,406)	1,259,406	—
Transfer from stage 2 to stage 1	3,502,330	(3,502,330)	—	—
Transfer from stage 3 to stage 2	—	311,858	(311,858)	—
Transfer from stage 3 to stage 1	152,800	—	(152,800)	—
New financial assets originated or purchased	76,419,265	1,177,731	723,459	78,320,455
Financial assets that have been paid	(60,407,178)	(3,742,642)	(3,106,059)	(67,255,879)
Net remeasurement of amortized cost and other receivables	(180,790)	102,831	1,566,802	1,488,843
Write-offs	(2,985)	(2,622)	(740,556)	(746,163)
Discontinued operations (1)	3,560,936	71,257	(953,514)	2,678,679
Loss of control in subsidiary (1)	(33,537,080)	(2,931,541)	35,349	(36,433,272)
FX and other movements	4,188,763	286,453	219,416	4,694,632
Total portfolio as of December 31, 2022	**Ps. 89,958,234**	**Ps. 5,672,094**	**Ps. 9,144,771**	**Ps. 104,775,099**
Transfers:				
Transfer from stage 1 to stage 2	(3,831,869)	3,831,869	—	—
Transfer from stage 1 to stage 3	(979,725)	—	979,725	—
Transfer from stage 2 to stage 3	—	(986,422)	986,422	—
Transfer from stage 2 to stage 1	4,428,540	(4,428,540)	—	—
Transfer from stage 3 to stage 2	—	327,479	(327,479)	—
Transfer from stage 3 to stage 1	216,849	—	(216,849)	—
New financial assets originated or purchased	75,428,991	924,475	1,156,101	77,509,567
Financial assets that have been paid	(66,409,339)	(1,587,486)	(3,472,586)	(71,469,411)
Net remeasurement of amortized cost and other receivables	781,835	18,893	2,285,705	3,086,433
Write-offs	(3,303)	(2,131)	(662,559)	(667,993)
Sale of loan portfolio-loss allowance	—	—	(194,305)	(194,305)
Sale of loan portfolio-cash	—	—	(78,613)	(78,613)
Gain or loss on sale portfolio	—	—	(7,415)	(7,415)

(Amounts expressed in millions of Colombian pesos)

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
FX and other movements	(5,261,913)	(239,697)	(403,935)	(5,905,545)
Total portfolio as of December 31, 2023	**Ps. 94,328,300**	**Ps. 3,530,534**	**Ps. 9,188,983**	**Ps. 107,047,817**
Transfers:				
Transfer from stage 1 to stage 2	(3,045,688)	3,045,688	—	—
Transfer from stage 1 to stage 3	(1,417,659)	—	1,417,659	—
Transfer from stage 2 to stage 3	—	(1,317,836)	1,317,836	—
Transfer from stage 2 to stage 1	1,717,607	(1,717,607)	—	—
Transfer from stage 3 to stage 2	—	327,186	(327,186)	—
Transfer from stage 3 to stage 1	193,628	—	(193,628)	—
New financial assets originated or purchased	78,072,653	1,151,662	2,338,797	81,563,112
Financial assets that have been paid	(71,077,047)	(1,565,432)	(3,236,783)	(75,879,262)
Net remeasurement of amortized cost and other receivables	(148,997)	(122,254)	603,420	332,169
Write-offs	(4,539)	(3,780)	(1,211,511)	(1,219,830)
Sale of loan portfolio-loss allowance	—	—	(94,960)	(94,960)
Sale of loan portfolio-cash	—	—	(22,804)	(22,804)
Gain or loss on sale portfolio	—	—	5,633	5,633
FX and other movements	3,309,647	136,089	237,032	3,682,768
Total portfolio as of December 31, 2024	**Ps. 101,927,905**	**Ps. 3,464,250**	**Ps. 10,022,488**	**Ps. 115,414,643**

(1) See note 1.1 "Discontinued operations of BAC Holding"

(Amounts expressed in millions of Colombian pesos)

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Consumer loan portfolio

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loss allowance as of January 1, 2022	**Ps. 1,066,543**	**Ps. 1,396,101**	**Ps. 2,118,360**	**Ps. 4,581,004**
Transfers:				
Transfer from stage 1 to stage 2	(142,762)	142,762	—	—
Transfer from stage 1 to stage 3	(70,964)	—	70,964	—
Transfer from stage 2 to stage 3	—	(498,736)	498,736	—
Transfer from stage 3 to stage 2	—	92,189	(92,189)	—
Transfer from stage 2 to stage 1	211,028	(211,028)	—	—
Transfer from stage 3 to stage 1	55,658	—	(55,658)	—
Net remeasurement of loss allowance (5)	(1,000)	863,809	1,245,918	2,108,727
New financial assets originated or purchased	473,946	174,616	267,651	916,213
Financial assets that have been derecognized	(201,480)	(149,438)	(175,323)	(526,241)
Unwind of discount (2)	—	13	119,709	119,722
FX and other movements	(2,575)	9,007	3,555	9,987
Discontinued operations (1)	(9,751)	15,493	240,008	245,750
Loss of control in subsidiary (1)	(412,745)	(585,225)	(802,042)	(1,800,012)
Write-offs	(125,994)	(396,404)	(1,820,840)	(2,343,238)
Loss allowance as of December 31, 2022	**Ps. 839,904**	**Ps. 853,159**	**Ps. 1,618,849**	**Ps. 3,311,912**
Transfers:				
Transfer from stage 1 to stage 2	(276,858)	276,858	—	—
Transfer from stage 1 to stage 3	(429,739)	—	429,739	—
Transfer from stage 2 to stage 3	—	(1,004,192)	1,004,192	—
Transfer from stage 3 to stage 2	—	257,854	(257,854)	—
Transfer from stage 2 to stage 1	300,775	(300,775)	—	—
Transfer from stage 3 to stage 1	71,599	—	(71,599)	—
Net remeasurement of loss allowance (4)	484,735	1,310,059	2,145,306	3,940,100
New financial assets originated or purchased	473,697	238,963	481,362	1,194,022
Financial assets that have been derecognized	(214,602)	(98,788)	(394,718)	(708,108)
Sales of portfolio	(2,369)	(1,809)	(162,897)	(167,075)
Unwind of discount (2)	—	46	183,157	183,203
FX and other movements	(3,200)	(4,786)	(5,378)	(13,364)
Write-offs	(101,945)	(533,321)	(2,797,978)	(3,433,244)
Loss allowance as of December 31, 2023	**Ps. 1,141,997**	**Ps. 993,268**	**Ps. 2,172,181**	**Ps. 4,307,446**
Transfers:				
Transfer from stage 1 to stage 2	(265,008)	265,008	—	—
Transfer from stage 1 to stage 3	(378,612)	—	378,612	—
Transfer from stage 2 to stage 3	—	(1,030,039)	1,030,039	—
Transfer from stage 3 to stage 2	—	117,468	(117,468)	—
Transfer from stage 2 to stage 1	238,008	(238,008)	—	—
Transfer from stage 3 to stage 1	77,112	—	(77,112)	—
Net remeasurement of loss allowance (3)	285,228	1,160,328	2,157,929	3,603,485
New financial assets originated or purchased	296,328	137,990	467,654	901,972
Financial assets that have been derecognized	(250,818)	(84,915)	(330,260)	(665,993)
Sales of portfolio	(21)	(602)	(9,441)	(10,064)
Unwind of discount (2)	—	26	199,790	199,816
FX and other movements	3,660	2,365	3,018	9,043
Write-offs	(41,956)	(395,579)	(3,742,152)	(4,179,687)
Loss allowance as of December 31, 2024	**Ps. 1,105,918**	**Ps. 927,310**	**Ps. 2,132,790**	**Ps. 4,166,018**

(1) See note 1.1 "Discontinued operations of BAC Holding"
(2) The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)
(3) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2024 versus parameters as of 2023 and the loan portfolio as of 2024.

(Amounts expressed in millions of Colombian pesos)

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December 31, 2024			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (147,090)	Ps. 20,156	Ps. 37,244	Ps. (89,690)

(4) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2023 versus parameters as of December 31,2022 and the loan portfolio as of December 31, 2023.

December 31, 2023			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. 57,239	Ps. 51,135	Ps. (13,718)	Ps. 94,656

(5) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2022 versus parameters as of December 31,2021 and the loan portfolio as of December 31, 2022.

December 31, 2022			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (54,668)	Ps. (37,148)	Ps. (569)	Ps. (92,385)

The following table further explains changes in the gross carrying amount of the consumer portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Total portfolio as of January 1, 2022	**Ps. 63,811,740**	**Ps. 9,828,726**	**Ps. 3,248,679**	**Ps. 76,889,145**
Transfers:				
Transfer from stage 1 to stage 2	(3,939,985)	3,939,985	—	—
Transfer from stage 1 to stage 3	(456,120)	—	456,120	—
Transfer from stage 2 to stage 3	—	(1,433,947)	1,433,947	—
Transfer from stage 2 to stage 1	2,810,585	(2,810,585)	—	—
Transfer from stage 3 to stage 2	—	258,837	(258,837)	—
Transfer from stage 3 to stage 1	146,229	—	(146,229)	—
New financial assets originated or purchased	34,459,205	1,219,507	564,562	36,243,274
Financial assets that have been paid	(22,753,127)	(2,332,167)	(826,367)	(25,911,661)
Net remeasurement of amortized cost and other receivables	(788,200)	69,133	681,170	(37,897)
Write-offs	(125,994)	(396,404)	(1,820,840)	(2,343,238)
Discontinued operations (1)	1,156,225	(80,679)	(477,697)	597,849
Loss of control in subsidiary (1)	(22,340,862)	(3,498,287)	(882,530)	(26,721,679)
FX and other movements	549,432	164,844	(10,625)	703,651
Total portfolio as of December 31, 2022	**Ps. 52,529,128**	**Ps. 4,928,963**	**Ps. 1,961,353**	**Ps. 59,419,444**
Transfers:				
Transfer from stage 1 to stage 2	(5,701,009)	5,701,009	—	—
Transfer from stage 1 to stage 3	(1,029,073)	—	1,029,073	—
Transfer from stage 2 to stage 3	—	(2,089,300)	2,089,300	—
Transfer from stage 2 to stage 1	3,616,500	(3,616,500)	—	—
Transfer from stage 3 to stage 2	—	469,333	(469,333)	—
Transfer from stage 3 to stage 1	212,519	11,192	(223,711)	—
New financial assets originated or purchased	32,474,641	1,586,439	4,957,874	39,018,954
Financial assets that have been paid	(28,331,264)	(2,095,326)	(2,091,623)	(32,518,213)
Net remeasurement of amortized cost and other receivables	20,995	126,837	(1,528,765)	(1,380,933)
Write-offs	(101,945)	(533,321)	(2,797,978)	(3,433,244)

(Amounts expressed in millions of Colombian pesos)

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Sale of loan portfolio-loss allowance	(2,369)	(1,809)	(162,897)	(167,075)
Sale of loan portfolio-cash	—	(694)	(34,153)	(34,847)
Gain or loss on sale portfolio	—	(59)	10,805	10,746
FX and other movements	(832,014)	(77,989)	(5,218)	(915,221)
Total portfolio as of December 31, 2023	**Ps. 52,856,109**	**Ps. 4,408,775**	**Ps. 2,734,727**	**Ps. 59,999,611**
Transfers:				
Transfer from stage 1 to stage 2	(4,910,035)	4,910,035	—	—
Transfer from stage 1 to stage 3	(855,865)	—	855,865	—
Transfer from stage 2 to stage 3	—	(2,127,198)	2,127,198	—
Transfer from stage 2 to stage 1	1,875,510	(1,875,510)	—	—
Transfer from stage 3 to stage 2	—	291,914	(291,914)	—
Transfer from stage 3 to stage 1	204,521	—	(204,521)	—
New financial assets originated or purchased	29,868,948	1,482,560	3,834,567	35,186,075
Financial assets that have been paid	(25,133,605)	(1,989,366)	(2,953,029)	(30,076,000)
Net remeasurement of amortized cost and other receivables	301,843	(42,975)	254,508	513,376
Write-offs	(41,956)	(395,579)	(3,742,152)	(4,179,687)
Sale of loan portfolio-loss allowance	(21)	(602)	(9,441)	(10,064)
Sale of loan portfolio-cash	(5)	(143)	(1,510)	(1,658)
Gain or loss on sale portfolio	(20)	(558)	(4,969)	(5,547)
FX and other movements	523,841	25,899	479	550,219
Total portfolio as of December 31, 2024	**Ps. 54,689,265**	**Ps. 4,687,252**	**Ps. 2,599,808**	**Ps. 61,976,325**

(1) See note 1.1 "Discontinued operations of BAC Holding"

(Amounts expressed in millions of Colombian pesos)

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Mortgage loan portfolio

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loss allowance as of January 1, 2022	**Ps. 93,122**	**Ps. 286,903**	**Ps. 352,382**	**Ps. 732,407**
Transfers:				
Transfer from stage 1 to stage 2	(4,775)	4,775	—	—
Transfer from stage 1 to stage 3	(266)	—	266	—
Transfer from stage 2 to stage 3	—	(28,228)	28,228	—
Transfer from stage 3 to stage 2	—	10,553	(10,553)	—
Transfer from stage 2 to stage 1	70,544	(70,544)	—	—
Transfer from stage 3 to stage 1	15,267	—	(15,267)	—
Net remeasurement of loss allowance (5)	(55,643)	19,536	25,930	(10,177)
New financial assets originated or purchased	12,837	4,133	9,982	26,952
Financial assets that have been derecognized	(27,664)	(8,938)	(5,375)	(41,977)
Unwind of discount (2)	—	1	17,084	17,085
FX and other movements	(4,930)	9,709	1,148	5,927
Discontinued operations (1)	(6,193)	1,917	9,998	5,722
Loss of control in subsidiary (1)	(41,518)	(173,351)	(126,763)	(341,632)
Write-offs	(2,018)	(3,827)	(36,021)	(41,866)
Loss allowance as of December 31, 2022	**Ps. 48,763**	**Ps. 52,639**	**Ps. 251,039**	**Ps. 352,441**
Transfers:				
Transfer from stage 1 to stage 2	(7,295)	7,295	—	—
Transfer from stage 1 to stage 3	(635)	—	635	—
Transfer from stage 2 to stage 3	—	(35,387)	35,387	—
Transfer from stage 3 to stage 2	—	9,526	(9,526)	—
Transfer from stage 2 to stage 1	26,638	(26,638)	—	—
Transfer from stage 3 to stage 1	10,329	—	(10,329)	—
Net remeasurement of loss allowance (4)	(14,157)	63,399	(21,731)	27,511
New financial assets originated or purchased	9,654	7,711	56,558	73,923
Financial assets that have been derecognized	(20,196)	(6,486)	(8,896)	(35,578)
Unwind of discount (2)	12	—	16,988	17,000
FX and other movements	332	(2,125)	(2,483)	(4,276)
Write-offs	(8,365)	(3,601)	(39,068)	(51,034)
Loss allowance as of December 31, 2023	**Ps. 45,080**	**Ps. 66,333**	**Ps. 268,574**	**Ps. 379,987**
Transfers:				
Transfer from stage 1 to stage 2	(9,481)	9,481	—	—
Transfer from stage 1 to stage 3	(414)	—	414	—
Transfer from stage 2 to stage 3	—	(48,596)	48,596	—
Transfer from stage 3 to stage 2	—	13,789	(13,789)	—
Transfer from stage 2 to stage 1	30,885	(30,885)	—	—
Transfer from stage 3 to stage 1	9,525	—	(9,525)	—
Net remeasurement of loss allowance (3)	6,687	74,143	66,506	147,336
New financial assets originated or purchased	9,943	4,590	10,008	24,541
Financial assets that have been derecognized	(10,560)	(5,716)	(10,079)	(26,355)
Unwind of discount (2)	—	—	21,019	21,019
FX and other movements	241	1,270	1,330	2,841
Write-offs	(21,818)	(12,570)	(41,666)	(76,054)
Loss allowance as of December 31, 2024	**Ps. 60,088**	**Ps. 71,839**	**Ps. 341,388**	**Ps. 473,315**

(1) See note 1.1 "Discontinued operations of BAC Holding"
(2) The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)
(3) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2024 versus parameters as of 2023 and the loan portfolio as of 2024.

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December 31, 2024			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (1,468)	Ps. 3,316	Ps. 142	Ps. 1,990

(4) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2023 versus parameters as of December 31,2022 and the loan portfolio as of December 31, 2023.

December 31, 2023			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. 5,207	Ps. 4,604	Ps. 3,914	Ps. 13,725

(5) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2022 versus parameters as of December 31,2021 and the loan portfolio as of December 31, 2022.

December 31, 2022			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (63,752)	Ps. (17,595)	Ps. (9,268)	Ps. (90,615)

The following table further explains changes in the gross carrying amount of the mortgage portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Total portfolio as of January 1, 2022	**Ps. 22,743,149**	**Ps. 5,278,510**	**Ps. 1,098,657**	**Ps. 29,120,316**
Transfers:				
Transfer from stage 1 to stage 2	(896,435)	896,435	—	—
Transfer from stage 1 to stage 3	(13,682)	—	13,682	—
Transfer from stage 2 to stage 3	—	(219,362)	219,362	—
Transfer from stage 2 to stage 1	1,954,180	(1,954,180)	—	—
Transfer from stage 3 to stage 2	—	72,617	(72,617)	—
Transfer from stage 3 to stage 1	67,285	—	(67,285)	—
New financial assets originated or purchased	4,715,113	53,475	6,304	4,774,892
Financial assets that have been paid	(1,891,256)	(197,058)	(103,664)	(2,191,978)
Net remeasurement of amortized cost and other receivables	(130,620)	39,252	83,758	(7,610)
Write-offs	(2,018)	(3,827)	(36,021)	(41,866)
Discontinued operations (1)	268,497	(1,219,303)	(650,834)	(1,601,640)
Loss of control in subsidiary (1)	(10,977,834)	(1,859,006)	(383)	(12,837,223)
FX and other movements	390,049	272,242	6,173	668,464
Total portfolio as of December 31, 2022	**Ps. 16,226,428**	**Ps. 1,159,795**	**Ps. 497,132**	**Ps. 17,883,355**
Transfers:				
Transfer from stage 1 to stage 2	(1,382,946)	1,382,946	—	—
Transfer from stage 1 to stage 3	(40,569)	—	40,569	—
Transfer from stage 2 to stage 3	—	(271,352)	271,352	—
Transfer from stage 2 to stage 1	1,082,759	(1,082,759)	—	—
Transfer from stage 3 to stage 2	—	66,023	(66,023)	—
Transfer from stage 3 to stage 1	79,530	—	(79,530)	—
New financial assets originated or purchased	3,594,678	71,626	2,094,419	5,760,723
Financial assets that have been paid	(2,142,766)	(109,535)	(2,147,384)	(4,399,685)
Net remeasurement of amortized cost and other receivables	35,508	18,036	48,059	101,603

(Amounts expressed in millions of Colombian pesos)

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Write-offs	(8,365)	(3,601)	(39,068)	(51,034)
FX and other movements	(723,260)	(70,394)	(15,102)	(808,756)
Total portfolio as of December 31, 2023	**Ps. 16,720,997**	**Ps. 1,160,785**	**Ps. 604,424**	**Ps. 18,486,206**
Transfers:				
Transfer from stage 1 to stage 2	(1,532,164)	1,532,164	—	—
Transfer from stage 1 to stage 3	(45,518)	—	45,518	—
Transfer from stage 2 to stage 3	—	(381,561)	381,561	—
Transfer from stage 2 to stage 1	1,036,878	(1,036,878)	—	—
Transfer from stage 3 to stage 2	—	96,914	(96,914)	—
Transfer from stage 3 to stage 1	90,665	—	(90,665)	—
New financial assets originated or purchased	5,389,136	63,254	55,457	5,507,847
Financial assets that have been paid	(2,280,710)	(116,394)	(127,047)	(2,524,151)
Net remeasurement of amortized cost and other receivables	98,729	13,250	53,838	165,817
Write-offs	(21,818)	(12,570)	(41,666)	(76,054)
FX and other movements	417,334	48,069	10,659	476,062
Total portfolio as of December 31, 2024	**Ps. 19,873,529**	**Ps. 1,367,033**	**Ps. 795,165**	**Ps. 22,035,727**

(1) See note 1.1 "Discontinued operations of BAC Holding"

(Amounts expressed in millions of Colombian pesos)

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Microcredit loan portfolio

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loss allowance as of January 1, 2022	**Ps. 6,740**	**Ps. 13,291**	**Ps. 85,039**	**Ps. 105,070**
Transfers:				
Transfer from stage 1 to stage 2	(2,285)	2,285	—	—
Transfer from stage 1 to stage 3	(816)	—	816	—
Transfer from stage 2 to stage 3	—	(10,682)	10,682	—
Transfer from stage 3 to stage 2	—	1,440	(1,440)	—
Transfer from stage 2 to stage 1	2,901	(2,901)	—	—
Transfer from stage 3 to stage 1	339	—	(339)	—
Net remeasurement of loss allowance (4)	(3,625)	4,222	2,753	3,350
New financial assets originated or purchased	5,480	197	17	5,694
Financial assets that have been derecognized	(2,248)	(926)	(373)	(3,547)
Unwind of discount (1)	—	—	9,052	9,052
Write-offs	(248)	(2,004)	(78,396)	(80,648)
Loss allowance as of December 31, 2022	**Ps. 6,238**	**Ps. 4,922**	**Ps. 27,811**	**Ps. 38,971**
Transfers:				
Transfer from stage 1 to stage 2	(3,411)	3,411	—	—
Transfer from stage 1 to stage 3	(1,308)	—	1,308	—
Transfer from stage 2 to stage 3	—	(10,612)	10,612	—
Transfer from stage 3 to stage 2	—	1,374	(1,374)	—
Transfer from stage 2 to stage 1	1,729	(1,729)	—	—
Transfer from stage 3 to stage 1	210	—	(210)	—
Net remeasurement of loss allowance (3)	6,322	10,395	12,816	29,533
New financial assets originated or purchased	4,647	97	54	4,798
Financial assets that have been derecognized	(1,953)	(265)	(212)	(2,430)
Unwind of discount (1)	—	—	7,016	7,016
Write-offs	(406)	(1,227)	(22,595)	(24,228)
Loss allowance as of December 31, 2023	**Ps. 12,068**	**Ps. 6,366**	**Ps. 35,226**	**Ps. 53,660**
Transfers:				
Transfer from stage 1 to stage 2	(2,380)	2,380	—	—
Transfer from stage 1 to stage 3	(24,943)	—	24,943	—
Transfer from stage 2 to stage 3	—	(8,815)	8,815	—
Transfer from stage 3 to stage 2	—	536	(536)	—
Transfer from stage 2 to stage 1	912	(912)	—	—
Transfer from stage 3 to stage 1	57	—	(57)	—
Net remeasurement of loss allowance (2)	20,456	6,140	(3,299)	23,297
New financial assets originated or purchased	2,627	69	19	2,715
Financial assets that have been derecognized	(5,694)	(5,123)	(26,097)	(36,914)
Sales of portfolio	(3,042)	(191)	(26,398)	(29,631)
Unwind of discount (1)	—	—	1,684	1,684
Write-offs	(2)	(436)	(10,755)	(11,193)
Loss allowance as of December 31, 2024	**Ps. 59**	**Ps. 14**	**Ps. 3,545**	**Ps. 3,618**

(1) The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)
(2) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2024 versus parameters as of December 31,2023 and the loan portfolio as of December 31, 2024.

December 31, 2024			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (8)	Ps. 6	Ps. —	Ps. (2)

(3) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2023 versus parameters as of December 31,2022 and the loan portfolio as of December 31, 2023.

(Amounts expressed in millions of Colombian pesos)

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December 31, 2023			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (96)	Ps. 29	Ps. (6)	Ps. (73)

(4) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2022 versus parameters as of December 31,2021 and the loan portfolio as of December 31, 2022.

December 31, 2022			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (378)	Ps. 333	Ps. (86)	Ps. (131)

The following table further explains changes in the gross carrying amount of the microcredit portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Total portfolio as of January 1, 2022	**Ps. 187,419**	**Ps. 43,362**	**Ps. 86,958**	**Ps. 317,739**
Transfers:				
Transfer from stage 1 to stage 2	(27,202)	27,202	—	—
Transfer from stage 1 to stage 3	(5,892)	—	5,892	—
Transfer from stage 2 to stage 3	—	(26,762)	26,762	—
Transfer from stage 2 to stage 1	21,110	(21,110)	—	—
Transfer from stage 3 to stage 2	—	3,683	(3,683)	—
Transfer from stage 3 to stage 1	980	—	(980)	—
New financial assets originated or purchased	219,226	57	34	219,317
Financial assets that have been paid	(177,589)	(12,754)	(17,655)	(207,998)
Net remeasurement of amortized cost and other receivables	6,687	2,382	10,241	19,310
Write-offs	(248)	(2,004)	(78,396)	(80,648)
Total portfolio as of December 31, 2022	**Ps. 224,491**	**Ps. 14,056**	**Ps. 29,173**	**Ps. 267,720**
Transfers:				
Transfer from stage 1 to stage 2	(36,169)	36,169	—	—
Transfer from stage 1 to stage 3	(10,609)	—	10,609	—
Transfer from stage 2 to stage 3	—	(25,030)	25,030	—
Transfer from stage 2 to stage 1	9,226	(9,226)	—	—
Transfer from stage 3 to stage 2	—	2,946	(2,946)	—
Transfer from stage 3 to stage 1	516	—	(516)	—
New financial assets originated or purchased	214,273	1,387	41,681	257,341
Financial assets that have been paid	(178,828)	(6,329)	(22,883)	(208,040)
Net remeasurement of amortized cost and other receivables	4,054	1,207	(20,525)	(15,264)
Write-offs	(406)	(1,227)	(22,595)	(24,228)
Total portfolio as of December 31, 2023	**Ps. 226,548**	**Ps. 13,953**	**Ps. 37,028**	**Ps. 277,529**
Transfers:				
Transfer from stage 1 to stage 2	(18,434)	18,434	—	—
Transfer from stage 1 to stage 3	(5,297)	—	5,297	—
Transfer from stage 2 to stage 3	—	(14,840)	14,840	—
Transfer from stage 2 to stage 1	3,202	(3,202)	—	—
Transfer from stage 3 to stage 2	—	1,329	(1,329)	—
Transfer from stage 3 to stage 1	153	—	(153)	—
New financial assets originated or purchased	329,590	16,273	58,483	404,346
Financial assets that have been paid	(317,251)	(19,019)	(37,916)	(374,186)
Net remeasurement of amortized cost and other receivables	4,241	135	(8,701)	(4,325)
Write-offs	(2)	(436)	(10,755)	(11,193)
Sale of loan portfolio-loss allowance	(3,042)	(191)	(26,398)	(29,631)
Sale of loan portfolio-cash	(218,931)	(12,397)	(26,837)	(258,165)
Total portfolio as of December 31, 2024	**Ps. 777**	**Ps. 39**	**Ps. 3,559**	**Ps. 4,375**

(Amounts expressed in millions of Colombian pesos)

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Interbank and overnight funds

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loss allowance as of January 1, 2022	**Ps. 2,386**	**Ps. -**	**Ps. -**	**Ps. 2,386**
Net remeasurement of loss allowance [3]	3	—	—	3
New financial assets originated or purchased	17,244	—	—	17,244
Financial assets that have been derecognized	(18,189)	—		(18,189)
Loss allowance as of December 31, 2022	**Ps. 1,444**	**Ps. —**	**Ps. —**	**Ps. 1,444**
Transfers:				
Transfer from stage 2 to stage 1	2	(2)	—	—
Net remeasurement of loss allowance [2]	(122)	2	—	(120)
New financial assets originated or purchased	1,787	—	—	1,787
Financial assets that have been derecognized	(3,089)	—	—	(3,089)
Loss allowance as of December 31, 2023	**Ps. 22**	**Ps. —**	**Ps. —**	**Ps. 22**
Net remeasurement of loss allowance [1]	731	1	—	732
New financial assets originated or purchased	99	—	—	99
Financial assets that have been derecognized	(58)	—	—	(58)
Loss allowance as of December 31, 2024	**Ps. 794**	**Ps. 1**	**Ps. —**	**Ps. 795**

(1) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2024 versus parameters as of December 31,2023 and the loan portfolio as of December 31, 2024.

December 31, 2024			
Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Ps. 6	Ps. —	Ps. —	Ps. 6

(2) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2023 versus parameters as of December 31,2022 and the loan portfolio as of December 31, 2023.

December 31, 2023			
Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Ps. (4)	Ps. —	Ps. —	Ps. (4)

(3) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2022 versus parameters as of December 31,2021 and the loan portfolio as of December 31, 2022.

December 31, 2022			
Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Ps. (611)	Ps. —	Ps. —	Ps. (611)

(Amounts expressed in millions of Colombian pesos)

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The following table further explains changes in the gross carrying amount of the interbank and overnight funds portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Total portfolio as of January 1, 2022	**Ps. 3,218,433**	**Ps. —**	**Ps. —**	**Ps. 3,218,433**
New financial assets originated or purchased	23,119,916	—	1	23,119,917
Financial assets that have been paid	(18,982,865)	—	—	(18,982,865)
Net remeasurement of amortized cost and other receivables	84,916	—	—	84,916
Discontinued operations (1)	249	—	—	249
Loss of control in subsidiary (1)	(1,442,427)	—	—	(1,442,427)
FX and other movements	(30,480)	—	—	(30,480)
Total portfolio as of December 31, 2022	**Ps. 5,967,742**	**Ps. —**	**Ps. 1**	**Ps. 5,967,743**
New financial assets originated or purchased	206,661	—	—	206,661
Financial assets that have been paid	(6,003,176)	—	—	(6,003,176)
Net remeasurement of amortized cost and other receivables	(1,390)	—	(1)	(1,391)
FX and other movements	222,770	—	—	222,770
Total portfolio as of December 31, 2023	**Ps. 392,607**	**Ps. —**	**Ps. —**	**Ps. 392,607**
New financial assets originated or purchased	415,418	—	—	415,418
Financial assets that have been paid	(141,132)	—	—	(141,132)
Net remeasurement of amortized cost and other receivables	1,870	—	—	1,870
FX and other movements	36,292	—	—	36,292
Total portfolio as of December 31, 2024	**Ps. 705,055**	**Ps. —**	**Ps. —**	**Ps. 705,055**

(1) See note 1.1 "Discontinued operations of BAC Holding"

The following table further explains changes in the movements in the allowance for the of investments in debt securities at FVOCI portfolio:

Investments in debt securities at FVOCI

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loss allowance balance as of January 1, 2022	**Ps. 123,978**	**Ps. —**	**Ps. —**	**Ps. 123,978**
Net remeasurement of loss allowance (5)	(3,217)	—	—	(3,217)
New financial assets originated or purchased	4,409	—	—	4,409
Financial assets that have been derecognized	(4,870)	—	—	(4,870)
Discontinued operations (1)	2,935	—	—	2,935
Loss of control in subsidiary (2)	(111,358)	—	—	(111,358)
FX and other movements	809	—	—	809
Loss allowance balance as of December 31, 2022	**Ps. 12,686**	**Ps. —**	**Ps. —**	**Ps. 12,686**
Net remeasurement of loss allowance (4)	(892)	—	—	(892)
New financial assets originated or purchased	6,470	—	—	6,470
Financial assets that have been derecognized	(4,342)	—	—	(4,342)
FX and other movements	(950)	—	—	(950)
Loss allowance balance as of December 31, 2023	**Ps. 12,972**	**Ps. —**	**Ps. —**	**Ps. 12,972**
Net remeasurement of loss allowance (3)	452	—	—	452
New financial assets originated or purchased	9,029	—	—	9,029
Financial assets that have been derecognized	(4,895)	—	—	(4,895)
FX and other movements	752	—	—	752
Loss allowance balance as of December 31, 2024	**Ps. 18,310**	**Ps. —**	**Ps. —**	**Ps. 18,310**

(Amounts expressed in millions of Colombian pesos)

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(1) See note 1.1 "Discontinued operations of BAC Holding"
(2) Correspond to reclassification for comparability of the movements of BAC Holding consider the deconsolidation of this entity during year 2022.
(3) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2024 versus parameters as of December 31, 2023 and the investments portfolio as of December 31, 2024.

December 31, 2024			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (90)	Ps. —	Ps. —	Ps. (90)

(4) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2023 versus parameters as of December 31, 2022 and the investments portfolio as of December 31, 2023.

December 31, 2023			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (359)	Ps. —	Ps. —	Ps. (359)

(5) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2022 versus parameters as of December 31, 2021 and the investments portfolio as of December 31, 2022.

December 31, 2022			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (1,056)	Ps. —	Ps. —	Ps. (1,056)

The following table further explains changes in the movements in the allowance for investments in debt securities at amortized cost portfolio:

Investments in debt securities at amortized cost

|

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loss allowance balance as of January 1, 2022	**Ps. 3,297**	**Ps. 7,401**	**Ps. —**	**Ps. 10,698**
Net remeasurement of loss allowance (5)	19,761	547	—	20,308
New financial assets originated or purchased	2,198	—	—	2,198
Financial assets that have been derecognized	(1,015)	(1,090)	—	(2,105)
Discontinued operations (1)	(85)	—	—	(85)
Loss of control in subsidiary (2)	(503)	—	—	(503)
FX and other movements	4,910	1,509	—	6,419
Loss allowance balance as of December 31, 2022	**Ps. 28,563**	**Ps. 8,367**	**Ps. —**	**Ps. 36,930**
Transfer from stage 2 to stage 1	1,485	(1,485)	—	—
Net remeasurement of loss allowance (4)	(14,315)	(996)	—	(15,311)
New financial assets originated or purchased	2,669	—	—	2,669
Financial assets that have been derecognized	(1,466)	—	—	(1,466)
FX and other movements	(4,323)	(1,617)	—	(5,940)
Loss allowance balance as of December 31, 2023	**Ps. 12,613**	**Ps. 4,269**	**Ps. —**	**Ps. 16,882**
Net remeasurement of loss allowance (3)	(1,774)	(562)	—	(2,336)
New financial assets originated or purchased	3,279	—	—	3,279
Financial assets that have been derecognized	(1,366)	—	—	(1,366)
FX and other movements	1,577	639	—	2,216
Loss allowance balance as of December 31, 2024	**Ps. 14,329**	**Ps. 4,346**	**Ps. —**	**Ps. 18,675**

(1) See note 1.1 "Discontinued operations of BAC Holding"

(Amounts expressed in millions of Colombian pesos)

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(2) Correspond to reclassification for comparability of the movements of BAC Holding consider the deconsolidation of this entity during year 2022.

(3) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2024 versus parameters as of December 31, 2023 and the investments portfolio as of December 31, 2024.

December 31, 2024			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (404)	Ps. —	Ps. —	Ps. (404)

(4) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2023 versus parameters as of December 31, 2022 and the investments portfolio as of December 31, 2023.

December 31, 2023			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. 9,632	Ps. —	Ps. —	Ps. 9,632

(5) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of December 31, 2022 versus parameters as of December 31, 2021 and the investments portfolio as of December 31, 2022.

December 31, 2022			
Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps. (70)	Ps. 48	Ps. —	Ps. (22)

Other accounts receivable

General approach

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loss allowance as of January 1, 2022	**Ps. 18,939**	**Ps. 16,771**	**Ps. 129,449**	**Ps. 165,159**
Net remeasurement of loss allowance	7,680	2,190	48,003	57,873
FX and other movements	1,748	1,240	177	3,165
Write-offs	(3,390)	—	(37,506)	(40,896)
Loss allowance as of December 31, 2022	**Ps. 24,977**	**Ps. 20,201**	**Ps. 140,123**	**Ps. 185,301**
Net remeasurement of loss allowance	4,389	257	46,867	51,513
FX and other movements	(1,789)	(1,270)	(2,464)	(5,523)
Write-offs	(1,612)	—	(43,397)	(45,009)
Loss allowance as of December 31, 2023	**Ps. 25,965**	**Ps. 19,188**	**Ps. 141,129**	**Ps. 186,282**
Net remeasurement of loss allowance	4,932	2,779	58,789	66,500
FX and other movements	860	229	3,212	4,301
Write-offs	(531)	—	(85,622)	(86,153)
Loss allowance as of December 31, 2024	**Ps. 31,226**	**Ps. 22,196**	**Ps. 117,508**	**Ps. 170,930**

(Amounts expressed in millions of Colombian pesos)

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Simplified approach

		Loss allowance
Loss allowance as of January 1, 2022	**Ps.**	**217,643**
Loss of control in subsidiary [1]		(33,024)
Discontinued operations [1]		469
Entity liquidation		(1,592)
Provision charged to profit or loss		27,519
Recovery for partial payments from the clients		(6,751)
Write-offs		(7,948)
Exchange gains (losses) in foreign currency		799
Loss allowance as of December 31, 2022	**Ps.**	**197,115**
Entity deconsolidation		(3,245)
Provision charged to profit or loss		39,750
Recovery for partial payments from the clients		(14,599)
Write-offs		(18,516)
Exchange gains (losses) in foreign currency		(1,123)
Loss allowance as of December 31, 2023	**Ps.**	**199,382**
Provision charged to profit or loss		56,296
Recovery for partial payments from the clients		(29,727)
Write-offs		(35,436)
Exchange gains (losses) in foreign currency		526
Loss allowance as of December 31, 2024	**Ps.**	**191,041**

[1] See note 1.1 “Discontinued operations of BAC Holding”

(Amounts expressed in millions of Colombian pesos)

Loan commitments and financial guarantee contracts

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loss allowance as of January 1, 2022	**Ps. 45,916**	**Ps. 10,097**	**Ps. 6,028**	**Ps. 62,041**
Transfers:				
Transfer from stage 1 to stage 2	(558)	558	—	—
Transfer from stage 1 to stage 3	(57)	—	57	—
Transfer from stage 2 to stage 3	—	(211)	211	—
Transfer from stage 3 to stage 2	—	34	(34)	—
Transfer from stage 2 to stage 1	3,379	(3,379)	—	—
Transfer from stage 3 to stage 1	289	—	(289)	—
Net remeasurement of loss allowance	(7,419)	(2,264)	(1,218)	(10,901)
New loan commitments and financial guarantees issued	17,204	1,826	(41)	18,989
FX and other movements	202	1	—	203
Discontinued operations (1)	(45)	(63)	(133)	(241)
Loss of control in subsidiary (1)	(751)	(138)	(4,292)	(5,181)
Loss allowance as of December 31, 2022	**Ps. 58,160**	**Ps. 6,461**	**Ps. 289**	**Ps. 64,910**
Transfers:				
Transfer from stage 1 to stage 2	(1,690)	1,690	—	—
Transfer from stage 1 to stage 3	(218)	—	218	—
Transfer from stage 2 to stage 3	—	(329)	329	—
Transfer from stage 3 to stage 2	—	4	(4)	—
Transfer from stage 2 to stage 1	1,105	(1,105)	—	—
Transfer from stage 3 to stage 1	29	—	(29)	—
Net remeasurement of loss allowance	(14,124)	(769)	211	(14,682)
New loan commitments and financial guarantees issued	18,693	1,732	(65)	20,360
FX and other movements	(318)	(2)	—	(320)
Loss allowance as of December 31, 2023	**Ps. 61,637**	**Ps. 7,682**	**Ps. 949**	**Ps. 70,268**
Transfers:				
Transfer from stage 1 to stage 2	(1,233)	1,233	—	—
Transfer from stage 1 to stage 3	(503)	—	503	—
Transfer from stage 2 to stage 3	—	(167)	167	—
Transfer from stage 3 to stage 2	—	1	(1)	—
Transfer from stage 2 to stage 1	2,998	(2,998)	—	—
Transfer from stage 3 to stage 1	20	—	(20)	—
Net remeasurement of loss allowance	(18,834)	(14)	544	(18,304)
New loan commitments and financial guarantees issued	18,204	1,934	92	20,230
FX and other movements	220	—	—	220
Loss allowance as of December 31, 2024	**Ps. 62,509**	**Ps. 7,671**	**Ps. 2,234**	**Ps. 72,414**

(1) See note 1.1 "Discontinued operations of BAC Holding"

4.1.6 Concentrations of credit risk

Loan portfolio

Policies to prevent excessive credit-risk concentration

In order to prevent excessive concentrations of credit risk at an individual, economic group, country or economic sectors level, each financial subsidiary of Grupo Aval maintains updated exposure thresholds to limit concentration. The exposure limit by a financial subsidiary of Grupo Aval to an individual client or economic group depends on the risk profile of the client (or economic group), the nature of the risk of the debtor and the experience of each financial subsidiary in a specific market or sector.

Concentration risk control is key to the risk management process. Grupo Aval´s financial subsidiaries monitor the degree of credit risk concentration by sector and individual or group customer.

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In order to avoid credit risk concentration at Grupo Aval level, management relies on the financial subsidiaries Credit Risk Unit or its equivalent, which consolidates, and monitors the credit risk exposures of all financial subsidiaries, to determine the maximum levels of concentration.

Pursuant to Colombian regulations, financial subsidiaries in Colombia cannot grant unsecured loans to borrowers, which on a combined basis exceed 10% of the financial subsidiary´s regulatory capital calculated according to the definitions of the Ministry of Finance. Loans maybe more than 10% of the regulatory capital of the financial subsidiary when they are secured by acceptable collateral and/or certain guarantees.

Concentration by sector

Below is the credit portfolio distribution of Grupo Aval by economic sector as of December 31, 2024, and 2023:

Sector	December 31, 2024	%	December 31, 2023	%
Consumer services	Ps. 89,687,446	44.8 %	Ps. 84,358,141	45.3 %
Commercial services	43,792,710	21.9 %	40,341,863	21.7 %
Construction	15,046,109	7.5 %	14,733,390	7.9 %
Public services	9,218,309	4.6 %	7,172,123	3.9 %
Food, beverage and tobacco	7,577,678	3.8 %	7,191,477	3.9 %
Other industrial and manufacturing products	6,857,011	3.4 %	6,410,022	3.4 %
Transportation and communications	6,499,070	3.2 %	6,283,172	3.4 %
Chemical production	5,539,036	2.8 %	5,414,605	2.9 %
Government	5,471,013	2.7 %	5,367,471	2.9 %
Agricultural	4,538,856	2.3 %	4,192,847	2.3 %
Mining products and oil	2,754,170	1.4 %	1,500,686	0.8 %
Trade and tourism	1,724,337	0.9 %	1,622,212	0.8 %
Other	1,430,380	0.7 %	1,615,761	0.8 %
Total of each economic sector	**Ps. 200,136,125**	**100.0 %**	**Ps. 186,203,770**	**100.0 %**

Concentration by country

The detail of credit risk at the level of Grupo Aval in the different geographic areas determined according to the domicile of the debtor, without taking into consideration loan loss provisions as of December 31, 2024, and 2023 is as follows:

December 31, 2024	Commercial	Consumer	Mortgages	Microcredit	Interbank and overnight funds	Total
Colombia	Ps. 95,610,708	Ps. 57,719,813	Ps. 18,494,856	Ps. 4,375	Ps. 395,382	Ps. 172,225,134
Panama	9,455,147	4,248,452	3,540,871	—	214,187	17,458,657
United States	6,685,567	7,984	—	—	93,474	6,787,025
Guatemala	432,151	—	—	—	—	432,151
Costa Rica	125,689	—	—	—	2,012	127,701
Honduras	392,236	—	—	—	—	392,236
El Salvador	13,919	—	—	—	—	13,919
Nicaragua	412	—	—	—	—	412
Other countries	2,698,814	76	—	—	—	2,698,890
Total gross loan portfolio	**Ps. 115,414,643**	**Ps. 61,976,325**	**Ps. 22,035,727**	**Ps. 4,375**	**Ps. 705,055**	**Ps. 200,136,125**

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December 31, 2023	Commercial	Consumer	Mortgages	Microcredit	Interbank and overnight funds	Total
Colombia	Ps. 90,146,557	Ps. 56,659,813	Ps. 15,363,688	Ps. 277,529	Ps. 320,400	Ps. 162,767,987
Panama	7,881,116	3,339,663	3,122,518	—	21,512	14,364,809
United States	5,857,040	—	—	—	50,089	5,907,129
Guatemala	218,838	—	—	—	—	218,838
Costa Rica	115,868	—	—	—	606	116,474
Honduras	298,941	—	—	—	—	298,941
El Salvador	6,704	—	—	—	—	6,704
Nicaragua	605	—	—	—	—	605
Other countries	2,522,148	135	—	—	—	2,522,283
Total gross loan portfolio	**Ps. 107,047,817**	**Ps. 59,999,611**	**Ps. 18,486,206**	**Ps. 277,529**	**Ps. 392,607**	**Ps. 186,203,770**

Concentration by currency

The classification of loan portfolio by type of currency is as follows:

December 31, 2024	Colombian Pesos	Foreign currency	Total
Commercial	Ps. 86,935,650	Ps. 28,478,993	Ps. 115,414,643
Consumer	57,615,997	4,360,328	61,976,325
Residential mortgage	18,494,740	3,540,987	22,035,727
Microcredit	4,375	—	4,375
Interbank and overnight funds	272,307	432,748	705,055
Total gross loan portfolio	**Ps. 163,323,069**	**Ps. 36,813,056**	**Ps. 200,136,125**

December 31, 2023	Colombian Pesos	Foreign currency	Total
Commercial	Ps. 83,083,022	Ps. 23,964,795	Ps. 107,047,817
Consumer	56,580,248	3,419,363	59,999,611
Residential mortgage	15,363,549	3,122,657	18,486,206
Microcredit	277,529	—	277,529
Interbank and overnight funds	159,757	232,850	392,607
Total gross loan portfolio	**Ps. 155,464,105**	**Ps. 30,739,665**	**Ps. 186,203,770**

As of December 31, 2024, the loan portfolio in foreign currency represents 18.4% of the total portfolio, equivalent to US$ 8,349 million. As of December 31, 2023, the loan portfolio in foreign currency represents 16.5%, equivalent to US$ 8,042 million.

Investment debt securities

Grupo Aval entities monitor concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from investment securities is shown below.

Concentration by sector

Trading debt securities (see note 8.1)

The balance of financial assets in investments in trading debt securities includes the following as of December 31, 2024, and 2023:

	December 31, 2024	December 31, 2023
In Colombian Pesos		
Securities issued or secured by Colombian Government	Ps. 10,623,734	Ps. 5,732,620
Securities issued or secured by other Colombian Government entities	183,760	155,737
Securities issued or secured by other financial entities	864,036	902,652
Securities issued or secured by non-financial sector entities	7,749	2,994
Others	15,768	20,585
Total In Colombian Pesos	**Ps. 11,695,047**	**Ps. 6,814,588**
In foreign currency		

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		December 31, 2024		December 31, 2023
Securities issued or secured by Colombian Government	Ps.	17,824	Ps.	62,212
Securities issued or secured by foreign Governments		75,379		32,079
Securities issued or secured by other financial entities		138,158		181,809
Securities issued or secured by non-financial sector entities		1,064		3,412
Others		9,942		19,280
Total In foreign currency	**Ps.**	**242,367**	**Ps.**	**298,792**
Total trading debt securities	**Ps.**	**11,937,414**	**Ps.**	**7,113,380**

Investments in debt securities mandatorily at FVTPL (see note 9.1)

The balance of financial assets in investments in debt securities mandatorily at FVTPL includes the following as of December 31, 2024, and 2023:

		December 31, 2024		December 31, 2023
In Colombian Pesos				
Others	Ps.	1,425	Ps.	1,889
Total debt securities mandatorily at FVTPL	**Ps.**	**1,425**	**Ps.**	**1,889**

Investments in debt securities at FVOCI

The balance of financial assets in investments in debt securities at FVOCI includes the following as of December 31, 2024, and 2023:

		December 31, 2024		December 31, 2023
In Colombian Pesos				
Securities issued or secured by Colombian Government	Ps.	15,207,640	Ps.	14,491,881
Securities issued or secured by other Colombian Government entities		173,682		325,588
Securities issued or secured by other financial entities		813,342		918,788
Securities issued or secured by non-financial sector entities		3,968		961
Others		202,264		212,635
Total In Colombian Pesos	**Ps.**	**16,400,896**	**Ps.**	**15,949,853**
In foreign currency				
Securities issued or secured by Colombian Government	Ps.	3,060,268	Ps.	2,298,912
Securities issued or secured by other Colombian Government entities		289,063		538,200
Securities issued or secured by foreign Governments		4,502,810		2,507,038
Securities issued or secured by central banks		204,855		145,489
Securities issued or secured by other financial entities		1,813,441		1,223,859
Securities issued or secured by non-financial sector entities		245,692		213,610
Others		533,173		449,815
Total In foreign currency	**Ps.**	**10,649,302**	**Ps.**	**7,376,923**
Total debt securities at FVOCI	**Ps.**	**27,050,198**	**Ps.**	**23,326,776**

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Investments in debt securities at amortized cost

The balance of financial assets in investments in debt securities at amortized cost includes the following as of December 31, 2024, and 2023:

In Colombian Pesos		December 31, 2024		December 31, 2023
Securities issued or secured by Colombian Government	Ps.	2,553,693	Ps.	2,567,463
Securities issued or secured by other Colombian Government entities		5,563,208		5,112,355
Others		32,759		36,635
Total In Colombian Pesos	**Ps.**	**8,149,660**	**Ps.**	**7,716,453**
In foreign currency				
Securities issued or secured by foreign Governments	Ps.	30,655	Ps.	26,515
Securities issued or secured by other financial entities		2,350,549		2,082,993
Securities issued or secured by non-financial sector entities		145,553		143,410
Others		31,950		27,190
Total In foreign currency	**Ps.**	**2,558,707**	**Ps.**	**2,280,108**
Total investments in debt securities at amortized cost	**Ps.**	**10,708,367**	**Ps.**	**9,996,561**

Concentration of investments in debt securities by location

		December 31, 2024		December 31, 2023
Colombia	Ps.	39,769,376	Ps.	33,713,283
Panama		6,114,059		3,952,223
United States of America		1,543,389		1,421,010
Brazil		128,970		114,879
Mexico		583,979		410,599
Costa Rica		110,714		95,643
Chile		524,430		182,398
Peru		443,698		177,096
Paraguay		102,473		37,177
Japan		22,957		—
Germany		15,806		—
Total by country	Ps.	**49,359,851**	Ps.	**40,104,308**
Bladex (Foreign Trade Bank of Latin America)		216,218		225,642
Andean Development Corporation (Corporación Andina de Fomento)		117,061		105,107
Inter-American Corporation for the Financing of Infrastructure		4,274		3,549
Multilateral	**Ps.**	**337,553**	**Ps.**	**334,298**
Total investments in debt securities	**Ps.**	**49,697,404**	**Ps.**	**40,438,606**

Concentration by Sovereign Debt

As a general rule, Grupo Aval considers sovereign risk to be the risk assumed in deposits with Central Banks (including the mandatory deposits), investments in debt issues of a Colombian Government. In addition, the risk arising from transactions with public sector entities that have the following features: their funds are obtained only from fiscal income, they are legally recognized as entities directly included in the government sector, and their activities are of a non-commercial nature.

Sovereign risk exposure arises mainly from Grupo Aval's banking subsidiaries obligations to maintain certain mandatory deposits in Central Banks and from the fixed-income portfolios held as part of the on-balance-sheet structural interest rate risk management strategy and in the trading books of the treasury department. Most of these exposures are denominated in pesos and are financed through peso denominated repurchase agreements or customer deposits.

As of December 31, 2024, and 2023, the investment portfolio of financial assets in debt instruments is comprised mainly of securities issued or secured by entities of the Republic of Colombia, which represent 72.58% and 68.55%, respectively of the total portfolio.

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Below is the detail of Grupo Aval's sovereign debt portfolio issued by Central Governments per country:

	December 31, 2024				December 31, 2023			
			%				%	
Investment grade (1)								
Colombia	Ps.	28,361,534	78.64	%	Ps.	22,768,597	82.14	%
Panama		2,724,276	7.55	%		1,077,656	3.89	%
Chile		238,765	0.66	%		3,768	0.01	%
Peru		37,023	0.10	%		—	—	%
Germany		15,806	0.04	%		—	—	%
Mexico		17,987	0.05	%		16,268	0.06	%
United States of America		1,465,956	4.06	%		1,371,842	4.95	%
Total Investment grade	**Ps.**	**32,861,347**	**91.10**	**%**	**Ps.**	**25,238,131**	**91.05**	**%**
Speculative (2)								
Brazil		30,266	0.08	%		27,643	0.10	%
Colombia		3,101,625	8.60	%		2,384,493	8.60	%
Costa Rica		78,765	0.22	%		68,454	0.25	%
Total Speculative	**Ps.**	**3,210,656**	**8.90**	**%**	**Ps.**	**2,480,590**	**8.95**	**%**
	Ps.	**36,072,003**	**100.00**	**%**	**Ps.**	**27,718,721**	**100.00**	**%**

Below is the detail of Grupo Aval's debt portfolio issued by Central Banks:

	December 31, 2024				December 31, 2023			
			%				%	
Investment Grade (1)								
Panama (*)	Ps.	204,855	100.00	%	Ps.	145,489	100.00	%
Total Investment grade	**Ps.**	**204,855**	**100.00**	**%**	**Ps.**	**145,489**	**100.00**	**%**
Total sovereign risk	**Ps.**	**36,276,858**	**100.00**	**%**	**Ps.**	**27,864,210**	**100.00**	**%**

(1) Investment grade includes the risk rating of Fitch Ratings Colombia S.A o F1+ to F3, BRC of Colombia from BRC 1+ to BRC 3 and Standard & Poor's from AAA to BBB-.
(2) Speculative or non-investment grade level includes the risk rating of Fitch Ratings Colombia S.A. from B to E, BRC de Colombia from BRC 4 to BRC 6 and Standard & Poor's from BB+ to D.
(*) These investments correspond to the National Bank of Panama, which is the official Bank and has the functions of a Central Bank, however, it does not have the power to issue banknotes or reserve requirements.

4.1.7 Modified Financial Assets - troubled debt restructuring business process.

Each financial subsidiary of Grupo Aval periodically carries out, at the request of the client, restructurings of obligations. Such restructurings generally consist of extensions of tenors, decrease of interest rates, partial write-off of indebtedness or payment with assets of the debtor or guarantor.

Our banking subsidiaries follow highly rigorous definitions and policies in this management process, so that it is performed in accordance with the best practices and in strict compliance with regulatory requirements. In connection to this, Grupo Aval´s banking subsidiaries have a detailed policy with regard to the aforementioned transactions.

The objective of granting such restructurings is to provide the client with a viable alternative to meet its obligations to the bank and to adapt to changing conditions.

When a loan is restructured due to a debtor´s financial difficulties, the debt is flagged within the records of each bank as a restructured credit in accordance with the regulations of the Superintendency of Finance. The restructuring process has a negative impact on the debtor's rating, which can only be improved when the client has complied during a prudent period with the terms of the restructurings, its financial condition has improved or when sufficient additional guarantees have been obtained.

Restructured loans are included for impairment evaluation and determination of provisions. However, the marking of a credit as restructured does not necessarily imply its rating is impaired, because in some cases new guarantees are obtained supporting the obligation.

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The following is the balance of restructured loans as of December 31, 2024, and 2023:

Restructured loans		**December 31, 2024**		**December 31, 2023**
Local currency	Ps.	5,495,475	Ps.	4,346,710
Foreign currency		1,955,612		1,646,876
Total restructured	**Ps.**	**7,451,087**	**Ps.**	**5,993,586**

4.1.8 Foreclosed assets business process

When persuasive collection processes or credit restructurings are not effective, a legal proceeding is carried out or an agreement is reached with the client for the receipt of assets as payment. Each subsidiary of the financial sector has clearly established policies for receiving assets and has a separate department specialized in the management of these cases and in charge of their eventual sale or liquidation.

During the years ended December 31, 2024, and 2023, the following is the total of foreclosed assets received and sold during such periods:

		December 31, 2024		**December 31, 2023**
Foreclosed assets received	Ps.	116,299	Ps.	76,116
Foreclosed assets sold		43,731		90,940

4.1.9 Loan commitments and financial guarantee contracts

As part of our operations, Grupo Aval grants guarantees and letters of credit to its customers wherein Grupo Aval financial subsidiaries are irrevocably committed to make payments to third parties when customers do not comply with their obligations with such third parties. These products have the same policies for approval of disbursements of loans regarding client's credit risk and guarantees required according to the circumstances of each client.

The commitments for credit extension represent unused portions of authorizations to grant loans, use of credit cards, overdraft limits and letters of credit. With respect to credit risk over commitments to extend credit lines, Grupo Aval is potentially exposed to credit risk in an amount equal to the total amount of unused commitments, if the unused amount were to be withdrawn in whole. However, the amount of the loss is less that the total amount of commitments unused, since most commitments to extend credits are contingent on the customer maintaining specific credit risk standards.

Pending unused credit lines and guarantees do not necessarily represent future cash-out flows, because such facilities may expire and not be used whole or in part.

Following is the detail of the guarantees, letters of credit and credit commitments on non-used credit lines as of December 31, 2024, and 2023.

Loan commitments and financial guarantee contracts

	December 31, 2024		**December 31, 2023**	
	Notional amount		**Notional amount**	
Unused credit card limits	Ps.	12,933,383	Ps.	12,449,298
Approved credits not disbursed		5,432,167		4,818,508
Credit arrangements		4,583,513		4,223,426
Guarantees		3,082,949		3,052,607
Unused limits of overdrafts		2,261,456		2,264,226
Unused letters of credit		382,953		735,472
Other		2,723,071		2,255,007
Total	**Ps.**	**31,399,492**	**Ps.**	**29,798,544**

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The following is the detail of the credit commitments by type of currency:

	December 31, 2024	December 31, 2023
Colombian Pesos	Ps. 27,533,438	Ps. 25,821,105
U.S. dollars	3,847,658	3,962,607
Euro	14,517	13,585
Other	3,879	1,247
Total	**Ps. 31,399,492**	**Ps. 29,798,544**

4.1.10 Offset of financial assets and financial liabilities

The disclosures set out in the following tables include financial assets and liabilities that:

- are offset in the Group's statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The 'similar agreements' include derivative clearing agreements; global master repurchase agreements and global master securities lending agreements. Similar financial instruments include derivatives, sale-and-repurchase agreements, reverse sale-and-repurchase agreements, and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the following tables unless they are offset in the statement of financial position.

The ISDA (International Swaps and Derivatives Association) and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of Grupo Aval or of the counterparties or following other predetermined events. In addition, Grupo Aval and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Grupo Aval receives and gives collateral in the form of cash and marketable securities in respect of the following transactions:

- Derivatives; and
- Sale-and-repurchase, and reverse sale-and-repurchase agreements.

This collateral is subject to standard industry terms including, when appropriate, an ISDA credit support annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions on the counterparty's failure to post collateral.

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the below tables have been measured in the statement of financial position on the following bases:

- Derivative assets and liabilities – fair value;
- Assets and liabilities resulting from sale-and-repurchase agreements, reverse sale-and repurchase agreements and securities lending and borrowing – amortized cost;

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The following is the detail of the financial instruments subject to offset contractually required as of December 31, 2024, and 2023:

December 31, 2024

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Assets Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet: Financial Instruments	Gross Amounts Not Offset in the Consolidated Balance Sheet: Cash collateral Received	Net Exposure
Offsetting assets						
Derivatives	Ps. 1,023,313	Ps. —	Ps. 1,023,313	Ps. (1,951,440)	Ps. (162,729)	Ps. (1,090,856)
Repurchase agreements	1,940,488	—	1,940,488	(667)	—	1,939,821
Total	**Ps. 2,963,801**	**Ps. —**	**Ps. 2,963,801**	**Ps. (1,952,107)**	**Ps. (162,729)**	**Ps. 848,965**

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Liabilities Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet: Financial Instruments	Gross Amounts Not Offset in the Consolidated Balance Sheet: Cash collateral Delivered	Net Exposure
Offsetting liabilities						
Derivatives	Ps. 1,033,592	Ps. —	Ps. 1,033,592	Ps. (208,181)	Ps. (71,745)	Ps. 753,666
Repurchase agreements	17,686,789	—	17,686,789	(20,719,224)	(336,987)	(3,369,422)
Total	**Ps. 18,720,381**	**Ps. —**	**Ps. 18,720,381**	**Ps. (20,927,405)**	**Ps. (408,732)**	**Ps. (2,615,756)**

December 31, 2023

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Assets Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet: Financial Instruments	Gross Amounts Not Offset in the Consolidated Balance Sheet: Cash collateral Received	Net Exposure
Offsetting assets						
Derivatives	Ps. 2,126,229	Ps. —	Ps. 2,126,229	Ps. (1,911,903)	Ps. (235,189)	Ps. (20,863)
Repurchase agreements	1,708,779	—	1,708,779	(27,803)	—	1,680,976
Total	**Ps. 3,835,008**	**Ps. —**	**Ps. 3,835,008**	**Ps. (1,939,706)**	**Ps. (235,189)**	**Ps. 1,660,113**

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Liabilities Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet: Financial Instruments	Gross Amounts Not Offset in the Consolidated Balance Sheet: Cash collateral Delivered	Net Exposure
Offsetting liabilities						
Derivatives	Ps. 2,371,927	Ps. —	Ps. 2,371,927	Ps. (313,095)	Ps. (245,344)	Ps. 1,813,488
Repurchase agreements	14,371,597	—	14,371,597	(16,874,942)	(1,025,691)	(3,529,036)
Total	**Ps. 16,743,524**	**Ps. —**	**Ps. 16,743,524**	**Ps. (17,188,037)**	**Ps. (1,271,035)**	**Ps. (1,715,548)**

4.2 Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, volatilities, correlations or other market factors, such as liquidity, will result in losses in a position or in the portfolio.

Grupo Aval´s financial subsidiaries (namely Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, Corficolombiana, Porvenir and the trust companies of the financial subsidiaries) actively participate in money markets, foreign exchange markets and capital markets, for both of their books (for balance sheet risk management and trading book) and to provide financial services to their customers. This is done subject to established policies and risk limits. In that regard, they hold financial asset portfolios within the allowed limits and risk levels.

Market risk arises from the positions of Grupo Aval´s financial subsidiaries in debt securities investment portfolios, derivatives and equity instruments. These risks are created by changes in factors such as interest rates, inflation, foreign currency exchange rates, share prices, credit margins of instruments and their volatility, as well as the liquidity in the markets where Grupo Aval operates.

Our business units and trading desks are responsible for ensuring that market risk exposures are well-managed and prudent. The risk management groups and our business unit management ensure that these risks are measured and closely monitored. A variety of limits and controls are designed to manage price and liquidity risk. Market risk is monitored through various mechanisms such as: statistically analysis (using Value-at-Risk models and related analytical measures), risk factor sensitivity analysis, and routine stress testing, conducted in collaboration with the business units by the Market Risk Unit. The material risks identified by these processes are summarized in reports produced by the Market Risk Unit that are circulated to, and discussed with senior management.

(Amounts expressed in millions of Colombian pesos)

4.2.1 Trading Book Risk

Grupo Aval´s financial subsidiaries trade financial instruments for various reasons, mainly:

- To offer products tailored to specific customer needs. Some of these products are designed to hedge the financial risks of customers.
- To take advantage of arbitrage opportunities among different yield curves, assets and markets, obtaining returns with an adequate use of capital.
- To hedge asset and liability risk positions on proprietary positions, to act on behalf of customers or to take advantage of arbitrage opportunities mainly in foreign exchange and interest rates in both local and foreign markets.

In carrying out these operations, Grupo Aval´s financial subsidiaries take risks, within predetermined limits. These risks are mitigated with the use of derivative products and other financial instruments within limits that are permanently monitored by risk.

The following is a breakdown of Grupo Aval's financial assets and liabilities exposed to trading risk held at December 31, 2024 and 2023:

Account		December 31, 2024		December 31, 2023
Financial assets				
Debt financial assets				
Trading investments in debt securities	Ps.	11,937,414	Ps.	7,113,380
Investments in debt securities mandatorily at FVTPL		1,425		1,889
Investments in debt securities at FVOCI		27,050,198		23,326,776
Total debt securities	**Ps.**	**38,989,037**	**Ps.**	**30,442,045**
Derivative assets instruments	Ps.	969,294	Ps.	2,077,567
Hedging derivatives assets		54,019		48,662
Total, active derivative instruments	**Ps.**	**1,023,313**	**Ps.**	**2,126,229**
Total financial assets	**Ps.**	**40,012,350**	**Ps.**	**32,568,274**
Liabilities				
Derivative liabilities instruments	Ps.	1,011,934	Ps.	2,154,361
Hedging derivatives liabilities		21,658		217,566
Total financial liabilities	**Ps.**	**1,033,592**	**Ps.**	**2,371,927**
Net position	**Ps.**	**38,978,758**	**Ps.**	**30,196,347**

4.2.2 Description of Objectives, Policies and Processes to Manage Trading Risk

Our financial subsidiaries participate in money markets, foreign exchange markets and capital markets to meet their needs and those of their customers, subject to established policies and risk levels. In this respect, they manage different portfolios of financial assets within the limits and risk levels allowed.

The risks assumed by Grupo Aval´s financial subsidiaries in transactions related to the trading or treasury book are consistent with the overall trading strategy, considering the market depth for each instrument, its impact on risk-weighted assets and regulatory capital, the profit budget established for each business unit, and the balance sheet structure.

Trading strategies are established on the basis of approved limits, in an effort to balance the risk / return relationship. Moreover, there is a structure of limits consistent with Grupo Aval's general philosophy and is based on capital levels, earnings performance and risk appetite.

The Integral Risk Management System (SIAR in Spanish) allows Grupo Aval´s financial subsidiaries to identify, measure, control and monitor the market risk they are exposed to in carrying out their operations.

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There are several scenarios in which Grupo Aval´s financial subsidiaries are exposed to trading risks.

- Interest Rate Risk

Grupo Aval’s financial subsidiaries are exposed to interest rate risk as a result of its market-making activities and proprietary trading in interest rate sensitive financial instruments (e.g., risk arising from changes in the level or implied volatility of interest rates, the timing of mortgage prepayments, the shape of the yield curve and credit spreads for credit sensitive instruments). Additionally, as part of the interest rate risk management, asset and liability management committees have been established to monitor the execution of these strategies.

- Foreign Exchange Risk

Grupo Aval’s financial subsidiary’s portfolios are exposed to foreign exchange rate and implied volatility risk as a result of market making negotiation in foreign currencies and from maintaining foreign exchange positions.

- Equity Price Risk and Mutual Fund Risk

Grupo Aval´s financial subsidiaries are exposed to equity price risk in specific investments and are exposed to mutual fund risk.

4.2.2.1 Risk Management

Grupo Aval financial subsidiaries manage their trading positions by employing a variety of risk mitigation strategies. These strategies include diversification of risk exposures and hedging through the purchase or sale of positions in related securities and financial instruments, including a variety of derivative products (e.g., futures, forwards, swaps and options). The financial subsidiaries manage their market risk associated with its trading activities on a decentralized basis. Our corporate risk unit supervises the level of risk taken in order to ensure that its global exposure limits are observed.

Senior management and the Boards of Directors of our banks and their financial subsidiaries play an active role in managing and controlling market risk. They do so by analyzing established reports and through committees that comprehensively monitor - both technically and fundamentally - the different variables that influence domestic and foreign markets. This process is intended to support strategic trading and portfolio decisions.

Analyzing and monitoring the market risks that Grupo Aval´s financial subsidiaries take in their operations is essential for decision making and to assess potential effects on their financial position. An ongoing analysis of macroeconomic conditions is necessary in order to achieve an ideal combination of market risk, return and liquidity.

The risks assumed in financial operations are reflected in a limit structure that includes different types of instruments, specific trading strategies, the market depth in which Grupo Aval´s financial subsidiaries operate, the impact on risk-weighted assets and regulatory capital, as well as the balance sheet structure. These limits are monitored daily and reported regularly to the Board of Directors of Grupo Aval´s financial subsidiaries.

In order to minimize interest rate and exchange rate risks in specific positions and transactions, Grupo Aval´s financial subsidiaries manage hedging strategies by taking positions in derivative instruments such as non-deliverable forwards (NDF) related to securities, money market transactions and foreign exchange forwards.

4.2.2.2 Methods Used to Measure Market Risk

The Market Risk areas independently review the Company’s trading portfolios on a regular basis from a market risk perspective utilizing Value at Risk (VaR) internal and regulatory models, and other quantitative and qualitative risk measures and analyses. Each trading business and the market risk areas also use, as appropriate, measures such as sensitivity to changes in interest rates, prices, and implied volatilities to monitor and report market risk exposures. Stress testing, which measures the impact on the value of existing portfolios of specified changes in market factors for certain products, is performed periodically and reviewed by our risk and trading areas. Reports summarizing material risk exposures are produced by the market risk areas and are provided to senior management for their review and challenge.

The Boards of Directors and the Risk Committees of Grupo Aval´s financial subsidiaries approve a framework of limits based on the value-at-risk related to the annual budget.

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Regulatory VaR (regulatory calculation)

The Regulatory VaR calculation is primarily used for the Superintendency of Finance's solvency ratio calculations. Each bank has standard models for capital purposes; however, they also maintain internal models in order to manage their day-to- day risk and profit decisions.

The Superintendency of Finance methodology is based on the Basel II model. This model applies only to the financial subsidiaries' investment portfolio and excludes investments not classified as trading. Total market risk is calculated on a daily basis by aggregating the VaR for each risk exposure category on a ten-day horizon, based on risk factors calculated under extreme market stress scenarios. VaR at month-end is part of the capital adequacy ratio calculation (as set forth in Decree 2555 of 2010). The Superintendency of Finance's rules require the financial subsidiaries to calculate VaR for the following risk factors: interest rate risk, foreign exchange rate risk, equity price risk and fund risk. Correlations between risk factors are not considered. The fluctuations in the portfolio's VaR depend on sensitivity factors determined by the Superintendency of Finance, modified duration and changes in balances outstanding. The ten-day horizon is defined as the average time in which an entity could sell a trading position in the market.

The VaR calculation includes all the portfolios of the entities and their financial subsidiaries and is estimated under the methodology defined by the Superintendency of Finance of Colombia.

These VaR calculation models are used to determine the occurrence of potential losses among the different business units. The methods also allow comparisons of activities in different markets and identification of the riskiest positions in treasury activities. These tools are also used to determine limits on traders' positions and to promptly review positions and trading strategies in response to changes in market conditions. VaR models have inherent limitations, partially because they rely on historical data, which may not be an indicative of future market conditions. VaR models could overestimate or underestimate the value at risk if market conditions vary significantly and they do not calculate the greatest possible loss. That's why each company uses additional measurement tools in order to compensate for the VaR limitations. Expected Shortfall analysis, stress test and back tests are part of the risk measurement tools in the financial subsidiaries. The methods used to measure VaR are assessed regularly and back tested to check their efficiency.

Grupo Aval´s financial subsidiaries have tools to carry out portfolio stress and/or sensitivity tests, using extreme scenario simulations. Additionally, there are limits according to the "risk type" associated with each of the instruments comprising the different portfolios. These limits are related to sensitivity or impact on the value of the portfolio as a result of fluctuations of specific risk factors such as: interest rate (Rho), exchange rate (Delta) and volatility (Vega).

Grupo Aval´s financial subsidiaries have counterparty and trading limits for each trader in the trading platforms for the markets where they operate. Trading limits are controlled daily by the back and middle offices of each entity. Trading limits for individual traders are assigned based upon the individual´s level in the organization, market and trading experience and product and portfolio management knowledge.

There is also a process to monitor the prices of fixed-income securities traded in foreign markets published by investment price providers for those jurisdictions.

In addition, fixed income securities are subject to a qualitative liquidity analysis to determine the market depth for those instruments.

Finally, the daily transaction monitoring process includes controlling different aspects of trading, such as terms of negotiation, non-conventional or off-market transactions, and related party transactions.

According to the standard model, the market value-at-risk (VaR) for Grupo Aval´s financial subsidiaries consolidated at their level of December 31, 2024 and 2023 was as follows:

		December 31, 2024			December 31, 2023	
Entity		**Value at Risk**	**Basis points of regulatory capital**		**Value at Risk**	**Basis points of regulatory capital**
Banco Bogotá S.A.	Ps.	318,203	52	Ps.	639,228	111
Banco de Occidente S.A.		381,972	113		218,355	67
Banco AV Villas S.A.		22,567	26		47,004	55
Banco Popular S.A. (1)		291,145	152		336,718	185
Corficolombiana S.A. (1)		320,096	674		240,068	519
Porvenir S.A.		3,832	57		10,927	92
Aval Casa de Bolsa S.A.		6,790	58		3,598	48
Aval Fiduciaria S.A.		717	85		865	144

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(1) The market value at risk information corresponds to Banco Popular's consolidated information. Corficolombiana's information is presented separately, due to its materiality.

The following tables show the VaR calculation relating to each of the risk factors described above and based on the Superintendency of Finance Methodology (Regulatory VaR) for the years ended December 31, 2024 and 2023, for a ten-day horizon for each of our Colombian banking subsidiaries. The minimum, maximum and average levels are determined based on end-of-month calculations, using 12 data points between January and December.

Banco de Bogotá S.A

Maximum, Minimum and Average VaR Values
December 31, 2024

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 160,445	Ps. 427,563	Ps. 552,647	Ps. 160,445
Exchange rate	91,087	141,196	166,334	155,113
Shares	1,947	10,929	37,644	2,077
Mutual funds	411	1,549	2,788	568

Maximum, Minimum and Average VaR Values
December 31, 2023

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 423,347	Ps. 428,765	Ps. 440,804	Ps. 440,804
Exchange rate	105,390	138,671	175,945	160,165
Shares	3,891	12,573	37,830	37,830
Mutual funds	106	3,860	13,085	429

The market risk-weighted assets of Banco de Bogotá, as of December 31, 2024, accounted for 3.25% of the total risk-weighted assets. As of December 31, 2023, market risk-weighted assets represented 6.7% of the total risk-weighted assets.

Banco de Occidente S.A

Maximum, Minimum and Average VaR Values
December 31, 2024

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 264,941	Ps. 322,068	Ps. 379,009	Ps. 379,009
Exchange rate	1,078	3,402	9,151	1,971
Shares	—	—	—	—
Mutual funds	934	991	1,031	992

Maximum, Minimum and Average VaR Values
December 31, 2023

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 179,858	Ps. 205,998	Ps. 251,416	Ps. 217,031
Exchange rate	717	3,662	11,894	717
Shares	—	—	—	—
Mutual funds	569	15,259	85,455	607

The market risk-weighted assets of Banco de Occidente, as of December 31, 2024, accounted for 8.2% of the total risk-weighted assets. As of December 31, 2023, market risk-weighted assets represented 5.2% of the total risk-weighted assets.

Banco Comercial AV Villas S.A

Maximum, Minimum and Average VaR Values
December 31, 2024

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 22,193	Ps. 29,979	Ps. 43,936	Ps. 22,193
Exchange rate	4	84	472	148
Shares	—	—	—	—
Mutual funds	121	251	447	225

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Maximum, Minimum and Average VaR Values
December 31, 2023

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 46,209	Ps. 65,592	Ps. 86,967	Ps. 46,209
Exchange rate	1	46	153	10
Shares	—	—	—	—
Mutual funds	221	6,930	14,175	785

The market risk-weighted assets of Banco AV Villas, as of December 31, 2024, accounted for 2.1% of the total risk-weighted assets. As of December 31, 2023, market risk-weighted assets represented 4.5% of the total risk-weighted assets.

Banco Popular S.A

Maximum, Minimum and Average VaR Values
December 31, 2024 (1)

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 205,759	Ps. 328,266	Ps. 410,228	Ps. 205,759
Exchange rate	19,869	39,424	59,084	51,982
Shares	6,884	11,331	15,090	15,090
Mutual funds	18,201	19,668	23,969	18,314

Maximum, Minimum and Average VaR Values
December 31, 2023 (1)

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 82,783	Ps. 114,642	Ps. 299,985	Ps. 299,985
Exchange rate	5,050	6,783	7,759	7,221
Shares	148	687	6,586	6,586
Mutual funds	7,255	16,714	22,926	22,926

(1) The market value at risk information corresponds to Banco Popular's consolidated information. Corficolombiana's information is presented separately, due to its materiality.

The market risk-weighted assets of Banco Popular, as of December 31, 2024, accounted for 5.61% of the total risk-weighted assets. As of December 31, 2023, market risk-weighted assets represented 8.8% of the total risk-weighted assets.

Corficolombiana S.A

Maximum, Minimum and Average VaR Values
December 31, 2024 (1)

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 220,886	Ps. 271,679	Ps. 341,730	Ps. 252,417
Exchange rate	19,172	38,723	55,653	51,653
Shares	6,731	11,457	14,918	14,918
Mutual funds	983	1,200	1,424	1,108

(1) The market value at risk information at December 31, 2024 corresponds to Corficolombiana's separate information.

Maximum, Minimum and Average VaR Values
December 31, 2023 (1)

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 190,139	Ps. 209,769	Ps. 227,913	Ps. 221,409
Exchange rate	4,381	16,757	24,799	4,381
Shares	7,086	7,501	8,007	7,221
Mutual funds	7,057	8,187	9,856	7,057

(1) The market value at risk information at December 31, 2023 corresponds to Corficolombiana's consolidated information, including Aval Fiduciaria and Aval Casa de Bolsa.

The market risk-weighted assets of Corficolombiana, as of December 31, 2024, accounted for 13.31% of the total risk-weighted assets. As of December 31, 2023, market risk-weighted assets represented 10.2% of the total risk-weighted assets.

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As Corficolombiana does not have a relevant number of loans or other significant risk weighted assets, the ratio of the market risk weighted assets to total risk weighted assets is higher than in the banks.

Porvenir S.A

As a pension fund, Porvenir has a value-at-risk measurement methodology that differs from credit establishments and is established by the Superintendency of Finance. The following tables show the VaR calculation relating to each of the risk factors described above and based on that Methodology (Regulatory VaR) for the years ended December 31, 2024, and 2023, for a ten-day horizon

Maximum, Minimum and Average VaR Values
December 31, 2024

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 7,623	Ps. 14,368	Ps. 16,520	Ps. 7,623
Exchange rate	7	233	419	275
Shares	1,624	2,090	2,654	1,790
Mutual funds	782	2,365	6,478	1,074

Maximum, Minimum and Average VaR Values
December 31, 2023

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 12,190	Ps. 24,500	Ps. 38,914	Ps. 18,822
Exchange rate	115	978	2,900	597
Shares	1,710	2,347	3,091	1,973
Mutual funds	457	2,650	5,829	3,094

The market risk-weighted assets of Porvenir, as of December 31, 2024, accounted for 2.1% of the total risk-weighted assets. As of December 31, 2023, market risk-weighted assets represented 5.1% of the total risk-weighted assets.

Aval Fiduciaria

Maximum, Minimum and Average VaR Values
December 31, 2024 (1)

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 607	Ps. 1,133	Ps. 2,111	Ps. 717
Exchange rate	—	—	—	—
Shares	—	—	—	—
Mutual funds	—	—	—	—

(1) The market value-at-risk information for the year 2024 corresponds to the data from Aval Fiduciaria following the acquisition by Grupo Aval Acciones y Valores S.A.

Maximum, Minimum and Average VaR Values
December 31, 2023

	Minimum	Average	Maximum	Period end
Interest rate	Ps. 786	Ps. 1,139	Ps. 1,610	Ps. 865
Exchange rate	—	—	—	—
Shares	—	—	—	—
Mutual funds	—	—	—	—

The market risk-weighted assets of Aval Fiduciaria, as of December 31, 2024, accounted for 4.43% of the total risk-weighted assets. As of December 31, 2023, market risk-weighted assets represented 5.19% of the total risk-weighted assets.

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Aval Casa de Bolsa

Maximum, Minimum and Average VaR Values
December 31, 2024 (1)

		Minimum		Average		Maximum		Period end
Interest rate	Ps.	3,192	Ps.	4,434	Ps.	5,724	Ps.	5,628
Exchange rate		91		319		588		331
Shares		582		1,325		2,042		820
Mutual funds		12		12		12		12

(1) The market value-at-risk information for the year 2024 corresponds to the data from Aval Casa de Bolsa following the acquisition by Grupo Aval Acciones y Valores S.A.

Maximum, Minimum and Average VaR Values
December 31, 2023

		Minimum		Average		Maximum		Period end
Interest rate	Ps.	1,588	Ps.	2,156	Ps.	2,791	Ps.	2,791
Exchange rate		8		301		849		8
Shares		110		722		1,412		787
Mutual funds		12		21		27		12

The market risk-weighted assets of Aval Casa de Bolsa, as of December 31, 2024, accounted for 60.97% of the total risk-weighted assets. As of December 31, 2023, market risk-weighted assets represented 45.90% of the total risk-weighted assets.

Investment Price Risk in Equity Instruments

Equity Investments

The variations in equity price risk measured according to the regulatory VaR methodology consider investments in equity securities included in the treasury book, including investments in shares issued abroad and listed in Colombia, and exclude, in the case of credit institutions, investments that have been deducted from the Entity's core capital.

Holding periods for many of Corficolombiana's equity investments exceed ten years. Its largest investments have remained in the portfolio for several years and are intended to remain as permanent investments. Therefore, no value at risk is estimated. As of December 31, 2024 and 2023, the investments subject to regulatory VaR were holdings in Mineros S.A..

The following table breaks down our investments subject to regulatory VaR by time since initial investments at December 31, 2024 and 2023:

	At December 31,									
	2024					2023				
		Investment subject to Regulatory VaR		Regulatory VaR	Percentage of portfolio		Investment subject to Regulatory VaR		Regulatory VaR	Percentage of portfolio
More than 36 months	Ps.	101,483		14,918	100 %	Ps.	43,765	Ps.	6,433	100 %
Total	**Ps.**	**101,483**	**Ps.**	**14,918**	**100 %**	**Ps.**	**43,765**	**Ps.**	**6,433**	**100 %**

4.2.3 Structural foreign exchange risk

Grupo Aval´s financial subsidiaries have agencies and subsidiaries offshore and have assets and liabilities in foreign currencies and are thus exposed to changes in the exchange rates, primarily the United States Dollar. Foreign exchange risk is present when there are assets and liabilities denominated in foreign currency, when investments are made in foreign subsidiaries and branches and when we extend loans or take funds in foreign currency. Foreign exchange risk is also present in foreign currency off-balance sheet transactions.

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Subsidiaries of the financial sector in Colombia are authorized by the country's central bank (Banco de la República) to trade currencies and maintain balances in foreign currency in accounts abroad. Colombian law allows banks to maintain a net daily asset or liability position in foreign currency, determined as the difference in foreign currency denominated rights and foreign currency denominated obligations, including both on and off-balance sheet positions. On an entity individual basis, the average of this difference over three business days cannot exceed twenty percent (20%) of the entity's regulatory capital. On a consolidated basis, the average of this difference over three business days (positive or negative) cannot exceed forty percent (40%) of the consolidated entity´s regulatory capital.

The maximum and minimum total foreign currency position and the spot foreign currency position are determined according to the regulatory capital of each entity. The regulatory capital used (individual or consolidated) is that of the last business day two months prior. The exchange rate used in the calculation is the average of the exchange rate established by the Superintendency of Finance for the previous month or the last calculation on a consolidated basis.

A substantial amount of Grupo Aval's foreign currency assets and liabilities are in U.S. dollars. Details of the assets and liabilities in foreign currency held by Grupo Aval as of December 31, 2024 and 2023 are shown below:

December 31,2024 **Account**	**U.S. dollars (Millions)**	**Other currencies converted to U.S. dollars (Millions)**		**Total in Colombian pesos (Millions)**
Financial assets				
Cash and cash equivalents	1,338	62	Ps.	5,913,128
Trading investments in debt securities	61	—		267,836
Investments in debt securities at FVOCI	2,412	4		10,649,301
Investments in debt securities at amortized cost	580	—		2,558,707
Loan portfolio financial assets at amortized cost	8,347	2		36,813,056
Derivative financial assets held for trading	207	6		341,310
Derivative financial assets held for hedging	2	—		43,377
Trade receivable	714	—		3,164,035
Total financial assets	**13,661**	**74**	**Ps.**	**59,750,750**

Account	**U.S. dollars (Millions)**	**Other currencies converted to U.S. dollars (Millions)**		**Total in Colombian pesos (Millions)**
Financial liabilities				
Derivative financial liabilities held for trading	243	4	Ps.	236,242
Derivative financial liabilities held for hedging	1	—		16,408
Customer deposits	7,246	34		32,100,339
Financial obligations	8,258	5		36,432,897
Accounts payable	159	—		701,338
Total financial liabilities	**15,907**	**43**		**69,487,224**
Net financial asset (liability) position	**(2,246)**	**31**	**Ps.**	**(9,736,474)**

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Grupo Aval Acciones y Valores S.A.
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December 31,2023

Account	U.S. dollars (Millions)	Other currencies converted to U.S. dollars (Millions)		Total in Colombian pesos (Millions)
Financial assets				
Cash and cash equivalents	1,248	60	Ps.	4,996,706
Trading investments in debt securities	78	—		298,792
Investments in debt securities at FVOCI	1,930	—		7,376,923
Investments in debt securities at amortized cost	597	—		2,280,108
Loan portfolio financial assets at amortized cost	8,043	—		30,739,665
Derivative financial assets held for trading	544	—		2,077,567
Derivative financial assets held for hedging	—	—		687
Trade receivable	719	—		2,748,599
Total financial assets	**13,159**	**60**	**Ps.**	**50,519,047**

Account	U.S. dollars (Millions)	Other currencies converted to U.S. dollars (Millions)		Total in Colombian pesos (Millions)
Financial liabilities				
Derivative financial liabilities held for trading	564	—	Ps.	2,154,361
Derivative financial liabilities held for hedging	53	—		204,202
Customer deposits	7,048	34		27,070,411
Financial obligations	8,072	1		30,857,352
Accounts payable	242	—		921,552
Total financial liabilities	**15,979**	**35**	**Ps.**	**61,207,878**
Net financial asset (liability) position	**(2,820)**	**25**	**Ps.**	**(10,688,831)**

Grupo Aval's financial subsidiaries hedge their foreign exchange exposure using derivatives instruments, especially forwards. The net foreign currency position of each subsidiary is monitored on a daily basis.

Grupo Aval has several investments in foreign subsidiaries and branches whose net assets are exposed to foreign exchange risk because of the translation of gains or losses for the purpose of consolidating their financial statements. The exposure arising from net assets in foreign operations is hedged primarily with financial obligations, bonds and foreign exchange derivative instruments.

The following table presents sensitivities of profit or loss before taxes and equity (OCI) to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant:

December 31,2024		Increase Ps.100 per U.S. dollar		Decrease Ps.100 per U.S. dollar
Equity (mainly OCI) [(1)]	Ps.	1,801	Ps.	(1,801)
Profit and loss before taxes		(53,818)		53,818

December 31,2023		Increase Ps.100 per U.S. dollar		Decrease Ps.100 per U.S. dollar
Equity (mainly OCI) [(1)]	Ps.	2,840	Ps.	(2,840)
Profit and loss before taxes		(174,869)		174,869

(1) The sensitivity in equity considers mainly assets and liabilities of entities with functional currencies different from the Group's presentation currency compensated with derivatives and financial labilities designated to hedge net investments in foreign operations.

The sensitivity in profit or loss was calculated for monetary assets and liabilities denominated in currencies other than the functional currency of the respective entities of the Group, including intercompany balances which are not hedged. The sensitivity takes into account the variations that could occur in the spot exchange rate, excluding from this calculation any changes that may arise in the forward curve. The Group's exposure to currency risk at the end of the reporting period is not representative of the typical exposure during the year.

4.2.4 Interest Rate Risk in the Banking Book

In Colombia, the Superintendency of Finance, in line with the best practices of the Basel Committee on Banking Supervision, issued External Circular 025 on November 17, 2022. This circular introduced guideline applicable to the management of Interest Rate Risk

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in the Banking Book (IRRBB) and the Credit Risk Spread in the Banking Book (CRSBB) within the financial system. The afore mentioned circular establishes that supervised entities must adopt specific strategies, policies, and procedures for the adequate management of IRRBB. Additionally, it introduces two indicators to recognize the level of exposure of entities to balance sheet risks: Economic Value of Equity (EVE) and Net Interest Margin (NIM).

External Circular 025 of 2022, which came into effect on December 1, 2024, stipulates that supervised entities with a banking book must report their balance sheet risk indicators on an individual basis for the first time, using financial information as of December 31, 2024. Consolidated information must be reported for the first time using financial data as of December 31, 2025. Below, the general considerations of the standard measurement methodology outlined in the circular are described, which are applicable to Banco de Bogotá, Banco de Occidente, Banco Popular, and Banco AV Villas. In the case of Corficolombiana, the supervisory authority exempted the entity from applying this regulation, as it does not have a banking book for measurement purposes.

Financial subsidiaries are exposed to Interest Rate Risk in the Banking Book (IRRBB) when interest rates change, as the present value and timing of future cash flows may be affected. This, in turn, impacts the underlying value of the entity's assets, liabilities, and off-balance sheet items, and consequently, the Economic Value of Equity (EVE). Changes in interest rates also affect the entity's earnings by altering interest-sensitive income and expenses, thereby impacting its Net Interest Margin (NIM).

This risk includes (i) gap risk, which arises from the mismatch (the difference between assets and liabilities on the entity's balance sheet for a given date and time band) in the maturity structure of instruments exposed to interest rate risk; (ii) basis risk, which corresponds to the impact of relative changes in interest rates for financial instruments with similar maturities but whose prices are determined using different interest rate indices; and (iii) option risk, which refers to the probability that the entity will incur losses due to the exercise of options embedded implicitly or explicitly in assets, liabilities, and off-balance sheet items that are contractually and legally exposed, such as loan prepayments.

To manage IRRBB, the banks within Grupo Aval have established in their policies that this risk is only applicable to Banking Book operations that do not consume capital for market risk, including asset, liability, and off-balance sheet operations with such exposure.

The measurement of IRRBB is conducted using two main metrics: the Economic Value of Equity (EVE), which assesses the fluctuation of equity in response to changes in interest rates using a liquidation balance sheet, and the Net Interest Margin (NIM), which calculates the impact on interest income due to movements in interest rates using a constant balance sheet and a 12-month window.

The regulation establishes an outlier test, which compares the maximum Delta EVE calculated by the entity under interest rate shock scenarios against 15% of the sum of Ordinary Basic Equity and Additional Basic Equity as of the reporting date. For entities that exceed the maximum threshold in the outlier test, the regulation requires the submission of an adjustment plan that includes one or more of the following measures to mitigate the impact of increased exposure to IRRBB: (i) reduce exposures to IRRBB, (ii) impose restrictions on internal risk parameters, (iii) enhance the risk management framework, (iv) evaluate increasing capital resources, or (v) adopt other measures that allow mitigating the level of exposure to IRRBB.

Below are the results of the Delta EVE and Delta NIM measurements as of December 31, 2024:

	December 31, 2024		
	Maximum Delta MNI (in Ps)	**Maximum Delta VEP (in Ps)**	**Delta VEP / PBO+PBA (in percentages)**
Banco de Bogotá	(692,350)	(1,216,132)	8.57
Banco de Occidente	(538,969)	(331,065)	7.17
Banco Popular	(328,276)	(408,513)	21.00
Banco AV Villas	(141,779)	(136,325)	10.87

As of December 31, 2024, Banco de Bogotá, Banco de Occidente, and Banco AV Villas maintained their Delta EVE percentages below the threshold established for outlier tests. As of December 31, 2024, Banco Popular exceeded this threshold and, in compliance with regulatory requirements, submitted the corresponding adjustment plan to the Superintendency of Finance.

The management of interest rate risk in Grupo Aval's banks is structured with strong governance, led by the Board of Directors, which approves policies and limits, and supported by the Risk Committee and the ALCO Committee, which oversee the risk profile and strategies. The risk area develops methodologies and models to measure, monitor, and evaluate risk, while the treasury analyzes and projects interest rate risk and proposes hedging measures. Internal audit conducts independent evaluations of the risk system.

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Grupo Aval's banks identify positions affected by interest rate risk, including assets, liabilities, and derivatives, and analyze their impact. For measurement, they calculate the impact on Net Interest Margin (NIM) and Economic Value of Equity (EVE) under regulatory scenarios and perform sensitivity analyses. Stress tests are conducted based on interest rate movements, and limits and alerts are established to control risk. Monitoring is carried out through periodic reports to the Board of Directors and other committees, ensuring effective risk management.

Results of NIM and EVE Shocks

Below are the results of the shocks applied to the EVE and NIM metrics as of December 31, 2024, as well as the evolution of these metrics over the last four periods. The scenarios are as follows:

1. Parallel upward shock
2. Parallel downward shock
3. Steepening shock (short-term rates down, long-term rates up)
4. Flattening shock (short-term rates up, long-term rates down)
5. Short-term upward shock
6. Short-term downward shock

	December 31, 2024					
	Parallel upward shock	Parallel downward shock	Steepening shock (short-term rates down, long-term rates up)	Flattening shock (short-term rates up, long-term rates down)	Short-term upward shock	Short-term downward shock
	(in Ps)					
Banco de Bogotá	(1,216,132)	311,377	133,630	(657,975)	(692,773)	135,650
Banco de Occidente	(322,975)	(85,678)	155,760	(331,065)	(269,128)	49,635
Banco Popular	(408,513)	252,939	128,062	(199,153)	(255,127)	167,920
Banco AV Villas	(136,325)	23,948	36,585	(74,329)	(95,345)	22,022

4.2.5 Interest Rate Risk – Sensitivity of Grupo Aval’s Consolidated Balance Sheet

Non-trading instruments consist primarily of loans and deposits. The net interest margin of our financial subsidiaries may be affected by changes in interest rates. Losses can result from unexpected movements in interest rates. For this reason, our financial subsidiaries monitor the interest rate risk daily and set limits on asset and liability mismatches.

Grupo Aval´s financial subsidiaries monitor their interest rate risk daily and set limits to repricing mismatches between assets and liabilities. They analyze their interest rate exposure in a dynamic way. Scenario modelling considers renewal of existing positions, financing alternatives, and hedges. Considering these scenarios, the financial subsidiaries calculate the profit and loss impact of changes in interest rates.

The following table shows interest rates exposure for assets and liabilities at December 31, 2024 and 2023. In this table, fixed rate instruments are classified according to their maturity date and floating rate instruments are classified according to their repricing date. The following analysis includes the interest rate exposure of non-interest-bearing and interest-bearing assets and liabilities by maturity bucket for our financial subsidiaries:

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December 31,2024

Assets	Less than one month	From one to six months	From six to twelve months	More than a year	Non-interest	Total
Cash and cash equivalents	Ps. 6,669,978	Ps. —	Ps. —	Ps. —	Ps. 10,328,881	Ps. 16,998,859
Trading investments in debt securities	64,537	143,911	313,373	11,415,593	—	11,937,414
Investments in debt securities mandatorily at FVTPL	—	—	1,425	—	—	1,425
Investments in debt securities at FVOCI	373,026	1,495,003	2,726,862	22,455,307	—	27,050,198
Investments in debt securities at amortized cost	1,120,442	3,339,892	3,707,096	2,540,937	—	10,708,367
Trade receivable at FVTPL	—	—	—	4,181,835	—	4,181,835
Commercial loans	20,631,803	32,557,719	12,808,582	49,416,539	—	115,414,643
Consumer loans	5,272,130	3,108,991	2,709,402	50,885,802	—	61,976,325
Mortgages loans	3,810,727	184,803	122,800	17,917,397	—	22,035,727
Microcredit loans	2,850	274	60	1,191	—	4,375
Interbank and overnight founds	704,516	539	—	—	—	705,055
Trade receivable	14,665	6,589	189	2,230,108	21,886,987	24,138,538
Total Assets	**Ps. 38,664,674**	**Ps. 40,837,721**	**Ps. 22,389,789**	**Ps. 161,044,709**	**Ps. 32,215,868**	**Ps. 295,152,761**

Liabilities	Less than one month	From one to six months	From six to twelve months	More than a year	Non-interest	Total
Checking accounts	Ps. 6,064,076	Ps. —	Ps. —	Ps. —	Ps. 18,515,460	Ps. 24,579,536
Time deposits	6,739,476	50,866,874	23,336,940	15,386,537	—	96,329,827
Saving deposits	79,614,904	—	—	—	—	79,614,904
Other deposits	13,359	108,392	—	—	226,159	347,910
Interbank and overnight funds	17,651,017	527,638	331,114	—	—	18,509,769
Leases contracts	4,688	49,090	78,360	2,734,130	—	2,866,268
Borrowing from banks and similar	1,914,071	9,195,194	3,684,782	6,400,543	—	21,194,590
Long-term debt	157,427	4,855,835	286,286	20,916,299	—	26,215,847
Borrowing from development entities	1,458,628	1,384,416	27,327	1,166,930	—	4,037,301
Total Liabilities	**Ps. 113,617,646**	**Ps. 66,987,439**	**Ps. 27,744,809**	**Ps. 46,604,439**	**Ps. 18,741,619**	**Ps. 273,695,952**

December 31,2023

Assets	Less than one month	From one to six months	From six to twelve months	More than a year	Non-interest	Total
Cash and cash equivalents	Ps. 5,565,042	Ps. 854	Ps. —	Ps. —	Ps. 13,031,965	Ps. 18,597,861
Trading investments in debt securities	41,179	251,925	539,012	6,281,264	—	7,113,380
Investments in debt securities mandatorily at FVTPL	—	—	439	1,450	—	1,889
Investments in debt securities at FVOCI	110,939	720,636	3,727,517	18,767,684	—	23,326,776
Investments in debt securities at amortized cost	927,454	3,402,597	3,389,804	2,276,706	—	9,996,561
Trade receivable at FVTPL	—	—	—	3,830,916	—	3,830,916
Commercial loans	12,496,990	48,530,829	11,530,367	34,489,631	—	107,047,817
Consumer loans	4,014,604	3,485,355	1,627,002	50,872,650	—	59,999,611
Mortgages loans	3,369,639	218,540	6,817	14,891,210	—	18,486,206
Microcredit loans	23,946	11,431	33,079	209,073	—	277,529
Interbank and overnight founds	247,668	144,939	—	—	—	392,607
Trade receivable	12,346	4,380	3,207	1,704,180	20,447,860	22,171,973
Total Assets	**Ps. 26,809,807**	**Ps. 56,771,486**	**Ps. 20,857,244**	**Ps. 133,324,764**	**Ps. 33,479,825**	**Ps. 271,243,126**

Liabilities	Less than one month	From one to six months	From six to twelve months	More than a year	Non-interest	Total
Checking accounts	Ps. 4,746,654	Ps. —	11,904,157	—	7,159,048	Ps. 23,809,859
Time deposits	8,037,475	39,999,744	21,559,845	17,000,396	—	86,597,460
Saving deposits	71,149,883	—	—	—	—	71,149,883
Other deposits	12,379	15,455	—	—	402,360	430,194
Interbank and overnight funds	13,298,927	1,762,116	—	20,877	—	15,081,920
Leases contracts	3,962	55,871	77,762	2,654,153	—	2,791,748
Borrowing from banks and similar	2,001,170	6,011,525	2,710,163	8,703,854	—	19,426,712
Long-term debt	58,142	4,053,694	565,465	18,750,525	—	23,427,826
Borrowing from development entities	2,441,548	1,082,184	165,940	1,123,461	—	4,813,133
Total Liabilities	**Ps. 101,750,140**	**Ps. 52,980,589**	**Ps. 36,983,332**	**Ps. 48,253,266**	**Ps. 7,561,408**	**Ps. 247,528,735**

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As part of their interest rate risk management process, our financial subsidiaries analyze the interest rate mismatches between their interest-earning assets and their interest-earning liabilities. This sensitivity analysis, based on hypothetical changes, assumes that the composition of Grupo Aval´s statement of financial position remains constant over the period being measured.

Based on the financial statement as of December 31, 2024, a linear accounting sensitivity exercise to interest rate variations is carried out, assuming a constant market situation, without incorporating the existing effects on financial assets and liabilities resulting from discretionary decisions of clients and changes that may occur in macroeconomic fundamentals. Thus, if market interest rates were to increase by 100 basis points, without considering the maturity of the instruments or the repricing periods but only the balance as of the cut-off date, and assuming there is no asymmetric movement in the yield curves, the profit for the year would have been Ps. 33,715, which represents 0.46% of total net interest income as of December 31, 2024, and Ps. 254,981, which represented 4% of total net interest income as of December 31, 2023, mainly higher as a result of higher interest income on variable interest assets offset by higher interest expenses on variable interest liabilities and lower fair values of investments at fair value through profit or loss, due to the proportion of assets indexed to variable rates being higher than liabilities indexed to variable rates. Other comprehensive income in equity would have been Ps. 868,462 as of December 31, 2024, and Ps. 518,156 as of December 31, 2023, mainly lower as a result of a decrease in the fair values of fixed-rate financial assets classified as fair value through OCI.

The following is a breakdown of non-interest-bearing and interest-bearing assets and liabilities by interest rate type and by maturity, as at December 31, 2024 and 2023.

December 31,2024

	Under one year		Over one year		Non-	
Assets	**Variable**	**Fixed**	**Variable**	**Fixed**	**interest**	**Total**
Cash and cash equivalents	Ps. 767,956	Ps. 5,902,022	Ps. —	Ps. —	Ps. 10,328,881	Ps. 16,998,859
Trading investments in debt securities	39,959	481,862	267,185	11,148,408	—	11,937,414
Investments in debt securities mandatorily at FVTPL	—	1,425	—	—	—	1,425
Investments in debt securities at FVOCI	18,733	4,576,159	949,667	21,505,639	—	27,050,198
Investments in debt securities at amortized cost	5,563,208	2,604,222	94,850	2,446,087	—	10,708,367
Trade receivable at FVTPL	—	—	4,181,835	—	—	4,181,835
Commercial loans	47,408,803	12,085,311	46,834,101	9,086,428	—	115,414,643
Consumer loans	828,680	10,058,687	5,666,008	45,422,950	—	61,976,325
Mortgages loans	58,686	931,590	4,022,386	17,023,065	—	22,035,727
Microcredit loans	1,342	2,059	151	823	—	4,375
Interbank and overnight founds	—	705,055	—	—	—	705,055
Trade receivable	15,598	5,845	356,931	1,873,177	21,886,987	24,138,538
Total Assets	**Ps. 54,702,965**	**Ps. 37,354,237**	**Ps. 62,373,114**	**Ps. 108,506,577**	**Ps. 32,215,868**	**Ps. 295,152,761**

	Under one year		Over one year		Non-	
Liabilities	**Variable**	**Fixed**	**Variable**	**Fixed**	**interest**	**Total**
Checking accounts	Ps. 642,651	Ps. 5,421,425	Ps. —	Ps. —	Ps. 18,515,460	Ps. 24,579,536
Time deposits	11,243,745	67,994,677	4,210,357	12,881,048	—	96,329,827
Saving deposits	9,509,067	70,105,837	—	—	—	79,614,904
Other deposits	11,728	110,023	—	—	226,159	347,910
Interbank and overnight funds	336,770	18,172,999	—	—	—	18,509,769
Leases contracts	8,445	121,405	332,080	2,404,338	—	2,866,268
Borrowing from banks and other	8,179,474	5,790,589	5,020,220	2,204,307	—	21,194,590
Long-term debt	810,630	905,693	7,368,553	17,130,971	—	26,215,847
Borrowing from development entities	161,571	40,729	2,836,574	998,427	—	4,037,301
Total Liabilities	**Ps. 30,904,081**	**Ps. 168,663,377**	**Ps. 19,767,784**	**Ps. 35,619,091**	**Ps. 18,741,619**	**Ps. 273,695,952**

December 31,2023

	Under one year		Over one year		Non-	
Assets	**Variable**	**Fixed**	**Variable**	**Fixed**	**interest**	**Total**
Cash and cash equivalents	Ps. 2,799,607	Ps. 2,766,289	Ps. —	Ps. —	Ps. 13,031,965	Ps. 18,597,861
Trading investments in debt securities	319,900	512,216	109,777	6,171,487	—	7,113,380
Investments in debt securities mandatorily at FVTPL	—	439	—	1,450	—	1,889
Investments in debt securities at FVOCI	132,430	4,426,662	1,016,347	17,751,337	—	23,326,776
Investments in debt securities at amortized cost	5,112,355	2,607,500	133,704	2,143,002	—	9,996,561
Trade receivable at FVTPL	—	—	3,830,916	—	—	3,830,916
Commercial loans	45,221,180	11,797,765	43,030,934	6,997,938	—	107,047,817
Consumer loans	929,574	9,750,154	5,516,791	43,803,092	—	59,999,611
Mortgages loans	53,719	811,497	3,498,709	14,122,281	—	18,486,206
Microcredit loans	1,170	161,497	696	114,166	—	277,529
Interbank and overnight founds	—	392,607	—	—	—	392,607
Trade receivable	18,707	—	325,016	1,380,390	20,447,860	22,171,973

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	Under one year		Over one year		Non-interest	Total
Total Assets	**Ps. 54,588,642**	**Ps. 33,226,626**	**Ps. 57,462,890**	**Ps. 92,485,143**	**Ps. 33,479,825**	**Ps. 271,243,126**
Liabilities	**Variable**	**Fixed**	**Variable**	**Fixed**		
Checking accounts	Ps. 1,857,769	Ps. 14,793,042	Ps. —	Ps. —	Ps. 7,159,048	Ps. 23,809,859
Time deposits	13,167,807	53,716,494	5,711,093	14,002,066	—	86,597,460
Saving deposits	8,492,708	62,657,175	—	—	—	71,149,883
Other deposits	12,379	15,455	—	—	402,360	430,194
Interbank and overnight funds	1,023,612	14,037,431	—	20,877	—	15,081,920
Leases contracts	2,989	115,379	356,454	2,316,926	—	2,791,748
Borrowing from banks and other	6,089,836	4,531,168	7,158,457	1,647,251	—	19,426,712
Long-term debt	812,106	771,189	7,133,109	14,711,422	—	23,427,826
Borrowing from development entities	417,219	133,720	3,340,632	921,562	—	4,813,133
Total Liabilities	**Ps. 31,876,425**	**Ps. 150,771,053**	**Ps. 23,699,745**	**Ps. 33,620,104**	**Ps. 7,561,408**	**Ps. 247,528,735**

4.3 Liquidity Risk

Liquidity risk management has always been a basic element of Grupo Aval’s business strategy and a fundamental cornerstone, together with capital, on which the strength of its balance sheet rests. Liquidity risk is related to the inability of Grupo Aval´s subsidiaries to fulfill their obligations with customers, financial market counterparties, lenders, suppliers, authorities or other stakeholders at any given moment, in any currency and in any location.

Structural liquidity management aims to finance the recurring nature of a company’s activities under optimal terms of time and cost, avoiding taking unwanted liquidity risks. At Grupo Aval, the financing and liquidity model is decentralized and based on autonomous subsidiaries that are responsible for covering their own liquidity needs. Therefore, each entity reviews its available resources on a daily basis in order to control its liquidity risk.

The financial subsidiaries of Grupo Aval are responsible for complying with the regulatory liquidity requirements, as well as meeting the obligations arising from their current and future activity. In consequence, they will either take deposits from their customers, or by resorting to the wholesale markets where they operate. Grupo Aval’s financial subsidiaries have a strong capacity as well as to raise funds in the wholesale markets.

Financial subsidiaries comply with the requirements for liquidity risk management of the jurisdictions in which they operate. They define policies that govern the functions of identification, measurement, control and monitoring required to manage daily liquidity requirements, comply with minimum liquidity buffers and establish liquidity contingency plans to deal with any unexpected situation.

Financial subsidiaries controlled by Grupo Aval, in Colombia, are required to maintain adequate liquidity positions based on the Superintendency of Finance’s liquidity parameters, using a short-term liquidity index (Indicador de Riesgo de Liquidez in Spanish language), or “IRL,” that measures liquidity for different time horizons from 1 to 90 days. This index is defined as the difference between adjusted liquid assets and net liquidity requirements.

- Liquid assets include total debt securities adjusted by market liquidity and exchange rate, excluding investment securities at amortized cost different from mandatory investments, Central Bank deposits and available cash.

- Net liquidity requirements are the difference between expected contractual asset and contractual and non-contractual liability cash flows. Cash flows from past due loans are not included in this calculation.

During 2020, as part of its convergence towards Basel III standards, the Superintendency of Finance incorporates the segmentation by type of deposits in the calculation of non-contractual liability cash flows. The methodology segments saving deposits in eight

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categories, according with their balance and the type of customer, then calculates the run-off rate for each category and finally multiplies both to determine the non-contractual reserve.

Grupo Aval´s financial subsidiaries assess the volatility of deposits, debt levels, the asset and liability structure, the liquidity of different asset types, the availability of lines of credit and the effectiveness of asset and liability management. The objective is to have adequate liquidity to manage possible stress scenarios.

The quantification of appropriate money market funding levels is an integral part of the liquidity measurement carried out by each entity. Based on statistical analysis, primary and secondary sources of liquidity are identified in order to ensure funding stability and diversification, and to minimize concentration.

Financial subsidiaries in Colombia must maintain cash on hand and in Central Banks deposits in order to comply with reserve requirements. The calculation of the reserve requirement is based on the daily average of the different types of deposits every two weeks.

On August 30, 2024, the Board of Directors of the Central Bank of Colombia (Banco de la República) issued External Resolution No. 3, which reduces the reserve requirements as follows:

- Reduction of one percentage point in the reserve requirement for liabilities currently subject to an 8% reserve ratio (primarily checking accounts and savings accounts). As a result, the reserve requirement for these liabilities will decrease from 8% to 7%.
- Reduction of one percentage point in the reserve requirement for liabilities currently subject to a 3.5% reserve ratio (primarily time deposits with a term up to 18 months). Consequently, the reserve requirement for these liabilities will decrease from 3.5% to 2.5%.

There are no reserve requirements for our subsidiaries located in Panamá because there is no Central Bank to regulate such requirements.

The following table presents liquid assets as of the cut-off date and their depletion for each of the time horizons established in the regulatory liquidity risk methodology (1 to 7 days, 1 to 30 days and 31 to 90 days), based on separate figures of our financial subsidiaries in Colombia at December 31, 2024 and 2023:

December 31, 2024

Entity	Liquid assets available at the end of the year (1)	From 1 to 7 days (2)	From 1 to 30 days (2)	From 31 to 90 days (2)
Banco de Bogotá	Ps. 13,469,768	Ps. 10,953,748	Ps. 2,928,936	Ps. (16,891,633)
Banco Occidente	9,284,616	6,461,637	2,946,224	(11,199,262)
Banco Popular	4,030,595	3,580,936	893,612	(5,667,658)
Banco AV Villas	2,145,763	1,665,301	687,963	(2,909,334)
Corficolombiana	1,908,014	902,572	560,871	(649,409)
Aval Fiduciaria	18,675	11,010	(18,256)	—
Aval Casa de Bolsa	23,450	19,637	—	—

December 31, 2023

Entity	Liquid assets available at the end of the year (1)	From 1 to 7 days (2)	From 1 to 30 days (2)	From 31 to 90 days (2)
Banco de Bogotá	Ps. 11,924,823	Ps. 9,811,253	Ps. 2,568,828	Ps. (15,278,208)
Banco Occidente	8,638,565	6,727,345	2,531,186	(8,473,508)
Banco Popular	4,896,134	4,641,802	1,525,529	(5,458,950)
Banco AV Villas	2,328,186	2,027,630	992,892	(2,408,230)
Corficolombiana	2,073,055	1,138,855	222,748	(893,740)
Aval Fiduciaria	30,428	13,512	1,413	—
Aval Casa de Bolsa	28,710	26,796	—	—

(1) Liquid assets are the sum of assets that are easily convertible into cash. Fixed income investments at amortized cost and financial investments pledged as collateral or subject to any other type of encumbrance, preventive measure or of any nature, that prevent their free assignment or transfer, as well as those that have been transferred under repurchase agreements, simultaneous or temporary transfer of securities are excluded. Liquid assets are measured at fair value (market prices on the evaluation date).

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(2) This amount is the remaining value of liquid assets in the specified time period, or the IRL, which is calculated as the difference between liquid assets and the liquidity requirement. The liquidity requirement is the difference between contractual cash inflows and contractual and non-contractual cash outflows during the period according to the IRL methodology.

The following tables show the individual IRL Ratio as of December 31, 2024, and 2023 for each of our banks in Colombia and Corficolombiana, expressed in Colombian pesos and as a percentage:

	Banco de Bogotá		Banco de Occidente		Banco Popular		Banco AV Villas		Corficolombiana		Aval Casa de Bolsa		Aval Fiduciaria	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(in Ps billions)													
IRL – 7 days	10,954	9,811	5,028	5,610	3,581	4,642	1,665	2,028	903	1,207	20	27	11	14
IRL – 30 days	2,929	2,569	1,814	1,816	894	1,526	688	993	561	661	—	—	(18)	1

	Banco de Bogotá		Banco de Occidente		Banco Popular		Banco AV Villas		Corficolombiana		Aval Casa de Bolsa		Aval Fiduciaria	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(in percentages)													
IRL – 7 days	535	564	289	419	896	1,925	447	775	190	255	6	15	244	180
IRL – 30 days	128	127	131	133	129	145	147	174	142	150	—	—	51	105

Supervised entities are required to calculate and report to the SFC on a weekly basis an indicator of short-term liquidity risk. The IRL is calculated in periods of 7 and 30 days and must be at least 100 percent. During 2024, Grupo Aval's Colombian banks met the minimum regulatory requirement.

The liquidity calculations described above assume normal liquidity conditions, according to the contractual flows and historical experience of each of the financial subsidiaries. For extreme liquidity events caused by unusual deposit withdrawals, the financial subsidiaries have contingency plans that include available credit lines with other financial institutions and access to special lines of credit with Colombia´s Central Bank, in accordance with current regulations. These lines of credit are granted when required, and are collateralized by Colombian government securities or by a portfolio of high-quality loans, as specified in the Central Bank regulations. Grupo Aval ´s financial subsidiaries did not access the Central Bank special lines of credit during the years ended at December 31, 2024 and 2023.

The banks in each country are responsible for their liquidity position on a stand-alone basis. They have access to funding mechanisms with their central banks, and to funding through credit lines. Short-term credits are offered by correspondent banks and financing is granted by multilateral organizations.

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The following is a breakdown shows the contractual undiscounted cash flows of the financial assets and liabilities including contractual interest receivable and payable at December 31, 2024 and 2023.

December 31, 2024

Assets	Less than one month	From one to six months	From six to twelve months	More than a year	Total
Cash and cash equivalents	Ps. 16,998,859	Ps. —	Ps. —	Ps. —	Ps. 16,998,859
Trading investments in debt securities	300,292	305,488	435,694	8,422,819	9,464,293
Investments in debt securities at FVOCI	401,816	1,811,929	3,252,189	24,381,983	29,847,917
Investments in debt securities at amortized cost	940,289	2,456,711	3,203,905	2,662,693	9,263,598
Commercial loans	14,582,605	31,222,986	18,300,276	71,697,670	135,803,537
Consumer loans	2,374,330	8,120,876	8,394,853	69,138,663	88,028,722
Mortgages loans	372,088	1,150,098	1,292,659	39,222,723	42,037,568
Microcredit loans	1,226	625	265	2,051	4,167
Interbank and overnight funds	703,330	1,799	—	—	705,129
Trading derivatives	376,454	325,466	144,525	170,457	1,016,902
Hedging derivatives	3,054	53,560	21,102	8,476	86,192
Trade receivable	2,864,204	318,938	4,548	25,143,889	28,331,579
Other assets	156,961	—	5	720,429	877,395
Total Assets	**Ps. 40,075,508**	**Ps. 45,768,476**	**Ps. 35,050,021**	**Ps. 241,571,853**	**Ps. 362,465,858**

Liabilities	Less than one month	From one to six months	From six to twelve months	More than a year	Total
Checking accounts	Ps. 24,579,536	Ps. —	Ps. —	Ps. —	Ps. 24,579,536
Time Deposits	9,186,183	49,090,487	25,405,518	18,863,479	102,545,667
Saving deposits	79,614,904	—	—	—	79,614,904
Other deposits	235,111	111,456	—	1,343	347,910
Interbank and overnight funds	17,666,654	538,143	332,010	—	18,536,807
Leases contracts	13,178	105,803	144,018	2,673,140	2,936,139
Borrowing from banks and other	1,912,104	9,177,276	4,258,097	7,336,503	22,683,980
Long-term debt	395,469	1,156,876	886,593	26,947,429	29,386,367
Borrowing from development entities	69,771	1,227,091	394,323	3,350,196	5,041,381
Trading derivatives	308,653	380,271	95,804	240,701	1,025,429
Hedging derivatives	1,369	8	3,220	4,180	8,777
Other liabilities	4,112,180	316,871	83,494	2,206,175	6,718,720
Total Liabilities	**Ps. 138,095,112**	**Ps. 62,104,282**	**Ps. 31,603,077**	**Ps. 61,623,146**	**Ps. 293,425,617**

Commitments Loans	Less than one month	From one to six months	From six to twelve months	More than a year	Total
Guarantees	Ps. 48,394	Ps. 360,652	Ps. 1,064,744	Ps. 1,629,771	Ps. 3,103,561
Standby letters of credit	26,546	145,194	195,627	16,905	384,272
Overdraft facility	1,861,943	26,281	32,113	341,120	2,261,457
Standby credit card facility	6,192,403	355,995	660,752	5,724,232	12,933,382
Undrawn approved loans	394,475	113,970	2,611,051	201,208	3,320,704
Others	2,017,804	—	—	—	2,017,804
Total Commitments Loans	**Ps. 10,541,565**	**Ps. 1,002,092**	**Ps. 4,564,287**	**Ps. 7,913,236**	**Ps. 24,021,180**

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December 31, 2023

Assets	Less than one month	From one to six months	From six to twelve months	More than a year	Total
Cash and cash equivalents	Ps. 18,604,184	Ps. 857	Ps. —	Ps. —	Ps. 18,605,041
Trading investments in debt securities	280,749	291,449	702,337	7,344,266	8,618,801
Investments in debt securities at FVOCI	142,920	1,192,286	3,861,978	20,682,574	25,879,758
Investments in debt securities at amortized cost	693,748	2,693,803	2,947,927	2,434,713	8,770,191
Commercial loans	11,914,475	30,973,505	21,141,485	64,172,735	128,202,200
Consumer loans	2,158,202	7,770,536	8,209,258	63,814,118	81,952,114
Mortgages loans	343,857	978,325	1,013,632	33,229,142	35,564,956
Microcredit loans	38,412	87,318	86,420	146,971	359,121
Interbank and overnight funds	392,679	—	—	—	392,679
Trading derivatives	1,172,036	640,291	111,538	110,978	2,034,843
Hedging derivatives	47,977	—	685	—	48,662
Trade receivable	3,127,198	113,763	29,350	22,733,228	26,003,539
Other assets	156,961	—	5	720,429	877,395
Total Assets	**Ps. 39,073,398**	**Ps. 44,742,133**	**Ps. 38,104,615**	**Ps. 215,389,154**	**Ps. 337,309,300**

Liabilities	Less than one month	From one to six months	From six to twelve months	More than a year	Total
Checking accounts	Ps. 23,809,859	Ps. —	Ps. —	Ps. —	Ps. 23,809,859
Time Deposits	14,800,170	35,683,285	24,156,548	21,322,829	95,962,832
Saving deposits	71,149,882	—	—	—	71,149,882
Other deposits	374,711	54,195	—	1,287	430,193
Interbank and overnight funds	13,305,891	1,788,786	—	20,877	15,115,554
Leases contracts	13,938	106,429	120,495	3,078,016	3,318,878
Borrowing from banks and other	1,663,276	6,250,680	3,090,588	11,827,108	22,831,652
Long-term debt	121,155	1,272,012	1,344,746	26,135,181	28,873,094
Borrowing from development entities	837,304	657,920	689,454	10,664,762	12,849,440
Trading derivatives	1,263,315	522,915	155,907	176,630	2,118,767
Hedging derivatives	204,251	305	5,252	6,722	216,530
Other liabilities	5,278,275	330,995	189,229	1,951,625	7,750,124
Total Liabilities	**Ps. 132,822,027**	**Ps. 46,667,522**	**Ps. 29,752,219**	**Ps. 75,185,037**	**Ps. 284,426,805**

Commitments Loans	Less than one month	From one to six months	From six to twelve months	More than a year	Total
Guarantees	Ps. 1,813,970	Ps. 80,012	Ps. 30,320	Ps. 497,844	Ps. 2,422,146
Standby letters of credit	606,747	89,801	925	39,000	736,473
Overdraft facility	2,264,226	—	—	—	2,264,226
Standby credit card facility	11,917,268	112,006	84,005	336,019	12,449,298
Undrawn approved loans	4,002,210	218,112	—	—	4,220,322
Others	2,686,426	70,360	—	—	2,756,786
Total Commitments Loans	**Ps. 23,290,847**	**Ps. 570,291**	**Ps. 115,250**	**Ps. 872,863**	**Ps. 24,849,251**

4.4 Regulatory capital management

Decree 2555 of 2010 (as modified by Decree 1771 of 2012, Decree 1648 of 2014, Decree 2392 of 2015, Decrees 1477 of 2018 and 1421 of 2019) sets forth capital adequacy requirements for Colombian credit institutions. Technical capital for Colombian credit institutions consists of the sum of total Core Equity Tier I (CET1 or patrimonio básico ordinario), Additional Tier I capital (AT1 or patrimonio básico adicional), and Tier II capital (Tier II or patrimonio adicional). Tier I capital consist of the sum of CET1 (patrimonio básico ordinario) and AT1 (patrimonio básico adicional). Tier I and Tier II, as defined herein, may differ to the manner in which these terms are used in other jurisdictions.

Pursuant to Decrees 1477 of 2018 and 1421 of 2019 Basel III principles were introduced to estimate adequate capital in credit institutions as follows:

- Total solvency ratio is defined as the value of the technical capital (CET1, AT1 and Tier II) calculated under the terms of the Decree 1477 of 2018 and the Decree 1421 of 2019, divided by risk-weighted assets by level of credit, market and operational

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risk, at a minimum of 9%. Pursuant to Decree 2555 of 2010 (as amended), the Superintendency of Finance must grant prior approval of the eligibility of a debt, equity or hybrid instrument in order to be classified as AT1;
- A minimum CET1 of 4.5%;
- A minimum Tier I of 6%;
- A capital conservation buffer of 1.5% consisting of CET1;
- A systemic risk buffer of 1.0% for systemically important financial institutions (SIFIS) consisting of CET1; and
- In addition, these Decrees established a minimum leverage ratio of 3%.

Banco de Bogotá is considered one of the systemically important financial institutions, according to Carta Circular 74 of November 28, 2024 and Carta Circular 70 of November 23, 2023 issued by the Superintendency of Finance, and therefore had to comply with the systemic buffer (explained above) at December 31, 2024 and 2023. According to Carta Circular 74 of November 28, 2024 issued by the Superintendency of Finance, Banco de Occidente is considered one of the systemically important financial institutions and was allowed a 2-year transition period to comply with the systemic buffer (must be fully implemented by November 2026).

In addition to compliance with minimum regulatory capital requirements, Grupo Aval's entities aim to maintain capital positions that foster investor, creditor, and market confidence and to sustain future growth of their respective businesses. The capital allocation decision guards that there is balance between a more aggressive structure that can deliver higher returns on equity and a more conservative approach that encourages excess capitalization. Capital allocation decisions also considers each subsidiary's long-term strategic objectives.

As of December 31 2024, and 2023, all of Grupo Aval´s individually regulated operations have complied with the minimum regulatory capital requirements.

The following tables show the separate and consolidated (where applicable) capitalization information of our main direct and indirect subsidiaries:

Banco de Bogotá S.A.

	Separate basis		Consolidated basis	
	At December 31,		At December 31,	
	2024	2023	2024	2023
	(in Ps)		(in Ps)	
Subscribed and paid-in capital	3,553	3,553	3,553	3,553
Reserves and retained earnings	14,980,050	14,635,826	15,426,827	14,988,657
Other comprehensive income	246,238	8,114	244,407	(122,944)
Net income for the period	1,128,549	1,024,884	1,090,178	954,173
Non-controlling interests	—	—	—	—
Deductions:				
Unconsolidated financial sector investments	—	—	—	—
Goodwill and other intangibles	(1,388,211)	(1,220,146)	(1,709,972)	(1,504,225)
Deferred tax assets	(783,110)	(815,194)	(672,462)	(672,813)
Other	—	—	(1,431)	(1,431)
CET1	**14,187,069**	**13,637,037**	**14,381,100**	**13,644,970**
Hybrid instruments recognized as additional primary capital	—	—	—	—
Other	—	—	—	—
AT1	**—**	**—**	**—**	**—**
Tier I	**14,187,069**	**13,637,037**	**14,381,100**	**13,644,970**
Subordinated instruments	2,459,094	2,573,696	2,459,094	2,573,696
Plus/minus others	134,586	160,637	—	—
Tier II capital	**2,593,680**	**2,734,333**	**2,459,094**	**2,573,696**
Other deductions from technical capital	—	—	—	—
Technical capital	**16,780,749**	**16,371,370**	**16,840,194**	**16,218,666**
Risk-weighted assets	81,152,551	76,811,668	97,961,017	91,625,712
Market risk	153,522	491,571	318,203	639,228
Market risk exposure (1)	1,705,799	5,461,900	3,535,594	7,102,531
Operational risk	565,377	521,135	664,410	612,546
Operational risk exposure (1)	6,281,962	5,790,384	7,382,337	6,806,068
Risk-weighted assets including regulatory market risk and operational risk	**89,140,312**	**88,063,952**	**108,878,948**	**105,534,311**
CET1 solvency ratio	**15.92%**	**15.49%**	**13.21%**	**12.93%**

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	Separate basis		Consolidated basis	
	At December 31,		At December 31,	
	2024	2023	2024	2023
	(in Ps)		(in Ps)	
AT1 contribution to solvency ratio	0.00%	0.00%	0.00%	0.00%
Tier 1 capital solvency ratio	**15.92%**	**15.49%**	**13.21%**	**12.93%**
Tier II contribution to solvency ratio	2.91%	3.10%	2.26%	2.44%
Total solvency ratio [(2)]	**18.83%**	**18.59%**	**15.47%**	**15.37%**
Capital measure	14,187,069	13,637,037	14,381,099	13,644,969
Exposure measure	129,644,773	120,114,582	154,516,917	141,766,918
Leverage ratio	**10.94%**	**11.35%**	**9.31%**	**9.62%**

(1) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by (100/9) as required by the Superintendency of Finance.
(2) Solvency ratio is calculated as technical capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

Banco de Occidente S.A.

	Separate basis		Consolidated basis	
	At December 31,		At December 31,	
	2024	2023	2024	2023
	(in Ps)		(in Ps)	
Subscribed and paid-in capital	4,677	4,677	4,677	4,677
Reserves and retained earnings	4,996,740	4,782,349	5,253,452	4,996,111
Other comprehensive income	53,594	28,731	209,136	176,033
Net income for the period	494,992	430,603	473,554	473,554
Non-controlling interests	—	—	16,902	11,843
Deductions:				
Unconsolidated financial sector investments	—	—	—	—
Goodwill and other intangibles	(693,741)	(643,350)	(651,630)	(594,581)
Deferred tax assets	(233,646)	(251,878)	—	—
Other	(2,743)	(2,867)	(2,743)	(2,867)
CET1	**4,619,873**	**4,348,265**	**5,303,348**	**5,064,770**
Hybrid instruments recognized as additional primary capital	—	—	—	—
Other	—	—	—	—
AT1	—	—	—	—
Tier I	**4,619,873**	**4,348,265**	**5,303,348**	**5,064,770**
Subordinated instruments	1,357,700	649,305	1,357,700	649,305
Plus/minus others	30,716	26,190	—	—
Tier II capital	**1,388,416**	**675,495**	**1,357,700**	**649,305**
Other deductions from technical capital	—	—	—	—
Technical capital	**6,008,289**	**5,023,760**	**6,661,048**	**5,714,075**
Risk-weighted assets	40,395,605	38,073,928	44,446,464	41,324,390
Market risk	339,369	184,778	381,971	218,356
Market risk exposure [(1)]	3,770,764	2,053,092	4,244,121	2,426,174
Operational risk	282,931	235,639	283,565	236,239
Operational risk exposure [(1)]	3,143,676	2,618,213	3,150,726	2,624,877
Risk-weighted assets including regulatory market risk and operational risk	**47,310,045**	**42,745,233**	**51,841,311**	**46,375,441**
CET1 solvency ratio	**9.77%**	**10.17%**	**10.23%**	**10.92%**
AT1 contribution to solvency ratio	0.00%	0.00%	0.00%	0.00%
Tier 1 capital solvency ratio	**9.77%**	**10.17%**	**10.23%**	**10.92%**
Tier II contribution to solvency ratio	2.93%	1.58%	2.62%	1.40%
Total solvency ratio [(2)]	**12.70%**	**11.75%**	**12.85%**	**12.32%**
Capital measure	4,619,873	4,348,265	5,303,348	5,064,770
Exposure measure	75,193,855	65,855,871	81,253,921	70,759,147
Leverage ratio	**6.14%**	**6.60%**	**6.53%**	**7.16%**

(1) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by (100/9) as required by the Superintendency of Finance.
(2) Solvency ratio is calculated as technical capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

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Banco Comercial AV Villas S.A.

	Separate basis	
	At December 31,	
	2024	2023
	(in Ps)	
Subscribed and paid-in capital	22,297	22,297
Reserves and retained earnings	1,545,974	1,658,248
Other comprehensive income	123,694	57,285
Net income for the period	(116,277)	(117,126)
Non-controlling interests	—	—
Deductions:		
Unconsolidated financial sector investments	—	—
Goodwill and other intangibles	(194,924)	(159,586)
Deferred tax assets	(10,420)	(10,239)
Other	(116,928)	(123,976)
CET1	**1,253,416**	**1,326,903**
Hybrid instruments recognized as additional primary capital	—	—
Other	176	176
AT1	**176**	**176**
Tier I	**1,253,592**	**1,327,079**
Subordinated instruments	150,000	—
Plus/minus others	31,568	24,471
Tier II capital	**181,568**	**24,471**
Other deductions from technical capital	—	—
Technical capital	**1,435,160**	**1,351,550**
Risk-weighted assets	10,473,834	10,054,415
Market risk	22,567	47,003
Market risk exposure (1)	250,741	522,254
Operational risk	102,999	95,732
Operational risk exposure (1)	1,144,438	1,063,689
Risk-weighted assets including regulatory market risk and operational risk	**11,869,013**	**11,640,358**
CET1 solvency ratio	**10.56%**	**11.40%**
AT1 contribution to solvency ratio	0.00%	0.00%
Tier 1 capital solvency ratio	**10.56%**	**11.40%**
Tier II contribution to solvency ratio	1.53%	0.21%
Total solvency ratio (2)	**12.09%**	**11.61%**
Capital measure	1,253,592	1,327,079
Exposure measure	19,170,558	18,873,410
Leverage ratio	**6.54%**	**7.03%**

(1) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by (100/9) as required by the Superintendency of Finance.
(2) Solvency ratio is calculated as technical capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

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Banco Popular S.A.

	Separate basis		Consolidated basis	
	At December 31,		At December 31,	
	2024	2023	2024	2023
	(in Ps)		(in Ps)	
Subscribed and paid-in capital	77,253	77,253	77,253	77,253
Reserves and retained earnings	2,496,783	2,839,567	2,546,400	2,981,939
Other comprehensive income	82,992	79,481	251,899	222,322
Net income for the period	(226,699)	(347,409)	(314,876)	(402,676)
Non-controlling interests	—	—	6,866,755	6,794,087
Deductions:				
Unconsolidated financial sector investments	—	—	—	—
Goodwill and other intangibles	(390,836)	(361,170)	(460,169)	(446,032)
Deferred tax assets	—	—	—	—
Other	(94,690)	(87,539)	(94,690)	(89,253)
CET1	**1,944,803**	**2,200,183**	**8,872,572**	**9,137,640**
Hybrid instruments recognized as additional primary capital	—	—	—	—
Other	—	—	—	—
AT1	—	—	—	—
Tier I	**1,944,803**	**2,200,183**	**8,872,572**	**9,137,640**
Subordinated instruments	319,316	327,018	69,316	77,018
Plus/minus others	15,349	20,775	—	—
Tier II capital	**334,665**	**347,793**	**69,316**	**77,018**
Other deductions from technical capital	—	—	(41,551)	(36,876)
Technical capital	**2,279,468**	**2,547,976**	**8,900,337**	**9,177,782**
Risk-weighted assets	17,069,637	16,670,146	37,339,994	36,166,365
Market risk	16,967	83,118	291,145	336,718
Market risk exposure (1)	188,523	923,539	3,234,940	3,741,309
Operational risk	144,415	136,419	414,441	462,427
Operational risk exposure (1)	1,604,616	1,515,762	4,604,901	5,138,073
Risk-weighted assets including regulatory market risk and operational risk	**18,862,776**	**19,109,447**	**45,179,835**	**45,045,747**
CET1 solvency ratio	**10.31%**	**11.51%**	**19.64%**	**20.29%**
AT1 contribution to solvency ratio	0.00%	0.00%	0.00%	0.00%
Tier 1 capital solvency ratio	**10.31%**	**11.51%**	**19.64%**	**20.29%**
Tier II contribution to solvency ratio	1.77%	1.82%	0.15%	0.17%
Total solvency ratio (2)	**12.08%**	**13.33%**	**19.70%**	**20.37%**
Capital measure	1,944,803	2,200,184	8,872,572	9,137,641
Exposure measure	29,036,941	29,393,566	55,602,943	56,066,107
Leverage ratio	**6.70%**	**7.49%**	**15.96%**	**16.30%**

(1) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by (100/9) as required by the Superintendency of Finance.
(2) Solvency ratio is calculated as technical capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

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Corficolombiana S.A.

Starting November 22, 2023, Corficolombiana is consolidated under Banco Popular as a result of the shareholders' agreement mentioned above. Notwithstanding the above, Corficolombiana has to comply with minimum capital requirements on a separate and consolidated basis.

	Separate basis		Consolidated basis	
	At December 31,		At December 31,	
	2024	2023	2024 (3)	2023
	(in Ps)		(in Ps)	
Subscribed and paid-in capital	3,464	3,464	—	3,464
Reserves and retained earnings	12,016,888	11,233,257	—	10,829,636
Other comprehensive income	(12,237)	(76,643)	—	366,032
Net income for the period	327,654	808,982	—	886,012
Non-controlling interests	—	—	—	1,380
Deductions:				
Unconsolidated financial sector investments	—	—	—	—
Goodwill and other intangibles	(104,519)	(99,130)	—	(78,011)
Deferred tax assets	—	—	—	—
Other	(1,512)	(1,480)	—	(5,964)
CET1	**12,229,738**	**11,868,450**	**—**	**12,002,549**
Hybrid instruments recognized as additional primary capital	—	—	—	—
Other	192	192	—	192
AT1	**192**	**192**	**—**	**192**
Tier I	**12,229,930**	**11,868,642**	**—**	**12,002,741**
Subordinated instruments	—	—	—	—
Plus/minus others	—	—	—	—
Tier II capital	**—**	**—**	**—**	**—**
Other deductions from technical capital	(41,551)	(36,876)	—	(36,876)
Technical capital	**12,188,379**	**11,831,766**	**—**	**11,965,865**
Risk-weighted assets	20,630,956	19,894,398	—	20,189,704
Market risk	320,096	235,605	—	240,068
Market risk exposure (1)	3,556,617	2,617,835	—	2,667,427
Operational risk	271,948	290,604	—	298,733
Operational risk exposure (1)	3,021,644	3,228,933	—	3,319,258
Risk-weighted assets including regulatory market risk and operational risk	**27,209,217**	**25,741,166**	**—**	**26,176,389**
CET1 solvency ratio	**44.95%**	**46.11%**	**0.00%**	**45.85%**
AT1 contribution to solvency ratio	0.00%	0.00%	0.00%	0.00%
Tier 1 capital solvency ratio	**44.95%**	**46.11%**	**0.00%**	**45.85%**
Tier II contribution to solvency ratio	0.00%	0.00%	0.00%	0.00%
Total solvency ratio (2)	**44.80%**	**45.96%**	**0.00%**	**45.71%**
Capital measure	12,229,930	11,868,643	—	12,002,741
Exposure measure	27,239,441	27,068,698	—	27,699,079
Leverage ratio	**44.90%**	**43.85%**	**0.00%**	**43.33%**

(1) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by (100/9) as required by the Superintendency of Finance.
(2) Solvency ratio is calculated as technical capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.
(3) At December 31, 2024 Corficolombiana was not required to comply with consolidated solvency measures as it no longer had investments in financial subsidiaries, following the sale of Fiduciaria Corficolombiana (currently Aval Fiduciaria) and Casa de Bolsa (currently Aval Casa de Bolsa) to Grupo Aval.

(Amounts expressed in millions of Colombian pesos)

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Porvenir S.A.

In Colombia, pension and severance fund administrators are subject to specific regulation regarding capital adequacy. On February 3, 2022 the Decree 175, which amended Decree 2555 of 2010, modified technical capital requirements for pension and severance fund administrators, migrating definitions on technical capital and risk-weighted assets closer to the Basel III framework. The Superintendency of Finance published instructions corresponding to the application of this Decree in December 2022. Pension and severance fund managers had a twelve-month transition period starting on January 2023 and were fully compliant with this regulation starting on February 2024.

	Separate basis	
	At December 31,	
	2024	2023
	(in Ps)	
Subscribed and paid-in capital	109,211	109,211
Reserves and retained earnings	2,543,792	2,265,587
Other comprehensive income	(19,698)	—
Net income for the period	652,600	—
Non-controlling interests	—	—
Deductions:		
Unconsolidated financial sector investments	—	—
Goodwill and other intangibles	(381,208)	—
Deferred tax assets	(25,646)	—
Others	(53,826)	(50,626)
Primary capital	**2,825,225**	**2,324,172**
Unrealized gains/losses on securities available for sale [1]	—	(8,474)
Secondary capital (Tier II)	**—**	**(8,474)**
Deductions:		
Value of the stabilization reserve	(2,269,084)	(1,911,568)
Technical capital	**556,141**	**404,130**
Risk-weighted assets	671,894	886,689
Market risk	3,832	10,927
Market risk exposure [2]	42,577	121,408
Operational risk	121,454	122,398
Operational risk exposure [2]	1,349,490	1,359,975
Risk-weighted assets including regulatory market risk and operational risk	**2,063,961**	**2,368,072**
Solvency ratio [3]	**26.95%**	**17.07%**

(1) Unrealized gains/losses on securities available for sale do not flow through the Statement of Income until such securities are disposed of and the gain or loss is realized.
(2) Regulatory value at risk consists of value at risk multiplied by (100/9) as required by the Superintendency of Finance. Regulatory operational risk consists of operational risk multiplied by (100/9) as required by the Superintendency of Finance.
(3) Solvency ratio is calculated as technical capital to risk-weighted assets, including regulatory value at risk and regulatory operational risk.

NOTE 5 – ESTIMATION OF FAIR VALUE

The fair value of the financial assets and liabilities traded in active markets (such as financial assets in debt securities, equity securities and derivatives actively listed in stock exchanges or interbank markets) is based on dirty prices supplied by a price vendor. A dirty price includes accrued unpaid interest on the security, from the date of issuance or last payment of interest, up the date at which the security is valued.

An active market is a market where transactions for assets or liabilities are carried out with sufficient frequency and volume in order to provide price information on an ongoing basis. The fair value of financial assets and liabilities that are not traded in an active market is determined through appraisal techniques determined by the price supplier or by the management of Grupo Aval's entities. Appraisal techniques used for non-standardized financial instruments such as options, foreign exchange swaps and derivatives of the over-the-counter market, which include the use of interest rate or currency assessment curves built by providers and extrapolated to the specific conditions of the instrument being appraised, discounted cash flow analysis, options pricing models and other valuation techniques commonly used by market participants who rely mostly on market data and the least possible on specific data of entities.

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Grupo Aval may use models developed internally for financial instruments with no active markets. These models are usually based on valuation techniques and methods generally standardized in the financial sector. The valuation models are mainly used for appraising financial equity instruments not listed on the stock exchange, debt certificates and other debt instruments for which the markets were or have been inactive during the financial period. Some inputs of these models may not be observable in the market and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques used may not fully reflect all the factors relevant to the positions of Grupo Aval. Therefore, the appraisals are adjusted, if necessary, to allow for additional factors, including country risk, liquidity risks and counterparty risks.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for assets or liabilities identical to those which the entity can access as of the date of measurement.
- Level 2 inputs are inputs different than quoted prices included in Level 1 that are observable for the asset or liability, whether directly or indirectly in non-active markets.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which fair value measurement is classified in whole is determined based on the input of the lowest level that is most significant for measuring its total fair value. For such purpose, the relevance of an input is assessed in connection with the measurement of the total fair value. Financial instruments that are listed in markets that are not deemed active, but which are valued based in accordance with quoted market prices, quotes from price vendors or alternative price sources supported by observable inputs, are classified in Level 2.

If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, this measurement is classified as Level 3. The assessment of the importance of a particular input to the measurement of fair value in whole requires judgment, taking into account specific factors of the asset or liability.

Determining what is deemed as ‘observable’ requires a significant judgment by Grupo Aval. Grupo Aval considers as observable data the market data which is already available, distributed or updated by the price suppliers, and it is reliable and verifiable, with no property rights, and provided by independent sources which are actively involved in the reference market.

5.1 Measurements of Fair Value on a Recurring Basis

Measurements of fair value on a recurring basis are those required or allowed in statement of financial position at the end of each accounting period.

The following table presents an analysis, within the hierarchy of fair value, of Grupo Aval´s assets and liabilities (by class), measured at fair value as of December 31, 2024 and 2023, on a recurring basis.

December 31, 2024

		Level 1		Level 2		Level 3		Total
Assets								
Trading investments								
Securities issued or secured by Colombian Government	Ps.	10,580,049	Ps.	61,509	Ps.	—	Ps.	10,641,558
Securities issued or secured by other Colombian Government entities		—		183,760		—		183,760
Securities issued or secured by foreign Governments		26,107		49,272		—		75,379
Securities issued or secured by other financial entities		—		1,002,194		—		1,002,194
Securities issued or secured by non-financial sector entities		—		8,813		—		8,813
Others		—		25,710		—		25,710
Total trading investments	**Ps.**	**10,606,156**	**Ps.**	**1,331,258**	**Ps.**	**—**	**Ps.**	**11,937,414**
Investments in debt securities at fair value through profit or loss								
Others		—		—		1,425		1,425
Total investments in debt securities at fair value through profit or loss	**Ps.**	**10,606,156**	**Ps.**	**1,331,258**	**Ps.**	**1,425**	**Ps.**	**11,938,839**
Investments in debt securities at fair value through OCI								

	Level 1		Level 2		Level 3		Total	
Securities issued or secured by Colombian Government	Ps.	13,391,650	Ps.	4,876,258	Ps.	—	Ps.	18,267,908
Securities issued or secured by other Colombian Government entities		52,253		410,492		—		462,745
Securities issued or secured by foreign Governments		1,195,495		3,307,315		—		4,502,810
Securities issued or secured by central banks		—		204,855		—		204,855
Securities issued or secured by other financial entities		—		2,626,783		—		2,626,783
Securities issued or secured by non-financial sector entities		—		249,660		—		249,660
Others		1,740		733,697		—		735,437
Total investments in debt securities at fair value through OCI	**Ps.**	**14,641,138**	**Ps.**	**12,409,060**	**Ps.**	**—**	**Ps.**	**27,050,198**
Total investments in debt securities	**Ps.**	**25,247,294**	**Ps.**	**13,740,318**	**Ps.**	**1,425**	**Ps.**	**38,989,037**
Equity securities								
Trading equity securities	Ps.	12,711	Ps.	4,049,509	Ps.	3,194,286	Ps.	7,256,506
Investments in equity through OCI		1,302,512		100		118,691		1,421,303
Total equity securities	**Ps.**	**1,315,223**	**Ps.**	**4,049,609**	**Ps.**	**3,312,977**	**Ps.**	**8,677,809**
Held for trading derivatives								
Currency forward	Ps.	—	Ps.	530,625	Ps.	—	Ps.	530,625
Debt securities forward		—		117,053		—		117,053
Interest rate swap		4,515		218,314		—		222,829
Currency swap		—		58,475		—		58,475
Currency options		—		40,312		—		40,312
Total held for trading derivatives	**Ps.**	**4,515**	**Ps.**	**964,779**	**Ps.**	**—**	**Ps.**	**969,294**
Hedging derivatives								
Currency forward		—		10,642		—		10,642
Interest rate swap		—		43,377		—		43,377
Total hedging derivatives	**Ps.**	**—**	**Ps.**	**54,019**	**Ps.**	**—**	**Ps.**	**54,019**
Other account receivables								
Financial assets in concession contracts		—		—		4,181,835		4,181,835
Total other account receivables designated at fair value	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**4,181,835**	**Ps.**	**4,181,835**
Non- financial assets								
Biological assets		—		—		238,339		238,339
Investment properties		—		—		972,935		972,935
Total non- financial assets	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**1,211,274**	**Ps.**	**1,211,274**
Total assets at fair value on recurring basis	**Ps.**	**26,567,032**	**Ps.**	**18,808,725**	**Ps.**	**8,707,511**	**Ps.**	**54,083,268**
Liabilities								
Trading derivatives								
Currency forward	Ps.	—	Ps.	672,690	Ps.	—	Ps.	672,690
Debt securities forward		—		15,978		—		15,978
Interest rate swap		2,469		219,353		—		221,822
Currency swap		—		52,455		—		52,455
Currency options		—		48,989		—		48,989
Total trading derivatives	**Ps.**	**2,469**	**Ps.**	**1,009,465**	**Ps.**	**—**	**Ps.**	**1,011,934**
Hedging derivatives								
Currency forward	Ps.	—	Ps.	5,250	Ps.	—	Ps.	5,250
Interest rate swap		—		16,408		—		16,408
Total hedging derivatives	**Ps.**	**—**	**Ps.**	**21,658**	**Ps.**	**—**	**Ps.**	**21,658**
Total liabilities at fair value on recurring basis	**Ps.**	**2,469**	**Ps.**	**1,031,123**	**Ps.**	**—**	**Ps.**	**1,033,592**

December 31, 2023

	Level 1		Level 2		Level 3		Total	
Assets								
Trading investments								
Securities issued or secured by Colombian Government	Ps.	5,692,937	Ps.	101,895	Ps.	—	Ps.	5,794,832
Securities issued or secured by other Colombian Government entities		—		155,737		—		155,737
Securities issued or secured by foreign Governments		382		31,697		—		32,079
Securities issued or secured by other financial entities		—		1,084,461		—		1,084,461
Securities issued or secured by non-financial sector entities		—		6,406		—		6,406
Others		—		39,865		—		39,865
Total trading investments	**Ps.**	**5,693,319**	**Ps.**	**1,420,061**	**Ps.**	**—**	**Ps.**	**7,113,380**

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Notes to the Consolidated Financial Statements
For the years ended December 31, 2024, 2023 and 2022
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	Level 1	Level 2	Level 3	Total
Investments in debt securities at fair value through profit or loss				
Others	—	—	1,889	1,889
Total investments in debt securities at fair value through profit or loss	**Ps. 5,693,319**	**Ps. 1,420,061**	**Ps. 1,889**	**Ps. 7,115,269**
Investments in debt securities at fair value through OCI				
Securities issued or secured by Colombian Government	Ps. 14,223,066	Ps. 2,567,727	Ps. —	Ps. 16,790,793
Securities issued or secured by other Colombian Government entities	538,200	325,588	—	863,788
Securities issued or secured by foreign Governments	1,141,875	1,365,163	—	2,507,038
Securities issued or secured by central banks	—	145,489	—	145,489
Securities issued or secured by other financial entities	—	2,142,647	—	2,142,647
Securities issued or secured by non-financial sector entities	—	214,571	—	214,571
Others	1,457	660,993	—	662,450
Total investments in debt securities at fair value through OCI	**Ps. 15,904,598**	**Ps. 7,422,178**	**Ps. —**	**Ps. 23,326,776**
Total investments in debt securities	**Ps. 21,597,917**	**Ps. 8,842,239**	**Ps. 1,889**	**Ps. 30,442,045**
Equity securities				
Trading equity securities	Ps. 8,949	Ps. 3,605,832	Ps. 2,645,393	Ps. 6,260,174
Investments in equity through OCI	992,136	380	124,833	1,117,349
Total equity securities	**Ps. 1,001,085**	**Ps. 3,606,212**	**Ps. 2,770,226**	**Ps. 7,377,523**
Held for trading derivatives				
Currency forward	Ps. —	Ps. 1,666,852	Ps. —	Ps. 1,666,852
Debt securities forward	—	19,258	—	19,258
Interest rate swap	212	308,156	—	308,368
Currency swap	—	20,195	—	20,195
Currency options	—	62,894	—	62,894
Total held for trading derivatives	**Ps. 212**	**Ps. 2,077,355**	**Ps. —**	**Ps. 2,077,567**
Hedging derivatives				
Currency forward	—	687	—	687
Interest rate swap	—	47,975	—	47,975
Total hedging derivatives	**Ps. —**	**Ps. 48,662**	**Ps. —**	**Ps. 48,662**
Other account receivables				
Financial assets in concession contracts	—	—	3,830,916	3,830,916
Total other account receivables designated at fair value	**Ps. —**	**Ps. —**	**Ps. 3,830,916**	**Ps. 3,830,916**
Non- financial assets				
Biological assets	—	—	230,672	230,672
Investment properties	—	—	906,469	906,469
Total non- financial assets	**Ps. —**	**Ps. —**	**Ps. 1,137,141**	**Ps. 1,137,141**
Total assets at fair value on recurring basis	**Ps. 22,599,214**	**Ps. 14,574,468**	**Ps. 7,740,172**	**Ps. 44,913,854**
Liabilities				
Trading derivatives				
Currency forward	Ps. —	Ps. 1,546,577	Ps. —	Ps. 1,546,577
Debt securities forward	—	129,345	—	129,345
Interest rate futures	3,752	—	—	3,752
Interest rate swap	396	329,358	—	329,754
Currency swap	—	60,846	—	60,846
Currency options	—	84,087	—	84,087
Total trading derivatives	**Ps. 4,148**	**Ps. 2,150,213**	**Ps. —**	**Ps. 2,154,361**
Hedging derivatives				
Currency forward	Ps. —	Ps. 204,202	Ps. —	Ps. 204,202
Interest rate swap	—	13,364	—	13,364
Total hedging derivatives	**Ps. —**	**Ps. 217,566**	**Ps. —**	**Ps. 217,566**
Total liabilities at fair value on recurring basis	**Ps. 4,148**	**Ps. 2,367,779**	**Ps. —**	**Ps. 2,371,927**

(Amounts expressed in millions of Colombian pesos)

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5.1.1. Trading assets in debt securities pledged as collateral

The following is a list of held-for-trading financial assets that are being used as collateral in repo operations, pledged as collateral for transactions with financial instruments, or pledged to third parties as collateral to secure financial obligations with other banks.

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Pledged as collateral in money market operations				
Securities issued or secured by Colombian Government	Ps. 5,270,000	Ps. —	Ps. —	Ps. 5,270,000
Securities issued or secured by other financial entities	—	2,055	—	2,055
	Ps. 5,270,000	**Ps. 2,055**	**Ps. —**	**Ps. 5,272,055**
Pledged as collateral to special entities such as CRCC, BR and BVC (*)				
Securities issued or secured by Colombian Government	Ps. 1,179,027	Ps. —	Ps. —	Ps. 1,179,027
	Ps. 1,179,027	**Ps. —**	**Ps. —**	**Ps. 1,179,027**
Pledged as collateral in operations with derivative instruments				
Securities issued or secured by Colombian Government	Ps. 1,193	Ps. —	Ps. —	Ps. 1,193
	Ps. 1,193	**Ps. —**	**Ps. —**	**Ps. 1,193**
	Ps. 6,450,220	**Ps. 2,055**	**Ps. —**	**Ps. 6,452,275**

(*) Cámara de Riesgo Central de Contraparte ("CRCC"), Banco de la República ("BR") and Bolsa de Valores de Colombia ("BVC")

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Pledged as collateral in money market operations				
Securities issued or secured by Colombian Government	Ps. 2,702,953	Ps. —	Ps. —	Ps. 2,702,953
Securities issued or secured by other financial entities	—	71,343	—	71,343
	Ps. 2,702,953	**Ps. 71,343**	**Ps. —**	**Ps. 2,774,296**
Pledged as collateral to special entities such as CRCC, BR and BVC (*)				
Securities issued or secured by Colombian Government	Ps. 78,990	Ps. —	Ps. —	Ps. 78,990
	Ps. 78,990	**Ps. —**	**Ps. —**	**Ps. 78,990**
	Ps. 2,781,943	**Ps. 71,343**	**Ps. —**	**Ps. 2,853,286**

(*) Cámara de Riesgo Central de Contraparte ("CRCC"), Banco de la República ("BR") and Bolsa de Valores de Colombia ("BVC")

5.1.2 Investment in debt at FVOCI securities pledged as collateral

The following is a list of debt securities at FVOCI that are being used as collateral in repo operations, pledged as collateral for transactions with financial instruments, or pledged to third parties as collateral to secure financial obligations with other banks.

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Pledged as collateral in money market operations				
Securities issued or secured by Colombian Government	Ps. 7,353,270	Ps. 760,242	Ps. —	Ps. 8,113,512
Securities issued or secured by other Colombian Government entities	17,418	6,842	—	24,260
Securities issued or secured by other financial entities	—	37,767	—	37,767
Securities issued or secured by foreign Governments	862,930	332,741	—	1,195,671
Securities issued or secured by central banks	—	18,670	—	18,670
Others	—	164,308	—	164,308
	Ps. 8,233,618	**Ps. 1,320,570**	**Ps. —**	**Ps. 9,554,188**
Pledged as collateral to special entities such as CRCC, BR and BVC (*)				
Securities issued or secured by Colombian Government	Ps. 423,117	Ps. 213,290	Ps. —	Ps. 636,407
	Ps. 423,117	**Ps. 213,290**	**Ps. —**	**Ps. 636,407**
	Ps. 8,656,735	**Ps. 1,533,860**	**Ps. —**	**Ps. 10,190,595**

(*) Cámara de Riesgo Central de Contraparte ("CRCC"), Banco de la República ("BR") and Bolsa de Valores de Colombia ("BVC")

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	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Pledged as collateral in money market operations				
Securities issued or secured by Colombian Government	Ps. 8,571,208	Ps. 72,819	Ps. —	Ps. 8,644,027
Securities issued or secured by other Colombian Government entities	15,464	39,785	—	55,249
Securities issued or secured by other financial entities	—	18,479	—	18,479
Securities issued or secured by non-financial sector entities	—	118,865	—	118,865
Securities issued or secured by foreign Governments	662,623	40,262	—	702,885
Securities issued or secured by central banks	—	15,185	—	15,185
Others	—	155,713	—	155,713
	Ps. 9,249,295	**Ps. 461,108**	**Ps. —**	**Ps. 9,710,403**
Pledged as collateral in operations with derivative instruments				
Securities issued or secured by Colombian Government	Ps. 3,650	Ps. —	Ps. —	Ps. 3,650
	Ps. 3,650	**Ps. —**	**Ps. —**	**Ps. 3,650**
Pledged as collateral to special entities such as CRCC, BR and BVC (*)				
Securities issued or secured by Colombian Government	Ps. 1,075,909	Ps. —	Ps. —	Ps. 1,075,909
	Ps. 1,075,909	**Ps. —**	**Ps. —**	**Ps. 1,075,909**
	Ps. 10,328,854	**Ps. 461,108**	**Ps. —**	**Ps. 10,789,962**

(*) Cámara de Riesgo Central de Contraparte ("CRCC"), Banco de la República ("BR") and Bolsa de Valores de Colombia ("BVC")

5.2 Items Measured at Fair Value on a Non-Recurring Basis

Grupo Aval is required on a nonrecurring basis to adjust the carrying value of certain assets and liabilities or provide valuation allowances. These assets or liabilities primarily include impaired collateralized loans and non-current assets held for sale. The fair value of these assets which are classified as Level 3 are determined using pricing models, discounted cash flow methodologies, current replacement cost or similar techniques, using internal models or external experts with sufficient experience and knowledge of the real estate market or of assets being appraised. Generally, these appraisals are carried out by references to market data or based on the replacement cost when sufficient market data is not available.

The following table presents Grupo Aval's assets and liabilities, classified within the fair value hierarchy, which are measured on a nonrecurring basis as of December 31, 2024 and 2023 at fair value less cost of sale:

	Level 1	Level 2	Level 3	Total
December 31, 2024				
Impaired collateralized loans	Ps. —	Ps. —	Ps. 1,795,616	Ps. 1,795,616
Non- current assets held for sale	—	—	105,214	105,214
	Ps. —	**Ps. —**	**Ps. 1,900,830**	**Ps. 1,900,830**

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Impaired collateralized loans	Ps. —	Ps. —	Ps. 1,494,862	Ps. 1,494,862
Non- current assets held for sale	—	—	101,184	101,184
	Ps. —	**Ps. —**	**Ps. 1,596,046**	**Ps. 1,596,046**

5.3 Fair Value determination

The following tables provide information about valuation techniques and significant inputs when measuring fair value on a recurring basis for assets and liabilities, with fair value hierarchy classification of level 2 or level 3.

Level 2 instruments are those which are valued using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

The following table provides information about valuation techniques and significant inputs when measuring fair value on a recurring basis for assets and liabilities classified as level 2.

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ASSETS AND LIABILITIES	Valuation technique Level 2	Significant inputs
Investments in debt securities at fair value		
In Colombian Pesos		
Securities issued or secured by the Colombian Government Others	Income approach	Theoretical price / estimated price(1)
	Market approach	Average price / market price(2)
Securities issued or secured by other Colombian Government entities Securities issued or secured by other financial entities Securities issued or secured by non-financial sector entities	Income approach	Theoretical price / estimated price(1) Yield and margin
In Foreign Currency		
Securities issued or secured by other Colombian Government entities	Market approach	Average price / market price(2)
Securities issued or secured by the Colombian Government Securities issued or secured by foreign Governments Securities issued or secured by Central Banks	Income approach	Theoretical price / estimated price(1) Discounted cash flows using yields from similar securities outstanding
Securities issued or secured by other financial entities Securities issued or secured by non-financial sector entities Others	Market approach	Bloomberg Generic Average price / market price(2)
Equity securities		
Corporate stock	Market approach	Estimated prices(1)
Investment funds (2)	Market approach	Market value of underlying assets, less management and administrative fees
Trading derivatives		
Foreign currency forward	Income approach	Discounted cash flow FWD points, discount rates of different currencies and Spot exchange rates Cash exchange rate and interest rate US$ and CRC
	Market approach	TRM, curves and market price(2)
Debt securities forward	Income approach	Discounted cash flow
Interest rate swap Cross currency swap	Income approach	Discounted cash flow
	Market approach	TRM, curves
Currency options	Income approach	Discounted cash flow Black&Sholes&Merton model
	Market approach	TRM, curves
Hedging derivatives		
Currency forward	Income approach	Discounted cash flow
	Market approach	TRM, curves
Interest rate swap	Income approach	Discounted cash flow
	Market approach	TRM, curves

(1) Estimated Price: A valuation model based on information obtained from a price vendor when it is not able to supply quoted prices (unadjusted) for each security. This model is the basis for the construction of the valuation margin of the securities that is represented on the assigned curve or reference rate. This margin remains constant on the assigned curve or reference rate when calculating the theoretical valuation price.
(2) Quoted market prices (i.e. obtained from price vendors). The subsidiary Porvenir S. A. according to Colombian rules is required to invest to 1% of its total assets under management from severance and mandatory pension funds.

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The following table provides information about valuation techniques and significant unobservable inputs when measuring Level 3 assets and liabilities at recurring fair value.

ASSETS	Valuation technique Level 3	Significant inputs
Investments in debt securities at fair value		
In Colombian Pesos		
Others	Income approach	Yield and margin
Equity securities		
Investments in equity securities[1.1]	Discount Rate Adjusted Present Value Comparable Multiples	- Income - Discount interest rates - Perpetuity Gradient - Multiple of EBITDA - Adjusted discounted cash flow - Growth in residual values after 5 years - Gradient
Investments in equity instruments through profit or loss - Nexus and Pactia [1.2]	Market Value (square meter) Initial capitalization ratio Market Income Cash Flow Discount Rate	Market Value (square meter) Initial capitalization ratio Market Income Cash Flow Discount Rate
Other financial assets		
Assets under concession contracts	Discounted cash flow	- Free-cash flow from concession contracts - Concession contract's maturity period - Perpetuity value of the year "n" free-cash flow - Present value of the discounted residual value at Weighted Average Cost of Capital ("WACC"). The detail of valuation process for financial assets in concession arrangements are outlined in [2]
Non-financial assets		
Biological assets	Discounted cash flow	The processes used to collect data and determine the fair value of biological assets are described in [3]
Investment properties	Discounted cash flow	The processes used to collect data and determine the fair value of investment properties are described in [4]

[1.1] Valuation of equity securities and investment funds Level 3

Investments with fair value hierarchy level 3 have significant unobservable inputs. Level 3 instruments include equity instruments and investments in real estate, the private equity funds, which are not quoted on any stock exchange. Given that observable prices are not available for these securities, Grupo Aval has used valuation techniques as discounted cash flows and comparable multiples to obtain fair value.

The following table includes a sensitivity analysis of main equity securities amounting to Ps. 61,197 as of December 31, 2024 classified at FVOCI level 3.

Methods and Variables	Variation		Favorable impact		Unfavorable impact
Comparable multiples / Recent transaction price					
EBITDA Number of times	+/-1%	Ps.	434	Ps.	(434)
Adjusted discounted cash flow					
Income	+/-1%		320		(282)
Discount interest rates	+/- 50 pb		222		(216)
Discount interest rates	+/- 0.5%		114		(114)
Perpetuity gradient	+/- 0.5%		38		—
		Ps.	**1,128**	**Ps.**	**(1,046)**

(Amounts expressed in millions of Colombian pesos)

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The following table includes a sensitivity analysis of main equity securities amounting to Ps. 81,925 as of December 31, 2023 classified at FVOCI level 3.

Methods and Variables	Variation	Favorable impact		Unfavorable impact	
Comparable multiples / Recent transaction price					
EBITDA Number of times	+/-1 x	Ps.	557	Ps.	(556)
Adjusted discounted cash flow					
Growth in residual values after 5 years	+/-1%		281		(240)
Income	+/-1%		1,035		(1,046)
Discount interest rates	+/- 50 pb		1,066		(988)
Gradient	+/- 30 pb		257		(263)
		Ps.	**3,196**	**Ps.**	**(3,093)**

(1.2) Valuation of equity instruments through profit or loss

The fair value of real state capital funds' investments classified in level 3 have significant unobservable inputs. These Level 3 instruments include primarily investments in equity instruments, which are not publicly traded. In other cases, such as the Nexus and Pactia, the investments are valued using their unit value (Commercial appraisal). Given that observable prices are not available for these investments, the Contract Manager uses valuation techniques to obtain the fair value.

The following table presents the variables of the model used to calculate the sensitivity analysis, which is calculated taking as a reference the market value resulting from the valuation of the Group's properties, the Group's takes the calculation of two impacts cataloged as scenarios:

Scenario 1 contemplates the calculation taking the increase of the following variables:

	Scenario 1
Increases in the sensitivity of:	
Market value (square meter)	+10%
Market income	+10%
Initial capitalization rate	+50 bp
Cash flow discount rate	+50 bp

Scenario 2 contemplates the calculation taking the decrease of the following variables:

	Scenario 2
Decreases in the sensitivity of:	
Market value (square meter)	-10%
Market income	-10%
Initial capitalization rate	-50 bp
Cash flow discount rate	-50 bp

The following table includes a sensitivity analysis of main equity securities amounting Ps. 3,099,853 in:

Nexus Real Estate Capital Funds (Nexus)

Includes investments in the Nexus Real Estate Capital Funds as of December 31, 2024, Ps.2,772,165 classified at FVTPL level 3:

	Scenario 1		Scenario 2	
Sensitivity impacts	Ps.	65,955	Ps.	(97,147)
	Ps.	**65,955**	**Ps.**	**(97,147)**

Includes investments in the Nexus Real Estate Capital Funds as of December 31, 2023, Ps. 2,567,099 classified at FVTPL level 3:

	Scenario 1		Scenario 2	
Sensitivity impacts	Ps.	38,209	Ps.	(75,156)
	Ps.	**38,209**	**Ps.**	**(75,156)**

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Private Equity Fund Pactia Inmobiliario (Pactia)

The following table includes a sensitivity analysis for the Private Equity Fund Pactia Inmobiliario as of December 31, 2024, for Ps. 327,688 [1], classified at FVTPL level 3:

		Scenario 1 [2]		Scenario 2 [2]
Sensitivity impacts	Ps.	3,816	Ps.	(6,294)
	Ps.	**3,816**	**Ps.**	**(6,294)**

(1) Includes opening balance as of October 29, 2024, of Ps. 324,220 and valued of Ps. 3,468.
(2) The impact of the scenarios corresponds to 100% of the valuation sample in which each entity of the Group has a percentage of participation of: Banco Popular 4.49%, Banco de Bogotá 6.24%, Banco de Occidente 2.46% and Banco AV Villas 0.65%.

(2) Valuation of financial assets under Gas and Energy concession arrangement rights

Promigas and subsidiaries, designated the financial assets under concession contracts at fair value, the method used to estimate it is discounted cash flows.

The assumptions and inputs used in the calculation of the financial asset estimate were:

- The expiration date of each concession contract.
- The proportion of the expiry period left of each of the concession contracts in force.
- Operational cash flows (only) of the assets under concession.

The components of the calculations are the following:

- Free cash flow generated solely by assets under concession.
- Expiry period of the concession.
- Amount in - perpetuity of the Free Cash Flow (FCF) of the year, estimated factoring in a growth in the residual amount between 1% and 3% each year.
- Current amount of the residual amount Weighted Average Cost of Capital (WACC), between 8.51% and 8.73% each year.
- Financial income: annual adjustment of financial asset balance to WACC (*).

(*) Nominal WACC calculated under the Capital Asset Pricing Model (CAPM) methodology for each entity, updated annually. The following variables were used for determining the WACC:

- Beta unlevered USA (Oil/Gas Distribution): Damodaran. (Unlevered Beta 0.64, 2023)
- Risk Free Rate, Source: Geometric Average 1998-2023 of American bonds "T-Bonds".
- Market Return, Source: Geometric Average 1998-2023 Damodaran "Stocks" USA.
- Market Premium: Market Return – Risk Free Rate
- Country Risk Premium: Average last 5 years EMBI (Difference between 10-year Colombian sovereign bonds and 10 years "T-Bonds"). Damodaran.
- Emerging Market: Equity Premium Emerging countries (Lambda - Damodaran)

Sensitivity analysis

The following table includes a sensitivity analysis of the assumptions used by Promigas and its subsidiaries in the calculation of fair value of unconditional transfer rights of gas pipelines to Government entities at the expiration date of the contracts. The value of the financial asset at December 31, 2024 is Ps. 4,181,835 and Ps. 3,830,916 at 2023, the sensitivity analysis shows their increase or decrease.

	December 31, 2024				December 31, 2023			
Variable		**+100 bps**		**-100 bps**		**+100 bps**		**-100 bps**
WACC	Ps.	(927,375)	Ps.	1,416,415	Ps.	(864,845)	Ps.	1,316,441
Perpetuity growth rate		888,065		(617,439)		785,847		(552,066)

(*) Perpetuity growth rate in the case of concessions with renewal clauses that are highly likely to be exercised.

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(3) Biological Assets

Fair value of Grupo Aval subsidiaries "biological assets", which correspond to agricultural activities related to biological assets (animals or plants), is estimated based on internal reports prepared by the companies who own such assets. Fair value of biological assets is determined using valuations performed by experienced internal professionals, using discounted cash flow models. Since no comparable market exist for the biological assets, given their nature, their fair value is determined using discounted cash flows models for each biological asset, based on estimated future quantities of crops, prices, harvesting costs, and maintenance and crop yields, among others, discounted using a risk-free rate adjusted by an appropriate risk premium. See note 15.

The main assumptions used for determining the fair value of the principal biological assets are as follows:

1. Biological assets growing in rubber crops:

The price of natural rubber used to calculate the 2025-2027 cash flows was forecasted based on the average of the last 3 years of the Technically Specified Rubber (TSR20) per ton January 2022 Ps. 0.38 (US$ 1,670/Ton), in order to reflect the behavior of the commodity for an entire economic cycle. Forecasted prices are adjusted annually based on the expected US inflation rate.

2. Biological assets growing in African palm crops:

The price of African palm oil (US$ per ton) used to calculate the 2025-2026 cash flows was forecasted based on the average price of palm oil since January 2023 Ps. 0.25 (US$ 1,111/Ton), in order to reflect the behavior of the commodity for an entire economic cycle. Forecasted prices are adjusted annually with the expected US inflation rate.

(4) Investment properties

Investment properties are recognized at fair value, based on a valuation made at each year-end period using, as a basis, independent appraisal expert whose report is obtained and reviewed by management. While in the countries in which we operate, the frequency of transactions in the real state sector is low compared to other more developed markets, management believes there are enough references to assess the fair value of investment properties owned by Grupo Aval and its subsidiaries based on comparable market transactions (See note 15.3).

Fire-sales are excluded from the comparable transactions used to estimate the fair-value of investment properties. Management has reviewed the main assumptions used by the independent external appraisers (such as inflation, interest rates, etc.) and believes they are consistent with market conditions at each end of period. However, management believes that the estimation of the fair value of investment properties depends on significant judgment from the independent expert appraisers, and as such, there could be a significant probability that the actual price of sale of a property differs from its fair value. (See note 5.1)

5.4 Transfers between level 1, level 2 and level 3 of the fair value hierarchy

The following table summarizes the transfer between fair value levels 1, 2 and 3 as of December 31, 2024. In general, transfers between Levels in the investment portfolios are due, fundamentally, to changes in the liquidity levels of the securities in the markets.

	Investments in debt securities at FVTPL Transfers between:			Investments in debt securities at FVOCI Transfers between:		
	Level 2 to 1	**Level 1 to 2**	**Level 3 to 2**	**Level 2 to 1**	**Level 1 to 2**	**Level 3 to 2**
Securities issued or secured by Colombian Government	Ps. —	Ps. 99	Ps. —	Ps. —	Ps. 1,318,769	Ps. —
	Ps. —	**Ps. 99**	**Ps. —**	**Ps. —**	**Ps. 1,318,769**	**Ps. —**

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There were no transfers of fair values between levels as of December 31, 2023.

5.5 Reconciliation Level 3 of the fair value hierarchy

The reconciliation from the opening balances to the closing balances for the fair value measurements categorized within Level 3 is shows in the following table:

	Financial assets in debt securities	Equity instruments	Financial assets in concession arrangements	Biological assets	Investment properties
January 1, 2022	**Ps. 88,821**	**Ps. 1,357,164**	**Ps. 3,228,480**	**Ps. 154,986**	**Ps. 852,935**
Changes in fair value recognised in profit or loss	(58,845)	80,408	278,751	56,859	55,930
Changes in fair value recognised in OCI	671,348	16,613	—	—	797
Transfers to/from non-current assets held for sale	—	—	—	—	31,184
Reclassifications	—	—	—	—	(4,493)
Effect of movements in exchange rates	—	—	—	—	2,282
Additions	227,854	918,046	—	28,368	70,081
Sales / redemptions	(783,552)	(13,062)	—	(27,583)	(127,753)
Discontinued operations	—	1	—	—	—
Loss of control in subsidiary	(71,248)	(56,599)	—	—	—
Transfers from level 2 to level 3	(72,995)	(291)	—	—	—
December 31, 2022	**Ps. 1,383**	**Ps. 2,302,280**	**Ps. 3,507,231**	**Ps. 212,630**	**Ps. 880,963**
Changes in fair value recognised in profit or loss (1)	506	204,276	323,685	18,601	84,958
Changes in fair value recognised in OCI	—	39,566	—	—	557
Transfers to/from non-current assets held for sale	—	—	—	—	95,593
Reclassifications	—	—	—	—	(4,160)
Effect of movements in exchange rates	—	—	—	—	(7,079)
Additions	—	(2) 830,718	—	26,118	56,307
Sales / redemptions	—	(3) (606,614)	—	(26,677)	(200,670)
December 31, 2023	**Ps. 1,889**	**Ps. 2,770,226**	**Ps. 3,830,916**	**Ps. 230,672**	**Ps. 906,469**
Changes in fair value recognised in profit or loss (1)	(464)	224,673	350,919	7,589	35,841
Changes in fair value recognised in OCI	—	(6,819)	—	—	16,935
Transfers to/from non-current assets held for sale	—	—	—	—	22,370
Reclassifications	—	—	—	—	32,470
Effect of movements in exchange rates	—	—	—	—	6,966
Additions	—	(2) 326,096	—	26,572	37,859
Sales / redemptions	—	(3) (1,199)	—	(26,494)	(85,975)
December 31, 2024	**Ps. 1,425**	**Ps. 3,312,977**	**Ps. 4,181,835**	**Ps. 238,339**	**Ps. 972,935**

(1) Included in a) debt and equity securities in "Net trading income" – "Trading investment income" line; b) financial assets in concession arrangements in "Net income from other financial instruments mandatorily at fair value through profit or loss" line; c) Biological assets in "Income from sales of goods and services" line, and d) Investment properties mainly in "Other income" line.

(2) The increase corresponds mainly to units received in the Private Equity Fund Pactia Inmobiliario as a result of the restructuring agreement with a client that in turn reduced its credit exposure given at the end of October 2024, made by the following entities: Banco de Bogotá for Ps. 147,790, Banco de Occidente for Ps. 58,295, Banco Popular for Ps. 106,320 and Banco Av Villas for Ps. 11,815, and increase by Corficolombiana S.A. in investments with autonomous equity Promigas S.A. for Ps. 1,876. The increase as of December 31, 2023, corresponds mainly to the mobilization of assets to the Nexus Private Investment Fund, made by the following entities: Banco de Bogotá for Ps. 466,210, Banco de Occidente for Ps. 60,947, Banco Popular for Ps. 249,732 and Banco Av Villas for Ps. 53,829.

(3) Corresponds to the sale of the shareholding of Grupo Zona Franca Bogotá of Banco de Bogotá for Ps. 1,199. As of December 31, 2023, corresponds mainly to the sale of 4.1% of shares of BAC Holding International Corp for Ps. 519,964 and redemptions of the Nexus Private Investment Fund of Banco de Occidente for Ps. 37,970, Banco de Bogotá for Ps. 39,348 and Banco Popular for Ps. 6,602 Banco Av Villas for Ps. 2,730.

5.6 Fair Value of Financial Assets and Liabilities recognized at Amortized Cost

The following table shows a summary of financial assets and liabilities accounted at amortized cost and valued at fair value as of December 31, 2024 and 2023, only for disclosure purposes.

	December 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value Estimate	Carrying Amount	Fair Value Estimate
Assets				
Investments in debt securities at amortized cost (1)	Ps. 10,689,692	Ps. 10,715,384	Ps. 9,979,679	Ps. 9,981,183
Net credit portfolio at amortized cost (2)	190,129,486	189,257,222	176,168,055	190,375,349
Total financial assets	**Ps. 200,819,178**	**Ps. 199,972,606**	**Ps. 186,147,734**	**Ps. 200,356,532**

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	December 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value Estimate	Carrying Amount	Fair Value Estimate
Liabilities				
Customer deposits [3]	Ps. 200,872,177	Ps. 201,762,276	Ps. 181,987,396	Ps. 183,570,708
Financial obligations [4]	72,823,775	71,364,572	65,541,339	64,208,758
Total financial liabilities	**Ps. 273,695,952**	**Ps. 273,126,848**	**Ps. 247,528,735**	**Ps. 247,779,466**

The following is a breakdown of how financial assets and liabilities accounted at amortized cost and are measured at fair value for disclosure purposes only.

(1) **Debt securities at amortized cost**
Fair value of fixed income investments at amortized cost was determined using the dirty price given by the price supplier, securities in an active market and with a market price for the day of the valuation are classified as level 1; securities with no active market and/or with an estimated price (present value of the flows of a security, discounted with the reference rate and the corresponding margin) given by the supplier are classified as level 2 and level 3.

(2) **Credit portfolio at amortized cost**
For credit portfolio at amortized cost, the fair value was determined using discounted cash flows models at zero coupon bond, taking into account the credit risk and its maturity; the process of valuation is deemed as level 3.
Accounts receivable and payable are classified as short-term assets and liabilities; in consequence, their fair value is similar to their book value.

(3) **Customer deposits**
The fair value of demand deposits is equal to their carrying value. For fixed-term deposits with maturities of less than 180 days, their fair value is deemed equal to their carrying value. For fixed-term deposits with maturities of more than 180 days, their fair value was estimated using the carrying discounted cash flow models and the interest rates offered by banks in accordance with their maturity. This is considered as a level 2 valuation.

(4) **Financial obligations and other liabilities**
For financial liabilities and other short-term liabilities, the carrying value was considered to be similar to its fair value. The fair value of long-term financial liabilities was determined using the discounted cash flow model at interest rates free of risk adjusted by risk premiums of each entity. The fair value of outstanding bonds is determined according to quoted prices or estimated prices supplied by the price vendor. It is considered that this is a level 2 valuation.

NOTE 6 – CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

See definitions in accounting policies in Notes 2 (2.5).

The following table provides a reconciliation of gross amounts between line items in the consolidated statement of financial position and categories of financial instruments as of December 31, 2024, and 2023:

December 31, 2024 **Assets**	**Note**	**Mandatorily at FVTPL**	**FVOCI – debt instruments**	**FVOCI – equity instruments**	**Amortized Cost**	**Total gross carrying amount**
Cash and cash equivalents	7	Ps. —	Ps. —	Ps. —	Ps. 16,998,859	Ps. 16,998,859
Trading assets	**8**	**20,163,214**	**—**	**—**	**—**	**20,163,214**
Debt securities		11,937,414	—	—	—	11,937,414
Equity securities		7,256,506	—	—	—	7,256,506
Derivative assets		969,294	—	—	—	969,294
Investment securities	**9**	**1,425**	**27,050,198**	**1,421,303**	**10,708,367**	**39,181,293**
Measured at fair value		1,425	27,050,198	1,421,303	—	28,472,926
Measured at amortized cost		—	—	—	10,708,367	10,708,367
Loans	11	—	—	—	200,136,125	200,136,125
Other accounts receivable	**12**	**4,181,835**	**—**	**—**	**24,138,538**	**28,320,373**
Measured at fair value		4,181,835	—	—	—	4,181,835
Measured at amortized cost		—	—	—	24,138,538	24,138,538
Hedging derivative assets	10	54,019	—	—	—	54,019
Total financial assets		**Ps. 24,400,493**	**Ps. 27,050,198**	**Ps. 1,421,303**	**Ps. 251,981,889**	**Ps. 304,853,883**

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Liabilities	**Note**	**Mandatorily at FVTPL**	**FVOCI – debt instruments**	**FVOCI – equity instruments**	**Amortized Cost**	**Total gross carrying amount**
Trading liabilities						
Derivative liabilities	8	Ps. 1,011,934	Ps. —	Ps. —	Ps. —	Ps. 1,011,934
Hedging derivative liabilities	10	21,658	—	—	—	21,658
Customer deposits	20	—	—	—	200,872,177	200,872,177
Financial obligations	21	—	—	—	72,823,775	72,823,775
Total financial liabilities		**Ps. 1,033,592**	**Ps. —**	**Ps. —**	**Ps. 273,695,952**	**Ps. 274,729,544**

December 31, 2023 **Assets**	**Note**	**Mandatorily at FVTPL**	**FVOCI – debt instruments**	**FVOCI – equity instruments**	**Amortized Cost**	**Total gross carrying amount**
Cash and cash equivalents	7	Ps. —	Ps. —	Ps. —	Ps. 18,597,861	Ps. 18,597,861
Trading assets	**8**	**15,451,121**	**—**	**—**	**—**	**15,451,121**
Debt securities		7,113,380	—	—	—	7,113,380
Equity securities		6,260,174	—	—	—	6,260,174
Derivative assets		2,077,567	—	—	—	2,077,567
Investment securities	**9**	**1,889**	**23,326,776**	**1,117,349**	**9,996,561**	**34,442,575**
Measured at fair value		1,889	23,326,776	1,117,349	—	24,446,014
Measured at amortized cost		—	—	—	9,996,561	9,996,561
Loans	11	—	—	—	186,203,770	186,203,770
Other accounts receivable	**12**	**3,830,916**	**—**	**—**	**22,171,973**	**26,002,889**
Measured at fair value		3,830,916	—	—	—	3,830,916
Measured at amortized cost		—	—	—	22,171,973	22,171,973
Hedging derivative assets	10	48,662	—	—	—	48,662
Total financial assets		**Ps. 19,332,588**	**Ps. 23,326,776**	**Ps. 1,117,349**	**Ps. 236,970,165**	**Ps. 280,746,878**

Liabilities	**Note**	**Mandatorily at FVTPL**	**FVOCI – debt instruments**	**FVOCI – equity instruments**	**Amortized Cost**	**Total gross carrying amount**
Trading liabilities						
Derivative liabilities	8	Ps. 2,154,361	Ps. —	Ps. —	Ps. —	Ps. 2,154,361
Hedging derivative liabilities	10	217,566	—	—	—	217,566
Customer deposits	20	—	—	—	181,987,396	181,987,396
Financial obligations	21	—	—	—	65,541,339	65,541,339
Total financial liabilities		**Ps. 2,371,927**	**Ps. —**	**Ps. —**	**Ps. 247,528,735**	**Ps. 249,900,662**

As of December 31, 2024, and 2023 there are not any reclassifications of financial assets and liabilities.

NOTE 7 – CASH AND CASH EQUIVALENTS

Balances of cash and cash equivalents comprise the following as of December 31, 2024 and 2023:

	December 31, 2024	**December 31, 2023**
In Colombian Pesos		
Cash	Ps. 3,653,565	Ps. 3,723,337
Deposits in the Colombian central bank	4,162,015	6,795,015
Demand deposits in banks and other financial entities	201,906	549,084
Clearing houses	288	488
Liquidity management	1,599,125	1,312,622
Cash held for specific purposes (1)	1,468,832	1,220,609
	Ps. 11,085,731	**Ps. 13,601,155**
In foreign currency		
Cash	Ps. 88,792	Ps. 85,775
Demand deposits in banks and other financial entities	5,484,628	4,600,966
Liquidity management	339,708	309,965
	Ps. 5,913,128	**Ps. 4,996,706**
Total cash and cash equivalents	**Ps. 16,998,859**	**Ps. 18,597,861**

(1) Includes cash held for a specific purpose for 2024 mainly in: Convioriente Ps. 285,520 for higher funding, collections, as part of the Villavicencio-Yopal project; Covimar Ps. 288,918 for accounts of the concession contract for the purchase of land, networks and appropriations to ANI for future periods; Covipacifico: Ps.

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894,394 for the purchase of land, networks, audits and toll collections. For 2023, Covipacifico Ps. 736,884 for increased funding, collections, payment of toll tariff differences, and financial returns; Covioriente Ps. 261,665 for increased funding and collections; Covimar Ps. 221,854 for transfers between bank accounts to fiduciary

As of December 31, 2024, and 2023, the reserves available to cover the required legal reserve (see note 4.3) for both deposit certificates and current and savings accounts amount to Ps. 8,251,154 and Ps. 8,964,594, respectively.

NOTE 8 – TRADING ASSETS AND LIABILITIES

Balances of trading asset and liabilities comprise the following as of December 31, 2024 and 2023:

	Note		December 31, 2024		December 31, 2023
Trading assets					
Debt securities	8.1	Ps.	11,937,414	Ps.	7,113,380
Equity securities	8.2		7,256,506		6,260,174
Derivative assets	8.3		969,294		2,077,567
		Ps.	**20,163,214**	**Ps.**	**15,451,121**
Trading liabilities					
Derivative liabilities	8.3		1,011,934		2,154,361
		Ps.	**1,011,934**	**Ps.**	**2,154,361**
Total trading assets and liabilities net		**Ps.**	**19,151,280**	**Ps.**	**13,296,760**

8.1 Trading investments in debt securities

The following is the balance as of December 31, 2024 and 2023:

		December 31, 2024		December 31, 2023
Securities issued or secured by the Colombian Government	Ps.	10,641,558	Ps.	5,794,832
Securities issued or secured by other Colombian Government entities		183,760		155,737
Securities issued or secured by foreign Governments		75,379		32,079
Securities issued or secured by other financial entities		1,002,194		1,084,461
Securities issued or secured by non-financial sector entities		8,813		6,406
Others		25,710		39,865
Total trading debt securities	**Ps.**	**11,937,414**	**Ps.**	**7,113,380**

8.2 Trading investments in equity securities

The following is the balance as of December 31, 2024 and 2023:

		December 31, 2024		December 31, 2023
In Colombian Pesos				
Corporate stock	Ps.	13,453	Ps.	8,949
Investment funds (1)(2)		4,757,848		4,079,070
Stabilization reserves (3)		2,380,868		2,084,955
	Ps.	**7,152,169**	**Ps.**	**6,172,974**
In foreign currency				
Corporate stock	Ps.	4,813	Ps.	4,100
Investment funds		99,524		83,100
	Ps.	**104,337**	**Ps.**	**87,200**
Total equity securities	**Ps.**	**7,256,506**	**Ps.**	**6,260,174**

(1) Grupo Aval has restricted collective investment funds related to Concesionaria Nueva Vía al Mar of Ps. 663,701, Concesionaria Vial del Pacífico of Ps. 1,488 and Concesionaria Vial del Oriente of Ps. 66,508.
(2) Includes investments in the private real estate fund Nexus as of December 31, 2024 of Ps. 2,772,165 and as of December 31, 2023 of Ps. 2,567,099.
(3) Pursuant to Colombian rules, Porvenir S. A. is required to directly invest 1% of the total assets of these funds in mandatory severance and pension funds managed by Porvenir.

(Amounts expressed in millions of Colombian pesos)

8.3 Trading derivatives assets and liabilities

Trading derivative assets and liabilities comprise the following as of December 31, 2024 and 2023:

	December 31, 2024		December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
Forward contracts				
Foreign currency to buy	Ps. 429,919	Ps. 62,051	Ps. 2,805	Ps. 1,543,886
Foreign currency to sell	100,705	610,639	1,664,047	2,691
Debt securities to buy	342	15,350	18,895	589
Debt securities to sell	116,711	628	363	128,757
Subtotal	**Ps. 647,677**	**Ps. 688,668**	**Ps. 1,686,110**	**Ps. 1,675,923**
Swap				
Cross currency	Ps. 58,475	Ps. 52,455	Ps. 20,195	Ps. 60,845
Interest rate	222,830	221,822	308,368	329,754
Subtotal	**Ps. 281,305**	**Ps. 274,277**	**Ps. 328,563**	**Ps. 390,599**
Futures contracts				
Interest rate to sell	Ps. —	Ps. —	Ps. —	Ps. 3,752
Subtotal	**Ps. —**	**Ps. —**	**Ps. —**	**Ps. 3,752**
Options contracts				
Foreign currency to buy	Ps. 40,312	Ps. —	Ps. 62,894	Ps. —
Foreign currency to sell	—	48,989	—	84,087
Subtotal	**Ps. 40,312**	**Ps. 48,989**	**Ps. 62,894**	**Ps. 84,087**
Total derivative assets and liabilities trading	**Ps. 969,294**	**Ps. 1,011,934**	**Ps. 2,077,567**	**Ps. 2,154,361**

Derivative instruments contracted by Grupo Aval and its Subsidiaries are generally traded in either domestic financial markets or in over-the-counter international markets. Derivative instruments have a net favorable position (asset) or a net unfavorable position (liability) as a result of fluctuations in exchange rates, in interest rates or other variables relating to market conditions. As a result, the aggregate amount of fair values of the assets and liabilities in derivative instruments may vary significantly from time to time.

NOTE 9 – INVESTMENT SECURITIES

Balances of investment securities comprise the following as of December 31, 2024 and 2023:

	Note	December 31, 2024	December 31, 2023
Investments in debt securities mandatorily at FVTPL	9.1	Ps. 1,425	Ps. 1,889
Investments in debt securities at FVOCI	9.2	27,050,198	23,326,776
Investments in debt securities at amortized cost	9.3	10,708,367	9,996,561
Investments in equity securities at FVOCI	9.4	1,421,303	1,117,349
		Ps. 39,181,293	**Ps. 34,442,575**
Loss impairment			
Investments in debt securities at amortized cost	4.1.5	Ps. (18,675)	Ps. (16,882)
		Ps. (18,675)	**Ps. (16,882)**
Total investment securities net		**Ps. 39,162,618**	**Ps. 34,425,693**

9.1 Investments in debt securities mandatorily at FVTPL

The following table includes investments on asset-backed securities mandatorily at FVTPL because the contractual cash flows of these securities are not SPPI on the principal outstanding:

	December 31, 2024	December 31, 2023
Others	Ps. 1,425	Ps. 1,889
Total investments in debt securities mandatorily at FVTPL	**Ps. 1,425**	**Ps. 1,889**

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9.2 Investments in debt securities at FVOCI

The following table includes investments in debt securities at FVOCI as of December 31, 2024 and 2023:

December 31, 2024

Debt securities	Cost	Unrealized Gain	Unrealized Losses	Fair Value	ECL
Securities issued or secured by Colombian Government	Ps. 19,278,224	Ps. 36,588	Ps. (1,046,904)	Ps. 18,267,908	Ps. 11,761
Securities issued or secured by other Colombian Government entities	484,874	336	(22,465)	462,745	803
Securities issued or secured by foreign Governments	4,682,807	18,439	(198,436)	4,502,810	1,135
Securities issued or secured by central banks	251,079	32	(46,256)	204,855	97
Securities issued or secured by other financial entities	2,640,204	9,270	(22,691)	2,626,783	2,740
Securities issued or secured by non-financial sector entities	249,748	665	(753)	249,660	859
Others	771,824	715	(37,102)	735,437	915
Total debt securities at FVOCI	**Ps. 28,358,760**	**Ps. 66,045**	**Ps. (1,374,607)**	**Ps. 27,050,198**	**Ps. 18,310**

December 31, 2023

Debt securities	Cost	Unrealized Gain	Unrealized Losses	Fair Value	ECL
Securities issued or secured by Colombian Government	Ps. 17,626,642	Ps. 146,608	Ps. (982,457)	Ps. 16,790,793	Ps. 7,204
Securities issued or secured by other Colombian Government entities	898,373	6,213	(40,798)	863,788	1,183
Securities issued or secured by foreign Governments	2,717,651	6,385	(216,998)	2,507,038	611
Securities issued or secured by central banks	194,480	—	(48,991)	145,489	56
Securities issued or secured by other financial entities	2,159,892	19,370	(36,615)	2,142,647	2,398
Securities issued or secured by non-financial sector entities	215,877	156	(1,462)	214,571	822
Others	704,393	253	(42,196)	662,450	698
Total debt securities at FVOCI	**Ps. 24,517,308**	**Ps. 178,985**	**Ps. (1,369,517)**	**Ps. 23,326,776**	**Ps. 12,972**

The following table shows amounts reclassified to profit or loss from OCI before taxes, related to fixed income investments debt securities measured at FVOCI:

	December 31, 2024	December 31, 2023
Redemptions or sales	Ps. (130,219)	Ps. (104,012)
ECL allowance	4,616	1,236
Total reclassified to profit or loss	**Ps. (125,603)**	**Ps. (102,776)**

9.3 Investments in debt securities at amortized cost

The following table includes investments in debt securities at amortized cost as of December 31, 2024 and 2023:

Debt securities	December 31, 2024	December 31, 2023
Securities issued or secured by Colombian Government	Ps. 2,553,693	Ps. 2,567,463
Securities issued or secured by other Colombian Government entities	5,563,208	5,112,355
Securities issued or secured by foreign Governments	30,655	26,515
Securities issued or secured by other financial entities	2,350,549	2,082,993
Securities issued or secured by non-financial sector entities	145,553	143,410
Others	64,709	63,825
Total debt securities at amortized cost	**Ps. 10,708,367**	**Ps. 9,996,561**

(Amounts expressed in millions of Colombian pesos)

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The following is a summary of investments in debt securities at amortized cost by maturity dates:

		December 31, 2024		December 31, 2023
Up to 1 month	Ps.	1,120,443	Ps.	927,454
More than 1 month and no more than 3 months		30,655		26,515
More than 3 months and no more than 1 year		7,016,333		6,765,886
More than 1 year and no more than 5 years		136,318		151,217
More than 5 years and no more than 10 years		68,447		2,098,299
More than 10 years		2,336,171		27,190
Total	**Ps.**	**10,708,367**	**Ps.**	**9,996,561**

9.3.1 Investment in debt at amortized cost securities pledged as collateral

The following is a list of debt securities at amortized cost that are being used as collateral in repo operations, pledged as collateral for transactions with financial instruments, or pledged to third parties as collateral to secure financial obligations with other banks (See note 33).

		December 31, 2024		December 31, 2023
Pledged as collateral in money market operations				
Securities issued or secured by other Colombian Government entities	Ps.	685,394	Ps.	1,667,922
Securities issued or secured by Colombian Government		1,528,723		489,631
Securities issued or secured by non-financial sector entities		—		118,364
	Ps.	**2,214,117**	**Ps.**	**2,275,917**
Pledged as collateral to special entities such as CRCC, BR and BVC (*)				
Securities issued or secured by Colombian Government	Ps.	1,173,348	Ps.	539,339
Securities issued or secured by other Colombian Government entities		688,891		393,634
	Ps.	**1,862,239**	**Ps.**	**932,973**
	Ps.	**4,076,356**	**Ps.**	**3,208,890**

(*) Cámara de Riesgo Central de Contraparte ("CRCC"), Banco de la República ("BR") and Bolsa de Valores de Colombia ("BVC")

9.4 Investments in equity securities at fair value through OCI

The following is the balance at December 31, 2024 and 2023:

December 31, 2024

		Cost		Unrealized Gain		Unrealized Losses		Fair Value
In Colombian Pesos								
Corporate stock	Ps.	546,822	Ps.	832,222	Ps.	(2,799)	Ps.	1,376,245
In foreign currency								
Corporate stock		50,213		4,423		(9,578)		45,058
Total equity securities	**Ps.**	**597,035**	**Ps.**	**836,645**	**Ps.**	**(12,377)**	**Ps.**	**1,421,303**

December 31, 2023

		Cost		Unrealized Gain		Unrealized Losses		Fair Value
In Colombian Pesos								
Corporate Stock	Ps.	585,351	Ps.	121,018	Ps.	(33,137)	Ps.	673,232
In foreign currency								
Corporate Stock		9,227		440,562		(5,672)		444,117
Total equity securities	**Ps.**	**594,578**	**Ps.**	**561,580**	**Ps.**	**(38,809)**	**Ps.**	**1,117,349**

Variations in fair values fundamentally reflect variations in the performance of companies and market conditions mainly due to changes in interest rates and other economic trends in the country where the investment is held. At December 31, 2024 and 2023 Grupo Aval considers that there is no indication of impairment.

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The details of equity instruments through OCI as of December 31, 2024 and 2023 are as follows:

Entity (*)		December 31, 2024		December 31, 2023
Grupo Energía Bogotá S.A. E.S.P.	Ps.	1,159,729	Ps.	903,068
Mineros S.A.		101,483		43,765
Port operating companies		45,396		58,355
Holding Bursátil Regional S.A.(1)		40,942		45,085
Titularizadora Colombiana S.A.		31,451		26,453
Others		42,302		40,623
Total	**Ps.**	**1,421,303**	**Ps.**	**1,117,349**

(*) These investments in equity securities have been designated as FVOCI considering that they represent strategic investments for Grupo Aval and therefore, they are not expected to be sold in a foreseeable future.
(1) In the frame of the regional integration of the stock exchanges of Chile, Colombia and Peru, on November 14th 2023, a share exchange agreement was signed.

For the years ended December 31, 2024, and 2023, dividends are recognized for these equity investments in the amount of Ps. 148,452 and Ps. 126,274 respectively, were recognized in profit or loss in the "Other Income" line (see note 30).

NOTE 10 – HEDGE ACCOUNTING

In accordance with its risk management policies, Grupo Aval uses hedge accounting to manage foreign exchange risk relating to investments in foreign operations and in forecasted transactions; and manage interest risk relating to time deposits issued, as follows:

10.1 Hedges of net investment in foreign operations

Banco de Bogotá, Banco de Occidente and Promigas are exposed to foreign exchange risk related to their investments in foreign subsidiaries, that have the US Dollar as functional currency.

The purpose of hedge accounting is to mitigate and offset any adverse changes resulting from the fluctuation in exchange rate of the Colombian Peso and the functional currency of such investments. The impacts of those movements are reflected in the cumulative translation adjustment in other comprehensive income of the consolidated financial statements.

To cover this risk, Grupo Aval hedges its exposure through foreign currency financial liabilities expressed in U.S. dollars and forward contracts for the sale of U.S. dollars.

Changes in the Colombian peso against the U.S. dollar have been as follows:

Date	Value of US$ 1	Variation in pesos
December 31, 2022	4,810.20	829.04
December 31, 2023	3,822.05	(988.15)
December 31, 2024	4,409.15	587.10

According to the information described above, the following table shows movements of OCI gross of taxes, related to hedges of net investment in foreign operations:

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December 31, 2024

Investment	Hedged Item	Hedging non-derivative instrument	Hedging derivative instrument	Net OCI account
Multi Financial Holding	Ps. 248,173	Ps. (244,040)	Ps. —	Ps. 4,133
Other subsidiaries and branches Banco de Bogotá	93,700	(88,419)	—	5,281
Occidental Bank Barbados Ltd.	23,613	(23,613)	—	—
Banco de Occidente (Panamá) S.A.	39,893	(39,893)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	15,975	(15,974)	—	1
Gases del Pacífico S.A.C.	18,181	(12,890)	—	5,291
Gas Natural de Lima y Callao S.A.C. – Calidda	58,205	(58,205)	—	—
Promigas Perú S.A.C.	2,830	(2,830)	—	—
Gases del Norte del Perú S.A.C.	14,139	(14,139)	—	—
Promigas Panamá Corporation	—	—	—	—
Promigas USA INC	4	(4)	—	—
Total	**Ps. 514,713**	**Ps. (500,007)**	**Ps. —**	**Ps. 14,706**

December 31, 2023

Investment	Hedged Item	Hedging non-derivative instrument	Hedging derivative instrument	Net OCI account
Multi Financial Holding	Ps. (393,836)	Ps. 385,379	Ps. —	Ps. (8,457)
Other subsidiaries and branches Banco de Bogotá	(137,731)	118,577	—	(19,154)
Occidental Bank Barbados Ltd.	(30,956)	30,956	—	—
Banco de Occidente (Panamá) S.A.	(42,091)	42,091	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	(25,513)	25,513	—	—
Gases del Pacífico S.A.C.	(32,050)	23,144	—	(8,906)
Gas Natural de Lima y Callao S.A.C. – Calidda	(106,851)	106,851	—	—
Promigas Perú S.A.C.	(4,763)	4,763	—	—
Gases del Norte del Perú S.A.C.	(23,718)	23,718	—	—
Promigas Panamá Corporation	(5)	5	—	—
Total	**Ps. (797,514)**	**Ps. 760,997**	**Ps. —**	**Ps. (36,517)**

According to the information described above, the following table contains details of hedging operations carried out to cover foreign denominated equity investments. The analysis shows current amount of OCI gross of taxes:

December 31, 2024

	Thousands of US$			*Ps. millions*			
Investment	Hedged investment amount	Hedge amount in foreign currency in financial liabilities	Hedge amount in forward contracts	Current amount Hedged Item	Current amount Hedging non-derivative instrument	Current amount Hedging derivative instrument	Current amount Net OCI account
Multi Financial Holding	425,506	(425,000)	—	Ps. 255,147	Ps. (198,019)	Ps. (435)	Ps. 56,693
Other subsidiaries and branches Banco de Bogotá [(1)]	164,562	(160,000)	—	296,219	26,688	(230,412)	92,495
Occidental Bank Barbados Ltd.	41,635	(41,635)	—	67,239	(67,239)	—	—
Banco de Occidente (Panamá) S.A.	72,835	(72,835)	—	97,230	(97,230)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	26,365	(26,365)	—	42,385	(42,384)	—	1
Gases del Pacífico S.A.C.	31,888	(31,888)	—	24,249	(34,221)	—	(9,972)
Gas Natural de Lima y Callao S.A.C. – Calidda	108,974	(108,974)	—	125,255	(125,255)	—	—
Promigas Perú S.A.C.	4,820	(4,820)	—	3,571	(3,571)	—	—
Gases del Norte del Perú S.A.C.	24,007	(24,007)	—	10,561	(10,561)	—	—
Promigas Panamá Corporation	0	(0)	—	2	(2)	—	—
Promigas USA INC	8	(8)	—	4	(4)	—	—
Total	**900,600**	**(895,532)**	**—**	**Ps. 921,862**	**Ps. (551,798)**	**Ps. (230,847)**	**Ps. 139,217**

(1) Includes Banco de Bogotá Panamá, Banco Bogotá Finance, Ficentro, Nassau and contributions of foreign branches in Miami and New York.

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December 31, 2023

	Thousands of US$			*Ps. millions*			
Investment	**Hedged investment amount**	**Hedge amount in foreign currency in financial liabilities**	**Hedge amount in forward contracts**	**Current amount Hedged Item**	**Current amount Hedging non-derivative instrument**	**Current amount Hedging derivative instrument**	**Current amount Net OCI account**
Multi Financial Holding	405,867	(390,000)	—	Ps. 6,974	Ps. 46,021	Ps. (435)	Ps. 52,560
Other subsidiaries and branches Banco de Bogotá [(1)]	152,882	(120,000)	—	202,519	115,107	(230,412)	87,214
Occidental Bank Barbados Ltd.	37,341	(37,341)	—	43,626	(43,626)	—	—
Banco de Occidente (Panamá) S.A.	58,877	(58,877)	—	57,337	(57,337)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	26,365	(26,365)	—	26,410	(26,410)	—	—
Gases del Pacífico S.A.C.	31,888	(31,888)	—	6,068	(21,331)	—	(15,263)
Gas Natural de Lima y Callao S.A.C. – Calidda	114,887	(114,887)	—	67,050	(67,050)	—	—
Promigas Perú S.A.C.	4,820	(4,820)	—	741	(741)	—	—
Gases del Norte del Perú S.A.C.	24,006	(24,006)	—	(3,578)	3,578	—	—
Promigas Panamá Corporation	1	(1)	—	2	(2)	—	—
Total	**856,934**	**(808,185)**	**—**	**Ps. 407,149**	**Ps. (51,791)**	**Ps. (230,847)**	**Ps. 124,511**

(1) Includes Banco de Bogotá Panamá, Banco Bogotá Finance, Ficentro, Nassau and contributions of foreign branches in Miami and New York.

Hedging with Debt in Foreign Currency in U.S. dollars

Debt financial instruments that are not derivatives can be designated as hedging instruments for changes in foreign currency exchange rates. According to this rule, Banco de Bogotá, Banco de Occidente and Promigas designed debt denominated in U.S. dollar as hedging instruments of their foreign subsidiaries as follows:

(1) Bonds issued by Banco de Bogotá in the international market were designated as hedging instruments of its investment in MFH and other subsidiaries and branches amounting U.S585 million in 2024 and U.S. 510 dollar million in 2023.

(2) Other financial liabilities in the amount of U.S. 311 million as of December 31, 2024 and U.S. dollar 298 million as of December 31, 2023 were used to hedge part of the net foreign investment that Banco de Occidente and Promigas have in foreign subsidiaries as part of a hedging strategy, by which new obligations are continuously designated as hedging instruments to replace the previous ones as they expire over time.

10.2 Hedging Cash Flow

The movement of the accumulated OCI account related to cash flow hedges in Colombian pesos during the years ended on December 31, 2024, 2023 and 2022 is as follows:

	December 31, 2024	**December 31, 2023**	**December 31, 2022**
Balance at the beginning of the year	**Ps. (30,381)**	**Ps. 5,542**	**Ps. 7,938**
Changes in the fair value FwD - Future transactions	6,365	(26,203)	6,995
Changes in the fair value FwD - financial obligations	43,724	(32,672)	—
Changes in the fair value Interest Rate Swaps (IRS)	7,752	—	—
Changes in the fair value bonds	(184,902)	270,064	—
Changes in the fair value other accounts receivable	184,902	(258,982)	—
Reclassified to profit or loss	(2,760)	11,870	(9,391)
Balance at the end of the year	**Ps. 24,700**	**Ps. (30,381)**	**Ps. 5,542**

During the years ended December 31, 2024, 2023 and 2022, an exchange difference recognized under “Other Comprehensive Income” as a result of cash flow hedge accounting of income (loss) from these highly probable transactions, was reclassified to profit or loss in the amounts of Ps. (2,760), Ps. 11,870 and Ps. (9,391) respectively.

i. Hedging of Future Transactions

In the ordinary course of its operations Promigas S.A. and its subsidiaries receive income in U.S. Dollars derived from the transportation of gas. Promigas and its subsidiaries hedge the exchange risk arising in future transactions of highly probable gas transportation income, entering into forward contracts for the sale of U.S. dollars with financial entities different from the ones consolidated into Grupo Aval.

The following is the summary of Promigas and its subsidiaries open cash flow hedges:

	December 31, 2024	December 31, 2023
Income in Thousands of U.S. dollar forecasted	49,131	86,060
Notional amount contracts FWD Thousands of U.S. dollar	49,131	86,060
% hedged	100 %	100 %
Fair value in Colombian pesos	(1,140)	(59,715)
# of contracts	22	46

ii. Hedging of exchange rate risk

Banco de Bogotá during the year ended December 31, 2024 and 2023 hedge of the foreign currency risk of the account receivable in dollars accounted for as a cash flow hedge.

	December 31, 2024	December 31, 2023
Nominal amount Hedged Item Thousands of U.S. dollar	320,195	309,788
Notional amount bond Thousands of U.S. dollar	320,195	309,788
% hedged	100 %	100 %
Carrying amount in Colombian pesos	1,411,786	1,184,025
# of contracts	1	1

During the year ended December 31, 2024 and 2023, Corficolombiana hedge the exchange risk arising in other accounts receivable:

	December 31, 2024	December 31, 2023
Nominal amount Hedged Item Thousands of U.S. dollar	5,373	7,610
Notional amount contracts FWD Thousands of U.S. dollar	5,373	7,610
% hedged	100 %	100 %
# of contracts	11	17

During the year ended December 31, 2024 and 2023, Banco de Bogotá hedge the exchange risk arising in financial obligations:

	December 31, 2024	December 31, 2023
Nominal amount Hedged Item Thousands of U.S. dollar	896,761	1,097,038
Notional amount contracts FWD Thousands of U.S. dollar	897,700	1,098,950
% hedged	100 %	100 %
Carrying amount in Colombian pesos	3,884,510	4,152,626
# of contracts	49	74

iii. Hedging of interest rate risk

Banco Popular during July 2024 has established an interest rate risk management strategy to hedge the variable portion of the interest rate exposure related to anticipated cash flows (forecasted transactions) from the Time Deposit “CD” portfolio linked to the quarterly IBR rate. This component is distinctly identifiable and measurable, exhibiting a high correlation with the repricing of the contracted rate in the CDs.

	December 31, 2024	December 31, 2023
Nominal amount Hedged Item COP	788,614	-
Notional amount contracts interest rate Swaps (IRS) COP	298,250	-
% hedged	38 %	- %
Fair value in Colombian pesos	7,752	-
# of contracts	9	-

(Amounts expressed in millions of Colombian pesos)

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10.3 Fair value hedges of interest rate risk

As of December 31, 2024 and 2023, Banco de Bogotá uses interest rate swaps to reduce the risk of interest rates on financial liabilities.

December 31, 2024

Fair value hedges		Notional amount		Carrying amount Assets		Carrying amount Liabilities
Hedging instruments						
Interest rate Swap	Ps.	4,644,189	Ps.	68,840	Ps.	—
Items designated hedged						
Time Deposits issued		4,644,189		—		66,064

December 31, 2023

Fair value hedges		Notional amount		Carrying amount Assets		Carrying amount Liabilities
Hedging instruments						
Interest rate Swap	Ps.	6,539,684	Ps.	47,975	Ps.	10,871
Items designated hedged						
Time Deposits issued		6,539,684		—		40,289

As of December 31, 2023, Banco de Occidente uses interest rate swaps to reduce the risk of interest rates on financial liabilities. As of December 31, 2024, this hedge is no longer applied.

December 31, 2023

Fair value hedges		Notional amount		Carrying amount Assets		Carrying amount Liabilities
Hedging instruments						
Interest rate Swap	Ps.	435,000	Ps.	850	Ps.	—
Items designated hedged						
Time Deposits issued		435,000		—		734

As of December 31, 2024 Banco de Occidente uses interest rate swaps to reduce the risk of interest rates on loan portfolio.

December 31, 2024

Fair value hedges		Notional amount		Carrying amount Assets		Carrying amount Liabilities
Hedging instruments						
Interest rate Swap	Ps.	411,000	Ps.	7,333	Ps.	—
Items designated hedged						
Loan portfolio		411,000		—		7,250

(Amounts expressed in millions of Colombian pesos)

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10.4 Impact on Interest Income and Expense Line Item from interest rate hedging

Below, the total changes in fair value and the impact on interest expense are detailed by Subsidiary for the fair value and cash flow hedges of interest rate risk:

December 31, 2024

	Change in fair value		Interest expense [1]	
Banco de Bogotá	Ps.	5,960	Ps.	(46,406)
Banco de Occidente		—		(1,183)
Banco Popular		(7,332)		(2,205)
Total	**Ps.**	**(1,372)**	**Ps.**	**(49,794)**

[1] See note 21.3 “Interest expense”.

December 31, 2023

	Change in fair value		Interest expense [1]	
Banco de Bogotá	Ps.	79,864	Ps.	(61,905)
Banco de Occidente		116		(1,428)
Total	**Ps.**	**79,980**	**Ps.**	**(63,333)**

[1] See note 21.3 “Interest expense”.

Below, the total changes in fair value and the impact on interest income are detailed by Subsidiary for the fair value hedge of interest rate risk:

December 31, 2024

	Change in fair value		Interest income	
Banco de Occidente	Ps.	(83)	Ps.	595

10.5 Testing of Hedge Effectiveness

Grupo Aval’s subsidiaries consider hedging as highly effective if at the beginning and in subsequent periods, the hedging instrument highly offsets changes in fair value or in cash flows attributable to the risk hedged during the period for which the hedging has been designated. The hedging is considered as such if the effectiveness of the hedging is in a range between 80% and 125%. Such effectiveness is assessed by Grupo Aval’s entities at least quarterly and at the end of each accounting period. During the year 2024, 2023 and 2022 each hedging relationship has been effective.

Grupo Aval’s subsidiaries have documented the hedging effectiveness at the beginning of the hedging relationship. Grupo Aval’s subsidiaries evaluate the hedging relationship on a periodic basis as well as the result of the testing of hedge effectiveness.

(Amounts expressed in millions of Colombian pesos)

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10.6 Derivative Financial Instruments for hedging purposes comprise the following:

According to the information described above, the following table contains the fair value of derivative financial instruments used for hedging:

	December 31, 2024				December 31, 2023			
Item	**Assets**		**Liabilities**		**Assets**		**Liabilities**	
Forward contracts								
Foreign currency to buy	Ps.	10,623	Ps.	5,185	Ps.	687	Ps.	204,202
Foreign currency to sale		19		65		—		—
Subtotal	**Ps.**	**10,642**	**Ps.**	**5,250**	**Ps.**	**687**	**Ps.**	**204,202**
Swap								
Interest rate		43,377		16,408		47,975		13,364
Subtotal	**Ps.**	**43,377**	**Ps.**	**16,408**	**Ps.**	**47,975**	**Ps.**	**13,364**
Total hedge derivatives	**Ps.**	**54,019**	**Ps.**	**21,658**	**Ps.**	**48,662**	**Ps.**	**217,566**

NOTE 11 – LOANS

11.1 Loan Portfolio by Product

The distribution of the loan portfolio of Grupo Aval´s by product is shown as follows:

	December 31, 2024		December 31, 2023	
Commercial				
General purpose loans	Ps.	82,145,280	Ps.	73,611,910
Loans funded by development banks		3,517,386		4,464,785
Working capital loans		16,624,543		16,413,196
Credit cards		338,168		341,563
Overdrafts		648,130		509,538
Leases		12,141,136		11,706,825
Interbank loans and overnight funds		705,055		392,607
Total commercial	**Ps.**	**116,119,698**	**Ps.**	**107,440,424**
Consumer				
Credit cards	Ps.	7,266,716	Ps.	7,596,196
Personal loans		14,442,142		14,232,850
Automobile and vehicle loans		5,834,498		5,332,355
Overdrafts		79,347		76,148
General purpose loans		152,803		126,990
Leases		18,808		15,509
Payroll loans		34,182,011		32,619,563
Total consumer	**Ps.**	**61,976,325**	**Ps.**	**59,999,611**
Mortgages				
Mortgages	Ps.	19,714,057	Ps.	16,294,206
Leases		2,321,670		2,192,000
Total mortgages	**Ps.**	**22,035,727**	**Ps.**	**18,486,206**
Microcredit	Ps.	4,375	Ps.	277,529
Gross balance of loan portfolio	**Ps.**	**200,136,125**	**Ps.**	**186,203,770**
Loss allowance loan portfolio [1]		(10,006,639)		(10,035,715)
Net balance of loan portfolio	**Ps.**	**190,129,486**	**Ps.**	**176,168,055**

[1] See loss allowance reconciliations from the opening to the closing balance in note 4.1.5.

(Amounts expressed in millions of Colombian pesos)

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11.2 Loan portfolio by maturity

The distribution of Grupo Aval´s loan portfolio by contractual maturity period is as follows:

December 31, 2024

	Up to 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Commercial – Client portfolio	Ps. 59,494,116	Ps. 30,333,667	Ps. 13,675,325	Ps. 11,911,535	Ps. 115,414,643
Consumer	10,887,363	14,549,074	11,342,281	25,197,607	61,976,325
Mortgage	990,277	1,427,865	1,605,095	18,012,490	22,035,727
Microcredit	3,402	209	236	528	4,375
Interbank and overnight funds	705,055	—	—	—	705,055
Total gross loan portfolio	**Ps. 72,080,213**	**Ps. 46,310,815**	**Ps. 26,622,937**	**Ps. 55,122,160**	**Ps. 200,136,125**

December 31, 2023

	Up to 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Commercial – Client portfolio	Ps. 57,018,945	Ps. 27,895,921	Ps. 12,044,149	Ps. 10,088,802	Ps. 107,047,817
Consumer	10,679,728	13,325,877	11,496,786	24,497,220	59,999,611
Mortgage	865,216	1,187,222	1,317,412	15,116,356	18,486,206
Microcredit	162,667	108,095	5,266	1,501	277,529
Interbank and overnight funds	392,607	—	—	—	392,607
Total gross loan portfolio	**Ps. 69,119,163**	**Ps. 42,517,115**	**Ps. 24,863,613**	**Ps. 49,703,879**	**Ps. 186,203,770**

11.3 Interest income by portfolio

The interest income of the loan portfolio of Grupo Aval´s by portfolio is shown as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Commercial – Client portfolio	Ps. 13,572,183	Ps. 14,497,926	Ps. 8,608,592
Consumer	9,127,660	9,208,508	7,048,747
Mortgage (1)	1,947,812	1,687,962	1,349,898
Microcredit	48,710	71,352	64,582
Repos, interbank loans portfolio (2)	769,217	1,068,367	487,697
Total interest income	**Ps. 25,465,582**	**Ps. 26,534,115**	**Ps. 17,559,516**

(1) Includes the coverage of interest income in the amount of Ps. 595 as of December 31, 2024. See note 10.4 Impact on Interest Income and Expense Line Item from interest rate hedging.
(2) Includes interest income of cash and cash equivalents Ps. 584,748 as of December 31, 2024.

(Amounts expressed in millions of Colombian pesos)

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11.4 Financial Leasing portfolio

As of December 31, 2024, and 2023 the following table shows the reconciliation between gross investment in financial leasing and the present value of minimum payments to be received in these dates:

	December 31, 2024		December 31, 2023	
Total gross rent payments receivable	Ps.	23,631,711	Ps.	29,491,587
Less amounts representing running costs (such as taxes, maintenance, insurances, etc.,)		(341)		(495)
Plus, estimated residual amount of assets given for rental (without guarantee)		41,170		32,657
Gross investment in contracts of financial leasing		**23,672,540**		**29,523,749**
Less unrealized financial income		(9,190,926)		(15,609,415)
Net investment in contracts of financial leasing	Ps.	**14,481,614**	Ps.	**13,914,334**
Loss allowance of net investment in financial leasing	**Ps.**	**(483,965)**	**Ps.**	**(460,528)**

The detailed information of gross investment and net investment in financial leasing contracts receivable as of December 31, 2024 and 2023 in each period is as follows:

	December 31, 2024			
	Gross investment		Net investment	
Up to 1 year	Ps.	3,718,951	Ps.	2,280,167
From 1 to 5 years		9,735,614		5,831,107
More than 5 years		10,217,975		6,370,340
Total	**Ps.**	**23,672,540**	**Ps.**	**14,481,614**

	December 31, 2023			
	Gross investment		Net investment	
Up to 1 year	Ps.	13,480,780	Ps.	6,398,382
From 1 to 5 years		6,560,824		2,532,708
More than 5 years		9,482,145		4,983,244
Total	**Ps.**	**29,523,749**	**Ps.**	**13,914,334**

The banks of Grupo Aval grant loans through financial leasing mainly for acquisition of vehicles and computer equipment, generally with terms between 36 and 60 months, with a purchase option at price below the market price for the buyer at the end of the contract, for acquisition machinery and equipment with terms between 60 to *120* months, with a purchase option at price below the market price or for the time close to the economic life of the asset, and for housing leasing with terms between 120 to 240 months, transferring the asset at the end of the contract. These leasing contracts are granted at current market interest rates at inception.

NOTE 12 – OTHER ACCOUNTS RECEIVABLE, NET

Balances of other accounts receivable, net of impairment losses, comprise the following as of December 31, 2024 and 2023:

	Note	December 31, 2024		December 31, 2023	
Assets in concession contract	12.1	Ps.	19,269,344	Ps.	17,821,214
Other accounts receivable	12.2		9,051,029		8,181,675
Total other accounts receivable			**28,320,373**		**26,002,889**
Impairment allowance concession contract assets	4.1.5		(9,103)		(8,394)
Loss allowance other accounts receivable			(352,868)		(377,270)
Total other accounts receivable, net		**Ps.**	**27,958,402**	**Ps.**	**25,617,225**

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12.1 Financial assets in concession arrangements

The following table provides information about assets from contracts with customers as of December 31, 2024 and 2023:

Concession contract assets		December 31, 2024		December 31, 2023
Financial assets in concession arrangements rights at fair value (1)	Ps.	4,181,835	Ps.	3,830,916
Financial assets in concession arrangements rights at amortized cost (1)		15,087,509		13,990,298
Gross balance of concession contract	**Ps.**	**19,269,344**	**Ps.**	**17,821,214**
Loss allowance concession contract (2)		(9,103)		(8,394)
Total concession contract assets	**Ps.**	**19,260,241**	**Ps.**	**17,812,820**

(1) See note 16 details regarding concession arrangements rights.
(2) See reconciliations simplified approach and general approach loss allowance on note 4.1.5.

12.2 Other accounts receivable

The detailed information of other accounts receivable measured at amortized cost, as of December 31, 2024 and 2023 is as follows:

Other accounts receivable		December 31, 2024		December 31, 2023
Debtors	Ps.	2,135,285	Ps.	1,889,732
Accounts receivable for goods and services sales in Non-financial sector companies		1,893,203		1,469,899
Credit card compensations and network compensation		1,101,495		1,348,140
Government		875,473		579,701
Payment in advance		871,648		760,877
Conditional contributions		684,801		712,135
Taxes		51,592		35,667
Others		1,437,532		1,385,524
Gross balance of other accounts receivable	**Ps.**	**9,051,029**	**Ps.**	**8,181,675**
Loss allowance other accounts receivable		(352,868)		(377,270)
Other accounts receivable, net	**Ps.**	**8,698,161**	**Ps.**	**7,804,405**

NOTE 13 – NON-CURRENT ASSETS HELD FOR SALE

The movement of the non-current assets held for sale during the years ended December 31, 2024, 2023 and 2022 is as follows:

		December 31, 2024		December 31, 2023		December 31, 2022
Balance at the beginning of the year	**Ps.**	**101,184**	**Ps.**	**92,830**	**Ps.**	**208,426**
Additions		102,486		72,466		74,812
Assets sold, net (1)		(53,838)		(118,808)		(51,863)
Increase / decrease due to changes in fair value		(4,662)		(268)		(76)
Reclassifications (2)		(44,457)		62,058		(88,609)
Effect of movements in exchange rates		4,501		(7,094)		13,960
Loss of control in subsidiary (3)		—		—		(72,014)
Discontinued operation (3)(4)		—		—		8,194
Balance at year end	**Ps.**	**105,214**	**Ps.**	**101,184**	**Ps.**	**92,830**

(1) From the leaseback operation with the NEXUS Real Estate Capital Funds includes withdrawals for December 31, 2024 by Ps. (17,825) December 31, 2023 by Ps. (79,546) and for December 31, 2022 by Ps. (15,179).
(2) Includes for December 31, 2024 reclassifications: i) to investment properties by Ps. (22,370); ii) to other assets by Ps. (27,868); from intangible assets in concession arrangements by Ps. 6,974 and iii) to Properties, plant and equipment for Ps. (1,193), to December 31, 2023 reclassifications to i) to investment properties by Ps. (95,593) ii) from other assets by Ps. 25,654 and iii) from Properties, plant and equipment for Ps. 131,997 for December 31, 2022 reclassifications to i) to investment properties by Ps. (31,184) ii) to other assets by Ps. (62,943) and iii) from Properties, plant and equipment for Ps. 5,536.
(3) See note 1.1 "Discontinued operations of BAC Holding"
(4) Correspond to reclassification for comparability of the movements of BAC Holding consider the deconsolidation of this entity during year 2022

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The following is the detail of the non-current assets held for sale:

	December 31, 2024		December 31, 2023	
Foreclosed assets				
Vehicles	Ps.	8,144	Ps.	3,421
Other movable property		1,093		—
Residential real estate		24,361		15,070
Other real estate		40,930		35,024
	Ps.	**74,528**	**Ps.**	**53,515**
Assets received from leasing agreements				
Vehicles		—		559
Real estate		3,666		10,373
	Ps.	**3,666**	**Ps.**	**10,932**
Other non-current assets held for sale				
Land	Ps.	5,158	Ps.	15,534
Real estate		14,889		20,925
Other		6,973		278
	Ps.	**27,020**	**Ps.**	**36,737**
Total non-current assets held for sale	**Ps.**	**105,214**	**Ps.**	**101,184**

The following is the detail of the associated liabilities to assets held for sale:

	December 31, 2024		December 31, 2023	
Other accounts payable	Ps.	3,544	Ps.	4,338
Provisions		—		532
Total	**Ps.**	**3,544**	**Ps.**	**4,870**

Non-current assets held for sale are primarily assets received through foreclosure of assets pledged as loan collateral. Accordingly, the banks of Grupo Aval has the intention to sell them immediately, our subsidiaries have departments, processes and special sales programs for this purpose. Foreclosed assets are either sold for cash or financing for their sale is provided to potential buyers under normal market conditions. These are expected to be sold within a period of 12 months subsequent to their classification as assets held for sale. There are option contracts in place for some of these assets. Note (4.1.8) on credit risk contains information on assets received through foreclosure and sold during the period.

NOTE 14 – INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The detail of the investments in associates and joint ventures for the years ended December 31, 2024, and 2023 is as follows:

	December 31, 2024		December 31, 2023	
Associates	Ps.	1,429,186	Ps.	1,288,641
Joint ventures		1,410		2,042
Total	**Ps.**	**1,430,596**	**Ps.**	**1,290,683**

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The following table shows the balances of each investment in associates and joint ventures as of December 31, 2024 and 2023, and Grupo Aval's ownership interest percentage in those entities:

	December 31, 2024		December 31, 2023	
	Ownership interest	Book value	Ownership interest	Book value
Associates				
Gas Natural de Lima y Callao S.A. - Cálidda	40 %	Ps. 699,910	40 %	Ps. 614,577
Gases del Caribe S.A. E.S.P.	31 %	348,946	31 %	328,661
Credibanco S.A.	25 %	216,185	25 %	210,399
Redeban Multicolor S.A.	20 %	47,967	20 %	41,562
A.C.H Colombia S.A.	34 %	39,182	34 %	32,580
Aerocali S.A.	50 %	35,507	50 %	24,389
ADL Digital Lab S.A.S.	34 %	17,756	34 %	12,231
Colombiana de Extrusión S.A. - Extrucol	30 %	14,484	30 %	14,507
Servicios de Identidad Digital S.A.S.	33 %	4,911	33 %	4,039
Energía Eficiente S.A.	33 %	2,249	33 %	3,485
Metrex S.A.	18 %	2,089	18 %	2,211
		Ps. 1,429,186		**Ps. 1,288,641**

	December 31, 2024		December 31, 2023	
	Ownership interest	Book value	Ownership interest	Book value
Joint ventures				
Renting Automayor S.A.S. (1)	50 %	Ps. 945	50 %	Ps. 2,042
Rentek S.A.S	50 %	465		—
		Ps. 1,410		**Ps. 2,042**

(1) Joint businesses executed by Grupo Aval's subsidiaries with specific purposes wherein the joint business assumes no responsibilities for business results, not requiring significant equity resources from Grupo Aval.

All of our associates and joint ventures are domiciled in Colombia, with the exception of Gas Natural de Lima y Callao S.A. – Cálidda which resides in Perú.

The main corporate purpose of Grupo Aval´s associates is described as follows:

	Associate	Corporate purpose
1	Gas Natural de Lima y Callao S.A. - Cálidda	Gas distribution
2	Gases del Caribe S.A. E.S.P.	Gas distribution
3	Credibanco S.A.	Payment processing
4	Redeban Multicolor S.A.	Payment processing
5	A.C.H Colombia S.A.	Automated clearing house
6	Aerocali S.A.	Projects in airport infrastructure
7	Colombiana de Extrusión S.A. - Extrucol	Networks and infrastructure
8	ADL Digital Lab S.A.S.	Technology or digital services
9	Servicios de Identidad Digital S.A.S.	Digital services
10	Energía Eficiente S.A.	Gas distribution
11	Metrex S.A.	Manufacturing and commercialization of industrial equipment

As of December 31, 2024, and 2023, Grupo Aval did not have contingent assets as income receivable, that arose from any contractual difference with the gas distribution concession, other than a tariff recognition. There were also no contingent liabilities for fines or sanctions imposed by the Government in the development of these concession contracts for possible contractual breaches.

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A roll-forward of investments in associates and joint ventures accounts is shown below for the years ended December 31, 2024, 2023 and 2022:

Associates

		December 31, 2024		December 31, 2023		December 31, 2022
Balance at the beginning of the year	**Ps.**	**1,288,641**	**Ps.**	**1,419,296**	**Ps.**	**1,170,435**
Acquisitions		2,486		2,433		7,267
Participation in the profit or loss of the period		379,028		373,402		371,127
Participation in Other Comprehensive Income		15,329		(35,892)		81,730
Dividends declared		(314,504)		(363,466)		(301,895)
Entity Liquidation		—		(282)		—
Exchange difference		58,206		(106,850)		90,632
Year-end balance	**Ps.**	**1,429,186**	**Ps.**	**1,288,641**	**Ps.**	**1,419,296**

Joint ventures

		December 31, 2024		December 31, 2023		December 31, 2022
Balance at the beginning of the year	**Ps.**	**2,042**	**Ps.**	**4,047**	**Ps.**	**2,394**
Participation in the period profit or loss		(632)		(2,005)		1,650
Acquisitions		—		—		3
Year-end balance	**Ps.**	**1,410**	**Ps.**	**2,042**	**Ps.**	**4,047**

The condensed financial information of the associates and joint ventures accounted for under the equity method is as follows:

Associates

At the time calculating the equity method, the year-end financial information of some associates was not available. Therefore, the financial information of immediately preceding month for the years 2024 and 2023 was used.

December 31, 2024

		Assets		Liabilities		Equity		Income		Expenses		Net income LTM
Gas Natural de Lima y Callao S.A. - Cálidda	Ps.	6,979,152	Ps.	5,251,752	Ps.	1,727,400	Ps.	3,647,158	Ps.	3,223,946	Ps.	423,212
Gases del Caribe S.A. E.S.P.		4,578,075		3,417,111		1,160,964		3,590,647		3,213,198		377,449
Redeban Multicolor S.A.		9,622,497		9,405,167		217,330		565,481		534,150		31,331
Credibanco S.A.		443,908		165,954		277,954		410,808		377,354		33,454
A.C.H Colombia S.A.		999,582		870,224		129,358		371,014		251,664		119,350
Energía Eficiente S.A.		112,296		91,629		20,667		256,529		256,235		294
Colombiana de Extrusión S.A. - Extrucol		115,757		67,478		48,279		161,882		146,334		15,548
Aerocali S.A.		125,470		54,456		71,014		259,537		207,302		52,235
ADL Digital Lab S.A.S.		89,275		37,050		52,225		100,662		84,412		16,250
Servicios de Identidad Digital S.A.S.		31,639		17,367		14,272		145		4,478		(4,333)
Metrex S.A.		44,452		32,841		11,611		67,163		64,669		2,494

December 31, 2023

		Assets		Liabilities		Equity		Income		Expenses		Net income LTM
Gas Natural de Lima y Callao S.A. - Cálidda	Ps.	6,116,364	Ps.	4,521,154	Ps.	1,595,210	Ps.	3,832,676	Ps.	3,378,051	Ps.	454,625
Gases del Caribe S.A. E.S.P.		4,066,193		2,974,633		1,091,560		3,104,261		2,730,690		373,571
Redeban Multicolor S.A.		2,101,985		1,918,782		183,203		443,196		423,438		19,758
Credibanco S.A.		431,534		180,505		251,029		329,109		293,021		36,088
A.C.H Colombia S.A.		342,153		232,328		109,825		292,592		184,168		108,424
Energía Eficiente S.A.		124,797		100,424		24,373		328,840		325,794		3,046

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	Assets	Liabilities	Equity	Income	Expenses	Net income LTM
Colombiana de Extrusión S.A. - Extrucol	112,151	63,795	48,356	183,121	167,562	15,559
Aerocali S.A.	92,950	44,172	48,778	254,751	209,945	44,806
ADL Digital Lab S.A.S.	71,577	35,602	35,975	74,645	63,492	11,153
Servicios de Identidad Digital S.A.S.	50,428	22,812	27,616	857	19,694	(18,837)
Metrex S.A.	41,458	29,170	12,288	80,944	78,229	2,715

Joint Ventures

At the time calculating the equity method, the year-end financial information of joint ventures was not available. Therefore, the information of immediately preceding month for the years 2024 and 2023 was used, is presented below.

December 31, 2024

	Assets	Liabilities	Equity	Income	Expenses	Net income LTM
Renting Automayor S.A.	Ps. 102,899	Ps. 101,008	Ps. 1,891	Ps. 29,928	Ps. 32,121	Ps. (2,193)
Rentek S.A.S	29,131	28,202	929	15,453	14,524	929

December 31, 2023

	Assets	Liabilities	Equity	Income	Expenses	Net income LTM
Renting Automayor S.A.	Ps. 120,113	Ps. 115,786	Ps. 4,327	Ps. 34,762	Ps. 38,774	Ps. (4,012)

NOTE 15 – TANGIBLE ASSETS

The movement of the carrying value amounts of tangible assets for the period ended on December 31, 2024, 2023 and 2022 is as follows:

	Property, plant and equipment for own use (1)	Right-of-use assets	Investment properties (2)	Given in operating leases	Biological assets	Total
Cost						
Balance as of January 1, 2022	**Ps. 10,385,357**	**Ps. 2,839,802**	**Ps. 852,935**	**Ps. 48,203**	**Ps. 154,986**	**Ps. 14,281,283**
Increase / (decrease) due to changes in the lease variables	—	89,087	—	—	—	89,087
Purchases or capitalized expenses (3)	477,795	205,587	70,081	58,884	28,368	840,715
Withdrawals / Sales (6)	(413,817)	(152,284)	(127,753)	—	(27,583)	(721,437)
Changes in fair value	—	—	55,930	—	56,859	112,789
Revaluation of investment properties	—	—	797	—	—	797
Transfers to/from non-current assets held for sale	(9,174)	—	31,184	—	—	22,010
Loss of control in subsidiary (4)	(3,071,270)	(928,279)	—	—	—	(3,999,549)
Discontinued operations (4)	(26,314)	—	—	—	—	(26,314)
Effect of movements in exchange rates	118,393	38,353	2,282	—	—	159,028
Reclassifications	(4,467)	3,573	(4,493)	(6,287)	—	(11,674)
Balance as of December 31, 2022	**Ps. 7,456,503**	**Ps. 2,095,839**	**Ps. 880,963**	**Ps. 100,800**	**Ps. 212,630**	**Ps. 10,746,735**
Increase / (decrease) due to changes in the lease variables	—	636,227	—	—	—	636,227
Purchases or capitalized expenses (3)	561,009	236,652	56,307	30,587	26,118	910,673
Withdrawals / Sales (6)	(544,864)	(174,060)	(200,670)	(16)	(26,677)	(946,287)
Changes in fair value	—	—	84,958	—	18,601	103,559
Revaluation of investment properties	—	—	557	—	—	557
Transfers to/from non-current assets held for sale	(189,295)	—	95,593	—	—	(93,702)
Loss of control in subsidiary	(565)	—	—	—	—	(565)
Effect of movements in exchange rates	(151,520)	(39,001)	(7,079)	—	—	(197,600)
Reclassifications	(17,712)	(504,889)	(4,160)	(2,290)	—	(529,051)
Balance as of December 31, 2023	**Ps. 7,113,556**	**Ps. 2,250,768**	**Ps. 906,469**	**Ps. 129,081**	**Ps. 230,672**	**Ps. 10,630,546**
Increase / (decrease) due to changes in the lease variables	—	177,314	—	—	—	177,314
Purchases or capitalized expenses (3)	631,313	185,779	37,859	9,835	26,572	891,358
Withdrawals / Sales (6)	(421,913)	(145,986)	(85,975)	(117)	(26,494)	(680,485)
Changes in fair value	—	—	35,841	—	7,589	43,430
Revaluation of investment properties	—	—	16,935	—	—	16,935
Transfers to/from non-current assets held for sale	186	—	22,370	—	—	22,556

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	Property, plant and equipment for own use (1)	Right-of-use assets	Investment properties (2)	Given in operating leases	Biological assets	Total
Effect of movements in exchange rates	97,963	27,212	6,966	—	—	132,141
Reclassifications	(52,930)	(47,325)	32,470	(8,468)	—	(76,253)
Balance as of December 31, 2024	**Ps. 7,368,175**	**Ps. 2,447,762**	**Ps. 972,935**	**Ps. 130,331**	**Ps. 238,339**	**Ps. 11,157,542**

Accumulated Depreciation:	Property, plant and equipment for own use (1)	Right-of-use assets	Investment properties (2)	Given in operating leases	Biological assets	Total
Balance as of January 1, 2022	**Ps. (4,225,609)**	**Ps. (939,406)**	**Ps. —**	**Ps. (9,979)**	**Ps. —**	**Ps. (5,174,994)**
Depreciation of the year charged against profit or loss	(308,642)	(236,587)	—	(14,646)	—	(559,875)
Withdrawals / Sales (6)	183,180	84,643	—	—	—	267,823
Transfers to/from non-current assets held for sale	3,638	—	—	—	—	3,638
Loss of control in subsidiary (4)	1,679,433	370,917	—	—	—	2,050,350
Discontinued operations (4)	(29,380)	(29,625)	—	—	—	(59,005)
Effect of movements in exchange rates	(18,418)	(10,274)	—	—	—	(28,692)
Reclassification	(5,091)	(5,913)	—	6,212	—	(4,792)
Balance as of December 31, 2022	**Ps. (2,720,889)**	**Ps. (766,245)**	**Ps. —**	**Ps. (18,413)**	**Ps. —**	**Ps. (3,505,547)**
Depreciation of the year charged against profit or loss	(289,999)	(248,488)	—	(18,575)	—	(557,062)
Withdrawals / Sales (6)	246,794	90,904	—	16	—	337,714
Transfers to/from non-current assets held for sale	57,298	—	—	—	—	57,298
Loss of control in subsidiary	476	—	—	—	—	476
Effect of movements in exchange rates	29,602	11,611	—	—	—	41,213
Reclassification	(3,694)	(1,593)	—	2,290	—	(2,997)
Balance as of December 31, 2023	**Ps. (2,680,412)**	**Ps. (913,811)**	**Ps. —**	**Ps. (34,682)**	**Ps. —**	**Ps. (3,628,905)**
Depreciation of the year charged against profit or loss	(289,540)	(276,071)	—	(22,677)	—	(588,288)
Withdrawals / Sales (6)	230,509	99,664	—	22	—	330,195
Transfers to/from non-current assets held for sale	1,007	—	—	—	—	1,007
Effect of movements in exchange rates	(20,173)	(10,006)	—	—	—	(30,179)
Reclassification	(2,171)	4,086	—	7,498	—	9,413
Balance as of December 31, 2024	**Ps. (2,760,780)**	**Ps. (1,096,138)**	**Ps. —**	**Ps. (49,839)**	**Ps. —**	**Ps. (3,906,757)**

Impairment losses:	Property, plant and equipment for own use (1)	Right-of-use assets	Investment properties (2)	Given in operating leases	Biological assets	Total
Balance as of January 1, 2022	**Ps. (5,580)**	**Ps. —**	**Ps. —**	**Ps. (156)**	**Ps. —**	**Ps. (5,736)**
Year impairment charge	(997)	—	—	(219)	—	(1,216)
Reclassification	1,205	—	—	—	—	1,205
Balance as of December 31, 2022	**Ps. (5,372)**	**Ps. —**	**Ps. —**	**Ps. (375)**	**Ps. —**	**Ps. (5,747)**
Year impairment charge	31	—	—	(35)	—	(4)
Balance as of December 31, 2023	**Ps. (5,341)**	**Ps. —**	**Ps. —**	**Ps. (410)**	**Ps. —**	**Ps. (5,751)**
Year impairment charge	(3,988)	—	—	356	—	(3,632)
Effect of movements in exchange rates	(22)	—	—	—	—	(22)
Reclassification	2,061	—	—	—	—	2,061
Balance as of December 31, 2024	**Ps. (7,290)**	**Ps. —**	**Ps. —**	**Ps. (54)**	**Ps. —**	**Ps. (7,344)**

Tangible assets, net:	Property, plant and equipment for own use (1)	Right-of-use assets	Investment properties (2)	Given in operating leases	Biological assets	Total
Balance as of December 31, 2022	**Ps. 4,730,242**	**Ps. 1,329,594**	**Ps. 880,963**	**Ps. 82,012**	**Ps. 212,630**	**Ps. 7,235,441**
Balance as of December 31, 2023	**Ps. 4,427,803**	**Ps. 1,336,957**	**Ps. 906,469**	**Ps. 93,989**	**Ps. 230,672**	**Ps. 6,995,890**
Balance as of December 31, 2024	**Ps. 4,600,105**	**Ps. 1,351,624**	**Ps. 972,935**	**Ps. 80,438**	**Ps. 238,339**	**Ps. 7,243,441**

(1) Only assets for own use different than assets given in operating lease are included.

(2) Cost is included at fair value. The total of purchases of investment properties, includes assets received in total or partial settlement of the payment obligations of debtors, at December 31, 2024 Ps. 37,049, other movementsPs.17; Ps. 56,144 at December 31,2023 and Ps. 64,429 at December 31, 2022.

(3) The amount of purchases for own use assets include: (i) Capitalized expenses at December 31, 2024 for Ps. 4,250, at December 31, 2023 for Ps. 802 and at December 31, 2022 for Ps. 2,113; (ii) Dismantling cost at December 31, 2024 for Ps. 799, at December 31, 2023 for Ps. 1,723, and at December 2022 for Ps. 666; and (iii) at December 31, 2022 an amount transferred from concessions arrangements as a result of the change in the conditions of the contracts by the grantor for Ps. 14,532.

(4) For 2022, see note 1.1. "Discontinued operations of BAC Holding" for Ps. (1,899,743), allocated as follows: Property, plant and equipment for Ps. (1,361,821) and assets for rights of use for Ps. (537,922).

(5) Correspond to reclassification for comparability of the movements of BAC Holding consider the deconsolidation of this entity during year 2022.

(6) Includes the recognition of the write-offs of the assets transferred to NEXUS Real Estate Capital Funds. As of December 31, 2024, for assets for own use, the net value of the write-offs corresponds to: Banco de Bogotá for Ps. (51,499); and for investment properties, they correspond to: as of December 31, 2024, Banco de Bogotá Ps. (4,013) and Banco Popular Ps. (1,196). As of December 31, 2023, for assets for own use, the net value of the write-offs corresponds to: Banco de Bogotá for Ps. (25,400), Banco Popular for Ps. (114,771) and Banco Av Villas for Ps. (33,053); and for investment properties, they correspond to: as of December 31, 2023, Banco de Bogotá Ps. (41,412), Banco Popular Ps. (21,459) and Banco de Occidente Ps. (6,704).

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15.1. Property, plant and equipment for own use

The following is the detail of the balance as of December 31,2024 and 2023, for each type of property, plant and equipment for own use:

December 31, 2024	Cost [(1)]	Accumulated depreciation	Impairment loss	Carrying amount
Land	Ps. 758,682	Ps. —	Ps. (1,865)	Ps. 756,817
Buildings	1,624,279	(406,255)	(812)	1,217,212
Office equipment and accessories	645,546	(499,752)	(30)	145,764
Information technology equipment	1,521,882	(1,002,890)	(175)	518,817
Vehicles	98,918	(79,629)	—	19,289
Equipment and machinery	1,957,838	(592,451)	(4,408)	1,360,979
Warehouses	11,037	(3,391)	—	7,646
Improvements in leaseholds properties	226,588	(133,298)	—	93,290
Construction in progress	208,234	—	—	208,234
Bearer plants	315,171	(43,114)	—	272,057
Balance as of December 31, 2024	**Ps. 7,368,175**	**Ps. (2,760,780)**	**Ps. (7,290)**	**Ps. 4,600,105**

December 31, 2023	Cost [(1)]	Accumulated depreciation	Impairment loss	Carrying amount
Land	Ps. 766,013	Ps. —	Ps. (1,865)	Ps. 764,148
Buildings	1,703,700	(411,582)	(3,151)	1,288,967
Office equipment and accessories	628,991	(480,429)	(49)	148,513
Information technology equipment	1,465,341	(1,021,448)	(58)	443,835
Vehicles	100,840	(80,863)	—	19,977
Equipment and machinery	1,786,790	(526,930)	(218)	1,259,642
Warehouses	17,769	(6,700)	—	11,069
Improvements in leaseholds properties	202,886	(113,614)	—	89,272
Construction in progress	149,480	—	—	149,480
Bearer plants	291,746	(38,846)	—	252,900
Balance as of December 31, 2023	**Ps. 7,113,556**	**Ps. (2,680,412)**	**Ps. (5,341)**	**Ps. 4,427,803**

(1) The cost of the tangible assets for own use includes borrowing costs capitalized for Ps. 12,666, at December 31, 2024 and for Ps. 9,769, at December 31, 2023 with a capitalized interest rate (weighted average) of 14.87% and 11.82% respectively.

15.2 Right-of-use assets:

The following tables shows the balance at December 31, 2024 and 2023, by type of right-of-use asset recognized as part of tangible assets:

December 31, 2024	Cost	Accumulated depreciation	Carrying amount
Land	Ps. 45,789	Ps. (8,544)	Ps. 37,245
Buildings	1,792,794	(747,684)	1,045,110
Office equipment and accessories	4,887	(4,441)	446
Information technology equipment	152,662	(104,341)	48,321
Vehicles	62,700	(39,107)	23,593
Equipment and machinery	226,216	(110,288)	115,928
Warehouses	162,714	(81,733)	80,981
Balance as of December 31, 2024	**Ps. 2,447,762**	**Ps. (1,096,138)**	**Ps. 1,351,624**

December 31, 2023	Cost	Accumulated depreciation	Carrying amount
Land	Ps. 41,973	Ps. (8,473)	Ps. 33,500
Buildings	1,627,781	(600,942)	1,026,839
Office equipment and accessories	5,322	(2,400)	2,922
Information technology equipment	126,714	(81,493)	45,221
Vehicles	66,123	(35,235)	30,888
Equipment and machinery	223,434	(102,795)	120,639
Warehouses	159,421	(82,473)	76,948
Balance as of December 31, 2023	**Ps. 2,250,768**	**Ps. (913,811)**	**Ps. 1,336,957**

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15.3 Investment properties

The following is the detail of the existing investment properties, for the periods ended December 31,2024 and 2023:

December 31, 2024		Cost		Accumulated adjustments to fair value		Carrying amount
Land	Ps.	278,186	Ps.	275,084	Ps.	553,270
Buildings		349,249		70,416		419,665
Balance as of December 31, 2024	**Ps.**	**627,435**	**Ps.**	**345,500**	**Ps.**	**972,935**

December 31, 2023		Cost		Accumulated adjustments to fair value		Carrying amount
Land	Ps.	301,519	Ps.	184,715	Ps.	486,234
Buildings		335,770		84,465		420,235
Balance as of December 31, 2023	**Ps.**	**637,289**	**Ps.**	**269,180**	**Ps.**	**906,469**

The following amounts have been recognized in the Consolidated Statement of Income during the years ended on December 31, 2024, 2023 and 2022 in relation to investments properties:

		December 31, 2024		December 31, 2023		December 31, 2022
Income from rents	Ps.	9,863	Ps.	9,618	Ps.	11,930
Direct operating expenses deriving from property investments which create income from rent		(1,045)		(1,294)		(919)
Direct operating expenses deriving from property investments which do not create income from rent		(11,274)		(13,733)		(6,852)
	Ps.	**(2,456)**	**Ps.**	**(5,409)**	**Ps.**	**4,159**

15.4 Tangible assets given in operating leases:

The following is the detail of the balance as of December 31,2024 and 2023, by type of property, plant and equipment given in operating lease:

December 31, 2024		Cost		Accumulated depreciation		Impairment loss		Carrying amount
Computing equipment	Ps.	42,980	Ps.	(26,431)	Ps.	—	Ps.	16,549
Vehicles		63,243		(15,408)		—		47,835
Mobilization equipment and machinery		24,108		(8,000)		(54)		16,054
Balance as of December 31, 2024	**Ps.**	**130,331**	**Ps.**	**(49,839)**	**Ps.**	**(54)**	**Ps.**	**80,438**

December 31, 2023		Cost		Accumulated depreciation		Impairment loss		Carrying amount
Computing equipment	Ps.	45,873	Ps.	(19,959)	Ps.	—	Ps.	25,914
Vehicles		55,009		(9,335)		—		45,674
Mobilization equipment and machinery		28,199		(5,388)		(410)		22,401
Balance as of December 31, 2023	**Ps.**	**129,081**	**Ps.**	**(34,682)**	**Ps.**	**(410)**	**Ps.**	**93,989**

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NOTE 16 – CONCESSION ARRANGEMENTS RIGHTS

The following is the balance of the assets in concession arrangements registered in the Group as of December 31, 2024 and 2023:

		December 31, 2024		December 31, 2023
Financial assets at fair value	Ps.	4,181,835	Ps.	3,830,916
Financial asset at amortized cost [(1)]		15,078,406		13,981,904
Total financial assets in concession arrangements rights [(2)]	**Ps.**	**19,260,241**	**Ps.**	**17,812,820**
Intangible assets		14,314,560		13,557,267
Total assets in concession arrangements rights	**Ps**	**33,574,801**	**Ps.**	**31,370,087**

(1) As of December 31, 2024 and 2023, the balance of the financial asset at amortized cost includes an impairment expense of Ps. (709) and Ps. (223) respectively, see note 16.1.
(2) See note 12.1, "Contract assets".

16.1 Financial Assets in Concession Arrangements

The following table shows the changes in financial assets in concession arrangements registered in Grupo Aval's subsidiaries for the years ended on December 31, 2024, 2023 and 2022:

	Energy and Gas						Infrastructure			
	At fair value		At amortized cost		Total		At amortized cost		Total	
Balance as of January 1, 2022	**Ps.**	**3,228,480**	**Ps.**	**—**	**Ps.**	**3,228,480**	**Ps.**	**9,853,052**	**Ps.**	**13,081,532**
Additions or new concession arrangements		—		4,575		4,575		1,690,450		**1,695,025**
Collections during the year		—		—		—		(732,647)		**(732,647)**
Adjustment to fair value		278,751		—		278,751		—		**278,751**
Accrued interest		—		—		—		1,831,326		**1,831,326**
Impairment expense		—		—		—		(1,220)		**(1,220)**
Effect of movements in exchange rates		—		249		249		—		**249**
Balance as of December 31, 2022	**Ps.**	**3,507,231**	**Ps.**	**4,824**	**Ps.**	**3,512,055**	**Ps.**	**12,640,961**	**Ps.**	**16,153,016**
Additions or new concession arrangements [(1)]		—		118,109		118,109		877,884		**995,993**
Collections during the year		—		—		—		(1,144,396)		**(1,144,396)**
Adjustment to fair value		323,685		—		323,685		—		**323,685**
Accrued interest		—		—		—		1,493,115		**1,493,115**
Impairment expense		—		—		—		(223)		**(223)**
Effect of movements in exchange rates		—		(8,370)		(8,370)		—		**(8,370)**
Balance as of December 31, 2023	**Ps.**	**3,830,916**	**Ps.**	**114,563**	**Ps.**	**3,945,479**	**Ps.**	**13,867,341**	**Ps.**	**17,812,820**
Additions or new concession arrangements [(1)]		—		76,572		76,572		1,100,702		**1,177,274**
Collections during the year		—		(74,231)		(74,231)		(897,403)		**(971,634)**
Adjustment to fair value		350,919		—		350,919		—		**350,919**
Accrued interest		—		—		—		861,175		**861,175**
Impairment expense		—		—		—		(709)		**(709)**
Effect of movements in exchange rates		—		30,396		30,396		—		**30,396**
Balance as of December 31, 2024	**Ps.**	**4,181,835**	**Ps.**	**147,300**	**Ps.**	**4,329,135**	**Ps.**	**14,931,106**	**Ps.**	**19,260,241**

(1) Includes work progress on the Covioriente and Covipacífico concessions; as of December 31, 2024 Ps. 523,216 and Ps. 541,065 respectively; as of December 31, 2023 Ps. 715,573 and Ps. 130,105 respectively and as of December 31, 2022 Ps. 1,043,138 and Ps. 621,988 respectively.

16.2 Intangible Assets in Concession Arrangements

The following table shows the movements of the main concession arrangements in Grupo Aval's subsidiaries under intangible assets during years ended at December 31, 2024, 2023 and 2022:

Cost		Energy and Gas		Infrastructure		Total
Balance as of January 1, 2022	**Ps.**	**5,893,832**	**Ps.**	**6,418,058**	**Ps.**	**12,311,890**
Additions [(1)]		809,085		1,103,283		1,912,368
Reclassification to / from PPE		113		—		113
Withdrawals		(11,724)		—		(11,724)
Effect of movements in exchange rates		547,529		—		547,529
Balance as of December 31, 2022	**Ps.**	**7,238,835**	**Ps.**	**7,521,341**	**Ps.**	**14,760,176**

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Cost		Energy and Gas		Infrastructure		Total
Additions [1]		588,454		714,489		1,302,943
Reclassification to / from PPE		229		4,041		4,270
Withdrawals		(6,489)		—		(6,489)
Effect of movements in exchange rates		(712,856)		—		(712,856)
Balance as of December 31, 2023	**Ps.**	**7,108,173**	**Ps.**	**8,239,871**	**Ps.**	**15,348,044**
Additions [1]		741,423		708		742,131
Reclassification to / from PPE		244		—		244
Transfer to non-current assets held for sale		(33,400)		—		(33,400)
Withdrawals		(21,794)		—		(21,794)
Effect of movements in exchange rates		472,522		—		472,522
Balance as of December 31, 2024	**Ps.**	**8,267,168**	**Ps.**	**8,240,579**	**Ps.**	**16,507,747**

Accumulated Amortization		Energy and Gas		Infrastructure		Total
Balance as of January 1, 2022	**Ps.**	**(1,055,525)**	**Ps.**	**(146,847)**	**Ps.**	**(1,202,372)**
Amortization of the year		(253,692)		(19,016)		(272,708)
Withdrawals		835		—		835
Effect of movements in exchange rates		(30,801)		—		(30,801)
Balance as of December 31, 2022	**Ps.**	**(1,339,183)**	**Ps.**	**(165,863)**	**Ps.**	**(1,505,046)**
Amortization of the year		(277,702)		(39,385)		(317,087)
Reclassification to / from PPE		—		(2,184)		(2,184)
Withdrawals		289		—		289
Effect of movements in exchange rates		41,062		—		41,062
Balance as of December 31, 2023	**Ps.**	**(1,575,534)**	**Ps.**	**(207,432)**	**Ps.**	**(1,782,966)**
Amortization of the year		(303,951)		(93,095)		(397,046)
Reclassification to / from PPE		18		—		18
Transfer to non-current assets held for sale		26,426		—		26,426
Withdrawals		6,997		—		6,997
Effect of movements in exchange rates		(37,931)		—		(37,931)
Balance as of December 31, 2024	**Ps.**	**(1,883,975)**	**Ps.**	**(300,527)**	**Ps.**	**(2,184,502)**

Impairment loss		Energy and Gas		Infrastructure		Total
Balance as of January 1, 2022	**Ps.**	**(7,146)**	**Ps.**	**(4,256)**	**Ps.**	**(11,402)**
Period impairment charge		(665)		(357)		(1,022)
Balance as of December 31, 2022	**Ps.**	**(7,811)**	**Ps.**	**(4,613)**	**Ps.**	**(12,424)**
Period impairment charge		—		4,613		4,613
Balance as of December 31, 2023	**Ps.**	**(7,811)**	**Ps.**	**—**	**Ps.**	**(7,811)**
Period impairment charge		(874)		—		(874)
Balance as of December 31, 2024	**Ps.**	**(8,685)**	**Ps.**	**—**	**Ps.**	**(8,685)**

Total Intangible Assets		Energy and Gas		Infrastructure		Total
Balance as of January 1, 2022	**Ps.**	**4,831,161**	**Ps.**	**6,266,955**	**Ps.**	**11,098,116**
Cost		1,345,003		1,103,283		2,448,286
Amortization		(283,658)		(19,016)		(302,674)
Impairment loss		(665)		(357)		(1,022)
Balance as of December 31, 2022	**Ps.**	**5,891,841**	**Ps.**	**7,350,865**	**Ps.**	**13,242,706**
Cost		(130,662)		718,530		587,868
Amortization		(236,351)		(41,569)		(277,920)
Impairment loss		—		4,613		4,613
Balance as of December 31, 2023	**Ps.**	**5,524,828**	**Ps.**	**8,032,439**	**Ps.**	**13,557,267**
Cost		1,158,995		708		1,159,703
Amortization		(308,441)		(93,095)		(401,536)
Impairment loss		(874)		—		(874)
Balance as of December 31, 2024	**Ps.**	**6,374,508**	**Ps.**	**7,940,052**	**Ps.**	**14,314,560**

(1) Gas and Energy, includes borrowing costs capitalized for Ps. 39,433 as of December 31, 2024; Ps. 31,672 as of December 31, 2023 and Ps. 26,134 as of December 31, 2022 with a capitalized interest rate (weighted average) of 9.84%, 12.17% and 8.98% respectively.

The following is a summary of the main concession contracts granted to Grupo Aval's subsidiaries as of December 31, 2024:

(Amounts expressed in millions of Colombian pesos)

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Concession Owner	Recognition	Business and country	Objective	Current stage	Contract date	Year of construction start	% Work Progress		Concession end date
Gas and Energy									
Surtigas S.A. E.S.P.	Fair value / Intangible assets	Energy and Gas Colombia	Purchase, storage, packaging and distribution of gases derived from hydrocarbons.	Operation	03/1984 to 04/1994	1984	100	%	2034 to 2045
Transmetano E.S.P. S.A.	Fair value / Intangible assets	Energy and Gas Colombia	Construction, operation and maintenance of gas transportation systems.	Operation	08/1994	1996	100	%	2044
Promigas S.A. E.S.P.	Fair value / Intangible assets	Energy and Gas Colombia	Purchase, sale, transportation, distribution, exploitation and exploration of natural gas, oil and hydrocarbons in general.	Operation	05/1976 to 11/1994	1976	100	%	2026 to 2044
Promioriente S.A. E.S.P.	Fair value / Intangible assets	Energy and Gas Colombia	Construction, operation and maintenance of gas pipelines.	Operation	09/1995	1995	100	%	2045
Gases de Occidente S.A. E.S.P.	Fair value / Intangible assets	Energy and Gas Colombia	Transportation and distribution of liquefied petroleum gas and natural gas.	Operation	08/1998	1998	100	%	2047
Compañía Energética de Occidente S.A. E.S.P. (1)	Intangible assets	Energy and Gas Colombia	Administrative, operational, technical and commercial management for the provision of electrical energy.	Operation and maintenance	01/2010	2010	100	%	2035
Sociedad Portuaria El Cayao S.A. E.S.P.	Intangible assets	Energy and Gas Colombia	Construction, maintenance and administration of ports.	Operation	07/2015	2015	100	%	2035
Gases del Pacífico S.A.C.	Amortized cost / Intangible assets	Energy and Gas Perú	Purchase, sale, production, commercialization of energy in any of its forms.	Operation	10/2013	2015	100	%	2034
Gases del Norte del Perú S.A.C.	Amortized cost / Intangible assets	Energy and Gas Perú	Construction and distribution service of natural gas.	Construction and Operation	11/2019	2020	96.83	%	2051
Infrastructure									
Proyectos de Infraestructura S.A.	Intangible assets	Infrastructure Colombia	Design, construction, equipment, conservation, operation and maintenance of road infrastructure.	Operation	12/1993	1994	100	%	2033
Concesiones CCFC S.A.S.	Intangible assets	Infrastructure Colombia	Design, construction, equipment, conservation, operation and maintenance of road infrastructure.	Liquidation	06/1995	2001	100	%	2024
Concesionaria Panamericana S.A.S.	Amortized cost / Intangible assets	Infrastructure Colombia	Design, construction, equipment, conservation, operation and maintenance of road infrastructure.	Construction, Operation and maintenance	12/1997	2009	100	%	2035
Concesionaria Vial del Pacífico S.A.S.	Amortized cost	Infrastructure Colombia	Design, construction, equipment, conservation, operation and maintenance of road infrastructure.	Construction	09/2014	2018	96.26	%	2043
Concesionaria Nueva Vía del Mar S.A.S.	Amortized cost	Infrastructure Colombia	Design, construction, equipment, conservation, operation and maintenance of road infrastructure.	Preconstruction	01/2015	2024	4.11	%	2044
Concesionaria Vial Andina S.A.S.	Intangible assets	Infrastructure Colombia	Design, construction, equipment, conservation, operation and maintenance of road infrastructure.	Operation and maintenance	06/2015	2016	100	%	2054
Concesionaria Vial Del Oriente S.A.S.	Amortized cost	Infrastructure Colombia	Design, construction, equipment, conservation, operation and maintenance of road infrastructure.	Construction	07/2015	2018	97.77	%	2043

(1) The concession has an investment commitment for the expansion, replacement and improvement of the infrastructure which as of December 2024 has an advance of 58.34%.

(Amounts expressed in millions of Colombian pesos)

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NOTE 17 – GOODWILL

The detail of the balance for goodwill as of December 31, 2024, and 2023 is as follows:

	December 31, 2024		December 31, 2023	
Balance at the beginning of the year	**Ps.**	**2,202,222**	**Ps.**	**2,248,217**
Impairment charge		—		(10,000)
Effect of movements in exchange rates (1)		21,386		(35,995)
Balance at the end of the year	**Ps.**	**2,223,608**	**Ps.**	**2,202,222**

(1) The foreign exchange adjustment is attributable to Multifinancial Group Inc.

The following is the detail of goodwill assigned per Cash Generating Units (CGU), representing the smallest identifiable levels which are monitored by Grupo Aval's management and which are not greater than the business' segments:

	Goodwill carrying amount			
CGU	December 31, 2024		December 31, 2023	
Sociedad Administradora de Pensiones y Cesantías Porvenir S.A.	Ps.	538,231	Ps.	538,231
Banco de Bogotá S.A. over Megabanco (1)		465,905		465,905
Banco Popular S.A.		358,401		358,401
Banco de Bogotá S.A.		301,222		301,222
Promigas S.A. and Subsidiaries		169,687		169,687
Banco de Bogotá S.A. over Multi Financial Group Inc. (2)		160,612		139,226
Banco de Occidente S.A.		127,571		127,571
Concesionaria Panamericana S.A.S.		72,594		72,594
Banco de Occidente S.A. over Banco Unión (1)		22,724		22,724
Hoteles Estelar S.A.		6,661		6,661
	Ps.	**2,223,608**	**Ps.**	**2,202,222**

(1) Goodwill recognized as a result of mergers between Banco de Bogotá and Megabanco and Banco de Occidente and Banco Unión.
(2) The variation presented corresponds to the foreign exchange adjustment attributable to Multi Financial Group Inc.

The recoverable amount of each cash generating unit was determined based on a valuation carried out by an appropriate expert. Such calculations used cash flow projections, covering periods from 5 to 20 years. Cash flows subsequent to these periods were extrapolated using estimated growth rates for such flows, not exceeding the average of the economic sector where the cash generating unit operates.

Below is the detail of the most significant values that comprise Goodwill:

A. Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.

Porvenir absorbed AFP Horizonte Pensiones y Cesantías S.A. and the goodwill in question was allocated to the groups of cash-generating units that together made up Porvenir later that same year.

The latest valuation update for the business lines of the groups of cash-generating units to which this goodwill was allocated, was done by an external adviser who issued his report in January, 2025, based on financial statements of Porvenir on September 30, 2024, and which was reviewed by management. The conclusion was that there are no situations that imply a possible impairment, given that the value in use of the groups of cash generating units associated with goodwill was Ps. 14,635,179, exceeding the book value by Ps. 11,587,030.

The following are the main assumptions used in the impairment test impairment testing on the dates listed, even though the valuation exercise includes a 13-years projection, the table shows five years because from year six onwards the projection rates do not show significant variations:

(Amounts expressed in millions of Colombian pesos)

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	December 31, 2024				
	2025	**2026**	**2027**	**2028**	**2029**
Interest rate on investments	8.6 %	6.8 %	6.9 %	6.9 %	6.9 %
Borrowing rate	5.8 %	5.8 %	5.8 %	5.8 %	5.8 %
Growth in income from commissions	15.1 %	22.0 %	5.2 %	6.9 %	6.0 %
Growth in expenses	9.4 %	5.6 %	5.2 %	4.9 %	4.2 %
Inflation	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
Discount interest rate after taxes	9.9 %	8.8 %	7.5 %	7.9 %	7.8 %
Growth rate after thirteen years	3.0 %				

	December 31, 2023				
	2024	**2025**	**2026**	**2027**	**2028**
Interest rate on investments	8.3 %	6.4 %	6.2 %	6.1 %	6.0 %
Borrowing rate	5.8 %	5.8 %	5.8 %	5.8 %	5.8 %
Growth in income from commissions	0.8 %	48.5 %	3.3 %	4.9 %	6.1 %
Growth in expenses	7.7 %	12.4 %	7.1 %	5.4 %	5.0 %
Inflation	5.8 %	3.5 %	3.2 %	3.1 %	3.1 %
Discount interest rate after taxes	14.2 %	11.5 %	10.2 %	9.1 %	9.1 %
Growth rate after thirteen years	3.1 %				

A 13-years projection was made to estimate goodwill based on macroeconomic assumptions and those related to the business, as indicated in the foregoing tables, which were determined as follows:

- Investments and borrowing rates were projected using historical data and data provided by the Company on the business.
- The estimated increases in commissions and expenses are based on business growth and other transactions estimated by the Company.
- The inflation rate used in the projections is based on reports from outside sources, such as Oxford Economics.
- The growth rate used for the terminal value was 3.0%, which is the average projected inflation provided by the independent specialists.

The after-tax discount interest rate that was used to discount dividend flows reflects the specific risks relative to each cash-generating unit. If the estimated discount rate had been 0.5% higher than the estimated rate in the valuation done by external experts, there would be no need to reduce the book value of goodwill, since the value in use of the groups of cash-generating units assigned with goodwill would be Ps. 13,436,597 higher than this book value as of December, 2024 of Ps.3,048,149.

B. Cash-generating units inside Banco de Bogotá

Goodwill was generated in 2006 with the acquisition of 94.99% of the shares of Banco de Crédito y Desarrollo Social – MEGABANCO S.A. and later merged with Banco de Bogotá. This operation was authorized by the Office of the Superintendency of Finance in Resolution No. 917 dated June 2, 2006.

The latest valuation update for the business lines of the groups of cash-generating units to which this goodwill was allocated, was done by an external adviser who issued his report in January, 2025, based on Banco de Bogotá´s financial statements as of September 30, 2024, and which was reviewed by management. Given the merger with the acquired company, it was concluded that there are no situations that imply a possible impairment, given that the value in use of the groups of cash generating units associated with goodwill was Ps. 13,241,975 exceeds the book value by Ps. 6,297,072.

The following table shows the main assumptions used in the latest impairment tests of the groups of cash-generating units with allocated goodwill.

	December 31, 2024				
	2025	**2026**	**2027**	**2028**	**2029**
Lending rate on the loan portfolio and investments	11.2 %	10.7 %	10.7 %	10.8 %	10.8 %
Borrowing rate	5.2 %	5.7 %	5.8 %	5.9 %	6.0 %
Growth in income from commissions	9.5 %	13.7 %	13.1 %	17.7 %	5.2 %
Growth in expenses	10.7 %	5.9 %	6.7 %	8.0 %	7.9 %
Inflation	5.3 %	3.0 %	3.0 %	3.0 %	3.0 %
Discount rate after taxes	13.2 %	12.1 %	10.8 %	11.4 %	11.3 %
Growth rate after five years	6.1 %				

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December 31, 2023	2024	2025	2026	2027	2028
Lending rate on the loan portfolio and investments	12.1 %	10.8 %	10.2 %	10.0 %	9.8 %
Borrowing rate	7.1 %	5.5 %	4.9 %	4.7 %	4.5 %
Growth in income from commissions	16.0 %	14.7 %	14.1 %	11.3 %	11.2 %
Growth in expenses	11.7 %	8.3 %	7.9 %	6.2 %	5.6 %
Inflation	5.8 %	3.5 %	3.2 %	3.1 %	3.1 %
Discount rate after taxes	16.5 %	13.7 %	12.4 %	11.3 %	11.6 %
Growth rate after five years	6.5 %				

A 5-years projection was made to estimate goodwill, based on macroeconomic assumptions and those related to the businesses listed in the foregoing tables. The following is a description of that process:

- The lending rates on loans and investments were projected based on the company and independent specialist expectations.
- The borrowing rates were projected based on the company and independent specialist expectations.
- Estimated growths for commissions are based on historical percentages. The commission income was estimated as a percentage of net portfolio and the commission expense was calculated as a percentage of deposits.
- Estimated growth for expenses are based on the growth expectations of the company to support the growth of assets and the development of its operation.
- The inflation used in the projections is based on reports from external sources such as Oxford Economics.
- The growth rate used for the terminal value was 6.1%, which corresponds to the growth company expectation for the long term.

The after-tax discount rate that was used to discount dividend flows reflects the specific risks relative to each cash-generating unit. If the estimated discount rate had been 0.5% higher than the estimated rate in the valuation done by external experts, there would be no need to reduce the book value of goodwill, since the value in use of the groups of cash-generating units assigned with goodwill would be Ps. 12,006,417, higher than this book value as of December, 2024 of Ps. 6,944,903.

C. Banco Popular S.A.

The acquisition process of Grupo Aval's stake in Banco Popular S.A. began in December 2006 and ended in September 2011, where Grupo Aval closed with a direct participation of 93.74%.

The latest valuation update for the business lines of the groups of cash-generating units to which this goodwill was allocated, was done by an external adviser who issued his report in February, 2025, based on Banco Popular´s financial statements as of December 31, 2024 and which was reviewed by management. It was concluded that there are no situations that imply a possible impairment, given that the value in use of the groups of cash generating units associated with goodwill was Ps. 4,131,229 exceeds the book value by Ps. 1,487,724.

The following table shows the main assumptions used in the latest impairment tests of the groups of cash-generating units with allocated goodwill.

December 31, 2024	2025	2026	2027	2028	2029
Lending rate on the loan portfolio and investments	11.5 %	11.3 %	11.1 %	11.1 %	11.2 %
Borrowing rate	5.8 %	4.8 %	4.7 %	4.6 %	4.5 %
Growth in expenses	7.4 %	13.7 %	6.8 %	6.5 %	6.4 %
Inflation	3.5 %	3.0 %	3.0 %	3.0 %	3.0 %
Discount rate after taxes	14.5 %	12.4 %	10.8 %	11.4 %	11.4 %
Growth rate after five years	6.1 %				

December 31, 2023	2024	2025	2026	2027	2028
Lending rate on the loan portfolio and investments	12.5 %	12.3 %	12.0 %	11.6 %	10.9 %
Borrowing rate	8.2 %	6.1 %	5.2 %	4.7 %	4.1 %
Growth in expenses	8.3 %	(13.2)%	1.5 %	7.7 %	7.5 %
Inflation	7.2 %	3.8 %	3.0 %	3.0 %	3.0 %
Discount rate after taxes	17.3 %	13.6 %	12.0 %	11.4 %	11.6 %
Growth rate after five years	6.0 %				

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A 5-years projection was made to estimate goodwill, based on macroeconomic assumptions and those related to the businesses listed in the foregoing tables. The following is a description of that process:

- The lending rates on loans and investments were projected based on the company and independent specialist expectations.
- The borrowing rates were projected based on the company and independent specialist expectations.
- Estimated growths for commissions are based on historical percentages. The commission income was estimated as a percentage of net portfolio and the commission expense was calculated as a percentage of deposits.
- Estimated growth for expenses are based on the growth expectations of the company to support the growth of assets and the development of its operation.
- The inflation used in the projections is based on reports from external sources such as Oxford Economics.
- The growth rate used for the terminal value was 6.1%, which corresponds to the growth company expectation for the long term.

The after-tax discount interest rate that was used to discount dividend flows reflects the specific risks relative to each cash-generating unit. If the estimated discount rate had been 0.5% higher than the estimated rate in the valuation done by external experts, there would be no need to reduce the book value of goodwill, since the value in use of the groups of cash-generating units assigned with goodwill would be Ps. 3,505,844, still exceeding book value as of December, 2024 of Ps. 2,643,505.

D. Banco de Bogotá S.A.

The latest valuation update for the business lines of the groups of cash-generating units to which this goodwill was allocated, was done by an external adviser who issued his report in February, 2025, based on Banco de Bogotá´s financial statements as of December 31, 2024 and which was reviewed by management. It was concluded that there are no situations that imply a possible impairment, given that the value in use of the groups of cash generating units associated with goodwill was Ps. 27,840,439 exceeds the book value by Ps. 18,151,772.

The following table shows the main assumptions used in the latest impairment tests of the groups of cash-generating units with allocated goodwill.

	December 31, 2024				
	2025	2026	2027	2028	2029
Lending rate on the loan portfolio and investments	10.9 %	10.4 %	10.5 %	10.5 %	10.5 %
Borrowing rate	5.6 %	4.7 %	4.6 %	4.6 %	4.4 %
Growth in income from commissions	9.9 %	13.1 %	12.5 %	15.9 %	6.4 %
Growth in expenses	11.3 %	7.0 %	7.9 %	9.2 %	7.7 %
Inflation	3.5 %	3.0 %	3.0 %	3.0 %	3.0 %
Discount rate after taxes	14.5 %	12.4 %	10.8 %	11.4 %	11.4 %
Growth rate after five years	6.1 %				

	December 31, 2023				
	2024	2025	2026	2027	2028
Lending rate on the loan portfolio and investments	12.9 %	11.2 %	10.5 %	10.3 %	10.1 %
Borrowing rate	7.2 %	5.6 %	4.9 %	4.7 %	4.6 %
Growth in income from commissions	(3.4)%	14.2 %	14.3 %	11.7 %	11.0 %
Growth in expenses	9.5 %	8.7 %	8.4 %	6.9 %	5.1 %
Inflation	7.2 %	3.8 %	3.0 %	3.0 %	3.0 %
Discount rate after taxes	17.3 %	13.6 %	12.1 %	11.4 %	11.7 %
Growth rate after five years	6.0 %				

A 5-years projection was made to estimate goodwill, based on macroeconomic assumptions and those related to the businesses listed in the foregoing tables. The following is a description of that process:

- The lending rates on loans and investments were projected based on the company and independent specialist expectations.
- The borrowing rates were projected based on the company and independent specialist expectations.
- Estimated growths for commissions are based on historical percentages. The commission income was estimated as a percentage of net portfolio and the commission expense was calculated as a percentage of deposits.
- Estimated growth for expenses are based on the growth expectations of the company to support the growth of assets and the development of its operation.

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- The inflation used in the projections is based on reports from external sources such as Oxford Economics.
- The growth rate used for the terminal value was 6.1%, which corresponds to the growth company expectation for the long term.

The after-tax discount rate that was used to discount dividend flows reflects the specific risks relative to each cash-generating unit. If the estimated discount rate had been 0.5% higher than the estimated rate in the valuation done by external experts, there would be no need to reduce the book value of goodwill, since the value in use of the groups of cash-generating units assigned with goodwill would be Ps. 25,304,639, still exceeding book value as of December, 2024 of Ps. 9,688,667.

E. Multi Financial Group Inc.

On May 22, 2020, Banco de Bogotá acquired 96.6% of the shares of Multi Financial Group (MFG) through its subsidiary Leasing Bogotá S.A. Panama (LBP), and subsequently between the months of June and December 2020, acquired the additional 2.97%, for a 99.6% total. As of December 31, 2020 the Purchase Price Allocation process (PPA) was finished, and the final goodwill value was determined.

As of September 2021, Leasing Bogotá Panama changed its business name to BAC Holding International (BAC Holding) and spun-off Multi Financial Group. As a result, Banco de Bogotá took control of the company through Multi Financial Holding, therefore the goodwill of Bac Credomatic and its subsequent acquisitions belong to BAC Holding International, and the goodwill of Multi Financial Group belongs to Multi Financial Holding.

The latest valuation update for the business lines of the groups of cash-generating units to which this goodwill was allocated, was done by an external adviser who issued his report in January, 2025, based on Multi Financial Group´s financial statements as of September 30, 2024 and which was reviewed by management. It was concluded that there are no situations that imply a possible impairment, given that the value in use of the groups of cash generating units associated with goodwill was Ps. 2,590,461 exceeds the book value by Ps. 542,784.

The following table shows the main assumptions used in the latest impairment tests of the groups of cash-generating units with allocated goodwill.

	December 31, 2024				
	2025	2026	2027	2028	2029
Lending rate on the loan portfolio and investments	6.6 %	6.8 %	6.8 %	6.9 %	6.7 %
Borrowing rate	4.8 %	4.6 %	4.6 %	4.5 %	4.3 %
Growth in income from commissions	(0.7)%	2.4 %	5.0 %	4.8 %	3.9 %
Growth in expenses	(15.1)%	9.6 %	2.6 %	1.8 %	1.5 %
Discount rate after taxes	10.7 %				
Growth rate after ten years	5.5 %				

	December 31, 2023				
	2024	2025	2026	2027	2028
Lending rate on the loan portfolio and investments	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %
Borrowing rate	4.8 %	4.4 %	4.3 %	4.2 %	4.2 %
Growth in income from commissions	(22.0)%	8.6 %	12.6 %	11.7 %	11.9 %
Growth in expenses	(1.6)%	2.1 %	1.4 %	2.6 %	3.0 %
Discount rate after taxes	11.3 %				
Growth rate after ten years	5.6 %				

The averages of the main premises used are listed in the foregoing tables. The following is a description of that process.

- Lending rates on loans and investments were projected based on historical data and on the management expectations, considering the competitiveness of the different services in their respective markets and the growth strategies for each segment.
- For its part, for the growth in commissions was projected considering the increase in loan portfolios; this allows promoting greater income collection through products and services such as insurance, memberships, exchange commissions, among others, as well as the implementation of new services. As well as more competitive markets over the projected timeline.
- The future flows of funds are denominated in US dollars and are discounted at a nominal rate in US dollars, estimated as "Ke".
- The discount rate has been estimated considering the risk profile of the market where MFH operates.

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- To estimate the terminal value, a perpetuity has been projected based on the normalized cash flow, adjusted according to the expectations of stabilized long-term growth. This evolution is in line with the long-term average growth rate for the country's economy. In this case, an annual long-term average nominal growth rate (g) in dollars of 5.5% was considered.

The after-tax discount interest rate that was used to discount dividend flows reflects the specific risks relative to each cash-generating unit. If the estimated discount rate had been 0.5% higher than the estimated rate in the valuation done by external experts, there would be no need to reduce the book value of goodwill, since the value in use of the groups of cash-generating units assigned with goodwill would be Ps. 2,351,717, still exceeding book value as of December, 2024 of Ps. 2,047,677.

NOTE 18 – OTHER INTANGIBLE ASSETS

The following table shows the movements of the other intangible assets during years ended on December 31, 2024, 2023 and 2022:

	Internally generated		Separate	
	Developing	In use	acquisition	Total
Balance as of January 1, 2022	**Ps. 563,261**	**Ps. 378,956**	**Ps. 943,825**	**Ps. 1,886,042**
Capitalizations / Acquisitions / Purchases	494,055	—	105,623	599,678
Amortization	—	(70,538)	(187,379)	(257,917)
Transfers	(252,193)	155,588	96,605	—
Withdrawals	(3,619)	(46)	(1,335)	(5,000)
Discontinued operations (1)	—	—	(23,239)	(23,239)
Reclassification BAC (2)	(13,538)	—	(177,432)	(190,970)
Effect of movements in exchange rates	1,720	—	29,844	31,564
Balance as of December 31, 2022	**Ps. 789,686**	**Ps. 463,960**	**Ps. 786,512**	**Ps. 2,040,158**
Capitalizations / Acquisitions / Purchases	629,807	—	52,889	682,696
Amortization	—	(89,949)	(187,073)	(277,022)
Transfers	(191,381)	111,365	80,016	—
Withdrawals	(11,244)	—	(1,962)	(13,206)
Arrangement of entities (3)	(14,333)	—	(459)	(14,792)
Effect of movements in exchange rates	(1,092)	—	(34,315)	(35,407)
Balance as of December 31, 2023	**Ps. 1,201,443**	**Ps. 485,376**	**Ps. 695,608**	**Ps. 2,382,427**
Capitalizations / Acquisitions / Purchases	609,682	—	45,168	654,850
Amortization	—	(112,936)	(176,355)	(289,291)
Transfers	(665,019)	431,499	233,520	—
Withdrawals	(1,494)	(3,232)	(5,046)	(9,772)
Effect of movements in exchange rates	1,002	—	19,102	20,104
Balance as of December 31, 2024	**Ps. 1,145,614**	**Ps. 800,707**	**Ps. 811,997**	**Ps. 2,758,318**

(1) See note 1.1 "Discontinued operations of BAC Holding".
(2) Correspond to reclassification for comparability of the movements of BAC Holding consider the deconsolidation of this entity during year 2022.
(3) Includes the sale of Peajes Electrónicos.

NOTE 19 – INCOME TAX

19.1 Components of the income tax expense:

The income tax expense for the years ended on December 31, 2024, 2023 and 2022 comprises the following:

	December 31, 2024	December 31, 2023	December 31, 2022
Current period income tax	Ps. 998,582	Ps. 1,017,411	Ps. 822,758
Income tax surcharge	40,793	27,627	15,625
Prior years adjustments	(12,630)	(20,491)	(35,553)
Subtotal current period taxes	**Ps. 1,026,745**	**Ps. 1,024,547**	**Ps. 802,830**
Adjustment due to settlement of uncertain tax positions from prior years	(3,535)	(772)	(6,802)
Deferred taxes			
Deferred taxes current period	(86,336)	286,824	1,467,519
Deferred taxes - Prior years adjustments	9,553	(165)	7,857
Subtotal deferred taxes	**Ps. (76,783)**	**Ps. 286,659**	**Ps. 1,475,376**
Total income tax	**Ps. 946,427**	**Ps. 1,310,434**	**Ps. 2,271,404**

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19.2 Reconciliation of the Nominal Tax Rate and the Effective tax Rate

The tax rules in relation to the income tax applicable during the years 2024, 2023 and 2022, among other things, establish the following:

In Colombia

- Financial entities in Colombia that obtain taxable income more than 120,000 UVT (Unidades de Valor Tributario) during the year, determine their income tax at the income tax rate of 35% in addition a 5% surtax rate in the years 2023 and 2024, and at the income tax rate of 35% in addition a 3% surtax rate in the year 2022. The individual value of the UVT is Ps. 47,065 pesos for the year 2024, Ps. 42,412 pesos for the year 2023 and Ps. 38,004 pesos for the year 2022.
- The income tax rate applicable to corporations continues to be 35% for the year 2025 and subsequent years and the income surtax applicable to financial institutions with taxable income equal to or greater than 120,000 UVT in the period is 5% for the years 2025, 2026 and 2027.
- Taxable income for occasional Gains are taxed at 15% in years 2024 and 2023.
- Gains of the entities that belong to the special free zone regime in Colombia is taxed at 20%.
- Starting in the year 2023 and subsequent years, there is the possibility of taking as a deduction in income tax 100% of the industry and commerce tax (ICA) paid in the taxable period.
- Starting in the year 2023 the withholding tax rate for dividends received by national companies that do not constitute income or occasional profit is 10%. This withholding will be transferable to the resident individual or to the foreign investor.
- Dividends declared against profits of 2016 and prior years will keep the treatment in effect at that time, and those corresponding to profits obtained as of 2017 that are declared as from 2023, will be governed by the rates provided in Law 2277 of December 2022.
- Tax loss carry forwards incurred since 2017 may be offset against company taxable income over the following twelve years. Tax loss carry forwards incurred prior to 2017 may be offset on the same terms applicable as of December 31, 2016, but they may not be fiscally readjusted.
- The excess of presumptive income determined as from the year 2017 may be offset with the ordinary net income obtained by the companies within the following 5 years. Until 2020 presumptive income existed in Colombia and as a consequence, the excess of presumptive income generated in 2020 will be the last ones subject to compensation in the following years.
- For the determination of income current tax as from January 1, 2017, the value of assets, liabilities, equity, income, costs and expenses, will apply the recognition and measurement systems, in accordance with the technical accounting regulatory frameworks in Colombia when the tax law expressly refers to them and in the cases in which it does not regulate the matter. The tax law may expressly provide for a different treatment.
- By Law 2294 of 2023, the audit benefit was extended for the years 2024, 2025 and 2026 for taxpayers that increase their net income tax of the taxable year in relation to the net income tax of the immediately preceding year by at least 35% and 25%, with which the income tax return will become final within 6 or 12 months following the date of its filing, respectively.
- With the Law of 2010 of 2019, the term of finality of the income tax return of taxpayers that determine or compensate tax losses or are subject to the transfer pricing regime, will be 5 years.

(Amounts expressed in millions of Colombian pesos)

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In other countries

Grupo Aval international presence through its subsidiaries includes participation in jurisdictions such as Panama, Peru and Barbados. Subsidiaries with a local license in Panama are taxed at the rate of 25%, while companies liable for income tax in Peru are taxed at the rate of 29.5% as of 2017. In Barbados they are taxed at the rate of 4.25% starting in 2022.

Below is the detailed reconciliation between total expenses of the income tax of Grupo Aval calculated at the applicable enacted tax rate and the tax expense recognized in the statement of income for the years ended on December 31, 2024, 2023 and 2022:

		December 31, 2024		December 31, 2023		December 31, 2022
Profit before income tax	Ps.	3,137,904	Ps.	3,487,550	Ps.	6,274,371
Enacted tax rate in Colombia		40 %		40 %		38 %
Theoretical income tax expense		1,255,162		1,395,020		2,384,261
Nondeductible expenses		722,100		872,723		465,986
Generation (offset) of tax losses considered non recoverable for income tax purpose (1)		(140,284)		71,741		192,470
(Offset) of presumptive income considered non recoverable for income tax purpose		(518)		(23)		(7,666)
Nontaxable dividends		(59,381)		(47,242)		(40,420)
Nontaxable income under equity method in associates		(151,358)		(150,626)		(141,655)
Profit on sales or appraisal of investment		(19,997)		(5,009)		(439)
Nontaxable interest income and other income		(113,805)		(274,758)		(281,715)
Other nontaxable income		(312,417)		(182,121)		(578,592)
Non-accountable tax revenues in sale of BHI		—		114,201		543,879
Revenues taxable at different tax rate		23,593		47,139		9,218
Tax benefits in the acquisition of property and equipment		(45,247)		(32,493)		(34,018)
Tax Discounts		(8,465)		(25,086)		(80,804)
Profits (losses) in Subsidiaries in tax free countries or with different tax rate (2)		(202,994)		(246,999)		(188,701)
Effect on the deferred income tax due to changes in tax rates (3)		59,802		(176,764)		56,129
Prior year adjustments		(12,630)		(20,491)		(35,553)
Adjustments due to uncertain tax positions in previous year		(3,535)		(772)		(6,802)
Deferred taxes - Prior years adjustments		9,553		(165)		7,857
With holding tax		11,957		9,479		654
Other		(65,109)		(37,320)		7,315
Total tax expense of the year	**Ps.**	**946,427**	**Ps.**	**1,310,434**	**Ps.**	**2,271,404**
Effective income tax rate		**30.16 %**		**37.57 %**		**36.20 %**

(1) Corficolombiana and its subsidiaries used tax losses on which no deferred tax asset was recorded for Ps. (140,284) in 2024 and recorded new tax losses for Ps. 71,741 in 2023 and 192,470 in 2022. These tax loss carryforwards are not deferred tax assets because there is no certainty of their recoverability in the future.

(2) The variation is explained because Corficolombiana consolidates companies of the real sector that are taxed at the 35% rate (no income surtax is applied), companies that have stabilized the income rate at 33% due to the validity of a legal stability contract, companies resident in Peru that are taxed at 29.5% and companies that apply special regimes such as free trade zones and hotel income. The variation is also explained by the fact that Banco Occidente consolidates its subsidiaries Nexa and Barbados at different tax rates.

(3) In 2023 corresponds to the effect of the difference between the rate applied in the calculation of the deferred tax and the statutory rate for the period. The greatest impact is mainly recorded by Corficolombiana with Ps. (87,085), explained by the recalculation of the deferred tax liability of the concessions, Banco Popular for Ps. (57,700), explained by the calculation of the deferred tax at the 35% rate, Banco Occidente for Ps. (36,523), explained by the differences in rates of its subsidiaries Nexa and Barbados and other entities for Ps 4,544.

(Amounts expressed in millions of Colombian pesos)

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19.3 Tax Losses and excess of Presumptive Income:

The following table shows the detail of the tax loss carry forward and excess of presumptive income over taxable income of the entities of Grupo Aval that have not been utilized, and which are not recognized as deferred tax assets, as of December 31, 2024, and 2023.

	December 31, 2024	December 31, 2023
Tax loss carry forwards expiring on:		
December 31, 2024	—	4,902
December 31, 2025	2,075	2,179
December 31, 2026	5,715	5,908
December 31, 2027	1,290	—
December 31, 2029	66,673	173,448
December 31, 2030	274,281	289,982
December 31, 2031	213,111	248,444
December 31, 2032	1,066	169,572
December 31, 2033	9,962	37,969
December 31, 2034	236,661	262,578
December 31, 2035	343,339	383,897
December 31, 2036	27,314	—
Without expiration date	427,839	414,318
Subtotal	**Ps. 1,609,326**	**Ps. 1,993,197**
Excess of presumptive income expiring on:		
December 31, 2024	—	26,883
December 31, 2025	484	7,642
Subtotal	**Ps. 484**	**Ps. 34,525**
Total	**Ps. 1,609,810**	**Ps. 2,027,722**

19.4 Deferred Taxes from Investments in Subsidiaries:

According with IAS 12, Grupo Aval did not record deferred income tax liabilities related to temporary differences of investments in subsidiaries because: i) Grupo Aval has control over the subsidiaries and the dividend policy of its subsidiaries and it can decide about the reversal of such temporary differences; and ii) Grupo Aval does not expect their realization in the short term; therefore, it is probable that such temporary differences will not be reversed in the foreseeable future. As of December 31, 2024 and 2023, Grupo Aval did not record deferred tax liabilities related to taxable temporary differences of investments in subsidiaries of Ps. 7,653,035 and Ps. 8,955,318, respectively.

19.5 Deferred taxes by Type of Temporary Difference:

The differences between the carrying value of the assets and liabilities and their tax bases give rise to the following temporary differences which result in deferred taxes, calculated and recorded in the years ended on December 31, 2024, 2023 and 2022, based on current tax regulations as references for the years wherein such temporary differences will be reverted.

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Grupo Aval Acciones y Valores S.A.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024, 2023 and 2022
(Amounts expressed in millions of Colombian pesos)

Year ended on December 31, 2024

	Balance as of January 1, 2024	Credited (charged) to profit or loss	Credited (charged) to OCI	Foreign exchange adjustments	Balance as of December 31, 2024
Deferred tax assets					
Debt securities at fair value	Ps. 271,644	Ps. 83,897	Ps. 13,297	Ps. 8,252	Ps. 377,090
Equity securities	1,410	437	35	—	1,882
Derivative instruments	1,139,921	(510,077)	33,956	1,756	665,556
Accounts receivable	90,066	(53,153)	—	—	36,913
Allowance for accounts receivable	9,847	9,689	—	167	19,703
Loans and receivables	4,570	113,017	—	—	117,587
Allowance for impairment on loans and receivables	219,275	11,173	—	25,256	255,704
Allowance for foreclosed assets	4,480	559	—	(276)	4,763
Property, plant and equipment costs	470,487	57,088	—	1,682	529,257
Depreciation of property, plant and equipment	23,510	7,920	—	13	31,443
Other intangible assets	299,433	3,927	—	(1,449)	301,911
Tax losses carry forward	1,055,380	186,664	—	(986)	1,241,058
Surplus of presumptive income	2,306	(1,688)	—	—	618
Provisions	335,594	260	—	—	335,854
Employee benefits	61,705	(300)	3,532	8,507	73,444
Intangible assets in concession contracts	1,242,841	285,849	—	—	1,528,690
Biological assets	150	(92)	—	—	58
Lease agreements	619,451	137,479	—	(72,342)	684,588
Foreign currency bonds	527,394	194,964	182,925	—	905,283
Foreign currency financial liabilities	—	22,851	25,402	—	48,253
Other	263,357	104,146	226	344	368,073
Subtotal	**Ps. 6,642,821**	**Ps. 654,610**	**Ps. 259,373**	**Ps. (29,076)**	**Ps. 7,527,728**
Deferred tax liabilities					
Debt securities at fair value	Ps. (14,510)	Ps. 3,311	Ps. 4,016	Ps. (3,443)	Ps. (10,626)
Equity securities	(202,181)	(1,464)	6,176	(4,540)	(202,009)
Derivative instruments	(655,317)	19,262	(23,441)	(1,757)	(661,253)
Accounts receivable	(32,329)	(1,156)	—	—	(33,485)
Allowance of investments securities	(422)	(66)	—	—	(488)
Loans and receivables	(24,833)	(11,584)	—	—	(36,417)
Allowance for impairment on loans and receivables	(656,156)	24,028	—	(8,277)	(640,405)
Foreclosed assets	(49,526)	6,583	—	—	(42,943)
Property plant and equipment costs	(226,618)	(38,081)	75	(3,584)	(268,208)
Depreciation of property, plant and equipment	(489,096)	(88,955)	—	3,510	(574,541)
Investment property	(46,134)	(5,318)	(6,774)	(81)	(58,307)
Right-of-use	(276,424)	(489,048)	—	63,677	(701,795)
Deferred charges and of intangible assets	(417,780)	17,449	—	(6,623)	(406,954)
Provisions	(3,660)	372	—	(234)	(3,522)
Employee benefits	(447)	(1,852)	1,351	(122)	(1,070)
Goodwill	(326,661)	—	—	—	(326,661)
Deferred Income	(1,308,952)	(307,484)	—	—	(1,616,436)
Financial assets in concession arrangements	(204,636)	(10,103)	—	—	(214,739)
Intangible assets in concession arrangements	(5,175,297)	(256,684)	—	(33,478)	(5,465,459)
Biological assets	(68,751)	7,554	—	—	(61,197)
Lease agreements	(381,618)	375,745	—	—	(5,873)
Foreign currency financial liabilities	(267,090)	233,056	—	—	(34,034)
Other	(80,111)	(53,392)	(14,585)	(1,481)	(149,569)
Subtotal	**Ps. (10,908,549)**	**Ps. (577,827)**	**Ps. (33,182)**	**Ps. 3,567**	**Ps. (11,515,991)**
Total	**Ps. (4,265,728)**	**Ps. 76,783**	**Ps. 226,191**	**Ps. (25,509)**	**Ps. (3,988,263)**

(Amounts expressed in millions of Colombian pesos)

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Year ended on December 31, 2023

	Balance as of January 1, 2023	Credited (charged) to profit or loss	Credited (charged) to OCI	Foreign exchange adjustments	Balance as of December 31, 2023
Deferred tax assets					
Debt securities at fair value	Ps. 857,505	Ps. (64,839)	Ps. (520,770)	Ps. (252)	Ps. 271,644
Equity securities	165	1,245	—	—	1,410
Derivative instruments	452,394	674,733	9,793	3,001	1,139,921
Allowance of investments securities	1,468	(1,468)	—	—	—
Accounts receivable	258,765	(168,647)	—	(52)	90,066
Allowance for accounts receivable	80,839	(71,334)	—	342	9,847
Loans and receivables	905	3,674	—	(9)	4,570
Allowance for impairment on loans and receivables	292,841	(33,103)	—	(40,463)	219,275
Allowance for foreclosed assets	8,750	(3,216)	—	(1,054)	4,480
Property, plant and equipment costs	349,485	121,098	—	(96)	470,487
Depreciation of property, plant and equipment	18,018	(39,387)	—	44,879	23,510
Investment property	31,061	(31,061)	—	—	—
Other intangible assets	237,436	61,968	—	29	299,433
Tax losses carry forward	272,020	778,311	—	5,049	1,055,380
Surplus of presumptive income	18,350	(16,044)	—	—	2,306
Provisions	326,889	23,237	—	(14,532)	335,594
Employee benefits	73,732	(25,676)	14,386	(737)	61,705
Intangible assets in concession contracts	1,585,925	(333,025)	—	(10,059)	1,242,841
Biological assets	167	(17)	—	—	150
Lease agreements	619,032	16,044	—	(15,625)	619,451
Foreign currency bonds	1,421,540	(620,538)	(273,608)	—	527,394
Foreign currency financial liabilities	365,565	(365,565)	—	—	—
Other	396,367	(71,664)	(89,171)	27,825	263,357
Subtotal	**Ps. 7,669,219**	**Ps. (165,274)**	**Ps. (859,370)**	**Ps. (1,754)**	**Ps. 6,642,821**
Deferred tax liabilities					
Debt securities at fair value	Ps. (3,568)	Ps. (5,673)	Ps. (5,346)	Ps. 77	Ps. (14,510)
Equity securities	(172,559)	(32,989)	3,542	(175)	(202,181)
Derivative instruments	(663,726)	8,847	—	(438)	(655,317)
Accounts receivable	(257,754)	225,450	—	(25)	(32,329)
Allowance of investments securities	(2,577)	2,155	—	—	(422)
Loans and receivables	(37,469)	12,636	—	—	(24,833)
Allowance for impairment on loans and receivables	(700,024)	29,937	—	13,931	(656,156)
Foreclosed assets	(75,396)	25,870	—	—	(49,526)
Property plant and equipment costs	(234,385)	4,968	1,051	1,748	(226,618)
Depreciation of property, plant and equipment	(462,695)	(27,481)	—	1,080	(489,096)
Investment property	(97,608)	51,362	—	112	(46,134)
Right-of-use	(314,062)	35,513	—	2,125	(276,424)
Deferred charges and of intangible assets	(326,052)	(94,613)	—	2,885	(417,780)
Provisions	(3,474)	(619)	—	433	(3,660)
Employee benefits	(24,321)	23,050	710	114	(447)
Goodwill	(326,661)	—	—	—	(326,661)
Deferred Income	(1,027,577)	(281,375)	—	—	(1,308,952)
Financial assets in concession arrangements	(197,679)	(6,957)	—	—	(204,636)
Intangible assets in concession arrangements	(5,348,922)	140,818	—	32,807	(5,175,297)
Biological assets	(63,378)	(5,373)	—	—	(68,751)
Lease agreements	(346,541)	(35,077)	—	—	(381,618)
Foreign currency financial liabilities	—	(312,319)	45,229	—	(267,090)
Other	(194,243)	120,485	33	(6,386)	(80,111)
Subtotal	**Ps. (10,880,671)**	**Ps. (121,385)**	**Ps. 45,219**	**Ps. 48,288**	**Ps. (10,908,549)**
Total	**Ps. (3,211,452)**	**Ps. (286,659)**	**Ps. (814,151)**	**Ps. 46,534**	**Ps. (4,265,728)**

(Amounts expressed in millions of Colombian pesos)

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Year ended on December 31, 2022

	Balance as of January 1, 2022	Loss of control in a Subsidiary (1)	Discontinued operations (1)	Credited (charged) to profit or loss	Credited (charged) to OCI	Foreign exchange adjustments	Balance as of December 31, 2022
Deferred tax assets							
Debt securities at fair value	Ps. 385,338	Ps. (73,729)	Ps. 6,567	Ps. 4,195	Ps. 537,052	Ps. (1,918)	Ps. 857,505
Equity securities	1,028	—	—	(4,371)	3,508	—	165
Derivative instruments	699,311	818,130	—	(296,033)	(768,615)	(399)	452,394
Allowance of investments securities	1,155	—	—	313	—	—	1,468
Accounts receivable	146,496	—	—	111,687	—	582	258,765
Allowance for accounts receivable	59,604	—	—	20,489	—	746	80,839
Loans and receivables	1,157	—	—	(252)	—	—	905
Allowance for impairment on loans and receivables	562,730	(303,273)	2,425	(3,091)	18,952	15,098	292,841
Allowance for foreclosed assets	21,082	(13,173)	556	(170)	—	455	8,750
Property, plant and equipment costs	339,049	—	—	(30,500)	—	40,936	349,485
Depreciation of property, plant and equipment	34,614	—	—	(16,022)	—	(574)	18,018
Investment property	30,021	—	—	1,323	(283)	—	31,061
Other intangible assets	243,170	—	—	(5,734)	—	—	237,436
Tax losses carry forward	117,025	—	—	142,435	—	12,560	272,020
Surplus of presumptive income	4,351	—	—	13,876	—	123	18,350
Provisions	324,063	(28,108)	(1,779)	32,570	—	143	326,889
Employee benefits	102,662	(11,440)	(1,736)	15,523	(29,818)	(1,459)	73,732
Intangible assets in concession contracts	1,368,490	—	—	217,435	—	—	1,585,925
Biological assets	101	—	—	66	—	—	167
Lease agreements	693,388	(151,767)	(2,301)	83,544	—	(3,832)	619,032
Foreign currency bonds	720,109	1,005,896	—	378,971	(683,436)	—	1,421,540
Foreign currency financial liabilities	83,072	—	—	282,493	—	—	365,565
Other	233,775	—	—	137,533	21,482	3,577	396,367
Subtotal	**Ps. 6,171,791**	**Ps. 1,242,536**	**Ps. 3,732**	**Ps. 1,086,280**	**Ps. (901,158)**	**Ps. 66,038**	**Ps. 7,669,219**
Deferred tax liabilities							
Debt securities at fair value	Ps. (73,895)	Ps. 103,081	Ps. (7,060)	Ps. (24,749)	Ps. 22	Ps. (967)	Ps. (3,568)
Equity securities	(253,422)	135,876	5,910	(26,573)	(42,746)	8,396	(172,559)
Derivative instruments	(32,668)	—	—	(631,300)	286	(44)	(663,726)
Accounts receivable	(177,642)	—	—	(80,114)	—	2	(257,754)
Allowance of investments securities	(1,421)	—	(7,772)	6,616	—	—	(2,577)
Loans and receivables	(29,531)	—	—	(7,938)	—	—	(37,469)
Allowance for impairment on loans and receivables	(612,925)	112,665	—	(199,764)	—	—	(700,024)
Foreclosed assets	(65,167)	—	—	(10,229)	—	—	(75,396)
Provision for foreclosed assets	(16,521)	12,817	2,619	1	—	1,084	—
Property plant and equipment costs	(283,593)	60,039	1,942	(10,472)	—	(2,301)	(234,385)
Depreciation of property, plant and equipment	(410,226)	—	—	(49,811)	—	(2,658)	(462,695)
Investment property	(96,342)	—	—	(330)	(863)	(73)	(97,608)
Right-of-use	(437,169)	133,232	1,586	(19,367)	—	7,656	(314,062)
Deferred charges and of intangible assets	(320,906)	315	(3)	(1,838)	—	(3,620)	(326,052)
Provisions	(16,542)	11,252	1,231	1,315	—	(730)	(3,474)
Employee benefits	(41,367)	39,124	(1,578)	(22,395)	(550)	2,445	(24,321)
Goodwill	(327,070)	—	—	409	—	—	(326,661)
Deferred Income	(917,159)	—	—	(110,418)	—	—	(1,027,577)
Financial assets in concession arrangements	(175,332)	—	—	31,036	—	(53,383)	(197,679)
Intangible assets in concession arrangements	(3,994,977)	—	—	(1,292,165)	—	(61,780)	(5,348,922)
Biological assets	(45,827)	—	—	(17,551)	—	—	(63,378)
Lease agreements	(317,539)	—	—	(28,992)	—	(10)	(346,541)
Other	(91,651)	(26,045)	(3,680)	(67,027)	(10,521)	4,681	(194,243)
Subtotal	**Ps. (8,738,892)**	**Ps. 582,356**	**Ps. (6,805)**	**Ps. (2,561,656)**	**Ps. (54,372)**	**Ps. (101,302)**	**Ps. (10,880,671)**
Total	**Ps. (2,567,101)**	**Ps. 1,824,892**	**Ps. (3,073)**	**Ps. (1,475,376)**	**Ps. (955,530)**	**Ps. (35,264)**	**Ps. (3,211,452)**

(1) See note 1.1 "Discontinued operations of BAC Holding".

(Amounts expressed in millions of Colombian pesos)

Grupo Aval offsets deferred tax assets and liabilities by entity and tax authority, considering the application of the tax provisions in Colombia and other countries where some subsidiaries have residence, in which the legal right to offset tax assets and liabilities and other requirements in IAS 12, according to the following breakdown:

December 31, 2024		Gross Deferred tax amounts		Offset		Balances on Statement of financial position
Deferred tax asset	Ps.	7,527,728	Ps.	(5,899,527)	Ps.	1,628,201
Deferred tax liability		(11,515,991)		5,899,527		(5,616,464)
Net	**Ps.**	**(3,988,263)**	**Ps.**	**—**	**Ps.**	**(3,988,263)**

December 31, 2023		Gross Deferred tax amounts		Offset		Balances on Statement of financial position
Deferred tax asset	Ps.	6,642,821	Ps.	(5,361,909)	Ps.	1,280,912
Deferred tax liability		(10,908,549)		5,361,909		(5,546,640)
Net	**Ps.**	**(4,265,728)**	**Ps.**	**—**	**Ps.**	**(4,265,728)**

Grupo Aval estimates to recover its income tax assets and settle its income tax liabilities as shown below:

Deferred tax		December 31, 2024		December 31, 2023
Deferred tax asset recoverable before 12 months	Ps.	1,238,172	Ps.	1,720,235
Deferred tax asset recoverable after 12 months		6,289,556		4,922,586
Total Deferred tax asset	**Ps.**	**7,527,728**	**Ps.**	**6,642,821**
Deferred tax liability to settle before 12 months	Ps.	(1,082,965)	Ps.	(999,487)
Deferred tax liability to settle after 12 months		(10,433,026)		(9,909,062)
Total Deferred tax liability	**Ps.**	**(11,515,991)**	**Ps.**	**(10,908,549)**
Total Deferred tax Net	**Ps.**	**(3,988,263)**	**Ps.**	**(4,265,728)**

Grupo Aval estimates to recover current tax assets and current tax liabilities as follows:

Current tax		December 31, 2024		December 31, 2023
Current tax asset recoverable before 12 months	Ps.	2,362,257	Ps.	2,388,441
Current tax asset recoverable after 12 months		787,645		208,396
Total Current tax asset	**Ps.**	**3,149,902**	**Ps.**	**2,596,837**
Current tax liability to settle before 12 months	Ps.	(247,502)	Ps.	(268,347)
Current tax liability to settle after 12 months		—		—
Total Current tax liability	**Ps.**	**(247,502)**	**Ps.**	**(268,347)**

19.6 Effect of the current and deferred taxes in each component of other comprehensive income in equity:

The effects of the current and deferred taxes in each component of other comprehensive income are detailed below:

	December 31, 2024							
Items that will be reclassified to profit or loss		**Amount before taxes**		**Current tax (expense) Income**		**Deferred tax (expense) income**		**Net [1]**
Hedged Items [2]	Ps.	514,713	Ps.	—	Ps.	(1,988)	Ps.	512,725
Hedging non-derivative instrument		(500,007)		—		176,097		(323,910)
Cash Flow hedging [3]		55,081		—		45,697		100,778
Foreign currency translation differences for foreign operations		247,019		—		(17,298)		229,721
Debt financial instruments		(112,692)		—		36,715		(75,977)
Investment in associates and join ventures		15,329		—		(548)		14,781
Subtotal Items that will be reclassified to profit or loss	**Ps.**	**219,443**	**Ps.**	**—**	**Ps.**	**238,675**	**Ps.**	**458,118**
Items that will not be reclassified to profit or loss								
Transfer from owner-occupied property to investment property	Ps.	16,741	Ps.	—	Ps.	(6,699)	Ps.	10,042
Unrealized gains (losses) on equity securities		301,497		—		(10,668)		290,829
Actuarial gains (losses) from defined benefit pension plans		(17,739)		—		4,883		(12,856)
Subtotal Items that will not be reclassified to profit or loss	**Ps.**	**300,499**	**Ps.**	**—**	**Ps.**	**(12,484)**	**Ps.**	**288,015**
Total "other comprehensive income" during the period	**Ps.**	**519,942**	**Ps.**	**—**	**Ps.**	**226,191**	**Ps.**	**746,133**

[1] See Note 25.5 "Consolidated Other Comprehensive Income (OCI)"

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(2) The tax effect only includes deferred tax on those investments where there is no control of the reversal of the temporary difference
(3) See note 10.2 "Cash flow hedges". The effect of changes in the fair value of the account receivable of Ps. 184,902 which is part of the tax basis is not deferred tax.

	December 31, 2023			
Items that will be reclassified to profit or loss	**Amount before taxes**	**Current tax (expense) Income**	**Deferred tax (expense) income**	**Net (1)**
Hedged Items (2)	Ps. (797,514)	Ps. —	Ps. 3,972	Ps. (793,542)
Hedging derivatives in foreign currency	—	919	(2,930)	(2,011)
Hedging non-derivative instrument	760,997	—	(266,321)	494,676
Cash Flow hedging (3)	(35,923)	—	(83,357)	(119,280)
Foreign currency translation differences for foreign operations	(409,671)	—	44,884	(364,787)
Debt financial instruments	1,795,666	—	(517,560)	1,278,106
Investment in associates and join ventures	(35,892)	—	1,660	(34,232)
Subtotal Items that will be reclassified to profit or loss	**Ps. 1,277,663**	**Ps. 919**	**Ps. (819,652)**	**Ps. 458,930**
Items that will not be reclassified to profit or loss				
Transfer from owner-occupied property to investment property	Ps. (1,963)	Ps. —	Ps. 1,051	Ps. (912)
Unrealized gains (losses) on equity securities	156,383	—	(10,646)	145,737
Actuarial gains (losses) from defined benefit pension plans	(56,324)	—	15,096	(41,228)
Subtotal Items that will not be reclassified to profit or loss	**Ps. 98,096**	**Ps. —**	**Ps. 5,501**	**Ps. 103,597**
Total “other comprehensive income” during the period	**Ps. 1,375,759**	**Ps. 919**	**Ps. (814,151)**	**Ps. 562,527**

(1) See Note 25.5 "Consolidated Other Comprehensive Income (OCI)"
(2) The tax effect only includes deferred tax on those investments where there is no control of the reversal of the temporary difference
(3) See note 10.2 "Cash flow hedges". The effect of changes in the fair value of the account receivable of Ps. (258,982) which is part of the tax basis is not deferred tax.

	December 31, 2022			
Items that will be reclassified to profit or loss	**Amount before taxes**	**Current tax (expense) Income**	**Deferred tax (expense) income**	**Net (1)**
Hedged Items (2)	Ps. (6,675,329)	Ps. —	Ps. (3,264)	Ps. (6,678,593)
Hedging derivatives in foreign currency	4,051,499	(700,522)	(818,130)	2,532,847
Hedging non-derivative instrument	2,549,821	(337,996)	(586,846)	1,624,979
Cash Flow hedging	(2,396)	—	2,543	147
Foreign currency translation differences for foreign operations	1,356,213	—	(24,593)	1,331,620
Debt financial instruments	(2,187,495)	—	545,791	(1,641,704)
Investment in associates and joint ventures	81,730	—	(3,054)	78,676
Subtotal Items that will be reclassified to profit or loss	**Ps. (825,957)**	**Ps. (1,038,518)**	**Ps. (887,553)**	**Ps. (2,752,028)**
Items that will not be reclassified to profit or loss				
Transfer from owner-occupied property to investment property	Ps. 461	Ps. —	Ps. (1,146)	Ps. (685)
Unrealized gains (losses) on equity financial securities	(439,150)	—	(36,462)	(475,612)
Actuarial gains (losses) from defined benefit pension plans	95,819	—	(30,369)	65,450
Subtotal Items that will not be reclassified to profit or loss	**Ps. (342,870)**	**Ps. —**	**Ps. (67,977)**	**Ps. (410,847)**
Total “other comprehensive income” during the period	**Ps. (1,168,827)**	**Ps. (1,038,518)**	**Ps. (955,530)**	**Ps. (3,162,875)**

(1) See Note 25.5 "Consolidated Other Comprehensive Income (OCI)"
(2) The tax effect only includes deferred tax on those investments where there is no control of the reversal of the temporary difference

19.7 Uncertainties in Open Tax Positions

As of December 31, 2024, Grupo Aval did not recognize liabilities for tax uncertainty. As of December 31, 2023, Grupo Aval recognized liabilities for tax uncertainty of Ps. 3,535. The uncertain tax positions corresponding to expenses, considered deductible, and which, according to decisions of the tax authorities, could be considered as non-deductible.

(Amounts expressed in millions of Colombian pesos)

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19.8 Withholdings tax on dividends paid between entities

Decree 1457 of November 12, 2020, regulates the articles 242, 242-1, 245, 26-1 y 895 of Colombian Tax Code. This Decree specifies the rules for the application of the special rate for dividends and participations, together with the procedures for the application of withholding tax (¨WHT"). This WHT at the source is paid by the withholding agent in the period in which it is applied. The WHT on distributions made to entities, which is treated as a tax credit deducted at source when a subsequent distribution is made by the entity to an individual. In essence, the tax credit resulting from the WHT is awarded to the ultimate beneficiary (which will not be a Colombian corporation), not to the entity receiving the dividend in the first place. When the entity first receives the distribution, it accounts for the WHT in equity, as a reduction in dividends payable to individuals in accordance with paragraph 65A of IAS 12. Grupo Aval recorded WHT for Ps. (15,885) and Ps. (164) during years 2024 and 2023, respectively. The figure of transferable withholdings applies to Colombian companies.

19.9 Minimum Tax Rate

The Government of Colombia create a minimum tax rate of 15% in 2023 for income tax taxpayers in Colombia, called the Minimum Tax Rate. To determine the rate, taxpayers must: (i) Determine the adjusted tax of the Colombian taxpayer, or the adjusted tax of the group in the event that it becomes part of a business group. (ii) Determine the adjusted profit of the Colombian taxpayer or the group in case it becomes part of a business group, and (iii) Determine the adjusted tax rate of the Colombian taxpayer or the group in case it becomes part of a business group. a business groups. If the effective rate calculated (adjusted tax/adjusted profit) is less than 15%, the tax to be added to the income tax by the taxpayer or the business group must be calculated.

Grupo Aval is a company whose financial statements are subject to consolidation in Colombia. The paragraph 6 of article 240 of the Tax Statute of Colombia incorporate the calculation of the Group Minimum Tax Rate (TTDG) whose result for the year 2024 is higher than the 15% established by Law as the minimum tax base, therefore, it does not give rise to the calculation and recognition of the tax to be added to the Group's income tax.

NOTE 20 – CUSTOMER DEPOSITS

20.1 Detail of the composition of the deposits

The following is the detail of the balances of the deposits received from Grupo Aval´s customer and subsidiaries in development of their deposit collection operations as of December 31, 2024 and 2023:

Detail		December 31, 2024		December 31, 2023
Demand				
Checking accounts	Ps.	24,579,536	Ps.	23,809,859
Savings accounts		79,614,904		71,149,883
Other funds on demand		347,910		430,194
	Ps	**104,542,350**	**Ps.**	**95,389,936**
Term deposits				
Fixed term deposit certificates [(1)]		96,329,827		86,597,460
Total deposits	**Ps.**	**200,872,177**	**Ps.**	**181,987,396**
Per currency				
In Colombian Pesos	Ps.	168,771,838	Ps.	154,916,985
In foreign currency		32,100,339		27,070,411
Total per currency	**Ps.**	**200,872,177**	**Ps.**	**181,987,396**

(1) The amount of term deposits due over 12 months as December 31, 2024 is Ps. 16,764,038 and December 31, 2023 is Ps. 19,732,877.

(Amounts expressed in millions of Colombian pesos)

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20.2 Detail of the effective interest rates

The following is a summary of the effective interest rates which are accrued on customer deposits is as follows:

December 31, 2024

	Deposits			
	In Colombian Pesos Rate		In foreign currency Rate	
	Minimum	Maximum	Minimum	Maximum
	%	%	%	%
Interest-bearing checking accounts	0.17 %	9.35 %	0.03 %	5.60 %
Saving accounts	0.01 %	13.78 %	0.05 %	5.00 %
Fixed term deposit certificates	0.05 %	23.52 %	0.30 %	9.00 %

December 31, 2023

	Deposits			
	In Colombian Pesos Rate		In foreign currency Rate	
	Minimum	Maximum	Minimum	Maximum
	%	%	%	%
Interest-bearing checking accounts	0.11 %	13.40 %	0.25 %	5.30 %
Saving accounts	0.01 %	16.13 %	0.25 %	5.30 %
Fixed term deposit certificates	0.05 %	23.52 %	0.45 %	8.46 %

20.3 Detail of the concentration of deposits received from customers per economic sector

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Financial	Ps. 36,117,236	18.0 %	Ps. 33,873,473	18.6 %
Individuals	31,559,768	15.7 %	27,986,764	15.4 %
Government and Colombian Government entities	26,875,424	13.4 %	25,696,069	14.1 %
Financial and insurance activities	19,700,240	9.8 %	21,194,553	11.6 %
Services	19,280,845	9.6 %	17,303,980	9.5 %
Insurance	14,226,539	7.1 %	10,619,085	5.8 %
Commerce	12,680,110	6.3 %	10,390,440	5.7 %
Real Estate	3,418,132	1.7 %	9,252,682	5.1 %
Manufacturing	3,056,218	1.5 %	3,753,556	2.1 %
Education	1,793,395	0.9 %	1,794,592	1.0 %
Agriculture and livestock	1,556,711	0.8 %	2,210,914	1.2 %
Exploitation of mines and quarries	1,226,516	0.6 %	1,071,957	0.6 %
Foreign Governments	867,311	0.4 %	269,659	0.1 %
Colombian Municipalities	604,265	0.3 %	635,410	0.3 %
Artistic, entertainment and recreation activities	454,909	0.2 %	316,956	0.2 %
Transport	287,384	0.1 %	1,523,858	0.8 %
Telecommunications	217,656	0.1 %	234,786	0.1 %
Tourism	83,289	0.1 %	86,661	0.1 %
Other	26,866,229	13.4 %	13,772,001	7.7 %
Total	**Ps. 200,872,177**	**100 %**	**Ps. 181,987,396**	**100 %**

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NOTE 21 – FINANCIAL OBLIGATIONS

21.1 Financial obligations other than issued bonds

a) Financial obligations interbank borrowings and overnight funds

The following is the detail of the financial obligations obtained by Grupo Aval and subsidiaries as of December 31, 2024 and 2023 to finance their operations:

		December 31, 2024		December 31, 2023
Local Currency				
Interbank funds				
Overnight funds	Ps.	41,570	Ps.	24,539
Interbank funds purchased		781,409		671,542
Commitments to transfer open and closed repo operations		9,898,971		3,746,752
Commitments to transfer simultaneous operations		5,648,747		9,158,585
Commitments originated in short positions simultaneous operations		1,093,006		1,093,314
Temporary securities transfer operations		2		—
Total interbank funds	**Ps.**	**17,463,705**	**Ps.**	**14,694,732**
Foreign currency				
Interbank funds				
Overnight funds		—		14,241
Commitments to transfer open and closed repo operations		1,046,064		372,947
Total interbank funds	**Ps.**	**1,046,064**	**Ps.**	**387,188**
Total interbank borrowings and overnight funds	**Ps.**	**18,509,769**	**Ps.**	**15,081,920**

The amount of obligations under money market transactions, associated with simultaneous and repo operations as of December 31, 2024 is Ps. 5,648,747, which are guaranteed by investments of Ps. 17,040,358; and as of December 31, 2023 is Ps. 9,158,585, which are guaranteed by investments of Ps. 16,874,942.

b) Financial obligations borrowings from banks and others

The following is the detail of the borrowings obtained by Grupo Aval and subsidiaries as of December 31, 2024 and 2023:

		December 31, 2024		December 31, 2023
Local Currency				
Borrowings from banks and others				
Borrowings		3,619,457		3,605,693
Leases contracts		1,794,416		1,793,568
Financiera de Desarrollo Territorial “FINDETER” (1)		2,518,426		2,194,515
Fondo para el Financiamiento del Sector Agropecuario - “FINAGRO” (1)		984,179		1,482,091
Banco de Comercio Exterior - “BANCOLDEX” (1)		528,363		1,121,416
Overdrafts in bank checking account		305		13
Other financial obligations		9,457		237,129
Total borrowings from banks and others	**Ps.**	**9,454,603**	**Ps.**	**10,434,425**
Foreign currency				
Borrowings from banks and others				
Borrowings		14,014,948		12,077,906
Leases contracts		1,071,851		998,180
Andean Development Corporation (Corporación Andina de Fomento)		532,140		—
Banco de Comercio Exterior - “BANCOLDEX” (1)		6,333		15,111
Letters of credit		1,566,346		1,026,404
Bankers acceptances		1,451,938		2,479,567
Total borrowings from banks and others	**Ps.**	**18,643,556**	**Ps.**	**16,597,168**
Total borrowings from banks and others	**Ps.**	**28,098,159**	**Ps.**	**27,031,593**

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(1) The Colombian Government has established certain credit programs for promoting the development of specific sectors of the economy, including foreign trade, agriculture, tourism, housing construction and other industries.
The amount of financial obligations with development entities as of December 31, 2024 is Ps. 4,037,301 and as of December 31, 2023 is Ps. 4,813,133.

The amount of borrowings from banks and others due over 12 months as of December 31, 2024 is Ps. 9,820,699 and as of December 31, 2023 is Ps. 11,586,737.

The amount of borrowings from development entities due over 12 months as of December 31, 2024 is Ps. 3,829,301, and as of December 31, 2023 is Ps. 4,083,085.

21.2 Financial obligations from issued bonds

Grupo Aval and some of its subsidiaries have been authorized by the Superintendency of Finance and by the applicable regulatory entities in other jurisdictions to issue either bonds or general guarantee bonds. The bonds issued by Grupo Aval and subsidiaries are non-guaranteed and represent exclusively the obligations of each of the issuers.

The detail of issued bonds as of December 31, 2024 and 2023, by issuance date and maturity date is as follows:

Issuer	Issue Date (*)		December 31, 2024		December 31, 2023	Maturity Date (*)	Interest Rate (*)
Local Currency							
Banco Av. Villas S.A. (1)	23/02/2021	**Ps.**	87,020	**Ps.**	296,689	23/02/2026	CPI + 1.36%
Banco de Bogotá S.A. (2)	Between 24/09/2020 and 25/07/2024		1,088,630		791,579	Between 24/09/2025 and 25/07/2028	CPI + 1.16%; and Fix Between 4.75% and 10.45%
Banco de Occidente S.A. (3)	Between 09/08/2012 and 20/08/2020		1,876,405		2,121,344	Between 30/01/2025 and 14/12/2032	CPI + 2.37% to 4.65%
Corporación Financiera Colombiana S.A. (4)	Between 11/12/2012 and 19/12/2024		3,871,660		3,205,530	Between 23/01/2025 and 19/11/2045	CPI + 1.58% to 6.30%; IBR + 3.75% and Fix 3.77%
Banco Popular S.A. (5)	Between 12/10/2016 and 10/03/2022		1,370,950		2,002,987	Between 04/02/2025 and 10/03/2027	CPI + 2.58% to 4.13% and Fix Between 6.12% and 10.20%
Grupo Aval Acciones y Valores S.A. (6)	Between 24/11/2016 and 12/12/2024		1,177,903		1,136,702	Between 24/11/2026 and 28/06/2042	CPI + 3.69% to 6.16% and Fix 10.08%
Local Currency Total		**Ps.**	**9,472,568**	**Ps.**	**9,554,831**		
Foreign Currency							
Banco de Bogotá S.A. Under rule 144A.	Between 12/05/2016 and 24/03/2023	Ps.	7,720,126	Ps.	6,750,155	Between 12/05/2026 and 24/03/2033	Fix Between 4.38% to 6.25% and SOFR6 3.75%
MFH (7)	Between 04/02/2020 and 21/06/2024		1,596,005		1,377,782	Between 04/02/2025 and 28/12/2033	Fix Between 3.00% to 7.75%
Banco Bogotá and MFH Total		**Ps.**	**9,316,131**	**Ps.**	**8,127,937**		
Grupo Aval Limited	4/02/2020		4,428,224		3,834,985	4/02/2030	Fix 4.38%
Promigas S.A. and Gases del Pacífico S.A.C. Under rule 144A.	Between 16/10/2019 and 22/10/2020		2,207,133		1,910,073	Between 16/10/2029 and 22/10/2029	Fix 3.75%
Banco de Occidente S.A. (8)	13/05/2024		791,791		—	13/08/2034	Fix 10.88%
Foreign Currency Total		**Ps.**	**16,743,279**	**Ps.**	**13,872,995**		
Total of Bonds		**Ps.**	**26,215,847**	**Ps.**	**23,427,826**		

(*) This information as of December 31, 2024
(1) Includes the payment for bonds maturing in 2024 for Ps. 208,231.
(2) Includes the payment for bonds maturing in 2024 for Ps. 209,472; likewise, bonds were issued in the year for a value of Ps. 508,962.
(3) Includes the payment for bonds maturing in 2024 for Ps. 281,306.
(4) Includes the payment for bonds maturing in 2024 for Ps. 172,548; likewise, bonds were issued in the year for a value of Ps. 789,992.
(5) Includes the payment for bonds maturing in 2024 for Ps. 628,383.

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(6) Includes the payment for bonds maturing in 2024 for Ps. 226,830; likewise, bonds were issued in the year for a value of Ps. 271,600.
(7) Includes the payment for bonds maturing in 2024 for Ps. 36,247; Likewise, bonds were issued in the year for a value of Ps. 42,969.
(8) Corresponds to the issuance of bonds on May 13, 2024.

The amount of issued bonds due over 12 months as of December 31, 2024 is Ps. 24,634,287 and as of December 31, 2023 is Ps. 21,664,811.

Grupo Aval had no defaults on principal or interest payments or other breaches with respect to its liabilities during the years ended December 31, 2024 and 2023, and Grupo Aval is complying with the related covenants agreed with investors and debtors.

21.3 Interest expense

The interest expense information as of December 31, 2024, 2023 and 2022 corresponds to:

	For the years ended December 31,					
		2024		2023		2022
Interest expense						
Deposits						
Checking accounts	Ps.	(261,315)	Ps.	(253,043)	Ps.	(159,114)
Savings accounts		(5,434,063)		(5,953,426)		(3,555,844)
Time deposits		(9,448,857)		(9,944,424)		(4,040,232)
Interest of the derivative designated as the hedging instrument (*)		(49,794)		(63,333)		(1,242)
Total deposits	Ps.	**(15,194,029)**	Ps.	**(16,214,226)**	Ps.	**(7,756,432)**
Financial obligations						
Interbank borrowings and overnight funds	Ps.	(1,683,943)	Ps.	(1,856,263)	Ps.	(678,114)
Borrowings from banks and similar		(1,510,447)		(1,601,927)		(739,803)
Leases contracts		(244,651)		(208,781)		(147,330)
Bonds issued		(1,790,729)		(2,159,948)		(2,092,843)
Borrowing from development entities		(490,534)		(591,285)		(249,873)
Total financial obligations	Ps.	**(5,720,304)**	Ps.	**(6,418,204)**	Ps.	**(3,907,963)**
Total interest expense	**Ps.**	**(20,914,333)**	**Ps.**	**(22,632,430)**	**Ps.**	**(11,664,395)**

(*) Corresponds to the coverage of interest expense for Term Certificates of Deposit "CDTs" over 12 months. See note 10.4 Impact on Interest Income and Expense Line Item from interest rate hedging.

(Amounts expressed in millions of Colombian pesos)

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21.4 Analysis of changes in the movements of financing activities

Reconciliation of movements of liabilities to cash flows arising from financing activities:

		Liabilities			Equity				Total
	Notes	Dividends payable	Bonds issued	Leases contracts	Subscribed and paid-in capital	Additional paid-in capital	Appropriated retained earnings	Non-controlling interest (NCI)	
Balance at January 1, 2022		**Ps. 598,534**	**Ps. 32,257,933**	**Ps. 2,882,157**	**Ps. 22,281**	**Ps. 8,490,799**	**Ps. 13,383,387**	**Ps. 16,457,994**	**Ps. 74,093,085**
Cash flows from financing activities:									
Dividends paid to shareholders		(414,267)	—	—	—	—	—	—	**(414,267)**
Dividends paid to non-controlling interest	**26**	(615,177)	—	—	—	—	—	—	**(615,177)**
Issuance of debt securities		—	695,136	—	—	—	—	—	**695,136**
Payment of outstanding debt securities		—	(7,837,898)	—	—	—	—	—	**(7,837,898)**
Leases contracts		—	—	(383,472)	—	—	—	—	**(383,472)**
Equity transaction		—	—	—	—	7,280	—	(22,294)	**(15,014)**
Net cash used in financing activities		**(1,029,444)**	**(7,142,762)**	**(383,472)**	**—**	**7,280**	**—**	**(22,294)**	**(8,570,692)**
Cash flows from operating activities:									
Accrued interest		—	2,147,935	148,806	—	—	—	—	2,296,741
Interest paid		—	(2,109,636)	(146,275)	—	—	—	—	(2,255,911)
Effects of changes in foreign exchange rates		—	6,030,376	142,898	—	—	—	—	6,173,274
Other Changes		651,725	(2,821,625)	(308,170)	1,463	1,082,307	(1,193,728)	(542,353)	(3,130,381)
Total liabilities related to other changes		**651,725**	**3,247,050**	**(162,741)**	**1,463**	**1,082,307**	**(1,193,728)**	**(542,353)**	**3,083,723**
Total equity related to other changes		**—**	**—**	**—**	**—**	**(9,012)**	**(4,171,242)**	**(1,538,658)**	**(5,718,912)**
Balance at December 31, 2022		**Ps. 220,815**	**Ps. 28,362,221**	**Ps. 2,335,944**	**Ps. 23,744**	**Ps. 9,571,374**	**Ps. 8,018,417**	**Ps. 14,354,689**	**Ps. 62,887,204**
Cash flows from financing activities:									
Dividends paid to shareholders		(766,537)	—	—	—	—	—	—	(766,537)
Dividends paid to non-controlling interest	**26**	(915,933)	—	—	—	—	—	—	(915,933)
Issuance of debt securities		—	2,609,994	—	—	—	—	—	2,609,994
Payment of outstanding debt securities		—	(4,072,742)	—	—	—	—	—	(4,072,742)
Leases contracts		—	—	(391,667)	—	—	—	—	(391,667)
Net cash used in financing activities		**(1,682,470)**	**(1,462,748)**	**(391,667)**	**—**	**—**	**—**	**—**	**(3,536,885)**
Cash flows from operating activities:									
Accrued interest		—	2,212,345	210,041	—	—	—	—	2,422,386
Interest paid		—	(2,171,231)	(202,551)	—	—	—	—	(2,373,782)
Effects of changes in foreign exchange rates		—	(3,525,280)	(172,766)	—	—	—	—	(3,698,046)
Other Changes		1,989,639	12,519	1,012,747	—	—	(982,868)	(1,006,721)	1,025,316
Total liabilities related to other changes		**1,989,639**	**(3,471,647)**	**847,471**	**—**	**—**	**(982,868)**	**(1,006,721)**	**(2,624,126)**
Total equity related to other changes		**—**	**—**	**—**	**—**	**—**	**696,224**	**1,389,776**	**2,086,000**
Balance at December 31, 2023		**Ps. 527,984**	**Ps. 23,427,826**	**Ps. 2,791,748**	**Ps. 23,744**	**Ps. 9,571,374**	**Ps. 7,731,773**	**Ps. 14,737,744**	**Ps. 58,812,193**
Cash flows from financing activities:									
Dividends paid to shareholders		(728,181)	—	—	—	—	—	—	(728,181)
Dividends paid to non-controlling interest	26	(667,330)	—	—	—	—	—	—	(667,330)
Issuance of debt securities		—	2,262,527	—	—	—	—	—	2,262,527
Payment of outstanding debt securities		—	(1,758,387)	—	—	—	—	—	(1,758,387)
Leases contracts		—	—	(416,640)	—	—	—	—	(416,640)
Equity transaction (1)		—	—	—	—	(4,904)	—	(50,096)	(55,000)
Net cash used in financing activities		**(1,395,511)**	**504,140**	**(416,640)**	**—**	**(4,904)**	**—**	**(50,096)**	**(1,363,011)**
Cash flows from operating activities:									
Accrued interest		—	1,831,715	245,366	—	—	—	—	2,077,081
Interest paid		—	(1,764,802)	(239,988)	—	—	—	—	(2,004,790)
Effects of changes in foreign exchange rates		—	2,200,477	142,677	—	—	—	—	2,343,154
Other Changes		1,161,028	16,491	343,104	—	(58,408)	(569,843)	(608,824)	283,548
Total liabilities related to other changes		**1,161,028**	**2,283,881**	**491,159**	**—**	**(58,408)**	**(569,843)**	**(608,824)**	**2,698,993**
Total equity related to other changes		**21,823**	**—**	**—**	**—**	**—**	**1,001,504**	**1,632,837**	**2,656,164**
Balance at December 31, 2024		**Ps. 315,324**	**Ps. 26,215,847**	**Ps. 2,866,267**	**Ps. 23,744**	**Ps. 9,508,062**	**Ps. 8,163,434**	**Ps. 15,711,661**	**Ps. 62,804,339**

(1) See note 25.4 Equity Transactions

(Amounts expressed in millions of Colombian pesos)

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NOTE 22 – EMPLOYEE BENEFITS

In accordance with labor legislation in the countries in which Grupo Aval operates, and based on labor conventions and collective bargaining agreements signed between Grupo Aval's subsidiaries and their employees, employees have short term benefits (including but not limited to salaries, holidays, legal and extralegal premiums, interests on severances and defined contribution plans such as severances), long-term benefits (including but not limited to seniority bonuses), post-employment benefits (including but not limited to medical aids) and retirement benefits (including but not limited to severance payments to employees in Colombia who continue with labor regime before Law 50 of 1990 and legal and extralegal retirement pensions). Compensation of key management personnel includes salaries (see note 34).

Through personnel benefits plans, Grupo Aval and its subsidiaries is exposed to several risks (interest rates), which are intended to be minimized by applying the risk management policies and procedures defined under Note 4.

The detail of the balance of liabilities for employee benefits as of December 31, 2024, and 2023 is as follows:

	December 31, 2024		December 31, 2023	
Short term	Ps.	441,644	Ps.	385,296
Post-employment		405,240		380,207
Long term		180,545		159,329
Total	**Ps.**	**1,027,429**	**Ps.**	**924,832**
Plan Asset	Ps.	(24,126)	Ps.	(17,024)
Net employee benefits	**Ps.**	**1,003,303**	**Ps.**	**907,808**

22.1 Post-employment benefits

In Colombia, when employees retire after completing the age requirements and weeks of contribution to the social security system, retirement pensions are assumed by public or private pension funds based on defined contribution plans. Entities and employees contribute monthly defined amounts by law to gain entitlement to a pension at the time of retirement.

Unlike in Central America, in Colombia according to prior labor regimes, post-employment benefits for employees hired before the year (i) 1968 require pensions to be directly assumed the company for those employees that have fulfilled the requirements of age and years of service and (ii) 1990 entitle employees to receive a compensation equivalent to the last month of salary multiplied by each year of service.

Some subsidiaries have labor conventions or pay extra-legal premiums to employees retiring in compliance with the required age and time of service, when they start enjoying the pension granted by the pension funds.

Some retirees of Grupo Aval and its subsidiaries receive benefits including coverage of medical treatments.

As of December 31, 2024 and 2023, the post-employment benefit expense is composed of:

	December 31, 2024		December 31, 2023	
Defined contribution plan	Ps.	116,145	Ps.	108,059
Defined benefit plan		42,907		44,426
Total	**Ps.**	**159,052**	**Ps.**	**152,485**

(Amounts expressed in millions of Colombian pesos)

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22.2 Long Term Employee Benefits

Some Grupo Aval subsidiaries grant their employees extra-legal long-term premiums during their working lives per every five years of service that they complete, calculated as days of salary per year of work.

Grupo Aval has recognized the liabilities corresponding to these benefits, based on the same actuarial calculations and using the same parameters as in retirement benefits.

The following table shows the Post-employment and long-term benefits movements during the years ended on December 31, 2024, 2023 and 2022 are as follows:

	Post-employment benefits			Long-term benefits		
	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023	December 31, 2022
Balance at the beginning of the year	**Ps. 380,207**	**Ps. 349,587**	**Ps. 522,196**	**Ps. 159,329**	**Ps. 133,085**	**Ps. 134,831**
Service costs	2,985	2,690	3,845	15,905	14,765	14,815
Interests cost	39,923	41,736	30,778	15,439	16,699	8,949
Past Service Costs	—	(2,079)	—	4,795	10,063	—
	Ps. 423,115	**Ps. 391,934**	**Ps. 556,819**	**Ps. 195,468**	**Ps. 174,612**	**Ps. 158,595**
Actuarial Loss (Gain) arising from changes in demographic assumptions	95	(753)	—	1,010	(7,342)	—
Actuarial Loss (Gain) arising from changes in financial assumptions	2,309	26,832	(69,967)	2,036	473	(14,149)
Actuarial Loss arising from changes in the experience	40,293	27,472	2,167	9,812	17,313	10,456
	Ps. 42,697	**Ps. 53,551**	**Ps. (67,800)**	**Ps. 12,858**	**Ps. 10,444**	**Ps. (3,693)**
Payments to employees	(63,202)	(61,589)	(51,306)	(27,781)	(25,727)	(21,817)
Liquidation of entities	—	—	(432)	—	—	—
Loss of control in subsidiary (1)	—	—	(98,024)	—	—	—
Discontinued operations (1)	—	—	6,251	—	—	—
Effect of movements in exchange rates	2,630	(3,689)	4,079	—	—	—
Liability balance at the end of the year	**Ps. 405,240**	**Ps. 380,207**	**Ps. 349,587**	**Ps. 180,545**	**Ps. 159,329**	**Ps. 133,085**
Plan Assets						
Balance at the beginning of the year plan assets	**Ps. (17,024)**	**Ps. (18,176)**	**Ps. (46,840)**	**Ps. —**	**Ps. —**	**Ps. —**
Interests income	(1,052)	(794)	(427)	—	—	—
Remeasurements on plan assets	(3,385)	(1,788)	5,885	—	—	—
Loss of control in subsidiary (1)	—	—	27,269	—	—	—
Effect of movements in exchange rates	(2,665)	3,734	(4,063)	—	—	—
Balance at the end of the year plan assets	**Ps. (24,126)**	**Ps. (17,024)**	**Ps. (18,176)**	**Ps. —**	**Ps. —**	**Ps. —**
Net Balance at the end of the year	**Ps. 381,114**	**Ps. 363,183**	**Ps. 331,411**	**Ps. 180,545**	**Ps. 159,329**	**Ps. 133,085**

(1) See note 1.1., "Discontinued operation of BAC Holding".

(Amounts expressed in millions of Colombian pesos)

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The assumptions used to calculate the obligation projected for different post-employment and long-term benefits employees are as follows:

Post-employment benefits *	**December 31, 2024**	**December 31, 2023**
Discount interest rate	9.95 %	11.34 %
Inflation rate	2.95 %	2.96 %
Salary growth rate	3.73 %	3.80 %
Pension growth rate	3.00 %	3.00 %

* Entities in Colombia and subsidiaries abroad participate.

Long-term benefits *	**December 31, 2024**	**December 31, 2023**
Discount interest rate	9.95 %	11.40 %
Inflation rate	3.00 %	3.00 %
Salary growth rate	4.27 %	4.27 %

* Only entities from Colombia participate.

Employee turnover is calculated based on the experience of each entity. For those entities where a sufficiently long statistic history is not yet available to support the actuarial bases, the SoA2003 table is used as a reference. With this table, the probability of permanence of personnel in the entity is established, modified according to the population factor of each benefit. Employee´s life expectancy is calculated based on the mortality tables RV08 (Colombia) and GA83 (Central America).

The sensitivity analysis for post-employment and long-term benefits liabilities due to defined benefits plans to different actuarial and financial variables is shown below, maintaining other variables at constant values (increase or decrease 50 basis points):

	-0.50 basic points		**+0.50 basic points**	
At December 31, 2024	**Post-employment benefits**	**Long-term benefits**	**Post-employment benefits**	**Long-term benefits**
Discount interest rate	Ps. 12,270	Ps. 3,815	Ps. (11,583)	Ps. (3,642)
Salaries growth rate	(2,568)	(4,483)	2,693	4,759
Retirement growth rate	(11,323)	N/A	11,923	N/A

	-0.50 basic points		**+0.50 basic points**	
At December 31, 2023	**Post-employment benefits**	**Long-term benefits**	**Post-employment benefits**	**Long-term benefits**
Discount interest rate	Ps. 10,764	Ps. 3,050	Ps. (10,227)	Ps. (2,919)
Salaries growth rate	(1,756)	(3,819)	2,353	3,589
Retirement growth rate	(10,443)	N/A	10,979	N/A

The following table reveals the cash flows without discounted required for payment of post–employment and long-term benefits:

Year	**Payments for post-employment**	**Payments for long-term benefits**
2025	Ps. 61,487	Ps. 32,940
2026	56,004	25,538
2027	52,583	26,331
2028	51,751	24,272
2029	48,748	23,559
Years 2030 - 2034	217,674	87,138
Total	**Ps. 488,247**	**Ps. 219,778**

As of December 31, 2024, the average duration of post-employment benefit plans is 5.89 years (5.52 years for 2023) and for the long-term it is 4.17 years (3.75 years for 2023).

(Amounts expressed in millions of Colombian pesos)

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NOTE 23 –PROVISIONS

The movement and balances of legal and non-legal related provisions during the periods ended on December 31, 2024, 2023 and 2022 are described below:

		For legal		Non-legal		Total provisions
Balance as of January 1, 2022	**Ps.**	**247,529**	**Ps.**	**902,732**	**Ps.**	**1,150,261**
Provisions made during the year		183,294		380,005		563,299
Provisions used during the year		(44,895)		(200,406)		(245,301)
Provisions reversed during the year (1)		(155,475)		(62,180)		(217,655)
Effect of movements in exchange rates		370		17,810		18,180
Reclassification BAC		(2,047)		(40,193)		(42,240)
Discontinued operations		417		210		627
Balance as of December 31, 2022	**Ps.**	**229,193**	**Ps.**	**997,978**	**Ps.**	**1,227,171**
Provisions made during the year		298,719		334,974		633,693
Provisions used during the year		(51,160)		(338,536)		(389,696)
Provisions reversed during the year (1)		(258,421)		(110,419)		(368,840)
Effect of movements in exchange rates		(642)		(18,403)		(19,045)
Balance as of December 31, 2023	**Ps.**	**217,689**	**Ps.**	**865,594**	**Ps.**	**1,083,283**
Provisions made during the year		202,964		291,234		494,198
Provisions used during the year		(38,897)		(135,145)		(174,042)
Provisions reversed during the year (1)		(189,486)		(121,466)		(310,952)
Effect of movements in exchange rates		256		9,928		10,184
Balance as of December 31, 2024	**Ps.**	**192,526**	**Ps.**	**910,145**	**Ps.**	**1,102,671**

(1) For legal related, recovery of provisions by Porvenir as of December 31, 2024 and 2023 by Ps. 177,527 and Ps.241,431 respectively for claims for nullity of affiliations that were in progress.

The estimated period for the cancellation of the provisions recorded as of December 31,2024 and 2023 is a follows.

Estimated period to be canceled		Legal provisions		Non-legal		Total provisions
Within twelve months	**Ps.**	12,209	**Ps.**	226,460	**Ps.**	238,669
After twelve months		180,317		683,685		864,002
Balance as of December 31, 2024	**Ps.**	**192,526**	**Ps.**	**910,145**	**Ps.**	**1,102,671**

Estimated period to be canceled		Legal provisions		Non-legal		Total provisions
Within twelve months	**Ps.**	8,283	**Ps.**	173,692	**Ps.**	181,975
After twelve months		209,406		691,902		901,308
Balance as of December 31, 2023	**Ps.**	**217,689**	**Ps.**	**865,594**	**Ps.**	**1,083,283**

Legal related:

Administrative proceedings

At December 31, 2024 and 2023, the outstanding balance of provisions recorded for administrative proceedings were Ps. 15,532 and Ps. 29,207 respectively, by way of claims for administrative or judicial processes of a tax nature other than income tax and other processes, initiated by national and local authorities that establish, in some cases sanctions in which the subsidiaries of Grupo Aval would incur.

Labor proceedings

At December 31, 2024 and 2023, the outstanding balance of provisions recorded for labor proceedings were Ps. 27,125 and Ps. 28,138 respectively. Labor proceedings include labor pursuits, indemnities for former employees against some subsidiaries of Grupo Aval. The time expected for resolution is uncertain since each proceeding is based on different instances.

(Amounts expressed in millions of Colombian pesos)

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Other proceedings

At December 31, 2024 and 2023, the outstanding balance of provisions for legal proceedings resulting from requests civil and other proceedings such as constitutional actions of a heritage nature recorded were Ps. 149,869 and Ps. 160,344, respectively, being the most representative provisions made to cover claims for cancellation of affiliations and transfer of regime, old-age pensions, requests to Porvenir, old age disability and survival pensions which amounted to Ps. 131,962 and Ps. 152,017, respectively.

Non-legal related:

At December 31, 2024 and 2023 the outstanding balance of non-legal related provisions recorded amounting were Ps. 910,145 and Ps. 865,594, respectively, are comprised by:

- Provisions in Corficolombiana´s affiliates as of December 31, 2024 and 2023, associated with the maintenance, restoration and rehabilitation relating to development of concession contracts of Ps. 306,643 and Ps. 310,044 respectively.

- Provisions in Porvenir´s subsidiary as of December 31, 2024, and 2023, where the main balance corresponds to undercapitalized accounts, these are individual pension accounts called "Fondo de Pensiones Obligatorias Especial Porvenir de Retiro Programado", which according to actuarial projections do not have the required balance to achieve minimum pension payment, and thus have to be provisioned for the expected difference of Ps. 274,318 and Ps. 283,568 respectively.

- Provisions for losses on loan commitments and financial guarantee contracts as of December 31 2024 and 2023, of Ps. 72,414 and Ps. 70,268 respectively. (See note 4.1.5) Loan commitments and financial guarantee contracts.

- Provision in Proyecto de Inversión Vial del Oriente and Proyecto de Inversión Vial Andino, a Corficolombiana´s subsidiary as of December 31, 2024, and 2023 for the recognition of additional costs of Ps. 85,676 and Ps. 15,923 respectively. Proyecto de Inversión Vial del Pacífico did not record provision as of December 31, 2024, and the recognition of additional costs on the Pacífico 1 project as of December 31,2023 for Ps. 42,358.

- Provisions of several subsidiaries of Grupo Aval as of December 31,2024 and 2023, corresponding to the dismantling of ATMs and offices of Ps. 86,222 and Ps. 75,808, respectively.

- Other provisions of several subsidiaries of Grupo Aval as of December 31,2024 and 2023, for Ps. 84,872 and 67,625.

NOTE 24 – OTHER LIABILITIES

As December 31, 2024 and 2023 the other liabilities comprise the following:

Other liabilities		December 31, 2024		December 31, 2023
Income received for third parties [1]	Ps.	4,289,835	Ps.	3,399,759
Suppliers and services payable		3,253,637		3,474,177
Cashier checks		763,285		655,854
Withholdings taxes and labor contributions		649,277		703,380
Contract liability related to concessions		522,189		530,300
Commissions and fees		518,132		411,478
Transactions AVC and ACH [2]		458,498		939,341
Dividends payable		315,324		527,984
Cash surplus and checks in process of clearing		187,603		133,774
Collection on behalf of third parties		183,596		334,963
Insurance payables		162,293		117,371
Collection service		100,119		106,089
Value added tax - VAT		78,731		75,098
Checks drawn and not paid		44,710		70,791
Anticipated income		36,455		17,566
Canceled accounts		35,693		34,782
Financial transactions tax		19,898		52,106
Customer loyalty programs		12,276		14,784
Other liabilities		365,430		354,843
Total other liabilities	**Ps.**	**11,996,981**	**Ps.**	**11,954,440**

(Amounts expressed in millions of Colombian pesos)

(1) Corresponds to the advance payments made by Agencia Nacional de Infraestructura (ANI) of the resources of the autonomous patrimony of future validities.
(2) Aval Valor Compartido -AVC (corresponds to the new corporate name of A Toda Hora S.A. – ATH) and ACH Colombia S.A. are entities that administer low-value payment systems that are in charge of supporting entities for clearing transactions that are carried out through electronic channels.

Other liabilities		December 31, 2024		December 31, 2023
Liabilities to be canceled within twelve months	Ps.	7,962,137	Ps.	8,800,905
Liabilities to be canceled after twelve months		4,034,844		3,153,535
Total	**Ps.**	**11,996,981**	**Ps.**	**11,954,440**

NOTE 25 – EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

Authorized, issued and outstanding shares as of December 31, 2024 and 2023 consisted of the following:

	December 31, 2024	December 31, 2023
Authorized shares	120,000,000,000	120,000,000,000
Subscribed fully paid shares	23,743,475,754	23,743,475,754
Total outstanding shares	**23,743,475,754**	**23,743,475,754**

The outstanding shares are as follows:	December 31, 2024	December 31, 2023
Common voting shares (1)	16,201,212,499	16,201,712,499
Preferred non-voting shares (2)	7,542,263,255	7,541,763,255
	23,743,475,754	**23,743,475,754**

(1) Common Voting shares with a nominal value of (Ps. 1) Colombian peso.
(2) Since 2011, Grupo Aval, upon prior request, allows its shareholders to convert their common shares into preferred shares. For the years ended December 31, 2024 and 2023, 500,000 and 2,433,481 common shares were converted into preferred shares, respectively. Preferred shares have the right to receive a preferential minimum dividend of one Colombian peso (Ps. 1) per semester per share. This preferential minimum dividend is only applicable when dividends declared for common shares are less than one Colombian peso (Ps. 1). Preferential minimum dividends are not cumulative.

25.1 Appropriated retained earnings

As of December 31, 2024, and 2023 the appropriation of retained earnings is as follows:

		December 31, 2024		December 31, 2023
Retained earnings	Ps.	807,629	Ps.	525,153
Accumulated withholding tax over dividends		(30,145)		(26,135)
Legal reserve		11,872		11,872
Statutory and voluntary reserves		7,374,078		7,220,883
	Ps.	**8,163,434**	**Ps.**	**7,731,773**

25.1.1 Legal Reserve

In accordance with current legal regulations, Grupo Aval and its subsidiaries in Colombia shall create a legal reserve through the appropriation of (10%) of the net profits of each year up to an amount equal to (50%) of the subscribed capital stock. This reserve may be reduced below (50%) of the subscribed capital stock to stem losses in excess of retained earnings. The legal reserve cannot be less than the percentage aforementioned except to cover losses in excess of retained earnings.

25.1.2 Statutory and Voluntary Reserves

The statutory and voluntary reserves are determined during the Shareholders Meetings.

(Amounts expressed in millions of Colombian pesos)

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25.2 Declared Dividends

The dividends are declared and paid to shareholders based on unconsolidated net income under Colombian IFRS (NCIF), the dividends declared were as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Net income for the periods ended in	Ps. 723,038	Ps. 2,541,179	Ps. 3,502,758
Declared dividends	In the general assembly held in March 2024, a cash profit of Ps. 2.00 per share per month during the months of April 2024 to March 2025, both months included over 23,743,475,754 shares subscribed and paid as of the date of this meeting.	In the general assembly held in March 2023, a cash profit of Ps. 3.60 per share per month during the months of April 2023 to March 2024, both months included over 23,743,475,754 shares subscribed and paid as of the date of this meeting.	In the general assembly held in March 2022, A stock dividend at the rate of $54 per share on the 22,281,017,159 common and preferred shares outstanding as of December 31, 2021. These dividends will be paid in shares, at the rate of 1 share for every 13.72333 common or preferred shares, as of December 31, 2021. The payment of the shares will be made on May 31, 2022, to whoever is entitled to it at the time the payment becomes due in accordance with current regulations. For this purpose, up to a total of 1,623,586,385 new shares of the same species held by the shareholder will be issued. The unit value of the shares will be 741.06.
Total outstanding shares	23,743,475,754	23,743,475,754	22,281,017,159
Total declared dividends [(*)]	**Ps. 569,843**	**Ps. 1,025,718**	**Ps. 1,203,175**

[(*)] See Consolidated Statement of Changes in Equity for dividends distribution.

25.3 Earnings per share

- Basic earnings per share

Grupo Aval calculates basic earnings per share by dividing net income for the year attributable to controlling interest of Grupo Aval parent company by the weighted average number of shares outstanding during the year (including common and preferred shares).

The following table summarizes the earnings per share for the year ended as of December 31, 2024, 2023 and 2022:

	December 31, 2024	December 31, 2023	December 31, 2022
Net income for the year	Ps. 2,191,477	Ps. 2,177,116	Ps. 4,869,133
Less: participation of non- controlling interests	(1,176,390)	(1,438,113)	(2,386,248)
Net income attributable to owners of the parent	**Ps. 1,015,087**	**Ps. 739,003**	**Ps. 2,482,885**
Less: preferred dividends declared	—	—	—
Less: Allocation of undistributed earnings to preferred stockholders [(1)(2)]	(322,436)	(234,727)	(791,989)
Net Income allocated to common shareholders for basic and diluted EPS	Ps. 692,651	Ps. 504,276	Ps. 1,690,896
Weighted average number of common shares outstanding used in basic EPS calculation [(2)]	16,201,502,910	16,202,376,163	15,760,496,801
Basic and Diluted earnings per share to common shareholders (in Colombian pesos)	42.75	31.12	107.29
Basic and Diluted earnings per ADS [(3)] (in Colombian pesos)	855.05	622.47	2,145.74
Weighted average of the common and preferred shares used in the calculation of earnings per basic share (common and preferred)	23,743,475,754	23,743,475,754	23,142,465,372
Basic earnings of the owners of the parent per share in Colombian pesos	**42.75**	**31.12**	**107.29**

(Amounts expressed in millions of Colombian pesos)

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(1) Based on a weighted average of preferred shares.
(2) Averages based on an end of month number of preferred or common shares.
(3) Each ADS represents 20 preferred shares.

The following table summarizes earnings per share over net income from continuing operations for the years ended December 31, 2024, 2023 and 2022.

	December 31, 2024		December 31, 2023		December 31, 2022	
Net income from continuing operations	Ps.	2,191,477	Ps.	2,177,116	Ps.	4,002,967
Less: participation of non- controlling interests		(1,176,390)		(1,438,113)		(2,114,072)
Net income attributable to owners of the parent	**Ps.**	**1,015,087**	**Ps.**	**739,003**	**Ps.**	**1,888,895**
Less: preferred dividends declared		—		—		—
Less: Allocation of undistributed earnings to preferred stockholders (1)(2)		(322,436)		(234,727)		(602,519)
Net Income allocated to common shareholders for basic and diluted EPS	Ps.	692,651	Ps.	504,276	Ps.	1,286,376
Weighted average number of common shares outstanding used in basic EPS calculation (2)		16,201,502,910		16,202,376,163		15,760,496,801
Basic and Diluted earnings per share to common shareholders (in Colombian pesos)		42.75		31.12		81.62
Basic and Diluted earnings per ADS (3) (in Colombian pesos)		855.05		622.47		1,632.41
Weighted average of the common and preferred shares used in the calculation of earnings per basic share (common and preferred)		23,743,475,754		23,743,475,754		23,142,465,372
Basic earnings of the owners of the parent per share in Colombian pesos		**42.75**		**31.12**		**81.62**

(1) Based on a weighted average of preferred shares.
(2) Averages based on an end of month number of preferred or common shares.
(3) Each ADS represents 20 preferred shares.

The following table summarizes earnings per share over net income from discontinued operations for the years ended December 31, 2024, 2023 and 2022.

	December 31, 2024		December 31, 2023		December 31, 2022	
Net income from continuing operations	Ps.	—	Ps.	—	Ps.	866,166
Less: participation of non- controlling interests		—		—		(272,176)
Net income attributable to owners of the parent	**Ps.**	**—**	**Ps.**	**—**	**Ps.**	**593,990**
Less: preferred dividends declared		—		—		—
Less: Allocation of undistributed earnings to preferred stockholders (1)(2)		—		—		(189,470)
Net Income allocated to common shareholders for basic and diluted EPS	Ps.	—	Ps.	—	Ps.	404,520
Weighted average number of common shares outstanding used in basic EPS calculation (2)		—		—		15,760,496,801
Basic and Diluted earnings per share to common shareholders (in Colombian pesos)		—		—		25.67
Basic and Diluted earnings per ADS (3) (in Colombian pesos)		—		—		513.33
Weighted average of the common and preferred shares used in the calculation of earnings per basic share (common and preferred)		—		—		23,142,465,372
Basic earnings of the owners of the parent per share in Colombian pesos		**—**		**—**		**25.67**

(1) Based on a weighted average of preferred shares.
(2) Averages based on an end of month number of preferred or common shares.
(3) Each ADS represents 20 preferred shares.

- Diluted earnings per share

On December 31, 2024, 2023 and 2022, Grupo Aval did not have any dilutive instruments.

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25.4 Equity transactions

During the month of March 2024; the subsidiary Corficolombiana approved the payment of an exclusively cash dividend on the preferred shares outstanding as of December 31, 2023 at a rate of Ps. 1,135 pesos per share for a total of Ps. (21,823). This transaction with preferred shares did not present any change in the percentages of shareholders' participation. This generated an effect between controlling Ps. (8,845) and non-controlling interests of Ps. (12,978)

For June 2024, Valora S.A., a subsidiary of Corficolombiana, acquired a 39.52% stake in Compañía Hotelera Cartagena de Indias S.A.; equivalent to 14,594,928 shares for a total value of Ps. (55,000). This generated an effect between controlling Ps. (4,904) and non-controlling interests of Ps. (50,096)

During December, 2024 Grupo Aval purchased entities that were directly controlled by Corficolombiana, as described below:

On December 11, 2024, the Board of Directors approved the acquisition of 94.5% of the shares of Fiduciaria Corficolombiana S.A. (currently Aval Fiduciaria) at a price of Ps. 2,636.32 pesos per share and 40.77% of the shares of Casa de Bolsa S.A. (currently Aval Casa de Bolsa) at a rate of Ps. 2,421.56 pesos per share. On December 16, 2024, the purchase agreement for said shares from Corficolombiana S.A. and Organización Pajonales S.A. was signed. This resulted in a change in Grupo Aval's participation, leaving it with a total of 96.73% in Fiduciaria Corficolombiana (currently Aval Fiduciaria) and 86.40% in Casa de Bolsa (currently Aval Casa de Bolsa). This generated an effect between controlling and non-controlling interests of Ps.49,563.

25.5 Consolidated Other Comprehensive Income (OCI):

Components of accumulated Other Comprehensive Income for the years ended December 31, 2024, 2023 and 2022 are as follows:

	Net gain (loss) on hedges of net investment in foreign operations	Cash flow hedges	Foreign currency translation differences from unhedged foreign operations	Transfer from owner-occupied property to investment property	Unrealized (losses) gains on securities at FVOCI	Unrealized gains (losses) on equity securities at FVOCI	Investments in associates and joint ventures	Actuarial (losses) gains from defined benefit pension plans	Income tax expense	Total comprehensive income, net of taxes
Balance at January 1, 2022	**Ps. 235,032**	**Ps. 7,938**	**Ps. (1,067,581)**	**Ps. 19,020**	**Ps. (785,731)**	**Ps. 805,538**	**Ps. 114,498**	**Ps. (123,489)**	**Ps. 2,968,725**	**Ps. 2,173,950**
Current-period change	(266,716)	(2,396)	90,619	461	(2,088,548)	(439,150)	66,366	95,819	809,995	(1,733,550)
Realization of OCI to P&L of discontinued operation (1)	192,707	—	1,265,594	—	(98,947)	—	15,364	—	(2,804,043)	(1,429,325)
Balance at December 31, 2022	**Ps. 161,023**	**Ps. 5,542**	**Ps. 288,632**	**Ps. 19,481**	**Ps. (2,973,226)**	**Ps. 366,388**	**Ps. 196,228**	**Ps. (27,670)**	**Ps. 974,677**	**Ps. (988,925)**
Current-period change	(36,517)	(47,793)	(409,671)	557	1,898,441	151,517	(35,892)	(51,763)	(813,708)	655,171
Realization of OCI	—	11,870	—	(2,520)	(102,775)	4,866	—	(4,561)	476	(92,644)
Balance at December 31, 2023	**Ps. 124,506**	**Ps. (30,381)**	**Ps. (121,039)**	**Ps. 17,518**	**Ps. (1,177,560)**	**Ps. 522,771**	**Ps. 160,336**	**Ps. (83,994)**	**Ps. 161,445**	**Ps. (426,398)**
Current-period change	14,706	57,474	247,019	16,935	12,911	302,346	15,329	(39,312)	232,822	860,230
Realization of OCI	—	(2,393)	—	(194)	(125,603)	(849)	—	21,573	(6,631)	(114,097)
Balance at December 31, 2024	**Ps. 139,212**	**Ps. 24,700**	**Ps. 125,980**	**Ps. 34,259**	**Ps. (1,290,252)**	**Ps. 824,268**	**Ps. 175,665**	**Ps. (101,733)**	**Ps. 387,636**	**Ps. 319,735**

	Owners of the parent	Non -controlling interest	Total comprehensive income, net of taxes
Balance at January 1, 2022	**Ps. 1,117,182**	**Ps. 1,056,768**	**Ps. 2,173,950**
Current-period change	(1,280,568)	(452,982)	(1,733,550)
Realization of OCI to P&L of discontinued operation [(1)]	(983,179)	(446,146)	(1,429,325)
Balance at December 31, 2022	**Ps. (1,146,565)**	**Ps. 157,640**	**Ps. (988,925)**
Current-period change	661,618	(6,447)	655,171
Realization of OCI	(59,272)	(33,372)	(92,644)
Balance at December 31, 2023	**Ps. (544,219)**	**Ps. 117,821**	**Ps. (426,398)**
Current-period change	364,879	495,351	860,230
Realization of OCI	(64,643)	(49,454)	(114,097)
Balance at December 31, 2024	**Ps. (243,983)**	**Ps. 563,718**	**Ps. 319,735**

[(1)] See note 1.1., "Discontinued operation of BAC Holding".

(Amounts expressed in millions of Colombian pesos)

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NOTE 26 - NON- CONTROLLING INTEREST

The following table includes information regarding the non-controlling interest of each direct and indirect subsidiary of Grupo Aval at December 31, 2024 and 2023:

December 31, 2024

Entity	Country	Non-controlling Interest		Non-controlling Interest share of equity		Non-controlling interest share of net income		Dividends paid to non-controlling interest in the year
Corporación Financiera Colombiana S.A. (1)	Colombia	59.47%	Ps.	10,522,067	Ps.	776,960	Ps.	(495,436)
Banco Bogotá S.A.	Colombia	31.07%		2,560,159		230,718		(142,352)
Banco de Occidente S.A.	Colombia	27.73%		1,307,098		72,105		(28,379)
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.	Colombia	24.24%		843,566		155,710		(2)
Banco Comercial AV Villas S.A.	Colombia	20.13%		311,730		(26,171)		(135)
Banco Popular S.A.	Colombia	6.26%		158,425		(32,932)		(1,026)
Aval Casa de Bolsa S.A. (2)	Colombia	13.60%		6,757		—		—
Aval Fiduciaria S.A. (2)	Colombia	3.27%		1,859		—		—
		Total	**Ps.**	**15,711,661**	**Ps.**	**1,176,390**	**Ps.**	**(667,330)**

(1) Main indirect subsidiary.
(2) Direct subsidiary as of December 31, 2024 (see note 25.4).

December 31, 2023

Entity	Country	Non-controlling Interest		Non-controlling Interest share of equity		Non-controlling interest share of net income		Dividends paid to non-controlling interest in the year
Corporación Financiera Colombiana S.A.	Colombia	59.47%	Ps.	9,835,593	Ps.	1,166,399	Ps.	(555,084)
Banco Bogotá S.A.	Colombia	31.07%		2,395,427		138,297		(256,413)
Banco de Occidente S.A.	Colombia	27.73%		1,296,543		73,902		(61,931)
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.	Colombia	24.24%		689,306		132,805		(128)
Banco Comercial AV Villas S.A.	Colombia	20.13%		328,655		(47,625)		(4,673)
Banco Popular S.A.	Colombia	6.26%		192,220		(25,665)		(37,704)
		Total	**Ps.**	**14,737,744**	**Ps.**	**1,438,113**	**Ps.**	**(915,933)**

The following table includes information regarding each direct and indirect subsidiary of Grupo Aval that has significant non-controlling interests to December 31, 2024, and 2023 (before eliminations):

December 31, 2024

Entity		Assets		Liabilities		Total Income		Net Income		OCI - Controlling		Cash Flow from operating activities
Corporación Financiera Colombiana S.A.	Ps.	60,633,378	Ps.	44,307,226	Ps.	31,182,332	Ps.	865,830	Ps.	843,617	Ps.	(521,510)
Banco Bogotá S.A.		150,719,626		133,877,249		21,859,888		1,098,248		22,520		2,288,431
Banco de Occidente S.A.		78,400,182		72,414,391		12,158,685		481,048		(47,342)		22,940
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.		3,913,208		672,796		3,514,552		654,117		(18,642)		295,257
Banco Comercial AV Villas S.A.		19,167,670		17,477,831		3,333,816		(134,365)		117,164		(822,967)
Banco Popular S.A.		88,381,205		70,152,858		35,736,061		534,340		66,216		(925,651)
Aval Casa de Bolsa S.A.		188,911		139,218		124,549		807		(2,898)		30,100
Aval Fiduciaria S.A.	Ps.	281,792	Ps.	224,934	Ps.	314,889	Ps.	12,924	Ps.	(7,346)	Ps.	35,671

December 31, 2023

Entity		Assets		Liabilities		Total Income		Net Income		OCI - Controlling		Cash Flow from operating activities
Corporación Financiera Colombiana S.A.	Ps.	57,281,194	Ps.	41,759,075	Ps.	21,924,701	Ps.	1,530,167	Ps.	518,906	Ps.	462,627
Banco Bogotá S.A.		137,474,034		121,705,013		7,426,045		968,934		(470,967)		4,939,701
Banco de Occidente S.A.		68,601,785		62,913,703		3,751,270		479,557		(70,255)		1,527,081

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December 31, 2023

Entity	Assets	Liabilities	Total Income	Net Income	OCI - Controlling	Cash Flow from operating activities
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.	3,571,979	700,357	1,184,591	560,210	(14,502)	189,272
Banco Comercial AV Villas S.A.	18,913,324	17,171,402	1,144,236	(241,004)	34,174	(382,392)
Banco Popular S.A.	85,370,710	67,656,734	39,314,924	(184,616)	21,218	126,336

NOTE 27 – COMMITMENTS AND CONTINGENCIES

27.1 Capital expenses commitments

As of December 31, 2024 and 2023 Grupo Aval and its Subsidiaries had contractual disbursement commitments of capital expenditures, for tangible assets for Ps. 31,225 and Ps. 11,205, respectively; and for intangible assets for Ps. 79,105 and Ps. 45,043 respectively.

27.2 Contingencies

As of December 31, 2024, and 2023, Grupo Aval and its Subsidiaries attended administrative and legal proceedings as defendants; whose expected resolution time is uncertain due to the fact that each process is at different stages. The claims of proceedings were assessed based on analyses and opinions of experience lawyers for Ps. 915,155 and Ps.798,290 respectively in the following legal contingencies were determined:

27.2.1 Labor Proceedings

As of December 31, 2024, and 2023, the labor complaints amounted to Ps. 136,692 and Ps. 124,012 respectively. Historically, many of these proceedings have been resolved in favor of Grupo Aval and its Subsidiaries.

27.2.2 Civil Proceedings

As of December 31, 2024, and 2023, the result of the assessment of claims for civil suits, amounted of Ps. 316,314 and Ps. 344,152 respectively.

27.2.3 Administrative, Tax Proceedings and Other Proceedings

Claims derived from administrative and judicial processes include those of fiscal responsibility over concession contracts, tax proceedings different that income tax and others. The tax proceedings filed by national and local tax authorities, and these authorities may establish, in some cases, sanctions in which Grupo Aval and its subsidiaries may incur as a result of: (i) the performance of their duty as a withholder or collector of national and local taxes, and/or (ii) the obligation to pay a higher tax amount in their condition of taxpayers. As of December 31, 2024, the outstanding balances recognized for these claims amounted to Ps.462,149. As of December 31, 2023, these amounted to Ps. 330,126.

NOTE 28 – NET INCOME FROM CONTRACTS WITH CUSTOMERS

Below is the detail of the income and expenses for commissions and fees of the continuing operations for the years ended as of December 31, 2024,2023 and 2022:

Income from commissions and fees		December 31, 2024		December 31, 2023		December 31, 2022
Banking service fees	Ps.	1,727,408	Ps.	1,663,340	Ps.	1,533,322
Pension and severance fund management		1,174,608		978,504		885,420
Credit card fees		987,973		1,009,472		836,046
Trust activities and portfolio management services		495,929		463,194		353,285

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Income from commissions and fees		**December 31, 2024**		**December 31, 2023**		**December 31, 2022**
Bonded warehouse services		181,804		188,191		187,237
Commissions on transfers, checks and checkbooks		20,122		22,941		25,181
Office network services		16,289		21,638		24,935
Other commissions and fees		12,011		9,056		29,013
Total income from commissions and fees	**Ps.**	**4,616,144**	**Ps.**	**4,356,336**	**Ps.**	**3,874,439**

Expenses from commissions and fees		**December 31, 2024**		**December 31, 2023**		**December 31, 2022**
Banking services	Ps.	(616,875)	Ps.	(617,524)	Ps.	(473,595)
Sales and services commissions		(294,144)		(250,460)		(340,918)
Fees paid to pension funds sales force		(66,431)		(70,335)		(97,470)
Information processing services of operators		(33,080)		(29,905)		(24,320)
Offices network services		(9,794)		(20,147)		(16,993)
Other		(12,026)		(15,442)		(17,380)
Total expenses from commissions and fees	**Ps.**	**(1,032,350)**	**Ps.**	**(1,003,813)**	**Ps.**	**(970,676)**
Net income from commissions and fees	**Ps.**	**3,583,794**	**Ps.**	**3,352,523**	**Ps.**	**2,903,763**

Below is the detail of the income and cost from goods and services for the years ended as of December 31, 2024, 2023 and 2022:

Income from sales of goods and services		**December 31, 2024**		**December 31, 2023**		**December 31, 2022**
Energy and Gas	Ps.	6,908,922	Ps.	6,158,616	Ps.	5,718,808
Infrastructure		2,950,048		3,954,197		5,330,193
Hotels		631,218		598,895		532,337
Agribusiness		309,868		296,804		340,984
Other services		248,544		215,044		219,005
Total income from sales of goods and services (*)	**Ps.**	**11,048,600**	**Ps.**	**11,223,556**	**Ps.**	**12,141,327**

(*) See note 31.6, to see income by country.

Costs and expenses of sales goods and services		**December 31, 2024**		**December 31, 2023**		**December 31, 2022**
Cost of sales from companies from non-financial sector	Ps.	(6,204,773)	Ps.	(5,799,721)	Ps.	(5,575,912)
General and administrative expenses		(940,823)		(989,313)		(843,125)
Personnel expenses		(698,859)		(607,894)		(609,050)
Amortization of intangible assets		(432,600)		(353,305)		(305,488)
Depreciation of tangible assets		(87,647)		(90,344)		(103,972)
Allowance for impairment of loans and receivables		(71,157)		(51,035)		(59,073)
Commissions and fees expenses		(49,826)		(39,466)		(34,646)
Depreciation of right of use assets		(41,732)		(37,031)		(35,294)
Donations expenses		(21,034)		(19,858)		(16,739)
Employee bonuses		(15,134)		(14,376)		(11,569)
Labor severances		(7,660)		(3,254)		(1,363)
Total costs and expenses of sales goods and services	**Ps.**	**(8,571,245)**	**Ps.**	**(8,005,597)**	**Ps.**	**(7,596,231)**
Gross profit from sales of goods and services	**Ps.**	**2,477,355**	**Ps.**	**3,217,959**	**Ps.**	**4,545,096**

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NOTE 29 – NET TRADING INCOME (LOSS)

Net trading income includes income from client driven trading activities primarily conducted in markets, including foreign exchange, credit, rates and equities trading, as follows:

		December 31, 2024		December 31, 2023		December 31, 2022
Net trading investment income [1]						
Fixed income (loss) securities	Ps.	409,386	Ps.	1,030,809	Ps.	(60,797)
Equities		579,378		634,274		90,568
Total trading investment income	**Ps.**	**988,764**	**Ps.**	**1,665,083**	**Ps.**	**29,771**
Net derivatives income (loss)						
Net income (loss) on derivatives [2]	Ps.	652,933	Ps.	(2,438,841)	Ps.	1,503,453
Net other trading (loss) income [3]		(237,293)		(142,291)		26,402
Total net derivatives income (loss)	**Ps.**	**415,640**	**Ps.**	**(2,581,132)**	**Ps.**	**1,529,855**
Total net trading income (loss)	**Ps.**	**1,404,404**	**Ps.**	**(916,049)**	**Ps.**	**1,559,626**

(1) Includes net trading income from investment securities held for trading, that reflects the interest from investment in debt securities, gains/losses from mark-to-market valuation from investment in equity and debt securities and net income from trading activities.
(2) Includes net trading income from derivatives, which reflects the gains/losses from mark-to-market valuation on trading derivatives.
(3) Includes gains/losses from: (i) Net changes in the valuation of hedging derivatives from mark-to-market valuations from unhedged, (ii) the ineffective portion of the hedge, (iii) Transfers of due hedging derivatives from OCI to the Statement of Consolidated of Income.

NOTE 30 – OTHER INCOME AND EXPENSE

Below is the detail of the other income and expense in the years ended on December 31, 2024, 2023 and 2022:

Other Income		December 31, 2024		December 31, 2023		December 31, 2022
Share of profit of equity accounted investees, net of tax	Ps.	378,396	Ps.	371,397	Ps.	372,777
Net gain (loss) on sale of debt and equity securities		150,169		108,773		(134,699)
Dividends		148,452		126,274		119,888
Gains on sale of properties, plant and equipment		81,149		360,728		142,149
Net gain on asset valuation		26,999		74,886		50,463
Gain on the sale of non-current assets held for sale		23,597		48,589		10,487
Foreign exchange gains (losses), net [1]		(454,818)		2,253,925		(1,825,718)
Other income [2]		536,724		406,734		416,082
Total other income	**Ps.**	**890,668**	**Ps.**	**3,751,306**	**Ps.**	**(848,571)**

(1) The net variation as of December 31, 2024, and December 31, 2023, is mainly due to the effect of exchange rate fluctuations. In 2024, the exchange rate increased by Ps. 587.10 compared to 2023 (see Note 2.3). In 2023, the rate decreased by Ps. (988.15) compared to 2022. The variation from 2022 to 2021 shows an increase of Ps. 829.04.
(2) For 2022, includes valuation effect of Bac Holding for Ps. 137,427.

Other Expense		December 31, 2024		December 31, 2023		December 31, 2022
Personnel expenses	Ps.	(3,211,591)	Ps.	(3,055,168)	Ps.	(2,833,794)
Taxes and fees		(1,095,868)		(1,214,559)		(872,341)
Insurance		(724,369)		(618,197)		(524,557)
Consultancy, audit and other fees		(589,761)		(537,972)		(479,043)
Maintenance and repairs		(384,759)		(394,524)		(357,790)
Marketing		(271,865)		(233,512)		(207,071)
Amortization of intangible assets		(253,737)		(240,804)		(225,137)
Depreciation right of use assets		(234,339)		(211,457)		(201,293)
Depreciation of tangible assets		(224,570)		(218,230)		(219,316)
Affiliation contributions and transfers		(186,245)		(168,986)		(252,942)
Leases (Rent)		(152,000)		(144,276)		(134,691)
Warehouse services		(149,319)		(148,633)		(144,739)
Transportation services		(104,397)		(95,520)		(99,296)
Losses due to claims		(88,127)		(83,728)		(39,435)
Data processing		(85,802)		(85,231)		(77,803)
Cleaning and security services		(79,787)		(80,904)		(74,276)

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Other Expense		**December 31, 2024**		**December 31, 2023**		**December 31, 2022**
Outsourcing services		(64,805)		(59,599)		(68,779)
Supplies and stationary		(39,349)		(52,074)		(46,114)
Donations expenses		(34,774)		(31,309)		(36,019)
Adaptation and installation		(25,543)		(28,076)		(30,636)
Travel expenses		(22,624)		(21,345)		(24,249)
Loss from sale of property, plant and equipment		(22,620)		(44,399)		(26,387)
Impairment losses other assets		(4,959)		(2,946)		(20,787)
Loss from sale of non-current assets held for sale		(2,160)		(595)		(800)
Other		(598,428)		(574,410)		(412,488)
Total other expense	**Ps.**	**(8,651,798)**	**Ps.**	**(8,346,454)**	**Ps.**	**(7,409,783)**

NOTE 31 – ANALYSIS OF OPERATING SEGMENTS

Operating segments are components of Grupo Aval responsible for developing commercial activities that can generate revenue or incur expenses and whose operating profit or loss are regularly reviewed by the "CODM" (Chief Operating Decision Maker) of Grupo Aval, and for which financial information is available. Operating segment information is consistent with the internal reports provided to the CODM.

31.1 Description of products and services from which each reportable segment derives its income

Grupo Aval is organized into four operating segments, which comprise the types of business detailed below:

- The "Banking Services" segment comprises the following businesses: Banking Services, fund management and trust businesses, storage companies and entities that manage low-value payment systems.
- The "Merchant Banking" segment comprises the following businesses: Financial Sector (trust and brokerage), Gas and Energy Sector (includes natural gas and energy transportation and distribution businesses), Infrastructure Sector (includes road infrastructure projects, mainly construction services, and operation and maintenance), Hotel Sector (mainly includes hospitality services), Agribusiness Sector (mainly includes palm oil, rubber and rice businesses).
- "Pension and Severance Fund Management" segment comprise administrator of pension and severance funds.
- "Holding" segment, which is made up of Grupo Aval (Separate Financial Statement) and Grupo Aval Limited.

31.2 Factors used by management to identify reportable segments

Operating segments identified above are based on the relevance of the nature of the products and services provided. The information on the performance of the operating segments is reviewed by the CODM on a quarterly basis.

31.3 Measurement of net income, assets and liabilities of operating segments

Grupo Aval's CODM reviews the financial information of each of its operating segments and assesses the performance of each segment based on Statements of Financial Position and the Statement of Income of each of them, and on certain credit risk indicators, as described in note 2.4.

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31.4 Information on net income, assets and liabilities of reportable operating segments

The following is the detail of the reportable financial information summarized for each segment as of December 31, 2024, 2023 and 2022:

Statement of Financial Position as of December 31, 2024

	Banking Services	Merchant Banking	Pension and Severance Fund Management	Holding [1]	Eliminations	Total
Assets						
Trading assets	Ps. 13,464,193	Ps. 4,182,536	Ps. 2,595,230	Ps. 452	Ps. (79,197)	Ps. 20,163,214
Investment securities [2]	32,325,486	4,721,184	359,677	2,890,407	(1,134,136)	39,162,618
Hedging derivatives assets	52,717	1,302	—	—	—	54,019
Investments in associates and joint ventures	12,423,684	1,113,455	—	19,365,473	(31,472,016)	1,430,596
Loans, net	188,651,543	2,924,523	—	1,196,398	(2,642,978)	190,129,486
Other assets [3]	30,110,131	48,142,783	958,301	282,024	(2,573,789)	76,919,450
Total assets	**Ps. 277,027,754**	**Ps. 61,085,783**	**Ps. 3,913,208**	**Ps. 23,734,754**	**Ps. (37,902,116)**	**Ps. 327,859,383**
Liabilities						
Customer deposits	Ps. 196,217,644	Ps. 8,581,604	Ps. 1,343	Ps. —	Ps. (3,928,414)	Ps. 200,872,177
Financial obligations	47,135,767	22,912,869	35,037	6,021,671	(3,281,569)	72,823,775
Other liabilities [4]	7,124,590	13,157,642	636,416	217,203	(135,338)	21,000,513
Total liabilities	**Ps. 250,478,001**	**Ps. 44,652,115**	**Ps. 672,796**	**Ps. 6,238,874**	**Ps. (7,345,321)**	**Ps. 294,696,465**

(1) Includes Grupo Aval (Separate Financial Statement) and Grupo Aval Limited.
(2) The balance in segment Holding corresponds to a bond issued by BAC International Bank Incorporated acquired by Grupo Aval Limited.
(3) Includes cash and cash equivalents for Ps. 16,998,859; intangible assets Ps. 19,296,486; other accounts receivable, net Ps. 27,958,402, tangible assets Ps. 7,243,441; income tax assets Ps. 4,778,103; non-current assets held for sale Ps. 105,214 mainly on Banking Services segment and other assets Ps. 538,945.
(4) Includes trading liabilities Ps. 1,011,934; hedging derivative liabilities Ps. 21,658; income tax liabilities Ps. 5,863,966; employee benefits Ps. 1,003,303; provisions Ps. 1,102,671 and other liabilities Ps. 11,996,981.

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Statement of income as of December 31, 2024

	Banking Services	Merchant Banking	Pension and Severance Fund Management	Holding (1)	Eliminations	Total
External income						
Interest income	Ps. 26,716,061	Ps. 1,075,774	Ps. 50,185	Ps. 339,912	Ps. —	Ps. 28,181,932
Income from commissions and fees (2)	3,294,723	146,777	1,174,644	—	—	4,616,144
Income from sales of goods and services (2)	100,418	10,865,477	82,705	—	—	11,048,600
Net trading income	767,661	379,415	257,153	175	—	1,404,404
Net income from other financial instruments mandatory at fair value through profit or loss	—	350,919	—	—	—	350,919
Share of profit of equity accounted investees, net of tax	55,273	317,598	—	5,525	—	378,396
Dividends	13,026	135,426	—	—	—	148,452
Foreign exchange loss, net	(109,143)	(370,942)	20,423	4,844	—	(454,818)
Other income (3)	745,291	82,815	(10,439)	971	—	818,638
Total external income	**Ps. 31,583,310**	**Ps. 12,983,259**	**Ps. 1,574,671**	**Ps. 351,427**	**Ps. —**	**Ps. 46,492,667**

	Banking Services	Merchant Banking	Pension and Severance Fund Management	Holding (1)	Eliminations	Total
Intersegment income						
Interest income	Ps. 334,354	Ps. 54,111	Ps. 1,158	Ps. 37,181	Ps. (426,804)	Ps. —
Income from commissions and fees (2)	39,095	4,401	1,295	284,991	(329,782)	—
Income from sales of goods and services (2)	31,575	1,929	11,270	—	(44,774)	—
Net trading income	60	765	(634)	—	(191)	—
Share of profit of equity accounted investees, net of tax	624,213	504	—	837,685	(1,462,402)	—
Dividends	698	2,246	—	—	(2,944)	—
Other income (3)	28,973	20,217	2,261	150	(51,601)	—
Total intersegment income	**Ps. 1,058,968**	**Ps. 84,173**	**Ps. 15,350**	**Ps. 1,160,007**	**Ps. (2,318,498)**	**Ps. —**
Total income	**Ps. 32,642,278**	**Ps. 13,067,432**	**Ps. 1,590,021**	**Ps. 1,511,434**	**Ps. (2,318,498)**	**Ps. 46,492,667**
Expenses						
Interest expense	Ps. (17,922,353)	Ps. (3,064,905)	Ps. (6,253)	Ps. (371,581)	Ps. 450,759	Ps. (20,914,333)
Net impairment loss on financial assets	(4,126,166)	(54,379)	(6,725)	805	1,428	(4,185,037)
Expenses from commissions and fees	(947,225)	(17,083)	(101,226)	(465)	33,649	(1,032,350)
Costs and expenses of sales goods and services	(490,891)	(8,015,947)	(87,090)	—	22,683	(8,571,245)
Depreciation and amortization	(677,760)	(15,167)	(19,778)	(1,774)	1,833	(712,646)
Personnel expenses	(2,824,427)	(159,076)	(185,876)	(42,295)	83	(3,211,591)
Administrative expenses	(4,293,897)	(199,286)	(269,299)	(37,046)	326,114	(4,473,414)
Income tax expense	27,428	(668,076)	(262,774)	(42,586)	(419)	(946,427)
Other expenses (4)	(249,405)	(7,682)	3,119	(152)	(27)	(254,147)
Total expenses	**Ps. (31,504,696)**	**Ps. (12,201,601)**	**Ps. (935,902)**	**Ps. (495,094)**	**Ps. 836,103**	**Ps. (44,301,190)**
Net income for the year	**Ps. 1,137,582**	**Ps. 865,831**	**Ps. 654,119**	**Ps. 1,016,340**	**Ps. (1,482,395)**	**Ps. 2,191,477**

(1) Includes Grupo Aval (Separate Financial Statement) and Grupo Aval Limited.
(2) See note 28, net income from contracts with customers.
(3) Includes Net gain on sale of debt securities for Ps. 150,169; Gain on the sale of non-current assets held for sale Ps. 23,597; net gain in asset valuation Ps. 26,999 and other operating income Ps. 617,873.
(4) Includes loss from sale of non-current assets held for sale Ps. (2,160) and other operating expenses Ps. (251,987).

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Revenue from contracts with customers as of December, 2024

	Banking Services	Merchant Banking	Pension and Severance Fund Management	Holding (1)	Eliminations	Total
Revenue from contracts with customers (2)	**Ps. 3,465,811**	**Ps. 11,018,584**	**Ps. 1,269,914**	**Ps. 284,991**	**Ps. (374,556)**	**Ps. 15,664,744**
Timing of revenue recognition						
At a point in time	165,173	523,221	84,808	284,991	(305,642)	**752,551**
Over time	3,300,638	10,495,363	1,185,106	—	(68,914)	**14,912,193**

(1) Includes Grupo Aval (Separate Financial Statement) and Grupo Aval Limited.
(2) See note 28, net income from contracts with customers.

Statement of Financial Position as of December 31, 2023

	Banking Services	Merchant Banking	Pension and Severance Fund Management	Holding (1)	Eliminations	Total
Assets						
Trading assets	Ps. 8,987,130	Ps. 4,339,052	Ps. 2,197,618	Ps. 256	Ps. (72,935)	Ps. 15,451,121
Investment securities (2)	28,140,335	4,323,998	470,474	2,359,521	(868,635)	34,425,693
Hedging derivatives assets	47,975	687	—	—	—	48,662
Investments in associates and joint ventures	11,825,193	997,597	—	19,060,746	(30,592,853)	1,290,683
Loans, net	174,849,356	2,660,449	—	1,239,785	(2,581,535)	176,168,055
Other assets (3)	30,346,277	44,959,411	903,887	411,537	(2,823,730)	73,797,382
Total assets	**Ps. 254,196,266**	**Ps. 57,281,194**	**Ps. 3,571,979**	**Ps. 23,071,845**	**Ps. (36,939,688)**	**Ps. 301,181,596**
Liabilities						
Customer deposits	Ps. 177,750,657	Ps. 8,169,647	Ps. 1,287	Ps. —	Ps. (3,934,195)	Ps. 181,987,396
Financial obligations	41,562,702	21,455,386	97,565	5,512,298	(3,086,612)	65,541,339
Other liabilities (4)	9,258,820	12,134,042	601,505	382,088	(244,010)	22,132,445
Total liabilities	**Ps. 228,572,179**	**Ps. 41,759,075**	**Ps. 700,357**	**Ps. 5,894,386**	**Ps. (7,264,817)**	**Ps. 269,661,180**

(1) Includes Grupo Aval (Separate Financial Statement) and Grupo Aval Limited.
(2) The balance in segment Holding corresponds to a bond issued by BAC International Bank Incorporated acquired by Grupo Aval Limited.
(3) Includes cash and cash equivalents for Ps. 18,597,861; intangible assets Ps. 18,141,916; other accounts receivable, net Ps. 25,617,225, tangible assets Ps. 6,995,890; income tax assets Ps. 3,877,749; non-current assets held for sale Ps. 101,184 mainly on Banking Services segment and other assets Ps. 465,557.
(4) Includes trading liabilities Ps. 2,154,361; Hedging derivative liabilities Ps. 217,566; income tax liabilities Ps. 5,814,987; employee benefits Ps. 907,808; provisions Ps. 1,083,283 and other liabilities Ps. 11,954,440.

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Statement of Income as of December 31, 2023

	Banking Services	Merchant Banking	Pension and Severance Fund Management	Holding (1)	Eliminations	Total
External income						
Interest income	Ps. 27,293,337	Ps. 1,149,086	Ps. 117,076	Ps. 359,905	Ps. —	Ps. 28,919,404
Income from commissions and fees (2)	3,243,740	134,252	978,344	—	—	4,356,336
Income from sales of goods and services (2)	107,864	11,069,075	46,617	—	—	11,223,556
Net trading income	(1,245,312)	34,383	294,784	96	—	(916,049)
Net income from other financial instruments mandatory at fair value through profit or loss	—	323,685	—	—	—	323,685
Share of profit of equity accounted investees, net of tax	41,277	326,328	—	3,792	—	371,397
Dividends	11,252	115,022	—	—	—	126,274
Foreign exchange loss, net	1,575,043	692,134	(11,757)	(1,495)	—	2,253,925
Other income (3)	817,906	153,118	28,419	267	—	999,710
Total external income	**Ps. 31,845,107**	**Ps. 13,997,083**	**Ps. 1,453,483**	**Ps. 362,565**	**Ps. —**	**Ps. 47,658,238**

	Banking Services	Merchant Banking	Pension and Severance Fund Management	Holding (1)	Eliminations	Total
Intersegment income						
Interest income	Ps. 376,228	Ps. 158,256	Ps. 3,588	Ps. 31,624	Ps. (569,696)	Ps. —
Income from commissions and fees (2)	29,127	1,979	254	292,641	(324,001)	—
Income from sales of goods and services (2)	2,324	1,844	38,373	—	(42,541)	—
Net trading income	80	2,202	5,315	—	(7,597)	—
Share of profit of equity accounted investees, net of tax	830,683	(341)	—	642,720	(1,473,062)	—
Dividends	453	1,449	—	—	(1,902)	—
Foreign exchange loss, net	—	—	—	—	—	—
Other income (3)	53,109	(446)	(24,025)	835	(29,473)	—
Total intersegment income	**Ps. 1,292,004**	**Ps. 164,943**	**Ps. 23,505**	**Ps. 967,820**	**Ps. (2,448,272)**	**Ps. —**
Total income	**Ps. 33,137,111**	**Ps. 14,162,026**	**Ps. 1,476,988**	**Ps. 1,330,385**	**Ps. (2,448,272)**	**Ps. 47,658,238**
Expenses						
Interest expense	Ps. (19,260,207)	Ps. (3,471,779)	Ps. (56,927)	Ps. (519,869)	Ps. 676,352	Ps. (22,632,430)
Net impairment loss on financial assets	(4,170,048)	(28,175)	1,965	12,578	1,286	(4,182,394)
Expenses from commissions and fees	(910,751)	(16,104)	(104,773)	(430)	28,245	(1,003,813)
Costs and expenses of sales goods and services	(443,840)	(7,498,858)	(79,794)	—	16,895	(8,005,597)
Depreciation and amortization	(639,717)	(14,028)	(16,786)	(1,736)	1,776	(670,491)
Personnel expenses	(2,672,717)	(147,303)	(195,469)	(39,779)	100	(3,055,168)
Administrative expenses	(4,185,245)	(178,885)	(259,331)	(67,494)	323,953	(4,367,002)
Income tax expense	184,941	(1,268,268)	(172,943)	(56,966)	2,802	(1,310,434)
Other expenses (4)	(212,354)	(8,459)	(32,721)	82,111	(82,370)	(253,793)
Total expenses	**Ps. (32,309,938)**	**Ps. (12,631,859)**	**Ps. (916,779)**	**Ps. (591,585)**	**Ps. 969,039**	**Ps. (45,481,122)**
Net income for the year	**Ps. 827,173**	**Ps. 1,530,167**	**Ps. 560,209**	**Ps. 738,800**	**Ps. (1,479,233)**	**Ps. 2,177,116**

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(1) Includes Grupo Aval (Separate Financial Statement) and Grupo Aval Limited.
(2) See note 28, net income from contracts with customers.
(3) Includes Net gain on sale of debt and equity securities for Ps. 108,773; Gain on the sale of non-current assets held for sale Ps. 48,589; net gain in asset valuation Ps. 74,886 and other operating income Ps. 767,462.
(4) Includes loss from sale of non-current assets held for sale Ps. (595) and other operating expenses Ps. (253,198).

Revenue from contracts with customers at December, 2023

	Banking Services	Merchant Banking	Pension and Severance Fund Management	Holding (1)	Eliminations	Total
Revenue from contracts with customers (2)	**Ps. 3,383,055**	**Ps. 11,207,150**	**Ps. 1,063,588**	**Ps. 292,641**	**Ps. (366,542)**	**Ps. 15,579,892**
Timing of revenue recognition						
At a point in time	142,134	400,146	75,527	292,641	(304,433)	**606,015**
Over time	3,240,921	10,807,004	988,061	—	(62,109)	**14,973,877**

(1) Includes Grupo Aval (Separate Financial Statement) and Grupo Aval Limited.
(2) See note 28, net income from contracts with customers.

Statement of Income as of December 31, 2022

	Banking Services	BAC Holding International Corp. (1)	Merchant Banking	Pension and Severance Fund Management	Holding (2)	Eliminations	Total
External income							
Interest income	Ps. 18,321,381	Ps. —	Ps. 723,488	Ps. 98,302	Ps. 259,861	Ps. —	Ps. 19,403,032
Income from commissions and fees (3)	2,865,336	—	127,609	881,494	—	—	3,874,439
Income from sales of goods and services (3)	88,093	—	11,986,518	66,716	—	—	12,141,327
Net trading income	1,207,099	—	388,350	(35,975)	152	—	1,559,626
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	278,751	—	—	—	278,751
Share of profit of equity accounted investees, net of tax	41,904	—	326,448	—	4,425	—	372,777
Dividends	17,696	—	102,192	—	—	—	119,888
Foreign exchange loss, net	(1,286,774)	—	(483,627)	(54,771)	(546)	—	(1,825,718)
Other income (4)	583,001	—	(98,871)	(738)	1,090	—	484,482
Discontinued operations (5)	455,908	544,890	—	—	(134,632)	—	866,166
Total external income	**Ps. 22,293,644**	**Ps. 544,890**	**Ps. 13,350,858**	**Ps. 955,028**	**Ps. 130,350**	**Ps. —**	**Ps. 37,274,770**

	Banking Services	BAC Holding International Corp. (1)	Merchant Banking	Pension and Severance Fund Management	Holding (2)	Eliminations	Total
Intersegment income							
Interest income	Ps. 240,317	Ps. —	Ps. 110,250	Ps. 7,958	Ps. 172,312	Ps. (530,837)	—
Income from commissions and fees (3)	23,981	—	1,502	3,682	282,924	(312,089)	—

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	Banking Services	BAC Holding International Corp. [1]	Merchant Banking	Pension and Severance Fund Management	Holding [2]	Eliminations	Total
Income from sales of goods and services [3]	26,225	—	1,603	4,573	—	(32,401)	—
Net trading income	—	—	(387)	(1,639)	—	2,026	—
Share of profit of equity accounted investees, net of tax	884,067	—	427	—	1,915,871	(2,800,365)	—
Dividends	298	—	1,876	—	—	(2,174)	—
Foreign exchange loss, net	—	—	—	—	—	—	—
Other income [4]	12,832	—	36	2,906	369	(16,143)	—
Discontinued operations [5]	—	—	—	—	596,648	(596,648)	—
Total intersegment income	**Ps. 1,187,720**	**Ps. —**	**Ps. 115,307**	**Ps. 17,480**	**Ps. 2,968,124**	**Ps. (4,288,631)**	**Ps. —**
Total income	**Ps. 23,481,364**	**Ps. 544,890**	**Ps. 13,466,165**	**Ps. 972,508**	**Ps. 3,098,474**	**Ps. (4,288,631)**	**Ps. 37,274,770**
Expenses							
Interest expense	Ps. (9,602,059)	Ps. —	Ps. (2,030,256)	Ps. (63,207)	Ps. (517,383)	Ps. 548,510	Ps. (11,664,395)
Net impairment loss on financial assets	(2,447,198)	—	(14,266)	(7,782)	(23,840)	(62)	(2,493,148)
Expenses from commissions and fees	(767,204)	—	(17,175)	(193,124)	(19,992)	26,819	(970,676)
Costs and expenses of sales goods and services	(487,142)	—	(7,059,820)	(63,049)	—	13,780	(7,596,231)
Depreciation and amortization	(620,298)	—	(11,492)	(14,486)	(1,766)	2,296	(645,746)
Personnel expenses	(2,493,399)	—	(123,104)	(168,450)	(48,933)	92	(2,833,794)
Administrative expenses	(3,569,706)	—	(126,670)	(195,071)	(116,899)	304,747	(3,703,599)
Income tax expense	(405,748)	—	(1,753,733)	(92,993)	(18,802)	(128)	(2,271,404)
Other expenses [6]	(178,160)	—	(28,251)	(19,152)	(1,185)	104	(226,644)
Total expenses	**Ps. (20,570,914)**	**Ps. —**	**Ps. (11,164,767)**	**Ps. (817,314)**	**Ps. (748,800)**	**Ps. 896,158**	**Ps. (32,405,637)**
Net income for the year	**Ps. 2,910,450**	**Ps. 544,890**	**Ps. 2,301,398**	**Ps. 155,194**	**Ps. 2,349,674**	**Ps. (3,392,473)**	**Ps. 4,869,133**

(1) See note 1.1. "Discontinued operations of BAC Holding".
(2) Includes Grupo Aval (Separate Financial Statement) and Grupo Aval Limited.
(3) See note 28, net income from contracts with customers.
(4) Includes Net gain on sale of debt and equity securities for Ps. (134,699); Gain on the sale of non-current assets held for sale Ps. 10,487; net gain in asset valuation Ps. 50,463 and other operating income Ps. 558,231.
(5) See note 1.1. "Discontinued operations of BAC Holding".
(6) Includes loss from sale of non-current assets held for sale Ps. (800) and other operating expenses Ps. (225,844).

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Revenue from contracts with customers as of December, 2022

	Banking Services	BAC Holding International Corp. [1]	Merchant Banking	Pension and Severance Fund Management	Holding [2]	Eliminations	Total
Revenue from contracts with customers [3]	**Ps. 3,003,635**	**Ps. —**	**Ps. 12,117,232**	**Ps. 956,465**	**Ps. 282,924**	**Ps. (344,490)**	**Ps. 16,015,766**
Timing of revenue recognition							
At a point in time	318,011	—	193,572	62,743	282,924	(289,876)	**567,374**
Over time	2,685,624	—	11,923,660	893,722	—	(54,614)	**15,448,392**

(1) See note 1.1. “Discontinued operations of BAC Holding”.
(2) Includes Grupo Aval (Separate Financial Statement) and Grupo Aval Limited.
(3) See note 28, net income from contracts with customers.

Reconciliation of net income, assets and liabilities of the reportable operating segments

Main eliminations of total income, expenses, assets and liabilities between segments with the corresponding consolidated entries at the level of Grupo Aval are:

- Loans and financial obligations.
- Investments in term deposits and outstanding bonds of in other segments.
- Investments and non- controlling interests.
- Leases and commissions pay between entities of Grupo Aval.
- Expenses and incomes from commissions.

(Amounts expressed in millions of Colombian pesos)

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31.5 Analysis of Revenues by Products and Services

Grupo Aval's revenues are analyzed in each segment by products and services, in the statement of income.

31.6 Income by Country

Grupo Aval's revenues for each individual country for which revenues are significant, are the following during the years ended December 31, 2024, 2023 and 2022:

	December 31, 2024					
	Country					
	Colombia	Panamá	Barbados	Perú	Other countries [1]	Total income
Interest income	**Ps. 26,125,728**	**Ps. 1,938,704**	**Ps. 74,752**	**Ps. 42,731**	**Ps. 17**	**Ps. 28,181,932**
Income from commissions and fees	**4,459,083**	**153,998**	**2,565**	**—**	**498**	**4,616,144**
Commissions on banking services	1,596,470	127,875	2,565	—	498	1,727,408
Pension and severance fund management	1,174,608	—	—	—	—	1,174,608
Fees on credit cards	962,397	25,576	—	—	—	987,973
Trust activities and portfolio management services	495,929	—	—	—	—	495,929
Storage services	181,804	—	—	—	—	181,804
Commissions on drafts, checks and checkbooks	19,575	547	—	—	—	20,122
Office network services	16,289	—	—	—	—	16,289
Other commissions	12,011	—	—	—	—	12,011
Share of profit of equity accounted investees, net of tax	**378,396**	**—**	**—**	**—**	**—**	**378,396**
Dividends	**141,867**	**6,585**	**—**	**—**	**—**	**148,452**
Income from sales of goods and services	**10,009,174**	**—**	**—**	**1,039,426**	**—**	**11,048,600**
Energy and gas	5,893,834	—	—	1,015,088	—	6,908,922
Infrastructure	2,950,048	—	—	—	—	2,950,048
Hotels	606,880	—	—	24,338	—	631,218
Agribusiness	309,868	—	—	—	—	309,868
Other services	248,544	—	—	—	—	248,544
Other income	**1,846,365**	**256,415**	**286**	**16,072**	**5**	**2,119,143**
Total income	**Ps. 42,960,613**	**Ps. 2,355,702**	**Ps. 77,603**	**Ps. 1,098,229**	**Ps. 520**	**Ps. 46,492,667**

(1) Costa Rica and Brazil.

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	December 31, 2023					
	Country					
	Colombia	Panamá	Barbados	Perú	Costa Rica	Total income
Interest income	**Ps. 26,954,361**	**Ps. 1,852,433**	**Ps. 62,818**	**Ps. 49,582**	**Ps. 210**	**Ps. 28,919,404**
Income from commissions and fees	**4,196,458**	**157,526**	**2,116**	**119**	**117**	**4,356,336**
Commissions on banking services	1,526,772	134,216	2,116	119	117	1,663,340
Fees on credit cards	986,721	22,751	—	—	—	1,009,472
Pension and severance fund management	978,504	—	—	—	—	978,504
Trust activities and portfolio management services	463,194	—	—	—	—	463,194
Storage services	188,191	—	—	—	—	188,191
Commissions on drafts, checks and checkbooks	22,382	559	—	—	—	22,941
Office network services	21,638	—	—	—	—	21,638
Other commissions	9,056	—	—	—	—	9,056
Share of profit of equity accounted investees, net of tax	**371,397**	**—**	**—**	**—**	**—**	**371,397**
Dividends	**119,988**	**6,286**	**—**	**—**	**—**	**126,274**
Income from sales of goods and services	**10,305,957**	**—**	**—**	**917,599**	**—**	**11,223,556**
Energy and gas	5,263,794	—	—	894,822	—	6,158,616
Infrastructure	3,954,197	—	—	—	—	3,954,197
Hotels	576,118	—	—	22,777	—	598,895
Agribusiness	296,804	—	—	—	—	296,804
Other services	215,044	—	—	—	—	215,044
Other income	**2,500,392**	**155,595**	**(294)**	**5,584**	**(6)**	**2,661,271**
Total income	**Ps. 44,448,553**	**Ps. 2,171,840**	**Ps. 64,640**	**Ps. 972,884**	**Ps. 321**	**Ps. 47,658,238**

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	December 31, 2022					
	Country					
	Colombia	Panamá	Barbados	Perú	Other countries (1)	Total income
Interest income	Ps. **17,882,243**	Ps. **1,445,425**	Ps. **41,664**	Ps. **33,550**	Ps. **150**	Ps. **19,403,032**
Income from commissions and fees	**3,731,370**	**140,491**	**2,398**	**46**	**134**	**3,874,439**
Commissions on banking services	1,410,232	120,512	2,398	46	134	1,533,322
Pension and severance fund management	885,420	—	—	—	—	885,420
Fees on credit cards	816,587	19,459	—	—	—	836,046
Trust activities and portfolio management services	353,285	—	—	—	—	353,285
Storage services	187,237	—	—	—	—	187,237
Commissions on drafts, checks and checkbooks	24,661	520	—	—	—	25,181
Office network services	24,935	—	—	—	—	24,935
Other commissions	29,013	—	—	—	—	29,013
Share of profit of equity accounted investees, net of tax	**372,777**	**—**	**—**	**—**	**—**	**372,777**
Dividends	**108,343**	**11,545**	**—**	**—**	**—**	**119,888**
Income from sales of goods and services	**11,198,953**	**—**	**—**	**942,374**	**—**	**12,141,327**
Energy and gas	4,797,942	—	—	920,866	—	5,718,808
Infrastructure	5,330,193	—	—	—	—	5,330,193
Hotels	510,829	—	—	21,508	—	532,337
Agribusiness	340,984	—	—	—	—	340,984
Other services	219,005	—	—	—	—	219,005
Other income	**370,640**	**115,657**	**(616)**	**11,146**	**314**	**497,141**
Total income from continuing operations	Ps. **33,664,326**	Ps. **1,713,118**	Ps. **43,446**	Ps. **987,116**	Ps. **598**	Ps. **36,408,604**
Discontinued operations (2)	866,166	—	—	—	—	866,166
Total income	Ps. **34,530,492**	Ps. **1,713,118**	Ps. **43,446**	Ps. **987,116**	Ps. **598**	Ps. **37,274,770**

(1) Costa Rica and Grand Cayman.
(2) Correspond to reclassification for comparability of the movements of BAC Holding consider the deconsolidation of this entity during year 2022.

(Amounts expressed in millions of Colombian pesos)

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During the years ended December 31, 2024, 2023 and 2022, Grupo Aval reported no concentration of revenue in customers with more than a 10% share of revenue from ordinary activities.

The foregoing analysis is based on the customer's domicile. Income from off- shore entities of Colombian customers are reported as income from Colombia. The revenues include income from interest, fees, commissions and other operating income.

31.7 Non-current assets by Country

The main non-current assets are detailed below according to the presentation based on the degree of liquidity for each country for the periods ending December 31, 2024 and 2023:

December 31, 2024		**Own – use Property, plant and equipment, net (1)**		**Intangible assets (2)**
Colombia	Ps.	4,053,729	Ps.	15,707,679
Panamá		359,176		291,221
Perú		187,063		3,296,377
Barbados		137		1,209
Total	**Ps.**	**4,600,105**	**Ps.**	**19,296,486**

December 31, 2023		**Own – use Property, plant and equipment, net (1)**		**Intangible assets (2)**
Colombia	Ps.	3,979,113	Ps.	15,303,358
Panamá		326,976		258,404
Perú		121,544		2,579,249
Barbados		170		905
Total	**Ps.**	**4,427,803**	**Ps.**	**18,141,916**

(1) see note 15.1
(2) see notes 16 to 18.

NOTE 32 – UNCONSOLIDATED STRUCTURED ENTITIES

The term "unconsolidated structured entities" refers to all structured entities that are not controlled by Grupo Aval. Grupo Aval enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions and for specific investment opportunities.

The table below shows the total assets of unconsolidated structured entities in which Grupo Aval had an interest at the reporting date and its maximum exposure to loss in relation to those interests:

Nature and risks associated with Grupo Aval's interests in unconsolidated structured entities

December 31, 2024		**Grupo Aval's managed funds**		**Funds managed by other entities(1)**		**Total**
Grupo Aval's interest-assets						
Investments at fair value through profit or loss	Ps.	4,138,387	Ps.	3,099,853	Ps.	7,238,240
Other account receivables		36,578		107		36,685
Total assets in relation to Grupo Aval's interests in the unconsolidated structured entities		**4,174,965**		**3,099,960**		**7,274,925**
Grupo Aval's maximum exposure (*)	**Ps.**	**4,174,965**	**Ps.**	**3,099,960**	**Ps.**	**7,274,925**

(1) Includes the Private Equity Fund Pactia Inmobiliario, as of October 29, 2024, for a value of Ps. 324,220.
(*) Represent 2.22%, respectively of the Grupo Aval's managed funds total assets.

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December 31, 2023		**Grupo Aval's managed funds**		**Funds managed by other entities**		**Total**
Grupo Aval's interest-assets						
Investments at fair value through profit or loss	Ps.	3,680,026	Ps.	2,567,099	Ps.	6,247,125
Other account receivables		31,629		533		32,162
Total assets in relation to Grupo Aval's interests in the unconsolidated structured entities		**3,711,655**		**2,567,632**		**6,279,287**
Grupo Aval's maximum exposure (*)	**Ps.**	**3,711,655**	**Ps.**	**2,567,632**	**Ps.**	**6,279,287**

(*) Represent 2.08%, respectively of the Grupo Aval's managed funds total assets.

In the normal course of operations, Grupo Aval has trust companies that manage collective investment funds and assets of third parties where the managing trustees receive commissions. Additionally, Grupo Aval's subsidiary Fondo de Pensiones y Cesantias Porvenir manages mandatory pension funds and defined contribution plans. For management services provided by Porvenir, commissions received vary according to the performance of each fund or asset managed.

The obligations of these entities in the administration of these assets are obligations of means and do not guarantee the results. The maximum exposure risk of loss is determined by the possible failures in the administration of the funds by the amount of the returns that manages and the return of the results of assets the clients.

NOTE 33 - TRANSFERS OF FINANCIAL ASSETS

Grupo Aval and its Subsidiaries enters into transactions in its normal course of business by which it transfers financial assets to third parties. Depending on the circumstances, these transfers may either result in these financial assets being derecognized or continuing to be recognized in Grupo Aval´s financial statements.

Transferred financial assets not qualifying for full derecognition

i. Sale and repurchase agreements

Sales and repurchase agreements are transactions in which Grupo Aval sells securities and simultaneously agrees to repurchase them (or assets that are substantially the same) at a fixed price on a future date. Grupo Aval continues to recognize the securities in their entirety in the statement of financial position because it retains substantially all of the risks and rewards of ownership. The cash consideration received is recognized as a financial asset and a financial liability is recognized for the obligation to pay the repurchase price. Because Grupo Aval and its Subsidiaries sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement. As of December 31, 2024, the financial assets held for trading that are being used as collateral under repurchase agreements amounted to Ps. 6,451,082 and as of December 31, 2023 Ps. 2,853,286 (see note 5.1.1 only pledged as collateral in money market operations and pledged as collateral to special entities such as CRCC, BR and BVC), the financial investments debt securities at amortized cost that are being used as collateral under repurchase agreements as of December 2024 amounted to Ps. 4,076,356 and as of December 31, 2023 Ps. 3,208,890 (see note 9.3.1) and the financial investments debt securities FVOCI that are being used as collateral under repurchase agreements as of December 2024 amounted to Ps. 10,190,595 and as of December 31, 2023 Ps. 10,786,312 (see note 5.1.2 only pledged as collateral in money market operations and pledged as collateral to special entities such as CRCC, BR and BVC).

ii. Securities lending

As of December 31, 2024, and 2023 Grupo Aval has not recorded securities lending.

Transfer of financial assets that are derecognized in their entirety.

i. Securitizations

As of December 31, 2024, and 2023 Grupo Aval has not recorded securitizations.

(Amounts expressed in millions of Colombian pesos)

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NOTE 34 – RELATED PARTIES

To verify the correct identification of relationships and transaction with related parties, Grupo Aval has established a specific formal Procedure for the Identification and Disclosure of Balances and Transactions with Related Parties.

In application of this procedure, our members of the Board of Directors and our key management personnel are periodically required to identify close family members and entities over which such persons have significant influence. This procedure was carried out through a written request containing the criteria that such person must consider in order to provide information on close family members and entities that must be disclosed as their related parties.

In addition, Grupo Aval Vice-Presidency of Accounting Consolidation periodically performs an evaluation of its controlling and non-controlling investments in other entities to identify if such entities should be treated as a related entity.

The following are some of the guidelines included in the above-mentioned corporate framework:

- Grupo Aval and its Subsidiaries shall permanently carry out the registration of the operations performed with related parties, identifying the type of operation, its purpose, economic conditions and authorizations received when applicable.

- Grupo Aval and its Subsidiaries shall establish limits of indebtedness or exposure and perform constant monitoring of the intragroup operations, complying for such purpose with the restrictions set forth under applicable regulations.

- All intragroup operations shall be fully identified by accounting areas of the respective entities.

- Authorization levels are defined within the governance and control structure, assigned as may be deemed adequate as a function of the magnitude and type of transaction, keeping the evidence of such authorizations.

- It should be verified that related party transactions are carried out for a good and valuable consideration, at market conditions, maintaining a financial equilibrium in the relationships between the entities participating in the operation.

Balances as of the year ended December 31, 2024 and 2023, with related parties, are detailed in the following tables:

	Individuals		Entities		
December 31, 2024	**Individuals with control over Grupo Aval (*)**	**Key management personnel (*)**	**Associates and joint ventures**	**Entities controlled by individuals**	**Entities with significant influence by individuals**
Assets					
Cash and equivalents	Ps. —	Ps. —	Ps. —	Ps. 1,489	Ps. —
Financial assets in investments	—	—	1,757,813	2,317,449	—
Financial assets in credit operations	22,120	6,821	702,904	(**) 2,854,618	3,584
Accounts receivable	—	17	21,281	1,625,006	37
Other assets	—	31	16,301	60,860	—
Liabilities					
Deposits	Ps. 206,174	Ps. 30,417	Ps. 166,009	Ps. 1,467,708	Ps. 6,986
Accounts payable	333	267	26,934	265,585	2
Financial obligations	—	—	—	1,472	—
Other liabilities	—	—	15,900	9,634	22

(*) Include family members
(**) Include one loan for Ps. 1,196,398 at 36 months with SOFR rate 3M + 3.5%, regarding to loan IBR rate 3M + 4.5% , was paid in December 2024

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December 31, 2023	Individuals: Individuals with control over Grupo Aval (*)	Individuals: Key management personnel (*)	Entities: Associates and joint ventures	Entities: Entities controlled by individuals	Entities: Entities with significant influence by individuals
Assets					
Cash and equivalents	Ps. —	Ps. —	Ps. —	Ps. 863	Ps. —
Financial assets in investments	—	—	1,533,531	2,008,318	—
Financial assets in credit operations	14,141	7,537	742,607	(**) 2,884,514	138,645
Accounts receivable	28	12	34,908	1,945,671	68
Other assets	—	—	12,651	59,511	—
Liabilities					
Deposits	Ps. 187,385	Ps. 27,531	Ps. 95,101	Ps. 1,420,051	Ps. 15,432
Accounts payable	683	314	20,173	417,908	2
Financial obligations	85	1,237	3	4,774	—
Other liabilities	—	—	61	53	—

(*) Include family members
(**) Includes two loans for Ps. 1,037,413 at 36 months with SOFR rate 3M + 3.5% and Ps. 202,371 at 24 months with IBR rate 3M + 4.5%, granted to an entity controlled by the ultimate beneficial owner of the Group

Transactions during the years ended as of December 31, 2024, 2023 and 2022, with related parties are as follows:

a. Profit or loss

December 31, 2024	Individuals: Individuals with control over Grupo Aval (*)	Individuals: Key management personnel (*)	Entities: Associates and joint ventures	Entities: Entities controlled by individuals	Entities: Entities with significant influence by individuals
Income					
Interest income	Ps. 492	Ps. 516	Ps. 101,632	Ps. 558,438	Ps. 504
Fees income and commissions	15	25	65,007	155,392	33
Leases	—	—	1,751	26	—
Other income	—	7	458,918	8,879	40
Expenses					
Financial expenses	Ps. (2,539)	Ps. (1,311)	Ps. (10,639)	Ps. (73,476)	Ps. (490)
Fees expenses and commissions	(4)	(3,939)	(132,153)	(2,524)	(52)
Operating expenses	(579)	(9,348)	(1,147)	(5,139)	—
Other expenses	(16)	(41)	(170,952)	(96,707)	(1)

(*) Include family members

December 31, 2023	Individuals: Individuals with control over Grupo Aval (*)	Individuals: Key management personnel (*)	Entities: Associates and joint ventures	Entities: Entities controlled by individuals	Entities: Entities with significant influence by individuals
Income					
Interest income	Ps. 550	Ps. 611	Ps. 92,029	Ps. 618,120	Ps. 24,009
Fees income and commissions	4	25	28,853	157,205	33
Leases	—	—	1,574	76	—
Other income	3	14	480,565	30,809	51
Expenses					
Financial expenses	Ps. (4,412)	Ps. (3,581)	Ps. (10,337)	Ps. (80,165)	Ps. (281)

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	Individuals		Entities		
December 31, 2023	**Individuals with control over Grupo Aval (*)**	**Key management personnel (*)**	**Associates and joint ventures**	**Entities controlled by individuals**	**Entities with significant influence by individuals**
Fees expenses and commissions	(4)	(2,801)	(91,646)	(4,044)	(171)
Operating expenses	(706)	(15,735)	(408)	(5,517)	—
Other expenses	(11)	(8)	(173,899)	(100,632)	—

(*) Include family members

	Individuals		Entities		
December 31, 2022	**Individuals with control over Grupo Aval (*)**	**Key management personnel (*)**	**Associates and joint ventures**	**Entities controlled by individuals**	**Entities with significant influence by individuals**
Income					
Interest income	Ps. 501	Ps. 578	Ps. 45,585	Ps. 342,962	Ps. 20,418
Fees income and commissions	3	69	29,161	169,629	6
Leases	—	—	1,499	—	—
Other income	5	6	510,803	28,818	36
Expenses					
Financial expenses	Ps. (2,458)	Ps. (2,253)	Ps. (13,370)	Ps. (119,330)	Ps. (211)
Fees expenses and commissions	(4)	(2,153)	(59,554)	(5,028)	(400)
Operating expenses	(905)	(11,277)	(502)	(3,181)	—
Other expenses	(8)	(3,190)	(213,080)	(98,920)	(35)

(*) Include family members

b. Compensation of Key Management Personnel

The compensation received by the key personnel of the management comprises the following:

	Year ended as of		
Items	**December 31, 2024**	**December 31, 2023**	**December 31, 2022**
Salaries	Ps. 38,904	Ps. 36,222	Ps. 34,852
Short term benefits for employees	4,731	6,741	17,686
Termination benefits	—	8,754	—
Long term benefits for employees	541	—	—
Fees	3,939	2,418	1,917
Total	**Ps. 48,115**	**Ps. 54,135**	**Ps. 54,455**

Transactions with our related parties correspond primarily to the normal course of banking business activities carried out under market conditions. Such transactions include demand and saving deposits, time deposits, commercial, consumer and mortgage loans, financial leases, payment of dividends and or interest.

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NOTE 35 – SUBSEQUENT EVENTS

1. The General Meeting of Shareholders that took place on March 28, 2025, approved the following:

Net income for period ended December 31, 2024 included in the unconsolidated financial statements of Grupo Aval	Ps.	999,886
Occasional reserve release at the disposal of the General Meeting of Shareholders	Ps.	7,366,473
Total Income available for disposal of the General Meeting of Shareholders	Ps.	**8,366,359**
Dividends		To distribute a cash profit of Ps. 2.30 per share per month during the months of April 2025 to March 2026, both months included over 23,743,475,754 shares subscribed and paid as of the date of this meeting.
Total dividends declared	Ps.	**655,320**
Total shares outstanding		23,743,475,754
To Occasional reserve at the disposal of General Meeting of Shareholders	Ps.	**7,711,039**

In a meeting held on March 3, 2025, Grupo Aval's Board of Directors approved the presentation of the consolidated financial statements under Colombian IFRS and the accompanying notes for the period ended December 31, 2024, for consideration of the General Meeting of Shareholders.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Grupo Aval Acciones y Valores S.A.

By: /s/ María Lorena Gutiérrez Botero
Name: María Lorena Gutiérrez Botero
Title: President

Date: April 28, 2025

Exhibit 1.1

BYLAWS
GRUPO AVAL ACCIONES Y VALORES S.A.

LIST OF DEEDS:

No.	DATE	NOTARY
0043	January 7, 1994	23 of Bogotá
2691	May 24, 1994	23 of Bogotá
1636	April 20, 1995	23 of Bogotá
4842	October 6, 1995	23 of Bogotá
2095	April 18, 1997	23 of Bogotá
0036	January 8, 1998	23 of Bogotá
2742	June 17, 1998	23 of Bogotá
5298	December 14, 1998	23 of Bogotá
5358	December 16, 1998	23 of Bogotá
941	April 5, 1999	23 of Bogotá
3530	October 12, 1999	23 of Bogotá
4260	October 24, 2001	23 of Bogotá
1248	April 22, 2002	23 of Bogotá
4335	November 13, 2003	23 of Bogotá
0580	March 6, 2006	18 of Bogotá
1735	April 25, 2007	18 of Bogotá
1323	April 24, 2009	36 of Bogotá
28	January 6, 2011	73 of Bogotá
2781	May 26, 2015	73 of Bogotá
5328	September 24, 2015	73 of Bogotá
159	January 21, 2016	73 of Bogotá
1276	March 29, 2016	73 of Bogotá
6367	November 25, 2016	73 of Bogotá
1907	April 28, 2017	73 of Bogotá
305	January 28, 2022	73 of Bogotá
1881	Abril 17, 2024	73 of Bogotá

CHAPTER I. NAME, DOMICILE, TERM AND PURPOSE.

ARTICLE 1. NAME AND TYPE. Modified by Deeds Nos. 2691 of May 24, 1994, 455 of February 11, 1997, 2095 of April 18, 1997 and 0036 of January 8, 1998, all issued by Notary 23 of Bogotá. The Company is a Colombian for-profit joint-stock company legally named GRUPO AVAL ACCIONES Y VALORES S.A.

ARTICLE 2. OFFICIAL DOMICILE: BRANCHES AND AGENCIES. Modified by Deeds Nos. 2691 of May 24, 1994 and 1248 of April 22, 2002 issued by Notary 23 of Bogotá. The Company's official domicile is in the city of Bogotá D.C., but it may over the course of its corporate life establish branches and agencies anywhere in Colombia or abroad.

ARTICLE 3. TERM. The Company has a term of fifty (50) years from the date of this document, although this term may be extended or the Company may be dissolved in advance by a decision of the General Shareholders' Meeting pursuant to these bylaws.

ARTICLE 4. CORPORATE PURPOSE: Modified by Deeds Nos. 2691 of May 24, 1994, 2742 of June 17, 1998, 4260 of October 24, 2001, all issued by Notary 23 of Bogotá. The Company is primarily engaged in the following activities:

a) The purchase and sale of shares, bonds, and securities of entities in the financial system.

b) The purchase and sale of shares, bonds, and securities of other commercial entities.

PARAGRAPH: As part of the corporate purpose, the Company may:

a) Acquire and trade any kind of securities freely circulating on the market and securities in general.

b) Create any kind of companies related to or complementary to the corporate purpose.

c) Represent individuals or corporate entities involved in activities similar to or complementary of those described in previous paragraphs.

d) Accept or grant monetary loans with or without interest, pledge or give as collateral its movable or immovable property, offer sureties and assume responsibilities to give, execute or not execute them on behalf of third parties; transfer, endorse, purchase accept, cash, contest, cancel or pay bills of exchange, checks, promissory notes, or any other securities or accept them or give them as payment and in general execute or enter into exchange contracts in any of their forms.

e) Purchase, transfer, encumber, lease, or administer any type of property and change its nature.

f) Endorse or purchase any class of shares and transfer them, own shares in companies with similar or complementary corporate purposes, and freely transfer the shares, shares or interest thereof.

g) Settle, abandon and appeal arbitration or legal decisions on matters involving third parties, associates and employees in which the Company has an interest.

h) Provide services in areas related to the activities, experience and knowledge of the Company.

i) And, in general, sign and execute any type of document or contract directly related to the above and whose ultimate purpose is to exercise the rights of or comply with the obligations arising from the Company's activity.

CHAPTER II. SHARE CAPITAL AND STOCK.

ARTICLE 5. AUTHORIZED CAPITAL. Modified by Deeds Nos. 2691 of May 24, 1994 and 5358 of December 16, 1998, issued by Notary 23 of Bogotá. The Company's authorized capital totals ONE HUNDRED TWENTY BILLION COLOMBIAN PESOS (COP 120,000,000,000.00) represented by ONE HUNDRED TWENTY BILLION (120,000,000,000) shares, each worth a nominal value of ONE COLOMBIAN PESO (COP 1.00).

ARTICLE 6. Modified by Deeds Nos. 2691 of May 24, 1994 issued by Notary 23 of Bogotá, 0580 of March 6, 2006

issued by Notary 18 of Bogotá, and 28 of January 6, 2011 issued by Notary 73 of Bogotá. CLASSES OF SHARES. The Company's shares are nominative and based on capital. They may be: a) common, or b) preferred without voting rights. Shares with preferred dividends but no voting rights may be placed via a subscription of shares or a conversion of existing common shares. Shares are indivisible. As such, if a share belongs pro indiviso to multiple people, these people shall designate someone to execute the rights inherent to the share, but for meeting obligations to the Company, they shall be jointly responsible. Succession shares shall be subject to the applicable laws. Shares may circulate in physical or electronic form as decided by the Company's Board of Directors. All shares issued shall have the same nominal value.

Each common share shall confer the following rights to its holder(s):

1. The right to participate in the deliberations of the General Shareholders' Meeting and to vote as a member of the Meeting;

2. The right to receive a proportional share of the company profits as established in the yearly balance sheets;

3. The right to freely trade shares as permitted by law and these bylaws;

4. The right to freely inspect the Company's books and papers within the fifteen (15) days prior to the General Shareholders' Meeting at which the year-end balance sheets are examined;

5. In the event of the liquidation of the company, the right to receive a proportional share of the company's assets once the Company's external liabilities have been paid.

Each preferred share without voting rights shall confer the following rights to the holder(s), in addition to those set forth in the subscription terms:

1. The right to freely trade shares as permitted by law and these bylaws;

2. The right to receive a minimum dividend as set forth in the subscription terms that will be preferentially paid over those due for common shares, provided that dividends have been declared on the basis of resources legally available for this purpose. The dividend received by holders of common shares shall not exceed that declared for the preferred dividends without voting rights. There shall be no accumulation of dividends.

3. The right to own an equal proportion of the common shares of the distributable profits that remain after the minimum dividend and the dividend for common shares equal to the minimum dividend have been deducted. In this case, or when a dividend greater than the minimum dividend is declared, shares with preferred dividends and no voting rights shall not be eligible to receive the dividend declared for common shares in addition to the minimum dividend, but rather only the dividend declared for common shares.

4. The right to preferential reimbursement of investments made once the external liabilities are paid upon the dissolution of the Company.

5. All other rights provided for common shares in Article 379 of the Commerce Code, except for membership or voting rights in the Shareholders' Meeting. Shareholders with preferred shares without voting rights shall, however, have the right to vote in the situations set forth by law.

ARTICLE 7. CERTIFICATES. Modified by Deeds Nos. 2691 of May 24, 1994 issued by Notary 23 of Bogotá, 3530 of October 12, 1999, 1248 of April 22, 2002, all issued by Notary 23 of Bogotá, and 0580 of March 6, 2006 issued by Notary 18 of Bogotá. The Company shall issue share certificates to all shareholders. Before shares are completely paid, the Company shall only issue provisional certificates, which shall have the same characteristics as official certificates. The transfer of these provisional certificates shall be subject to the same conditions as the transfer of official certificates, and both the assignor and the assignee shall be jointly responsible for the unpaid portion. Once shares are paid in full, provisional certificates shall become official certificates. Certificates corresponding to shares paid in kind shall be issued once the traditional contribution has been made. Certificates shall be issued in continuous series, with the signatures of the legal representative and the secretary, and they shall indicate:

1) The name of the Company; the Company's headquarters; the Notary; the number and date of the incorporation documents and the resolution of the Superintendence approving the incorporation, as applicable.

2) The number of shares represented by each certificate, the nominal value, the class and, if necessary, an indication of whether the certificate is subject to trading restrictions due to its preferential right and the conditions thereof.

3) The complete name of the person in whose favor the certificate is being issued.

4) For preferred shares, the rights inherent thereto shall be indicated on the back of the certificate.

PARAGRAPH 1: In the event of theft, the Company will replace the certificate by providing a duplicate to the owner listed in the Shareholders Book once the incident has been proven to Company administrators and a certified copy of the relevant police report is presented. When the shareholder requests a duplicate in the event of loss, he or she must provide the guarantee required by the Board of Directors. For wear and deterioration, the shareholder's request for a duplicate must be accompanied by the original certificates so that the Company can cancel them. For shares in electronic form, in the event of theft or the loss of a certification or certificate of deposit, there will be no legal action. The shareholder may request a new certification or certificate through his or her direct depositor.

PARAGRAPH 2: Certificates issued by the Company may be stored in the Central Securities Depository, in which case they shall be subject to the relevant regulations, namely: Law 27 of 1990, Regulatory Decree 437 of 1992, and Resolution 1200 of 1995 of the Securities Superintendence and other current or future regulations related to this area.

PARAGRAPH 3: If the Company decides to digitize its shares, they may be represented by a global certificate that will be stored under the custody and management of the Central Securities Depository, which shall make the subscriber annotations and keep the Shareholders Book up to date. Shareholders may request a certificate through their direct depositor, who will verify their identity so that they can exercise their inherent rights.

ARTICLE 8. Modified by Deeds Nos. 2691 of May 24, 1994 issued by Notary 23 of Bogotá, and 28 of January 6, 2011 issued by Notary 73 of Bogotá. ISSUANCE, SUBSCRIPTION AND CONVERSION OF SHARES. Restricted shares and shares subsequently issued by the competent decision-making body may be issued in accordance with the law and these Bylaws.

8.1 Subscription Right.

Common shares shall confer the preferential right to subscribe to new share issued in a quantity proportional to the amount owned on the date on which the share subscription regulation is approved, unless the Shareholders' Meeting decides to place them without the right of preference, in which case all applicable laws and bylaws must be respected. The aforementioned right of preference shall apply to the sale of shares repurchased by the Company when the Board of Directors decides to put them back into circulation.

For shares with preferred dividends without voting rights, it shall be up to the Shareholders' Meeting to determine at the time of their issue whether they should be placed with or without the subscription right. This decision shall be made by a majority vote of those in attendance at the meeting.

8.2 Subscription Regulation.

The Board of Directors shall approve the subscription regulations for common shares. When shares with preferred dividends without voting rights are issued, the General Shareholders' Meeting may authorize the Board of Directors to approve the corresponding share subscription regulation.

8.3 Share Conversion.

Shares may only be the object of a conversion when approved or authorized by the General Shareholders' Meeting.

When the Shareholders' Meeting orders a conversion of shares subject to legal requirements, or when it authorizes shareholders to, at their own discretion, convert common shares into shares with preferred dividends without voting rights, the Shareholders' Meeting must define the corresponding procedure. This procedure must be defined by the Shareholders' Meeting on an individual basis in the same decision that approves or authorizes, as the case may be, a specific conversion of common shares into preferred shares without voting rights. In the decision, the General Shareholders' Meeting may determine the maximum amount up to which the shareholders can convert shares, and it may define any aspects deemed necessary to execute the share conversion. For such purposes, the Shareholders' Meeting may delegate to the Board of Directors or the President the responsibility to approve the forms, contracts and other documents that shareholders must sign for the conversion of the shares.

Any time common shares are converted into shares with preferred dividends without voting rights, each of the former shall entitle the holder to one of the latter.

Each share with preferred dividends without voting rights shall permanently entitle its owner to the rights set forth for this type of share in Article Six (6) of these bylaws. There shall be no accumulation of dividends.

ARTICLE 9. TRADING SHARES. Modified by Deeds Nos. 2691 of May 24, 1994 issued by Notary 23 of Bogotá, 3530 of October 12, 1999 issued by Notary 23 of Bogotá, and 0580 of March 6, 2006 issued by Notary 18 of Bogotá. The Company's shares are freely tradeable and transferable under the law. The transfer shall occur merely with the consent of the contracting parties, but in order for this transaction to be valid before the Company and third parties, it must be recorded in the Stock Ledger by means of a written statement issued by the transferor. This order may be executed by endorsing the respective certificate. To make the new record and issue the certificate to the buyer, certificates issued by the seller must be canceled. Shares that are not fully paid are transferable in the same way as paid shares, but the assignor and the subsequent buyers shall be jointly responsible for the unpaid portion. To transfer shares whose ownership is being disputed, permission is required from the respective Judge. For share liens, the seizing party's authorization is also needed. The lien shall be recorded in the Shareholders Book by means of a written notice issued by the competent official. The pledge shall not confer the inherent rights of shareholders to the creditor unless a specific stipulation or agreement exists stating otherwise. Such a deed or document describing the corresponding agreement shall suffice for the creditor to exercise rights before the Company. Usufruct confers the usufructuary all the inherent rights of shareholders, except the rights to transfer or encumber share or the right to reimbursement at the time of liquidation. Nevertheless, the parties may make other arrangements in writing. Usufruct shall be valid upon its recording in the Stock Ledger. For each case, the Board of Directors shall determine whether the Company or the shareholders must pay the relevant taxes or whether they can encumber the share certificates as allowed by law.

PARAGRAPH 1: When the Company intends to buy its own shares, it must meet the following requirements:

1. The decision shall be made by the General Shareholders' Meeting with a majority vote of those present.

2. To complete the operation, funds from the net profits shall be used.

3. The shares must be fully paid. While they are in the Company's possession, the rights inherent to them shall be suspended.

4. The repurchase shall be performed through mechanisms that guarantee equitable conditions for all shareholders. The price of the repurchase shall be determined through a study using technically valid procedures.

PARAGRAPH 2: The subsequent transfer of shares repurchased by the Company shall be made through mechanisms that guarantee equitable conditions for all shareholders. It will not require a share subscription regulation.

PARAGRAPH 3: The Company may assign the bookkeeping of the Shareholders Book to a central securities depository. For electronic shares, an annotation in the account and the record in the Stock Ledger shall suffice for the new shareholder to exercise his or her rights, which shall be accredited by a new certificate issued by the central securities depository.

ARTICLE 10. MANAGEMENT BODIES. Modified by Deed No. 941 of April 5, 1999, issued by Notary 23 of Bogotá. The Company has the following management and executive bodies:

a) General Shareholders' Meeting.

b) Board of Directors.

c) President.

CHAPTER III.- GENERAL SHAREHOLDERS' MEETING

ARTICLE 11. COMPOSITION OF THE GENERAL SHAREHOLDERS' MEETING. The General Shareholders' Meeting is made up of the shareholders listed in the book entitled the "Stock Ledger", or of their representatives or proxies, as described in the provisions of the following bylaws.

ARTICLE 12. DIVISION OF REPRESENTATION AND VOTES IN THE MEETING. Modified by Deeds Nos. 2,691 of May 24, 1994, 3,530 of October 12, 1999, 4335 of November 13, 2003, all issued by Notary 23 of Bogotá. Each shareholder may designate one or more representatives for the General Shareholders' Meeting, regardless of the number of shares owned. This does not apply to decisions about elections conducted by vote. The shareholder and his or her representative or representatives must cast the same vote with all of his or her shares. In other words, a certain vote may not be cast with certain shares, and another vote cast with other shares. When a person represents multiple shareholders, he or she may vote separately according to the instructions of the principal or each person or group he or she represents, dividing the votes between each of them as instructed. Shares can be represented through a written power of attorney that names the proxy or proxies, the person or people who can substitute the proxy or proxies, and the date of the meeting for which the power is conferred. The power of attorney may cover two (2) or more meetings, provided that this is explicitly stated in the document. Except in cases of legal representation, the Company's executives and employees may not represent shares other than their own at the General Shareholders' Meetings, nor may they seek representation for their own shares. They cannot vote on the Company's end-of- year balance sheets or financial statements, nor on liquidation.

ARTICLE 13. TYPES OF MEETINGS. Modified by Deed No. 3530 of October 12, 1999, issued by Notary 23 of Bogotá. The meetings of the General Shareholders' Meeting may be ordinary or extraordinary. They are presided over by the Chair of the Board of Directors. In his or her absence, the Vice Chair of the Board of Directors shall preside. In the Vice Chair's absence, a majority vote of the General Shareholders' Meeting shall designate someone to preside. The Secretary of the meeting shall be the Secretary of the Board of Directors or whomever the Shareholders' Meeting designates. Meetings shall be held at the Company's headquarters on the day, and at the time and place named in the announcement. Nevertheless, meetings may be held without prior announcement and anywhere all subscribed shares are represented.

ARTICLE 14. ORDINARY MEETINGS. Modified by Deeds Nos. 2,691 of May 24, 1994, 4842 of October 6, 1995, 2742 of June 17, 1998, 941 of April 5, 1999, all issued by Notary 23 of Bogotá, 5328 of September 24, 2015, issued by Notary 73 of Bogotá, 1276 of March 29, 2016, issued by Notary 73 of Bogotá, 6367 of November 25, 2016 issued by Notary 73 of Bogotá and 1907 of April 28, 2017 issued by Notary 73 of Bogotá. Ordinary meetings of the Shareholders' Meeting shall be held one (1) time each year no later than the last business day of March in order to review the Company's situation, nominate administrators and other officials for election, set the economic guidelines for the Company, approve the statements and balances of the last fiscal year, make decisions about profit sharing, and agree on any measures necessary to ensure the fulfillment of the corporate purpose. If the meeting is not called, the Shareholders' Meeting shall automatically convene on the first (1) day of the month of April at ten o'clock in the morning (10:00 a.m.) at the headquarters where the Company's management has its offices. Management shall allow the shareholders or their representatives to inspect the Company's books and documents fifteen (15) business days leading up to the meeting.

PARAGRAPH. The separate and consolidated financial statements of the Company must be submitted for the consideration and approval of the Shareholders in the annual ordinary meeting. However, exceptionally, when urgent or unforeseen needs so request, the consolidated financial statements of the Company may be submitted for consideration in a subsequent meeting which must take place as soon as such consolidated financial statements become available and in any case, within the next 90 days following the Shareholders’ ordinary meeting.

ARTICLE 15. EXTRAORDINARY MEETINGS. Modified by Deeds Nos. 4,842 of October 6, 1995, 3530 of October 12, 1999, 4335 of November 13, 2003, all issued by Notary 23 of Bogotá. The General Shareholders' Meeting may be convened for extraordinary meetings by:

a) The President.

b) The Board of Directors, on its own initiative or according to the terms established by the Code of Good Corporate Governance.

c) The Certified Public Accountant.

d) The Superintendence, when authorized by Law or when requested by multiple shareholders representing at least fifteen percent (15%) of the subscribed share.

Likewise, the Meeting shall convene upon the request of multiple shareholders representing no less than one-fourth of the share capital, in which case an announcement must be made by the Board of Directors, Legal Representative or Certified Public Accountant.

During extraordinary meetings, the Shareholders' Meeting may only make decisions on topics included in the agenda accompanying the meeting announcement, although with a majority of the votes present, the Meeting may address additional topics after the agenda has been covered.

ARTICLE 16. ANNOUNCEMENT. Modified by Deeds Nos. 2691 of May 24, 1994, 1636 of April 20, 1995, 4842 of October 6, 1995, 3530 of October 12, 1999, 1248 of April 22, 2002 and 4335 of November 13, 2003, all issued by Notary 23 of Bogotá. All announcements shall be published in a widely available newspaper. The announcement of Shareholders' Meeting shall be made at least five (5) calendar days in advance. For meetings during which the end-of-year financial statements will be approved, the announcement must be made at least fifteen (15) business days in advance. The issuance of the announcement shall be recorded in the minutes of the corresponding meeting. Nevertheless, the General Shareholders' Meeting may meet without prior announcement when there is representation of all the subscribed share. If a meeting is announced but not held due to lack of quorum, a new meeting will be scheduled that will be held and will make decisions as long as multiple shareholders are present, regardless of the quantity of the shares represented. The new meeting shall be hold no sooner than ten (10) and no later than thirty (30) business days from the date scheduled for the first meeting. When the Shareholders' Meeting automatically convenes at an ordinary meeting on the first business day in the month of April, it may also deliberate and make decisions according to the same terms.

ARTICLE 17. MAJORITY TO DELIBERATE AND MAKE DECISIONS. Modified by Deeds Nos. 2691 of May 24, 1994, 3530 of October 12, 1999, 4335 of November 13, 2003, all issued by Notary 23 of Bogotá. The quorum to deliberate shall constitute multiple shareholders who represent at least an absolute majority of subscribed shares, i.e., half of the subscribed shares plus one. The decisions of the General Shareholders' Meeting shall be made, in general, by the majority of votes present, except for the special majorities described in the bylaws and required by law, in which case the latter shall take precedence. Decisions of a general nature made by the Shareholders' Meeting in accordance with the law and the bylaws shall be binding for all members, including those who are absent or who dissent.

PARAGRAPH. The deliberations of the General Shareholders' Meeting may be suspended and resumed at a later time as many times as decided by multiple attendees that total at least half of the shares plus one represented at the meeting, but deliberations may not extend for more than three (3) days unless all subscribed shares are represented.

ARTICLE 18. ELECTIONS. The electoral quotient system shall be applied whenever two or more people are up for election for the same Board, committee, or collegial body.

ARTICLE 19. FUNCTIONS OF THE GENERAL SHAREHOLDERS' MEETING. Modified by Deeds Nos. 2691 of May 24, 1994, 3,530 of October 12, 1999, 1248 of April 22, 2002, 4335 of November 13, 2003, all issued by Notary 23 of Bogotá, 1323 of April 24, 2009 issued by Notary 36 of Bogotá, 2781 of May 26, 2015, issued by Notary 73 of Bogotá, 159 of January 21, 2016 issued by Notary 73 of Bogotá and 6367 of November 25, 2016 issued by Notary 73 of Bogotá. The following are the functions of the General Shareholders' Meeting.

1) Adopt measures in the Company's interest.

2) Elect and freely remove members of the Board of Directors.

3) Elect and freely remove the CPA and his or her alternate.

Shareholders may nominate candidates for the post of the Company's Certified Public Accountant (and alternate). These nominations shall be discussed in the General Shareholders' Meeting, and after an assessment, an election will be held.

4) Set the compensation for the members of the Board of Directors and the Certified Public Accountant.

5) Order that appropriate actions be taken against Managers, Officials, Executives or the Certified Public Accountant.

6) Review the reports of the Board of Directors and the CPA. Examine, approve and challenge the year-end financial statements, and close or annotate the associated statements.

7) Establish necessary reserves beyond the legal reserve.

8) Pursuant to the law and these bylaws, decide on profit sharing by determining the amount of the dividend, and the means and deadlines of its payment.

9) Amend these bylaws with a majority vote of those present.

10) Appraise in-kind assets received as payment for the subscription of shares with a majority vote of those present minus the shares corresponding to the contributors, who may not vote on this matter.

11) Rule that a specific issuance of common shares be placed not subject to subscription right by means of a vote of seventy percent (70%) of the shares present.

12) Authorize the issuance, when deemed appropriate, of preferred shares without voting rights.

13) Authorize with a unanimous vote of all subscribed shares the entry of the Company as a shareholder of another collective company.

14) Evaluate the management of the Company's Board of Directors through a review and approval or rejection of the annual management report that must be submitted for the Shareholders' Meeting's consideration.

15) To determine the maximum amount up to which the Company can make donations that support charitable causes for the community, or specific sectors of the community (for example, causes benefiting health, education, culture, religion, democracy, athletics; scientific and technological research; ecology and environmental protection; the defense, protection and promotion of human rights; legal access, social development programs, disaster relief, etc.) and that help promote the Company's image as part of its social responsibility. The General Shareholders' Meeting shall have the power to decide on the specific sectors to which these donations shall be made. In each meeting, the board of directors will submit to the consideration of the General Shareholders' Meeting its recommendations with respect to the maximum amount up to which the Company can make donations and the specific sectors to which these donations shall be made.

PARAGRAPH: The maximum amount up to which the Company is authorized to make donations shall survive until its complete use.

16) Approve the general policy of election and compensation of the Board of Directors.

17) Approve the acquisition, sale or liens of assets and segregation transactions, also known as Escisión Impropia, exceeding 25% of the total assets of the Company calculated against the separate financial statements of the immediately previous period.

18) Other functions established by law or these bylaws, not corresponding to other corporate bodies.

ARTICLE 20. BOOK OF MINUTES. The verifications of quorum, deliberations, elections, decrees, resolutions and any other of the General Shareholders' Meeting's activities shall be chronologically recorded in a book of minutes registered with and numbered by the Bogotá Chamber of Commerce. The Chair and the Secretary of the Shareholders' Meeting shall sign the respective minutes.

CHAPTER IV. BOARD OF DIRECTORS

ARTICLE 21. COMPOSITION OF THE BOARD. Modified by Deeds Nos. 941 of April 5, 1999 issued by Notary 23 of Bogotá, and 0580 of March 6, 2006 issued by Notary 18 of Bogotá. The Board of Directors shall be composed of nine (9) directors. At least twenty-five percent (25%) of the members of the Board of Directors shall be independent in nature. Directors shall be elected by the General Shareholders' Meeting through the electoral quotient system. The President shall attend the meetings of the Board of Directors. He or she is allowed to speak but not vote, unless he or she is a member of the Board, in which case he or she may speak and vote. Directors shall have a term of one (1) year and may be re-elected for an indefinite number of terms or freely removed by the General Shareholders' Meeting before the expiration of the term. If, at the expiration of the term, the Shareholders' Meeting has not held a new election, the previously elected directors shall remain in their positions.

ARTICLE 22. CHAIR AND SECRETARY. The Board of Directors shall have a Chair elected from among the directors, as well as a Secretary who may be a board member or another person. In addition, for the election of the Secretary, the Board of Directors will consider the following: (i) If the Secretary will be a solely purpose collaborator, the Board of Directors will appoint or remove at its discretion. (ii) If the candidate for Secretary holds an executive position within the Company, will be appointed by the Board of Directors upon proposal by the President of the Company.

ARTICLE 23. BOARD MEETINGS. Modified by Deeds Nos. 2691 of May 24, 1994 and 4260 of October 24, 2001 issued by Notary 23 of Bogotá. The Board of Directors shall hold ordinary meetings at least once a year. It may also hold extraordinary meetings when ordered by the Chair or at least two of the board members.

The Board of Directors' deliberations shall be valid with a majority of its members present. Decisions shall be made by means of majority vote. Deliberations and decisions shall be recorded in the minutes kept in the books registered with and numbered by the Chamber of Commerce. Once the minutes have been approved, they shall be signed by the Chair and the Secretary.

ARTICLE 24. FUNCTIONS OF THE BOARD OF DIRECTORS Modified by Deeds Nos. 2691 of May 24, 1994, 941 of April 5, 1999, 3530 of October 12, 1999, 4260 of October 24, 2001, 1248 of April 22, 2002, 4335 of November 13, 2003, all issued by Notary 23 of Bogotá, 0580 of March 6, 2006 issued by Notary 18 of Bogotá, 1323 of April 24, 2009 issued by Notary 36 of Bogotá and 6367 of November 25, 2016 issued by Notary 73 of Bogotá. The following are the functions of the Board of Directors.

1. Establish the rules of procedure for the Board.

2. Establish the necessary departments for the proper operation of the Company, assign their responsibilities and determine the fees.

3. Appoint and freely remove the President, set the President's compensation, and make decisions about the President's resignation or termination.

4. Evaluate the President's management and that of the other Company executives by reviewing the management report at the end of each year and on any other occasions required by law or the Board of Directors.

5. Designate the President's alternates.

6. Convene the Shareholders' Meeting so it can decide on the resignation of members of the Board of Directors and of the CPA.

7. Convene the Shareholders' Meeting for any other purpose.

8. Decide on matters submitted by the Chair of the Board.

9. Submit an fiscal year-end report to the General Shareholders' Meeting along with statements, balance sheets, inventories, and a profit sharing proposal. The management report, which will be submitted in conjunction with the Company Management, will include a description of the Company's primary risks, along with information about internal control activities and any relevant findings, should there be any.

10. Authorize bond issuances.

11. Make decisions about storing certificates issued by the Company in a Central Securities Depository.

12. Exercise the powers that, according to the bylaws, are not assigned to the General Shareholders' Meeting.

13. Examine, when deemed appropriate, either directly or indirectly, the books, accounts, documents and cash flow of the Company.

14. Interpret the provisions of the bylaws that give rise to uncertainties and define their meanings before the next General Shareholders' Meeting so they can be submitted for review.

15. Delegate issues the Board deems appropriate to the President, provided that they can be delegated.

16. Order that any action or contract part of the corporate purpose be executed, and make the decisions necessary for the Company to meet its goals.

17. Authorize operations the purpose of which is to acquire, transfer, mortgage, encumber or limit immovable property, receive money as a loan, and any other document or contract whose amount exceeds TWENTY THOUSAND (20,000) LEGAL MINIMUM MONTHLY SALARIES and empower the President to sign such contracts or documents.

18. Adopt specific measures related to the governance, conduct and information of the Company in order to ensure the rights of those who invest in shares or any other security issued are respected and that proper management is employed and that this management is made public knowledge.

19. Oversee that the rights of all shareholders and other investors are respected under the parameters set by market regulating bodies.

20. Approve and revise the Code of Good Corporate Governance, which shall contain all the rules and mechanisms required by the General Shareholders' Meeting, the Board of Directors, the Company's Internal Regulations and the Law. Such power may be delegated to the President of the Company.

21. Ensure compliance with the Code of Good Corporate Governance.

22. Resolve possible conflicts of interest that may arise between employees and the Company. The procedures for resolving conflicts of interest shall be described in the Code of Good Corporate Governance adopted by the Company.

23. Oversee proper compliance with the Company's internal control policies and procedures.

24. According to the terms established in the Code of Good Corporate Governance, make decisions about conducting special audits requested by the Company's shareholders or investors that are not initially accepted by the legal representative.

25. Approve the share subscription regulations, which shall contain: a) The quantity of shares to be offered, which shall not be less than those already issued; b) The proportion and the way in which they can be subscribed; c) The term of the offer, which shall not be less than fifteen (15) days and not exceed one (1) year; d) The price at which they will be offered; e) The deadline for paying for the shares. To set the price at which the shares will be offered, it shall not be necessary to conduct the technical study described in Article 41 of Law 964 of 2005.

26. Designate the members of the Audit Committee from the members of the Board of Directors.

27. Respond to proposals submitted to the Board of Directors by multiple shareholders that represent at least five percent (5%) of the subscribed shares. Therefore, each proposal shall be read at the following ordinary meeting of the Board. A Board committee shall be designated to draft a response, although the Board may have the management do so instead. The Secretary of the Board shall respond in writing to the petitioners, clearly indicating the reasons that motivated the decisions, provided that the object of the proposals is not related to industry secrets or strategic Company information.

28. Authorize the donations the Company makes pursuant to the authorizations granted by General Shareholders' Meeting for this purpose.

CHAPTER V. PRESIDENT

ARTICLE 25. APPOINTMENT AND TERM. Modified by Deeds Nos. 941 of April 5, 1999 and 1248 of April 22, 2002 issued by Notary 23 of Bogotá. The President shall be the legal representative of the Company both in court and outside of court. He or she shall be the person responsible for managing the Company. The President shall be appointed by the Board of Directors for the term of one (1) year from the time of election. The President may be re-elected for an indefinite number of terms and may be freely removed before the expiration of the term. The President shall have two alternates. In the event that the Board of Directors does not elect a President or Alternates when it should, the previous individuals shall continue in their positions until new ones are appointed. During permanent or temporary absences of the President, he or she shall be replaced by the alternatives in the order determined by the Board of Directors upon their appointment.

ARTICLE 26. POWERS OF THE PRESIDENT Modified by Deeds Nos. 2691 of May 24, 1994, 941 of April 5, 1999, 4260 of October 24, 2001, 1248 of April 22, 2002, 4335 of November 13, 2003, all issued by Notary 23 of Bogotá, 1323 of April 24, 2009 issued by Notary 36 of Bogotá and 6367 of November 25, 2016 issued by Notary 73 of Bogotá. The President's functions are those that correspond to him or her by nature of the position within the limits of the corporate purpose and these bylaws, namely:

1) Use the Company's name and represent it in court and elsewhere before any authority, individual or corporate entity, with the powers to novate, settle, engage or abandon, and to participate in rulings to dispute the ownership of property or rights.

2) Execute or sign any type of contract or document related to the corporate purpose in which the Company has interests, subject to the limitations set forth in these bylaws.

3) Convene ordinary and extraordinary sessions of the General Shareholders' Meeting and the Board of Directors, and present reports on the Company's business.

4) Appoint and freely remove Vice Presidents and Managers of the Company, outline their compensation, and make decisions about their resignations and terminations; supervise the people who shall designate the other employees of the Company.

5) Open bank accounts in the Company's name in order to keep Company funds therein; make transfers from these accounts and trade all types of securities.

6) Empower agents who will represent the Company in and out of court and delegate to them the functions or powers deemed necessary, to the extent that they can be delegated.

7) Sign notices of revisions to the bylaws.

8) Present to the Board of Director and constantly supervise compliance with specific measures related to the governance, conduct and information of the Company in order to ensure the rights of those who invest in shares or any other securities issued are respected and that proper management is employed and that this management is made public knowledge.

9) Ensure that all shareholders and other security investors are respected under the parameters set by market regulating bodies.

10) Supply the market with complete, timely and accurate information about the Company's financial statements and the Company's corporate and administrative conduct, without prejudice to the terms of Articles 23 and 48 of Law 222 of 1995.

11) Compile all the regulations and mechanisms required by law in a Code of Good Corporate Governance to be submitted to the Board of Directors for approval. This Code shall be available for shareholders and investors to consult at the Company's premises at all times.

12) Decide on the need to conduct special audits according to the terms of the Code of Good Corporate Governance.

13) Define the policies and design the internal control procedures that the Company should adopt; monitor that these procedures meet the needs of the Company.

Thus, the company shall appoint an internal auditor who shall be responsible for internal control tasks according to the Code of Good Corporate Governance.

14) Submit a documented assessment of his or her management on an annual basis and at any other times required by law or the Board of Directors.

PARAGRAPH. The President shall have extended powers to exercise the above functions, except for acquiring, transferring, mortgaging, encumbering or limiting immovable property, receiving money as a loan, or signing any other document or contract whose amount exceeds TWENTY THOUSAND (20,000) LEGAL MINIMUM MONTHLY SALARIES, as these must be authorized by the Board of Directors.

CHAPTER VI. AUDIT COMMITTEE

ARTICLE 27. Supplemented and modified by Public Deeds Nos. 0580 of March 6, 2006 issued by Notary 18 of Bogotá, and 28 of January 6, 2011 issued by Notary 73 of Bogotá. AUDIT COMMITTEE: The Audit Committee shall be composed of at least three directors including all independent members. The members of the Committee shall be appointed by the Board of Directors, which will also enact the Regulation of said Committee. The Company's CPA shall also be part of the Committee. He or she shall be entitled to speak at meetings but not vote. Committee meetings may be scheduled by any Company official.

PARAGRAPH. The Audit Committee must meet at least once every three (3) months. The decisions of the Audit Committee shall be documented in minutes, subject to the provisions of Article 189 of the Commerce Code.

ARTICLE 28. Supplemented and modified by Public Deeds Nos. 0580 of March 6, 2006 issued by Notary 18 of Bogotá, and 28 of January 6, 2011 issued by Notary 73 of Bogotá. FUNCTIONS OF THE AUDIT COMMITTEE.

1. Support the Board of Directors to make decisions about internal control and its improvement.

2. Supervise the Company's internal control structure with the goal of determining whether the procedures reasonably protect the Company's assets.

3. Ensure transparency in the preparation, presentation and disclosure of the financial information prepared by the Company.

4. Review the Company's Financial Statements before they are submitted to the Board of Directors and the General Shareholders' Meeting.

5. Constantly evaluate established procedures to determine the adequacy of the internal control.

6. Contract independent specialists for specific cases in line with the Company's general contracting policies, as deemed appropriate.

7. Review and discuss financial statements, quarterly reports, and any other financial reports prepared by the Company with management and the CPA.

8. Make recommendations to the General Shareholders' Meeting about the appointment and compensation of the Company's CPA.

9. Approve the CPA's management activities on behalf of the Company, whether or not these involve audits.

10. Discuss risk management policies with management.

11. Issue reports to the Board of Directors on topics deemed relevant.

CHAPTER VII. CERTIFIED PUBLIC ACCOUNTANT.

ARTICLE 29. APPOINTMENT AND TERM. Modified by Deeds Nos. 2691 of May24, 1994, 4260 of October 24, 2001, 1248 of April 22, 2002 and 4335 of November 13, 2003, all issued by Notary 23 of Bogotá. The Certified Public Accountant and his or her alternate shall be elected by the General Shareholders' Meeting by a vote of multiple shareholders representing at least half plus one of the shares represented at the meeting. All elections shall be conducted by ballot, except with unanimity is required. The CPA shall be elected for a term equal to that of the Board of Directors. The election must take legal ineligibilities into account. The CPA may be re-elected an indefinite number of times or freely removed before the expiration of the term. The CPA shall have an Alternate who shall replace him or her for permanent, temporary or inadvertent absences. The powers and the obligations of the CPA shall be:

1. Verify that the operations executed on the Company's behalf respect the bylaws and the decisions of the General Shareholders' Meeting and the Board of Directors.

2. Inform the General Shareholders' Meeting, the Board of Directors or the President, as needed, in writing in a timely manner of the relevant findings that occur during the functioning of the Company as it carries out its business so that the necessary measures can be taken. The CPA may request that the Company provide information about findings relevant to the market and investors through the available reporting mechanism.

3. Collaborate with the governmental entity that exercises control over the company and provide the necessary or requested reports.

4. Ensure that records are carefully kept of the Company's accounts and of the minutes of the General Shareholders' Meeting and of the Board of Director sessions; ensure the proper conservation of Company correspondence and account documents, issuing any instructions necessary for these purposes.

5. Meticulously inspect the Company's properties and ensure that the necessary conservation or security measures are taken for this property and any other property in its possession.

6. Issue the instructions, conduct the inspections and request the reports that are necessary to establish constant control over the Company's assets.

7. Sign and authorize any balance sheet issued as part of his or her review or corresponding report.

8. Convene extraordinary sessions of the General Shareholders' Meeting when deemed necessary.

9. Ensure that Company's management fulfills the specific duties set forth by regulatory bodies, especially duties related to reporting and the Code of Good Corporate Governance.

10.Comply with any other responsibilities required by law or the bylaws and those legally conferred by the General Shareholders' Meeting or the Board of Directors.

PARAGRAPH. The Certified Public Accountant's report on the General Balance Sheets must indicate, at the least:

1) Whether he or she obtained the necessary information to fulfill his or her functions.

2) Whether, during the course of the review, he or she followed the recommended auditing technique procedures.

3) Whether, in his or her opinion, the accounting was conducted in accordance with legal regulations and accounting techniques, and if the operations carried out comply with the bylaws and the decisions of the General Shareholders' Meeting or of the Board of Directors, as appropriate.

4) Whether the balance sheet and the income statement were taken faithfully from the books and, in his or her opinion, whether the former reliably represent the Company's financial situation at the end of the reviewed period according to the generally accepted accounting regulations, and whether the latter reflects the results for said period.

5) Any uncertainties or doubts about the accuracy of the financial statements. The CPA's report for the General Shareholders' Meeting must indicate:

1. Whether the actions of the Company's managers comply with the bylaws and the orders or instructions of the General Shareholders' Meeting or Board of Directors.

2. Whether the correspondence, documents, accounts, books of minutes and the Stock Ledger have been properly kept.

3. Whether internal control measures and measures to conserve and protect the Company's property exist and are adequate. The CPA shall be able to speak, but not vote in the deliberations of the General Shareholders' Meeting. The same shall be true when the CPA is invited to the Board of Directors sessions. The CPA shall also have the right to inspect the Company's accounting books, books of minutes, correspondence, statements and any other documents at any time.

CHAPTER VIII. BALANCE SHEET AND DIVIDENDS.

ARTICLE 30. ANNUAL FINANCIAL STATEMENTS. Modified by Deeds Nos. 2691 of May 24, 1994, 2,742 of June 17, 1998, 941 of April 5, 1999, 1248 of April 22, 2002, all issued by Notary 23 of Bogotá and 6367 of November 25, 2016 issued by Notary 73 of Bogotá. On December 31 of every year, statements will be made available to prepare and release the General Financial Statements of the respective financial period. The Financial Statements, the minutes, the books and any other material supporting the reports shall be kept at the General Secretary's office fifteen (15) business days before the scheduled date of the meeting of the General Shareholders' Meeting so that they can be examined by the shareholders.

ARTICLE 31. APPROVAL OF THE BALANCE SHEETS. Modified by Deed No. 1248 of April 22, 2002, issued by Notary 23 of Bogotá. The Balance Sheets must be submitted to the General Shareholders' Meeting by the Board of Directors and the Legal Representative pursuant to the requirements of Article 446 of the Commerce Code (Decree 410 of 1971) and any other applicable legislation.

ARTICLE 32. STATUTORY RESERVE. Modified by Deeds Nos. 2691 of May 24, 1994 and 1248 of April 22, 2002 issued by Notary 23 of Bogotá. The statutory reserve shall be established with ten percent (10%) of the profits of each financial year until an amount equal to 50% of the subscribed capital has been set aside. Once this reserve reaches this fifty percent (50%), the Company shall no longer be required to reserve ten percent (10%) of the net profits. If the value of the reserve decreases, however, the Company must resume setting aside ten percent (10%) of its profits until the minimum is once again met.

PARAGRAPH. The General Shareholders' Meeting may mandate the formation of occasional or voluntary reserves for special purposes; these must be approved according to these bylaws and the law. Occasional reserves mandated by the General Shareholders' Meeting shall only be mandatory for the fiscal year in which they are established. The General Shareholders' Meeting may change their purpose when it deems appropriate.

ARTICLE 33. PROFIT SHARING. Modified by Deeds Nos. 2691 of May 24, 1994, 3530 of October 12, 1999, 1248 of April 22, 2002, all issued by Notary 23 of Bogotá and 6367 of November 25, 2016 issued by Notary 73 of Bogotá. Once the General Shareholders' Meeting has approved the inventory and the balance of the financial year, it will proceed to make appropriations to reserves and make decisions about profit sharing. Unless decided otherwise, at least fifty percent (50%) of the profits earned during each year, or the balances thereof shall be distributed as dividends if losses for previous year must be offset. This percentage shall be increased to seventy percent (70%) if the sums of statutory or voluntary reserves exceed one hundred percent (100%) of the subscribed capital. This percentage, however, may be decreased or there may be no profit sharing if approved by the General Shareholders' Meeting with seventy eight percent (78%) of the shares represented at the meeting. If there are profits, they shall be distributed proportionally to the number of shares subscribed by each of the Company's shareholders. Dividend payments shall be made in cash to all shareholders at the time the payment is due, within the timeframe set forth by the General Shareholders' Meeting at the time dividends are declared payable. When Company shares are listed on the stock exchange, however, the ex dividend period must be honored. The dividend may be paid in Company shares if such a proposal is approved by representatives of eighty percent (80%) of the shares present at the meeting. In the event that this majority is not met, shares shall only be distributed to shareholders as dividends to those who accept them.

PARAGRAPH. The General Shareholders' Meeting may declare the payment of dividends for shares issued and placed during a specific fiscal year based on the profits of previous years for shares that have not been subscribed, provided that reserves exist to pay them.

CHAPTER IX. BYLAW AMENDMENTS.

ARTICLE 34. AMENDMENTS. Modified by Deeds Nos.941 of April 5, 1999 and 3530 of October 12, 1999 issued by Notary 23 of Bogotá. Amendments of the corporate bylaws must be approved by the General Shareholders' Meeting with a majority of the votes present. The Legal Representative is responsible for legally executing the agreements on the Bylaw Amendments approved by the General Shareholders' Meeting.

CHAPTER X. DISSOLUTION AND LIQUIDATION.

ARTICLE 35. GROUNDS FOR DISSOLUTION. The Company shall be dissolved:

a) Upon the expiration of its contractual term if not extended prior to expiration.

b) By the reduction of the number of its associates to less than that required by law for its establishment or function.

c) By a decision of the General Shareholders' Meeting with the majority stipulated in the bylaws.

d) When losses occur that reduce the Company's net worth to less than fifty percent (50%) of the subscribed capital.

e) When ninety-five percent (95%) or more of the subscribed shares belong to a single shareholder.

f) By any other legal grounds.

ARTICLE 36. LIQUIDATION. Modified by Deed No. 4260 of October 24, 2001, issued by Notary 23 of Bogotá. In the event of the Company's dissolution, the Company's properties shall be liquidated and distributed according to the provisions of the General Shareholders' Meeting and the law. The person or people designated by the General Shareholders' Meeting shall carry out the liquidation. If the Meeting does not name a liquidator, the President of the Company at the time of the liquidation shall carry out this role. The Board of Directors shall serve as the Advisory Board of the liquidator or liquidators. In-kind property shall be sold to award cash to the associates, unless the General Shareholders' Meeting decides to award the in- kind property to the shareholders.

ARTICLE 37. OPERATION OF THE GENERAL SHAREHOLDERS' MEETING. During the liquidation period, the General Shareholders' Meeting may hold ordinary and extraordinary sessions pursuant to these bylaws. The Meeting shall have all relevant functions for the liquidation, especially those related to freely changing and removing liquidators and alternates, agreeing with them the price for their services, and approving the final liquidators' report and the distribution document.

ARTICLE 38. FINAL LIQUIDATION STATEMENT AND DOCUMENT. Once the external liabilities have been paid off, the final liquidation statement and the document distributing the balance to the shareholders shall be prepared. In the manner set forth in these bylaws, the liquidators shall convene the General Shareholders' Meeting to approve the liquidators' statements and the distribution of the aforementioned balance. If no associates attend the first duly announced meeting, the liquidators shall call a second meeting to occur within the next 10 days. If no one attends this second meeting either, the liquidators' statement shall be deemed approved. It shall not be possible to contest it thereafter. Once the final liquidation statement has been approved, associates shall receive what is due to them. If there are absences or if there are many associates, the liquidators shall call them via announcements that shall be published no less than three (3) times at intervals of eight (8) to ten (10) days in a newspaper that circulates where the Company's headquarters is located. After the last announcement is made and ten (10) days after the last publication, the liquidators shall submit to the departmental welfare board of the place where the Company's headquarters is located or, in such an entity's absence, the closest such body, the properties belonging to associates who were not present to receive it. They may only claim said properties within the following year. After that time, the property shall become the property of the welfare entity, and for which the liquidator shall provide the necessary transfer documents. The relevant regulations of the Code of Commerce shall apply for the Company's liquidation.

CHAPTER XI. MISCELLANEOUS PROVISIONS.

ARTICLE 39. ARBITRATION CLAUSE. Modified by Deed No. 1248 of April 22, 2002, issued by Notary 23 of Bogotá. Disputes that arise between shareholders or between shareholders and the Company resulting from the execution of the corporate bylaws or the Company's liquidation shall be resolved by the Arbitration Tribunal located in Bogotá D.C. and shall be made up of three (3) Colombian lawyers who shall issue a legal decision. The appointment of the arbiters shall be made by joint agreement between the parties within ten business days from the time the application is submitted by one party to the other. If an agreement is not reached, the Center for Arbitration and Reconciliation of the Bogotá Chamber of Commerce shall appoint the arbiters according to its internal regulations. The arbitration process shall proceed pursuant to the relevant legal regulations and the rules of the Center for Arbitration and Reconciliation of the Bogotá Chamber of Commerce.

ARTICLE 40. COMPLIANCE WITH THE CODE OF GOOD CORPORATE GOVERNANCE. Supplemented by Deed No. 4335 of November 13, 2003, issued by Notary 23 of Bogotá. Paragraph supplemented by Deed No. 159 of January 21, 2016, issued by Notary 73 of Bogotá. The Company's shareholders and investors may make respectful inquiries when they believe a breach of the Code of Good Corporate Governance has occurred.

The Company shall establish an office to serve shareholders and investors under the direction of an official with this remit. Said office shall serve as a link between shareholders and investors and the Company's governance bodies, and it shall carry out the necessary management to meet the needs and requirements of shareholders and investors in a timely manner.

PARAGRAPH. Notwithstanding its voluntary nature, corporate governance best practices and recommendations adopted by the Company, shall be mandatory for Grupo Aval, its officers and employees.

ARTICLE 41. MECHANISMS THAT ENSURE THE EQUITATIVE TREATMENT OF THE COMPANY'S SHAREHOLDERS AND INVESTORS. Supplemented by Deed No. 4335 of November 13, 2003, issued by Notary 23 of Bogotá. The Company shall give the same attention to petitions, claims and information submitted by shareholders, regardless of the value of their shares, as to those submitted by investors, regardless of the value of their investments.

Among the specific mechanisms for shareholders and investors that guarantee their equitative treatment: (i) Requesting sessions of the General Shareholders' Meeting according to provisions of the bylaws; (ii) Demanding compliance with the Code of Good Corporate Governance, (iii) Being served and informed with the same level of detail and promptness such that their rights are protected. Service and information shall be provided to shareholders and investors through the Company's specific office for shareholder and investor services.

ARTICLE 42. CONTROL BY COMPETENT AUTHORITIES. Supplemented by Deeds No. 4335 of November 13, 2003 issued by Notary 23 of Bogotá, and Modified by Public Deed No. 0580 of March 6, 2006 issued by Notary 18 of Bogotá. As long as the Company issues securities pursuant to line 2 of paragraph 3 of article 75 of Law 964 of 2005 and article 73 of Decree 4327 of 2005, the Financial Superintendence shall exercise exclusive control over the Company.

ARTICLE 43. RESOLUTION OF CONFLICTS OF INTEREST BETWEEN AN EXECUTIVE OR MANAGER AND THE COMPANY. Supplemented by Deed No. 4335 of November 13, 2003, issued by Notary 23 of Bogotá. When an executive or manager is in a situation that entails a conflict of interest with the Company, he or she must convene the General Shareholders' Meeting to present his or her case. He or she must provide this body with any information that may be relevant for making a decision. The executive or manager shall be excluded from the resulting vote if he or she is a shareholder. The General Shareholders' Meeting may only rule on such matters when they do not jeopardize the interests of the Company.

ARTICLE 44. RESOLUTION OF CONFLICTS OF INTEREST BETWEEN AN EXECUTIVE OR MANAGER AND A SHAREHOLDER. Supplemented by Deed No. 4335 of November 13, 2003, issued by Notary 23 of Bogotá. Executives or managers may not claim ignorance of, limit or restrict in any way the rights of any shareholder. Shareholders have all the powers granted to them by law to exercise their rights. When a conflict of interest arises between an executive or a manager and a shareholder, compliance with the relevant regulations and the interests of the Company shall prevail.

ARTICLE 45. ARTICLE 46. RIGHT OF WITHDRAWAL. Supplemented by Deed No. 305 of January 28, 2022, issued by Notary 73 Bogotá. When a transformation, merger or spin-off of the Company imposes on the shareholders a greater responsibility or entails a decrease in their equity rights, the absent or dissenting shareholders shall have the right to withdraw from the Company. They shall also have the right to withdraw if there is a voluntary cancellation of the registration in the National Securities and Issuers Registry or in the stock exchange.

It shall be understood that there is a decrease of the shareholders' equity rights in the following cases:

1. When the shareholder’s percentage ownership in the Company’s capital decreases.
2. When the equity value of the share decreases or its nominal value is reduced, as long as the foregoing results in capital decrease.
3. When the possibility of negotiating the shares is limited or reduced.

FIRST PARAGRAPH - Within eight (8) business days following the date on which the respective transformation, merger or spin-off decision is adopted, the absent or dissenting shareholders must notify the Company of their desire to exercise the right to withdraw ("Notice of Withdrawal ").

If Notices of Withdrawal have been received within the term set forth in the preceding paragraph, once the Management of the Company has verified that the legal requirements for the exercise of the right of withdrawal have been met, it will calculate the shares to be offered to the other shareholders prorrata to their participation in the capital of the Company, together with the amount to be paid, as set forth in Paragraph Two, and the payment instructions ("Prorrata Offering").

The Prorrata Offering will be made no later than the fifth (5th) business day following the expiration of the deadline for submitting the Notice of Withdrawal to the registered shareholders of the Company at the close of business on the day immediately preceding the day on which the Prorrata Offering is notified.

The shareholders interested in exercising the option to purchase the shares offered by the shareholders who intend to exercise the right of withdrawal will have fifteen (15) business days from the date on which the Prorrata Offering has been notified, to indicate to the Company their intention to purchase the offered shares and to pay the price thereof ("Exercise of the Purchase Option").

When the shareholders do not acquire all the shares offered by the shareholders who exercised the right of withdrawal, the Company, within five (5) business days following the expiration of the period for the Exercise of the Purchase Option, shall repurchase them provided that there are liquid profits or statutory reserves constituted for such purpose.

In the event that the Company does not have liquid profits or statutory reserves that allow it to repurchase the shares, it shall proceed with their reimbursement within two (2) months after the expiration of the term for the Exercise of the Purchase Option. The Company's Legal Representative shall determine the date on which the reimbursement shall be made within the aforementioned term, as well as the means through which the payment thereof shall be made. The term of two (2) months may be extended up to twelve (12) months subject to the approval of the Superintendency of Finance of Colombia.

SECOND PARAGRAPH - The price for the repurchase or reimbursement of the shares will be determined in a technical study prepared by an independent professional who shall comply with the provisions of the Circular Básica Jurídica of the Superintendency of Finance of Colombia. In the event that the technical study has not been performed, the Company shall hire an independent professional to prepare a technical study to determine the price in compliance with the provisions of the Circular Básica Jurídica of the Superintendency of Finance of Colombia.

THIRD PARAGRAPH - For purposes of carrying out the notices related to this article, the Company shall use means that ensure wide dissemination, including, but not limited to newspapers of wide national circulation, notices on its website or through the Relevant Information mechanism.

Exhibit 2.3

DESCRIPTION OF REGISTRANT'S SECURITIES PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Description of Capital Stock

The following is a description of the capital stock of Grupo Aval Acciones y Valores S.A. (the "Company," "we," "us," "our" and "Grupo Aval"). Such description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of our by-laws, which are incorporated by reference as an exhibit to the Annual Report on Form 20-F.

Shares

Our by-laws provide for an authorized share capital of 120,000,000,000 shares of par value of Ps 1.00 each, which may be either of two classes: common shares or shares with a preferred dividend, liquidation preference and no voting. At April 22, 2025 we had 16,200,754,109 common shares outstanding, and 7,542,721,645 preferred shares outstanding.

Our by-laws also provide for the conversion of common shares into preferred shares only when such conversion is approved or authorized at a general shareholders' meeting. A shareholders' meeting must define, in each case, the procedure to be followed for such conversion and must determine, among other matters, the maximum number or percentage of shares that may be converted. The shareholders' meeting may also authorize the Board of Directors or the President of our Company to approve the agreements, forms and other documents to be executed in order to give effect to a conversion.

Our shareholders' meeting held on December 7, 2010, determined that outstanding common shares may be converted into preferred shares on a 1-to-1 basis. Conversion of common shares into preferred shares may only be made once a month, provided that, as required by Colombian law and in accordance with our by-laws, our preferred shares shall not exceed 50% of our subscribed capital.

Voting Rights

Common Shares

The holders of common shares are entitled to vote on the basis of one vote per share on any matter subject to approval at a general shareholders' meeting according to articles 14 through 19 of the by-laws, as amended from time to time. These general meetings may be ordinary meetings or extraordinary meetings. Ordinary general shareholders' meetings occur once a year, no later than the last business day of March, for the following purposes:

- to review the general situation of the Company;
- to determine the general economic policy of the Company;
- to consider the approval of our report for the preceding year ending on December 31, as applicable, including the financial statements for the above-mentioned term;
- to review the report prepared by the external auditor for the preceding year ending on December 31;
- to elect directors and the external auditor (on an annual basis);
- to determine the compensation of the members of the board of directors and the external auditor (on an annual basis); and

- to determine the dividend to be distributed and the allocation of profits, if any, of the preceding year ending on December 31, as well as any retained earnings from twelve months.

Pursuant to Law 964 of 2005, at least 25% of the members of our board of directors must be independent within the meaning of Colombian rules. A person who is an "independent director" is understood to mean a director who is not:

- an employee or executive officer of the issuer or any of its parent or subsidiary companies, including any person acting in such capacity during the year immediately preceding that in which they were appointed to the board, except in the case of an independent member of the board of directors being re-elected;

- a shareholder, who either directly or by virtue of an agreement directs, guides or controls the majority of the entity's voting rights or who determines the majority composition of the administrative, directing or controlling bodies of this same entity;

- a partner or employee of any association or firm that provides advisory or consultancy services to the issuer or to companies belonging to the same economic group to which such issuer belongs, in the event that income obtained from such services represent for said association or firm at least twenty percent (20.0%) of its total operating income;

- an employee or executive officer of a foundation, association, partnership or corporation that receives significant donations from the issuer. The term "significant donations" is quantified as twenty percent (20.0%) or more of the total amount of donations received by the respective institution;

- an administrator of any entity on whose board of directors a legal representative of the issuer participates; or

- a board member who receives from the issuer any kind of remuneration other than fees as a member of the board of directors, member of the audit committee or any other committee established by the board of directors.

Pursuant to Decree 3923 of 2006, the election of independent directors must be in a ballot separate from the ballot to elect the rest of the directors, unless the reaching of the minimum number of independent directors required by law or by the by-laws is assured, or when there is only one list that includes the minimum number of independent directors required by law or by the by-laws.

Both elections are made under a proportional representation voting system named electoral quotient "c*ociente electoral*" (except for the elections unanimously approved by the general shareholders' meeting). Under that system:

- each holder of common shares is entitled at the annual general shareholders' meeting to nominate candidates for the election of directors;

- each nomination of one or more directors by a shareholder constitutes a list for the purposes of the election;

- each list of nominees must contain a hierarchy as to the order of preference for nominees in that list to be elected;

- once all lists have been nominated, holders of common shares may cast one vote for each common share held in favor of a particular list of nominees. Votes may not be cast for particular nominees in a list; they may be cast only for the entire list;

- the total number of votes casted in the election is divided by the number of directors to be elected. The resulting quotient is the quota of votes necessary to elect particular directors. For each time that the number of votes cast for a list of nominees is divisible by the quota of votes, one nominee from that list is elected, in the order of the hierarchy of that list; and

- when no list has enough remaining votes to satisfy the quota of votes necessary to elect a director, any remaining board seat or seats are filled by electing the highest remaining nominee from the list with the highest number of remaining votes cast until all available seats have been filled.

There is no maximum age limit requirement for the election or retirement of directors. No minimum number of shares is required for a director's qualification. Directors may be removed by shareholders entitled to vote prior to the expiration of their term.

Extraordinary general shareholders' meetings may take place when duly called for a specified purpose or purposes, or, without prior notice, when holders representing all outstanding shares entitled to vote on the issues presented are present at the meeting. Extraordinary meetings of shareholders may be called by our president, our board of directors or the certified public accountant, directly or by request of a plural number of shareholders representing no less than 25.0% of the company's common voting shares, in which case an announcement must be made by the board of directors, the legal representative or the certified public accountant. In addition, meetings may be called by the Superintendency of Finance, directly or by request of shareholders holding at least 15.0% of the common voting shares. Notice of extraordinary meetings should be given at least five days in advance.

Quorum for ordinary and extraordinary general shareholders' meetings to be convened at first call requires the presence of multiple shareholders who represent at least 50.0% plus one of the outstanding shares entitled to vote at the relevant meeting. If no quorum is present for a general shareholders' meeting, a subsequent meeting may be called within 10 to 30 business days at which the presence of two or more shareholders entitled to vote at the relevant meeting constitutes quorum, regardless of the number of shares represented.

Notice of ordinary general meetings must be published in one newspaper of wide circulation, at least 15 business days prior to the proposed date of a general shareholders' meeting. Notice of extraordinary general meetings, listing the matters to be addressed at such meetings, must be published in one newspaper of wide circulation, at least five calendar days prior to the proposed date of an extraordinary general shareholders' meeting.

Except where Colombian law requires a supermajority, decisions made at a shareholders' meeting must be approved by a majority of the shares present. Pursuant to Colombian law and/or our by-laws, special-majorities are required in the following cases:

- the vote of at least 70.0% of the shares present and entitled to vote at a shareholders' meeting is required to approve the issuance of common shares not subject to preemptive rights;

- the Company must distribute (i) at least 50.0% of the annual's net profits according to Article 155 of the Colombian Code of Commerce, or (ii) at least 70.0% of the annual's net profits if the total amount segregated in the legal, statutory and other reserves exceeds the Company's outstanding capital, according to Article 454 of the Colombian Code of Commerce; however, the vote of at least 78.0% of the shares represented and entitled to vote may approve the distribution of a lower percentage of dividends;

- the vote of at least 80.0% of the shares present and entitled to vote is required to approve the payment of dividends in shares; however, according to Law 222 of 1995, if a "situation of control" exists, whereby the decision-making power is subject to the will of a person or group of persons, a company may only pay dividends by issuing shares, to the shareholders that so accept;

- unanimity is required to replace a vacancy on the board of directors without applying the electoral quotient system described above; and

- the vote of 70.0% of the issued and outstanding common shares and 70.0% of the outstanding and issued preferred shares is required to approve any amendment that may impair the rights of the preferred shares.

The adoption by a shareholders' meeting of certain corporate actions such as mergers, spin-offs, and share conversions are also subject to authorization by the Superintendency of Finance.

Preferred Shares

The holders of preferred shares are not entitled to receive notice of, attend or vote at any general shareholders' meeting of holders of common shares, except as described below.

The holders of preferred shares will be entitled to vote on the basis of one vote per share at any shareholders' meeting, whenever a shareholder vote is required on the following matters:

- in the event that amendments to our by-laws may impair the conditions or rights assigned to such preferred shares and when the conversion of such shares into common shares is to be approved. In both such cases, the vote of 70.0% of the outstanding and issued common shares and preferred shares is required; and

- if at the end of any accounting period, our profits are not sufficient to pay the minimum dividend on the preferred shares and the Superintendency of Finance, by its own decision or upon request of holders of at least 10.0% of preferred shares, determines that benefits were concealed or shareholders were misled with regard to benefits thereby decreasing the profits to be distributed, the Superintendency of Finance may resolve that holders of preferred shares should participate with deliberation and voting rights at the general shareholders' meeting, in the terms established by law.

We must issue a notice of any meeting at which holders of preferred shares are entitled to vote. The notice must be published in a newspaper of wide circulation. Depending on the matters to be subjects of the shareholders meeting, notice to preferred shareholders must be delivered at least 15 business days prior to the ordinary meeting or 5 calendar days before the extraordinary meetings. Each notice must contain the following:

- the date of the meeting;

- a description of any resolution to be proposed for adoption at the meeting on which the holders of preferred shares are entitled to vote; and

- instructions for the delivery of proxies.

Redemption

Pursuant to section 46 of the by-laws, when a transformation, merger or spin-off of the Company imposes a greater responsibility on the shareholders or entails an impairment in their economic rights, the absent or dissenting shareholders shall have the right to withdraw from the Company.

Pursuant to Colombian Law (Article 12 of Law 222 of 1995), the economic rights of shareholders are deemed to be impaired if:

- their ownership percentage is reduced as a result of the merger, transformation or spin-off of the Company;

- the equity value or the par value of the shares is reduced (in the latter case, only to the extent that the reduction of the par value implies a decrease in the Company's stock capital); and

- the negotiability of the shares is restricted or diminished.

- If the Company decides to withdraw the listing of its shares from a stock exchange or its registration before the National Registry of Shares and Issuers.

The exercise of this right is regulated by Articles 15 and 16 of Law 222 of 1995. According to Article 15, within five days following notice of the exercise of this right by a shareholder, the Company must offer to the other shareholders the shares owned by the exercising shareholder. Within the following 15 days, the other shareholders may acquire the shares on a pro rata basis. If all or a part of the shares are not acquired by the other shareholders, then the Company must reacquire them to the extent there are profits or reserves built up by the Company for those purposes. If neither the shareholders nor the Company acquires all of the shares owned by the exercising shareholder, then pursuant to Article 16 of Law 222 of 1995, such exercising shareholder is entitled to the reimbursement of the capital contributions made to the Company.

The price for the repurchase or reimbursement of the shares will be determined in a technical study prepared by an independent professional who shall comply with the provisions of the Circular Básica Jurídica of the Superintendency of Finance of Colombia. In the event that the technical study has not been performed, the Company shall hire an independent professional to prepare a technical study to determine the price in compliance with the provisions of the Circular Básica Jurídica of the Superintendency of Finance of Colombia. Notwithstanding the above, the by-laws may establish other methods for determining the redemption price to be paid in the foregoing circumstances.

Dividends

Common Shares

Following the approval of the financial statements at a general shareholders’ meeting, shareholders may determine the allocation of distributable profits, if any, of the preceding accounting period by a resolution approved by the majority of the holders of common shares present at the ordinary general shareholders’ meeting, pursuant to the recommendation of the board of directors and management.

Under the Colombian Code of Commerce, a company must, after payment of income taxes and appropriation of legal reserves, and after off-setting losses from prior periods distribute at least 50.0% of net profits to all shareholders, payable in cash, or as determined by the shareholders, within a period of one year following the date on which the shareholders determine the payment of dividends. If the total amount segregated in the legal, statutory and occasional reserves of a company exceeds its outstanding capital, this percentage is increased to 70.0%. The minimum common shares dividend payment requirement of 50.0% or 70.0%, as the case may be, may be waived by a favorable vote of the holders of 78.0% of a company’s common shares present at the meeting, in which case the shareholders may distribute any percentage of the net profits. The dividends may be paid in shares if such proposal is approved by representatives of eighty (80%) of the shares present at the meeting.

Under Colombian law and our by-laws, net profits obtained in each accounting period are to be allocated as follows:

- first, an amount equivalent to 10.0% of net profits is segregated to build a legal reserve, until that reserve is equal to at least 50.0% of our subscribed capital;

- second, payment of the minimum dividend on the preferred shares; and

- third, allocation of the balance of the net profits is determined by the holders of a majority of the common shares entitled to vote on the recommendation of the board of directors and the president and may, subject to further reserves required by the by-laws, be distributed as dividends.

Under Colombian law, the dividends payable to the holders of common shares, for each common share, cannot exceed the dividends per share payable to holders of the preferred shares, for each preferred share. All common shares that are fully paid-in and outstanding at the time a dividend or other distribution is declared are entitled to share equally in that dividend or other distribution. Common shares that are only partially paid-in participate in a dividend or distribution in the same proportion as the shares have been paid in at the time of the dividend or distribution.

The general shareholders' meeting may allocate a portion of the profits to, among others, welfare, education or civic services.

Preferred Shares

Holders of preferred shares are entitled to receive a minimum dividend after deducting losses affecting the capital, and deducting any amounts set aside for legal reserve, but before creating or accruing for any other reserve and before any declared dividends are paid to holders of common shares, so long as dividends have been approved by the shareholders' meeting of Grupo Aval. Dividends to holders of common and preferred shares must be approved by the shareholders. If no dividends are declared, no holder of Grupo Aval's preferred or common shares will be entitled to payment. Pursuant to the offering memorandum of the preferred shares, the minimum dividend will be equal to Ps 1.00 in each calendar semester, so long as this value is higher than the dividend paid to the holders of common shares. If the minimum preferred dividend is not equal or higher than the per share dividend on the common shares, the minimum dividend will be equal to the dividend paid to the holders of common shares, if any. So long as the dividend declared is equal to or in excess of the aforementioned minimum, the same dividend must be paid on both the common and the preferred shares.

Payment of the preferred dividend shall be made at the time and in the manner established in the general shareholders' meeting and with the priority indicated by Colombian law.

Grupo Aval is under a "situation of control" (whereby the decision-making power is subject to the will of a person or group of persons). As a result, the Company may only pay stock dividends to the shareholders that so accepts it. Those shareholders that do not accept to receive a stock dividend, are entitled to receive their dividend in cash.

General Aspects Involving Dividends

The dividend periods may be different from the periods covered by the balance sheet. In the general shareholders' meeting, shareholders will determine such dividend periods, the effective date, and the method and the place for payment of dividends.

Dividends declared on the common shares and the preferred shares will be payable to the record holders of those shares, as they are recorded on our share registry, on the appropriate dates as determined in the general shareholders' meeting. However, in accordance with Decree 4766 of December 14, 2011 (which amended articles 2.23.1.1.4 and 2.23.1.1.5 of Decree 2555 of 2010), issued by the Ministry of Finance:

- companies whose shares are registered with the National Registry of Shares and Issuers must establish a period of at least three trading days between the date that they receive approval to distribute profits from the General Shareholders Assembly and the date of payment; and

- the ex-dividend period (*fecha ex-dividendo*) is the period during which it is understood that a purchase of shares does not include the right to receive dividends. The ex-dividend date shall be set forth by stock exchanges, and it cannot be less than two trading days. According to Colombian Stock Exchange regulations, a transaction is "ex-dividend" if it takes place between the first day of dividend payment and the four trading days preceding that date.

Liquidation Rights

We will be dissolved if certain events take place, including the following:

- Pursuant to our by-laws, unless otherwise extended by the shareholders, our term of existence will expire at May 25, 2044;

- losses cause the decrease of our shareholders' equity below 50% of the amount of outstanding share capital, unless one or more of the corrective measures described in the Colombian Code of Commerce are adopted by the shareholders within six months;

- by decision at the general shareholders' meeting; and

- in certain other events expressly provided by law and in the by-laws.

Upon dissolution, a liquidator must be appointed by a general meeting of the shareholders to wind up the affairs of our company.

Upon liquidation, and out of the surplus assets available for distribution to shareholders, holders of fully paid preferred shares are entitled to a preference in the reimbursement of the portion of their contribution ("*aporte*" as provided by Article 63 of Law 222 of 1995) to Grupo Aval attributable to the nominal value of the outstanding preferred shares (i.e., Ps 1.00 per share). This reimbursement, if any, is payable in pesos before any distribution or payment may be made to holders of common shares. If, upon any liquidation, assets that are available for distribution among the holders of preferred shares are insufficient to pay in full their respective liquidation preferences, such assets will be distributed among those holders pro rata.

Subject to the preferential liquidation rights of holders of preferred shares, and provided there are still sufficient assets remaining, all fully paid common shares will be entitled to participate in any distribution upon liquidation. Partially paid common shares must participate in a distribution upon liquidation in the same proportion that those shares have been paid at the time of the distribution.

To the extent there are surplus assets available for distribution after full payment to the holders of preferred and common shares of their contribution to Grupo Aval, the surplus assets will be distributed among all holders of shares of share capital (common or preferred), pro rata, in accordance with their respective holdings of shares.

Preemptive Rights and Other Anti-Dilution Provisions

Pursuant to the Colombian Code of Commerce, we are allowed to have an outstanding amount of share capital that is less than the authorized share capital set out in our by-laws. Under our by-laws, the holders of common shares determine the amount of authorized share capital, and our board of directors has the power to (1) order the issuance and regulate the terms of subscription of common shares up to the total amount of authorized share capital, and (2) regulate the issuance of preferred shares, when expressly delegated at the general shareholders' meeting. The issuance of preferred shares must be approved by the general shareholders' meeting, which shall determine the nature and extent of any rights, according to our by-laws and Colombian law.

At the time of incorporation of a Colombian company, its outstanding share capital must represent at least 50% of the authorized capital. Any increases in the authorized share capital or decreases in the outstanding share capital must be approved by the majority of shareholders required to approve a general amendment to the by-laws.

Colombian law requires that, whenever we issue new common shares, we must offer to the holders of common shares the right to subscribe a number of common shares sufficient to maintain their existing ownership percentage of the aggregate share capital. These rights are preemptive rights. On the other hand, holders of preferred shares are entitled to preemptive rights only in the specific situations that the shareholders' meeting so decides.

Common shareholders at a general shareholders' meeting may waive preemptive rights of common shares with respect to a particular capital increase by the favorable vote of at least 70.0% of the shares represented at the meeting. Preemptive rights must be exercised within the period stated in the share placement terms of the increase, which cannot be less than 15 business days following the publication of the notice of the public offer of that capital increase. From the date of the notice of the share placement terms, preemptive rights may be transferred separately from the corresponding shares.

The Superintendency of Finance will authorize a decrease in the outstanding share capital approved by the holders of common shares only if:

- we have no outstanding liabilities;
- our creditors consent in writing; or
- the outstanding share capital remaining after the reduction represents at least twice the amount of our liabilities.

Restrictions on Purchases and Sales of Share Capital by Related Parties

Pursuant to the Colombian Code of Commerce, the members of our board of directors and certain of our principal executive officers may not, directly or indirectly, buy or sell shares of our share capital while they hold their positions, unless they obtain the prior approval of the board of directors passed with the vote of two-thirds of its members (excluding, in the case of transactions by a director, such director's vote). Furthermore, pursuant to Article 262 of the Colombian Code of Commerce, Grupo Aval's subsidiaries are prohibited from owning (directly or indirectly) shares of Grupo Aval.

In addition, as our shares are publicly traded on the Colombian Stock Exchange, the transfer of the shares is subject to the applicable securities regulation and the rules of the Colombian Stock Exchange.

Pursuant to Article 23 of Law 222 of 1995, the members of our board of directors and our legal representatives generally must perform their duties according to the principles of good faith, due diligence and loyalty. In particular, the directors and legal representatives must refrain from entering into any transaction (including any sale and purchase of shares) which may imply competition with the Company or a conflict of interest, unless they obtain the prior approval of the General Shareholders Meeting, which, in any case, shall only be granted if the respective transaction does not harm the Company's interests. The Company, in the ordinary course of its business, may enter into transactions with its directors.

Under the Company's by-laws, directors have no power to vote on compensation to themselves or any members of the Board of Directors. This task is specifically assigned to the shareholders entitled to vote.

Transfer and Registration of Shares

Grupo Aval's common and preferred shares are listed on the Colombian Stock Exchange. According to Colombian regulations, shares listed on a stock exchange must be sold and transferred only through such exchange, unless such shares were issued outside Colombia and are transferred outside Colombia, or unless the share purchase transaction amounts to a value that is lower than the regulatory threshold of 66,000 UVRs, as required by Article 6.15.1.1.2 of Decree 2555 of 2010. In addition, among others, the following transactions are not required to be undertaken through the relevant stock exchange:

- transfers between shareholders with the same beneficial owner;
- transfers of shares owned by financial institutions that are being liquidated under the control and supervision of the Superintendency of Finance;
- issuer repurchases;
- transfers by the State; and
- any other transactions as may be authorized by the Superintendency of Finance.

Under Colombian law, shares may be traded either in physical form or electronic form. Transfers of shares are subject to a registry system which differs depending on whether the shares are evidenced in electronic form or physical form. Transfers of shares evidenced by electronic certificates must first be registered with a securities central depositary through a stockbroker. The main purpose of the securities central depositary is to receive, safe keep and manage securities certificates issued by corporations in order to keep a record of the transactions undertaken over such securities, including transfers, pledges and withdrawals. Accordingly, they are not allowed to hold, invest or otherwise use the securities held under their custody.

Transfer of shares evidenced by electronic or physical certificates, as the case may be, must be registered on the company's share ledger. Only those holders registered on the share ledger are recognized as shareholders. Registration requires endorsement of the certificates or a written instruction from the holder. In the case of electronic certificates, the securities central depositary notifies us regarding the transfer of shares after registering it in its system.

All of our shares are currently deposited with the securities central depositary (Deceval).

Description of American Depositary Shares

The following is a description of the American depositary shares (the "ADSs") and the American depositary receipts (the "ADRs") of Grupo Aval Acciones y Valores S.A. (the "Company," "we," "us," "our" and "Grupo Aval"). Such description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Deposit Agreement, which is incorporated by reference as an exhibit to the Annual Report on Form 20-F.

American Depositary Receipts

JPMorgan Chase Bank, N.A., acts as a depositary for our ADSs. The depositary's office is located at 383 Madison Avenue, Floor 11, New York, New York, 10179.

Each ADS represents an ownership interest in 20 preferred shares.

ADSs may be held either directly, or indirectly, through a broker or other financial institution. ADSs are held directly by having an ADS registered in the holder's name on the books of the depositary, as an ADR holder. This description assumes ADSs are held directly. If the ADSs are held by a broker or financial institution nominee, the holder must rely on the procedures of such broker or financial institution to assert the rights of an ADR holder described in this section.

Because the depositary or its nominee are the holder of record for the preferred shares represented by all outstanding ADSs, shareholders' rights rest with such record holder. The depositary or its nominee are the registered owner of the preferred shares and exercise the rights of a shareholder on behalf of the holder of American Depository Receipts reflecting ownership of the ADSs. The deposit agreement and the ADSs are governed by New York state law.

Dividends and other distributions

We may make various types of distributions with respect to our preferred shares or other deposited securities. The depositary has agreed that, to the extent practicable, it will pay to the ADR holders the cash dividends or other distributions it or the custodian receives on preferred shares or other deposited securities, after converting any cash received into U.S. dollars and, in all cases, making any necessary deductions provided for in the deposit agreement. The depositary may utilize a division, branch or affiliate of JPMorgan Chase Bank, N.A. to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement. Such division, branch and/or affiliate may charge the depositary a fee in connection with such sales, which fee is considered an expense of the depositary. The ADR holders will receive these distributions in proportion to the number of underlying securities that such ADSs represent.

Except as stated below, to the extent the depositary is legally permitted, it will deliver such distributions to ADR holders in proportion to their interests in the following manner:

Cash. Subject to and any restrictions imposed by the laws of Colombia, regulations or applicable permits issued by any governmental body, the depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (1) appropriate adjustments for taxes withheld, (2) such distribution being impermissible or impracticable with respect to certain holders, and (3) deduction of the depositary's and/or its agents' fees and expenses in (a) converting any foreign currency to U.S. dollars by sale or in such other manner as the depositary may determine to the extent that it determines that such conversion may be made on a reasonable basis, (b) transferring foreign currency or U.S. dollars to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (c) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (d) making any sale by public or private means in any commercially reasonable manner. If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, the ADR holders may lose some or all of the value of the distribution. If we have advised the depositary pursuant to the deposit agreement that any such conversion, transfer or distribution can be effected only with the approval or license of the Colombian government or any agency thereof, or the depositary becomes aware of any other governmental approval or license required therefor, the depositary may, in its discretion, apply for such approval or license, if any, as our legal department may reasonably instruct in writing or as the depositary may deem desirable, including, without limitation, registration with the Central Bank.

Preferred shares. In the case of a distribution in preferred shares, the depositary will issue additional ADRs to evidence the number of ADSs representing such preferred shares. Only whole ADSs will be issued. Any preferred shares that would result in fractional ADSs will be sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.

Rights to receive preferred shares. In the case of a distribution of rights to subscribe for additional preferred shares or other rights, if we timely provide evidence satisfactory to the depositary that it may lawfully distribute such rights, the depositary will distribute warrants or other instruments, in the discretion of the depositary, representing such rights. However, if we do not timely furnish such evidence, the depositary may:

- sell such rights, if practicable, and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto; or
- if it is not practicable to sell such rights by reason of the non-transferability of the rights,
- limited markets therefor, their short duration or otherwise, do nothing and allow such rights to lapse, in which case ADR holders will receive nothing and the rights may lapse.

We have no obligation to file a registration statement under the Securities Act in order to make any rights available to ADR holders.

Other distributions. In the case of a distribution of securities or property other than those described above, the depositary may either (1) distribute such securities or property in any manner it deems equitable and practicable, or (2) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.

Elective distributions. In the case of a dividend payable at the election of our shareholders in cash or in additional shares, we will notify the depositary at least 30 days prior to the proposed distribution stating whether or not we wish such elective distribution to be made available to ADR holders. The depositary shall make such elective distribution available to ADR holders only if (i) we shall have timely requested that the elective distribution is available to ADR holders, (ii) the depositary shall have determined that such distribution is reasonably practicable and (iii) the depositary shall have received satisfactory documentation within the terms of the deposit agreement including any legal opinions of counsel that the depositary in its reasonable discretion may request. If the above conditions are not satisfied, the depositary shall, to the extent permitted by law, distribute to the ADR holders, on the basis of the same determination as is made in the local market in respect of the shares for which no election is made, either (x) cash or (y) additional ADSs representing such additional shares. If the above conditions are satisfied, the depositary shall establish procedures to enable ADR holders to elect the receipt of the proposed dividend in cash or in additional ADSs. There can be no assurance that ADR holders generally, or any ADR holder in particular, will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of shares.

If the depositary determines in its discretion that any distribution described above is not practicable with respect to any specific registered ADR holder, the depositary may choose any method of distribution that it deems practicable for such ADR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of such ADR holder as deposited securities, in which case the ADSs will also represent the retained items.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole U.S. dollars and cents. Fractional cents will be withheld without liability and dealt with by the depositary in accordance with its then-current practices.

The depositary is not responsible if it decides that it is unlawful or not reasonably practicable to make a distribution available to any ADR holders.

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, or that any of such transactions can be completed within a specified time period.

Deposit, withdrawal and cancellation

Issuance of ADSs by the Depositary

The depositary will issue ADSs if a holder or their broker deposit preferred shares or evidence of rights to receive preferred shares with the custodian and pay the fees and expenses owing to the depositary in connection with such issuance.

Preferred shares to be deposited with the custodian must be accompanied by certain delivery documentation, including instruments showing that such preferred shares have been properly transferred or endorsed to the person on whose behalf the deposit is being made.

The custodian will hold all deposited preferred shares for the account of the depositary. ADR holders, thus, will have no direct ownership interest in the preferred shares and will only have such rights as are contained in the deposit agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited preferred shares. The deposited preferred shares and any such additional items are referred to as “deposited securities.”

Upon each deposit of preferred shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depositary and any taxes or other applicable fees or charges, the depositary will issue an ADR or ADRs in the name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs issued will, unless specifically requested to the contrary, be part of the depositary’s direct registration system, and a registered holder will receive periodic statements from the depositary that will show the number of ADSs registered in such holder’s name. An ADR holder may request that the ADSs not be held through the depositary’s direct registration system and that a certificated ADR be issued.

Cancellation of ADSs by ADR holders

When ADR holders turn in their ADSs at the depositary’s office, or when they provide proper instructions and documentation in the case of direct registration ADSs, the depositary will, upon payment of certain applicable fees, charges and taxes, deliver the underlying preferred shares to the ADR holder or, upon their written order, any person designated in such order. Delivery of the deposited securities in certificated form will be made at the custodian’s office or by such other means as the depositary deems practicable, including transfer to an account of an accredited financial institution on your behalf. At ADR holders’ own risk, expense and request, the depositary may deliver deposited securities at such other place as they may request.

The depositary may only restrict the withdrawal of deposited securities in connection with:

- temporary delays caused by closing our transfer books or those of the depositary or the deposit of preferred shares in connection with voting at a shareholders’ meeting at which holders of preferred shares are entitled to vote, if any, or the payment of dividends;

- the payment of fees, taxes and similar charges; or

- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Nonresidents holders of Colombia who withdraw preferred shares to or for their own account or the account of a nonresident third party, whether or not with the purpose of selling or causing the preferred shares to be sold in Colombia simultaneously with such withdrawal, will be subject to applicable Colombian rules and regulations, including the Colombian Foreign Investment Law as well as any applicable taxes.

Non-residents are permitted to hold portfolio investments in Colombia through a Colombian administrator which will act as the representative of the non resident investor in Colombia. The entities that may act as administrators for portfolio investments in Colombia are brokerage firms, trust companies and investment management companies, under the supervision of the Superintendency of Finance. Investors will only be allowed to transfer dividends abroad after their foreign investment registration procedure with the Central Bank has been completed. Investors withdrawing preferred shares may incur expenses and/or suffer delays in the application process. The failure of a non-resident investor to report or register foreign exchange transactions with the Central Bank relating to investments in Colombia on a timely basis may prevent the investor from remitting dividends. In addition, the Central Bank initiates an investigation that may result in a fine. In the future, the Colombian central government, the National Congress or the Central Bank may amend Colombia's foreign investment statute or the foreign investment rules which could result in more restrictive regulations and could negatively affect trading of Shares.

Additionally, Colombia currently has a free exchange rate system; however, restrictive rules for the exchange rate system could be implemented in the future. In the event of a more restrictive exchange rate system, the depositary may experience difficulties in converting peso amounts into U.S. dollars to remit dividend payments to holders of ADRs.

Record dates

The depositary may, after consultation with us, if practicable, fix a record date for the determination of the registered ADR holders who will be entitled (or obligated, as the case may be):

- to pay the fee assessed by the depositary for administration of the ADR program and for any expenses as provided for in the ADR;
- to receive any distribution on or in respect of the preferred shares;
- to give instructions for the exercise of voting rights at a shareholders' meeting; or
- to receive any notice or to act in respect of other matters all subject to the provisions of the deposit agreement.

Voting rights

Circumstances under which ADR holders may vote

The holders of preferred shares will not be entitled to voting rights, except in limited circumstances.

(1) If applicable law of the Republic of Colombia and our articles of association or similar documents permit the depositary, as a holder of the shares, to vote some shares in one manner and other shares in a different manner, or to vote some shares and to abstain with respect to other shares, with respect to matters to be voted upon at meetings of shareholders (such voting being referred to as "split voting"), then, as soon as practicable after receipt from us of notice of any meeting or solicitation of consents or proxies of holders of Shares, the depositary shall distribute to registered holders of ADRs a notice stating (i) such information as is contained in such notice and any solicitation materials, (ii) that each such holder on the record date set by the depositary therefor will, subject to any applicable provisions of Colombian law, be entitled to instruct the depositary as to the exercise of the voting rights, if any, pertaining to the shares represented by the ADSs evidenced by such holder's ADRs and (iii) the manner in which such instructions may be given. Upon receipt of instructions of a holder on such record date in the manner and on or before the date established by the depositary for such purpose, if applicable law of the Republic of Colombia and our articles of association permit split voting, the depositary shall endeavor insofar as practicable and permitted under the provisions of

or governing shares to vote or cause to be voted the shares represented by the ADSs evidenced by such holder's ADRs in accordance with such instructions. The depositary will not itself exercise any voting discretion in respect of any shares. Upon receipt of instructions of a holder on such record date in the manner and on or before the date established by the depositary for such purpose, the depositary shall endeavor insofar as practicable and permitted under the provisions of or governing shares to vote or cause to be voted the shares represented by the ADSs evidenced by such holder's ADRs in accordance with such instructions. The depositary will not itself exercise any voting discretion in respect of any shares. To the extent split voting is permitted, (i) if the depositary timely receives voting instructions from a registered holder of ADRs which fail to specify the manner in which the depositary is to vote the shares represented by such holder's ADSs, the depositary will deem such holder (unless otherwise specified in the notice distributed to holders) to have instructed the depositary to vote in favor of the items set forth in such voting instructions. Shares represented by ADSs for which no timely voting instructions are received by the depositary from the holder shall not be voted and (ii) notwithstanding anything else contained in the deposit agreement and the ADRs, to the extent holders of ADRs were given no less than 25 days to provide the depositary with voting instructions (as determined by the date in which the depositary first mailed notices to registered holders of ADRs), the depositary shall, if we request in writing, represent all shares (whether or not voting instructions have been received in respect of such shares) for the sole purpose of establishing quorum at a meeting of shareholders; provided, however that the depositary shall not represent or present for quorum purposes any shares for which voting instructions were not received unless and until the depositary has been provided with an opinion of our counsel, in form and substance satisfactory to the depositary, to the effect that (i) the representation and presentation of such shares for purposes of establishing a quorum does not subject the depositary to any reporting obligations under Colombian law, rule or regulation, (ii) the presentation of such shares will not result in a violation of Colombian law, rule, regulation or permit, and (iii) the voting arrangement as contemplated herein will be given effect under Colombian laws, rules and regulations. Shares represented by ADSs for which no timely voting instructions are received by the depositary from the holder shall not be voted.

(2) If, under applicable law of the Republic of Colombia or the articles of association or similar constituent documents, the depositary is not permitted to vote shares in accordance with the instructions actually expressed by holders as provided in paragraph (1) above as to a matter and it is reasonably practicable to do so without unreasonable expense, the depositary will adopt alternative procedures that in its judgment will permit it to give some effect to the expressed voting instructions of holders, including, without limitation, voting the net number shares that holders instructed be voted for or against that matter, after subtracting the number of shares that holders instructed be voted in the opposite manner.

(3) If, under applicable law of the Republic of Colombia or the articles of association or similar constituent documents, the depositary is not permitted to vote shares in accordance with the instructions actually expressed by holders as provided in paragraph (1) above with respect to a matter and the depositary does not adopt alternative procedures under paragraph (2) above with respect to that matter, the depositary will do nothing and the shares will not be voted at any such meeting.

There is no guarantee that holders generally or any holder in particular will receive the notice described above with sufficient time to enable such holder to return any voting instructions to the depositary in a timely manner. Notwithstanding anything contained in the deposit agreement or any ADR, the depositary may, to the extent not prohibited by law or regulations, or by the requirements of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the depositary in connection with any meeting of, or solicitation of consents or proxies from, holders of shares, distribute to the registered holders of ADRs a notice that provides such holders with, or otherwise publicizes to such holders, instructions on how to retrieve such materials or receive such materials upon request (i.e., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

Reports and other communications

The depositary will make available for inspection by ADR holders, at the offices of the depositary and the custodian, the deposit agreement, the provisions of or governing deposited securities, and any written communications from us that are both received by the custodian or its nominee as a holder of deposited securities and made generally available to the holders of deposited securities. We will furnish these communications in English when so required by any applicable rules or regulations of the SEC.

In addition, if we make any written communications generally available to holders of our common or preferred shares, including the depositary or the custodian, and we request the depositary to provide them to ADR holders, the depositary will mail copies of them, or, at its option, English translations or summaries of them, to ADR holders.

Reclassifications, recapitalizations and mergers

If we take certain actions that affect the deposited securities, including (1) any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities, (2) any distributions of preferred shares or other property not made to holders of ADRs or (3) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depositary may choose to, and shall if reasonably requested by us:

(i) amend the form of ADR;

(ii) distribute additional or amended ADRs;

(iii) distribute cash, securities or other property it has received in connection with such actions;

(iv) sell any securities or property received and distribute the proceeds as cash; or

(v) none of the above.

If the depositary does not choose any of the above options, any of the cash, securities or other property that it receives will constitute part of the deposited securities, and each ADS will then represent a proportionate interest in such property.

Amendment and termination

We may agree with the depositary to amend the deposit agreement and the ADSs without the consent of ADR holders for any reason. ADR holders must be given at least 30 days' notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or otherwise prejudices any substantial existing right of ADR holders. Such notice need not describe in detail the specific amendments effected thereby, but must give ADR holders a means to access the text of such amendment. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder will be deemed to have agreed to such amendment and to be bound by the deposit agreement as so amended. Notwithstanding the foregoing, in the event that any governmental body or regulatory body adopts new laws, rules or regulations which would require amendment or supplement of the deposit agreement or the form of ADR to ensure compliance therewith, we and the depositary may amend or supplement the deposit agreement and the ADR at any time in accordance with such changed laws, rules or regulations, which amendment or supplement may take effect before a notice is given or within any other period of time as required for compliance. No amendment, however, will impair the ADR holders' right to surrender their ADSs and receive the underlying securities, except in order to comply with mandatory provisions of applicable law.

The depositary may, and will at our written direction, terminate the deposit agreement and the ADR by mailing notice of such termination to the registered holders of ADRs at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the depositary (1) resigns as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered holders unless a successor depositary shall not be operating under the deposit agreement within 45 days of the date of such resignation, and (2) has been removed as depositary under the deposit agreement, notice of such termination by the depositary is not provided to registered holders of ADRs unless a successor depositary is not operating under the deposit agreement on the 90th day after our notice of removal was first provided to the depositary. After termination, the depositary's only responsibility will be (1) to deliver deposited securities to ADR holders who surrender their ADRs, and (2) to hold or sell distributions received on deposited securities. As soon as practicable after the expiration of six months from the termination date, the depositary will sell the deposited securities which remain and hold the net proceeds of such sales (as long as it may lawfully do so), without liability for interest, in trust for the ADR holders who have not yet surrendered their ADRs. After making such sale, the depositary shall have no obligations except to account for such proceeds and other cash.

Limitations on obligations and liability to ADR holders

Prior to the issue, registration, registration of transfer, split-up or combination or cancellation of any ADRs, or the delivery of any distribution in respect thereof, the depositary and its custodian may require the ADR holder to pay, provide or deliver:

- payment with respect thereto of (1) any stock transfer or other tax or other governmental charge, (2) any stock transfer or registration fees in effect for the registration of transfers of preferred shares or other deposited securities upon any applicable register and (3) any applicable fees and expenses described in the deposit agreement;
- the delivery of proof satisfactory to the depositary and/or its custodian of (1) the identity of any signatory and genuineness of any signature and (2) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, compliance with applicable law, regulations, provisions of or governing deposited securities and terms of the deposit agreement and the ADRs, as it may deem necessary or proper; and
- compliance with such regulations as the depositary may establish consistent with the deposit agreement or any Colombian law or regulation relating to Colombian taxes, foreign investment in Colombia and laws, rules and regulations relating to the regulation of foreign exchange in Colombia.

The issuance of ADRs, the acceptance of deposits of preferred shares, the registration, registration of transfer, split-up or combination of ADRs or the withdrawal of deposited securities may be suspended, generally or in particular instances, when the ADR register or any register for preferred shares is closed or when any such action is deemed advisable by the depositary; provided, however, that the ability to withdraw preferred shares may only be limited under the following circumstances: (1) temporary delays caused by closing our transfer books or those of the depositary or the deposit of preferred shares in connection with voting at a shareholders' meeting at which holders of preferred shares are entitled to vote, if any, or the payment of dividends, (2) the payment of fees, taxes and similar charges or (3) compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

The deposit agreement expressly limits the obligations and liability of the depositary, ourselves and our respective agents; provided, however, that no such disclaimer of liability under the Securities Act of 1933 is intended by any of the limitations of liabilities provisions of the deposit agreement. None of us, the depositary and any such agent will be liable if:

- any present or future law, rule, regulation, fiat, order or decree of the United States, Colombia or any other country, or of any governmental or regulatory authority or any securities exchange or market or automated quotation system, the provisions of or governing any deposited securities, any present or future provision of our charter, any act of God, war, terrorism, nationalization or other circumstance beyond our, the depositary's or our respective agents' control prevents or delays, or causes any of us or them to be subject to any civil or criminal penalty in connection with any act which the deposit agreement or the ADRs provide is to be done or performed by us, the depositary or our respective agents (including, without limitation, voting);
- it exercises or fails to exercise discretion under the deposit agreement or the ADR (including, without limitation, any failure to determine that any distribution or action may be lawful or reasonably practicable);

- it performs its obligations under the deposit agreement and ADRs without gross negligence or willful misconduct;
- it takes any action or refrains from taking any action in reliance upon the advice of or information from legal counsel, accountants, any person presenting preferred shares for deposit, any registered holder of ADRs, or any other person believed by it to be competent to give such advice or information; or
- it relies upon any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Neither the depositary nor its agents will have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs. We and our agents will only be obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expense (including fees and disbursements of counsel) and liability is furnished as often as may be required. The depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the deposit agreement, any registered holder or holders of ADRs, any ADSs or otherwise related to the deposit agreement or ADRs, to the extent such information is requested or required by or pursuant to any lawful authority, including, without limitation, laws, rules, regulations, administrative or judicial process, banking, securities or other regulators. The depositary will not be liable for the acts or omissions made by any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of deposited securities or otherwise. In addition, the depositary will not be responsible for, and will incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of JPMorgan Chase Bank, N.A. The depositary may rely upon instructions from us or its counsel with respect to any approval or license required for any currency conversion, transfer or distribution.

Notwithstanding anything in the deposit agreement or ADRs to the contrary, the depositary will not be responsible for, and will incur no liability in connection with or arising from, any act or omission to act on the part of the custodian except to the extent that the custodian committed fraud or willful misconduct in the provision of custodial services to the depositary or failed to use reasonable care in the provision of custodial services to the depositary as determined in accordance with the standards prevailing in the jurisdiction in which the custodian is located. The depositary and the custodian(s) may use third party delivery services and providers of information regarding matters such as pricing, proxy voting, corporate actions, class action litigation and other services in connection with the ADRs and the deposit agreement, and use local agents to provide extraordinary services such as attendance at annual meetings of issuers of securities. Although the depositary and the custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services.

The Depositary has no obligation to inform ADR holders or other holders of an interest in an ADS about the requirements of Colombian law, rules or regulations or any changes therein or thereto.

None of us, the depositary and the custodian will be liable for the failure by any registered holder of ADRs or beneficial owner therein to obtain the benefits of credits on the basis of non-U.S. tax paid against such holder's or beneficial owner's income tax liability. Neither we nor the depositary will incur any liability for any tax consequences that may be incurred by holders or beneficial owners on account of their ownership of ADRs or ADSs.

Neither the depositary nor its agents will be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any such vote is cast or for the effect of any such vote. The depositary shall not incur any liability for the content of any information submitted to it by us or on our behalf for distribution to the ADR holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the deposited securities, for the validity or worth of the deposited securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the deposit agreement or for the failure or timeliness of any notice from us. The depositary will not be liable, and we will not be liable to ADR holders, for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the depositary or in connection with any matter arising wholly after the removal or resignation of the depositary, provided that in connection with the issue out of which such potential liability arises the depositary performed its obligations without negligence while it acted as depositary. In no event will we, the depositary nor any of our or its respective agents be liable to registered holders of ADRs or beneficial owners of interests in ADSs for any indirect, special, punitive or consequential damages (including, without limitation, lost profits) of any form incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

In the deposit agreement each party thereto (including, for avoidance of doubt, each holder and beneficial owner and/or holder of interests in ADRs) irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any suit, action or proceeding against the depositary and/or us directly or indirectly arising out of or relating to the shares or other deposited securities, the ADSs or the ADRs, the deposit agreement or any transaction contemplated therein, or the breach thereof (whether based on contract, tort, common law or any other theory).

The depositary and its agents may own and deal in any class of our securities and in ADSs.

Books of depositary

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, which register will include the depositary's direct registration system. Registered holders of ADRs may inspect such records at all reasonable times, but solely for the purpose of communicating with other holders in the interest of our company or matters relating to the deposit agreement. Such register may be closed from time to time, when deemed expedient by the depositary or when requested by us.

The depositary will maintain facilities for the delivery and receipt of ADRs.

Pre-release of ADSs

In its capacity as depositary, the depositary shall not lend preferred shares or ADSs; provided, however, that the depositary may issue ADSs prior to the receipt of preferred shares (each such transaction a "pre-release"). The depositary may receive ADSs in lieu of preferred shares to close out a pre-release (which ADSs will promptly be canceled by the depositary upon receipt thereof by the depositary). Each such pre-release will be subject to a written agreement whereby the person or entity to whom ADSs are to be delivered (1) represents that at the time of the pre-release such applicant or its customer owns the preferred shares that are to be delivered by such applicant under such pre-release, (2) agrees to indicate the depositary as owner of such preferred shares in its records and to hold such preferred shares in trust for the depositary until such preferred shares are delivered to the depositary or its custodian under the deposit agreement, (3) unconditionally guarantees to deliver to the depositary or its custodian, as applicable, such preferred shares, and (4) agrees to any additional restrictions or requirements that the depositary deems appropriate. Each such pre-release will be at all times fully collateralized with cash, U.S. government securities or such other collateral as the depositary deems appropriate, terminable by the depositary on not more than five business days' notice and subject to such further indemnities and credit regulations as the depositary deems appropriate. The depositary will normally limit the number of ADSs involved in such pre-release at any one time to 30% of the ADSs outstanding (without giving effect to pre-released ADSs outstanding), provided, however, that the depositary reserves the right to change or disregard such limit from time to time as it deems appropriate. The depositary may also set limits with respect to the number of ADSs involved in pre-release with any one person on a case-by-case basis as it deems appropriate. The depositary may retain for its own account any compensation received by it in conjunction with the foregoing. Collateral provided as described above, but not the earnings thereon, will be held for the benefit of the registered holders of ADRs (other than the applicant). The depositary has no obligation to engage in pre-release with any party.

Exhibit 8.1

SUBSIDIARIES OF THE REGISTRANT

The following are the subsidiaries of Grupo Aval Acciones y Valores S.A.

Name	Jurisdiction of Incorporation
Grupo Aval Acciones Y Valores S.A.	Colombia
Grupo Aval Limited	Cayman Islands
ATH Negocio Conjunto	Colombia
Aval Soluciones Digitales S.A. - Cuentas En Participación	Colombia
Sociedad Administradora De Fondos De Pensiones Y Cesantías Porvenir Sa	Colombia
Aportes En Linea S.A.	Colombia
Aval Casa De Bolsa S.A.	Colombia
Aval Fiduciaria S.A.	Colombia
Banco Av Villas S.A.	Colombia
Aval Valor Compartido	Colombia
Banco De Bogotá S.A.	Colombia
Almacenes Generales De Depósito Almaviva S.A.	Colombia
Almaviva Global Cargo S.A.	Colombia
Almaviva Zona Franca S.A.S.	Colombia
Aval Soluciones Digitales S.A.	Colombia
Banco De Bogotá S.A. Panama	Panama
Bogota Finance Corporation	Cayman Islands
Corporación Financiera Centroamericana S.A.- Ficentro	Panama
Fiduciaria Bogotá S.A. - Fidubogotá	Colombia
Multi Financial Holding Inc	Panama
Mb Créditos, S.A.	Costa Rica
Megalínea S.A.	Colombia
Multi Financial Group Inc.	Panama
Multi Securities Inc.	Panama
Multi Trust, Inc.	Panama
Multibank Inc.	Panama
Multibank Seguros, S.A.	Panama
Promotora Prosperidad, S.A.	Panama
Banco De Occidente S.A.	Colombia
Banco De Occidente S.A. Panama	Panama

Fiduciaria De Occidente S.A.	Colombia
Occidental Bank Barbados	Barbados
Ventas Y Servicios S.A.	Colombia
Banco Popular S.A.	Colombia
Alpopular Almacén General De Depósitos S.A. Alpopular S.A.	Colombia
Fiduciaria Popular S.A. - Fiduciar S.A.	Colombia
Patrimonio Autonomo Administracion De Cartera	Colombia
Corporación Financiera Colombiana S.A.	Colombia
Agro Casuna S.A.S	Colombia
Agro Santa Helena S.A.S.	Colombia
Cfc Energy Holding S.A.S.	Colombia
Cfc Gas Holding S.A.S.	Colombia
Cfc Private Equity Holdings S.A.S.	Colombia
Cfc-Sk Covipaci Colombia S.A.S	Colombia
Colombiana De Licitaciones Y Concesiones S.A.S.	Colombia
Compañía Energetica De Occidente S.A.S. E.S.P.	Colombia
Compañía Hotelera Cartagena De Indias S.A.	Colombia
Concesionaria Nueva Via Al Mar S.A..	Colombia
Concesionaria Panamericana S.A.S.	Colombia
Concesionaria Vial Andina S.A.S. - Coviandina	Colombia
Concesionaria Vial De Los Andes - Coviandes S.A.	Colombia
Concesionaria Vial Del Oriente S.A.S.	Colombia
Concesionaria Vial Del Pacifico S.A.S.	Colombia
Concesiones Ccfc S.A.	Colombia
Constructora De Infraestructura Vial S.A.S. - Coinvial	Colombia
Corfiinvest S.A.S	Colombia
Esencial Hoteles S.A.	Colombia
Estudios Proyectos E Inversiones De Los Andes S.A. Epiandes	Colombia
Estudios Y Proyectos Del Sol - Episol S.A.S.	Colombia
Gases De Norte Del Peru	Peru
Gases De Occidente S.A. E.S.P.	Colombia
Gases Del Pacifico S.A.C.	Peru

Generadora Paita Industrial S.A.C.	Peru
Gestora En Infraestructura Y Desarrollo S.A.S.	Colombia
Hevea De Los Llanos S.A.S.	Colombia
Hevea Inversiones S.A.S.	Colombia
Hoteles Estelar Del Peru S.A.C.	Peru
Hoteles Estelar S.A.	Colombia
Investmex S.A.C.	Peru
Mavalle S.A.	Colombia
Organización Pajonales S.A.	Colombia
Orion Contact Center S.A.S.	Colombia
Plantaciones Santa Rita S.A.S.	Colombia
Plantaciones Unipalma De Los Llanos S.A.	Colombia
Promigas Brasil Ltda	Brasil
Promigas Gcx Holding Llc	U.S.A.
Promigas Peru S.A.	Peru
Promigas S.A. E.S.P.	Colombia
Promigas Usa Inc	U.S.A.
Promisol S.A.S.	Colombia
Promotora De Gas Del Oriente S.A. E.S.P. “Promioriente”	Colombia
Promotora Y Comercializadora Turística Santamar S.A.	Colombia
Proyectos De Infraestructura - Pisa S.A.S	Colombia
Proyectos De Ingenieria Y Desarrollos S.A.S. - Proindesa S.A.S.	Colombia
Proyectos De Inversion Vial Andino S.A.S. En Liquidación	Colombia
Proyectos De Inversion Vial Del Oriente S.A.S. - Proinvioriente S.A.S.	Colombia
Proyectos De Inversion Vial Del Pacifico S.A.S. - Proinvipacifico	Colombia
Proyectos Y Desarrollos De Pagos Electronicos Vehiculares S.A.S	Colombia
Proyectos Y Desarrollos Viales Al Llano S.A.S	Colombia
Proyectos Y Desarrollos Viales Del Mar S.A.S. Prodevimar S.A.S.	Colombia
Proyectos Y Desarrollos Viales Andinos S.A.S. Prodeandino S.A.S.	Colombia
Proyectos Y Desarrollos Viales Del Pacifico S.A.S. Prodepacifico S.A.S.	Colombia
Proyectos Y Desarrollos Viales Urbanos - Prodeviurbano S.A.S	Colombia
Sociedad Portuaria Del Cayao S.A. E.S.P.	Colombia

Surtidora De Gas Del Caribe S.A. E.S.P.	Colombia
Tejidos Sintéticos De Colombia - Tesicol S.A.	Colombia
Transoccidente S.A. E.S.P.	Colombia
Transportadora De Metano Esp S.A. - Transmetano	Colombia
Tsr20 Inversiones S.A.S.	Colombia
Valora S.A.	Colombia
Zonagen S.A.S.	Colombia

Exhibit 12.1

CERTIFICATION BY THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, María Lorena Gutiérrez Botero, certify that:

1. I have reviewed this annual report on Form 20-F of Grupo Aval Acciones y Valores S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 28, 2025

/s/ María Lorena Gutiérrez Botero

María Lorena Gutiérrez Botero
President
(Principal Executive Officer)

Exhibit 12.2

CERTIFICATION BY THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Diego Fernando Solano Saravia, certify that:

1. I have reviewed this annual report on Form 20-F of Grupo Aval Acciones y Valores S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and

5. The company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.

Date: April 28, 2025

/s/ Diego Fernando Solano Saravia

Diego Fernando Solano Saravia
Chief Financial Officer
(Principal Financial Officer)

Exhibit 13.1

CERTIFICATION BY THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F of Grupo Aval Acciones y Valores S.A. (the “Company”) for the fiscal year ended December 31, 2024 (the “Report”). I, María Lorena Gutiérrez Botero, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2025

/s/ María Lorena Gutiérrez Botero

María Lorena Gutiérrez Botero
President
(Principal Executive Officer)

Exhibit 13.2

CERTIFICATION BY THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F of Grupo Aval Acciones y Valores S.A. (the "Company") for the fiscal year ended December 31, 2024 (the "Report"). I, Diego Fernando Solano Saravia, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2025

/s/ Diego Fernando Solano Saravia

Diego Fernando Solano Saravia
Chief Financial Officer
(Principal Financial Officer)