Titularice

Annual Corporate Governance Report 2024

Titularice S.A.

We present the report for the 2024 financial year. This document contains information on the structure, management and evolution of our company during the year, in accordance with the guidelines established by the competent authorities and the best corporate governance practices.

I. Structure of the Company's Ownership

Titularice S.A.'s ownership structure reflects a design that prioritizes transparency, value generation and compliance with best corporate governance practices. Its shareholder composition is aimed at ensuring adequate representation of interests and promoting the financial and operational sustainability of the company.

Shareholding and majority shareholding:

The capital stock of Titularice S.A. is distributed among five shareholders, with HDL Titularice S.L. being the majority shareholder with a stake of 46.67%. The other shareholders, with significant but minority stakes, contribute to the strengthening of corporate governance by representing diverse perspectives and strategic approaches.

Governance and Board of Directors:

During 2024, the Board of Directors maintained its composition of five members, of which three are equity and two independent. This structure guarantees a balance between business knowledge and objectivity in decision-making, strengthening credibility with investors and stakeholders.

Senior Management and Executive Leadership:

Senior management, led by the President, continues to lead strategic execution with a focus on structural innovation, efficiency and sustainability. The management team maintained active management to respond to regulatory and market challenges.

Relationship with financial conglomerates:

Titularice S.A. is not part of a financial conglomerate, it maintains commercial relations with relevant entities in the financial sector.

Stability in shareholder composition:

During 2024, there were no changes in the shareholder structure. This stability has made it possible to consolidate alliances and move forward with confidence in new issuance structures and financial products.

Impact of ownership structure on corporate strategy:

The ownership structure of Titularice S.A. has allowed a focus on the development of innovative financing solutions through the capital market. This shareholder configuration, combined with strong corporate governance, ensures that the company is well positioned to respond to the challenges of the economic and financial environment, while continuing to generate value for its shareholders and stakeholders.

II. Structure of the Company's Administration

Board of directors:

Composition: The Board of Directors is made up of 5 members, of which 60% are independent, guaranteeing plurality and objectivity.

Meetings:

During 2024, the Board of Directors held ordinary and extraordinary sessions with the aim of deliberating and making strategic decisions in relation to the development of the company. These meetings addressed, among other topics, the following aspects:

Approval of new securitizations, including the analysis of innovative structures, underlying assets and financial risks associated with each project.

Evaluation of the Company's operational and financial performance based on periodic reports submitted by management and internal committees.

Monitoring of the risks inherent to the securitization activity, with the support of the Audit and Risk Committee, which presented reports on financial exposure, regulatory compliance, internal controls and threat mitigation.

Discussion on the macroeconomic and regulatory environment, with emphasis on the evolution of interest rates, legal reforms, changes in financial supervision and their impact on structured investment vehicles.

Implementation and monitoring of sustainability initiatives, in line with the Sustainable Development Goals (SDGs), reinforcing the institutional commitment to responsible investment.

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In this way, the Board played an active role in the definition and monitoring of Titularice S.A.'s strategic decisions, ensuring that they responded to the principles of efficiency, responsibility and value creation for the different stakeholders.

Senior Management

The senior management team was composed during 2024 of the Company's Chairman, as well as directors and leaders from the strategic areas of structuring, risk, finance, compliance and operations.

Significant changes

During 2024, changes were registered in the composition of senior management, specifically Mr. Jorge Alberto Linares Alarcón entered as the legal representative of the company. In addition, internal capabilities were strengthened through the development of key talent and the design of operational structures that responded to the challenges of growth and expansion.

III. Related-Party Transactions

Titularice S.A. maintains a rigorous policy regarding relations with related parties, with the aim of preserving transparency, preventing conflicts of interest and ensuring compliance with the applicable legal framework.

During the 2024 financial year, no material transactions were entered into with related parties that could compromise the independence, objectivity or integrity of corporate management.

In addition, during the year, a review and update of the internal policy on related parties was carried out, in order to reinforce the procedures for validation, traceability and documentation of such transactions, in accordance with the best market practices and regulatory standards.

IV. Risk Management Systems

Titularice S.A. has developed and implemented a Risk Management System for Entities Exempted from the SIAR (SARE) that responds to the highest market standards, with the aim of identifying, measuring, monitoring and mitigating the risks inherent to its operations. This system is aligned with international best practices and local regulations, as stipulated in Decree 2555 of 2010 and other applicable regulations. The SARE is structured to address key strategic risks in securitization processes, ensuring sustainability and efficiency in the management of assets under management.

Operational Risk:

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During 2024, internal controls were strengthened and operational management was optimized through the automation of critical processes and the use of specialized technological tools. An active policy of training human talent was maintained, periodic audits were carried out and business continuity and disaster recovery plans were updated. These efforts have made it possible to minimize exposure to unwanted events related to human, technological, or external failures.

Credit Risk:

Monitoring the quality of securitized portfolios remained a priority for the organization. Throughout the year, monthly evaluations were carried out on the performance of the underlying assets, monitoring indicators such as non-performing loans, recovered flows and compliance with eligibility criteria. This permanent analysis makes it possible to detect early signs of credit deterioration and activate preventive measures that protect the interests of investors.

Market Risk:

Constant monitoring of the macroeconomic environment was carried out, with special attention to the evolution of interest rates, inflation, market liquidity and behavior of the financial sector. This made it possible to adapt structuring and funding strategies, as well as to adjust the conditions of the products offered to maintain their competitiveness and stability.

Legal and Regulatory Risk:

Titularice S.A. has a team specialized in regulatory and legal compliance, which ensures full compliance with local and international regulatory provisions. During the year, comprehensive reviews of contracts, issuance regulations and other structural documents were carried out in order to mitigate legal risks and ensure legal certainty for operations. In addition, internal contractual review procedures were strengthened and compliance manuals were updated to adapt them to recent regulatory changes.

Reputational Risk:

Aware of the importance of preserving market confidence, during 2024 external communication protocols, crisis management, and corporate governance practices were strengthened. The company identified and mitigated potential reputational risks through preventive measures, focused on transparency, ethical behavior and timely contingency management.

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Monitoring and Continuous Improvement:

SARE works as a living system, subject to continuous improvement. Audit findings, risk management reports, and performance evaluations feed into policy and methodology update processes. The Board of Directors and support committees receive regular reports on exposure to key risks, allowing for timely monitoring and informed, responsible decision-making.

Main Developments in 2023:

During 2024, Titularice S.A. consolidated its leadership in the Colombian non-mortgage asset securitization market, reaching relevant milestones in terms of structuring, financial innovation, sustainability and investor relations. The main developments are highlighted below:

Leadership in the Capital Market: Titularice was positioned as the third most relevant issuer in the financial sector in the Colombian fixed income market during 2024. The company structured a total of 7 issuances in the stock market, consolidating its technical and operational expertise.

Financial Innovation and Portfolio Diversification: In line with its differentiation strategy, Titularice structured the first securitization of Non-Performing Loans (vehicles) in the country, opening new investment opportunities with robust and well-qualified structures. Additionally, he led the design and execution of the first recurring securitization program of drafts, in alliance with key originators such as Avista.

Commitment to Sustainability: In 2024, the company became the second largest issuer of sustainable bonds in the country, reaffirming its commitment to the Sustainable Development Goals (SDGs) and integrating environmental, social and governance (ESG) criteria into its project structuring and evaluation processes.

Strengthening of Operational Capacities: Progress was made in the automation and digitalization of key processes, optimizing the structuring, monitoring and reporting times of emissions.

Investor Relations: The relationship with pension funds, insurance companies, local and international financial institutions and investment platforms was strengthened. A focus on transparency and closeness was promoted through periodic reports and update sessions on the performance of structured portfolios.

Talent Development and Organizational Culture: Titularice promoted training spaces in structured finance, credit analysis, sustainability and technological tools for its team, strengthening an organizational culture based on excellence, innovation and professional ethics.

V. General Shareholders' Meeting

Meetings Held:

During 2024, the General Shareholders' Meeting of Titularice S.A. met in accordance with the provisions of the bylaws and current regulations. The call was made in conditions of transparency, allowing the active and effective participation of all shareholders. The high level of attendance reflected the partners' commitment to the company's strategic direction and to the development of the securitization market in Colombia.

Review and Approval of Senior Management Management:

The management report for 2024 was presented and approved, highlighting the execution of 7 issuances in the market, the positioning as the third issuer of fixed income in the financial sector and the commitment to sustainability and regulatory compliance. The shareholders recognized the work of the management and its positive impact on the consolidation of the business model.

Approval of 2024 Financial Statements:

The Assembly reviewed and approved the financial statements of the previous year, which showed adequate management of the structured portfolio, operational efficiency and equity strengthening. The transparency of the reports and compliance with applicable accounting and regulatory standards were highlighted.

Review and approval of the financial statements for the financial year 2024:

Approval of 2024 Financial Statements:

The management report for 2023 was presented and approved, highlighting the execution of 12 issuances in the market, the positioning as the third issuer of fixed income in the financial sector and the commitment to sustainability and regulatory compliance. The shareholders recognized the work of the management and its positive impact on the consolidation of the business model.

Other Highlights:

During the session, planning issues for the medium and long term were addressed, including:

- Strengthening of technological and analytical capacities;
- Strategies to deepen the relationship with international investors;
- Assessment of the macroeconomic environment and its impact on the target sectors;
- Review of regulatory challenges in the face of the expansion of alternative financial products.

The Assembly reaffirmed its support for the sustainable growth strategy and structuring of instruments that boost access to the capital market for new sectors and originators.

Titularice S.A. reaffirms its commitment to the implementation of Corporate Governance practices aligned with international standards. This report reflects our ongoing effort to ensure transparency, sustainability and confidence for our shareholders and investors.

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