SYSTEM FOR THE ADMINISTRATION OF THE RISK OF MONEY LAUNDERING AND TERRORISM FINANCING "SARLAFT"

Banco Comercial AV Villas is a credit institution, duly incorporated in Colombia, with its main office in Bogotá, at Carrera 13 No 26 A - 47, PBX 2419600.

In the course of our operations, Banco AV Villas has adopted and implemented a System for the Administration of the Risk of Money Laundering and Terrorism Financing, hereinafter SARLAFT, in compliance with the regulations established by the Organic Statute of the Colombian Financial System "EOSF" (Decree 663 of 1993), and other instructions issued by the Financial Superintendence of Colombia, as well as recommendations presented in this area by the FATF[1].

The policies, controls, and procedures implemented, within a risk management concept, are guidelines aimed at due diligence to prevent the use of our ENTITY by criminal elements. This includes, among other aspects, customer due diligence and knowledge of their operations, definition of the market segments served, segmentation and transactional monitoring of our clients, products, channels, and jurisdictions, generating, when appropriate, the reporting of suspicious transactions to the competent authorities.

The procedures and rules of conduct regarding the application of all SARLAFT control mechanisms and instruments are set forth in the SARLAFT Manual and the Code of Conduct approved by the Board of Directors of the ENTITY, which are mandatory for all employees.

CUSTOMER DUE DILIGENCE

Our customer due diligence policy seeks to ensure that all clients are properly identified and that their financial profile can be established.

Client information is verified and monitored through comparative analysis with the normal profile of the segment to which the client belongs, carrying out the necessary actions and procedures to keep the information up to date.

Additionally, our ENTITY has developed a policy regarding the provision of correspondent banking services, which establishes, for example, not offering these services to so-called "shell banks."

[1] Financial Action Task Force on Money Laundering

All of this is complemented by knowledge of the market segments served, which allows us to make statistical comparisons with linked clients and determine alerts subject to verification.

Client information is retained for the periods specified by law and is available to the competent authorities.

MONITORING SYSTEM

Our ENTITY monitors the transactional behaviors of clients, products, channels, and jurisdictions, with the purpose of identifying warning signs that, once analyzed, may be normalized or result in the conclusion of unusual operations. For certain types of clients with a high-risk profile, a more thorough monitoring scheme has been established.

In the development of customer due diligence policies, if the analysis determines that unusual operations are suspicious, they are reported to the competent authorities (UIAF[2]), in the manner established by regulations.

STAFF TRAINING

Senior management at Banco AV Villas recognizes the importance of training and acknowledges that employees are fundamental in the fight against money laundering and/or terrorism financing.

In general, employees of our ENTITY are trained in the prevention of money laundering and terrorism financing risk. Additionally, those employees with direct contact with clients, as well as those who manage relationships with clients defined as higher risk, receive specialized training in this area.

COMPLIANCE OFFICER

For the performance of the functions established by law, the Board of Directors of the ENTITY has appointed a Compliance Officer and a Deputy, both duly sworn in before the Financial Superintendence of Colombia. The Compliance Officer is a second-level hierarchical official within the ENTITY, with decision-making capacity, supported by a human and technical team that enables coverage of the different management areas and has the effective support of the ENTITY's management.

[2] Financial Information and Analysis Unit of the Ministry of Finance and Public Credit

AUDIT AND CONTROL

As stated above, we are subject to oversight, control, and inspection by the Financial Superintendence of Colombia, which conducts visits to the ENTITY to validate SARLAFT.

Additionally, the review of compliance with the control mechanisms designed and implemented in the Compliance Unit and other areas of the Entity has been included within the internal audit processes as a specific verification program.

Likewise, in accordance with the instructions issued on the matter by the Financial Superintendence of Colombia, the Statutory Auditor of the ENTITY has implemented the respective validation controls, which allow verification of compliance and provide recommendations as appropriate, related to the legal regulations and instructions for the prevention of money laundering and/or terrorism financing established by the EOSF and the Financial Superintendence of Colombia.

Any clarification regarding this matter will be gladly provided.

Sincerely,

Ricardo Alonso Garzón Chávez
Compliance Officer