

4 Business Performance

This chapter covers the five main dimensions of management within the organization, beginning with corporate management, followed by economic performance and risk management. Likewise, a second section details the Bank's social and environmental management related to its operations and its relationship with stakeholders.



4.1. Corporate Management

4.1.1. Corporate Governance

Corporate Governance Report

Period: January–December 2024

Banco Popular recognizes the importance of corporate governance as a fundamental tool for sustainable development and the creation of added value for its shareholders and other stakeholders.

The purpose of this report is to provide investors and the market in general with information on the development of the Bank's corporate governance during the year 2024. This is in accordance with the provisions established in Decree 2555 of 2010, External Circulars 012 of 2022 and 031 of 2021 (issued by the Financial Superintendence of Colombia), as well as the recommendations of the Code of Best Corporate Practices – Código País, contained in External Circular 028 of 2014, also issued by the Financial Superintendence of Colombia (hereinafter SFC).

This report is jointly presented by the Board of Directors and the Bank's President.

I. Ownership Structure

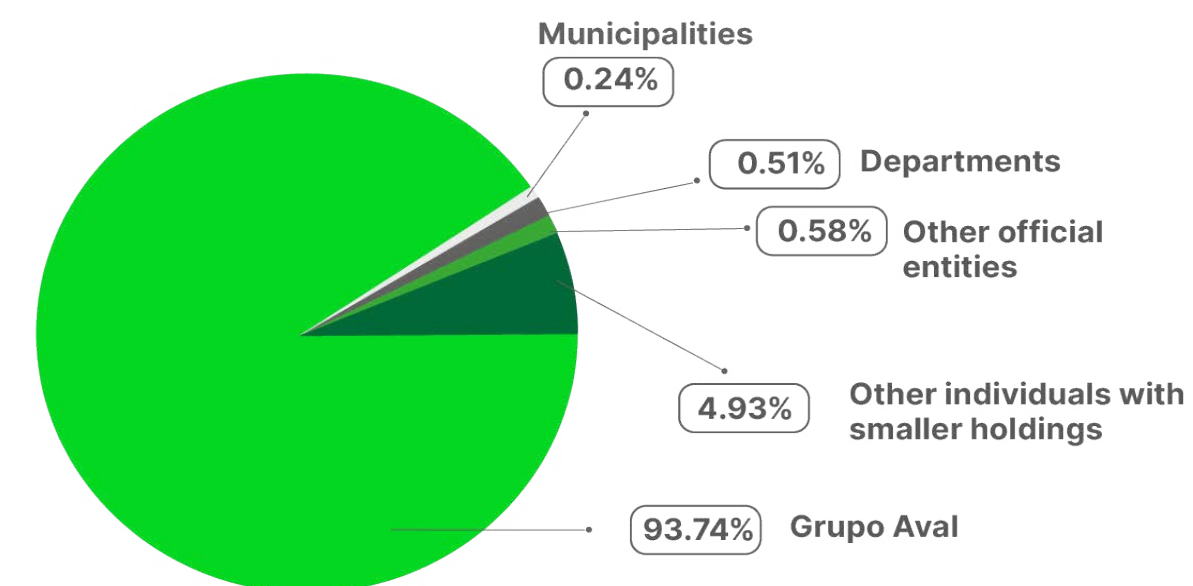
[Recommendation 33.3] [CE21]

As of December 31, 2024, the Bank's capital is represented by a total of 7,725,326,503 common shares in circulation, with a par value of \$10 each. The breakdown of shareholding is illustrated in the chart included below.

The common shares grant their holders, among other rights, the ability to participate in the deliberations of the General Shareholders' Meeting, to vote therein, and to receive a share of the declared profits proportional to their equity participation.

As of the aforementioned date, the shareholder Grupo Aval Acciones y Valores S.A. holds a significant 93.74% stake in the Bank's capital, being the Bank's parent company and the financial holding company of the Aval Financial Conglomerate.

Graph. Shareholding Structure – Banco Popular



The shareholders Grupo Aval Acciones y Valores S.A., Seguros de Vida Alfa S.A., Seguros Alfa S.A., and Inverprogreso S.A. are entities that form part of the Aval Financial Conglomerate, holding a combined equity stake of 94.5% in the Bank's share capital. Likewise, the ultimate beneficial owner is Dr. Luis Carlos Sarmiento Angulo, who is also the natural person at the head of the business group to which the Bank belongs.

As of December 31, 2024, the Bank's authorized share capital amounts to one hundred billion Colombian pesos (COP \$100,000,000,000), represented by ten billion (10,000,000,000) common shares with a par value of ten Colombian pesos (COP \$10) each.

The Bank's subscribed and paid-in capital amounts to seventy-seven billion two hundred fifty-three million two hundred sixty-five thousand thirty Colombian pesos (COP \$77,253,265,030), divided into seven billion seven hundred twenty-five million three hundred twenty-six thousand five hundred three (7,725,326,503) shares.

The shares of Banco Popular S.A. are common, registered, and freely transferable. They are listed in the National Registry of Securities and Issuers (RNVE) pursuant to Resolution 1422 of November 11, 1993, issued by the Financial Superintendence of Colombia (SFC), and are also listed on the Colombian Stock Exchange (Bolsa de Valores de Colombia - BVC) since November 11, 1993.

The members of the Board of Directors do not hold shares in Banco Popular, either directly or indirectly, and no share transactions involving members of the Board of Directors, Senior Management, or other Bank administrators took place during 2024.

In 2024, no shareholder agreements were entered into, nor were any treasury shares held by the Bank.

Dematerialization of Shares

In September 2024, the dematerialization of the common shares issued by the Bank that were still in physical circulation was finalized. As of September 23, 2024, the Bank's common shares began circulating in dematerialized form through the registration and book-entry system managed by the Central Securities Depository Deceval S.A. ("Deceval"). Consequently, the physical certificates lost their validity.

Shareholder Services

Through the Bank's corporate website, under the "Shareholder and Investor Relations" tab, the contact information for the Corporate Governance Office is available. This office serves as the point of contact for shareholders and investors to address their concerns¹.

During the year 2024, 62% of shareholder requests were related to shareholding and tax status certificates, 19% to dividend calculation and payment, 5% to share transfers, and the remaining percentage to other matters. All requests were duly addressed.

¹CE36 Participation of Shareholders and Investors

²GRI 2-10 Policy on the Appointment and Remuneration of the Bank Popular's Highest Governance Body

³The members of the Board of Directors do not hold the status of Politically Exposed Persons (PEPs) and are not considered employees or executives of the Bank.

II. Management Structure

[CE26] [CE27] [GRI 2-10] [Recommendation 33.3]

Board of Directors

The Board of Directors is composed of nine directors appointed by the General Shareholders' Meeting. It is the Bank's highest governing body, whose main function is to establish the general policies of the Bank, as well as to approve and periodically monitor the strategic and business plan, management objectives, and to ensure that the President, Senior Management, and other Bank employees comply with and adhere to the aforementioned policies. The Board is also responsible for carrying out the functions established by current regulations, as well as those set forth in the Bank's [Bylaws](#) and the [Internal Regulations of the Board of Directors](#).

Appointment and Compensation

[GRI 2-19] [GRI 2-20] [CE26]

In accordance with legal and statutory provisions, the General Shareholders' Meeting has adopted guidelines through the [Bank's Policy on the Appointment and Compensation of the Board of Directors](#). This policy sets the criteria applicable to the composition of the Bank's Board of Directors, including the suitability, professional profile, and experience required for each director², as well as the procedures for presenting and evaluating proposals and candidates, and the rules for determining the remuneration of this governing body.

At the meeting held on March 21, 2024, the General Shareholders' Meeting appointed the current Board of Directors, based on a slate of candidates submitted by the majority shareholder, Grupo Aval. The meeting also approved the fees to be paid for attendance at Board of Directors meetings and its Support Committees, which can be consulted under the tab titled "Shareholder and Investor Relations" in the [Assemblies](#) section.

The SFC (Financial Superintendence of Colombia) authorized the appointment of the designated directors; the supporting documents, including resúmenes, are kept on file by the Bank's Vice Presidency of Corporate Affairs and Sustainability and the General Secretariat.

The fees for the members of the Board of Directors were paid in accordance with the resolutions of the General Shareholders' Meeting. The maximum amount of fees is determined by the number of Board of Directors and Support Committee meetings attended by each director, multiplied by the fee amount approved per session. This constitutes the maximum cost of the Board of Directors and is the sole compensation component approved for that body. Therefore, no compensation systems involving stock options or variable remuneration are considered.

Composition of the Board of Directors³

[GRI 2-9] [CE27] [DJSI 1.2.4] [DJSI 1.2.5] [DJSI 1.2.7] [DJSI 1.2.8]

The Bank's Board of Directors is composed of individuals with relevant knowledge and experience in the financial sector, as well as the suitability, professionalism, skills, and competencies necessary to perform their duties and assume the responsibilities of their positions. This aligns with a robust and sustainable corporate governance structure that continues to strengthen over time.

Likewise, the profiles of the Board members are aligned with the Bank's corporate strategy. Below is the composition of the Bank's Board of Directors:

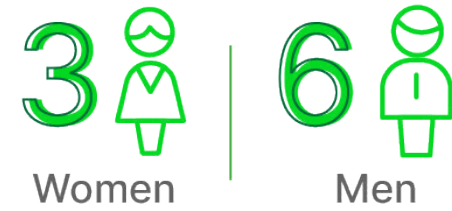


The profiles of the members of the Board of Directors can be consulted at the following [link](#).

Skills / Knowledge

It is worth highlighting that in 2024, the international organization "The 30% Club", present in Colombia since 2019, whose purpose, among others, is to increase the participation of women on Boards of Directors, granted recognition to Banco Popular for having 33,3% female representation on its Board, thus contributing to progress in gender equity

Gender

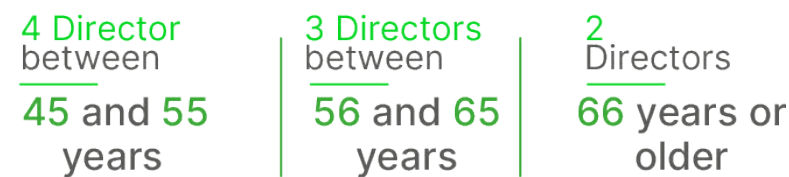


The Board of Directors possesses diverse specialized knowledge, experience, and managerial, administrative, and leadership competencies in both the financial sector and the public and private sectors. These capabilities enable a comprehensive and interdisciplinary contribution to the role of the Board of Directors and to the Bank's overall strategy.



Generational

The ages of the Board members fall within the following ranges:



Diversity CRITERIA



Seniority:

55.5%

of the Directors have served for more than 1 year.



Independence

77.7%

of the Directors are independent.

The independence criteria adopted by the Bank for appointing members of the Board of Directors and the Audit and Compliance Committee are those established in the [Internal Operating Regulations of the Board⁴](#).

Participation of Directors on Boards of Subsidiaries

Dr. Javier Díaz Molina serves as a director on the Board of Directors of Alpopular, a subsidiary of the Bank.

Meeting Development
[CE30, CE31] [Recommendation 19.4]

During 2024, the Board of Directors met regularly in accordance with the schedule and work plan approved by the body⁵, as well as in extraordinary sessions when urgent and/or significant matters needed to be addressed. A total of 32 meetings were held, most of them in person—28 regular and 4 extraordinary.

The structure and frequency of these meetings have enabled the Board to guide the Bank’s direction and ensure appropriate oversight. Additionally, the Board of Directors carried out its duties based on the compliance program established for this governing body and was supported by its advisory committees. These committees report on compliance with Board directives and propose modifications to policies and rules issued by the Board in response to regulatory or market demands.

Below is the attendance percentage for each director at the Board meetings held between April and December 2024:

Mauricio Hernando Amador Andrade	100%
Javier Díaz Molina	100%
Luz Piedad Rugeles Ardila	100%
Diego Fernando Solano Saravia	95%
María Ximena Lombana Villalba	90%
Juan Pablo Zárate Perdomo	100%
Luis Ernesto Mejía Castro	90%
Ernesto José Gutiérrez de Piñeres Luna	100%
Natalia Ramirez Carrizosa	95%

⁴[CE29] [Recommendation 16.1; 16.5]

⁵Recommendation 19.1.

⁶CE27 Regulations of the highest governing body of Banco Popular.

⁷GRI 2-18Performance evaluation of the highest governing body of Banco Popular; CE31

The rules regarding the deliberative and decision-making quorum for holding Board of Directors meetings are defined in the **Bylaws** and the Internal **Regulations**⁶. In 2024, quorum was met in all meetings of this governing body.

Likewise, the Board of Directors carried out its annual self-assessment⁷ of its 2024 performance by completing the designated evaluation form, under the coordination of the Corporate Governance and Sustainability Committee and the Chair of the Board. Once the results were obtained, opportunities for improvement were identified regarding the fulfillment of the Board’s duties, and action plans were established to be implemented during 2025.

Main Reports and Approvals
[Recommendation 33.3] [GRI 2-12] [CE26]

The Bank’s Board of Directors, committed to meeting the institution’s strategic objectives, actively participated in the deliberation of the topics presented, with emphasis on the review, approval, and monitoring of the Bank’s Strategic and Business Plan for the 2024–2026 period. The development of this plan was supported by the consulting firm Boston Consulting Group (BCG), and it is framed within a focused business model, a robust balance sheet, and an efficient operating model. One of the main commercial focuses of this plan is related to the “silver economy,” aiming to address the diverse needs of the 50+ segment.

The Board of Directors actively participated in the review and approval of strategic plans related to key matters such as customer-centered service, the products and services offered by the Bank to its target segments, profitability models, monitoring and definition of the transformation plan, and the strengthening of internal control and management of assets and liabilities, operations

and technology, organizational structure, and human talent management. Additionally, matters related to identified key risks, financial figures, projections, and performance indicators were addressed. Reports were also presented to the Board of Directors regarding the proper functioning of financial, non-financial, and operational risk management systems. Periodic reports from subsidiaries on their management were included, along with presentations on regulatory projects and regulations issued by the Financial Superintendence of Colombia (SFC).

In addition to presentations for the approval of operations, acts, and contracts, in accordance with the powers granted to the Board of Directors, the Board reviewed and approved, adjusted, or updated various manuals, policies, codes, and regulations to ensure compliance with current regulations and contribute to the Bank’s sustainable development. The most relevant updates are highlighted below:

- Following the issuance of External Circular 008 of 2023 by the SFC—which fully replaced Chapter IV, Title I, Part I of the Basic Legal Circular, relating to Internal Control System instructions for supervised entities—the Board of Directors approved and/or amended the following documents: the Corporate Governance Code, Code of Ethics and Conduct, Internal Operating Regulations of the Board of Directors and the Audit Committee, the Ethics and Conduct Committee Regulations, Human Talent Policies, Information and Communication Policy, Internal Control System Evaluation and Reporting Policy, and the Strategic Technology Plan.
- The Directors reviewed and approved the Corporate Pension and Retirement Policy for Grupo Aval employees and its subsidiaries, applicable to the Bank, with the aim of establishing an appropriate retirement plan that allows employees to enjoy their retirement and pension stage upon the conclusion of their working life.

- The Board of Directors reviewed and approved adjustments to the Credit Risk Management System (SARC) policies and manuals, including the policy for granting payroll loans (libranzas) to the Bank's employees.
- The Board approved the updates proposed by management regarding the Risk Appetite Framework (RAF), the Risk Appetite Statement (RAS), the Integrated Risk Management System (SIAR *per its acronym in Spanish*) Policy, the Subsidiaries Committee Regulations, the Operational Risk Management Policy, the Market Risk Management (MRM) Policy, and the Liquidity Risk Management (LRM) Policy.
- It approved the Unified Regulations of the Financial Risk Committee, the Conduct Risk Policy, Banking Book Interest Rate Risk Policy, Instruments and Hedging Policies, and related annexes
- It approved the Bank's adherence to External Circular 017 of 2023 issued by the SFC, and also reviewed and approved the countercyclical provision depletion and reconstitution plans presented by Management.
- It approved the Bank's adherence to the benefit established in External Circular 014 of 2024 issued by the SFC, regarding the non-establishment of countercyclical provisions for new disbursements.
- It approved the update of the Financial Consumer Assistance System (SAC *per its acronym in Spanish*) Manual, aiming to align it with the "External Supervision Guide for Conduct Risk" issued by the SFC, as well as with the Policy adopted by the Bank.
- Through the approval of various documents, the Board of Directors contributed to the Bank's achievement of obtaining ISO 37000 and ISO 37301 certifications, as well as Colombian Technical Standard 6671 in criminal and ethical compliance—making it the first financial institution in Latin America to obtain them.

- During the evaluation period, the Board of Directors received, analyzed, and made considerations regarding the reports and evaluations conducted by the Statutory Auditor and the Bank's Internal Audit Office. Additionally, management presented the corresponding action plans, which the Board monitored to ensure compliance.
- The Board of Directors also performed the appropriate follow-up on the reports submitted by the risk rating agencies.

To encourage participation and discussion on various matters by the Directors, relevant materials were sent to them in advance of the respective meetings, allowing them to review and study the matters submitted for their consideration, participate in discussions, and make informed decisions.

To this end, a SharePoint site was implemented this year for the delivery of information to the Board of Directors, enabling more efficient and timely access to updated information, including the Bank's strategic and risk indicator dashboards.

The information provided to the Board of Directors was handled with the responsibility and confidentiality such matters require.

Advisory and Training [Recommendation 33.3] [GRI 2-17]

During 2024, the Directors received both internal and external advisory support with the aim of updating and strengthening their knowledge and skills in areas relevant to the Bank.



Among the main training sessions were the following: (i) considering the changes in the members of the Board of Directors, an induction was conducted covering the Bank's strategic roadmap, financial matters, credit management, commercial management, human talent, risk management, and corporate governance, led by the Bank's Management; (ii) training on Interest Rate Risk in the Banking Book (IRRBB), led by the Risk team from PricewaterhouseCoopers (PwC); (iii) training in ABAC and SARLAFT, delivered by Dr. Alberto Lozano Vila, President of Infolaft; (iv) SOX training, led by PricewaterhouseCoopers (PwC) Colombia; and (v) training on Large Exposures, conducted by the Bank's Vice President of Risk.

It is also important to highlight the participation of five Directors in the ESG (Environmental, Social, and Governance) Certification Program for Board Members, carried out with the Colombian Institute of Corporate Governance through Asobancaria, in partnership with the International Finance Corporation (IFC) and the Swiss Cooperation Agency. To date, six members of the Board are certified in ESG matters, which strengthens the Board of Directors' strategic vision on the Bank's sustainability topics.

Likewise, periodic presentations to the Board of Directors by the National Association of Financial Institutions (ANIF) are highlighted, focused on economic analyses and specific sectors at both the national and international levels.

Chairman of the Board of Directors

Dr. Luis Ernesto Mejía Castro serves as Chairman of the Board of Directors. During 2024, he promoted the timely and sufficient delivery of information to Board members ahead of each meeting. He was also responsible for the coordination, planning, and direction of the meeting agendas, leading the discussions, conducting Q&A

⁹GRI 2-11 President of the Bank's highest governing body.
⁹The Directors were appointed at the Board of Directors meeting held on April 29, 2024.

sessions, and submitting matters to the Board in accordance with the defined agendas.

Likewise, he led the Board's annual self-assessment process with the support of the Corporate Governance and Sustainability Committee, and carried out the review and signing of the respective minutes with the assistance of the Vice President of Corporate Affairs and Sustainability and the Secretary General.

The Chairman of the Board does not hold an Executive Officer role within the Bank, and his responsibilities are defined in the [Board of Directors' Internal Regulations](#)⁹.

Secretary of the Board of Directors

The Bank's Vice President of Corporate Affairs and Sustainability and Secretary General serves as Secretary of the Board of Directors and its Support Committees. As part of his duties, he was responsible for convening the members in accordance with the established meeting schedule for these bodies. He also coordinated the preparation of meeting agendas based on the annual work plan and the Bank's needs, led the process of drafting, reviewing, and signing the minutes, and issued the corresponding certifications and extracts.

Support Committees of the Board of Directors [GRI 2-9] [CE27] [CE30]

The Bank's Board of Directors is supported by the following committees:

Audit Committee

The Audit Committee is composed of three members of the Board of Directors, the majority of whom are independent. The objective of this committee is to assist the Board of Directors in

evaluating The Internal Control System, as well as its continuous improvement, are key responsibilities of the Audit Committee to ensure the Board of Directors fulfills its duties appropriately. The Directors who make up the Committee possess the knowledge and experience relevant to its functions.

Throughout 2024, the Audit Committee carried out its responsibilities with commitment and diligence. The functions and responsibilities assigned to it are described in more detail in the Board of Directors' Report on the activities undertaken by the Audit Committee in 2024.

Luz Piedad Rugeles Ardila
Committee Chair

Diego Solano Saravia

Natalia Ramírez Carrizosa

Board Meetings 9

Attendance Rate of Current Board Members⁹ 100%

Functions They are established in the **Rules of Procedure** and the applicable regulations.

Corporate Governance and Sustainability Committee

[Recommendation 18.7] [GRI 2-13]

The Corporate Governance and Sustainability Committee of the Bank is composed of three members of the Board of Directors, the majority of whom are independent. The main objective of this committee is to assist the Board of Directors in its functions of approving and overseeing policies, guidelines, and/or procedures related to Corporate Governance and Sustainability.

During 2024, the Committee carried out, among others, the following activities:

- Defined and monitored the process to optimize the matters presented to the Board of Directors, with the purpose of creating efficiencies in the development of meetings, agenda setting, information presented, and delegation of certain functions to supporting Committees and/or Management, thereby allowing the Board to devote more time to strategic matters.
- Reviewed and analyzed the 2023 Corporate Governance Report and the 2023 Sustainable Management Report, both presented to the General Shareholders' Meeting in 2024.
- Reviewed and analyzed the implementation of the recommendations contained in the Code of Best Corporate Practices – Código País.
- Monitoring the implementation of the sustainability strategy defined by the Bank's Board of Directors, including the social, environmental, and governance aspects.
- Oversight of the training program established for the Board of Directors during 2024.
- Monitoring corporate governance matters, confirming, based on the information provided by Management, that no claims were filed by shareholders or investors related to Corporate Governance policies during 2024; likewise, no transactions were conducted by Bank Popular administrators involving shares of the company or its subsidiaries.
- Supervision of compliance with the duty to disclose relevant information in a timely manner, as well as updates to the Comprehensive Information System for the Securities Market.
- Follow-up on the status of appointment proceedings within the Bank.
- Review of the schedule and work plan proposed by Senior Management for meetings of the Board of Directors and Support Committees for the year 2025.
- Submitted to the Board of Directors proposed amendments to the Internal Regulations of the Corporate Governance and Sustainability Committee of Banco Popular, aiming to incorporate sustainability matters into the Committee's definition and functions.

The Directors who are part of the Committee possess experience and knowledge in corporate governance matters. The composition is as follows:

María Ximena Lombana Villalba
Chair of the Committee

Luis Ernesto Mejía Castro

Javier Díaz Molina



Board Meetings

3



Attendance Rate of Current Board Members¹⁰

100%



Functions

They are established in the **Rules of Procedure** and the applicable regulations.

Risk Committee

The Risk Committee is composed of three independent members of the Board of Directors. The purpose of this Committee is to assist the Bank's Board of Directors in fulfilling its oversight responsibilities regarding risk management, including the identification, measurement, control, and consolidated monitoring of the risks to which both the Bank and its subsidiaries are exposed. This is done within a holistic framework that promotes an institutional culture focused on prevention.

During 2024, the Risk Committee carried out, among others, the following activities:

- Review of reports presented by the Bank's management regarding the proper functioning of comprehensive risk management, both individually and on a consolidated basis.
- Ongoing monitoring of the credit risk management system and provisions.
- Analysis of Risk Appetite Statement (RAS) indicators for the Bank and its subsidiaries: Fiduciaria Popular, Alpopular, and Corficolombiana.
- Evaluation of cybersecurity, information security, and business continuity strategies.
- Oversight of regulatory projects related to risk management.
- Review of updates to policies, manuals, and regulations for approval by the Board of Directors in matters of risk management.

- Analysis of the 2024 Stress Testing Framework (EPR) Results, including the regulatory context, economic variables, financial results, related indicators, and the adverse scenario with climate risk.

The Directors who make up the Committee have experience and knowledge in risk management and control.

Mauricio Hernando Amador Andrade
Chairman of the Committee

Juan Pablo Zárate Perdomo

Ernesto José Gutierrez de Piñeres Luna



Board Meetings

13



Attendance Rate of Current Board Members¹¹

100%



Functions

They are established in the **Rules of Procedure¹²** and in the current regulations.

¹⁰The Directors were appointed at the Board of Directors meeting held on April 29, 2024.

¹¹Attendance rate by category for current Directors

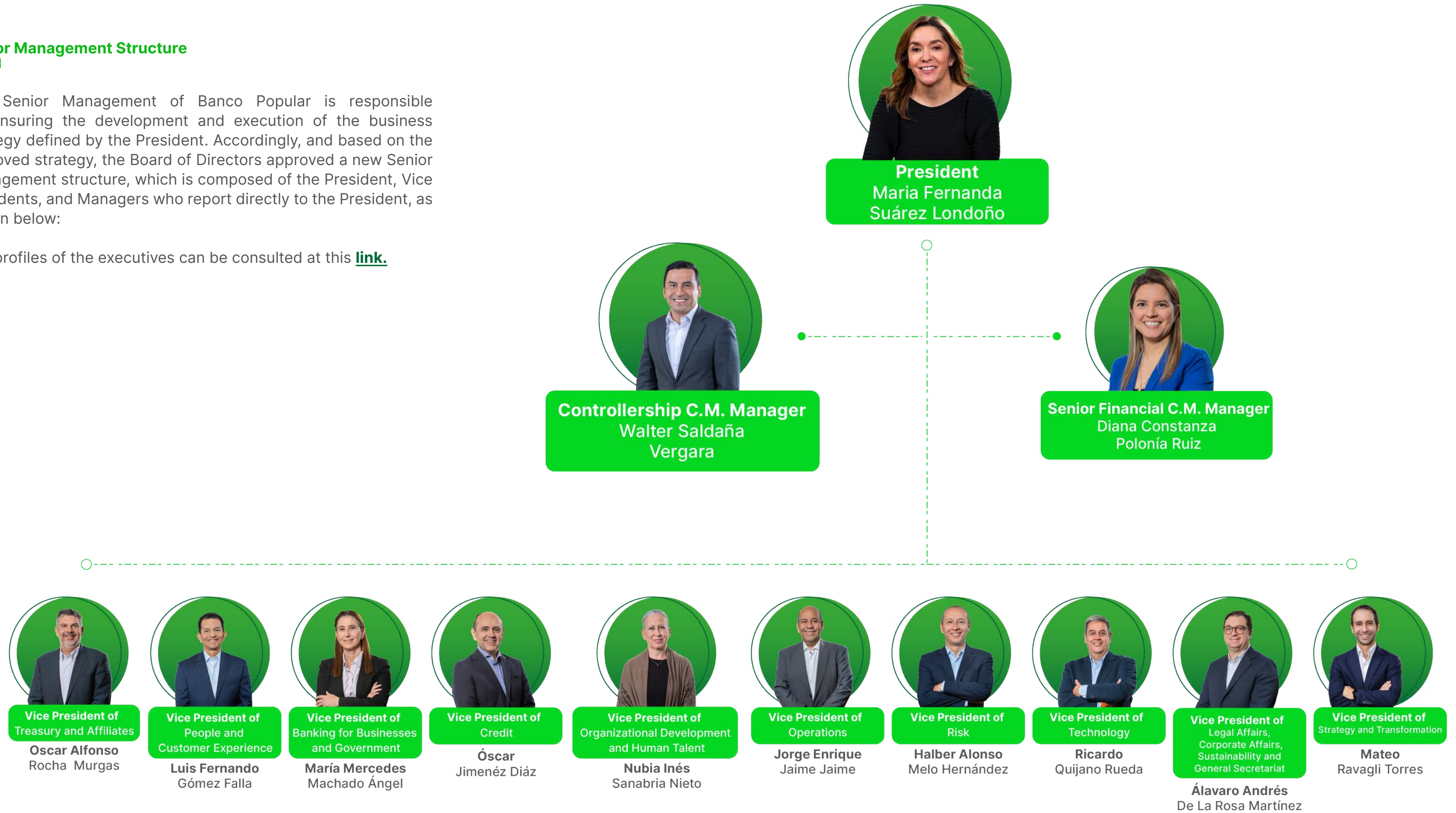
¹²Recommendation 18.25

Senior Management Structure

[CE 28]

The Senior Management of Banco Popular is responsible for ensuring the development and execution of the business strategy defined by the President. Accordingly, and based on the approved strategy, the Board of Directors approved a new Senior Management structure, which is composed of the President, Vice Presidents, and Managers who report directly to the President, as shown below:

The profiles of the executives can be consulted at this [link](#).



The President of the Bank, the Vice Presidents, and the General Secretary hold the status of legal representatives of the institution. Likewise, Dr. Diana Constanza Polanía Ruiz, Financial Manager, is the legal representative for matters related to financial statements.

Material Changes in the Bank's Senior Management

During 2024, as a result of the Bank's new Senior Management structure, the Board of Directors appointed Dr. Andrés De la Rosa Martínez as Vice President of Corporate Affairs and Sustainability and General Secretary; Mateo Ravagli Torres as Vice President of Strategy and Transformation; Oscar Rocha Murgas as Vice President of Treasury and Subsidiaries; and María Mercedes Machado Ángel as Vice President of Corporate and Government Banking.

Subsequent to the reporting period of this document, the Board of Directors accepted the resignation of Dr. Gabriel José Nieto Moyano, who served as Vice President of Credit and legal representative of the Bank, and appointed Dr. Oscar Jiménez Díaz to this position, which he assumed as of February 2025.

Details of the aforementioned material changes were duly disclosed to the market through the Bank's corporate website and the Financial Superintendence of Colombia (SFC), as well as in the quarterly reports published.



Executive Presidential Committee

This committee is the body that supports the President of the Bank in managing the institution. It enables the monitoring of various initiatives, goals, and objectives that support the fulfillment of strategic plans. Additionally, it has certain documented specific powers related to potential conflict of interest situations within the Aval Financial Conglomerate, as well as matters involving settlement agreements not related to obligations and operational risk events.

It is composed of the President, Vice Presidents, and Managers who report directly to the President. The Presidents and/or representatives of the subsidiaries participate in some meetings, during which they present periodic reports on relevant matters concerning their respective companies.



Appointment and Remuneration of Senior Management Members
 [Recommendation 24.3] [CE26]

For the appointment of Senior Management, the Bank considers, among other aspects, the education, experience, professional background, and personal qualities required for the position. In this regard, the Bank has a Strategic Human Talent Management Model, which includes a succession management process. This process identifies potential successors for key positions within the organization, assessing whether they meet the required competencies, skills, experience, and readiness level for the role.

This information is reported to the Board of Directors and the President of the Bank, who are the entities responsible for appointing members of Senior Management, as follows:

Board of Directors

- President
- Vice Presidents
- General Secretary
- Accounting Manager
- Legal Representatives

President

- Managers who report directly to the president.

The human talent compensation policy is aligned with the Corporate Bylaws, which establish that it is the responsibility of the Board of Directors to set the compensation for the President of the Bank, as well as for the Vice Presidents and the Comptroller General. The Board may delegate the authority to determine the compensation of the latter positions to the President of the Bank. Likewise, the Bank has determined that Senior Management’s compensation shall consist of a fixed amount that includes the corresponding remuneration components for each position, in line with best compensation practices in the labor market. This approach allows the Bank to remain competitive and ensure the retention of highly qualified personnel with the ability to lead others and drive the achievement of both corporate and professional goals.

Salary increases for Senior Management Executives are granted following a performance evaluation and must be approved by the Bank’s Board of Directors, based on internal policies established by the Administration and corporate guidelines.

Senior Management Performance Oversight
 [Recommendation 24.5] [CE31]

The performance evaluation process for Senior Management executives is carried out in accordance with corporate guidelines. It begins with the definition of performance indicators for each member of Senior Management, establishing minimum and maximum achievement targets based on the Bank’s strategy.

The evaluation is conducted periodically throughout the year through a process established by the Bank known as “positive encounters”, which are held between the President and each of their direct executives.

The objective of these encounters is to review and follow up on the Bank’s results, which in turn serve as input for each executive’s performance indicators and have an impact on their outcomes.

These meetings also provide an opportunity to recognize and give feedback on the competencies, skills, and abilities of each leader to support their development.

The Strategic Planning Management Office is responsible for maintaining control over the performance indicators, while the Manager of the Center of Excellence for Human Talent maintains the information related to each leader’s competencies.

At the Bank, the evaluation of Senior Management positions is carried out according to a corporately defined methodology, which includes the definition and assessment of cross-functional and functional objectives aligned with the business strategy, and with specific achievement targets set for each goal.

III. Transactions with Related Parties
 [CE33]

The summary of the record of transactions is attached to the financial statements, in the note entitled “Related Parties”, and the relevant contracts are also reflected in the report submitted by the Bussiness Group.

IV. Risk Management System

Internal Control System
 [Recommendation 33.3] [CE35]

The Bank’s Internal Control System (ICS) is composed of a set of policies, principles, rules, procedures, and verification and evaluation mechanisms established by the Board of Directors, Senior Management, and other Bank employees, with the purpose of providing a reasonable degree of assurance in achieving its strategic objectives, in accordance with the applicable regulations and best practices.



The Bank has an Internal Control System (ICS) that is aligned with its risk profile, strategic and business plan, the nature, size, and complexity of its activities, as well as the economic environment and the markets in which it operates. To achieve its objectives, the Bank establishes self-control, self-regulation, and self-management as the guiding principles of its ICS.

The ICS identifies components related to the control environment, risk management, control activities, information, monitoring, and follow-up, taking into account the elements and governance and control architecture that enable its proper functioning and continuous improvement. This system is based on COSO and is implemented through the Bank's three lines of defense, which form part of its Internal Control model.

The entire Bank participates in the Internal Control System; to ensure its oversight and monitoring, the Board of Directors, its supporting committees, and Senior Management are responsible for evaluating its performance, as well as the fulfillment of strategic objectives and the definition of organizational culture. For this purpose, specific controls and processes have been implemented to foster its continuous strengthening.

The Bank has a Comprehensive Risk Management System (SIAR, for its acronym in Spanish), in compliance with the provisions established in Chapter XXXI of the Basic Accounting and Financial Circular issued by the Financial Superintendence of Colombia (SFC). This system includes, among other elements, methodologies for the proper identification, measurement, control, and monitoring of risks, such as the Risk Appetite Framework (RAF), Risk Policies, Risk Governance, and all related documentation (including systems and infrastructure) that support the SIAR.

In addition, the Bank manages various types of risks, including: Credit Risk, Operational Risk, Money Laundering and Terrorist Financing Risk (ML/TF), Cybersecurity Risk, Information Security Risk, Market Risk, Liquidity Risk, Interest Rate Risk in the Banking Book, Country Risk, and Conduct Risk. The Bank also manages Fraud and Bribery Risk (ABAC), Transactional Fraud, SOX compliance, Business Continuity, Social and Environmental Risks, as well as Relevant and Emerging Risks. Furthermore, the Bank operates a Financial Consumer Assistance System (SAC per its acronym in Spanish).

Accordingly, the Bank makes its best efforts to mitigate the potential materialization of the risks described above, as well as any others that may arise in the course of its operations or those of its subsidiaries, through ongoing risk monitoring and control, as well as by addressing changes in the economic environment.

After considering the activities carried out during the year ended December 31, 2024, it is established that the Bank complies with the current regulations on the matter and continues working to strengthen both its Risk Management Systems and the Financial Consumer Assistance System. Likewise, the Board of Directors approved the relevant risks that Management must monitor on an ongoing basis.

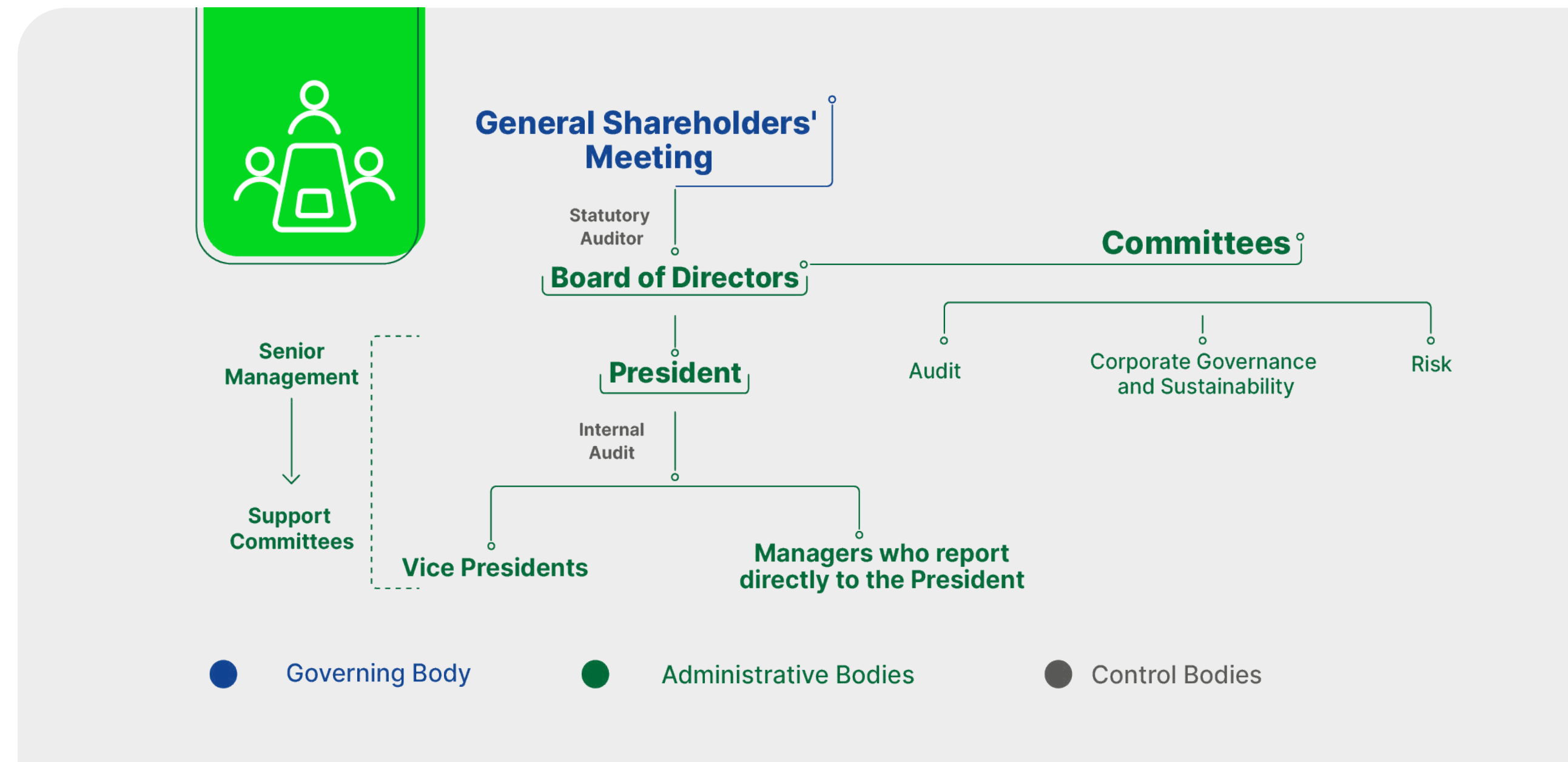
Additionally, considering the Bank's financial results over recent years, as well as the country's macroeconomic conditions during 2024, the Bank has been closely monitoring the impact on the net interest margin, given the high cost of funding, and has taken actions aimed at restoring profitability.

No risk events material to the entity occurred during this period. For the risks that were identified, the necessary action plans were implemented to mitigate them. Further details can be found in the "Risk Management System" section, which is part of this Management and Sustainability Report.

The Audit Committee supported the supervision and evaluation of accounting procedures, the relationship with the Statutory Auditor, and, in general, the review of the Bank's Governance and Control Architecture. The main activities carried out during 2024 are detailed in the section of the Board of Directors' Report on the activities conducted by the Audit Committee in 2024.

V. Governance and Control Architecture

Banco Popular, in the development of its Comprehensive Internal Control System, has a transparent structure aligned with the achievement of its objectives, as outlined below.



VI. General Shareholders' Meeting
[CE21, CE34]

In 2024, the General Shareholders' Meeting was held on two occasions—one ordinary and one extraordinary—in strict compliance with legal and statutory provisions governing its

operation. Likewise, the calls to meeting were made in accordance with the provisions set forth in the Company's Bylaws and other applicable regulations.

The call for the Shareholders' Meeting, the rights and obligations of the shareholders, as well as the characteristics of the shares that make up the share capital, were made available to investors and the market in general through the Bank's corporate website under the "Shareholder and Investor Relations" section, in both Spanish and English¹³. This section contains corporate governance documents and information regarding the directors, shareholders, shareholder meetings, financial statements, quarterly reports, relevant market information, administrative sanctions, statutory auditor, corporate agenda, useful links, and frequently asked questions. Additionally, prior to the Ordinary General Shareholders' Meeting, an exclusive access link was made available so that duly registered shareholders could consult all the information related to each item on the meeting's agenda.

The fees agreed upon with the statutory auditor for the services rendered, as approved by the General Shareholders' Meeting, can also be consulted on the Bank's corporate website under the "Shareholder and Investor Relations" section.

VII. Management of Conflicts of Interest
[GRI 2-15, GRI 2-11] [CE32] [DJSI 1.5.2]

The Bank has established conduct rules aimed at ensuring that decisions are always made objectively and in the best interest of the Bank, in order to prevent conflicts of interest in decisions involving directors, members of Senior Management, and, in general, Bank employees.

Accordingly, the Corporate Governance Code and its annexes, the Code of Ethics and Conduct, and the ABAC Policy provide guidance for the prevention, management, and resolution of conflicts of interest, as well as the definition of behaviors that may generate such conflicts.

Extraordinary Meeting – March 21, 2024



Quorum

An initial quorum of 94.97% was recorded, which was maintained throughout the meeting.

Forma

In-person.



Topics Discussed

Among other matters, the Sustainable Management Report, the financial statements, the loss absorption project, the bylaw reform, and the donation amount were approved. The members of the Board of Directors and the Statutory Auditor firm were also appointed. In addition, the Statutory Auditor's Report, the Corporate Governance Report, the 2023 Financial Consumer Ombudsman's Report, and the Report on the Activation of Counter-Cyclical Loan Provisions were presented, in compliance with External Circular 017 of 2023 issued by the Financial Superintendence of Colombia.

The General Shareholders' Meeting, held on March 21, 2024, decided not to declare the payment of dividends for the 2023 fiscal year. The loss absorption project approved by the General Shareholders' Meeting may be consulted under the section titled **"Shareholders and Investors Relations."**

Extraordinary Meeting – August 14, 2024



Quorum

An initial quorum of 94.835% was recorded and remained in place throughout the meeting.

Format

In person.



Topics Addressed

Among other matters, the issuance and placement of common shares through a public offering in the amount of COP \$100,000 million was approved, subject to preemptive rights, in accordance with the regulations established for this purpose by the Bank's Board of Directors. A bylaw amendment was also approved.

¹³Recommendation 4.1 – Corporate website of the Bank in Spanish and English

As part of the ABAC (Anti-Bribery and Anti-Corruption) Risk Management System, the Bank monitors situations that may give rise to conflicts of interest through measurement and monitoring methods based on best compliance practices, promoting a culture of integrity and transparency. In 2024, this matter was strengthened with the incorporation of the Criminal and Ethical Compliance Policy for SARLAFT and ABAC.

In 2024, the members of the Board of Directors did not have any permanent conflict of interest situations (disqualifications) that would have prevented them from continuing in their roles. Additionally, directors refrained from participating in discussions or making decisions where a potential conflict might exist between their personal interests and those of the Bank. In each case, these approvals were granted after verifying compliance with current policies and were issued with the unanimous vote of the other Board members involved in the decision. The number of abstentions was recorded in the Board minutes. The following is a summary for the year 2024: Mauricio Hernando Amador Andrade (3), Javier Díaz Molina (2), Luz Piedad Rugeles Ardila (1), Diego Fernando Solano Saravia (1), María Ximena Lombana Villalba (3), Juan Pablo Zárate Perdomo (4), Luis Ernesto Mejía Castro (2), Ernesto José Gutiérrez de Piñeres Luna (1), Natalia Ramírez Carrizosa (1).

Mechanisms for Resolving Conflicts of Interest Between Companies of the Same Conglomerate and Their Application During the Fiscal Year

The Bank has a policy for the identification, communication, management, and control of conflicts of interest within the Aval financial conglomerate. This policy applies to conflicts of interest that arise or may arise from operations carried out by the entities that make up the conglomerate, including those between such entities and related entities and individuals, as well as their administrators. It also covers operations carried out with proprietary resources or those derived from third-party asset management activities.

This Policy establishes: (i) non-exhaustive criteria for identifying situations that could generate a conflict of interest; (ii) the duty to disclose such situations in a timely manner, as well as the obligation to refrain from executing the questioned transaction or participating in or influencing the decision to be made; (iii) conflict management mechanisms through instances such as the Executive Presidency Committee, the Board of Directors, or the General Shareholders' Meeting; and (iv) control of these situations through the application of self-control and self-regulation criteria as appropriate tools to ensure compliance with the Policy.

Lastly, for the correct application of the Policy, each situation must be analyzed according to the following criteria: (i) transparency in conducting transactions under market conditions and prices, respecting balance between the parties; (ii) identification of materiality in accordance with the nature and size of the respective bodies; (iii) application of exposure limits and counterparty or credit limits, as applicable; and (iv) implementation of information barriers to prevent the exchange of privileged information. During 2024, the aforementioned Policy was correctly applied, and no material conflict of interest situations occurred.

VIII. Claims Regarding Compliance with the Code of Good Governance

No claims were reported regarding compliance with the Bank's Code of Good Governance.



IX. Implementation of Corporate Best Practices

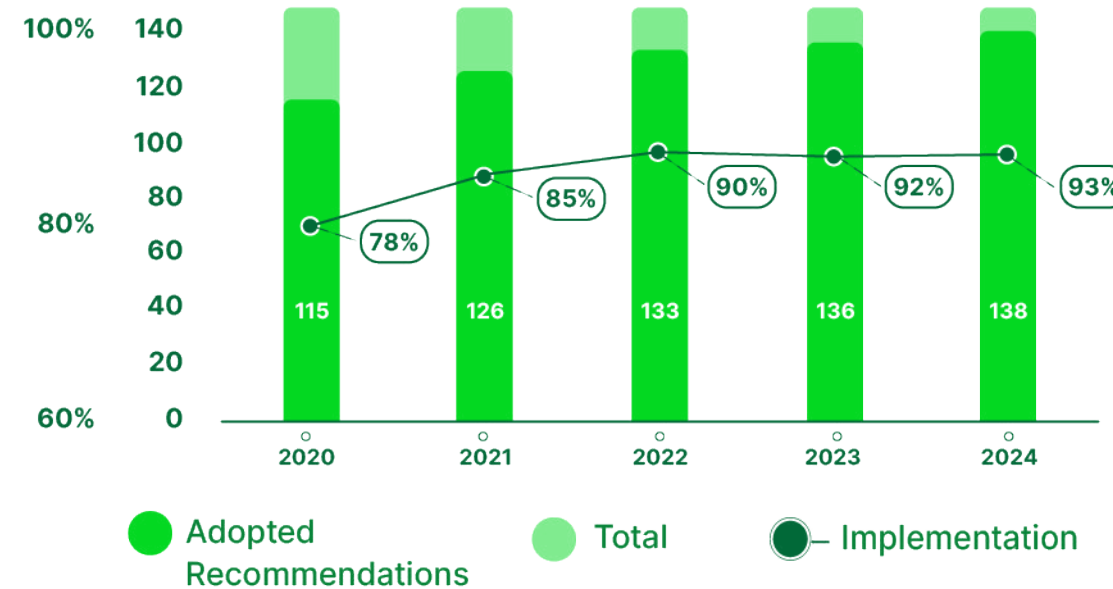
Banco Popular is committed to the ongoing implementation of good corporate governance practices, as part of the development and strengthening of its sustainability model, which has been established as a strategic objective. This is achieved through the strengthening of its governance bodies and practices aimed at guaranteeing shareholders' rights and equitable treatment, as well as ensuring a sound control architecture and transparency of both financial and non-financial information. The Board of Directors, through the Corporate Governance and Sustainability Committee, has made a positive contribution to the strategy of implementing measures related to good governance.

Report on the Implementation of Corporate Best Practices – Código País

In compliance with External Circular 028 of 2014 issued by the Financial Superintendence of Colombia (SFC), the Bank completed and submitted the report on the implementation of corporate best practices (Código País) to that entity on January 31, 2024. This report was prepared in accordance with the guidelines outlined in the aforementioned circular and was subsequently published to the market through a relevant information disclosure and on the Bank's corporate website.

The Bank implemented three new Código País measures during 2024, related to the appointment of principal directors (recommendation 15.1), senior management remuneration policy (recommendation 24.6), and the presentation of quarterly results (recommendation 4.3).

The following chart reflects the Bank's progress in implementing this code over the past five years, according to the plan defined by management. A total of 138 out of the 148 recommendations have been adopted.



X. Social Contribution [GRI 203-1]

In 2024, the General Shareholders' Meeting, as the competent corporate body in accordance with the Bank's Bylaws, determined the maximum amount to be allocated for donations during the year, as well as the specific sectors to which the funds could be directed. Within the scope of its statutory authority and in keeping with the Bank's commitment to social causes, the Board of Directors authorized donations to the following foundations during 2024. Additionally, it approved the completion of donations related to advances made in previous years.

- Fondo de Promoción de la Cultura (Cultural Promotion Fund):** A non-profit organization whose purpose is to promote the preservation and dissemination of the country's cultural, artistic, and archaeological heritage. It also manages museums and supports archaeological research.

- Fundación Servicio Jurídico Popular (Popular Legal Aid Foundation):** A non-profit organization that provides legal assistance services to low-income individuals, including legal consultations and judicial representation. It also manages its own conciliation center and promotes awareness of newly issued legal regulations.
- Luis Carlos Sarmiento Angulo Cancer Treatment and Research Center (CTIC):** A non-profit institution focused on the construction and operation of a hospital specialized in cancer treatment and research, located in northern Bogotá. Its goal is to offer healthcare services supported by modern technology and highly qualified personnel.

XI. Goals and Challenges for 2025

In 2025, the Bank will continue to work on the following aspects related to its corporate governance:

- Ongoing implementation of good practices and additional standards in environmental, social, and governance (ESG) matters.
- Strengthening and enhancing the efficiency of the functions of corporate governance bodies.
- Continuous training for directors on risk management topics, as well as other strategically important subjects.
- Continued implementation of the Environmental and Social Risk Management System (SARAS) in order to address the impact of social and environmental risks.
- Ongoing strengthening of the Bank's governance model and Internal Control System (ICS), considering not only the applicable regulations but also recognized best practices.

The Corporate Governance Report for 2024 covers the aspects included in recommendation 33.3 of External Circular 028 of 2014.

Report of the Board of Directors on the Review Process of the Effectiveness of the Internal Control System Conducted in 2024

The Board of Directors agreed to present the following report to the General Shareholders' Meeting of the Bank regarding the operation of the Internal Control System (ICS) during the year 2024:

The Audit Committee is a body dependent on the Board of Directors, composed of three (3) of its members, and supports the development of its functions concerning the Internal Control System (ICS), being responsible for its evaluation and continuous improvement.

Throughout 2024, nine meetings of the Audit Committee were held, on the following dates: January 30, February 19, May 15, June 13, July 22, August 9, October 29, November 28, and December 19. Additionally, during the first quarter of 2025, three sessions have taken place on January 20 and 30, and February 26.

In accordance with Part I, Title I, Chapter VI of the Legal Basic Circular issued by the Financial Superintendence of Colombia (SFC) regarding the Internal Control System, the Audit Committee and the Board of Directors have monitored the components of the Internal Control System currently in place at Banco Popular, relying on the reports and presentations provided by the responsible management areas and supervisory and control bodies.

Likewise, it is reported that the Internal Audit function of the Bank is performed by the Office of the Comptroller General, which has the necessary resources and independence required to carry out the professional practice, in accordance with applicable standards.

In order to assess the control environment, risk management, activities related to information and communication, as well as those concerning control, monitoring, and follow-up of the Bank's Internal Control, the following topics, among others, were addressed during the Audit Committee meetings. Timely and appropriate information regarding these matters was provided to the Board of Directors:

- Report on the results of the financial reporting audit conducted to comply with the requirements of the Sarbanes-Oxley Act (SOX), applicable to entities controlled by Grupo Aval Acciones y Valores, given its registration with the United States Securities and Exchange Commission (SEC).
 - Cybersecurity report, which stated that there were no events classified as materialized information security or cybersecurity incidents.
 - Monitoring of the continuous improvement of action plans derived from oversight and control activities carried out by internal and external supervisory bodies, to ensure that issues do not recur and that rescheduling is properly managed.
 - Reports on cases received through the ethics hotline, including the results of their evaluations, reports of possible fraud cases, corresponding investigations, and actions taken.
 - Report from the Statutory Auditor, including identified opportunities for improvement and the follow-up on the corresponding action plans.
 - Monitoring of audit activities carried out in subsidiaries, along with relevant reported events and findings, including the identification of risks, root causes, and defined action plans.
 - Follow-up on the execution of the internal audit plan during 2024, as well as the evaluation of the internal auditor's conclusion on the functionality, effectiveness, and reliability of the Bank's internal control system which provides the reasonable assurance required for the execution and control
- Review and analysis of the 2024 work plan of the Statutory Auditor, which includes, among other aspects, risk assessment, determination of materiality thresholds for audit differences, key audit matters under International Standard on Auditing (ISA) 701, evaluation of both manual and automated controls of business processes, risk management systems applicable to the Bank, evaluation of IT internal controls, cybersecurity, and other legal controls, as well as auditing related to financial reporting, in accordance with the established schedule. The team also presented itself and confirmed its compliance with independence requirements in the performance of the statutory audit service.
 - Evaluation of the main findings identified by the Bank's Internal Audit Office and the Corporate Internal Audit Office of Grupo Aval Acciones y Valores, along with follow-up on action plans defined by the Bank's departments, and monitoring of audits conducted based on the follow-up of the requirements issued by the Financial Superintendence of Colombia (SFC).

of operations and the proper risk management. Likewise, it included the internal auditor's opinion regarding the Anti-Money Laundering and Counter-Terrorism Financing System (SARLAFT *per its acronym in Spanish*), the Financial Consumer Assistance System (SAC *per its acronym in Spanish*), the Comprehensive Risk Management System (SIAR), and the Liquidity Contingency Plan, all of which comply with the applicable regulatory requirements.

- Monitoring compliance with instructions and execution of defined action plans related to internal control.
- Review of certain weaknesses detected by the Bank's Internal Audit and Management regarding specific aspects of the accounting process and framework, information parameter settings, manual records, and contract monitoring. Opportunities for improvement were identified, and the corresponding action plans were adopted.
- Review of the Bank's general-purpose separate and consolidated financial statements, including their notes and annexes, corresponding to the year 2024, as well as the Statutory Auditor's report on the financial statements and their conclusion on the internal control environment, and preparation of the corresponding report for the Board of Directors.
- Approval of the 2025 risk-based audit plan of the Internal Audit Department, the corresponding meeting schedule, and the budget.

- Monitoring of the most relevant institutional requirements presented during 2024, as well as observations made by the Financial Superintendence and the Superintendence of Industry and Commerce.
- Review of the 2024 Annual Corporate Governance Report, following the prior review by the Corporate Governance and Sustainability Committee of the Board of Directors.
- Evaluation of the proposal for statutory audit services for the period from April 2024 to March 2025.
- Evaluation of the work carried out by the Internal Audit Department in 2024, which was favorable. The work performed by this department complied satisfactorily with the 2024 Audit Plan for the Bank and its subsidiaries. Additionally, audit tasks were performed on matters beyond those contemplated in the Plan, in response to requests made by the Board of Directors and the Financial Superintendence.

The resources allocated to this Management Office for the execution of its duties during 2024 were adequate. Likewise, it was confirmed that the Bank's Controllership team maintains the necessary independence to carry out its professional duties, in accordance with applicable standards, and that confirmation mechanisms are in place for each member of the Controllership Management team to ensure that such independence remains in effect.

Likewise, the Audit Committee supervised the Bank's internal control structure and verified that the procedures in place reasonably protect its assets, as well as the existence of controls to ensure that operations comply with the appropriate levels of approval, authorization, and recording.

In 2024, due to changes made by the Bank in relation to its strategy, adjustments within Senior Management, identified situations, and newly arising needs, the Board of Directors and the Audit Committee, respectively, taking into account the various reports submitted by Bank Management and the Internal Audit Office, evaluated different opportunities for improvement in the internal control system with a focus on strengthening it. This led to the necessary updates to the Corporate Governance Code, the Code of Ethics and Conduct, the Internal Regulations of the Board of Directors and the Audit Committee, the Regulations of the Ethics and Conduct Committee, the Human Talent Policies, the Information and Communication Policy, the Policy on Evaluation and Reporting of the Internal Control System, as well as the Strategic Technology Plan and the Internal Audit Assurance Policy, in accordance with External Circular 008 of 2023 issued by the SFC and applicable best practices. Additionally, the required changes were implemented concerning organizational structure, processes, and controls, and continuous improvement plans were designed.