CONTROL ARCHITECTURE

In compliance with the provisions of the Financial Superintendence of Colombia (SFC) in Circular 008 of 2023 (Chapter IV of Title I Part I), Banco Av Villas designed and implemented an internal control architecture that integrates supervision, control, and risk management mechanisms in order to establish a control structure that supports the achievement of strategic objectives while maintaining an effective internal control system.

Objectives of the Internal Control System

- a. Improve efficiency in the development of its activities.
- b. Prevent and mitigate the occurrence of internal and external fraud.
- c. Properly manage risks.
- d. Increase the reliability and timeliness of generated information.
- e. Comply with applicable regulations.
- f. Protect the organization's assets.
- g. Prevent and mitigate the occurrence of acts of corruption.

1. Principles of the Internal Control System The Internal Control System of Banco Av Villas is based on the following principles:

Self-control Av Villas employees evaluate and control their work, detect deviations, and adopt corrective measures in the exercise and fulfillment of their duties.

Self-regulation The Bank develops methods, standards, and internal procedures that allow the implementation and improvement of the Internal Control System.

Self-management Av Villas has a structure that provides the capacity to coordinate, execute, and effectively, efficiently, and efficaciously evaluate the operation of the Internal Control System (SCI).

2. Architecture of the Internal Control System The control architecture of Banco Av Villas was designed based on best practices referenced in the Integrated Internal Control Framework of the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO), the Three Lines Model of the Internal Control System of the Institute of Internal Auditors (IIA), and External Circular 008 of 2023 issued by the Financial Superintendence of Colombia, which establishes roles and responsibilities regarding the SCI for the achievement of the bank’s strategic objectives.

2.1. Corporate Governance and Control Environment The Bank has a robust corporate governance framework that establishes principles of ethics, integrity, and transparency. This component includes:

- a) Board of Directors: responsible for supervising the SCI, establishing policies, risk limits, and control strategies.
- b) Audit Committee: a study and support body that assists in fulfilling the supervisory function of the Entity’s Control Architecture.
- c) Risk Committee: assists the Board of Directors in decision-making that leads to material risk exposure to fulfill the Bank’s strategic planning, ensuring its supervisory responsibilities regarding risk management and improvement of the internal control system.
- d) Senior Management: implements the directives of the Board of Directors and leads internal control management.
- e) Internal Audit: supports the Audit Committee in evaluating the internal control system to provide independent assurance and reports to Senior Management and the Audit Committee on risks regarding the effectiveness and efficiency of the internal control system defined by management.
- f) Code of Ethics and Conduct: defines principles that regulate the actions of employees and executives.
- g) Control Culture: promotes organizational values and responsibility at all levels.

2.2. Three Lines of Defense Model The internal control model of Banco AV Villas defines its responsible parties considering the practice of the three lines of defense. Through these, compliance with general guidelines on internal control is ensured. This is evidenced as follows:

Three Lines of Defense Model published by the Institute of Internal Auditors (IIA)

According to the Risk Appetite Measurement Manual (MAR – Code RSG-MCI-CA-023 published internally by the Bank), the responsibilities of each line of defense are as follows:

a) The first line of defense is the closest front to the origination of risk, that is, the first contact Banco AV Villas has with a given risk; it is composed of the areas of innovation, origination, operations, collections, the commercial force, treasury, and other areas that are part of the core processes established in the value chain at Banco AV Villas. It is responsible for identifying, understanding, and reporting any aspect related to the risk to which it is exposed.

b) The second line of defense is responsible for proposing the Risk Appetite, through the Statement (metrics and limits) and modifications to it, when necessary and considering the proposals and inputs from the first line, as well as controlling and supervising the state of risk management at Banco AV Villas, quantifying its Risk Profile, ensuring it is consistent with the established Risk Appetite. Thus, those responsible for the second line of defense are those responsible for managing each of the Bank's risk systems.

c) The third line of defense is mainly constituted by internal audit, responsible for independently evaluating the effectiveness of Banco AV Villas' Risk Appetite Framework, as well as the processes and systems that comprise it, promptly reporting the results of such evaluation to the Audit Committee.

3. Components of the Internal Control System The Bank supports the implementation, improvement, and evaluation of the internal control system in the three lines model proposed by the Institute of Internal Auditors (IIA) and considers the following elements:

3.1. Control Environment It is the set of policies, internal standards, objectives, procedures, and hierarchical and governance structures to which all Banco Av Villas employees are subject in the performance of functions related to the SCI. The Bank's control environment consists of:

3.1.1. Code of Ethics and Conduct Banco Av Villas has a code of conduct that promotes the obligation to maintain positive conduct in the performance of employees' duties and ensures that their actions are framed within the organizational philosophy and culture, in compliance with the principles, policies, institutional standards, and guidelines established by the entity, respecting diversity and sustainability.

The Bank's code of conduct contains rules for: i) managing conflicts of interest that employees and administrators may incur; ii) the use, access, and custody of confidential information; iii) granting incentives by the Bank to employees, administrators, and third parties; iv) monitoring compliance with the code; v) the procedure for reporting breaches of the code by employees and administrators, including adopted lines and channels; vi) dissemination of the code; vii) rules of conduct; and viii) the disciplinary procedure for non-compliance and the consequences of non-compliance.

3.1.2. Audit Plan The definition of the audit plan is based on the methodology previously approved by the Audit Committee, which allows the identification and assessment of key risks in the Bank's processes, the identification and operation of mitigating controls, as well as the review of the different risk management systems managed by the Bank.

The audits planned for the year are carried out following the guidelines established by the Bank's methodology and the best control practices issued by Grupo AVAL's Corporate Comptroller, evaluating the design and implementation of internal controls.

Likewise, the review of the reliability of the accounting, administrative, and control information system is included, and the reviews include the highest-impact inherent risks defined by the Bank's management, called RIMI, as well as the review of the organizational structure and business continuity plan that supports processes with relevant third parties (group suppliers and outsourced providers).

3.1.3. Risk Management Policies

Banco AV Villas has designed policies and procedures for risk management regarding the Administration of the Risk of Money Laundering and Terrorism Financing (SARLAFT) established in Chapter IV of Title IV, Part I of the Legal Basic Circular (CBJ), instructions on the Risk Management Framework for Financial Conglomerates (MGR) – Chapter XXX, and the Comprehensive Risk Management System (SIAR) – Chapter XXXI.

3.2. Risk Management

The Bank manages the risks associated with its activities, in accordance with the instructions regarding the Money Laundering and Terrorism Financing Risk Management System (SARLAFT) provided in Chapter IV, Title IV, Part I of the CBJ, and/or the instructions on risk management established in the Risk Management Framework (MGR) – Chapter XXX CBCF and the Comprehensive Risk Management System (SIAR) – Chapter XXXI CBCF.

3.3. Control Activities

The Bank’s core, strategic, and support processes have implemented actions and controls at different stages of business processes, as well as in the technological environment, aligned with risk management to achieve the entity’s strategic objectives.

3.4. Information and Communication

Av Villas has policies for information and communication with different stakeholders, both internal and external, ensuring the accuracy, timeliness, and protection of information. Likewise, the Bank’s information systems are capable of capturing and processing data from secure internal and external sources and transforming them into relevant information for stakeholders.

The information and communication component must include, at a minimum, the following:

3.5. Monitoring and Supervision Activities

This is the process carried out to verify the quality of internal control performance over time. It is conducted through supervision by Senior Management Committees, heads or leaders of each area or process as part of their regular responsibility for internal control (vice presidents, managers, directors, etc., within their respective areas of competence), as well as periodic evaluations carried out by the Presidency, the General Comptroller, and the Statutory Auditor.

The monitoring methodology defined by Banco AV Villas is associated with high-level committees, management indicators, control bodies, and self-assessment of the Internal Control System.

Self-assessment of the SCI

Each year, every Vice Presidency of Banco AV Villas conducts a self-assessment of the internal control system. In the evaluation, each of the objectives, principles, and special areas that make up the Bank’s SCI are assessed.

The General Comptroller is responsible for consolidating the self-assessments, generating improvement opportunities, and presenting the results obtained to the Audit Committee and the President.

4. Responsibilities in the Internal Control Architecture

4.1. Board of Directors:

The following are the special functions and responsibilities regarding the components of the Internal Control System:

4.1.1. Control Environment

- Approve the following documents and policies regarding:
  - a. Code of ethics and conduct.
  - b. Policy for the generation and submission of SCI reports.
  - c. Human resources policy.
  - d. Financial and accounting policy.
  - e. Policy for evaluations and self-evaluations.
  - f. Policy for induction and training of Board members and their support committees.
  - g. Internal regulations of support committees.
  - h. Information security policy.
  - i. Internal audit statute.
  - j. Annual budget.
  - k. Strategic plan.
  - l. Strategic technology plan.
  - m. Information and communication policy.
  - n. Appoint the internal auditor.

4.1.2. Risk Management

- Monitor actions taken by Senior Management to mitigate risks associated with activities planned in the strategic plan.
- Monitor the operation of the SCI to mitigate risks associated with achieving the bank’s strategic objectives.

4.1.3. Control Activities

- Monitor the financial and operational performance of the Entity.
- Review the financial statements and their notes before they are presented to the General Shareholders' Meeting, taking into account the reports and recommendations presented by the Audit Committee.
- Ensure that Senior Management establishes processes that allow the identification and evaluation of changes that may have a significant impact on the SCI.
- Meet with the Statutory Auditor and the internal auditor or the official acting in that capacity. Likewise, may meet without the presence of Senior Management when deemed necessary.

4.1.4. Information and Communication

- Request all information deemed necessary regarding the development and performance of internal controls to fulfill its responsibilities.
- Present to the Ordinary General Shareholders' Meeting a report on the operation and evaluation of the SCI during the immediately preceding period.

4.1.5. Monitoring and Supervision

- Self-assess its management at least once a year.
- Evaluate the management of Senior Management at least once a year.
- Define actions to address findings resulting from self-assessments and internal and external evaluations.
- Monitor, at least every 6 months, risk management and the measures adopted for its control or mitigation, or more frequently if appropriate.
- The regulations contemplate the possibility of conducting external evaluations of the Board's management.

4.2. Audit Committee:

The Committee was created by applicable regulations and has adhered to current regulations. Its main responsibility is to evaluate the Bank's Internal Control System (SCI), supporting its design, policy definition, and continuous improvement. Its functions are mainly advisory and supportive.

The Audit Committee does not replace the responsibility of the Board of Directors and Management for the supervision and implementation of internal control at Banco AV Villas.

Committee Composition:

The Audit Committee of Banco Comercial AV Villas consists of three (3) members of the Board of Directors, who may be independent or equity members.

The election of the Committee members is for periods of one (1) year, so that it coincides with the statutory period of the Board members. Members may be re-elected successively.

The members of the Audit Committee have experience and knowledge in matters related to the functions assigned to the Committee.

Audit Committee Sessions:

The Committee meets at least four (4) times a year, upon prior notice given by the General Comptroller with sufficient anticipation.

Functions of the Committee:

Without prejudice to other functions assigned by law, the corporate bylaws, and the Code of Good Governance, the Audit Committee has the functions designated in Circular 008 of 2023, among which the following are relevant regarding the Internal Control System:

4.2.1. Control Environment

- Approve the following documents and policies:
    - a. Structure, procedures, and methodologies of the SCI with lines of responsibility and accountability.
    - b. Annual internal audit plan.
    - c. Policy for assurance and improvement of internal audit quality.
- Review and recommend for approval by the Board of Directors the following documents and policies:
    - a. Code of ethics and conduct.
    - b. Policy for the generation and submission of SCI reports.
    - c. Information security policy.

    - d. Internal audit statute.
    - e. Strategic technology plan.

4.2.2. Risk Management

- Present to the Board of Directors a report on the decisions adopted by the Audit Committee.
- Evaluate risks that may affect the execution of strategic planning and those arising from changes in Senior Management and their impacts on the SCI, and, if necessary, recommend appropriate measures to mitigate such impacts.
- Propose to the Board controls to prevent, detect, and adequately respond to fraud risks.

4.2.3. Control Activities

- Evaluate the structure of the SCI to determine whether the designed procedures reasonably protect the Bank's assets and those of third parties it manages or safeguards.
- Ensure that the preparation, presentation, and disclosure of financial and accounting information comply with current regulations and financial performance goals, verifying that the necessary controls exist for this purpose.
- Regarding the internal control system over financial reporting, consider the financial statements with their notes, opinions, observations from supervisory entities, and results of evaluations conducted by the relevant committees and other related documents to prepare the corresponding report for submission to the Board of Directors, based on the evaluation of the respective projects.

If there are exceptions, emphasis paragraphs, and/or any other significant observation or comment from the Statutory Auditor in their opinion on the Company's financial statements, these observations and the actions the Company proposes to resolve the situation will be addressed before the shareholders at the General Meeting by the President or their designee. Such statements must be previously considered and approved by the Audit Committee and also previously reported to the Board of Directors.

If, in the face of exceptions, emphasis paragraphs, or any other significant observation or comment from the Statutory Auditor in their opinion on the Company's financial statements, the Board of Directors considers it should maintain its position, its stance must be adequately explained and justified in a written report to the General Shareholders' Meeting, specifying the content and scope of the disagreement.

- Evaluate whether the SCI reasonably ensures the operation of information systems, their reliability, and integrity for decision-making, and propose to the Board the necessary measures to address detected vulnerabilities.
- Evaluate reports made by internal audit or equivalent body, the statutory auditor, and external auditors, verifying that their suggestions and recommendations have been implemented.

4.2.4. Information and Communication

- Prepare the report that the Board of Directors must present to the Shareholders' Meeting regarding the operation of the SCI during the previous period.
- Serve as a communication channel on internal control matters between Senior Management and the Board of Directors.
- Maintain ongoing communication with internal audit through the Committee Chair.
- Inform the Board of Directors when it becomes aware that the entity does not provide the information required by the competent authorities and control bodies.
- Request the reports it deems appropriate for the proper performance of its functions.

4.2.5. Monitoring and Supervision

- Continuously evaluate compliance with the rules and policies that make up the control environment and request from Senior Management the reports it deems necessary.
- Monitor compliance with the instructions given by the Board of Directors regarding the Internal Control System.
- Monitor compliance with the annual internal audit plan.
- Evaluate the efficiency of internal audit in terms of resources and results, reporting any inefficiencies detected to the Board of Directors.

- Review and evaluate changes in the Bank's environment and business model, whenever they may affect risk management or the achievement of strategic objectives.

4.3. Senior Management

4.3.1. Control Environment

- Submit to the Board of Directors for consideration the policies and procedures related to the internal control system.
- Submit to the Audit Committee for consideration the following documents and policies:
  - a. Structure, procedures, and methodologies of the SCI with lines of responsibility and accountability.
  - b. Code of ethics and conduct.
  - c. Policy for the generation and submission of SCI reports.
  - d. Information security policy.
  - e. Strategic technology plan.
- Establish an organizational control culture by disseminating ethical and conduct standards within the Bank and providing training on the Internal Control System.
- Cooperate as required with internal audit or equivalent body for the performance of its functions.

4.3.2. Risk Management

- Present to the Board of Directors the risks associated with strategic planning and the measures implemented for their mitigation.
- Identify and evaluate changes that impact the Bank's risk management and make the necessary adjustments to the SCI to respond to these changes.
- Monitor the implementation and compliance with risk management provisions, in accordance with the functions and responsibilities set out in SIAR, SARE, MGR, and SARLAFT and the regulations that modify or supplement them.

- Develop mechanisms to mitigate fraud risks.

4.3.3. Control Activities

- Monitor the implementation and compliance with the strategic plan.
- Ensure that those responsible for control functions have the suitability, independence, and adequate resources to carry out their duties.
- Monitor compliance with policies that define the control environment, to verify their validity and effectiveness over time.
- Document and monitor the implementation of action plans and corrective measures to resolve findings identified in self-assessments and internal and external evaluations.

4.3.4. Information and Communication

- Establish mechanisms to ensure effective communication with the different areas of the Bank to obtain, in a timely manner, the information necessary to fulfill its functions.
- Inform the Board of Directors, as well as support committees, about the operation and availability of Banco Av Villas' information and communication systems.
- Communicate the policies and decisions adopted by the Board of Directors to the Bank's employees.
- Provide the information required by control bodies and competent authorities.
- Monitor the operation of controls and take necessary measures to correct any deficiencies that arise.

4.3.5. Monitoring and Supervision

- Verify compliance with accountability obligations defined within the Bank and ensure that compliance is documented.
- Keep the senior management's job manuals and the code of ethics up to date.
- Verify compliance with the risk appetite framework.

- Timely define action plans to address findings from evaluations of the different SCI components.
- Monitor changes in the Bank's environment and business model, assessing their impact on risk management and the achievement of strategic objectives.

4.4. Internal Audit or Equivalent Body

4.4.1. Control Environment

- Prepare and submit to the Audit Committee for consideration the following documents:
    - a. Internal audit statute.
    - b. Annual internal audit plan.
    - c. Policy for assurance and improvement of internal audit quality.
- Establish procedures for the exercise of internal audit activity.
- Determine the resources necessary for the proper performance of its functions and request them from the Board of Directors.

4.4.2. Risk Management

- Internal audit is responsible for submitting to the Audit Committee for approval proposals for the hiring of specialized external audits.

4.4.3. Control Activities

- Establish control activities within the internal audit area that contribute to ensuring the fulfillment of its functions.
- Provide opinions on the effectiveness of controls and propose solutions to address identified improvement opportunities, as provided in the annual audit plan.
- Present to the Audit Committee the findings identified in internal evaluations according to their criticality.
- Inform the Audit Committee of decisions made by the internal audit area that are considered relevant.

- Review the controls adopted by Senior Management to ensure compliance with applicable regulations, codes, and internal policies, as provided in the annual audit plan.
- Monitor compliance with and implementation of the Audit Committee's recommendations.

4.4.4. Information and Communication

- Evaluate compliance with the information and communication policy, as provided in the annual audit plan.
- Present to the Audit Committee reports on its management, identified findings, recommendations to address such findings, and compliance with the audit plan.
- Present to the Board of Directors an annual report on its management and its assessment of the effectiveness of the SCI.

4.5.5. Monitoring and Supervision Internal audit or its equivalent body is responsible for the following functions:

- Evaluate the effectiveness of the SCI in the Bank's areas and processes.
- Evaluate compliance with the recommendations of the Board of Directors, support committees, and the Statutory Auditor, to verify whether they were implemented under the direction of Senior Management.
- Evaluate the operation of the controls established by the Bank, as provided in the internal audit plan.
- Verify that the decisions adopted by the governing bodies comply with regulatory provisions and applicable internal guidelines.
- Make recommendations to improve the corporate governance process.
- Provide opinions in investigations conducted within the Entity when requested on matters relating to possible conflicts of interest.

4.6. Risk Management at Banco Av Villas

Banco AV Villas preserves the effectiveness, efficiency, and efficacy of its management and operational capacity, as well as safeguards the resources it manages, for which it has a risk management system that allows minimizing the costs and damages caused by these, based on the analysis of the strategic context, as well as the determination of methods for the treatment and monitoring of its risks.

Banco AV Villas follows the special instructions regarding risk management established by the control body, adjusting to the specific deadlines and conditions defined for each of them. The general guidelines of the risk management system – SAR (Manual code RSG-SARCA-001) are published in the DocManager application. This manual includes: the risk management structure, its objective, responsibilities, principles, the risk appetite framework, organizational structure, among others.

Banco AV Villas has management units responsible for the administration of the main types of risks: Vice Presidency of Analytics and Risks, Compliance Unit, Operational Risk Unit, Treasury Back Office Management, Treasury Management – Front Office, Market and Liquidity Risk Management – Middle Office, as well as other related areas, which define procedures, manage the registration of events, prepare periodic reports, develop manuals (with risk management policies, management structure, responsibilities, and procedures, among others), advise other organizational units, and provide training on the subject, which are published in DocManager/Internal Control System Manuals/Risk Management Manuals.

5. Internal Control in Accounting Management

The financial and accounting information of Banco AV Villas is a fundamental tool for management to make timely decisions with sufficient judgment. Therefore, Banco AV Villas ensures that all financial statements, management reports, and other reports it provides are reliable. In this context, reliable means the preparation of financial statements and other reports that reasonably present the entity's financial situation and results, and that fully comply with applicable standards, principles, and regulations. The design and implementation of this system is the responsibility of management, as well as the correct preparation and presentation of the financial statements and their corresponding notes.

The internal control system of Banco AV Villas includes accounting policies and procedures. The accounting policy establishes what must be done and the procedures how to carry it out. Additionally, controls are established over accounting information systems that ensure the accuracy and validity of the information. The organization, as part of Grupo Aval, which is listed on the Securities Exchange Commission (SEC), applies the regulation of the

Sarbanes-Oxley Act (SOX). The approved accounting policies and procedures are published in the DocManager tool.

6. Internal Control Standards for Technology Management

Banco AV Villas ensures that the design of the Internal Control System for technology management meets the organization's policies, needs, and expectations, as well as regulatory requirements on the matter. Otherwise, the system is subject to continuous evaluation and improvement to contribute to achieving organizational objectives and providing services under the established conditions.

Banco AV Villas establishes, develops, documents, and communicates technology policies and defines the resources, processes, procedures, methodologies, and controls necessary to ensure compliance. The approved policies and procedures for technology management are published in the DocManager tool.